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Agricultural Industry Services Amendment Bill 2007

Rice Marketing Amendment Bill 2007

Wine Grapes Marketing Board (Reconstitution) Amendment Bill

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AGRICULTURAL INDUSTRY SERVICES AMENDMENT BILL 2007

RICE MARKETING AMENDMENT BILL 2007

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Second Reading

The Hon. PENNY SHARPE (Parliamentary Secretary) [4.05 p.m.], on behalf of the Hon. Ian Macdonald: I move:

That these bills be now read a second time.

The Agricultural Industry Services Amendment Bill 2007, the Rice Marketing Amendment Bill 2007 and the Wine Grapes Marketing Board (Reconstitution) Amendment Bill will make a number of small but important changes to the legislation that will improve administration of the Acts and ensure that the intention of the legislation is clear. The amendments will simplify and make more accountable how agricultural services committees determine and collect compulsory charges. The amendments will also improve the purchase and marketing of two of New South Wales' important agricultural products: wine grapes and rice. I am pleased to introduce these three bills, and will address each one in turn.

The first bill, the Agricultural Industry Services Amendment Bill, proposes amendments to the Agricultural Industries Services Act 1998. The Act provides for committees to deliver a range of services to growers in particular agricultural industries. The Act also provides for committees to collect a compulsory charge from the growers to fund the services. There are currently two such committees constituted under the Act, one for wine grape growers, the other for citrus growers. The committees both operate in the Riverina district. Under parallel legislation in Victoria, there are also committees for citrus and wine grape growers in the Murray Valley. These function in a similar way to the committees in the Riverina. The services provided by these committees include fruit fly control, promotion of local product, provision of market information to growers and training initiatives. The two industry committees are fully accountable to their growers and to Parliament for both their financial performance and their activities.

The legislation in Victoria, South Australia and New South Wales has the same intent. However, the procedures currently prescribed in New South Wales for grower contributions differ from those in the other States. They have also proved difficult to apply and to audit. Currently, the practice of the citrus growers' committee is to calculate the compulsory charge for each grower based on that grower's accumulated deliveries to all fruit receivers. The committee is then expected to invoice growers individually for that amount. This is not only time consuming, it is extremely difficult for the committees to do because they do not have access to individual farm consignment data. It is proposed to introduce an additional alternative method of collecting the compulsory rates from growers. The proposed additional collection method is much more workable because it allows for a third person, such as a fruit receiver, to collect rates on behalf of the committee. Receivers can collect rates from growers when those growers deliver their fruit to the receiver. The amount of the rate can be deducted from the delivery return issued to the grower. This will be a less costly and more easily accountable way to collect the rate.

The amendments also will enable inspectors to issue notices to receivers, requiring them to keep appropriate records and provide certain information relating to commodities received. This will ensure collected rates can be audited. The amendments aim to better reflect how transactions actually take place. They will be consistent also with what is prescribed in other States. Further, it will be much easier for New South Wales committees to comply with the provisions of the legislation and easier for the flow of funds to be audited. Both the wine grape and the citrus growers' committees support the intent of the proposal. The bill seeks one further amendment to the Agricultural Industry Services Act. This is to clarify who can be appointed to carry out inspections of fruit receipt records. Currently the Act can be interpreted to suggest that inspectors are exclusively regulatory officers employed by the Department of Primary Industries. It would be beneficial to have a broader definition of who can

carry out inspections. Such a definition could ensure inspectors have appropriate accountancy and audit skills, and the flexibility to be on hand when required. The bill therefore provides a broader definition and allows for non-departmental inspectors to be appointed. These are sensible amendments that will assist industry to better carry out its business.

As this speech is quite lengthy, I seek leave to have the remainder of the second reading speech incorporated in *Hansard*.

Leave granted.

I now turn to the second bill, the Wine Grapes Marketing Board (Reconstitution) Amendment Bill.

The amendments in this bill will extend the operation of the Wine Grape Marketing Board (Reconstitution) Act 2003.

The Act is due to expire on 1 January 2008, and the proposed amendments will extend the Act until 1 January 2010.

