GRAIN MARKETING BILL 2002
BULK HANDLING AMENDMENT BILL 2002

Declaration as Urgent

On motion by Mr F.M. Logan (Parliamentary Secretary), resolved -

That the Bills be considered urgent Bills.

Cognate Debate

On motion by Mr F.M. Logan (Parliamentary Secretary), resolved -

That leave be granted for the Grain Marketing Bill 2002 and the Bulk Handling Amendment Bill 2002 to be considered cognately, and that the Grain Marketing Bill 2002 be considered the principal Bill.

Second Reading - Cognate Debate

Resumed from 11 September.

MR C.J. BARNETT (Cottesloe - Leader of the Opposition) [7.42 pm]: I am not the lead speaker for the Opposition on this legislation, but I wish to make a number of comments. The Opposition supports this legislation which will effectively mean a merger of the Grain Pool of Western Australia with Co-operative Bulk Handling Ltd, and the Grain Pool of Western Australia will become a subsidiary of CBH in Western Australia. This represents a sensible reorganisation and rationalisation of grain handling and marketing within Western Australia. However, some quite complex issues impinge upon this legislation. While members will be interested in what this legislation means for the fortunes of grain growers in Western Australia, there are some wider issues about the structure of the industry and particularly the marketing of grain.

At present, the Australian Wheat Board has a single-desk Australian export monopoly over wheat; it does not enjoy that monopoly over other grains, and therefore the Grain Licensing Authority has a responsibility for lupins, barley, canola and the like. We also have the interplay of competition policy and various objectives in that sense. The Australian Wheat Board has an interest in becoming involved in grain handling within Western Australia, which would have the potential of causing an enormous loss of value to the assets of Co-operative Bulk Handling. That should be of concern to Western Australian grain producers who are technically the owners of CBH. If there were to be any allowance in the future for the Australian Wheat Board to come into the Western Australian market then, as a corollary, the Grain Pool of Western Australia must have the ability to market wheat internationally as well. Although this legislation receives our support, it will ultimately be part of a process that will mean more competition and deregulation for the handling and marketing of grain, which are very significant issues for the future of the grain industry. Production in this industry is still largely family farm based. It is an industry on which many rural towns can depend for their survival, and it is an industry that is subject to the vagaries of weather conditions.

The Liberal Opposition is supportive of this important piece of legislation, although the shadow Minister for Agriculture will make a number of comments about it. This legislation is probably the start of an inevitable process of more competition, more specialisation and more niche marketing within the grain area. In the short term, that will present some problems; in the longer term, it may present some wonderful opportunities, particularly for the Western Australian grain industry to achieve excellence in productivity and the quality of its product and in the market premium that it will hopefully achieve. Although this legislation might seem fairly modest, it is the start of what might be a significant change in the way the grain industry operates in this State.

MR R.N. SWEETMAN (Ningaloo) [7.44 pm]: I am the opposition lead speaker for both Bills. I appreciate that the Grain Marketing Bill 2002 and the Bulk Handling Amendment Bill 2002 have been combined to form a cognate debate. I apologise for being slightly delayed in getting to the Chamber. I am still trying to work through the amendments and how some of them should be drafted. With the great assistance of the Clerk, I think we are nearly there. I have some appreciation for the problems the minister has had in getting this legislation to the Parliament in the first instance.

As the Leader of the Opposition has stated, we will support this legislation, but I foreshadow some amendments at the consideration in detail stage. I will allude to those amendments in detail as I progress through my contribution to the second reading debate. This is a significant piece of legislation, far more significant than most people give it credit for. Although it may not be everything, this legislation represents significant change if its intent is clearly adhered to. The minister made the point in one of his media statements released on 6 September 2002 -

> Announcing details today, Agriculture Minister Kim Chance said the changes would make the expanded CBH-Grain Pool a more flexible body better able to operate in the rapidly changing grains industry environment.

That is very significant and a realisation that most people involved in grain production and agribusinesses understand. The introductory paragraph in a recent *ProFarmer* publication states -

> The Australian grains industry is undergoing unprecedented change. The grain industry value chain has been subject to more changes in the past five years than since the implementation of the Wheat Marketing Act in 1939. Post-farm gate value chain functions, such as financing, marketing, handling and storage are all being transformed as a result of two factors: privatisation of former Statutory Marketing Organisations, and the effects of the National Competition Policy.

Sections of the community and industry will continue to resist change. I want to be very careful in the way I make my presentation to this debate, because a lot of my views could be seen as representing what at the moment are certainly not the views of many growers. I do not want to be seen to be riding roughshod over the feelings, the sentiment and even the mental strongholds of some of those sections of industry. I can particularly understand some of the older growers being staid in their ways. I am sure farmers are not much different from some of the horticulturists on the Gascoyne River in my home town of Carnarvon.

Approximately 26 years ago, perhaps even a little longer, the Carnarvon Transport Cooperative was founded as a consequence of growers sitting on the edge of the road with produce waiting for a truck to come past to take their produce to the West Perth auctions. A lot of those growers on the river today realise how much those days cost them and how difficult it was to stay in business during that time. Carnarvon Transport was formed. Gascoyne Trading, as it then was, became Wesfarmers Transport Ltd. Both were licensed by the Department of Transport to haul freight from Carnarvon to Perth and from Perth to Carnarvon. It was a peculiar franchise, with a protected route, but I will not go into that. For 10 years that service served the growers exceptionally well, and we can learn something from that. When regulation was introduced, it was appropriate and it introduced stability to the industry and gave it ready, reliable access and often a two truck per day service from Carnarvon to Perth and from Perth to Carnarvon, which made doing business a lot easier. However, as is quite often the case under regulation or that sort of protection, the management started to relax a little and it ceased to fully represent the interests of the growers. I used to make the comment to the manager of Carnarvon Transport Cooperative that there were couple of a things always certain in life: death, taxes and an increase in the freight rate every six months by Carnarvon Transport Cooperative. The freight rates just got out of control. I always considered I had a reasonable deal in business from Carnarvon Transport, because I was on a bulk volume discount rate. My average freight rate was between $60 and $70. At the same time, however, the price per tonne to the grower was around $120 per tonne. Back in those days I was involved in local government and I was one of the people who led the charge to have the franchise repealed. I can still remember the intense lobbying that took place with Hon Eric Charlton, the Minister for Transport at the time, to repeal the franchise and open up Carnarvon to competition because everyone was paying too much for their freight. I spent a lot of time talking to grower groups and saying that at that time they were the people who were subsidising businesses like ours through what they produced. However, it was one of those extraordinary situations in which those people, who I believed had the most to gain, were convinced that they had the most to lose. They resisted the repeal of this franchise arrangement because they could remember the bad old days when they could not get their produce to market. In the end, after much lobbying - there was never majority support from the Carnarvon grower groups for the repeal of the franchise - the franchise was repealed. The freight rate immediately dropped back to $60 to $65 per tonne; it was effectively halved as a consequence of deregulation. True to its word, Carnarvon Transport said that if we repealed the franchise, it would go broke. It was a self-fulfilling prophecy, and within 12 months it folded and returned in excess of the par value of each category of shares back to those shareholder growers. That company had a mind-set not to compete in a deregulated environment and, in the end, it sold most of its business to Wesfarmers Transport Ltd, which was very convenient, and I am sure Wesfarmers appreciated that.

That was a drawn out way of making a comparison with the situation that the grain growers had been in in previous decades, in particular prior to 1939, when the commonwealth Wheat Marketing Act came into being. Some of the old-timers or the next generation have said to me that they can remember their fathers or grandfathers relating stories to them about when they could not sell their produce, when they were played off one against the other, or when they were offered 1s 8d or 1s 5d a bushel for their product. These people remember the bad old days. I am sympathetic to and understanding of that in-built resistance to change that those people have. That is why the Opposition will take a constructive point of view. The Opposition accepts its position in the educating, the informing and the conditioning that must take place to help the industry shift from where it is today to the next level. This legislation offers us that next step. It is by no means a quantum leap forward but it is certainly a couple of baby steps. As long as this legislation is not offering something on one hand that, by the

time the legislation gets through Parliament, can be taken away with the other, the industry will be able to make a gradual change.

I am not an advocate of full deregulation, although that is what I stand for. Full deregulation will ultimately happen; we are inevitably moving in that direction. However, whether the Australian Wheat Board loses its single desk in 2004 remains to be seen.

Mr M.G. House: Do you stand for total deregulation? In other words, would you like to see Co-operative Bulk Handling and the Grain Pool totally deregulated?

