GRAIN MARKETING BILL 2002

Consideration in Detail

Clause 1 put and passed.

Clause 2: Commencement -

Mr M.G. HOUSE: I ask the parliamentary secretary to explain this clause, which deals with the proclamation of the legislation. I ask him to bear in mind that we are working on a tight time frame and that an election of members of the new authority is taking place in Western Australia. Will the parliamentary secretary indicate to the House what he expects to happen to the time frame when the legislation has passed through the other place? Does he understand the urgency in getting the legislation to the Governor? Are there any other steps that must occur in the procedural arrangements between the current Grain Pool of WA and Co-operative Bulk Handling Ltd, apart from the election of that board and the passage of the Bill through the Parliament? In other words, assets must be transferred and the old boards that are in place must be shed. Is there an added time frame outside the legislative process that we might not be aware of; and if so, how long will it take?

Mr F.M. LOGAN: Apart from the time frames stipulated by the parliamentary process - that is, completion of debate on the Bill in the upper House and its passage to the Governor - there should be no delay to the time frame, apart from any other administrative arrangements that must take place between CBH and the Grain Pool. As far as allowing the Bill to work administratively is concerned, I am advised that there are no other issues with a time frame that would cause an impediment to the implementation of the Bill.

Mr M.G. HOUSE: That is fascinating. I do not wish to cause a problem with the Bill; in fact, I am very supportive of the legislation getting through the Parliament quickly. Harvest is about to start in the northern part of the State in the next three to four weeks and therefore a time frame is involved there. However, the Grain Pool has outstanding debts to growers for pool payments and there must be a process in place to take care of that. I want to ensure that those payments are secure because we are doing away with the current Grain Pool. If the parliamentary secretary wants to take advice from his advisers, I urge him to do so. I genuinely want an answer because I am concerned about the assets of grain growers. I want to be certain that no legal problem will arise in the transfer or continuation of those pool payments and that any other assets or liabilities of either of the organisations do not fall into limbo land because we have not thought about something in the legislative process.

Mr F.M. LOGAN: I am advised that the liabilities will be taken over and administered under the authority of Grain Pool Pty Ltd. Schedule 1 of the Grain Marketing Bill deals with the transitional and savings provisions, and clause 4 of schedule 1 deals with the devolution of assets and liabilities.

Clause put and passed.

Clause 3: Meaning of terms used in this Act -

Mr R.N. SWEETMAN: I move -

> Page 3, line 12 - To delete "or rapeseed".

I foreshadowed this amendment in the second reading debate last night. There appears to be a groundswell of support for the deprescribing of canola. The minister has the power to deprescribe lupins and canola. Perhaps this amendment is a little vague in that it does not state how to make the deletion if the amendment is carried. However, recognising that the minister has the power to deprescribe, that is why I propose that the words be deleted. The time for that grain to be deprescribed should be when special export licences can be applied for; in other words, not in time for this coming harvest. Basically, the industry would have 12 months to continue in the prescribed category; however, it is appropriate that prescribed "grains" be barley and lupins from the date that special export licences can be applied for. There is the rationale for suggesting that this commodity be deprescribed. The general view is that the Grain Pool has not provided a premium for it over the years, and in some years the pool has provided lower prices than prevailing cash prices. I understand there is a variety of reasons for that: the system limits forward pricing and risk management opportunities and the WA canola prices have consistently lagged behind east coast prices in the past four to five years. That does not stop GPPL from offering services to growers for canola; it simply opens up opportunities for competition and for innovative growers to place products into other markets to get a premium in addition to current cash prices or the pool price.

There has been some real discontent about the unavailability of a cash price. I have also spoken to people from the Grain Pool of Western Australia, and canola seems to be a difficult commodity for them to deal with. The Winnipeg futures market is a fairly illiquid market, completely unlike the Chicago futures market, particularly for bulk grains. It would seem appropriate at this time to say that the deprescribing of canola would provide some benefits to canola producers and perhaps create opportunities for greater acreages of canola to be planted

subsequent to this deprescribing. I would be interested to hear what the response of the minister was to my amendment.

Mr M.G. HOUSE: Last night in the second reading debate the Liberal Party spokesperson indicated that he was in favour of deregulation. Here we have the first example of how a Liberal Party-dominated Government would deal with the grain industry. Before this Bill has even passed the Parliament and had a chance to operate, the Liberal Party is seeking to diminish the legislation. Eighty-five per cent of grain growers support the legislation, yet the Liberal Party is seeking to diminish it and take away the right to prescribe rapeseed - or canola as we commonly know it. This clearly indicates that the Liberal Party would, if it had the opportunity, deregulate the grain industry. In fact, the Liberal Party cannot deny it, because it is seeking to deregulate canola as a prescribed grain before the legislation has even had a chance to be tested. I am amazed.

