

AGRICULTURE — FINANCIAL CRISIS

Motion

HON NIGEL HALLETT (South West) [11.30 am] — without notice: I move —

That this Council considers the looming financial crisis in Western Australian agriculture.

There is no doubt that the Western Australian agriculture sector is now at a pretty low ebb and has been ignored by all sections of government since about 2008, despite many warnings from banks and consultants. We now know that approximately 15 per cent of farmers in the state are under severe financial stress, and generally about one in three are in a fairly vulnerable position. It does not matter whether it is the eastern wheatbelt or higher rainfall areas, it has been a common thread. The banks are now in a position of writing off some \$100 million, and if that is combined with \$600 million to \$700 million out of growers' funds, we are talking in the vicinity of \$1 billion going out of the agriculture sector in the next few months. The average farm debt is in excess of \$2 million. The implications of a bank write-off are increased margins by the bank. As we know, banks have to put aside money for borrowings. If money is put aside for housing, in the vicinity of \$1.03 or \$1.05 is put aside by banks; that is their insurance level. At this stage, agriculture is still linked to housing finance. By 2015 there will be a review of that. If increased capital is required, which will come under the Apia requirements, we could be looking at somewhere between \$1.30 and \$1.80 of the cost of funding for agriculture. We all know that that will be two to three per cent higher than housing loan rates in the market. We also know many growers are paying 18 per cent today, which is unaffordable.

Hon Ken Travers: That is outrageous.

Hon NIGEL HALLETT: Yes. We also know that the Basel III Accords for the next round of international banking rules come into force in January 2015. If capital cost is added to asset class, that rate will certainly go up again, which will push up the cost of money to banks and that will inherently go through to users. That will also be a downside for investors coming in. Once again, it exposes the small businesses in many of these rural towns. Around the world in the last 10 years there has been a change of direction, particularly in the US and Europe, of insurance for agriculture. The insurance market in agriculture is worth some \$3 trillion now. Bringing that in and thinking about insurance, a person buying a house or a car is required to insure if he borrows. The link in agricultural production that is not covered is the growing stage—the crop growing in the ground to the end of harvest. All the bits in between are insurable. Australia is now probably the last country that does not do that. A number of companies do it and five companies have come to Western Australia. Australia is a hotspot for the insurance industry. One of the American companies that came, the Climate Corporation, which is backed by Swiss Re, offers an insurance using a Doppler radar system. In America that system operates in an area of a square foot. It measures the total soil conditions and moisture, and it gives rainfall and wind patterns. That has now been operating for many, many years and, as I said, the data in America is now down to a square foot. They got rid of weather stations some 10 years ago. They are obsolete. They operate over 10 to 50 kilometres and the weather conditions in that area vary greatly. However, the government has continued to roll these out, some recently. I must acknowledge the current Minister for Agriculture and Food's willingness to look at this new system. Two Doppler radars will cost \$4 million, installed, and they will give full coverage across the agriculture region of Western Australia. The current one is based on the coast and it hits the ranges and goes up, so it is inaccurate. The radars can also be used for emergency services et cetera. It is a huge tool and the data collected is to the minute. We saw this operating when its representatives were here. They used their client base to demonstrate and it is incredible what technology did.

Australia's agricultural production ranks seventh in the world for area grown and we rank seventh in production. However, we rank alongside Afghanistan for production per hectare. That is how far we have slipped behind. Therefore, we have to move agriculture forward. Bank pricing will be reduced with insurance. There is another insurance model available at the moment through Canadian company Latevo and we are using its finance to run it. It is based on production and uses an audit through RSM Bird Cameron. From a bank's perspective it gives the bank the confidence to know that a farmer's income is insured and it can then offer interest rates applicable to a low-risk business. The model also underpins local towns, with social and health benefits improved as financial hardship is taken away. Farmers now have the opportunity to explore this new insurance and to go through the audit system it requires. We know it is not a silver bullet, but it is a huge player that has turned the agriculture sector around overseas. If we consider that agriculture contributes some \$7 billion to the Western Australian economy, it is certainly worth protecting.

What can the state government do? It can help support this scheme—let us not forget it will get \$10 million worth of stamp duty. We charge 10 per cent; in New South Wales the charge is 2.5 per cent. The Western Australian government could support the model by using the model through which the health insurance system was rebated to get people into that. The government could support this model to get uptake over the next five

years. However, if insurers were not self-sufficient and self-funding within five years, the government could withdraw its support and get out of there. The industry now has the opportunity to look after itself, but it will certainly need a bit of support to get it going. That is no different to what John Howard did with the private health insurance scheme. He brought in a rebate to get people into it. He got it in and took the pressure off the public system. I will not go into that, but they are the sorts of things that can be done.