Mr R.N. SWEETMAN: Yes, I would like to see that happen, as long as they are deregulated at the same time.

Mr M.G. House interjected.

Mr R.N. SWEETMAN: I expect we will, but we will be trying to give people recent and informed information about their position. Farmers' incomes over the past 10 or 20 years have been constantly diminishing. I think the member for Stirling would agree with that. There have been peaks and troughs, but the troughs are getting lower and the highs do not tend to be as high. The figures for our farmers in this State and Australia generally are not much different from the figures for farmers in America. In America, 18 per cent of the 1.8 million farmers produce about 87 per cent of the output. Therefore, 82 per cent of farmers are producing 13 per cent of the output. My understanding is that the figures in this country are a little better than that. Australia has about 20 per cent of farmers producing 80 per cent of the output and, sadly, 80 per cent producing just 20 per cent of the output. That is not to say that those 80 per cent do not have a say; they have a significant say and many people believe they have all the say. We must understand that the circumstances for those farmers have not improved, even with what appears to be a leg up in the form of the single-desk monopolies and things like that. We must be realistic and understand that change will continue. The pressure that is on those small, barely viable operations will intensify. It could also be assumed from that that the 20 per cent of farmers producing the 80 per cent of the output will probably become more successful. I do not stand here just to represent those successful 20 per cent of farmers and not the 80 per cent of farmers deemed to be slightly less successful. I represent all of them. However, certainly that successful or larger group of farmers can provide a reasonable understanding of where the industry is headed. Politicians have a responsibility to stand up and be counted on a range of issues instead of making partisan political decisions. Over the last fortnight many wonderful people have relayed to me where I should stand on this legislation. On occasions it has been difficult to charter a course through that input. However, I am trying to do my job as an elected representative; that is, I am not trying to be all things to all people and pandering to what seems to be the most popular view. If that were the case I would be representing the 80 or 85 per cent of farmers who believe that it will be the end of life as we know it if we even consider repealing or winding back the monopoly that AWB has and that the new merged entity will have for prescribed grains. As I said earlier to the parliamentary secretary, the Opposition will be constructive, balanced and fair in the way that it promotes and sells what will be achieved through this legislation.

In speaking to the Grain Marketing Bill 2002 - being a cognate debate - I will wave to one side the Bulk Handling Amendment Bill and simply recognise that that Bill is basically assisting to create the merged entity. There had to be changes to that Act to achieve that. However, the national competition policy required some overhaul of the Act, which was also in need of some modernisation, not having been amended for 30 or 40 years. The Act has been tidied up, and I did not find anything in the second reading debate or in the interpretation of the Bill that was offensive.

I have a query that relates to the second reading speech and the reference to section 9, which has been totally repealed. The second reading speech stated that -

> Research has shown that a move to differential pricing for storage and handling charges in Western Australia would have significant benefits for the State, and the deletion of section 9 will remove any uncertainty about the ability of CBH to move to such a system.

I understand that but I want the parliamentary secretary to answer the question about differential charges that may apply in the event that serious competition, or any competition for that matter, is put to CBH on the storage and handling of grains. An example of that is the situation of a farmer who resides in a zone on the coast close to a port compared to that of a farmer whose receival point is 300 or 400 kilometres away from a port. Does the Bulk Handling Amendment Bill 2002 contain provisions to cover that situation? If not, will the new entity have the ability to prescribe differential rates for different farming zones?

The second reading speech also indicates that -

> Since CBH no longer has the sole right of grain storage and handling in Western Australia, the watchdog provision requiring changes to be approved by the Governor, rather than just the board of directors, is no longer appropriate.

I reiterate the first line which states -

> Since CBH no longer has the sole right of grain storage . . .

I assume that occurred when the Wheat Marketing Act 1989 was updated. I assume also that when that Act was subjected to competition policy scrutiny, Co-operative Bulk Handling Ltd lost its sole right of grain storage and handling, although it has not been subject to competition since the Act was amended. However, I assume that is when it took place, because the reference is in the past tense. It is stated as though CBH did not have that right, and it has not had that right for some time. I admit that I am extremely anxious - although I have no right to be - because everyone has gone into this situation with their eyes open. However, I am anxious on behalf of CBH. The impact of competition will be of great significance to CBH, which has assets worth about $500 million, more than 200 receival points and in excess of 500 employees. I have the greatest respect for the chief executive officer, Imre Mencshelyi, the chairman of the board, Allan Watson, and the board itself. As Allan Watson said during a January or February briefing, the board has not done too badly for a bunch of cockies. I agree with him; some clever and astute people have been involved in the organisation over a long period. We can argue about a dollar here and a dollar there in handling charges. I am sure that when CBH is subject to competition, the price of storage and handling will come down, because it always does. Even though it looks as if we have a Rolls Royce system through which growers are getting value for money, I am sure that when competition is applied, the rates for storage and handling will decline.

I am particularly anxious that CBH and Grain Pool Pty Ltd do not do a deal with the Australian Wheat Board, because the AWB has the capacity to cause the merged entity much grief. In the event that the AWB is not playing mind games with CBH and trying to get it into a position in which it will enter into a joint venture or partnership-type arrangement, I believe that the AWB will build one or two strategic sites in a short period, perhaps taking as much as 10, 20 or 30 per cent of the grain that CBH currently handles. As an ex-business person, I assume that that would have a devastating impact on the assets of CBH. If its assets are worth half a billion dollars today with X number of tonnes going through, one would assume that such assets would be worth a lot less in the event that CBH receives and handles a lot less grain. Members may say that is fine because that reflects the principles of competition. I would agree with that if the body involved were any organisation other than the AWB. I am having difficulty reconciling myself to the fact that the AWB is in a unique position, as it is a privatised company that has monopoly powers. It has the sole right over all bulk grain in Australia. That puts it in a powerful position. I do not think that it would be reasonable - in fact, it would be bordering on unconscionable conduct - if the AWB had the temerity to try to duplicate another storage facility adjacent to CBH's, simply because it was unable to do a deal with CBH. The minister must have the power to ensure that that does not become a problem, the AWB loses its single desk. The Australian Wheat Board must get its mind around that. I do not think that Grain Pool Pty Ltd and Co-operative Bulk Handling Ltd will have a problem surrendering their single desks in the event that the AWB does the same on a common date. I could be wrong. However, that is my assumption following discussions and the research that I have done. They would be prepared to go head-to-head in open competition. Certainly, apart from the power of the single desk, it will give the AWB a lot of comfort when it takes on some of the bodies I have mentioned.

Some fairly strange events have occurred lately. The other day I heard that Ausbulk had bought in excess of a 200 000 tonnes of wheat. After a complicated transaction, it was able to sell the wheat to the AWB - the AWB had to buy it - which tipped it into the pool and Ausbulk was able to realise $1 or $2 per tonne for its efforts. That is interesting. However, would it not be great if all that effort had been used to place the grain into a foreign market, instead of simply transferring it in a series of transactions and realising a profit for doing little more than paper shuffling? Obviously the grower of the grain was satisfied with the price he got for it. Ausbulk was very happy with the price it received for selling the grain to the single-desk holder.

I would like the parliamentary secretary to take on board the comments I have made about the unfair and unreasonable competition to which CBH may be subjected, particularly from the AWB, which has the capacity to destabilise rather than augment and develop the grain industry within Western Australia. Indeed, the AWB has the potential and capacity to set it back. We must monitor the potential misuse by the AWB of its monopoly powers.

I turn now to the Grain Marketing Bill 2002. I will deal with my foreshadowed amendments, because if I receive a satisfactory explanation I may decide not to move them at the consideration in detail stage. At page 3, line 12, I will move an amendment to delete the words "or rapeseed", which will result in separating canola from barley and lupin, which are the three prescribed grains. In the past three or four years there has been some

controversy about the marketing of canola. However, according to my information, the Grain Pool of WA did a marvellous job five or six years ago when it managed to get what growers considered to be a premium price for their product. There is ongoing contention about the disparity between the Western Australian price and the eastern States price. I understand the many reasons that there is a disparity. It costs approximately $70 a tonne to get product from Western Australia to the eastern States. That means we have difficulty accessing the domestic market, which is quite considerable. Indeed, it is between 500 000 and 800 000 tonnes per annum. A lot of the Australian production is consumed on the east coast. The east coast also has considerable crushing capacity to produce oil and other concentrates from the product. We do not have such large-scale capacity in this State. Nevertheless, growers put to me an argument that if we dismiss crushing capacity and the domestic demand on the east coast, there is still a disparity with the export product. That needs to be addressed. What I have heard to date does not provide me with a satisfactory answer that I can give to the growers who have made a case for the deprescribing of canola. Under the circumstances, it would be a reasonable concession to deprescribe canola. In the event that an amendment to deprescribe canola is carried in either this House or the other place, it is not appropriate that it come into effect until the next harvest, because arrangements are already in place to handle the expected harvest this year. I will move that canola be deprescribed at the time special export licences can be applied for; that is, in about 12 months time.