The present Act resulted from a 2001 national competition review. Under the Act, the Wine Grapes Marketing Board was granted powers to facilitate a transition from a highly regulated market to a more competitive market.

This meant a move from centralised vesting and price controls to one where prices were individually negotiated by industry participants.

The transitional period has nearly finished without having facilitated grower and winery price negotiations as expected.

Extending the operation of the Act will mean that the Board still has the power to set default terms and conditions of payment for wine grape sales that are not the subject of a complying contract, as defined in the principal Act. These sales are commonly referred to as 'spot market' sales.

Extending the operation of the Act will allow more time for the transition to grower and winery negotiated supply contracts.

At the same time, it should be noted that a voluntary national code is being developed between the Winemaker's Federation of Australia and Wine Grape Growers Australia. The voluntary code will address contractual issues between growers and winemakers.

If the voluntary code is in place before the proposed revised expiry date of the Act, the need for the Act can be reconsidered at that time.

The Act provides for wineries to provide the Board with price schedules. The schedules are currently used for pricing wine grapes that are sold outside an appropriate, or complying, contract through "spot market sales".

While this provision was intended to improve price information for growers, in practice it proved to be somewhat inflexible and resulted in adverse outcomes for growers.

The indicative prices were often lower than they might otherwise have been, as wineries were cautious to avoid setting too high a price benchmark early in the season.

It is proposed to amend the Act to remove the need for wineries to submit price schedules to the Board for spot market sales.

Wineries and the Board both support the removal of this requirement.

Wineries will be free to advise growers less formally of the prices they are willing to pay, and to amend those prices either up or down as market conditions change.

This change will allow for more competition in the market. It will also encourage the development of marketing and negotiation skills by growers, in keeping with the original intention of the Act.

Importantly, the amendments will reduce regulatory red tape and its associated compliance costs in the wine industry.

I turn now to the third bill, the Rice Marketing Amendment Bill.

The bill will make amendments to the Rice Marketing Act 1983 which will effectively improve the international

marketing of New South Wales rice.

The amendments will clarify the existing provisions for the operation of a single desk for exports of New South Wales rice.

As well, the amendments put in place requirements that ensure the independence of the Rice Marketing Board.

Rice growing has a long history in New South Wales. Commercial rice crops were first grown in 1924 in the New South Wales Riverina district.

Since then, the New South Wales rice industry has grown to become a major contributor to Australia's wealth.

The size of the industry is evident from the New South Wales figures for 2006. It employed over 8,000 people, and produced over one million tonnes of rice. Exports go to 75 countries around the world and have an annual value of over \$400 million.

The current drought is unfortunately having a serious impact on the industry. Until we have good rains that replenish our dams, the annual rice harvest, and export earnings, will be much lower than these figures.

We all look forward to a recovery in production and exports. The significance of this export trade in a normal year, brings us to the present amendments.

The Rice Marketing Act provides for the establishment and activities of marketing boards for New South Wales commodities. In 2005, amendments were made to the Act, then called the Marketing of Primary Products Act 1983. The amendments changed the name of the Act to the Rice Marketing Act 1983.

Significantly, these amendments also provided for the deregulation of the New South Wales domestic rice market. The policy of deregulation had resulted from a national competition policy review of the Act, and was implemented through the introduction of authorised buyer permits.

The review also supported the retention of a single desk for the export of New South Wales rice. This means, it supported the principle of having only one approved buyer to sell New South Wales rice outside Australia.

The Rice Marketing Board issues the authorised buyer permits for those seeking to trade New South Wales rice on Australia's domestic market. A condition of the permits is that a permit holder cannot sell this rice to anyone outside Australia.

These amendments to the Rice Marketing Act have now been in operation for twelve months. It has become evident during this time that further minor amendment is needed to the Act.

This will ensure that the intent of the national competition policy review with regard to exports of New South Wales rice is set out clearly in the legislation.

Currently, because the Act does not specifically provide for a single export desk, the Rice Marketing Board maintains it administratively. It does so by granting only one buyer the approval to sell New South Wales rice outside Australia.