Agriculture employs over 30 000 people in Western Australia, so what will the government do to secure these products? I think the director general of the Department of Agriculture and Food WA needs to be held to account. He has failed to meet with the global heads of these companies and I have to question what he has brought to the table over the last four years. There has been little change. We have seen a huge reduction in the budget for agriculture and when we think about the number one priority in the world, it is food security. We seem to talk about food security and going to new markets, but we do not underpin our production with a budget that will enable us to increase it. As I said earlier, we now rank down with Afghanistan at number 25 or 26 in the world. There is an enormous amount of ground to be made up.

As I mentioned earlier, radar systems have become a crucial part in insurance. The United States has generated growth and agriculture to a point at which its farmers receive a net return of between 15 and 20 per cent. The average age of the US farmer has fallen considerably. Why are we not getting stuck into it? That issue has been on the table in Western Australia for at least 18 months. WA could have this up and running within six months if it was funded or the green light was given that the government would look at it. Interested parties have been briefed on this matter. In fact, the Governor of WA asked for a briefing. He was excited by what he saw, and we know the sharp intellect he has. He saw it as a way of taking agriculture forward.

The risk exposure to agriculture must be changed, whether it is grain growing or meat production, and that will give farmers an opportunity to ensure their production. It will mean growth of pastures can be measured and farmers can insure their costs of production. We have to fund agriculture in Western Australia. A budget of \$200 million or less is far from adequate when one considers other budget lines. I want the government to take agriculture and do what it said it would do—make it a priority. The Minister for Agriculture and Food's background is agriculture, and we have to make that go forward. With those words, I conclude my remarks so that other members can speak to this motion.

HON KEN TRAVERS (North Metropolitan) [11.42 am]: I did not jump up to speak immediately because I thought the minister would want to respond to the motion. Hon Nigel Hallett has raised many issues that require a response from the government. I congratulate Hon Nigel Hallett for moving this motion so the house can debate it. He has given an honest presentation to the house this morning. He and I have often discussed these issues behind the Chair, along with his two former colleagues. He is passionate about the issues he has raised. I would change only one thing in the motion, and that is I would delete the word “looming”, because it is not a looming crisis, it is occurring today. For a number of years I have attended meetings in the wheatbelt. I have not been to many meetings in pastoral areas, but I note that the Minister for Agriculture and Food has a great deal of knowledge in that area. At those meetings I have observed a disturbing level of—I hate to use the word, but I cannot think of a better one—depression occurring in those wheatbelt communities at a community and a personal level. The effect of that depression is taking its toll. I was very moved after attending a meeting at Kulin, and thought the situation was bad, but then I went to the Merredin meeting organised by the Muntadgin Alliance. Apart from it being a bigger meeting, the same pressures were there, and growing. I believe that issue requires an immediate response.

I accept that we have a new minister responsible for this area and hopefully he will be able to take up and meet those challenges. He is a minister from a different political party from the previous minister, so I expect there will be significant changes in this area.

There are things occurring that we cannot change. The weather is one, although Jorg Imberger would say that something can be done to improve the rainfall in the wheatbelt. Those ideas should be explored and given research funding to see whether revegetating certain parts of the wheatbelt could increase the rainfall and, therefore, lead to increased productiveness in the rest of the wheatbelt. The community could assist in the process of restructuring the wheatbelt. It might mean some areas of production would be lost to revegetation, but the reward could be a greater return on the investment in other areas of production.

It is not my intention to go over the debates we have had before in any great detail, but the Department of Agriculture and Food's budget has been slashed over the past four years. In fact, Hon Nigel Hallett was courageous to open his remarks with the comment that the problems have been occurring since 2008, because one does not have to be a Rhodes scholar to work out what happened in 2008. I suspect, though, that those comments were more an attack on his coalition partners than on the current Minister for Agriculture and Food. I

Hon Nigel Hallett; Hon Ken Travers; Hon Ken Baston; Hon Paul Brown; Hon Darren West; Hon Brian Ellis

am sure the friends of the former Minister for Agriculture and Food in this chamber will try to explain to the house why it is going to occur.