I am in favour of the Grain Licensing Authority, although there is not much choice in supporting it. It has to be done to separate the regulator from the marketer. It is something that the National Competition Council insists on. There is controversy about the potential make-up of the authority. I do not have a problem with a member of the Treasury being a member of the Grain Licensing Authority as long as that person is of some seniority in the Treasury. I would assume that, because of the importance of the authority, the Treasury would assign someone with significant financial and intellectual capacity. It is totally appropriate that the Department of Agriculture be represented. I do not have a problem with two growers also being represented. It is up to the minister to appoint members, but my advice to him is that if there are two schools of thought in the industry, each of those views should be represented. The argument may come back that 85 per cent of growers want to retain the single-desk system. Sooner or later the single-desk system will go. It makes sense to have the view of 10 to 15 per cent of growers - who think so as well - represented on the Grain Licensing Authority. That would serve to provide greater balance and legitimacy to the authority. I do not have a problem with an independent chairman or anyone else being nominated - even another grower - as long as he has expertise of the grain trade. It could be someone who has knowledge of the trade but is no longer involved. I understand the potential conflict of interest if someone is still involved in the trade when dealing with special export licences. The minister may want to appoint someone from the trade, or someone who used to be involved, to be the fifth member of the authority. Clause 6 of the Grain Marketing Bill refers to an independent chairman of the Grain Licensing Authority. I do not have a problem with five members - if membership is prescribed - electing a chairman from among themselves. This is the key to it all: this legislation, which promises so much and could deliver so much, will do so if everything is put in place to give it every opportunity of succeeding. A crucial part of the legislation is that the Grain Licensing Authority be fully independent.

In order to put the parliamentary secretary fully in the picture I will quote from an article in *The Australian Financial Review* of 2 September, which states -

> It is understood the Grain Pool reacted with alarm after being briefed on the changes affecting about 2 million tonnes, or about $600 million of grain produced a year.
>
> But it has been consoled by advice that Mr Chance, a strong supporter of the single-desk system, would have a major influence over the way the new arrangements work in practice through his power to appoint the five members of the Grain Licensing Authority, even though the NCC has now insisted one member be from State Treasury.

Clearly, that is the minister giving a nod and a wink. He may have been misunderstood in saying in effect, "Leave it to me. I am an advocate of the single-desk system but I have got to keep the National Competition Council happy and put this licensing authority in place. Don't worry, I will stack it." That is how that reads. He may have been misrepresented, as we usually are in the Press.

Mr F.M. Logan: He would never say anything like that.

Mr R.N. SWEETMAN: I am sure he would not and that is why I say he may have been misrepresented. I am sure he will clarify this in the upper House and ensure that the Grain Licensing Authority is totally independent.

Mr M.W. Trenorden: How can it be independent? It is a statutory authority.

Mr R.N. SWEETMAN: It is meant to be. Let us hope it is better than the Wheat Export Authority. We can learn something from that experience and get this right.

Mr M.G. House: What is wrong with the Wheat Export Authority?

Mr R.N. SWEETMAN: It is shrouded in controversy. A lot of growers believe that many objectionable things are happening.

Clause 16 of the Bill refers to ministerial guidelines and states -

> (1) The Minister may, for the assistance of the Authority and the information of persons involved in the grain industry and other members of the community, issue guidelines dealing with matters that the Minister requires to be considered in performing a function of the Authority under this Act.

Does that mean that the minister will become the authority? The minister's powers under this legislation are significant. I do not necessarily have a problem with that, but it is a delicate, potentially even compromising, situation. He will be under pressure from all sides when he has to adjudicate. For example, it is conceivable that the Grain Licensing Authority will issue a special export licence and the minister will be lobbied not to approve or endorse it. I can see that scenario happening. The minister will need the wisdom of Solomon and the strength of Samson to withstand those sorts of pressures. Otherwise, I do not have a problem with those clauses of the Bill. I assume the minister has gone into this with his eyes wide open and that he understands the implications. If the minister has these powers, why are we putting ourselves through this pain with the Grain Licensing Authority? The answer is that it is a National Competition Council requirement. The minister is likely to be given a buffeting and have a difficult time with his ministerial powers.

Clause 17 contains a reasonable safeguard by requiring that matters have to be laid before Parliament. The Parliament will have some limited opportunity to scrutinise the minister's directions, as will the accountable officer of the department under the Financial Administration and Audit Act 1985. Financial rigours will be applied to decisions made by the minister. Parliament will have the opportunity to make some comment on the way the minister issues instructions or revocations, and they will also be subject to audit under the Financial Administration and Audit Act.

Mr R.C. Kucera: What is the problem?

Mr R.N. SWEETMAN: I do not have a problem. I am saying that I do not object to that. I am saying that it is a difficult situation for a minister to put himself in.

Mr R.C. Kucera: You are putting a particular spin on it. I do not agree with you. The minister obviously built in the safeguards there.

Mr R.N. SWEETMAN: Clause 22 of the Grain Marketing Bill relates to powers of entry. I was a little anxious about the provisions because aspects of them appeared to be fairly draconian. I read them again and again, and I am now relatively satisfied. The best enlightenment is the final subclause, which states -

> (11) A person who hinders the exercise of a power given by this section commits an offence, but a refusal to give consent or an objection contemplated by subsection (5) does not amount to hindering.

I was placated after reading that. The person who is to be investigated will have some reasonable opportunity to stall the process, not with a view to concealing, hiding or destroying evidence but simply in the interests of natural justice. The beginning of the clause smacks of Big Brother and is heavy handed, but subclause (11) backtracks to subclause (5), which in turn backtracks to subclause (3), so it all looks fairly reasonable. I do not find that clause particularly objectionable.

The penalties contained in clause 23 onwards are fairly significant: $60 000 for a first offence and $120 000 for a second offence. Someone who is a serial offender probably deserves to be clobbered, but a penalty of $60 000 in the first instance is extraordinary, particularly as the export arrangements under these special licences and the like are to be ground-breaking and there might be a few hiccups. I hope that some flexibility, discretion and wisdom is applied.

Mr F.M. Logan: The penalties are the same as those in the 1975 Act. We have not changed them.

Mr R.N. SWEETMAN: Is that right? That is worthy of some consideration. It is a very significant fine. I hope that mitigating circumstances will be taken into account before a fine is issued. It would be all right if the clause said "from $5 000 to $60 000", because there would be room to move. The penalty kicks in at $60 000, which is a very significant fine.

Clause 30 of the Bill refers to the details to be specified in the application. This is another clause I am having difficulty working through. The clause details how the applicant will apply for a special export licence. I do not have a problem with most of the paragraphs. I do not have a problem with paragraphs (a) to (e) when they apply

to A-category licences. Nothing in the Bill describes an A or B-category licence. I have spoken to industry people, and they generally refer to A-category licences as being for an export market to which the main export licence holder exports the grain, and which incorporates a premium resulting from the exercise of the licence holder's market power as the main export licence holder. I do not have a particular problem with clause 30, which states that an applicant for a special export licence is to specify -

(a) the prescribed grain for which the licence is sought;

(b) the market for which the licence is sought;

(c) the term for which a licence is sought;

(d) the season of production of the prescribed grain for which the licence is sought; and

(e) the quantity of prescribed grain for which the licence is sought.

