

**ADDRESS-IN-REPLY**

*Amendment to Motion*

Resumed from 12 September, after the following amendment had been moved by Hon Kim Chance -

That the following words be added to the motion -

And further, regrets to advise His Excellency that the Court Government is failing to give adequate resources and support to cope with the health and medical needs of the residents of metropolitan and regional Western Australia.

**HON BARRY HOUSE** (South West - Parliamentary Secretary) [5.40 pm]: I am pleased to comment on the Address-in-Reply, about matters associated with the amendment moved by Hon Kim Chance and the dairy and milk industry.

Before doing so, I thank and congratulate the outgoing Governor, Major General Michael Jeffery, and his wife, Marlena, who provided great leadership and statesmanship to Western Australia during his reign as Governor of Western Australia. They can retire in the knowledge that they made a terrific contribution to life in Western Australia. I also thank Hon Geoffrey Kennedy, the Administrator, for delivering the speech setting out the Government's program at the beginning of the parliamentary session. It is worthwhile noting his significant contribution to this State during the transition period between Governors when acting as Administrator, and for his valuable work in legal areas. I also add my welcome to the new Governor, Lieutenant General John Sanderson and Mrs Sanderson. Lieutenant General Sanderson is a man of impeccable credentials. He has made an auspicious start to his tenure as Governor of Western Australia, and I am confident he and his wife will make a mark in that role. I was at the swearing-in ceremony on 18 August of the new Governor and at the reception at Parliament House last Thursday. I am particularly pleased that he has solid connections with regional Western Australia. He was raised in Geraldton and spent a lot of his boyhood in Northcliffe raised on a family dairy farm. He was the head boy at Bunbury Senior High School in 1959, and it was pleasing to see students and staff from both the schools from the south west he attended at the swearing in. He also holidays at Dunsborough where his brother has a home. Lieutenant General John Sanderson's wife also comes from regional Australia; namely, a part of southern New South Wales that includes Kangaroo Valley. I am sure they will make a solid contribution to this State.

My first comments relate specifically to the amendment to the Address-in-Reply. I have not spoken on the substantive motion, and I shall add a few general comments later. I address the amendment moved by Hon Kim Chance, which reads -

And further, regrets to advise His Excellency that the Court Government is failing to give adequate resources and support to cope with the health and medical needs of the residents of metropolitan and regional Western Australia.

I want to re-phrase that amendment and inform His Excellency that the Court Government has done an outstanding job in providing resources and support for health and medical needs in at least one part of regional Western Australia; namely, the South West Region which I represent. I do not want the Governor to form the impression that health and medical needs have been neglected in that part of the State.

Hon Derrick Tomlinson: Or in any part of the State.

Hon BARRY HOUSE: Indeed. I will concentrate my remarks on the south west, as I know that region. Other members may want to comment on other parts of the State. I listened the other day to another representative of the South West Region, Hon Bob Thomas, dribble on, and it was painful to listen to him denigrate the south west and its health workers.

I now outline a few of the facilities budgeted for in the south west in 2000-01. There is \$4.4m to complete the development of the Pemberton multipurpose service facility, and \$1.1m has been provided to develop the Nannup multipurpose service facility. Also, \$200 000 has been allocated to develop a primary and secondary prevention service in the Bunbury area aimed at reducing the incidence of cardiac events and hospital re-admissions due to ischaemic heart disease. Further, \$100 000 has been allocated to finalise planning and commence documentation to develop the Yarloop-Harvey multipurpose health facility, and \$62 000 has been allocated for a new steriliser unit at the Busselton District Hospital. An allocation of \$25 000 has been made to finalise planning and documentation for the \$2.9m redevelopment of the Margaret River Hospital. An extra \$10 000 has been provided to both the Margaret River and Harvey hospitals for new theatre instruments, and funding has been provided to establish a level 4 intensive care service unit and to expand the emergency services unit at Bunbury Regional Hospital as part of the continuation of the South West Health Service strategic plan. I recently attended the launch of the South West Health Service strategic plan, which sets out clearly that the

Government is in the business of not only providing outstanding facilities and support services in the south west, but also planning for the future.

