

MARKETING OF POTATOES AMENDMENT AND REPEAL BILL 2016

Receipt and First Reading

Bill received from the Assembly; and, on motion by **Hon Jim Chown (Parliamentary Secretary)**, read a first time.

Second Reading

HON JIM CHOWN (Agricultural — Parliamentary Secretary) [5.17 pm]: I move —

That the bill be now read a second time.

This is a bill to repeal the Marketing of Potatoes Act 1946 and the Marketing of Potatoes Regulations 1987 to deregulate Western Australia's ware potato industry and to provide for consequential amendments to other acts relevant to this amendment and repeal bill. The Marketing of Potatoes Amendment and Repeal Bill 2016 will provide for the expiry of the act and the dissolution of the Potato Marketing Corporation on or before 31 December 2016. The expiry of the act will fulfil the state's commitment to reduce red tape and economic reform, as well as its National Competition Policy obligations.

In this regard, I would like to acknowledge the efforts of the industry in working with the government since deregulation was announced to ensure an orderly transition to a deregulated environment. In particular, I would like to thank the Potato Growers' Association immediate past and current executive officers Ross Taylor and Simon Moltoni for their efforts in working with the industry and the government on delivery of a timely and suitable industry adjustment and transition package. In fact, the government decided to bring deregulation forward at the industry's request to provide certainty for growers, particularly smaller growers being impacted by declining market share in prices. The growers' association was instrumental in lobbying for this outcome.

A number of grower meetings in mid-December saw the industry unanimously agree to seek deregulation before the original 2017 time line. The government acknowledges that moves to a deregulated market will have an impact on the domestic market entitlement holders under the act. In recognition of this, the government has committed \$14 million for an adjustment and transition package for ware potato growers. In addition, I would like to thank the staff and the board of the Potato Marketing Corporation, who have also worked with the government and industry in the transition. This has not been an easy time for them and they have conducted themselves professionally and with integrity.

It is rare to regulate the production and marketing of an industry, and an economic rationale for regulating agricultural marketing has not been established in numerous reviews over the past few decades. In fact, the Potato Marketing Corporation is one of only two remaining statutory marketing authorities in Australia—the other being the New South Wales Rice Marketing Board. All other agricultural markets have been gradually deregulated since the 1970s and most were fully deregulated by 2000.

Retaining the regulated potato market has cost Western Australia commonwealth funding. A 1999 National Competition Policy review concluded that Western Australia's potato industry should be retained, which saw the commonwealth withhold payments from Western Australia for failing to meet its NCP obligations of \$3.7 million in 2003–04, \$3.8 million in 2004–05 and \$3.9 million in 2005–06.

However, more recent reviews recommended deregulating the industry. The Economic Regulation Authority reviewed the industry in 2014, concluding it should be deregulated due to a \$33.23 million impost on the economy over 15 years. It also found that the current arrangements impose a cost on growers, as the Potato Marketing Corporation is funded by a levy placed on growers. The PMC's costs were \$2.79 million in 2012–13, equivalent to \$53.87 per tonne.

Submissions to the commonwealth's Competition Policy Review in March 2015 also called for deregulation, with the Chamber of Commerce and Industry of Western Australia highlighting how regulation, dating from Australia's national security regulations imposed during World War II, has impeded competition, leading to higher prices and less choice for consumers. The Business Council of Australia also recommended that Western Australia's potato marketing regulation be repealed, with the Competition Policy Review panel finding these restrictions raise barriers to entry and impede consumer choice. Deregulating the potato industry will provide growers with greater choice and flexibility to pursue a wider range of markets and value-adding opportunities. Consumers will benefit from a greater choice of potatoes brought about by greater competition in the marketplace.

The act is set to expire on 31 December 2016, although it may expire sooner by order of the Governor if all the necessary transitional arrangements are completed before then. This time frame will satisfy the government's decision to deregulate the industry and allow sufficient time for the transition from a regulated potato market to a deregulated market. The Marketing of Potatoes Act 1946 and the Marketing of Potatoes Regulations 1987

restrict competition in the market for ware potatoes and, as such, both have been agreed by the Department of Agriculture and Food as red tape–reduction commitments to the Department of Finance and the Department of the Attorney General in 2016.

The bill will deregulate the potato industry on three key dates. Clause 2(a) deals with the announcement of the name of the deregulation legislation as the Marketing of Potatoes Amendment and Repeal Act 2016 by the end of June 2016. On 30 September 2016, clause 2(b) amends the Marketing of Potatoes Act 1946 by replacing the long title of the Marketing of Potatoes Act 1946 with “an Act to provide for the winding up of the Potato Marketing Corporation of Western Australia and related purposes”. The related purposes involve the Potato Marketing Corporation remaining in existence for limited functions and purposes that are all relevant to the finalisation of pool 1 and to deal with all matters for its winding up. The transition day—clause 2(c)—dealing with the final wind-up is 31 December 2016. The transition day finalises everything with the complete repeal of the Marketing of Potatoes Act 1946 and the Marketing of Potatoes Regulations 1987.

There are some consequential amendments to other acts that will delete the Potato Marketing Corporation from the schedules of certain acts that relate to statutory authorities. These consequential amendments come into operation on the expiry of the Marketing of Potatoes Act 1946.

In conclusion, this bill will provide a mechanism to ensure a smooth transition to a modern and viable potato marketing industry for the state, going forward, that will benefit producers and consumers. I also take this opportunity to inform the house that in accordance with standing order 126(1) this bill will not give effect to a uniform legislation scheme.

I commend the bill to the house and I table the explanatory memorandum.

[See paper 4388.]

Debate adjourned, pursuant to standing orders.