That is fine for A-category licences, which apply in circumstances in which the main export licence holder already has a presence and can demonstrate that he receives a premium in that market. The B-category licences are for greenfields markets that a special export licence holder wants to enter. I have a problem with the way clause 30 will affect applicants for B-category licences, and I will move an amendment during consideration in detail. The B-category markets are those markets in which the main export licence holder does not have a presence. According to my amendment, paragraph (a) will remain, but paragraph (b) will be deleted - for the moment. I do not have a problem with applicants for a B-category special export licence being required to state the term for which a licence is sought, the season of production for the prescribed grain for which the licence is sought, and the quantity of prescribed grain for which the licence is sought. Under my amendment, applicants for a B-category licence must, within 14 days of an export transaction or shipping taking place, advise the authority about the market into which the grain was supplied. I think that covers everyone, including the person who has been innovative and developed the market. Someone in a particular country might require 10 000 to 50 000 tonnes of a prescribed grain and access it by contacting a single grower or a group of growers to supply a product to his specification and needs. It is reasonable for a B-category licence applicant to say to the authority that he can comply with everything but that he does not want to say up front where the grain is going. He should be able to say that afterwards. The authority needs only to be satisfied that the grain is not going into an existing market. Therefore, the person delivering on that sale, should be required to notify the Grain Licensing Authority of the destination - the market the product went to - within 14 days of the transaction. That is reasonable. It would allow the grower to enjoy the market he has developed. If he foreshadowed what he intended to do a month or two months before the sale, he could be undermined, undercut or have the price ramped against him so that he is put out of the market. My amendment is a reasonable compromise for special export licence holders in those B-category markets.

During consideration in detail I will move an amendment to clause 31(2)(b) on page 15. The clause currently states -

Before deciding whether to grant any other special export licence, the Authority is to -

(a) ascertain whether the main export licence holder exports prescribed grain to the market for which the special export licence is sought; and

(b) if so, decide whether the price at which the main export licence holder exports that grain incorporates a premium resulting from the exercise by it of its market power as the main export licence holder.

I do not think it is reasonable for the authority to be able to simply decide. There must be set criteria and protocols for the assessment of an application for a special export licence. The word "decide" should be substituted with "prove". It should not be that hard for the authority to come up with proof about whether a premium is extracted. Premiums mean all sorts of things. This will come down to the licensing authority determining and clearly defining what is a premium. Some premiums in, for example, Japan exist simply because the importer, for reasons of food, security, policy or whatever, buys grain without much shopping around. The importer often does not go to bargain-basement dealers to get his product. American and Australian growers supply the Japanese market. I think it would be tougher for exporters to that market to prove whether a premium is obtained. People who apply for special export licences will not queue up to go to Japan. They want to go to other places. They would be quite happy for us to forget about Japan, but I use Japan as an example to indicate that it is not always the exporter who creates the premium. Many argue that a Japanese importer establishes the premium on the products he imports into that country.

During consideration in detail I will also ask some questions about minor issues relating to special export licence conditions, such as the matters to be specified in a special export licence. The licence is not transferable. I do

not see why, if someone has sold his business, the special export licence he has been granted cannot be transferred to the new owner in the event of that owner getting approval from the Grain Licensing Authority. The Bill just says that a licence is not transferable. At the moment, many tourism operators have Department of Conservation and Land Management licences for two, five, 10 or whatever years to conduct ecotourism tours. Those licences cannot automatically be transferred either; however, they can be transferred with the approval of CALM. A similar arrangement should be provided under this legislation, so that once a business has been sold, after determining that the new owner is a reputable person, the Grain Licensing Authority could reassign the licence.

The issue of licence fees provides an interesting scenario. It will be interesting to see how or at what level those fees will be prescribed in the regulations, because it seems a little unreasonable that the person applying for a special export licence should basically have to underwrite the cost of operating the Grain Licensing Authority. I have read the legislation and know that the Department of Agriculture will provide clerical and administrative assistance to the licensing authority. However, it is clear that before long, under a user-pays system or full cost recovery, export licence applicants will be expected to pay for the total cost of the running of the Grain Licensing Authority. That is not reasonable. There is an argument that this complicated procedure for getting approval to export prescribed grains favours the monopoly. There is a shared benefit in this complicated process in that the main licence holder has a licence for a quantum of prescribed grain or whatever, basically at no cost. I assume that, on proclamation of this Bill, there will not be a cost in handing over the main export licence to Grain Pool Pty Ltd. It seems to be a reasonable compromise that even if the Government is unable to extract levies or fees from the main export holder - I am not advocating that - it could, through the Department of Agriculture budget, underwrite the cost of running this authority. I do not think that it is fair and reasonable to charge an excessive amount. Again, the regulations will determine what will be a reasonable amount, and that can be subject to disallowance in this House or the upper House. If they are not reasonable, they will certainly be examined either in this House or in the upper House with a view to disallowing some of the prescribed fees set out or cocooned within the regulations.

Clause 40 deals with appeals. I am particularly happy with this clause because it gives someone who is aggrieved with the process - such as someone who has been declined a special export licence or has had a licence unreasonably varied or revoked - to appeal to the minister within 30 days of receiving notice of the decision. It is reasonable to include that provision in the Bill.

The Opposition supports the Bill. I want to put on the record once again that this industry is going through a particularly turbulent and difficult time, even more so because of the disastrous effects of drought, particularly in the eastern grain growing areas. Some of those areas are facing the second, third or even fourth consecutive year of these problems. On top of constant change, seasonal circumstances are having a depressing, destabilising effect on growers and adjacent rural communities. Again, we have to deal with a significant piece of legislation amidst a lot of peripheral turmoil. I wish it were not so. It is beyond my power to do anything about that.

I hope that grain growers will not be disappointed by this legislation. Some have taken a simple, literal interpretation of the Grain Marketing Bill 2002. They are already saying that this legislation will not achieve everything they want, but they accept and are happy that this is a step in the right direction. I hope that the minister does not in any way let those people down or compromise this inevitable progress as we move towards developing a better set of circumstances for our growers and traders.

I recap my very real concerns about what has become an icon within this State - Co-operative Bulk Handling Ltd. I would hate to see the capacity of CBH diminished. Government needs to ensure that while the single desk prevails, no predatory behaviour or unfair, unreasonable or unconscionable conduct is taken by the Australian Wheat Board or others, perhaps in partnership with the AWB, to undermine CBH.

MR M.G. HOUSE (Stirling) [8.35 pm]: The National Party will support this legislation; however, we will move some amendments during the consideration in detail that we feel are necessary to bring the Bill up to a standard that will be acceptable to grain growers in this State. I look forward to that stage and the debate that will occur at that time.

The service provided to the grain growers of this State by Co-operative Bulk Handling Ltd and the Grain Pool of Western Australia since they were brought into being back in the 1930s has been second to none. There will always be some controversy and debate about the standard of that service, but they have undoubtedly served the grain growers of this State well. They are held in high regard around the world for their ability to maximise the return to growers and create an efficient system. However, it is time to move on from the base which our forefathers laid at the start of the past century and which was born out of depressions and private grain trading that left many grain growers bankrupt. Grain growers came together in a cooperative way and fought to establish the Grain Pool of Western Australia and Co-operative Bulk Handling Ltd, and they did it well. They

were absolutely right at the time to set up these organisations, along with the Australian Wheat Board, that have served grain growers extremely well. As a grain grower of nearly 40 years standing, I have the highest regard for the contribution of those two entities and the people who have served grain growers through them over the years. That respect has been built up not by good luck but by the hard work of a lot of people. If one were to mention names, somebody would be forgotten. There have been some terrific contributors over that time.

It is time to move on; it is time to establish a new entity and to look to the future and at how that will occur. This new entity has been brought about by a number of pressures, including national competition policy - I will come back to that in a moment - and government and departmental philosophy. However, it has largely been brought about by grain growers themselves, particularly younger grain growers, who are efficient businesspeople who want to maximise their returns and have the opportunity to do business in a slightly different world. Western Australia produces some 38 to 40 per cent of the national wheat crop. To that extent, Western Australian grain growers have had a big impact on the way the AWB has operated, and will continue to do so. I will come back to that in a moment.

The genesis of this new entity occurred some 10 years ago when grain marketers and handlers around Australia started to debate the future of their industry and wanted to set in place an organisation that would take them into the future. There was some debate about a shareholding for Co-operative Bulk Handling Ltd, but that was rejected by growers. There was some debate about amalgamating the Grain Pool of Western Australia with the Australian Wheat Board. There was debate on a range of choices; however, at the end of the day, some 85 per cent of grain growers in this State supported the establishment of this new entity. They see it as a strong move forward and an opportunity for the establishment of a good grain handling authority and a good marketing authority. Importantly, the grain growers support it because they see an opportunity for them to stand alone in the future. If the federal Government were to ever deregulate the Australian wheat industry, we would have an entity based on very sound principles by which grain growers in Western Australia could handle and market their own grain based in their own State.

The deregulation of the domestic market acted also as a catalyst for grain growers to consider what they might do in the future. That domestic deregulation took place in Western Australia in the coarse grain and other grain industries in this State when the coalition was in government. I think it acted as a stepping stone for the introduction of the present legislation.

