



PARLIAMENT OF WESTERN AUSTRALIA

INAUGURAL SPEECH



Hon Anthony Fels MLC
(Member for Agricultural)

Address-in-Reply Debate

Legislative Council

Wednesday, 25 May 2005

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ADDRESS-IN-REPLY

Motion

HON ANTHONY FELS (Agricultural) [8.36 pm]: Mr President, congratulations on your election as President of this house. Looking around the house, it is very interesting to notice the faces from yesteryear now gracing the government benches. I have known some members on the government side longer than I have known some on my own side! I hope that their warm welcome will not fade too quickly! Despite these friendships there are some important reasons that I sit on the other side of the house from them. I am a keen supporter of small business, farming, free enterprise, freedom to choose and family values. Although these are not exclusive to the Liberal Party, I fit naturally within the party's ideology. I am privileged to be given the opportunity to be one of the Liberal Party's three representatives in this chamber for the Agricultural Region. However, I hope that I can serve my constituents well, no matter what their politics.

THE AGRICULTURAL REGION

Although farming seems to be the mainstay industry in the Agricultural Region - after all, it is named after that industry - I am mindful that there are many other groups that need to be properly represented. The region stretches from Kalbarri at the north, down the coast to include Geraldton, Dongara, Jurien Bay and Lancelin, circumvents the Perth metropolitan area, then stretches south to Bridgetown and along the coast east of Albany from Bremer Bay to Hopetoun, Esperance and beyond to Israelite Bay. It extends inland east of Merredin to the border of the wheatbelt and the goldfields. It is a bigger area than the state of Victoria and comprises 68 country shires. Dominated by the primary industries of agriculture, fishing, mining and forestry, it is the grain bowl of the world. It produces half of Australia's export wheat crop and therefore is the biggest single wheat trader in the world. Until the self-destruction of the wool reserve price scheme, it was a major wool-producing region. More recently, the region has turned to growing a variety of cereal, legume and pulse crops, trees and raising cattle for beef. The BHP Billiton Nickel development at Ravensthorpe will be the biggest thing to hit Ravensthorpe and the nearby shire and port of Esperance. It is vital that our government provides the necessary infrastructure and services to encourage those

involved in this and similar developments to live and work within the local community. Fly in, fly out operations do nothing for the community.

There is also a tax-driven Tasmanian blue gum timber investment scheme over our higher rainfall prime agricultural land along the south coast. I have no problem with a company or individual buying prime agricultural land to start whatever venture or pursuit they think might be more profitable than its previous use. That is the basis of a free market. However, when individuals, corporations or even now, the Commonwealth Bank, are becoming involved because they see an artificial market and an opportunity to profit from unsuspecting investors who are getting little more than a huge tax deduction for their investment, then something is horribly wrong with the reasons upon which our economy is basing its investment decisions. These are tax-effective schemes where investors do not understand the industry they are investing in. The decision to invest is based on all the wrong reasons.

DRUGS, ISOLATION AND YOUTH SUICIDE

It is said that Perth is the most isolated city in the world. Many country towns are a great distance from Perth. Of course, they are even more isolated. Esperance is 750 kilometres south east of Perth and our farm is a further 38 kilometres east. It is about the same distance as Meekatharra is from Perth. What is it about living in isolated areas that drives some to the point of despair? Esperance has been portrayed as a suicide capital. In a society as privileged as ours, why is it that more young people die from suicide than from road accidents? Why, in such a fortunate country, do we have suicide rates in excess of third world countries where ordinary citizens have so much less to live for? This issue should never be swept under the carpet.

Drugs are one of the greatest threats to our youth and our future society. That is especially so in country towns where opportunities for younger people are sometimes lacking. Better education on drugs is needed if we are to save many of our younger people and avoid serious mental health problems when they grow older. It is a particularly tragic local issue because Esperance really is God's own country. It has some of the most spectacular and beautiful beaches, the islands of the Recherche Archipelago, highly productive and reliable farmlands and great people. However, it was not always so productive. It was not until after it was discovered that the previously barren sand plain responded well to trace element fertilisers that development took off in the 1950s and 1960s. Although the grand plans of the initial investor, an American named Allan Chase, did not carry through to fruition, worldwide interest was stimulated in the Esperance agricultural region. There was an influx of Hollywood to Esperance with every notable screen actor, producer and director owning some farming land in the region. This was a bonanza for many young couples who were able to manage the interests of these absentee landlords while developing their own modest holdings with otherwise limited capital. Major investments were also made by some of the United States' wealthiest families - the Rockefellers and Benno Schmidt. Many people still associate Esperance with Art Linkletter but it has grown well beyond that now.

