



PARLIAMENT OF WESTERN AUSTRALIA

VALEDICTORY SPEECH



HON PHILIP GARDINER, MLC
(Member for Agricultural Region)

Legislative Council

Tuesday, 14 May 2013

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ADDRESS-IN-REPLY

Motion

HON PHILIP GARDINER (Agricultural) [7.30 pm]: I am privileged to stand to speak in reply to the Address-in-Reply. In doing so, I thank each of you for joining me in the chamber tonight. I do not expect you all to stay, but thank you for being here at the beginning. I would like to cover a few things over the four years in which I have been involved in this chamber. I will talk a little bit about the quality of the experience, I will talk about the political aspirations with which I came, and I will go through some of the things I talked about in my inaugural address. I will talk about the work we did on the estimates committee, and then refer to Max, who, unfortunately, is not here, because he says that he has gone beyond that now. But I would like to refer to some of the things that Max has done. I will talk a little bit about agriculture—in fact, that is probably going to be the main part of the substance of what I will say tonight—and then talk about the suitability of a career in politics and what it requires, some of the good things and maybe the unattractive things, some improvements to the system and conclusion. That is why I am not suggesting that you need to stay the whole way.

Four years of being in this chamber is really what I feel is a service to the people in our electorates, which we all do. Having been removed from it, you suddenly realise that it is just like a large family, and every member is really a part of your family. The pressure that was released upon not being re-elected was actually quite huge. It is a privilege to serve the people in that regard, because one takes it on personally, considers it and tries to act in the best interests. In the course of the four years, I have endeavoured to cover issues without any sense of prejudice, without any sense of agenda or without any sense of power ambition. I think I can live with myself for achieving that basic start. But it is about trying to add more quality to our system if we can so that we try to get the best outcomes we possibly can, which is something towards which I have worked. In the political system, it should not be all about doing things so that we can get a job as part of the system. That is one of the things that has always concerned me.

It is an adversarial system, as is our court system. It is really our business. We talk about competition to get the best results. It is all adversarial, yet, really, often the best conclusions come around when we work with our so-called adversary rather than always trying to fight. I have found that when I have done that and when I have been involved with others in doing that, the quality of the outcomes is always better, especially from me, because I always find what I think can be improved.

In politics there is an issue of loyalty. I have always felt that I am loyal, but I am never blindly loyal, and that is the difference. It is when blind loyalty takes over that the whole system falls to a reduced level, because we do not get the fresh ideas, the fresh exchange and the contest of ideas so that we can pull out the best solution. It is something I have believed in all my life: blind loyalty is a failing, not a quality.

Over the course of the four years—I did count them up, I am afraid—I have delivered 115 speeches across a wide range, be it estimates and revenue and expenditure, water catchments, environment and conservation issues, Loan Bills, genetically modified crops et cetera or criminal law amendments for out-of-control gatherings, rail freight and so on. But all that speaking in the house here really does is put it on record, and the record does not necessarily get enactment; in fact, it probably has a marginal contribution towards getting enactment. So, maybe in the four years I have wasted a lot of time feeling the desire to just address the issue to try to see whether we can make a contribution towards it—it was not to try to get any sense of kudos or anything like that—but I am not sure that it achieved a great deal, I am afraid.

Over those four years, when we have achieved things, it has been with two of my staff—that is all I have—who are just outstanding and who have contributed in an enormous way to assist me to address the various issues that came through our door. As we know, whatever comes through our door is the agenda—that is the business—and we address it. But without those two close colleagues and friends who have worked with me on these issues, we would never have achieved what I think was quite a significant achievement in the four years that I have been here. It has been from tier 3 rail to finding a contract in the library that people, either in government or in the private sector, could not find, until Brian Christie, my research officer, found it. This document was meant to have been made in 1966, but it was not in the folder with the 1966 documents; it was in the folder when it finally got to 1969, I think it was. But no-one else could find it. So, forensically, that is exciting, and I found that to be exciting, because that helped us to bring something to the table—not that it was appreciated; it certainly was not appreciated, because the minister to whom I talked about it said, “The government is not going to honour this contract”, when it was a contract that was signed, stamped and everything else, but I will come to that later.

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Phil Bellamy, my electorate officer, worked on a whole host of issues whereby I could delegate him to do a lot of the things that I did not make the time to do. He was able to address them in a way that gave him scope to do so and was consistent with the values which I had and which got results—not all the results we might have achieved. One of them was about the land clearing issue. He took on case study after case study—I think about 10 of them—to try to demonstrate to the Department of Environment and Conservation that we could deal with a land clearing conflict between DEC and the farmer, who should have the same agenda and the same outlook, and they do, but there was a massive conflict because of the way that had been dealt with historically. He got conclusions that had hitherto not been reached. Upon leaving, we have those conclusions, and I hope others will be able to take advantage of what has been achieved from that.