Members can go on and on about why there are these problems, but the most pressing thing to do is to get on and deliver. Hon Nigel Hallett suggested that the closure of weather stations occurred in 2000. I think he will find that some of the weather stations have been cut as a part of the budget cuts over the last couple of years. I agree with him. Part of the problem of cutting weather stations in the wheatbelt is the loss of jobs, and jobs in the wheatbelt are important. I remember attending meetings in the early 1990s when Hon Bruce Donaldson was the president of the Country Shire Councils' Association of WA, when the issue of losing jobs in the wheatbelt was a crucial issue because of the multiplier effect it had throughout the rest of the community. I agree that times will change and technology needs to be updated, but rather than cutting weather stations completely, investment is needed in more productive technology to assist farmers.

To refresh my memory, I obtained a copy of the agriculture policy of the Liberal Party. I have to be honest to my friends in the National Party, I did not bother getting a copy of their party's vision for agriculture, because we know —

Hon Paul Brown: It is an actual policy, not a few million dollars' promise. It is an actual policy.

Hon KEN TRAVERS: It may be a policy, but will it ever be implemented? It is not part of the fully costed, fully funded plan that the government took to the election. Members know that the government cannot even afford its own fully funded, fully costed plan, so I am not sure how it will be able to afford the wish list of the National Party. But there are a number of issues. The opening words of the Liberal Party plan states—

The Liberals recognised that Western Australia's agricultural and food sectors are vital to securing our strong economy. Our agricultural sector needs to be given opportunity to expand and innovate ...

It also talks about agriculture being one of the most important industries in WA and the second industry after mining as the driver of the Western Australian economy. I completely concur with those things.

Hon Paul Brown: You gave it nothing!

Hon KEN TRAVERS: What?

Hon Paul Brown: You gave it nothing! You didn't have an agricultural policy.

Hon KEN TRAVERS: We heard this morning about, "It's not what you do in the future and it's not whether you honour your promises in the future; it's what you did in the past." Go and look at the budget for the agricultural department when Labor was in power, and go and look at what happened to it under the National Party minister. I am pretty sure I will even get Liberal Party members in this chamber to agree with me that the National Party slashed and burned the budget, and the National Party is the cause of the destruction of the agriculture industry. It was a National Party minister's failure, and I am hopeful the new Liberal minister will actually be able to fix some of the problems the National Party caused to the agricultural centre. The only thing it could hang its hat on was the Muchea saleyards, and that was only built because the money was put there out of the sale of the Midland yards.

The Liberal Party has put into its promises that it wants to put \$20 million into a state biosecurity fund—I agree with that. Why do we need that? Because farmers, not so much in the wheatbelt but in the south west, have a biosecurity nightmare. Cotton bush is a problem right through Ferguson Valley. How did that occur? It was because there has been complete neglect of that issue for the past four years. That is where the neglect has occurred over the past four years, and people will tell members that there has just been inaction down there and they have been struggling to try to get attention. I know the current minister is fully aware of this issue, and I understand he is seeking to do something about it. The current minister finally has the proclamation of the act that will allow that to occur. I think the minister was on the committee—was it passed in 2006?

Hon Ken Baston: Yes.

Hon KEN TRAVERS: What was the National Party minister doing for the past five years? He was asleep! He was asleep while cotton bush crept across the farms of the south west. The National Party is completely discredited. This is its heartland—its homeland—and it has completely ignored it for four years. I hope we start to see some of the actions that people like Hon Philip Gardiner and Hon Max Trenorden, along with Hon Nigel Hallett, were trying to achieve, such as crop insurance. I hope this afternoon we will see a resurrection of the importance of agriculture in the state budget. I genuinely hope that will be the case. I hope things like the tier 3 rail lines will actually get some funding, which is what the Liberal Party has said it will do, so that the viable ones will be retained and that we will have a proper process to work out which are the viable tier 3 lines. I think they are all viable, but if there are ones the Liberal Party does not think are, that is fine. But

there will need to be some assistance to keep them open, and assistance will need to be provided to farmers with the cost of getting their grain to port.