I outline again the south-west centres mentioned in the 2000-01 budget papers; namely, Pemberton, Bunbury, Nannup, Yarloop, Harvey, Busselton and Margaret River. Provision has been made across the board in the south west, so let us not form the idea that money is being spent in only one or two areas.

In addition, the WA Drug Abuse Strategy Office will spend \$193 100 from this year's budget to continue the community drug service team in the region. Even Hon Bob Thomas could not sneeze at that program.

I turn now to the Peel region. This year's budget includes \$250 000 of a \$1m four-year project to treat the estuary area to reduce mosquito numbers, which is a significant health issue in the area. An expansion will occur in the range of services provided at the Peel Health Campus. Members might have a little knowledge about the South West Region and the Peel region. Let us stop to think for a moment about the situation in Peel in 1993: The Murray District Hospital in Pinjarra was struggling to cope with increasing demands, and there was enormous demand from Mandurah residents for their own hospital. Since 1993, the state-of-the-art Peel Health Campus has been planned and built and is now operating in Mandurah. When we formed government in 1993, the Bunbury Regional Hospital had well and truly worn out its useful days. It was full of asbestos and concrete cancer. The previous Labor Government's response for the previous decade had been to fiddle around, and finally it wasted a million dollars on some earthworks and it dug a big hole next to the Bunbury Regional Hospital and pretended it was a plan or solution to the problem. In conjunction with St John of God, a magnificent new health facility has been developed at the South West Health Campus on Bussell Highway.

The other region in my electorate is the great southern region. The 2000-01 budget for the great southern contains initiatives, such as \$3.6m as part of a three-year \$4.7m project to upgrade aged care facilities at Katanning, Tambellup, Kojonup and Gnowangerup. An amount of \$1.9m went towards a purpose built 18-bed permanent care unit to replace Plantagenet Banksia Lodge; \$270 000 went to complete construction of a specialist child and adolescent mental health unit on the Albany Regional Hospital site; \$260 000 went for a new steriliser at Albany Regional Hospital - I heard some very derogatory comments about the Albany Regional Hospital the other day that should be retracted; \$50 000 went for a cardiac rehabilitation program in the lower great southern; and \$50 000 went to finalise planning and documentation for the Albany Regional Hospital paediatric ward development. In addition, the WA Drug Abuse Strategy Office will spend \$216 000 in that region to continue a community drug service team. All of those items add up to a significant commitment towards satisfying the health and medical needs in those three regions - the south west, Peel and great southern.

I will now go back to 1993 and assess what has been achieved by the Court Government since its election in February 1993, almost eight years ago. In relation to Albany, a whole list of items are worth reading out that will give you, Mr President, and members an understanding of the scope and range of needs that have been addressed. In 1996-97, \$2m was allocated to the Albany Regional Hospital emergency department and for a CT scan room; in 1997-98, another \$50 000 was allocated to Albany Lions towards preliminary site works for a dementia and aged care building; in 1997-98, funding was allocated for tele-psychiatry facilities at Albany Regional Hospital; in 1998-99, \$250 000 was provided for enhanced hospice facilities at Albany. I might add at that point that a good friend of some of us in this Chamber recently spent some time in the Albany hospice before his premature death about a month ago. During my frequent contact with him he could not praise the hospice services highly enough. The services in that area are well and truly appreciated.

In 1998-99, \$900 000 was provided to the Albany Regional Hospital for a mental health rooming-in unit; in 1999-2000, funding was provided for two haemo-dialysis machines at the Albany Primary Healthcare Centre. I have read out some of the other items in this year's budget. Let us put Albany aside, because there have been -

Hon Ken Travers: Have any services been closed or taken out of Albany in the past seven years?