A particular advantage of the single export desk is the strong negotiating power on world markets it gives to rice growers, without cost to the Australian taxpayer.

However, the Act does not explicitly state that the Rice Marketing Board can give only one of its authorised buyers an exclusive export approval.

The underlying intention of the Act is clear. It says the Board must include a particular condition when appointing authorised buyers.

This condition prohibits the authorised buyer from selling or supplying New South Wales rice outside Australia, except with the Board's written approval. This is an important point.

The bill makes it clear that the Board can only give its approval to one authorised buyer to export rice. The bill further provides that no other authorised buyer can be given approval to sell rice outside Australia while such an undertaking is in place.

There is another potential problem with the Act as it stands. Currently, it is not an offence for a person who is not the appointed exporter, to sell or supply New South Wales rice outside Australia.

This means that someone who is not approved by the Board to do so, could sell rice grown in this State outside Australia without being prosecuted.

The proposed amendments to the Rice Marketing Act will make it an offence for anyone who is not specifically appointed as the preferred export buyer to sell New South Wales rice outside Australia.

As well as providing clarity for the single export desk, the bill also puts in place provisions to increase the independence of the Rice Marketing Board.

It does this by increasing by two the number of independent Board members.

The Board will now have three industry-elected members and four members from outside the rice growing industry.

In addition, the Chairperson of the Board will now be elected from one of the independent members. This provision will take effect once the term of the current Chairperson expires.

These are significant changes. They will overcome any perception of conflicts of interest.

Overall, these changes will provide a clear way forward for the marketing of this State's rice internationally. They also ensure that the Board has broad representation, and that the interests of all growers are protected.

These changes can only benefit the industry, the economy and the community.

The amendments in these three bills bring effective and practical improvements to different aspects of the sale and marketing of important agricultural products, and the provision of services to growers.

The amendments to the Agricultural Industry Services Act ensure that the agricultural industry services committees have consistent, fair and transparent processes for the collection of the charges that support the committees.

The amendments to the Wine Grapes Marketing (Reconstitution) Act will allow for the transition to a more competitive market for wine grapes.

The amendments to the Rice Marketing Act will make very clear the arrangements under which New South Wales Rice is sold overseas.

In all, the amendments will be advantageous for farmers and growers, and for those marketing their produce.

I commend these bills to the House.

The Hon. RICK COLLESS [4.10 p.m.]: I lead for the Opposition in this debate. The Opposition does not oppose the Agricultural Industry Services Amendment Bill 2007. The Rice Marketing Amendment Bill 2007 and the Wine Grapes Marketing (Reconstitution) Amendment Bill 2007 are cognate bills. The object of the principal bill is to amend the Agricultural Industry Services Act 1998, which is the principal Act, to require an agricultural industry services committee's five-year plan to outline the services it proposes to perform and the rates that will have to be levied to pay for those services; to enable rates to be collected on behalf of an agricultural industry services committee by persons to whom the committee's constituents deliver produce; to make it clear that rates levied to fund the provision of particular agricultural industry services may be applied towards the provision of those services only; to provide that inspectors under the Act do not have to be officers of the Department of Primary Industries; to enable inspectors under the Act to require primary producers and others to keep certain records; and to enact savings and transitional provisions and to make other minor, consequential and ancillary amendments.

As I indicated, the Opposition will not oppose the bill and the cognate bills. From my understanding, and from briefings received by the Coalition, under this legislation the levies set to promote marketing and to fund education and research for citrus fruit and wine grape growers will remain, but will be levied on wholesalers rather than growers. The bill aims to simplify the system and to make committees more accountable about how they determine and collect these compulsory charges. At present marketing board members must ascertain each farmer's production level, assign a levy to it and collect the levy from each producer. Under this legislation, the wholesaler will be able to apply a levy accurately to the individual grower's production value and then the authorities will be able to collect the money from 20 or 30 wholesalers instead of thousands of producers.