POLITICAL INFLUENCE IN MY EARLY LIFE

While growing up on the family farm at Esperance, I saw the excitement of the new land development in the 1960s and 1970s. I also remember the downturns, especially when wool was 28c a pound and wheat quotas were in place. Like many rural children, I started my education in my local country primary school. Mine was at Castletown. In 1975, when I was 10 years old, the public address system at my school broadcast the fall of the Whitlam government. The class erupted in mayhem. It was my first lesson in parochial politics. However, my real education was the land and when I finally made it to university, agriculture seemed as good a course as any before I returned to the farm. I had a passion for two careers: farming and politics. The die is cast early in life and I could not resist becoming involved in the political process at university. I ran for the student guild elections in my first year and had a shot at the guild

presidency in my second year. I was elected as a delegate to the Australian Union of Students - the only union I have belonged to - conference in Melbourne in January 1984. Well, that really did open my eyes to what politics is about. I witnessed extreme groups of Communists, Trotskyites, Maoists, Stalinists - whatever you like, they were there. They made the socialist left faction look moderate. There is an old adage that there are no friends in politics. However, I made some great acquaintances, some of whom I have kept as my trusted friends today, despite our philosophical differences.

I returned to the farm in 1985 but the rural industry was depressed. My father was still running the property and, as the saying goes, "You cannot put two bulls in the one paddock". There were no succession plans in those days! After taking a realistic appraisal of the situation, I turned my interest to small business. Like many other country boys, my plan was to buy a farm of my own. No sooner had I started a kebab shop next to the Ocean Beach Hotel - so that I could keep up with the utes and bull bars in the city - than wool and sheep prices doubled, and of course, land prices doubled with it. My education on the highs and lows of farming was continuing. I found a second job with another holy grail for farmers - a bank. This was the beginning of another learning experience in the realities of farming. The Primary Industry Bank of Australia was a specialist rural lender. Motivated with a Don Quixote enthusiasm, I prepared to tilt at some rural windmills and beat the banks at their own game. Those five years not only gave me an understanding of rural finances and the battles that farmers face, but also gave me a chance to meet many farming families within the agricultural region. I could see the difference we were making by offering a fair go to farmers who were being hammered by the major banks.

THE RURAL ADJUSTMENT AND FINANCE CORPORATION

I wish my memories of the Rural Adjustment and Finance Corporation were as pleasant. In 1990, following the collapse of the wool reserve price scheme, the rapid escalation in interest rates and "the recession we had to have", I had to work in a partnership way with the customers of the bank to make sure they had the capital to diversify, and service the debts they were committed to. These were farmers who got on with the task at hand without any help from government. Some who sought assistance from RAFCOR were rejected because their farms were deemed to be unviable. It says something about the tenacity of people on the land that they got through with no help and now some of these farms are two or three times the size they were 15 years ago. Some did receive assistance because they somehow fitted the criteria. I recall one client to whom the bank had lent money. He was a foreign citizen who had migrated to Australia to buy a farm. His farm had operated at a loss for three years, and he had never paid tax in this country. He picked up a subsidy for half of his bank interest each year for two years. Who was the prime beneficiary of this government hand out? The bank was! It was not the Primary Industry Bank, by the way. It is now charging the poor cocky the top overdraft rate, the top margin and penalty interest rates and fees because now he is in default of his original loan. The old RAFCOR structure was a disgrace! It was administered under the Minister for Agriculture and had been set up as a lender of last resort. Members can imagine how some of these loans ended up. The state government finally had to decide whether it would foreclose and hold a mortgagee auction. This is when government policy implemented a change in RAFCOR from being a direct lender of last resort, to one of providing interest rate subsidies. What a gutless bit of policy on the run, that was. The government wanted to be seen to be doing something for farmers in need. Yes; interest rates were above 20 per cent and they were the killer in the 1990s; but we are now stuck with a pathetic bandaid treatment under some national scheme administered out of Canberra. Good luck to the farmer who borrows \$500 000 and finds his property inside a shire boundary drawn on a map. Too bad for the farmer across the road in the adjoining shire who has no debt, but still suffers from the drought or the decline in commodity prices.