I signal clearly that the National Party will oppose this amendment for very good reasons, most of which were outlined in debate last night. Specifically, this industry has had a series of meetings and a lot of debate over a number of years. It has come to a conclusion that is supported by at least 85 per cent of its industry participants - and the Liberal Party wants to oppose it. What clearer indication could rural Western Australia have when they listen to this debate and see these words on the public record that the Liberal Party - certainly in regard to the grain industry - does not have their best interests at heart. I am amazed that the Liberal Party could even think of moving this amendment. I presume that there has been some authority given by the Liberal's party room to do it. It is absolutely amazing, after the debate last night and the agreement, that the Liberal Party should even contemplate such an amendment.

The National Party does not support the amendment moved by the Liberal Party and supports totally the provision in the Bill giving the minister the ability to prescribe the three grains, because that is what the industry wants.

Mr F.M. LOGAN: The Government opposes the amendment moved by the member for Ningaloo, probably as forcefully as the member for Stirling and for the same reasons. The member for Ningaloo referred to this last night in the second reading debate. The member talked about the industry and deprescribing rapeseed because of the possibility of obtaining higher prices for it. He queried why growers should be restricted to a single selling desk, which might limit the capacity of individual growers or a group of growers to get a higher price for their canola grain. The member for Ningaloo seems to forget that prices change pretty rapidly. Although the member may not specifically have used the example, the growers he has been talking to probably referred to the situation in Victoria where, as a result of the deregulated market, farmers are getting a higher price for their canola and barley. However, that higher price is caused by the domestic demand that exists in Victoria between March and October. In Western Australia, the market is predominantly export oriented, whereas in Victoria it is domestic. Western Australian growers have no likelihood of getting those higher prices from the export markets. The only way for growers to obtain a realistic price overseas for their canola in a proper and structured way is through a single selling desk and, as is proposed here, prescribing those grains. The member cannot compare the higher prices in Victoria with the situation in Western Australia. The member should consider the advice he has been given a little more carefully.

I can assure the member for Stirling and other members that it is the minister's intention not to prescribe or deprescribe any grains other than those referred to in the Bill. Concerns were expressed about the exercise of the powers by a future minister in deprescribing grains. I refer members to clause 44, which deals with the issue of regulations; in particular, subclause (3), which indicates that a regulation that prescribes grain will not come into effect until at least six months after the day the regulation is published in the *Government Gazette*. A future minister would be required to discuss with industry his intention to deprescribe the grain. The minister would then have to create a regulation to that effect. I am sure it will be discussed in this Chamber, particularly if the growers are represented by a political party. If the regulation is passed, there is a six-month period before it comes into effect. The concerns that have been raised, particularly by the National Party, over the effect of a future minister deprescribing a particular grain should be allayed because clause 44 of the Bill contains checks and balances.

The member for Stirling made the point that 85 per cent of growers wanted this legislation and to continue to have those grains prescribed and sold through a single selling desk. To do anything else would be going back on an industry decision and betraying the trust of those growers. The Government opposes the amendment.

Mr B.J. GRYLLS: I voice my total opposition to the amendment moved by the member for Ningaloo. The legislation allows for a special export licence to be granted, which would be a far better way of pursuing the end result that the member for Ningaloo is trying to achieve than by deprescribing canola. I place on the record for my constituents in the electorate of Merredin that I am totally opposed to this amendment.

Mr M.W. TRENORDEN: The National Party will be seeking in a later part of the Bill to give some leeway in the granting of licences. One reason for that is that we are forward selling the current crop. The second reason is that there is no crop anywhere in the world. The crops in Canada, the USA and all of Australia are in trouble. All the prescribed grains covered by the old Grain Pool, and now the new entity, will be undersubscribed. Therefore, those markets that already exist will take all the current crop, which is the two-year projection. It would be a foolish act to deregulate canola in this Bill. Another point is that it would be playing with the assets of a new entity. We want to give the new entity some time to bed itself down and to operate before any actions are taken. Therefore, to take action from day one that will impact on the core operations of what was the Grain Pool of WA, which will be added to the new entity, is likely to cause a loss of funds for the new entity, which is obviously owned by the producers.

Mr R.N. SWEETMAN: I want to respond to a couple of matters. One concerns the parliamentary secretary's response about the differences between the east and west coasts. I spelt those out in some detail last night in the second reading debate. Of course, it depends whether one wants to argue whether the export price is propping up the domestic price or the domestic price is propping up the export price, because about 50 per cent of all the canola produced on the east coast goes to export. The east coast has significant crushing capacity and a significant domestic market. That is certainly to the advantage of the east coast growers. However, when we compare apples with apples, we are concerned with the product delivered to the port for export. The growers in Western Australia are still getting a discount compared with the returns to the growers in the eastern States. All the growers have recognised that, but are not particularly accepting of it. Therefore, they simply want the chance to do their own thing with their grain. If this amendment is not carried, there will be a flood of applications for special export licences, particularly from the canola growers, who will be trying to export their own product into their own markets - markets that they believe they can access relatively easily and get a better price than they can get currently. Not much of a cash price is available at the moment, and the price is not high, so they are tipping into the pool and taking the pool price. They do not think they can get a premium by doing that.