Hon BARRY HOUSE: I do not believe so. There has been a significant addition to many of them. In 1998-99, there was an allocation to the Bunbury region of \$300 000 for public artworks in the new South West Health Campus. The members might laugh at that.

Hon Ken Travers: How much was it?

Hon BARRY HOUSE: An amount of \$300 000 was provided for public artworks in the South West Health Campus.

Hon Ken Travers: As long as you spent more than the Premier did on his artwork.

Hon BARRY HOUSE: Local artists provided the bulk of that work. In 1998-99, the South West Mental Health Group received \$14 677; in 1999-2000, \$3.2m was spent on the South West Health Campus for new and expanded services. The capital budget for the South West Health Campus was \$48m. All of these allocations came from different arms of government in various forms to add to the capital value of that magnificent facility.

Hon Ken Travers: You have not spent that yet, have you? You will be paying it off over the next 10 years.

Hon BARRY HOUSE: The building is up and operating and it is doing a terrific job.

Hon Ken Travers: But you have not paid the capital costs yet. You will pay it back on a lease arrangement, will you not?

Hon BARRY HOUSE: I do not know about that. I believe it has all been funded and provided for. We do not operate on Bankcard like those opposite.

Hon Ken Travers: Joondalup Health Campus was certainly done that way.

Hon BARRY HOUSE: I will not argue, but the fact is we got that hospital up and running and all the previous Labor Government could provide, after arguments and debate for 10 years, was a hole in the ground next to the Bunbury Regional Hospital. In 1999-2000, \$6 000 went to the South West Aboriginal Medical Service for a domestic violence campaign; in 1997-98 there was funding for telepsychiatry facilities at Bunbury Mental Health Clinic; and in 1998-99 funding was provided for the WA Aboriginal coordinated care trial agreement. I have read out the figures for 2000-01, so I will not go over those again. In the Collie area -

Hon Ken Travers: Before you go to Collie, don't you want to mention the problems people have visiting Perth?

Hon BARRY HOUSE: Because there is a state-of-the-art health facility in Bunbury a whole range of people who require dialysis and all sorts of other services do not now have to come to Perth. Similarly, the people who live in the Mandurah area do not need to come to Perth for their services; they can have them provided locally.

Hon Ken Travers: The people from Joondalup -

The PRESIDENT: Order! I have just checked my book and if Hon Ken Travers has not spoken I will call him next and he can put his side of the argument. In the meantime Hon Barry House has the floor.

Hon BARRY HOUSE: In Collie in 1998-99, for instance, \$27 000 was allocated to the Boddington Hospital. Our region covers a variety of areas and health services and they have all been well catered for in recent years.

Dawesville is a rapidly growing area. In 1996-97, \$51 500 went to the Mandurah Red Cross transport service; in 1997-98, \$51 500 again went to the Mandurah Red Cross transport service. That was repeated in 1998-99 with \$71 600 and in 1998-99 another \$30 000 was provided. In 1997-98, funding was provided for the mosquito eradication program in Mandurah and the ratio was increased from 50:50 with the local authority to 70:30. The State is now contributing the bulk of the mosquito eradication program costs. In 1997-98, funding was provided for the fortnightly mosquito surveillance for Ross River virus at 36 sites between Mandurah and Busselton. In 1997-98, funding was provided for the southern corridor health community advisory group. They are some of the instances of funding being provided to that area.

In 1998-99, in Mandurah, \$250 000 was put into mosquito-borne diseases each year for four years through a sophisticated interconnected drainage system known as runnelling. I have read out a host of initiatives that will occur in the year 2000-01. It is also worth noting that the Western Australian Drug Abuse Strategy Office will spend \$45 000 to continue the residential service operated by Holyoake in Mandurah.

In the Mitchell electorate in 1998-99, the capital funding for the South West Health Campus was in fact \$68m. I may have said \$48m a while ago. The public arts program was also funded. In 1999-2000, \$3.2m was added to the health campus for the purchase of new and expanded services; funding was provided for Ross River virus sites in that area; and funding was also provided for the Western Australian Aboriginal coordinated care trial agreement. I am endeavouring to demonstrate that funding was provided across the board in all geographical locations and services.