Under this legislation the new entity, a private company that has elected board members - two people with particular expertise will also be selected - administered also by the authority, which is another matter, will be subject to the Companies Act and must perform in a businesslike way so that the people it represents are satisfied that the returns and the handling of their product meet world-class standards. However, the national competition policy agreements in this country have affected in some way the drafting of this legislation. I am not entirely happy with the composition of the authority and the National Party intends to move some amendments during the consideration in detail. I am rather disappointed that this legislation, as I say, has been in the development stages for four or five years and was extensively discussed before this Government took office. I hasten to say that this legislation is not a great deal different from that which the coalition Government would have introduced, except for the specific composition of the board. In saying that, in answer to a question to Hon Murray Criddle in the upper House in July, the Minister for Agriculture, Forestry and Fisheries promised the grain growers in this State that he would introduce a Green Bill. That would have allowed industry an opportunity to debate it and he would have been cognisant of the outcome of that when he introduced the final legislation. Not only did he not produce a Green Bill but also this Bill has been introduced as emergency legislation, which means it will be rushed through this place. I guarantee that not more than a handful of grain growers in Western Australia have seen the detail of this Bill. I am sure the Chairman of Co-operative Bulk Handling Ltd and the Chairman of the Grain Pool of WA, who are in the Speaker's Gallery, have spoken to a number of growers. I am equally certain that the average grain grower would not have a clue about what is in the Bill. I am very critical of this Government for introducing this legislation in that way. It is very important, hallmark legislation, which point was well made by the opposition spokesman who said before I rose that it was a catalyst for future change. I agree with him. However, we should have had more time to consider it properly. The failure to provide that extra time is a reflection on this minister and this Government.

National competition policy operates under federal legislation under the guise and guidance of federal Treasurer, Costello. I am rather surprised that, after his meeting with the national competition policy people, the minister bowed down to the request they made; for example, to not prescribe barley, canola and lupins in the legislation but have them prescribed by ministerial decree. That is one example, which we will debate during the consideration in detail. That provision frightens me because it will take only the stroke of a minister's pen to deregulate the industry. Members might debate that regulations need approval by this Parliament. They certainly do, but members who have been ministers know full well that if we were to deregulate the industry and

the Parliament got up at the beginning of December when harvesting commenced, we would not get a chance to debate the legislation until the following March. If an election campaign were under way, it could be May or June of the following year. By the time the debate is held, it would be worthless. I am very concerned about that.

I understand that the minister consulted with Graeme Samuels, who had much influence on this legislation in relation to national competition policy. Graeme Samuels also sits on the board of the Australian Football League. I have had a number of conversations with him, most recently at an AFL football match in Victoria a few weeks ago. I said that I could not understand how he could force this policy onto grain growers or anyone else, when he administers the policy of the AFL, which has salary caps, trading provisions and all sorts of regulations for how clubs can operate. He said, "Oh, but that's sport." If he considers that sport should be regulated to make it fairer and to provide better competition, I wonder why he does not extend that same privilege to people in industry, the majority of whom want a direct say, cooperatively, about how their product is marketed.

Mr R.C. Kucera: He is probably an Essendon supporter.

Mr M.G. HOUSE: I seriously think he is.

Mr J.C. Kobelke: Given the way primary industry is treated internationally, I thought you would have accepted that there is no fair sport in industry.

Mr M.G. HOUSE: Graeme Samuels has the wood on me; I am a Carlton supporter and the team is not travelling very well this year, so I will not talk about football to anyone.

It is important that the principles in this legislation are clear to members in this House. The Bill provides for the transfer and ownership of the Grain Pool to CBH, although in the transfer of the boards between the Grain Pool and CBH, the chairmen and deputy chairmen of both entities will transfer automatically to the new board and a new board will be elected based on port delivery records. That election is being held as we speak.

It also allows for the establishment of the Grain Licensing Authority, which will issue the licences. The composition of the authority should be the subject of some debate. We will debate it at the consideration in detail stage. We do not need a Treasury person on the Grain Licensing Authority. Two public servants will be on the board: a Treasury person and a representative from the Department of Agriculture. It beats me why two public servants are needed to determine who should be granted a licence. Surely neither of those people would have the best interests of the grain industry at heart. Someone with financial expertise from the private sector in place of the Treasury person would be an acceptable representative. I could then accept a government representative on the board. The chairman should not be precluded from being a grain grower. The National Party intends to move amendments to that extent. Trevor Flugge, as Chairman of the Australian Wheat Board, did a fantastic job of taking it from its previous entity to its new entity. Trevor is well regarded in the grain industry. Although I am not making a case for him to be chairman of this new authority, I see no reason that he, or other people with his expertise, should be precluded because they are grain growers. It does not make sense that a grain grower should be precluded from chairing that authority. I can think of a few people who could do the job very well.

The Bill also provides for Grain Pool Pty Ltd to have the main export licence. That will allow for the merger to proceed. As I have said a number of times, the Bill has the support of the majority of the State's grain growers. However, I am concerned that it does not detail the fact that barley, lupins and canola will be the prescribed grains. I am very concerned that they will be prescribed by ministerial decree. However, the Bill also provides the flexibility to respond to changes in the wheat marketing arrangements. I am personally concerned about that. I would not have put it in this legislation. If the wheat industry is deregulated, this Parliament and grain growers will want to debate the issue again. If the wheat industry is deregulated, it follows logically that the rest of the grain industry should follow. It might also follow logically that people would want to wait to see what happened to the wheat industry after deregulation. This legislation will allow the minister to do that without coming back to the Parliament. That is fraught with danger; he should not be able to do that at all.

Those are the main principles of the Bill. I do not have time to go into all the details at this time, but I will talk about the future in the sense of deregulation of the industry. Deregulation of any product does not necessarily mean that a better price will be obtained. There is a school of thought supporting deregulation amongst a minority of grain growers. They are entitled to their opinion, and indeed they play an important role in flexing the system, even keeping CBH, the Grain Pool and the Australian Wheat Board honest. However, I have never seen any proof that a better price, a better handling system or any other benefit would necessarily be gained by deregulating the industry. There seems to be a philosophy that a totally free market would provide better returns to growers. I am not a farmer because I love farming, although I do like it; I am there because it is a business, and I want to make money out of it. Any enterprising farmer will say the same thing. There are not too many

blokes around these days who put their hat on as they walk out the door on a Monday morning and say they are doing their job because they love it. It does not work that way. The average header costs $400 000, and the average tractor $300 000. The average farmer has between $6 million and $8 million worth of investment. It is not a lifestyle business, where people go to soak up the ultraviolet rays in January because they love doing it. Someone would have to indicate to me that there is some benefit in deregulation before I would be prepared to accede to it. That is the danger with this legislation - it does not allow that to happen but, rather, gives all the power and authority to the minister. There are good ministers and bad ministers - other people will make judgments about that - but there should be a process for consulting with industry.

That brings me to the listing of this company in the future. That is a very real possibility. This new authority might want to list. It will have a huge amount of assets. The Co-operative Bulk Handling Ltd facilities around this State are worth millions of dollars, which farmers may at some stage want to release; they may want to access their equity in this organisation. If that becomes a reality, there will be a huge debate amongst grain growers about how that should proceed. When CBH tried to do that a couple of years ago, there was a fair debate. My understanding is that 75 per cent of growers would have to accede to a request for listing. If the minister of the day took certain action, such as deprescribing the grains, or went along with the deregulation of the Australian Wheat Board, other things over which grain growers would not have much control would automatically follow. A listing situation would probably be necessary if that deregulation occurred. There needs to be a thought process - a stopper - before the stage is reached of automatically allowing the minister to deregulate the grain industry in this State simply because the Australian Wheat Board might be deregulated by the federal Government. I do not think that will happen in the short term anyway. A school of thought has been around for a long time that it will happen some time in the future, perhaps in a year or two. It has not happened yet, and the debates in which I have been involved with growers have shown that there is a strong resistance to deregulation, which will continue for some time yet. Growers are not quite ready to go back to a free market situation. Some years ago I was in England on the farm of a friend. It was harvest time, and he spent more time on the phone trying to get his crop sold and handled - to get it out of the paddock and stored - than he did driving his machine. The average business farmer these days is probably delivering 200 tonnes of grain a day, and one of the great things about CBH is that it will take the grain straight off the farmer, and he will not have to worry about it again.

Before we start to talk about deregulation, and indeed before the Australian Wheat Board starts to talk about moving in, as the member for Ningaloo said, and building storage facilities in competition with CBH, we need to have a good hard think about deregulation.

