

SUPPLY BILL 2013

Second Reading

Resumed from an earlier stage of the sitting.

MS M.J. DAVIES (Central Wheatbelt — Parliamentary Secretary) [1.41 pm]: I would like to spend some time talking about the agricultural sector in the context of the Supply Bill 2013. I am very happy to be given the opportunity to do this because it is quite topical. Although we have just had a debate on the urgency of the motion, which we voted on, this issue, too, is urgent in my electorate and I would like to contribute to it.

Members will know that the agricultural sector underpins the economy in the electorate of Central Wheatbelt. In my first address to this place, I spoke of the conditions that have conspired to create a perfect storm for some of our primary producers. We have a high Australian dollar. There have been some successive poor decisions and the impact of policy decisions, such as the federal government's decision to suspend live exports, which has had a truly detrimental impact right across Western Australia and the northern parts of Australia; in fact, it has had an impact right throughout regional Western Australia, because live exports is an important part of so many people's business mixes and gives them the opportunity to diversify some of their income streams so that they can deal with the vagaries of the seasons slightly better. We also have a rapidly changing global trading environment. I have spent much time thinking about how we as a government play a role in this space. It is with this in mind that I caution both the agricultural sector and the government that drought policy, which seems to be the focus of much discussion at the moment, in isolation will not deliver the outcomes that are sought by the sector. Drought policy seems to be the focus and all that we are debating at the moment. We are risking a sustainable and prosperous future for the sector unless our key stakeholders in this discussion broaden the current debate, which in my view is focused too much on transactional subsidies, loans and grants.

Conversations about the future of farming and the wheatbelt and its communities have come to the forefront in recent months. We saw in the media yesterday an expression of one farmer's actions. In some cases, these conversations have escalated to meetings such as those held in Merredin by the Muntadgin Farming Alliance, where we had over 1 000 producers, or the forum I attended in Corrigin with some of my colleagues, including Hon Terry Redman, at which we had conversations with a number of different people from the community about the impact of successive poor seasons and some of the challenges that they face. I attended all these meetings and many more. I go to community events throughout my electorate and I listen to and give people the opportunity to put forward their concerns, their views on what we should be doing, and exactly what role they expect government to play to support the sector so that we have a sustainable and prosperous future.

Mr D.A. Templeman: Do you think the government's response is adequate?

Ms M.J. DAVIES: The state government's? I think there is a role for providing hardship grants to people who are really in trouble.

Mr D.A. Templeman: Do you think \$8 million is adequate?

Ms M.J. DAVIES: I will talk about that a little later.

Having grown up in a farming family in a small wheatbelt community right in the eye of some of this—I am from Wyalkatchem originally—I am acutely aware of the challenges that some of these communities and businesses are facing. Likewise, I understand the flow-on effect it has on the community as a whole when the agricultural sector is under stress and when people choose, or are forced by the position they find themselves in, to exit the sector.

I am not closed to new or innovative thinking in how we address some of these problems, but there is over 20 years' worth of evidence to guide our decision making in how we respond to drought. Drought policy has been a fixture of government since the early 1900s, and probably until about the 1980s it was dealt with in the context of disaster management. It was a situation of stress and it was not viewed as an ongoing issue; it was a matter of "Let us deal with the disaster and get the money out." In 1992, the state and commonwealth governments reached agreement after negotiations and they delivered a new national drought policy framework. This really marked a shift in the way that we as a nation thought about how to address some of the issues. It concentrated on principles of self-reliance, risk management and the understanding that drought had become a constant feature, rather than an exceptional feature, of the Australian environment. Since this decision in the early 1990s, every review or inquiry into drought policy—drought policy has been reviewed many times, because we have been through some challenging years—has delivered a broadly consistent set of recommendations on best-practice policy. I might add that other nations around the world look to us as setting best practice in this space. We have had to, because the government, the community and the sector have dealt with it for so long. Some of these principles are around phasing out transaction-based and interest rate subsidies, addressing issues of management

skills to improve self-reliance, and improving access to counselling services, such as the Regional Men's Health Initiative, which has been spoken about many times. It is an absolutely fantastic initiative; we could not do without Julian Krieg, Owen Catto and his team. The functions and support that they provide to the communities out there are second to none; they do a fantastic job.