*Sitting suspended from 6.00 to 7.30 pm*

Hon BARRY HOUSE: Before the dinner break I was trying to outline how the amendment moved to the Address-in-Reply was way off beam.

Hon Derrick Tomlinson: You were doing a very good job.

Hon BARRY HOUSE: In fact, it is worth reading the amendment again. It states -

And further, regrets to advise His Excellency that the Court Government is failing to give adequate resources and support to cope with the health and medical needs of the residents of metropolitan and regional Western Australia.

In fact, we should be informing His Excellency of the outstanding job that has been done by the Court Government in meeting medical and health needs. By way of illustration, I was demonstrating what has happened in the South West Region since 1993. I will use a couple of other Assembly electorate regions to

illustrate what has occurred. In 1998-99, the Murray-Wellington region was provided with funding of \$200 000 to commence the planning and documentation phase of construction of the Murray districts health facility, \$250 000 for a new 24-hour emergency centre at the Murray District Hospital and \$150 000 for planning and documentation of a multipurpose facility at Yarloop. In 1999-2000, funding of \$100 000 was provided for improvements to the Pinjarra hospital, particularly in the emergency department. In 1998-99, funding was provided for the formation of the southern corridor health community advisory group, which will cover the Rockingham-Kwinana areas and the Peel region. In the 2000-01 budget, funding of \$100 000 has been provided to finalise planning and commence documentation to develop the Yarloop-Harvey multipurpose health facilities, and further money will be spent at the Harvey hospital.

In 1998-99, the Vasse electorate, which, as members would know, is experiencing rapid population growth, was provided with funding of \$500 000 for a new four-bed hospice unit at the Busselton District Hospital and \$900 000 for the planning and construction of the Vasse-Leeuwin District Health Service, which has developed very strongly in the region and is providing leadership in the health area. In 1998-99, \$292 196 was provided to aid the early detection of diabetes, \$6 000 was provided to the South West Aboriginal Medical Services for a domestic violence campaign and \$700 000 was provided to complete work on the Vasse-Leeuwin District Health Service in Busselton. There were further funds for tele-psychiatry facilities at the Busselton mental health clinic. Funding for the mosquito surveillance program also extended to Busselton from as far north as Mandurah. In 1998-99, funding was provided to the Busselton District Hospital to enable 12 people with failed kidneys to holiday in the south west. People should not accuse the Court Government of ignoring health needs right across the board. In the current budget, \$62 000 has been provided for a new steriliser unit at the Busselton District Hospital.

In 1998-99, the Warren-Blackwood region was provided with \$1.7m for the Pemberton multipurpose service facility, \$100 000 to redevelop the Nannup health centre facilities to a multipurpose service and \$200 000 to redevelop the Pemberton health facilities to a multipurpose service. In 1999-2000, \$800 000 was provided to continue the redevelopment of the Nannup health centre facilities to a multipurpose service, \$1.7m to update the Pemberton health facilities to a multipurpose service, \$6 000 to the Aboriginal medical service for the domestic violence campaign and \$200 000 to modernise the laundry services at the Warren-Blackwood Health Service. In the 2000-01 budget, \$4.4m has been provided to complete the development of the Pemberton multipurpose service facility. Other money is being spent in Nannup and Margaret River, as I have previously outlined.

By listing the amounts of money that have been provided in the south west since 1993, I have illustrated that the Court Government, rather than neglecting health and medical needs in the South West Region, has been very diligent in providing funds and support services right across -

Hon E.R.J. Dermer: Are you saying that what is there today is the best the Court Government can do?