I know the argument being put by the Grain Pool of WA is that it does not want to become a receiver of last resort. That is a cop-out. The Grain Pool will still exist and offer a service. It will not necessarily be a receiver of last resort. If a grower still chooses to put his grain into the pool or take the Grain Pool's cash price, that does not necessarily mean that something is wrong with that product or that it is inferior. There are safeguards in relation to the quality of grain supplied. If it is not up to the mark, the Grain Pool does not have to receive it. However, if it is within certain specifications, the Grain Pool must receive it, handle it and sell it. I do not know what the problem is. There will simply be some competition, and I do not think that that is necessarily damaging.

I will also deal with the fact that my National Party colleagues are suggesting that 85 per cent of the growers voted for these prescribed grains. They voted for a model. They voted against the corporatisation of Co-operative Bulk Handling Ltd and, instead, opted for the cooperative model. Some significant time lapsed between those two votes. They did not vote for the prescription of these various grains as part of the vote. It is stretching the imagination to say that 85 per cent of the industry voted for prescribing these three grains. The growers simply voted for a model to enable this merger to take place. I certainly want that on the record, and I also want my position on deregulation recorded. I see it as inevitable. If I had the power, I would not rush out tomorrow and deregulate recklessly. It will take some time. The Australian Wheat Board single desk will be reviewed in 2004. We need to be conditioning people to expect that that single desk is unlikely to be renewed beyond that date. To suggest that the single desk is likely to exist after that time, or until 2010, is like Hugh Beggs jumping up and telling all the woolgrowers, six months before the floor price disappeared from under wool, that the growers had nothing to fear, that the outlook for wool never looked better and that the floor price would be there forever. Six months later it was gone. Many of those growers should have been able to sue the hell out of people like Hugh Beggs, because many of them invested on his recommendation to the industry.

While I am dealing with the issue of prescribing, I should say that if this regulation and prescription are so good, why do we not try to do something with our stock - our sheep and cattle? I am sure that Robbie Bogel, a mutual friend of the parliamentary secretary and me, would be impressed if we tried to do that with him. He is probably growing cattle instead of wheat because fewer restrictions and less regulation apply to that industry.

Mr M.G. HOUSE: I am dismayed that anybody who knows anything about the grain industry could come into this Parliament and attempt to undermine the position of the Australian Wheat Board, the Grain Pool or Co-operative Bulk Handling. It is an absolute nonsense to publicly suggest that it is inevitable that the wheat industry will be deregulated. That will depend on the people involved in the industry, on a lot of debate and on Parliaments, such as this Parliament and the federal Parliament. I for one, as a representative of wheat growers and a wheat grower myself, would not seek to undermine the position of wheat growers and that vast majority of

growers who believe and understand that ordinary marketing is of some benefit to them. It is not for me to do that, and I am not about to do it. I am about to support them.

A careful reading and an understanding of this legislation show that the checks and balances are built into it in the ability of the authority to issue special licences if somebody - anybody - can indicate that a premium is to be gained in the market. To start to undermine the Grain Pool, the Australian Wheat Board or anybody else who is trying to maximise returns to growers - because those boards are dominated by growers who understand both ends of the industry - is a nonsense, and I am dismayed that it should happen. In addition, I believe that it would have been better if the legislation had spelt out the prescribed grains; that is, barley, lupins and canola, which the previous legislation did with regard to barley and lupins. If those words had been included in the legislation, I would have been much more pleased to leave it to the minister. I am dismayed to think that a Government in the future could have a minister who might deprescribe those grains because he thinks something might happen in the future. I can assure the House that it is damning news to the grain industry, and it is the sort of news that it will not want to hear or accept. The grain industry will not understand it. It will not understand that members of Parliament are seeking to undermine people in the grain industry, their markets and their position by suggesting that other people might come into the market and do something that they are not doing now. I believe they have been doing an excellent job.

Both the Australian Wheat Board and the Grain Pool have done a very good job of marketing our product over a long time, and they have implemented new measures. For example, some years ago the Grain Pool introduced the ability to forward sell product when people wanted to maximise their price and to lock in a price at a certain time. That was a step forward. As I have already said, the new authority, operating under this new legislation, will have the ability to issue special licences under certain circumstances when it can be proved that a premium can be created or when there is an ability to add value to the product. That will mean that the authority must think laterally about how it markets that product and what it does. That is a step forward, and I strongly support the retention of barley, lupins and rapeseed - or canola, as it is more commonly known - being included in the legislation. Failing that, I do not support this amendment, and I want those words to stay in the legislation.

