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THE N.S.W. MARKETING OF PRIMARY PRODUCTS ACT. A DEMOCRATIC ENACTMENT.

BY

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The Marketing of Primary Products Act, which was originally placed on the Statute Book in 1927, provides, *inter alia*, machinery for the establishment of marketing boards. Various types of boards had been in existence previously and numbers are still in operation to-day, but this Act paved the way in New South Wales for the formation of marketing boards under the control of producers appointed under elective principles.

Types of Boards.

Confusion still exists in the minds of some people as to the fundamental difference between boards constituted under the Marketing of Primary Products Act and other boards, as it has been the practice in some quarters to lump them all under the generic title of "boards," irrespective of the means whereby they are established. The Milk Board, for example, is constituted under special Act of Parliament, with the control vested in members appointed by the Government, although in recent years, provision was made for the election of a representative of milk producers to the Board. In the case of boards constituted under the Marketing of Primary Products Act, there is a Government nominee or nominees appointed but duly elected producers' representatives are in the majority on any such board.

An Enabling Act.

In the circumstances, it is thought a brief summary of the Marketing Act, as it applies to the constitution of boards, should prove of interest. In the first instance, the Marketing of Primary Products Act is primarily an enabling Act and simply provides the machinery for any class of primary producers to set up a board to control the marketing of their products if they wish to do so, the initiative in establishing such a board resting entirely with the producers themselves.

Procedure for Establishing Marketing Boards.

The first step to be taken is for a petition to be signed by at least 100 producers of a particular product requesting the Governor to declare such product, or any specified variety or grade thereof within the area or locality described, a "commodity" under and for the purposes of the Act. Where the number of producers of the product does not exceed 150 the petition must be signed by at least one-half of the total number of producers of the product.

A board may be constituted for the whole State or portion of the State only. (Originally the Egg Marketing Board controlled only the marketing of eggs produced in the Counties of Cumberland and Northumberland and the Shires of Nattai and Wollondilly, but it now functions in relation to the whole of New South Wales).

When a petition is presented and a product declared a commodity under the Act, a poll is taken of the producers concerned on the question whether they desire a marketing board established. A board is constituted if more than one-half of the votes polled are in favour of the constitution of a board, subject, however, to the condition that votes are recorded by at least three-fifths of those entitled to vote at the poll.

Every opportunity is given producers to become enrolled by placing preliminary rolls on exhibition and inviting those whose names are not included to apply for enrolment. Voting is compulsory for those whose names appear on the roll when a poll is taken on the question of establishing a board.



Head Office Premises of Egg Marketing Board, Pyrmont, Sydney.

Personnel of Boards.

If the poll determines that a board is to be established a ballot is held for the purpose of electing producers' representatives to the board. A fundamental principle of the Act is that growers shall have a majority of *elected* producers' representatives on a board. A board may comprise either three, five or seven members and the constitution of such boards is as follows:—

- (a) a board of 3 comprises 2 elected producers' representatives and 1 Government Nominee;
- (b) a board of 5 comprises 3 elected producers' representatives and 2 Government Nominees;
- (c) a board of 7 comprises 5 elected producers' representatives and 2 Government Nominees.

The Act expressly provides that a board shall "not be deemed to represent the Crown for any purpose whatsoever."

Poll on Dissolution.

When a board has been constituted under the Act producers may petition at the end of each three-year period for a poll on the question of the dissolution of the board. Such petition must be lodged within three months after the expiration of the period of three years from the date of constitution of the board or within three months after the expiration of any succeeding period of three years. When such a poll is taken, a simple majority is effective provided at least three-fifths of those entitled to vote duly record a vote at the poll.

Powers of Boards.

When established, one of the first steps necessary is to draw up regulations governing the conduct of board meetings and banking and other operational arrangements. It is after discussion with the board and upon its recommendation that this class of regulation is made. Boards are entirely free to engage their own staff and determine their own policy. Rates of remuneration, etc., to staff rests with the board but fees, allowances and travelling expenses, etc., of board members are determined by regulations approved by the Governor. The powers of marketing boards under the Act have been made wide and boards may set up their own selling floors and conduct selling arrangements or may appoint agents for this purpose.

A board must not expend any of its funds for any purpose whatsoever in connection with the politics of any political party, nor become affiliated in any way whatsoever with any body, association or organisation, having for its object or any of its objects the support of the politics or programme of any political party.