Hon BARRY HOUSE: It has done a helluva lot better than members opposite did in 10 years. As I explained before, we started in 1993 with a dilapidated, outdated hospital in Bunbury, which had concrete cancer and asbestos problems and which could not cope with the demands. The Opposition's solution was to dig a hole in the ground, waste \$1m on a few earthworks and pretend it was a strategy. Since then, a state-of-the-art health facility has been developed, which has provided regional headquarters for health services across the region, let alone what else has happened in every area of service delivery in Mandurah, Albany and every centre in the south west. We should be congratulating the Court Government in our message to His Excellency.

Earlier in this session we passed legislation to deregulate the dairy industry. We all knew that after 1 July the Western Australian dairy industry, and particularly the fresh milk industry sector, was entering uncharted waters. There was a realisation by everybody who took part in that debate that we were not necessarily debating what was the best outcome for the dairy industry; we were debating the lesser of two evils. The dairy industry was facing difficult decisions. It came to the Government and said that it wanted the Government to support deregulation. Another poll taken by another group said otherwise. However, the end result was deregulation. The dairy industry, which is very important to the South West Region as the bulk of the dairy producers farm in the south west, is a vital part of our whole economy and lifestyle. Therefore, what happens in that industry is important to other areas of the south west. I and other members watched the deregulation process with some degree of foreboding about what the suppliers would be subjected to. The prices offered to milk producers in this State have fallen dramatically. I contend that it is not a result of deregulation but other factors. The nation's major retailers and processors now dictate the terms of the industry; however, that would have happened even if the industry had not been deregulated. If this Government had blocked deregulation, it would have succeeded only in preventing dairy producers in this State accessing the assistance package put together by the industry and facilitated by the Federal Government. The Federal Government did not contribute any money. It often pats itself on the back and claims to have provided the federal government restructure package. Members should not believe that for a minute. All it provided was the enabling legislation. The State Government contributed a \$27m assistance package.

The marketing of generic, or Home Brand, milk at supermarkets across Australia is a disturbing development in the industry. It appears to benefit nobody except the major retailers. Nobody else gets a share of that cake. Drinking milk is subject to inelastic demand, which means that the price of milk will not substantially affect the demand. Milk is a basic product and people will buy it off the shelf whether it costs \$2 or \$1 a litre. National Foods Ltd, the major processor, has a deal with Woolworths Ltd to market generic brand milk in its stores. This is a deliberate tactic by Woolworths to entice people into its stores. It says it is prepared to suffer some losses. I will demonstrate that it is not suffering any losses; rather, it is inflicting them on every other sector in the dairy supply chain. This poses a greater threat to the Western Australian dairy industry than deregulation. It was covered in an article published in *Farmers Weekly* on 7 September. The headline states, "WA grocers fear for farm future". The article reports the head of the Western Australian Independent Grocers Association expressing his concerns about the marketing of generic milk. The article states that this is driving down the prices available to dairy farmers and that the Western Australian milk industry is experiencing total upheaval as a result. The suppliers have not gained any certainty since deregulation; on the contrary, they have been subjected to greater uncertainty.

It is not only the dairy farmers who are suffering. The processors and independent retailers are caught in the same web as a result of threats by the national supermarket chains. They are being told that, if they do not fall into line with prices offered in the eastern States, they will suffer the consequences of the chains importing fresh milk from other States. We were aware that would happen, although some people chose not to believe it and some still choose not to believe it. However, the threat is real. People are concerned because the major chains are obtaining increased margins as a result of this deal. That distortion poses a threat to the future of the dairy industry. The retail price of Home Brand milk has decreased by 10 per cent, the farmers' profit margin has decreased by 60 per cent and the processors' profit margin by 50 per cent, but the chain's retail profit margin has increased by 10 per cent. The major retailer is the only link in the processing chain that is receiving a dividend.

Hon Tom Helm: Are all retail chains involved?

Hon BARRY HOUSE: Woolworths started the trend with its agreement with National Foods. Of course, it was immediately matched by Coles Supermarkets and Franklins Pty Ltd, which operates in the eastern States. The Western Australian independent retailers had no option but to match the price. However, they have elected to stay loyal to Western Australian producers. They do not want to source milk from the eastern States. Western Australian producers do not want it supplied by the eastern States, and as a consumer I do not want it supplied by the eastern States. However, the national retail chains, and perhaps some of the national processors, could not give a damn. That worries me.

