WHEAT MARKETING AMENDMENT BILL 1986

Date introduced: 16 April 1986
House: House of Representatives
Presented by: Hon. John Kerin, M.P., Minister for Primary Industry

DIGEST OF BILL

Purpose

To amend the operations and activities of the Australian Wheat Board (the Board).

Background

The Australian Wheat Board (the Board) has the primary object of securing, developing and maintaining markets for Australian wheat and maximising the return to growers. Amongst the Board's other objectives are the development of an efficient marketing framework, the establishment of efficient management and the encouragement of planning and co-ordination in the wheat industry.

During 1984-85 Australia's second largest wheat harvest of 18.3 million tonnes was gathered and a new export record was reached. Despite an oversupplied wheat market, weakened demand and increasing competition between wheat exporters, Australia was able to export a record 14.6 million tonnes to 39 countries.[1]

Wheat prices declined markedly during 1984-85 under the increasing pressure of the competitive world market. The drop in world prices has been exacerbated by the wheat 'trade war' between the USA and the EEC. The effects of the falling price were cushioned in Australia by the depreciation of the Australian dollar.
Apart from the export record, other highlights of the 1984-85 year were the renegotiation of long term agreements with Egypt, Iraq and Abu Dhabi, the first sale to Colombia since 1971 and the generation of a record level of revenue, which was 16.4% above the 1983-84 level.[2]

During 1984-85 the Board sold its first commercial quantity (60,000 tonnes) of wheat to Ethiopia on a three year credit scheme. The Australian Government supplied a further 64,000 tonnes of wheat aid to Ethiopia which was purchased from the Board on commercial terms. Other beneficiaries of wheat aid include China, Bangladesh and Egypt.

World wheat production increased by 25 million tonnes during 1984-85 to a new record of 521 million tonnes. Production performance among the major wheat producing countries varied, with China, the USA and the EEC increasing production while production fell in the USSR and Canada.

The Board has also been involved in a number of overseas market support schemes designed to make customers get the best use of Australian wheat and flour. Chinese bakers and grain storage and handling specialists undertook study in Australia in 1985. The Board assisted Egypt to change from a bagged to a bulk grain storage system and has been involved in the building of silo facility in Upper Egypt. Board baking consultants worked in Egypt and the Middle East assisting with the automation of traditional bread production. The Board's first noodle seminar for Southeast Asia was held in Singapore in 1985.

Outline

This Bill will amend the following Acts:

Wheat Marketing Act 1984
Rural Industries Research Act 1985
Rural Industries Research (Transitional Provisions and Consequential Amendments) Act 1985
Wheat Marketing Tax (Permit) Collection Act 1984
Main Provisions

Amendments to the Wheat Marketing Act 1984

Clause 4 will amend section 3 of the Wheat Marketing Act 1984 (the Principal Act) by omitting the definition of 'financial market' and clarifying that a reference to the Australian Wheatgrowers' Federation (the Federation) will always be a reference to such an organisation even if its name changes in the future.

The requirement for Ministerial approval before the Board can enter certain contracts valued at $500,000 or more will be removed by clause 5 which will amend section 5 of the Principal Act.

Clause 6 will insert a new section 5A into the Principal Act. The proposed section will give the Board power to form or buy into companies with Ministerial approval. The Board must not become involved in a company whose operations the Board will not be able to control.

Amendments proposed to section 6 of the Principal Act will broaden the range of contracts into which the Board will be able to enter for hedging purposes (clause 7).

The Board will be required to exercise its powers in a way that is consistent with any corporate or annual plan in force (clause 8 will insert a new section 6A into the Principal Act).

Clause 9 will amend section 11 of the Principal Act so that the Minister can give the Board directions only in exceptional circumstances. The Minister must first give notice of his intention to do so in writing and give the Chairperson of the Board an opportunity to discuss the matter.

Members of the Board will be required to meet with members of the executive of the Australian Wheatgrowers Federation at least every 12 months. The annual report will be presented and the expenses of the Federation's executives who attend this meeting may be reimbursed by the Board (clause 11 will substitute a new section 13 into the Principal Act).

The final purchasing day by which a grower can repurchase wheat from the Board will be 30 November or such
latter date as the Minister determines (clause 15 which will amend section 32 of the Principal Act).

Clause 18 will add new section 34A to the Principal Act. The Minister will appoint a Deputy Chairperson of the Board after consultation with the Chairperson. The Minister will be able to terminate the appointment at any time.

Section 41 of the Principal Act requires members of the Board to disclose their pecuniary interests in matters being discussed by the Board. Clause 25 will amend section 41 to make an exception where a member has a pecuniary interest in matters concerning wheat by reason of being a wheatgrower.

A new Part IV A titled 'Corporate and Annual Plans' will be inserted into the Principal Act by clause 37. The Board will be required to provide the Minister with a corporate plan covering a period of three, four or five years. Such plans will contain the Board's principal objectives, an outline of strategies and an assessment of the market outlook (proposed section 45A). The Minister will either approve the plan or suggest revision and give written reasons for the request for revision. A revised plan will be resubmitted for the Minister's approval (proposed section 45B). The Board will not be able to make variations to a corporate plan without Ministerial approval (proposed section 45C). As well, the Minister will be able to request that corporate plans be varied (proposed section 45D).

Each year the Board will also be required to give to the Minister an annual operation plan (proposed section 45F). The Minister has the same powers with respect to the approval, revision or variations of annual operational plans as the Minister does with respect to corporate plans (proposed sections 45G and 45H). The Minister will not approve an annual plan which appears inconsistent with the corporate plan (proposed section 45G).

Clause 29 will insert a new sub-section 49(2A) into the Principal Act which will allow the Minister to reduce the amount due under the Government's underwriting obligations where, a futures contract was entered into for reasons other than hedging or a letter of credit was discounted otherwise than in accordance with the guidelines, if such action results in a payment that is higher than it would otherwise be.
After consultation with the Federation, the Board will be able to request that the Minister appoint a private auditor of the Board. The Minister will initially have to refer the request to the Auditor-General and subsequently to the Joint Committee of Public Accounts who must both agree to the appointment. The Minister will be able to revoke the appointment. Where the Minister does not make the appointment requested by the Board, the Minister will have to give his reasons or relay the adverse decision of the Joint Committee of Public Accountants (clause 33 which will insert a new section 55A into the Principal Act).

The contents of the Annual Report will be expanded to include details of certain contracts entered into for amounts exceeding $500,000 and statements as to whether variations have been made to either the corporate or annual plan (clause 34 which will amend section 63 of the Principal Act).

Amendments to the Rural Industries Research Act 1985

Clause 36 will amend section 4 of the Rural Industries Research Act 1985 to deem a tax imposed on a permit issued by the Board a tax on wheat.

This amendment will take effect from 1 April 1986 (clause 2).

Amendments to the Rural Industries Research (Consequential Provisions and Consequential Amendments) Act 1985

Clause 41 will amend section 4 of the Rural Industries Research (Consequential Provisions and Consequential Amendments) Act 1985 to deem a tax imposed on a permit issued by the Board a tax on wheat.

Amendments to the Wheat Tax (Permit) Collection Act 1984

Where wheatgrowers are entitled to a refund on their permits they will no longer need to make a written application to the Board. Where the Board is unable to make such a refund it will have to pay an equivalent amount to the Commonwealth (clause 45 amends section 5 of the Wheat Tax (Permit) Collection Act 1984).
For further information, if required, contact the Economics and Commerce Group.

6 May 1986

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References

2. Ibid., p.10.

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