[Leave granted for the member's time to be extended.]

Mr M.G. HOUSE: Before the Australian Wheat Board starts doing that, it should consult with the grain growers of this State, because the average grain grower does not think the Wheat Board should be building storage facilities in this State either.

I will turn to some of the specific amendments the National Party will be proposing at the consideration in detail stage of this Bill. I have already indicated to the House that we are not at all keen on the provision that a grain grower cannot be chairman of the authority. We are not saying that the chairman definitely should be a grain grower, but the preclusion of a grain grower should not be part of this legislation. The National Party intends to attempt to remove that provision, to allow other people, of the ilk of Trevor Flugge, to be chairman of this authority in the future. We will also be moving, in relation to that clause, to allow somebody with financial expertise to be part of the authority, rather than somebody from Treasury. The composition of the authority as it is outlined in the Bill would be two departmental people, a non-grower as chairman and two growers. The growers are outnumbered. I am sure that the Minister for Agriculture would be pleased if the grain industry were in control of its own destiny, and that he will support these amendments. If he just winks at the parliamentary secretary from his chair behind the Chair, I am sure he will give the authority for that to happen. I think he heard me, but he did not want to.

I am concerned about the general licensing provisions, and the National Party intends to move some amendments in that area at the consideration in detail stage. I agree with the case presented by the member for Ningaloo about the cost of running this authority. It is very hard to estimate what it will cost, but I suggest that, with five members and backup support, it will probably be about half a million dollars. Nobody has indicated where that money will come from. As the member for Ningaloo indicated, if that is to come from the Department of Agriculture's budget, it is a severe impost that that department should not need to bear. The grain growers of this State would be quite prepared to bear that cost. I do not want the authority to get its money from charging people for the issue of licences. That would create a situation in which the authority, looking for finance, would be prepared to grant licences as a revenue-raising measure. That is not the way it should be financed. I will be very interested to hear from the parliamentary secretary just how it is intended to finance the authority. I am sure

that grain growers would be happy to finance it, so that they would be once again in control of their own destiny. They have never shied away from that, but I do not want the licences to be subject to a huge fee that would be part of the process of raising money.

I also want to comment about the so-called value-adding clause, which is a very important part of this legislation. When we amended the Grain Marketing Act six or seven years ago, we inserted a section to allow grain that had been value-added - for example, de-hulled lupins - to be excluded from the export authority of the Grain Pool of WA. I am sure the chairman of the Grain Pool will have a wry smile on his face, because we had a few disagreements about this part of the legislation. My view was that if someone added value to the product, the Grain Pool should not have the right to export that product. The chairman was not completely of that view, because he felt that markets could be cherry picked. There is some validity in that argument. My view was that if it was so good, why did the Grain Pool itself not de-hull the lupins, for example, and export into that market. Anyway, we agreed to disagree. I do not want somebody to get around that legislation by, what we call in the industry, simply cleaning grain. If that were allowed to happen, it would be too easy to get around the export licence provisions and a lot of people would think they could get into the business of exporting grain.

I am sure the current minister will support me when I say that when I was minister I received a call every month from some farmer who had been to China and who in the back bar of some pub had been told that someone wanted to import some grain. The farmer was sure he could do it and he would ring me and say he wanted a licence because he had discovered this new market. I used to argue with those farmers, but then I got a bit smarter and I would tell them to ring me back when they had organised the shipping arrangements. They never did, because Co-operative Bulk Handling Ltd controls the elevators that put the grain on the ship and it would never agree to the farmers doing that. They did not get very far. The point is that it would be too easy for somebody to get around those provisions; neither I nor the grain industry want that to happen. That part of the legislation needs to be very clear. I have read it a couple of times and have talked to a number of people about it, including the briefing we had from the minister. That section of the legislation contains some uncertainty, and I will go into a little more detail at the consideration in detail stage.

I know a lot of members wish to speak in this debate, so I will conclude my remarks by saying that this legislation has the support of the vast majority of grain growers - at least 85 per cent - in this State. It is a step forward; it positions us for the future; and it allows us to be ready for whatever the new world might produce in the sense of a deregulated wheat industry or something of that nature. However, I want the legislation to proceed with caution. I want to be able to come back and debate the things that this legislation will allow the minister to do. That concerns me. In fairness, the minister would probably like that also, but he is probably being forced by Gordon Samuels and the national competition policy people to include in the legislation provisions that he might not have put in at the first draft stage. I certainly would not have included them. The national competition policy is administered by the federal Treasurer and, if he took unilateral action not to support the Western Australian State Government in whatever position it took, my understanding is that he would have to make a decision. I cannot imagine the federal Treasurer making a decision about the grain industry without going to Cabinet. Although Costello appears to have made the decision about the merger in the Shell-Woodside matter, for example, I imagine Cabinet would have made half a dozen decisions about that - perhaps without a cabinet minute and maybe off the record. I bet it was discussed; and I think the situation would be similar in this case. We are not about to see federal Treasurer Costello, in charge of national competition policy legislation, suddenly overriding a State Government on what it might do and what it might pass, because all hell would break loose right across Australia. The Commonwealth has muscled us and other Governments on a few matters concerning national competition policy, but at the end of the day some compromise has been reached, and that would be so in this case. No minister should be able to make a unilateral decision, without further debate in this Parliament, on how our great grain industry will proceed.

I commend the people who have been involved in the evolution of this legislation. People such as Rob Sewell and Allan Watson, and many others, have been involved in hours and hours of debate, and in the bush lots of meetings have been held. Those people deserve tremendous congratulations for getting the legislation to this stage, and I again indicate that it has the support of the National Party.

MR B.J. GRYLLS (Merredin) [9.05 pm]: I thank the member for Stirling for his contribution to this debate. It has been invaluable to me as a newer member of this Parliament to have someone in the National Party room of the calibre and experience of the member for Stirling, and I thank him for his assistance.

Mr A.D. McRae: Hear, hear!

Mr B.J. GRYLLS: I thank the member for Riverton for his positive contribution.

The Grain Marketing Bill 2002 is very important for the National Party in Western Australia. It impacts greatly on the electorates that we represent and service, and it is particularly critical, at a time when many grain

producers are experiencing some level of difficulty, that we are debating grain legislation in this Parliament that will hopefully lead to improvements in the handling and sale of our grains and also greater premiums for farmers in the future.

This Bill allows for the transfer of ownership of the Grain Pool of WA to Co-operative Bulk Handling Ltd so that the company becomes a wholly owned subsidiary of CBH; it allows for the establishment of the Grain Licensing Authority; it allows for the grant of the main export licence to the Grain Pool; and it allows for a process to grant special export licences. The legislation will also allow for the merger of CBH and the Grain Pool to proceed. It will retain the single desk for barley, lupins and canola; it will provide flexibility to respond to changes in wheat marketing arrangements; and it will also generally support the opportunity for other companies to export prescribed grains.

Many issues need to be raised, and we look forward to a robust debate at the consideration in detail stage and in the other place, because the National Party has undertaken extensive consultation with the main stakeholder. I acknowledge the presence tonight of the key stakeholders from the Grain Pool and CBH, and some members of the farm lobby groups. It is important that the National Party dot the i's and cross the t's with these groups to make sure they are happy with this legislation.

The following is a list of issues I would like the parliamentary secretary to cover during his response to the second reading debate and at the consideration in detail stage: membership of the authority and the process for appointments; independence of the authority and the appeals process; funding for the authority; absence of performance measures for the main export licence; lack of time lines imposed on the authority for the issue of licences and on the minister for determining appeals; the reasons for cancellation of the special export licences, which are not clear; the ability to remove all prescribed grains by regulation; the minister's ability to cause the Act to expire in response to any relevant change in wheat marketing arrangements; what may be considered a significant impact on a premium; whether special export licence conditions will contain sufficient flexibility; the level of the proposed application and licence fees to be raised; whether licence holders should be able to appeal the granting of a licence; and a general weakening of the single-desk arrangements.

The status of the single-desk marketing arrangement and what will happen in the future with regard to the marketing of our grains was a key issue that I campaigned very strongly on in my by-election in November last year. I am a full supporter of the single-desk arrangement; I am certainly not a supporter of deregulation. As the member for Stirling clearly said, this is also the opinion of the vast majority of grain growers. However, some grain growers would like to see changes in this respect. I certainly respect their opinions and I am more than happy to listen to them and take on board their concerns. In my role as the member for one of the great grain-growing regions of the world, it is clear to me at this stage that there is still full support for the single desk. It is an issue on which the National Party and I will continue to campaign for vigorously in the future.