HON KEN BASTON (Mining and Pastoral — Minister for Agriculture and Food) [11.52 am]: First of all, I thank Hon Nigel Hallett for moving the motion with regards to financial crisis in agriculture. Agriculture, of course, is worth some \$6 billion to Western Australia annually on the farm gate, and if we actually take that to a retail level, it comes out as something like \$20 billion. When I say “retail level”, that is adding to it and making products such as yoghurts, cheeses and all those types of things that go to the retail market. Of course, agriculture in this state ranges very broadly and widely and covers from Kununurra in the north with melons, vegetables around Perth, wine in the south west, and the eastern wheatbelt, which is the area we are mainly talking about. Quite often the word “crisis” is bandied about in agriculture, and I have to say that sometimes that is quite damaging. In my experience of agriculture there is always somewhere dry that does not get the rain, and we always seem to go to the press and use that word “crisis”, which demoralises the whole industry, and then of course it wonders why it struggles with its reputation. Then of course the industry struggles to find capital, and young people say, “I’m not going into agriculture because it’s obviously an industry that is always in crisis.” I think that is something we need to be more positive about, and I would like more positive stories being relayed because they are there. We have some positive stories, and many businesses are achieving. In the last decade we have increased the value of the orange industry fourfold; and in 2011-12 wine exports grew by 30 per cent to \$43.5 million. Of course I could tell members many other success stories, but I do not have the time.

We do, however, acknowledge that the cropping and the livestock businesses, particularly in the eastern wheatbelt, are doing it extremely tough. Members know that the state put in a package that was very well received. Of course there is always somebody who misses out on that, but there have to be criteria. The federal package still has not been delivered—unfortunately, now that we have an election date the government is in caretaker mode—but I strongly believe it will be, and I have had undertakings from both sides of politics that that will be the case.

Hon Ken Travers: So are you still proceeding to actually implement that then, in light of that?

Hon KEN BASTON: Absolutely, yes.

Hon Ken Travers: Good.

Hon KEN BASTON: I look at that as \$60 million of capital that is sitting over in Canberra that will be sitting in Western Australia and will be here for five years at 4.5 per cent, and so we must be able to make money.

Hon Ken Travers: We have to grab it; that’s why I am just glad you did. I was hoping we would.

Hon KEN BASTON: Absolutely.

Our responsibility as the government is to develop strategies and to assist businesses to meet their challenges in the short, medium and long term. We are working hard to develop new markets and forge even stronger relationships with our neighbours. Members are aware that I recently made a trip to Singapore and Indonesia to do that very thing. The opportunities I believe our agriculture has are immense at present; they really have never been better. We have 60 per cent of the world’s population sitting on the same time zone as us; we need to get on with that and work with it. We have Indonesia, which is consuming an average of two kilograms of beef per person, and it wants to double it to four, with a population of 250 million people. Members do not have to be Einstein to work out that we do not have enough cattle for that. But of 250 million people, 20 million live around Jakarta, and 50 million are in what they call the upper echelon—who like good food et cetera. So that is just Indonesia. We offended them when we cut off the livestock trade, which I totally disagreed with, and the cattle industry in Western Australia is still suffering because of that. But we are picking up, and I believe that those problems will be mended.

We will continue to focus on strengthening our biosecurity to keep out devastating diseases like wheat rust and foot-and-mouth outbreaks, and to protect our reputation and markets. Biosecurity consumes 25 per cent of the agriculture budget.

Hon Ken Travers: But it was cut over the past four years, which is the problem. But I am glad you are restoring the budget.

Hon KEN BASTON: In terms of the eastern wheatbelt, we have recently increased the number of DAFWA staff at Merredin, and invested extensively in improved production and productivity. Significantly, in our state budget we are about to make one of the largest investments ever made in agriculture. The areas we need to invest in are infrastructure, research, extensions and biosecurity, as touched on by Hon Ken Travers, and we need to be incredibly positive about the future of agriculture. I certainly am as the minister, and I know our government is.

As I mentioned, there are enormous opportunities ahead, and one of the big areas where agriculture faces risks is that our climate is variable and presents challenges. I have looked at the Doppler radars and where they should be positioned, and I support the implementation of that. Of course, we have to wait for the budget to come down before we actually get funding to do all these things, and that will happen today.

Hon Ken Travers: Will we be happy today? Will you be happy today?

Hon KEN BASTON: I cannot reveal any more on that!

We certainly are looking to improve our weather data, because I think it is extremely important. I think crop risk mitigation insurance is important, but it is another tool for the farmer to use. In the end, they will elect to use it or not, and decide whether it is too expensive or whether they are prepared to take the risk. That is no different from them taking out insurance on their car.

Hon Ken Travers: Their banks also encourage them to do it.

Hon KEN BASTON: Yes. Hon Nigel Hallett raised a very important issue, which was that if someone borrows money for a house or a car, the insurance companies insist on them being insured. In agriculture, the money has been lent to farmers, but there is no assistance for them to cover that. It might be on their house.