We must put in place a scheme that does not discriminate on the basis of debt level, off-farm investments, shire boundaries, commodity type or even industry. We need to do this in partnership with the existing bank so that, if the bank wants to help the client, it needs to come to the party with a sensible margin and base-lending rate. When the farmer's position improves, he can pay it all back with interest so that there is something in the kitty for the next farmer who may need it. In its administration of this, the government should at all times have priority security so that the taxpayer is always covered. If it is done properly, it should take minimal administration, give urgent working capital to fund whatever activity it is, be cash-flow positive, and everyone involved will be better off.

We also need to prepare for the problems that will occur if rates rise - both in the country and in the city. The alarm bells should be ringing. Farms are starting to sell for ridiculous prices and terms of trade are now in rapid decline, even after 10 relatively prosperous years. Government regulation is grinding agriculture down. Dairy deregulation has been a disaster for dairy producers. The wool tax and reserve price scheme were a disaster. I believe that the government should not interfere with market forces but let the market decide. The Australian Wheat Board investment in Landmark from Wesfarmers will create a disaster if there is a major downturn in farming. Farmers who own the AWB now have all their eggs in the one basket. Statutory marketing boards were once a great idea - about 50 years ago - but require minimal interference by the minister and should only be allowed to continue while farmers have an effective input and control. Cooperative marketing and processing of the finished product is one solution. We need also to look at expanding new markets, especially in Asia, for pork, beef, lamb and other commodities. Indonesia is a very special market, and improved relations with that country will be of a major importance to agriculture.

MANUFACTURED AGRICULTURAL INPUTS

Let us turn to manufactured agricultural inputs. What a disgraceful scam the National Registration Authority, or now the Australian Pesticides and Veterinary Medicines Authority, has become. In my view it is a system designed by multinational companies to ensure their continued control over patented products far beyond the expiry of their patent protection. This has particular relevance to the Agricultural Region. Currently, any manufacturer of agricultural chemicals must rightly have their products trialled and registered for product use. What about the manufacture, repacking, or importation of formulated products that are identical to one that is no longer protected by patent? Oh, no, people cannot simply go and sell something over which a multinational no longer has the monopoly. They must go through the same procedure of registering their product and also the source of the raw material that they are using, even if this is the same raw material upon which an existing registration is based. It does not stop there. Their manufacturing premises must be accredited by a third party auditor. The raw material manufacturer - often an overseas-based company - must be approved to supply, and the overseas-produced product must be an approved technical grade active constituent. How much support do we in Western Australia get from this Canberra-based organisation? As far as I am aware, there is one staffer from that agency in Western Australia whose job it is to prosecute anyone who is in breach of those regulations. These are just some of the issues and concerns facing the Agricultural Region today.

I believe that my early days spent growing up on a farm in Esperance, my country schooling, my venture into off-farm small business and the resultant lesson in the unpredictability of rural costs, my later rural economic lessons through my time with the Primary Industry Bank of Australia, my unfortunate experiences with the Rural Adjustment and Finance Corporation and my extensive and often highly personal interaction with the primary producers of the Agricultural Region have given me a realistic understanding of the tenacity of the farming community and the towns that service them.

MY GRATITUDE TO FAMILY AND FRIENDS

I am sorry that my parents cannot be here to share my swearing-in ceremony and my inaugural speech and I know they would both have been very proud to have shared in this occasion. However, I wish to thank the many people who have helped me to get here this day.