In real prices, a two-litre container of Western Australian branded milk - those from Masters Dairy, Peters and Brownes Group and Harvey Fresh - retails at \$2.70, of which the farmer receives 72¢. Another \$1.58 goes to the processor and the Dairy Industry Authority - now the national restructure body - through a levy that is distributed among producers. The retailer receives 40¢. A two-litre container of the national chains' generic brand retails for \$2.16, which is 20 per cent cheaper than the branded milk. The farmer receives 56¢, which is a decrease of 60 per cent, and the levy and processor receive 72¢, a reduction of 80 per cent. That has bitten the processors. National Foods predicts it will lose up to \$60m. I say, tough. Its response has been to try to screw the price it offers suppliers down even further. The suppliers will have to drop their prices as low as 14¢ or 15¢. No farmer's business is viable at that rate.

Hon Helen Hodgson: What does the Australian Competition and Consumer Commission have to say about this?

Hon BARRY HOUSE: That is a good question. This will test the ACCC's mettle and we will see whether it has teeth. The point of my comments is that the major chain retailers formerly gained 40¢ from the sale of a 2-litre container of branded WA milk. From the home brand they now gain 44¢. Their profit is up 10 per cent. They are the only ones in the supply chain making a profit. They are putting at risk the rest of the industry, particularly in Western Australia.

Hon Helen Hodgson: It was predicted that would be the outcome.

Hon BARRY HOUSE: It would have happened regardless of deregulation. The only thing that agreeing to deregulation has done - and I am thankful for it - is provide the producers with funds to counter the onslaught. If they had not received those funds they would have had to face this situation cold turkey. That would have been impossible; they would have been out on the streets by now. They are still facing a very difficult situation. The result is that the processors have been caught in the squeeze. By entering into the agreement with Woolworths Pty Ltd, National Foods Limited WA has now discovered that it stands to lose up to \$60m. Its shareholders will not like that very much. Peters and Brownes, as the other major Western Australian manufacturer, has had to match that and it did not like it. The same situation applies to Harvey Fresh. The result has always been pushed back to the producer. Peters and Brownes is giving the producers only fortnightly prices. No dairy farmer can operate in a viable way on a permanent basis under such a short time frame - there is too much capital tied up.

Unless something changes, the future is very clouded for many Western Australian dairy producers. Many of them will leave the industry sooner rather than later. Some of the independent retailers are predicting that it could possibly lead to milk shortages. I am not sure about that, but I hope it does not.

It is all driven by the market dominance of the major retailers: Coles Myer Ltd and Woolworths Ltd in this State and Franklins Ltd in the eastern States. They dominate about 80 per cent of the retail market across the nation. In Western Australia it is slightly less than that; it is about two-thirds between Coles and Woolworths and the remaining third is covered by the independent retailers.

Hon Mark Nevill: My milk is still delivered by a milko.

Hon BARRY HOUSE: That is becoming a rarity. The independent retailers include Dewsons, Rules, SupaValu, Foodlands and other independent grocers. I have a statement from Dewsons that reads -

The 2 major chains have resorted to a range of tactics to reduce competition and increase their market share. For example:

Acquisition of competitors - since 1994, one chain has acquired 24 independently-owned WA supermarkets. Most notable of these was the purchase of the 15-store Charlie Carters chain, for \$30.25 million in 1998.

I believe Coles Myer took over those stores. The statement continues -

Predatory pricing - there are numerous instances where stores have consistently retailed goods for prices less than published national wholesale prices.