Interestingly enough, I have been meeting with bankers and there is that realisation. I have stressed to them that agriculture is a long-term issue. I met with bankers in Singapore. It was extremely interesting to get a feel for agriculture in Singapore, which, as members know, is a hub; all the foods from around the world go there and then they are distributed to various other countries. I was very interested to hear the comments of the bankers in Singapore about how they view agriculture and food. Of course, agriculture relates straight to food. Food safety is a big issue. Food safety is not just about safe food; it is about making sure that there is a supply of food for the future. They said that the banks are now viewing agriculture in a different sense. It is a bit like big companies such as Cargill in America; they are taking a long-term view. They are investing in a product that earns roughly five per cent as a long-term average, so they need to be aware of that. Some of our retail banks have taken this investment on an equity-only basis. If the land is worth so much an acre, they will lend people 50 per cent of the value of their farm. Of course, when there is a downturn and there is no rain, the equity level drops, the banks get nervous and they start closing in on them. I would like that culture to change in banking. I think that is extremely important.

Hon Ken Travers: And also upping the interest rates is a way of securing it, which makes it a self-fulfilling prophecy.

Hon KEN BASTON: Absolutely. With all the interest rates that I have heard being bandied around, no-one has been able to give me an example of that. Certainly, the banks are giving me an indication that they are not charging anywhere near that.

I think agriculture has a fantastic future in Western Australia, and there is no better opportunity than to push forward with it now, particularly when our resource sector has plateaued. There is also an opportunity to ride on the coat tails of the resource sector. Many big companies such as Mitsui and Mitsubishi are involved in trade and food; they do not just mine our iron ore and other resources. They can play a major part in our future. We need to mix with them. In fact, a gentleman from Mitsui said to me, “Minister, we want you in Japan.”

HON PAUL BROWN (Agricultural) [12.02 pm]: I commend Hon Nigel Hallett for his commitment to farmers throughout Western Australia and his recognition that many more are in need of financial assistance. Both the member for Central Wheatbelt, Mia Davies, and I have been in contact with a considerable number of businesses and farming enterprises within our electorate. They are very concerned that they will miss out on the state funding package for farming as it has already been fully subscribed, as stated in the recent press release. It is good to see that the honourable Minister for Agriculture and Food has mobilised another \$1.5 million of unspent funds within the assistance package, but I question the necessity for it to be done on a first in, best dressed basis.

I would also like to highlight that the member for Central Wheatbelt has written to the Minister for Agriculture and Food to request that the minister broaden the criteria for applying the state assistance package to our farming enterprises in the central wheatbelt particularly. I have a copy of that letter, which I will read. It states —

I write on behalf of farmers in my electorate, a number of whom are under significant financial pressure due to the poor seasonal conditions we are currently experiencing.

I welcomed the State Government’s State Assistance Package as a genuine effort to provide support for those that need assistance to pay bills and keep food on the table. It was a compassionate response to ease the stress and angst of those under financial pressure due to poor seasonal conditions. Notwithstanding this, I have concerns about the equity parameters for qualifying for the grant—it seems grossly unfair that those who are most in need have been denied assistance.

I have received representation from a number of farmers who are concerned they will not receive the support they desperately need due to the fund being oversubscribed. I understand the Department has continued to accept applications in addition to the first 200 received as a number of applicants have not met the qualifications, however I am concerned about the inequity and impact on those that do qualify but miss out due to the limit on the fund.

In addition to increasing the funding to the State Assistance Package, I ask you to consider removing the equity limits used to qualify for the grant to recognise that this is a particularly difficult year and the number of businesses experiencing hardship is not necessarily limited or defined by their equity.

I have also received the following representations from a number of constituents, your consideration and feedback on each would be appreciated so I can respond to them:

- *Make the State Governments farm exit grants available to growers as soon as the bank has directed that their property and business be listed for sale*
- *The State Government to make every effort to distribute the federal loan payments as soon as possible*

It was good to hear that the minister has agreed to expedite payments from the federal package once the caretaker mode during the election is over. That will be a great benefit to the farming community. The letter continues —

Minister, I have spoken in the Parliament and in my electorate about the importance of Government delivering a significant investment into the Agricultural sector. I remain confident that there is a sustainable and profitable future for agriculture in Western Australia in the medium to long term with the right investment and policy settings.

In the short-term, support through a State Assistance Package (with sufficient funds and amended equity parameters) and the concessional loans proposed by the Federal Government may relieve some of the immediate pressure. I urge you to make sure we're providing support to those that need it most.

That letter was from the member for Central Wheatbelt, Mia Davies.