The National Party is pleased that this legislation has finally come before Parliament. We have previously advised the minister that we will do all we can to assist in the speedy passage of this legislation through Parliament, subject to the amendments that we will move. In the rush to have this legislation passed through Parliament, it must be recognised that this merger of the Grain Pool Pty Ltd and Co-operative Bulk Handling Ltd must go through by 1 November 2002. We are disappointed that debate must be rushed on such an important issue for our constituents. However, we recognise that this merger must go through by 1 November and we will support this legislation.

When this merger was put to the vote at the beginning of this year, over 80 per cent of the growers who participated in the debate supported the merger of the Grain Pool and CBH. I also put on the record the vast amount of effort that Mr Watson and Mr Sewell, the respective chairmen of the two organisations, put in to facilitate this merger. Farmers and grain growers are notorious for their ways and for reflecting back on history. Those two organisations were built by the growers from the ground up. In the efforts to move forward and tackle the issues of the new century, it was a big effort for the Grain Pool and CBH to sell the concept of this merger, and they must be recognised for the amount of the work they did and for the way they sold their story to the farmers and clearly demonstrated to everybody, in terms that were understandable, exactly why they were pursuing this merger and the benefits that they thought would accrue from it. I was lucky enough to attend several meetings, and both organisations must be commended for their efforts in making this merger a reality.

In the interest of ensuring that this legislation passes through the House in the required time frame, the National Party will move some amendments in this House and will also work closely with and seek from the parliamentary secretary a number of assurances and points of clarification to determine the course of action that the party will take in the other place. The National Party hopes to draw attention to areas of concern within the Bill and to give the parliamentary secretary the opportunity to demonstrate that this legislation can deliver on industry expectations. Once again, we confirm our support for this Bill and our willingness to make sure that it

passes through both Houses of Parliament in a speedy fashion to allow the deadline to be met. There are many positives to be gained from this Bill in allowing the merger of CBH and the Grain Pool to proceed, as was the will of the growers as demonstrated by the vote they took, which was obviously important.

The Bill also introduces new grain marketing arrangements for the Western Australia grains industry by establishing a Grain Licensing Authority, which will grant the main export licence to the Grain Pool but also provide for the grant of special export licences to other businesses. The Bill retains a single-desk marketing arrangement for barley, lupins and canola. The National Party is concerned that the single-desk status has been weakened to some degree, but it also recognises that, as the member for Stirling alluded to, the national competition policy was a factor in this. The Bill also appears to generally support the opportunity for other companies to export prescribed grain, and I know that the farming lobby groups will be happy about this particular part of the legislation. There are, however, issues on which we will need some clarification with regard to the weakening of the single-desk arrangement.

Currently, barley, lupins and canola are prescribed in the Act but only lupins and canola can be removed by ministerial order. The changes in this Bill allow all three grains to be removed by regulation, and a new grain may also be prescribed by regulation. This gives much power to the minister; and we will not be able to come back to the Parliament and seek to debate the views of the constituents whom the National Party represents. The Bill also allows the minister, by order published in the *Government Gazette*, to allow the Act to expire in response to any relevant change in the Commonwealth Government's wheat marketing arrangement. In 2004 there will be a review of the function of the single desk for the Australian Wheat Board, but our research has clearly shown that in no way is this a review of the status of the single desk. Perhaps some of the talking up of the imminent deregulation of the AWB is just talk and, in reality, the removal of the single desk is a lot further away than many people would like to believe.

The National Party will ask the parliamentary secretary to clarify why the clause enabling the minister to cause the Act to expire is required; whether the Government supports the continuation of the single-desk arrangements for barley, lupins and canola; and whether the minister has any intention of removing a prescribed grain or adding a prescribed grain in the foreseeable future. This is important, because the grains listed in this legislation are important components of the single-desk selling authority for the Grain Pool, and we will be concerned if any of these prescribed grains are removed.

The appointment process of the five persons to be appointed to the Grain Licensing Authority causes some concern to the National Party. We will be asking the minister to clarify his intention with regard to the process for appointments to this authority and to agree to consult with the key farmer groups and the National Party on suitable appointments. The composition of the membership of the Grain Licensing Authority is, as the member for Stirling alluded to, a concern. The five members are made up of two people from government, two grain producers and a person who will be the chair of the authority. The parliamentary secretary will need to provide more information on the definition of the chair that rules out the possibility of a grain grower chairing the authority. The National Party is of the view that many grain producers are highly regarded businessmen or community citizens who may be worthy of consideration for such a position. Two of the five members will be public servants and their role on the board as representatives from Treasury and the Department of Agriculture is one that we will question. Another issue is that a quorum can be formed by any three members of the authority. The National Party is concerned that with a quorum of three, two representatives from government can gain control of the authority. Therefore, we will be moving an amendment to increase the quorum to four to ensure that the growers have control of the decision making on this authority.

I turn now to the independence of the authority. Various provisions in the Bill raise a number of questions about the independence of the authority and, therefore, the licensing process. The Bill provides for the executive officer of the authority to be made available by the Department of Agriculture and that the activities of the authority are to be under the control of the Department of Agriculture for the application of the Financial Administration and Audit Act 1985. The Bill also provides that the minister responsible for the Department of Agriculture is to consider all appeals and that a representative from the Department of Agriculture is to sit on the authority. If there is a view that the authority will be independent, this is certainly not clearly provided for in the Bill. National Party members have reservations about the ability of the authority to operate independently in the licensing process and will certainly seek clarification from the parliamentary secretary in this House and from the minister in the other place. The funding for the authority was covered fairly extensively by the member for Stirling, so I will flick over that issue to speed the debate along.

I now turn to the functions of the authority and the performance monitoring. The National Party seeks the parliamentary secretary's view about whether he deems this function to include a monitoring of the main export

licence holder's performance. There is some debate as to whether this is provided for in the Bill and whether it should be included.

Another issue is the granting of special licences for premiums. One of the decisions that the exports authority must make before deciding to grant a special export licence is the price at which the main export licence holder's grain incorporates a premium resulting from the exercise by the authority of its market power. In the party room, National Party members expressed the view that the ability to effectively define what constitutes a premium will be critical to the way in which the legislation is interpreted and, therefore, to the ability to grant a special export licence. Another subjective assessment is whether a premium held by the main export licence holder would be significantly affected by a special licence. We ask the parliamentary secretary to clarify the meaning of a premium and how it will be calculated. We would also like to know what will be considered a significant impact on the premium. We have placed on record our support for the single-desk special export licences - which, to some degree, will start to erode. Before the legislation is passed by Parliament, we must be sure that the requirements for granting the special licences are clearly outlined in the debate.

[Leave granted for the member's time to be extended.]

Mr B.J. GRYLLS: Tonight, the Pastoralists and Graziers Association of WA is represented in the public gallery by some of its members. I thank the association for its efforts in providing a point of view on the legislation and for taking the time to come to Parliament late at night to view the passage of the legislation. The Pastoralists and Graziers Association has expressed concern that sufficient flexibility be retained with the special export licence conditions, so that the holder can respond quickly to any changed market conditions. We seek the parliamentary secretary's assurance that the system will provide the required flexibility. We also want the Government to consult with the PGA on the drafting of any amendments or guidelines.

No time lines have been imposed on the authority in its handling of the application process. Given the need to secure markets and to deliver on time, the authority should be required to adhere to a time line as far as is practical. The National Party will propose an amendment that will impose a 30-day time frame on the assessment of applications and the provision of additional information. The National Party will also put forward an amendment to ensure that the reasons for licence cancellations be clearly provided in the notice.

I turn now to the appeals function. All appeals will be determined by the minister. The chief executive officer of the Department of Agriculture will provide staff and resources to the authority. The CEO of the Department of Agriculture is to be the accountable officer for the authority under the Financial Administration and Audit Act, and the Department of Agriculture is represented on the authority. The Bill is worded in such a way that the main export licence holder, or any other licence holder, cannot appeal the granting of a licence. A case has been put by the other peak farming body, the Western Australian Farmers Federation, that this clause should be amended to permit the main export licence holder to appeal the decision of the authority to grant special export licences. We would like to hear the parliamentary secretary's views on this matter. No time frame has been put on the appeals process, and we hope that the minister could reach a decision on any appeal as soon as possible, but no later than 30 days after the appeal was lodged.