An independent retailer cannot sustain that for very long, although big retail chains may be able to do so. The statement continues -

Abuse of Market Power - Even before the national de-regulation of the milk industry, producers and distributors in NSW were forced to endure reduced returns in the face of retail price increases. In Griffith, combined farmgate and vendors prices were cut by as much as 8.3 cents a litre. However, the price of a 1-litre container of milk fell by only 5.6 cents, and rose by two cents a litre for a 2-litre container. In Griffith, farmers and vendors have seen an almost identical cut in their returns while the shelf price increased by up to 3 cents per litre.

The other tactic is price fixing. The statement goes on -

Price Fixing - In 1997, George Weston Foods' Tip Top Bakery division, was fined \$1.25 million by the Federal Court for attempting to force an Albury retailer to stop discounting bread prices. During proceedings, GWF admitted that it reached an agreement with Woolworths' Safeway group to increase the price that its Tip Top retail store in Preston would sell bread to the public.

In my opinion that equates to the agreement reached between Woolworths and National Foods in the current circumstances.

Hon Helen Hodgson: I received written advice last week from the Australian Competition and Consumer Commission that it does not believe that this constitutes price fixing and it will not pursue the matter further.

Hon BARRY HOUSE: The member asked a question last Wednesday in the House. The Minister for Primary Industry indicated that he had referred the matter to the ACCC. I believe it is a genuine test for the ACCC. If what the member is saying is correct, I think many members in this Chamber will agree that the ACCC has failed the test. It has demonstrated that it does not really have any teeth.

Hon Helen Hodgson: About a month ago it demonstrated support for deregulation in that it was driving down the price of milk. It suggested that it was a good thing to happen.

Hon BARRY HOUSE: It is if the ACCC is looking at it solely from the consumers' point of view. Perhaps Professor Fels should take a few elementary lessons in economics and develop an understanding of what elastic and inelastic demand means. The end result is a disturbing development in the dairy industry. About 45 per cent of the Western Australian product is used for drinking milk. It is probably out of the hands of this Parliament, but we need to examine anti-trust legislation like that implemented in the United States over the years. At the end of the day such legislation does have teeth. We are all aware of the break up of Bill Gates' Microsoft empire.

Hon Mark Nevill: What has been the effect on the price of yoghurt and cheese?

Hon BARRY HOUSE: I am not sure. My contention is that the fresh milk industry in Western Australia is heading in that direction. I do not want to see the dairy industry, which is so important to my electorate, crucified in the process.

I should end my contribution on a positive note. The encouraging sign emerging from the restructuring of the dairy industry is, as I mentioned the other night when Hon Kim Chance made a few comments, the memorandum of understanding between the Challenge Cooperative dairy, George Weston Foods and National Foods Limited. The MOU gives the Capel producers access to some of the white milk market, which is very important for them because they had been left completely out of the loop. They were looking down the barrel long before anything to do with generic milk developed. At the meeting I was invited to attend, it was indicated that there had been significant progress in developing a sump for the dairy industry. There is a market for the last litre of milk produced on the dairy farms. If they market it well they can confidently -

Hon Mark Nevill: Is it a matter of the cows drinking it?

Hon BARRY HOUSE: It is a viable market for the last litre of manufactured milk that comes from a property. There is still some work to do, but the signs are encouraging. If everything stacks up, it will have achieved an avenue for the Challenge Dairy Cooperative to provide that outlet for the industry and for growth within the industry. The cooperative has a challenge ahead of it. Its success will depend on a few things, such as government assistance. Along with other processors, Challenge has put up its hand for the \$12.5m earmarked by the State Government for the assistance package. I am not here to judge where that money should go, but there will be fierce competition for it.

This Government can hold its head high because it is the only State Government that is committed to providing any level of assistance aimed at retaining a processing industry. Challenge intends to buy into a dilapidated plant at Boyanup and Capel. It has some work to do in gauging the acceptance of the industry overall because, as we found during debate in this Chamber, wide divisions exist within the industry based on various issues, including personalities. Some of the members will stay out of the cooperative simply because they do not like somebody else involved in it. In principle though, it is on the right track.

Debate adjourned, on motion by Hon B.K. Donaldson.