There are two committees in the Riverina district—one for wine grape growers and the other for citrus growers. Under parallel legislation in Victoria, there are similar committees in the Murray Valley. The legislation in Victoria, South Australia and New South Wales has the same intent, but the procedures required in New South Wales are harder to apply and audit. At the moment the citrus growers committee calculates the compulsory charge for each grower based on that grower's accumulated deliveries to all fruit receivers. The committee then invoices growers individually for that amount. That is time consuming and hard to do because the committees do not have access

to individual farm consignment data.

The proposed additional rate collection method will allow for a third person, such as a fruit receiver, to collect rates on behalf of the committee. Receivers will be able to collect rates from growers when the growers deliver their fruit. Provided the system works that way, it will be easier and more accurate and it will allow the correct amount to be levied. It will be far more efficient and effective not only in promoting and marketing rice and wine grapes but also in ensuring that fruit fly and other pests are restricted. Growers will have an opportunity to pick up a net amount in dry times and not have to look for money. We all know these areas are currently experiencing very hard times because of restricted water availability. This measure will help them to get through these difficult times.

The amendments are consistent with the legislation in the other States. The Minister stated in the second reading speech that the wine grape and citrus growers committees support the intent of the proposed amendments. The New South Wales fruit packers and processors in these industries are also said to support the proposals. The Coalition believes that this legislation is in the best long-term interests of the growers. We have not heard any negative comments from the New South Wales Farmers Association, the Ricegrowers' Association or the Winegrowers Association.

However, the Coalition is concerned that the inspectors' representatives be appointed in conjunction with the growers and their organisations to ensure that they carry out inspections efficiently and effectively. In addition, those inspectors must have accountancy, economic and audit skills so that they are able to ensure that the system is not being rorted in any way. They should ensure that the correct moneys are collected and spent properly in the areas the growers' organisations wish them to be spent for the advantage of the industry. The Coalition will keep an eye on the implementation of this legislation and see how it works. We will stay in touch with the growers—as we usually do—to ensure that this legislation works for them and not against them.

Mr IAN COHEN [4.15 p.m.]: I speak on behalf of the Greens to comment on the Agricultural Industry Services Amendment Bill 2007, the Wine Grapes Marketing (Reconstitution) Amendment Bill 2007 and the Rice Marketing Amendment Bill 2007. These three bills make changes to the boards and committees that provide services to primary producers. The Agricultural Industry Services Amendment Bill 2007 makes changes to the mechanism for collecting rates payable to industry services committees. Money from these rates is used for research, education and marketing in the Murrumbidgee Irrigation Area. This includes compulsory charges and provision of services to industry.

The Wine Grapes Marketing (Reconstitution) Amendment Bill 2007 seeks to extend the Act for another two years to allow time for a voluntary industry code of conduct to be developed. The Rice Marketing Amendment Bill 2007 makes some minor changes to the Act clarifying the intention of the single desk for the export of New South Wales rice. It also increases the independence of the Rice Marketing Board by creating two more positions appointed from independent areas rather than from the industry. The bill deals with inspections and makes it clear that primary producers are required to keep records. It increases accountability overall and the Greens commend that. It is good to see that the bill provides for consistency with other States. In general, it contains a number of efficiency measures that are, according to previous speakers, supported by the major representative bodies in the industries. The Greens certainly do not oppose these bills.

The Hon. PENNY SHARPE (Parliamentary Secretary) [4.12 p.m.], in reply: I thank members for their contributions to this debate on what is essentially an administrative issue. The Hon. Rick Colless referred to inspectors. I can assure him that the inspectors will have skills in accounting, auditing and financial services. These are minor but necessary amendments to three Acts that are very important to primary producers in the Murrumbidgee Irrigation Area. They will clarify and simplify arrangements for boards and committees providing services to the producers of citrus fruit, wine grapes and rice. I commend the bills to the House.

Question—That these bills be now read a second time—put and resolved in the affirmative.

Motion agreed to.

Bills read a second time.

Leave granted to proceed to the third reading of the bills forthwith.

Third Reading

Motion by the Hon. Penny Sharpe agreed to:

That these bills be now read a third time.

Bills read a third time and returned to the Legislative Assembly without amendment.

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