Mr F.M. LOGAN: At the moment I feel a bit like Henry Kissinger keeping the parties apart and trying to find the middle ground.

Mr M.W. Trenorden: You are about the same age as Henry Kissinger.

Mr F.M. LOGAN: However, I do not think Henry Kissinger would be wearing a coat like mine. It is good for the Parliament to see the ideological divide between the opposition parties - the free marketeers from the Liberal Party and the agrarian socialists from the National Party. We have not had this sort of debate in this place for many years. It is good to have this debate in the Chamber and for it to be open to public scrutiny.

I once again point out to the member for Ningaloo, who moved this amendment, that 85 per cent of growers voted for the continuation of an entity that involved a single selling desk. The Department of Agriculture followed up that finding with investigations of its own, which showed that there was no call whatsoever from growers for the deprescribing of canola. I do not know to whom the member has spoken on this issue. The Government remains opposed to it, and does not support the amendment put forward by the member for Ningaloo.

Amendment put and a division taken.

Points of Order

Mr J.L. BRADSHAW: I distinctly heard the parliamentary secretary vote yes on the voices. I ask for a ruling on what takes place in such circumstances?

Mr J.H.D. DAY: I support the point of order raised by the member for Murray-Wellington. I saw the parliamentary secretary vote yes when the vote was taken on the voices. In addition, judging on the volume of those who voted yes at the time, I am sure that many other government members also voted yes on the voices. I clearly saw the parliamentary secretary vote yes, so I ask for your ruling, Madam Deputy Speaker, on whether he should be on this side of the House for the division.

The DEPUTY SPEAKER: There is no point of order. I will clarify this point. First, I did not hear which way the parliamentary secretary voted, so I am not in a position to make a judgment call on that; I can rely only on the member. My understanding is that under the standing orders, a member who disagrees with a result must abide by that call when a division is called. I cannot provide a judgment on this matter because I did not hear the parliamentary secretary vote one way or the other. The point of order is therefore not relevant.

Mr M.J. BIRNEY: Madam Deputy Speaker -

The DEPUTY SPEAKER: Unless the member for Kalgoorlie has a new point of order, it is not appropriate for him to canvass the ruling of the Deputy Speaker.

Mr M.J. BIRNEY: I seek some further clarification. There is clearly some confusion about whether the parliamentary secretary voted in the affirmative or the negative. Perhaps we could ask him to clarify his position.

The DEPUTY SPEAKER: There is no point of order.

Mr F.M. Logan interjected.

The DEPUTY SPEAKER: It is inappropriate for the member for Cockburn to interject across the Chamber, particularly when I am speaking!

Debate Resumed

The result of the division was as follows -

Ayes (17)

Mr C.J. Barnett	Mrs C.L. Edwardes	Mr B.K. Masters	Dr J.M. Woollard
Mr M.J. Birney	Mr J.P.D. Edwards	Mr P.D. Omodei	Mr J.L. Bradshaw *(Teller)*
Mr M.F. Board	Ms K. Hodson-Thomas	Mr P.G. Pendal	
Dr E. Constable	Mr R.F. Johnson	Mr R.N. Sweetman	
Mr J.H.D. Day	Mr A.D. Marshall	Ms S.E. Walker	

Noes (30)

Mr P.W. Andrews	Mr M.G. House	Ms S.M. McHale	Mr D.A. Templeman
Mr J.J.M. Bowler	Mr J.N. Hyde	Mr A.D. McRae	Mr M.W. Trenorden
Mr C.M. Brown	Mr J.C. Kobelke	Mr N.R. Marlborough	Mr T.K. Waldron
Mr A.J. Dean	Mr R.C. Kucera	Mrs C.A. Martin	Mr P.B. Watson
Mr J.B. D'Orazio	Mr F.M. Logan	Mr M.P. Murray	Mr M.P. Whitely
Dr J.M. Edwards	Ms A.J. MacTiernan	Mr A.P. O'Gorman	Ms M.M. Quirk *(Teller)*
Mr B.J. Grylls	Mr J.A. McGinty	Mr J.R. Quigley	
Mr S.R. Hill	Mr M. McGowan	Mr E.S. Ripper	

Pairs

Mr R.A. Ainsworth	Dr G.I. Gallop
Mr W.J. McNee	Mrs M.H. Roberts
Mr D.F. Barron-Sullivan	Mr A.J. Carpenter

Amendment thus negatived.

Debate interrupted, pursuant to standing orders.