I note in the recent announcement by the minister that this request to broaden the application of the criteria has in fact been rejected; 213 farming enterprises have already been approved and the \$1.5 million of unspent funds that will be mobilised to add to that fund is anticipated to go towards helping another 60 farming enterprises. I am sure it is welcomed by those farming enterprises but I would like to reiterate the sentiments of the member for Central Wheatbelt that those grants form the backbone of the state assistance package. The people who are most in need of assistance are in fact missing out due to the very narrow boundaries that the application criteria addresses. I believe that there must be 55 to 65 per cent equity to meet the criteria. In my opinion, that is too narrow and fails to help the farming enterprises that are still viable but which fall outside the acceptance criteria. I appeal to the minister to look again at broadening the criteria for applications to be accepted and to increase the pool of funds to which those farming communities will have access. In fact, if the number of applicants is greater than the available funds, we should look at extending the fund.

The ongoing hardship in some of these areas of the wheatbelt cannot be ignored by the government. Although the \$25 000 state assistance package payments are a genuine offer of support for those in need, when the package was announced and the criteria was set based on our knowledge of previous hardships, we were not aware of what was going to happen this season. Although we have had very good rains recently, large areas of the north eastern and far eastern wheatbelt have missed out significantly and are struggling to get a crop. I believe that we can broaden the criteria to help the viable farms, not the ones that are in absolute distress due to the last four or five seasons and probably are not viable. Those viable farms just need \$25 000 to continue to put food on the table and pay for the necessities for these families.

I believe that the acceptance of a new range of criteria will be of great assistance to farming enterprises. I call on the Minister for Agriculture and Food to again review the criteria for that package.

Before I finish, I would like to address some of the things that happened in the previous four years under the former Minister for Agriculture and Food that have benefited the Western Australian agricultural sector. The reform of the Department of Agriculture and Food WA has been quite good. We may have had a reduction in the budget but that has been offset by the better servicing of the industry. Another \$35 million in information technology is still being rolled out throughout the department of agriculture to better service the agricultural industry. The sum of \$300 million went into the Ord River project. Royalties for regions funded that. Another \$35.5 million was spent in 2012 to prove up water resources throughout the state, to add potential to our farming sector.

Hon Ken Travers mentioned the Muchea and Midland saleyards, but we also have the saleyards at Katanning. We have an investment in the Mt Barker saleyard as well. We have invested heavily in the industry leadership councils, both in beef and sheep, the Australian Export Grains Innovation Centre, and we have also improved the dog-proof barrier fence. Another \$14 million went towards helping pastoral areas in the agricultural sector, along with drought policy reform moving to a risk management focus rather than a crisis management focus. Quite a bit has been done, along with the ever present \$300 million agriculture policy that the Nationals went to the last election with, and, may I say, with an increased vote. Voters loved the policy so much that they completely discounted the \$30 million bag of sugar-coated lollies the Labor Party chucked at the eastern wheatbelt in its tier 3 policy. If that is as good as the agriculture policy gets for the Labor Party, no wonder it is in absolute disarray in the wheatbelt.

I look forward to the presentation of the state budget this afternoon. It will contain a large portion of our policy. It marries very nicely with the rest of the Liberal policy over the next four to five years—that is what I am hoping. We will be able to see what an actual good policy is and what it means to the development of agriculture in WA.

HON DARREN WEST (Agricultural) [12.12 pm]: I thank Hon Sue Ellery for moving the motion because clearly it is something we all agree is a very important issue at the moment. I must concur with Hon Ken Travers' comments that the word "looming" could have been left out of the motion. I know some members opposite have been to meetings held at Kulin and Merredin where over 1 000 people attended. The reason 1 000 people attended is there is a lot of pain in the agricultural sector at the moment; a lot of pain that could be avoided with a small contribution from government.

I would also like to pass judgement on the comments made by Hon Paul Brown. I was interested to note it only took one minute and 15 seconds for him to paraphrase what the former Minister for Agriculture and Food from the National Party contributed to agriculture in the past four years. I think that was very apt; it was even a bit of a stretch. It was one minute and 15 seconds before he went on to talk about the mirage for agriculture that was around at the last election. I also think it is important to note that Hon Paul Brown spent quite a lot of time talking about the \$25 000 assistance package and who did and did not get that. In my view, a \$25 000 assistance package to farmers is a bit of lip-service and a kick in the guts because it will never solve the underlying problems we have in agriculture through this government's neglect over the past four years.