The evidence suggests that we need to provide an income support scheme that accommodates the particular circumstances that farming families find themselves in. That is regardless of the cause or the location they are in. It is right to provide support for people who are suffering genuine hardship, and it needs to accommodate the particular set of circumstances that they find themselves in as a farming business and a farming family. The continuation and strengthening of the farm management deposit scheme is also recommended. Every one of these reviews, conducted outside the pressures of a drought or a crisis and the emotion that goes with that, recommends against transactional subsidies. As someone who has to face people who are going through really difficult times at the moment, who are looking to access finance to continue their business as a business-as-usual model and who are burdened with debt that they cannot manage, it makes little sense to me for the government to provide more funding to these people who are suffering genuine hardship without any prospect of being able to pay it back. We would essentially be putting them further into debt, because the business environment that they are operating in is not likely to change. If we continue to provide them with funding without addressing some of the core reasons they are experiencing these challenges, we are doing a huge disservice to the industry and the sector and I could not condone that.

The high Australian dollar, high input costs and reduced prices, combined with our drying climate, which has been acknowledged through the drought review process, is now part of our new business operating environment. Therefore, this demands that we correspondingly change our business models in the agricultural sector to make this work. That is why I supported the drought pilot scheme. In the last term of this government we piloted the drought scheme in Western Australia. It gave farmers the opportunity to invest in their greatest asset, which is themselves, through strategic planning and management courses. It put money on the table for those families who were in absolute dire need and needed to pay bills and put food on the table. It promoted and supported the Rural Financial Counselling Service and organisations such as Regional Men's Health and enabled those farmers who were leaving the sector—they had made the decision that they could not continue because their business did not work—to do so with some dignity. That is very important because we are talking about people's lives. It is incredibly personal, and the community that is wrapped around this is very close. People know exactly what everyone is going through in these small communities. The dignity that is attached to us trying to assist people who have made the decision to exit is so important.

The drought pilot was a trial. It was not perfect. There are elements of it that I think should be taken forward and embedded in a future policy. We are starting to see some of that moving through the negotiations that the state and commonwealth are having at the moment. This drought policy in isolation will not deliver the outcomes that the sector, the government and the nation needs to see in the medium to long term. There is a bit of a missing link in the conversations being had in the media and the conversations that I am having in my electorate and in the broader sector.

The Nationals took a \$300 million agriculture policy to the state election. We truly believe that the next big opportunity for the state and the nation is for us to position ourselves to be the food and fibre provider of choice, particularly to meet the needs of a growing China and our other Asian neighbours. As some would believe, or, as has been reported, the policy is not an open invitation for us to simply sell the farm to China. That will not solve the problem either. It is a comprehensive blueprint for investment into the agricultural sector like we have never seen before.

There are 16 key investment areas outlined in the policy. I will not go into all of these today but I would like to highlight a few that I think would really benefit my electorate in particular in the Central Wheatbelt because it is an export-oriented grains and livestock area. Part of the \$300 million commitment that the Nationals took to the election included \$20 million for R&D grants for grower groups; \$6 million for research into market opportunities in Asia and targeted assistance to access these markets so we open up new market opportunities for our growers; \$20 million to boost grains research and development through the Australian Export Grains Innovation Centre, which is really important to ensure that the products we are growing match our climatic systems but also the end markets that we are delivering them to; \$10 million to establish a sheep industry development centre because, as I said before, it is important to have a diversified business model so we are not reliant holus-bolus on one particular part of the sector or system; \$75 million for an infrastructure investment fund, which is really important because we need efficient ways to move produce from the farm gate through to the ports, a really important part of our business environment; \$20 million to increase the profile of WA agriculture; \$20 million to boost the business skills of agriculture and food businesses; and \$10 million to support the further development of the Muresk Institute. We have already put \$10 million into the Muresk facility, and we are determined to make it a centre of excellence for agriculture and agribusiness. A further

\$10 million will allow us to develop pathways with other education providers to offer the best courses and education experience for our sector right in the centre of my electorate. That is a really important part of investing back into the education skills and workforce that we are going to take forward in this new environment.