Among other powers which boards may exercise are the following:—

- (1) Arrange for financial accommodation with the Government of the Commonwealth, or with any bank or with any other institution or person approved by the Governor (Section 10 (ii)).
- (2) Purchase, contract for the use of, or otherwise provide and hold any land which may be required by the board and any personal property whatsoever (Section 9 (i)).
- (3) Contract for the use of or erect or otherwise provide any buildings or structures and repair, equip and maintain them (Section 9 (ii)).
- (4) In such cases and on such conditions as may be prescribed, exempt from the provisions of Section 11 relating to the delivery of the product concerned—
 - (a) such small producers of the commodity as the board thinks fit;
 - (b) sales direct to local consumers or to retail vendors;

- (c) such portion of the commodity as the producer may require for his own use for food for his family or his live-stock, or for seed, or for other purposes prescribed; and
- (d) such other sales and purchases or receipts of the commodity as may be prescribed.

Egg Marketing Board—How It Functions.

As previously indicated boards constituted under the Act determine their own policy and it is perhaps appropriate to mention that the Egg Marketing Board, contrary to general belief, does not require all producers to deliver the whole of their eggs to the Board for sale. The normal method of operation of the Board, before the advent of Commonwealth control, was to issue producer selling permits to those producers who could find their own market. This enabled such permit holders to sell their eggs direct to retailers, hotels, restaurants, etc., subject to three main conditions, viz.:—

- (a) That the producers concerned did not sell eggs at prices below those fixed by the Board;
- (b) that they furnished a return at the end of each month showing the quantity of eggs disposed of;
- (c) that they remitted to the Board a "pool stabilisation" charge at a rate, usually of 1d. per dozen, to cover pool costs and equalisation of overseas prices, etc.



Grading and Packing—Egg Marketing Board's Floors at Pyrmont, Sydney.

Thus the Board whilst exercising control over all eggs disposed of (except eggs for interstate trade) instituted an honour system among producers by allowing them latitude in selling their product and interfered as little as possible with direct trading in these

cases. Many producers, particularly those with heavy production, found it convenient and advantageous to send their eggs to the Board's own floors or depots for sale.

Further, the Board granted complete exemption to small producers who had not more than 20 laying fowls. Certain isolated areas such as the Far West were also granted exemption so that the Board did implement a common-sense policy by exercising discretion allowed by the Act instead of promulgating and adhering to a rigid, inelastic form of control.

Producers of eggs on three occasions petitioned for and were granted a poll on dissolution and on each occasion a majority of over 74 per cent. was recorded for the continuance of Board control.

Other Boards Now Operating.

Similarly, the Rice Marketing Board grants exemption to growers who desire to retain seed for future plantings and it has operated so successfully that although it has been in existence for 18 years and producers have the opportunity of petitioning for a poll on dissolution at the end of each three years, no petition has yet been lodged on the question.

All polls taken under the Act are conducted by the Division of Marketing and Agricultural Economics, Department of Agriculture.

The boards at present operating under the Act are the Egg Marketing Board (referred to above), the Rice Marketing Board and the Ginger Marketing Board (all for the State of New South Wales), and the Wine Grapes Board for the Shires of Willimbong, Wade and Carrathool in the Murrumbidgee Irrigation Area. The Egg Marketing Board now has a turnover of approximately £2,250,000 per annum, while the Rice Marketing Board received a total of 31,327 tons of rice from the 1945 crop and will pay growers a sum of approximately £350,000. This was a very small crop compared with the all-time record of 75,074 tons in 1944 and 57,153 tons in 1943.

The various boards now operating under the Act have functioned continuously since originally constituted on the following dates:—

Rice Marketing Board—9th November, 1928 (no polls on dissolution asked for).

Egg Marketing Board—16th November, 1928 (three polls on dissolution failed).

Wine Grapes Marketing Board—3rd February, 1933 (no polls on dissolution asked for).

Ginger Marketing Board—26th February, 1943 (has not yet functioned sufficiently long for poll to be requested).



Harvesting Rice on the Murrumbidgee Irrigation Area—All Rice is Marketed by the Rice Marketing Board.

Poll of Navy Bean Growers.

It is of interest to note that growers in the newly-established navy bean growing industry recently petitioned the Governor for their product to be declared a commodity with a view to a poll being held on the question of establishing a marketing board. If there were a wider understanding of the provisions of this Act it is felt that the growers of other primary commodities would take advantage of its truly democratic principles.

Other Features of the Act.