I turn to the review of the Act, and I will outline the National Party's big picture view. Although a number of amendments will be moved, the predominant approach that the National Party will take in the debate is one of clarification. The clarification of a few issues will help us frame our response in the upper House. We have adopted this approach because of the need to deal with this legislation as expeditiously as possible. We have registered our concern that the Bill was meant to be presented to Parliament before the winter break. That did not occur, and, as a result, the Bill has been declared urgent. Certainly, given the magnitude of the changes that are being proposed, we had hoped to have more time to take this legislation out to the farming groups. Indeed, I recognise the Leibe group, the Mingenew Irwin group and the Facey group at Wickepin. Many groups of young farmers have been formed and they are undertaking some innovative measures in not only the grains industry but also the whole Western Australian agriculture industry. It would have been of real benefit to not only the National Party but also the Government to allow such groups an opportunity to go through the legislation and to help us to frame a response. The Bill was not presented before the winter break and, as such, the time line has been hampered because of the need for the merger to go through before 1 November. However, the National Party will consult with the farming groups about the legislation even though it will not have a chance to represent their concerns in the debate. In an endeavour to achieve good government, that is an issue that we must address in the future. An issue such as this may not be viewed as super-important by some metropolitan members; however, to country members of Parliament this is a crucial issue, and it would have been nice to have been given the extra time to discuss the legislation with the people we represent.

In conclusion, the Bill is relatively simple, but it needs the full force of the Parliament to investigate it, because the changes that we make today will affect the future of farmers. My family is a farming family; we grow crops,

we sell our crops to the Grain Pool and we store our grain with CBH. It is very important that we are given the fullest opportunity to go through the legislation to ensure that the Bill that is presented to the Governor fully reflects and represents the views of the people it affects. As I said, National Party members look forward to the consideration in detail stage of the Bill and to taking the debate further. We hope to arrive at a good, solid piece of legislation that will take these great organisations that have been the lifeblood of all our country towns well into the future.

MR M.W. TRENORDEN (Avon - Leader of the National Party) [9.29 pm]: This Bill provides for the transfer of ownership of the Grain Pool of WA to Co-operative Bulk Handling Ltd so that the company becomes a wholly owned subsidiary of CBH, establishes the Grain Licensing Authority and grants the main export licence to the Grain Pool. The processes to grant special licences are outlined in the Bill. I was interested to hear the lead opposition speaker say that the Minister for Agriculture supports the single-desk system. That could not be recognised by reading the Bill. The Bill does not do that. I have concerns about the Bill. If the rural community had more time to deal with this Bill, there would be a different outcome. I am sure amendments would be forthcoming. As the member for Stirling said, most people in rural and regional Western Australia will become aware of the details of this Bill only after it is passed. That is quite disappointing. The Bill presumes a few things that should not be presumed.

This Bill is the lifeline of the wheatbelt constituencies; it is a major issue in the central wheatbelt. A decade ago, I used to attend meetings when the total canola pool was only a few thousand tonnes. We used to debate how Meadow Lea Foods in Bunbury could get enough access to canola to meet the needs of the Western Australian market Those days have long gone and the industry has rocketed in recent years. It is a pleasure to drive through regional and rural Western Australia and see the yellow canola fields and how it has changed the opportunities for farmers and broadened their financial options.

I will address a range of issues, but I will not deal with the issues addressed by the members for Stirling and Merredin. After a decade of hard-contested positions, the Australian Wheat Board has a new operating structure. Because of the change in the economic climate, it is necessary for the Grain Pool and CBH to amalgamate. There is no question of that. I attended many of the meetings and debates that led to this. It should not be forgotten that it took several attempts for this amalgamation to occur; it is not something that has simply sprung up. Part of the debate revolved around the history of the Australian Wheat Board. The experience of the AWB definitely influenced people in the voting process for this amalgamation. Approximately 85 per cent of growers support this amalgamation. The sad thing is that this Bill does not support that motion. It only partly supports the 85 per cent of growers.

This Bill affects the assets of thousands of people. The Grain Pool and CBH have been in place for decades. The industry paid for those two bodies, as it has paid for the AWB. There is concern about the interaction of the AWB and the Grain Licensing Authority. People are worried about competition between the two bodies. They are concerned that the competition will be paid for by industry growers. The AWB needs to consider that, because of potential losses to the Australian farming industry, not necessarily to the AWB or the Grain Licensing Authority.

The strong vote that has created this situation should be better represented. My view is that we should give the Grain Licensing Authority two years to consolidate its operating position before we talk about new positions in the industry. The fact is that the Grain Pool and CBH have been two separate entities for a long time. They have a definite synergy and will become a strong single entity, but they need time to establish themselves in this brave new world. Any new entity will have difficulty in bedding itself down and getting on with business.

Many accolades have been given to the two chairpersons sitting in the Speaker's gallery. I will add to that by saying that the two chief executive officers of the Grain Pool and CBH have put in an outstanding performance. I was impressed with the efforts during the amalgamation work. They have served both organisations well.

Before I sit down I will deal with further matters. It is an absolute nonsense to have a person from the Treasury on the board of the Grain Licensing Authority. The Grain Licensing Authority is a statutory authority of this Parliament. It will be manned by public servants and will be overseen by a minister. It will be resourced by the Department of Agriculture. It will hardly be an independent authority! We need to be aware that the authority will be part of government. Why should a person from the Treasury be on the board when it is subject to immense influence from the Department of Agriculture? There is no reason for it other than the argument about national competition. The member for Stirling put that argument quite well. If we amend this Bill, there is no chance that we will lose $70 million because of the National Competition Council. We are now on the periphery of national competition policy; it has been there a long time. All the core issues of national competition policy have been dealt with: roads, ports, airports and railways. It is an absolute nonsense to say that the federal Government would penalise the State for not having a representative of the Treasury on the board. Can anyone

name one thing that a person from the Treasury will bring to the board? It cannot be done; there is nothing. The only reason such a person is there is to satisfy the National Competition Council. That is not a good enough reason to do it. The Grain Licensing Authority will be fully accountable under the Financial Administration and Audit Act. It will be subject to reporting to the Auditor General. There is no logical reason that a person from the Treasury should be on the board. If a person from the Treasury were appointed, I suggest he would be the person who lost the office raffle. The board would not get an individual who had something to contribute. No-one can name anything that a person from the Treasury could bring to the board. It is not an issue.

The debates about the single desk always amuse me. I remind myself and a few other people from time to time that when we sell our coal to China and Japan and our iron ore to Japan, we sell it to a single board. That happens because it suits those entities to do so. I might be a bit thick, but there is a message there somewhere. The Chinese and the Japanese have done so for many years. If they do it, it might just have an advantage.

Mr F.M. Logan interjected.

Mr M.W. TRENORDEN: There is a difficulty there.

Mr F.M. Logan interjected.

Mr M.W. TRENORDEN: I can understand why they would. The difference is that a number of privately listed companies sell the coal. Nevertheless, when I hear the major exporters of iron ore in this State say that they are given the run-around and must compete against each other when they apply to sell iron ore to Japan, I can understand why there is a single desk.

A strong export industry in my area is based around hay. Four hay exporters are located in my electorate, and another three operators in Northam and York trade strongly overseas in chaff and occasionally coarse grains. The value-adding side of the industry is very strong in my electorate. It was valued at some $20 million more than a decade ago, so I presume it is more than double that now. It is not as though the current system has not enabled businesses to develop.

I am not sure about the future. I will not tell people that I have a crystal ball and can predict what will happen. However, I thought that after the strong vote on this amalgamation, the first consideration of this House would have been to give the new entity two years in which to establish itself. I do not argue that it should be given forever. However, two years is not a long time to allow the entity to establish itself. We know there will be no deregulation of the wheat industry within two years. It would have been logical to allow these two new bodies - the old Grain Pool of Western Australia and the old Co-operative Bulk Handling Ltd - time to become one entity, consolidate itself, secure the assets that have been built up in this State over many decades, and put itself in a strong competitive position for private enterprise. However, that is not what this Bill is about. As I said earlier, we are here to debate not the private entity but the statutory authority. I was surprised to hear that some people think the Grain Licensing Authority will be an independent body. It will not. It will be dominated by the Department of Agriculture. The minister of the day will get his advice from that department, and that is from where the new entity, the Grain Licensing Authority, will receive its resources. It will need to raise some half a million dollars to do that. I can only assume that will come out of the consolidated fund, and it will be interesting to see whether it will.

Debate adjourned, on motion by Mr J.C. Kobelke (Leader of the House).