To assist farmers to better manage risk, there was funding in this policy towards expanding and upgrading the weather station network to give growers real-time weather information and provide insurance companies, wishing to develop risk management products, to better de-risk their products and access better data. The former Minister for Agriculture and Food did a lot of work with some of these organisations and businesses that were looking to develop products to offer crop mitigation insurance. In an earlier edition of *The West Australian* this week, there was some discussion around the fact that the sticking point for these products being developed by some companies was that no accurate data was available. Our policy included putting a new radar station into Merredin and Jurien Bay and starting to fix some of these data gaps and therefore allow the private sector to come in and offer a product that can assist our farmers and take some of the risk out of their businesses.

A significant outcome of the commitment that we made for this \$300 million is not just the money but the framework we are providing through this policy. Aside from improving the bottom line of our farming businesses and the agricultural sector as a whole, it will provide an investment signpost for the private sector, which has typically shied away from rural investment. It is not hard to understand why. When we open the paper, we often see the doom and gloom related to the agricultural sector. An investor is unlikely to invest in something that has no future and no sustainability. That is one of the biggest issues that we face in trying to ensure that we are putting our best foot forward to try to access some of the capital that the sector so desperately needs. If we were able to implement this, it would indicate that the government is really serious about agriculture. From the Nationals' perspective, we certainly are. The sector should be demanding far more than just a drought policy from government at all levels. This framework that we took to the election is exactly what I would like to see come in. There are other things that we can do. We should be pressuring the federal government to continue negotiations to land a free trade agreement with China. New Zealand has landed its free trade agreement, which has done wonders for its agricultural sector. In 2008 I think it was the twelfth most important agricultural partner with China. It now sits just behind us. There should be immense pressure on the federal government to complete these negotiations.

We should be looking at changes to 457 visas to attract skilled workers. We should be able to access skilled workers who are so often sucked into the mining sector. We are not playing on a level playing field. From my perspective, this is about underpinning the long-term sustainability and profitability of the sector. I think that the sector itself and everyone sitting in this chamber should be demanding we resist the urge to be populist or reactionary because the conversation must be broader than drought, subsidies and transactional assistance. I urge the government to deliver the Nationals' \$300 million agricultural policy because I see it as the next opportunity for us to develop what is truly a wonderful and renewable resource for everyone in the state and regional Western Australia. From my perspective, as agriculture underpins the economy of my electorate, I see it as a flow-on benefit for the communities that I am so passionate about representing in this place. The sector has been the backbone of the Australian economy for so many years. With the right investment and the right support, we can be positioned to become a food and fibre provider of choice and capture these benefits and the revenue, but we have to work at it. It will not just happen. My contribution to the Supply Bill concludes by saying that we should seriously consider how we can invest further, put better frameworks in place and support this sector so we can take it forward and see a sustainable and prosperous future for everyone.

MS J.M. FREEMAN (Mirrabooka) [1.59 pm]: I also rise to speak on the Supply Bill 2013. Given that we are leading into question time, it is probably a very good time to recognise the volunteer groups in the electorate of Mirrabooka, particularly given that it is National Volunteer Week. Like other members, I have many active volunteers in my electorate. Some of the best volunteering is the sort of volunteering that is active on the ground and delivering to some of the people in our community, one of which is a basketball program run one Friday night a month called Beatball. I have raised Beatball with the Minister for Sport and Recreation, and one day he will come out and see it. I will have to remember that under the new government that we have now, I will have to send him a new invite. Beatball is a project in which lots of volunteers assist the Nyoongar Sports Association and the City of Stirling to bring culturally and linguistically diverse kids together with Aboriginal kids.

Debate interrupted, pursuant to standing orders.

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