Apart from the provisions relating to the constitution and conduct of marketing boards, the Act provides for the establishment of the State Marketing Bureau which came into existence shortly after the Act became operative in 1927. In 1943 the Bureau was incorporated as a branch of the Division of Marketing and Agricultural Economics and has continued to carry out the essential requirements of the Act despite staff shortages and increased demands upon its services as a result of war-time conditions.

Among the more important activities of the Bureau are—

- (1) the collection daily of wholesale prices realised for fruit, vegetables, wheat, fish, meat, dairy produce, forage and cut flowers;
- (2) the recording of prices realised "on the hoof" at the Homebush Stock Sales and the assessment of values per 100 lb. in the case of cattle and per lb. in the case of sheep and pigs;

- (3) the maintenance of continuous records of wholesale and retail prices of numerous classes of primary products;
- (4) the broadcasting daily, for the information particularly of primary producers, of prices ruling in the various wholesale markets of numerous classes of primary products;
- (5) the forecasting of anticipated yields of various crops including wheat, maize, potatoes, wheaten and oaten hay, citrus, pome fruits and broom millet;
- (6) the issue of monthly reports covering grass and pastoral conditions, stock routes, etc., throughout the State;
- (7) the compilation of reports from time to time covering the progress of various crops during the growing period;
- (8) the collection, recording and publication of information regarding the quantity of fruit, eggs and butter held in cold storage;
- (9) the collection and recording of statistics as to the quantities of primary products exported overseas and to and from intra- and interstate sources;
- (10) co-operating with societies registered under the Co-operation Act in promoting and facilitating collective marketing.

During the war years, the records and reports of the State Marketing Bureau were availed of to a very large extent by the Prices Commissioner, Commonwealth Food Control authorities, Canteen Services, Hospitals and Armed Services for guidance in the fixation of prices and in the purchase of requirements.

The broadcasting service is intended primarily for the benefit of primary producers, the objective being to assist producers in the marketing of their produce and livestock. Each day, Monday to Friday inclusive, comprehensive reports covering the various wholesale markets, are supplied to the Australian Broadcasting Commission and these are broadcast at 12.15 p.m. and 6.20 p.m. over National and Regional Stations while a repeat of the evening report is made at 6.30 a.m. the following morning.

The forecasting of crops has also become of increasing importance owing to the shortage of primary products generally in recent years and the heavy export commitments Australia will be called upon to face up to in the task that lies ahead of the food exporting countries in feeding starving Europe.

It will continue to be the objective of the Bureau to give service and with the return of a number of experienced officers from the Armed Services it is hoped that it will be possible in the future to extend the assistance rendered to primary producers and so promote the general welfare of their industry. In this connection, efforts directed at improvement in quality by helpful advice on packing and grading, etc., will be of major importance.

General.

This is an everchanging world and the difficulties inherent in the marketing of primary products may possibly manifest themselves to a greater extent in the post-war period when competition in world markets is likely to be keener than ever after the settling-down process is complete. Thus, any move which producers can make in the direction of controlling the orderly marketing of their produce is worthwhile and the constitution of boards under the Marketing Act is worthy of consideration.

PLANS FOR THE WHEAT INDUSTRY.

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Wheat is one of Australia's key primary products. There are over 50,000 wheat farms in Australia, and of 23.5 million acres of cultivated land in 1938-39, some 14.3 million acres, or well over half, were under wheat. Any plans which affect so large a sector of our national life—and which will inevitably be taken as a guide to what is likely to happen in other primary industries—must have a fairly solid economic foundation.

The Proposals.

The Commonwealth Government's proposals for stabilising the wheat industry, are as follow:—

(1) A guaranteed home consumption price of 5s. 2d. a bushel f.o.r. ports bagged for all wheat marketed in Australia. This includes the present arrangements for a home consumption price for wheat for local flour and covers also all wheat marketed in Australia, including stock feed.

(2) A guaranteed price to growers of 5s. 2d. a bushel f.o.r. ports bagged for all f.a.q. wheat exported during the five seasons 1945-46 to 1949-50. The intention is to provide a guaranteed price for five years, to review it within five years and, after any necessary adjustments are made, to decide whether the period will be extended and on what price basis.

For example, a review may be made after two years, and conditions decided for extending the plan for an additional three years or so after the expiration of the first five-year term.

(3) When export prices are in excess of the guaranteed price, a stabilisation quota by the industry of 60 per cent. of such excess is to be paid into a fund to assist in meeting the guarantee when export prices are below it.