There are many places in deep crisis in the eastern wheatbelt, as has been touched on, and in the pastoral sectors. I acknowledge that some of that pain has been caused by the cessation of the live trade industry. It was ceased for a reason. There was community expectation that animal welfare standards were not being met. I had some views on that that may have been contrary to the federal government's views at the time. However, there is a bigger underlying issue in pastoral areas and that is around land tenure. That has not been addressed. I see that the latest draft lease arrangement has been roundly rejected by the pastoral industry. It has the words "termination at any time" in it. Pastoralists are going about their business today feeling as though they will have a gun to their heads after 2015. One false step and they are gone. That is no way to run the pastoral land tenure. It is no way to get people to conduct business. They are in no position to go to a financial institution and say, "I need to borrow money to put X or Y on my pastoral lease." The bank of course will say, "You can't because your lease could be terminated at any time." That is just another issue for an industry in crisis. It is not all in the eastern wheatbelt, but I will touch on that because it is an area close to me. I notice that Hon Mia Davies wrote a letter, which is great, but what will that achieve? A lot of false hope has been given by the government to farmers in the eastern wheatbelt for many years. The Premier has been out there to say, "We're going to do this, we're going to do that," but there has not been any meaningful help.

I note there was an argument in *The West Australian* recently in which the shire president of the Shire of Yilgarn, which is just outside my electorate but an agricultural region nonetheless, roundly condemned the package and said they are effectively getting no assistance. When I read further into the article I found along the honourable member's lines of who did and who did not get the package. I thought that area was in the deepest need of financial assistance. Only seven out of the 217 packages that have been granted have been to the very extensive Yilgarn shire. It contains a lot of farmers in crisis. The crisis has been going on for several years. Behind every one of those businesses that is struggling with low rainfall, low equity levels and increasing debt, there is a family. There is a head of the family—a father, a mother and children. I fear for those people. They have a tough road ahead. They do not feel they are being assisted by the government. I would also point out that as Hon Paul Brown acknowledged most of those people vote conservative. The nature of the farming community is that they vote conservative. I thought that after they have voted so loyally for so many years, the conservative side of politics would reach out and give them a hand in their time of need.

I also want to talk today about not just the failings but the opportunities. Hon Nigel Hallett has put forward some very good initiatives as to what we should do here. It is not just about, "Here's \$25 000 for you, and no, sorry, you don't get it, but here's \$25 000 for you." There is so much more we can do for the agricultural sector. We

can look at crop insurance. We can insure against risk. As the minister quite rightly pointed out, why is it that we can borrow \$25 000 from the local bank to buy a motor car, yet the bank will insist there is insurance on that vehicle so that if something goes wrong its risk is mitigated? Similarly, when one buys a house, the same sorts of rules apply. Why is it that we have the situation in Western Australia where there is no insurance product? Let alone the banks insisting on it, there is no insurance product for farmers who want to borrow. Some of these operations have debts of \$5 million. They may have equity of 70 per cent, but that is still a high risk in the event of climate change, which is occurring more in the north eastern wheatbelt. I believe that climate change will one day affect other areas of the state. We will have more traditional safe farming areas such as mine that will most likely be affected by the ravages of climate change over time, if current trends continue. Why is it that we leave all the risk on the farmer? That is one person in the production food chain; and a very important person I would say but not the only person. There are several downstream businesses and industries right the way down to the city who all make a living out of agriculture. Why not get serious about a scheme. Get some government involvement early and stump up some cash. I really hope that something like this is in today's budget. I know that Hon Paul Brown does too. It will be terrific if there is something in the package, but we will not hold our breaths.

I want to also talk about the Doppler radar that the honourable member mentioned. This is a very important tool in the pursuit of a crop insurance-type product. Information is the key here. As a person who has made a living in the past from growing things in the ground, it would be great to have more science around things such as soil moisture levels and to have exact rainfalls for areas in both the shire and the local district and also on farms. On our property, which is about 7 000 acres, there are several different rainfall readings across the property in each rainfall event. Some trends show that rainfall will follow geographical features on the ground. We can pursue those further and perhaps tailor which crops we grow there. We can measure the temperature in the spring, which is also becoming a factor of climate change as to which crops are suitable to be grown in areas where it is cooler in those spring months of the year. I encourage investment in something which is not a big cost but which could be a valuable tool in making our industry more efficient, not only to mitigate risk, but also to help us run more efficient businesses, produce more food for the same cost and with the same workforce, and run a generally leaner and better operation. I think this is something that government could do for all the farmers in Western Australia for not very much money. However, in the past four years we seem to have had a reluctance to invest in things that might be beneficial to the farming industry as a whole.