Elections are a lot of fun - always good for losing a few kilos and stimulating the metabolism. Getting elected to this chamber is, of course, vastly different from campaigning for a lower house seat. On election night I was very excited for Dr Graham Jacobs, who won the seat of Roe - a seat that I contested in 2001 against the former National Party member, Ross Ainsworth, who held the seat for 16 years. Dr Jacobs and I, and four others, first sought preselection when the seat of Roe was recreated for the 1989 state election. Prior to 1989 we had been represented by Julian Grill in the seat of Esperance-Dundas and Hon Mark Nevill in the upper house. Both Australian Labor Party members were respected in Esperance for their hard work, and I got to know them over the years through my mother's involvement as a member of the Esperance Shire Council. I also sincerely thank the Esperance Branch of the Liberal Party, particularly Trevor and Colleen Stoney, Alva Courtis, Lee and Betty Warner, David and Anne Dwyer, Debbie Storm, Allan Mathews, David and Penny Smallwood, Phil and Helen D'Emden and Norval and Stella Watts, who were tireless supporters, workers and organisers when I ran for the seat of Roe. Of course, I also thank the Liberal Party, Paul Everingham and former state director, Peter Wells; and Marcia and Fillipa Sullivan in the O'Connor Division and its many good members. I even thank those who have given me a hard time over the years! I also thank John Carstairs, Greg and Fran Weller, David and Kathy Lovelock, Brian and Marlene Mayfield, Allan and Eva Cole, Hamish Purser, Ric Mincherton and Ian Hall. To the branch members and delegates within the Agricultural Region, I say thank you for the trust you have placed in me.

I also acknowledge with pleasure my running mates Hon Bruce Donaldson, Hon Margaret Rowe and Brian Ellis, who was fourth on our Agricultural ticket. I also acknowledge Kevin Giudice, Jamie Edwards, Gary Snook, Jamie Falls, Dr Graham Jacobs, Murray and Meg Nixon, Bill and Leslie McNee and family and everyone who assisted us in our election.

I also acknowledge Hon Wilson and Jennifer Tuckey, Senators Ross Lightfoot and Winston Crane, Senator-elect Judith Adams and Kevin Prince who generously travelled to Roe to assist in the 2001 campaign. I also thank Hon David and Mrs Marie Louise Wordsworth and family whose encouragement has been appreciated over the many years. I also thank my neighbours Bruce and Frida Wilson. Bruce has been a great inspiration since arriving in Esperance in 1968. I also pay tribute to Father Kevin Glover who was not only our parish priest, but an outstanding entrepreneur and mover and shaker in the Esperance community.

I acknowledge the Rector and Vice Rector of St Thomas More College, Father Bill Uren and Father David Strong. They tackled one of the most difficult jobs you could ever imagine; that is, 200 university students living together! Although I never graduated, I was a student delegate to the University of Western Australia Professorial Board. I thank the Sub Dean of Agriculture at the time, Professor Allan Robson, and politics Professor Peter Boyce, both outstanding academics who followed my student years.

I also thank Tony Moore who kept a good eye out for me as a child and young man, and who always maintained a close interest in what I did. I acknowledge Jim Samson, a distinguished former Liberal Party president and Esperance farmer who taught me that, "You will always regret the things that you never did".

I thank Peter Lauder, who has been our family accountant and friend for many years, and Dr Peter Arnold who has always provided advice and assistance whenever it was needed.

My grandmother, who has 66 grandchildren and almost as many great-grandchildren, cannot be here tonight because she is recovering in a Melbourne hospital after breaking her hip. She turns 87 next week.

I make mention of Mary Anne Vitali, who has been a great adviser and counsellor over many years. I also make mention of M'liss Henry, Karen McDonald and the volunteers of Halo - Helping All Little Ones - an organisation I am proud to have helped establish. Halo was established to raise awareness of the many issues to which children are vulnerable.

I acknowledge the Trench, Taylor, Sachse, Hughes, Teasdale and Barber families, all of whom are special family friends and have been all my life.

I thank Shane Dillon who for months put me up on the floor of his South Perth flat when I left the farm. I also thank his wife Melanie for putting up with me in the bank for many years. Thank you both for your friendship and help. I also thank all the staff who have served me loyally over the years in whatever business I have worked.

My children have seen me contest three elections and have travelled much of the electorate with me, especially most of the 80 000 square kilometres within the Roe district. To them I say this: you will not always be children, but I will always be a parent. There is only one thing that I love more than this job, and that is you.

Finally, I thank my honourable colleagues for their indulgence. I hope that I can work with all members to make Western Australia the best state in the best country in the world.

[Applause.]
