RADIO TALK

This week I would like to talk with you about the Australian Wool Commission marketing scheme...implications of a 35-hour working week on primary producers, and proposals by the United Kingdom to introduce levies on imports of agricultural commodities.

Because of the decline in wool prices the Australian Wool Commission marketing authority, scheduled to commence operating next July, could start early in the New Year.

My colleague, the Minister for Primary Industry, Mr. Doug Anthony, indicated this shortly after introducing the Wool Commission Bill in Parliament.

It is likely that the Commission will now commence operations in January. Because of the continuing fall in wool prices, it is hoped to have the Commission operating a reserve price system within the wool auction as soon as possible as a matter of urgency.

The legislation introduced in the House of Representatives closely follows the recommendation made to the Government by the economist, Sir John Crawford, in a detailed report early in October.

To assist in early implementation of the marketing authority there is provision in the Bill for the appointment of an interim Chairman pending the appointment of the fulltime Chairman. The main reason for this is to ensure the early establishment of the Commission as it could take some time to find a suitable fulltime Chairman.

The Commission will consist of seven members, including the Chairman. Two of the members will represent Australian woolgrowers and one will be the Commonwealth Government representative.

The three other members will be men with special qualifications. They will be experienced in the fields of either:

- Wool marketing or marketing wool products;
- Wool processing or manufacturing of wool products;
- Or, experienced in commerce, finance or economics.

The Government has given careful consideration to the composition of the Commission to ensure it is not unwieldy.

The main function of the Commission is to operate a flexible reserve price scheme for wool offered for sale at auction.

I must emphasise that the reserve price scheme to be operated by the Commission will be on a flexible basis and not one with reserve prices fixed for the whole season.

The flexible reserve price scheme will not defy or force the market. It will test it to get the best price obtainable at the time and to minimise the losses associated with the growing instabilities in the auction system.
The Government has decided that no quantitative or financial limits should be placed on the amount of wool which can be purchased and held by the Commission.

This is a point I must stress as some local growers who visited me here in Canberra believed that the Commission would be limited to buying 10% of the Clip. This is not correct.

Discussions have been held with the State Ministers for Agriculture, through the Australian Agricultural Council. The State Ministers have given their unanimous support in principle for the establishment of the Wool Commission.

Some matters may ultimately require supporting State legislation such as giving compulsive power to the Commission to:

- Set the terms and conditions governing sale of wool at auction;
- If necessary, to control private buying and selling of wool outside the auction system;
- Enforce standards of clip preparation for wool sold outside the auction system for use within a State.

The State Ministers have agreed to consider these matters and provision has been made in the Bill for possible State legislation.

The Australian Wool Industry has asked for an assurance that the Commission should not have the power to establish quotas on wool production in Australia. I emphasise that such a power has not been envisaged for the Commission and, in any event, the Commonwealth Government could not, for Constitutional reasons, confer it on the Commission without the approval of the States.

Australian Labor Party members this week obviously did not do their homework properly in advocating a 35-hour working week and minimising its possible effects on the primary producer.

They said that such a working arrangement would only have a very insignificant impact on the costs of the man on the land.

One Labor member indicated that the increased cost of a bushel of wheat would only be 2.5 cents and that the 35-hour working week would mean only a one-eighth increase in the cost of farm labour.

The facts are that a 12% or one-eighth decrease in working hours in a week would mean a one-seventh, or 14.3%, increase in labour costs.

In fact, if you consider total farm labour costs, which include labour costs of the owner or owners, and his or their families, the increased cost of a bushel of wheat would not be 2.5 cents, but six cents.

If you take into account effects of a shorter working week and the consequential increases in rates, freight charges, cost of materials – the full impact is an increase of 13 cents a bushel.
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The effect on the farmer and his income is of course obvious.

If we consider the wool industry in the higher rainfall areas, the grower would be faced with a 20% reduction in net income. If you calculate on the total cost there would be a 40% decline in their net income.

In the dried vine-fruit industry, if we consider the labour content, there would be a reduction of one-third in net farm income.

In the dairying industry there would be a reduction of 37% in net income. It would mean a difference of four cents a pound for commercial butterfat at the farm gate.

Not by any stretch of the imagination could you describe these facts and figures as having only insignificant impact on the primary producers costs.

This week the British Government announced its intention to introduce a system of levies on the imports into the United Kingdom of a number of agricultural commodities.

The products concerned are beef and veal, mutton and lamb, cereals and milk powders, condensed milk and cream.

At present these products all enter the United Kingdom free of duty as a right under our trade agreement with Britain, which can be terminated by six months notice by either side.

The British say that their main objective in imposing the levy system is to reduce claims on public expenditure, caused by their present subsidy system to support their own agricultural industry.

It is clear to me that this is a deliberate move to adapt their arrangements in view of their prospective membership of the European Economic Community, when they would be adopting the Common Agricultural Policy of the EEC.

The British have asked us to join them in talks on commodities of interest to Australia and a senior officer of the Department of Trade and Industry has been sent to London to attend these talks.

The British Government's objective is to bring the new measures into operation at least by April 1st next year.

The British proposals have very important implications for our future trade and trading relations. For the first time the Australian products concerned will be faced with real barriers to trade in this traditional market outlet.

The Australian Government will be carefully studying the implications of the British proposals as we now understand them - and as they are elaborated during the forthcoming talks in London.

We will, of course, be taking a hard look at the balance of benefits under our trade agreement with Britain and we will be assessing, at the appropriate time, what adjustment to Australia's obligation under the agreement will be required.