Also, I think that there is certainly a need for an inquiry. I will just touch on the pastoral leases again. I welcome the inquiry that the upper house committee is going to do into that, and I think industry will welcome that inquiry as well. The way things are at the moment, there is too much uncertainty for pastoralists. There is too much bureaucracy and red tape and a lack of flexibility for pastoralists. I hope they are the sorts of things that this inquiry will tease out. I support the honourable member in his pursuit of a better way ahead for agriculture. I certainly hope that those on his side of the house are behind him and that there is a better way for agriculture over the next four years. I welcome any initiatives that the minister brings on in this regard.

HON BRIAN ELLIS (Agricultural) [12.24 pm]: I am going to make a few short comments on the motion moved by Hon Nigel Hallett. A lot of members have already mentioned a number of difficulties that the agricultural industry has been facing. Agriculture is certainly facing a difficult time at present, as it has a number of times over the years. This is probably the most difficult time that agriculture has had to face because the cost pressures are greater than they have been in the past. But there is probably more difficulty in some areas of the state than in others. I remember times in the Mullewa–Morawa area probably over 10 years ago when there were something like three droughts in a row, and I know of farmers there who had no income for those years. Those farmers are still there. Some left; some stayed. Some survived. It is a resilient industry. At times we need some help. I think that the state and federal government packages that were announced have helped and been well received.

Hon Nigel Hallett mentioned the risk insurance. I know that he is fully across it and has been promoting it for two to three years now, so I do not profess to be as knowledgeable about the products that are out there as he is. However, I agree that there is a need for an affordable insurance product for the industry, and I am hopeful that we can find one. I gather that the Latevo International insurance company product is available this year, and we will learn from that. Also, if as a government we can take on board some of the points that Hon Nigel Hallett mentioned, we can come up with an affordable product for the industry. The products have moved on a long way from the old multi-peril insurance that was considered 10 or 12 years ago. Let us hope that we can see some progress there.

I can assure farmers that the government is aware of their difficulties. Earlier this year I travelled with the Premier and the minister to the eastern wheatbelt for face-to-face meetings, so that the top level of government was aware of what that section of the agriculture industry was going through. Just recently I arranged a tour for the minister through the northern and western agricultural region. I do not know whether the minister had been

Hon Nigel Hallett; Hon Ken Travers; Hon Ken Baston; Hon Paul Brown; Hon Darren West; Hon Brian Ellis

going to church and praying, but the day after he travelled through there, we started to get some rain throughout the state, and those areas through which we travelled have improved quite dramatically since then.

Hon Ken Travers: Should we send him out again?

Hon BRIAN ELLIS: It is raining outside now, so maybe we need to draw him back in. I am sure that I am not putting words in the mouth of the minister, but he —

Hon Ken Travers: He makes it rain!

Hon BRIAN ELLIS: No. We met with growers and grower groups, and I think he was very impressed with what the farmers in some of those grower groups with whom we met do for themselves. In my Address-in-Reply speech earlier this year, I spoke about the funding packages that had been announced. I was pleased to see that the minister had shown some flexibility in reallocating the \$1.5 million unspent portion of the \$7.8 million state assistance package to provide an extra 60 grants of \$25 000 to eligible farmers. I am pretty sure that my figures are right. At 1 August, 213 grants had been allocated from the original package. As we know, the federal package is being held up while the government is in caretaker mode because of the upcoming federal election. However, as the minister has said, if the Liberal Party wins the election and comes into government, it has agreed on a package, and I understand that it is probably a more flexible package than what is being offered by the feds at the moment.

I am running out of time so I will move on. I have said that there are difficulties in the industry, but I know it is a resilient industry. To put it in different words, I am more of a glass-half-full person. I do not want to talk down our industry all the time. Farmers tend to do that at times, and I think we need to be a bit careful of that for our future generations. My confidence in the future has been reinforced. I do not know how many people may have seen the lift-out in the *Countryman* last week. It conducted interviews in all areas of the state about the youth and the future of our farming industry. Some of the comments that were made about our future included, “We have been sitting here talking over the big issues and problems we are facing, but the fact of the matter is that we are all still sitting here, so surely there has to be some sort of optimism in the industry for the long term.”

Another quote that appeared in the *Countryman* of 1 August was —

“We don’t have much control over things as farmers these days, but production is one thing we can change.”

Those quotes go back to the farming groups that the Minister for Agriculture and Food met with when we did the tour. Those farming groups have done a lot for their own industry, so we are not just a mob of whingeing cockies!

Motion lapsed, pursuant to standing orders.