The political aspirations I came with were zero. I came into politics in only 2007 when I was in a contest against Wilson Tuckey for the seat of O'Connor in the federal election. That was because I was angry about a number of the issues that Mr Howard had in the federal Parliament, and that included the climate change issue and the national broadband network—I have forgotten what they were now, but I was angry enough to put eight months into campaigning against Tuckey, with the help of some of my former National Party colleagues. But we failed, even though we got the biggest positive swing in an election that Labor won. As a conservative party we got, I think, the biggest or second-biggest swing. That was interesting. I then went back farming until Brendon Grylls said, “Look, we’re looking for someone to stand second on the parliamentary ticket for the upper house. Would you mind standing just in case we get the balance of power”, not thinking that that would ever happen. I therefore did a bit of work for the state election in 2008, but it was really carried by that great advertising campaign the Nationals had of 11 and 48—11 candidates for the lower house in regional areas and 48 in the city. In my view, that was the key component which took the Nationals up. It was then complemented and supported by the idea of the royalties for regions scheme. Royalties for regions was not a fresh idea. I have since learnt that someone wrote a letter to *The West Australian*, who worked in Max Trenorden’s office, said that the royalties for regions idea was about at the time Max Trenorden was around. It is therefore not a new idea, but the timing was right for it. If anyone wants to dispute that, they can talk to me later. Really, I had no particular aspiration; I never have in any job I have had. Whatever has happened has just happened. This was just a measure of the quality of the work.

In my inaugural address I talked about a number of issues. One was about the importance of this chamber as a house of review. I must say that under the leadership of Hon Norman Moore I felt that this was a genuine house of review, as much as we could have it in an adversarial way. I took that feeling even more into the committee stage. I was grateful to be appointed to the Standing Committee on Estimates and Financial Operations, which I felt was a committee established, like all committees, to hold the executive accountable. I did not care whether it was Liberal, Labor, Greens or whatever it might be; I felt that was our task. I felt that it was not our task to defend ministers or to be rude or critical of them for the sake of the politics. That was not the point. The point was just to make sure that the best ideas got up and the best solutions could be carried out, as far as one could do that in a committee sense. I was also fortunate on that committee to have an outstanding chair in Hon Giz Watson and some good members. Hon Ken Travers and Hon Ljiljana Ravlich were forensic in the way they sought answers to questions. Hon Liz Behjat came in and asked a crucial question about Ashton Foley’s résumé. When she asked that question, no-one responded, except for me. The hairs on the back of my neck stood up because it was so complete and thorough and I thought: is this for real? Nonetheless, one should never lose the point of that inquiry, which I will also come back to later.

One of the other points of my inaugural speech was the social infrastructure issue. I was of a very strong view on that because of a personal experience I had when doorknocking in Geraldton. Geraldton has deep social issues; I noted that even when I was doorknocking there at this last election. A suburb called Spalding has a road off which there are a couple of other roads. I was told not to go down there because it was too dangerous. That is just the thing; I needed to go down there, so I went down there. In that road there were Aboriginals with no sense of direction. It was a very sad place for anyone to live, except that down at the far end there was a house with a good, tidy garden. I knocked on the door and introduced myself to the occupants. We talked a little and the husband said, “There are drugs down the road” and he pointed to where the drugs were. Then his wife said, “Look, how about housing?” Continuing, she said, “Our house value has dropped from about \$350 000 to about \$270 000 over two or three years, mainly because the housing commission owns just about every other house in this little precinct.” In that little precinct there was total dysfunction. I therefore thought: why should it be that the housing commission should be causing the depreciation in value of someone’s private home by their own actions? I therefore met people at the housing commission and had a couple of goes talking to them, but they said, “No, this really is for the City of Geraldton.” I went to the City of Geraldton and spoke to people there. They were pretty keen to hear about it. They knew broadly about the status of it, so I wrote a letter to the City of Geraldton. The trouble is the reply came back from the CEO, though I spoke to him by telephone later, trying to find ways of not attacking it directly, and he suggested I get the people to write to make a case for why it is so bad. I have not been able to do that yet. It is just that the difficulty in all of that is we have to have that perseverance to keep on going to get a solution, no matter how easy it is for anyone to lift a telephone and talk. I can blame myself for not making that final telephone call, but it is just that social dysfunction in Geraldton is deep. I am told now it is even deeper in Mullewa—not that I have been there—as a result of the merger of two shires. I will also

come to that later because I do not think it is wise for local government shires to merge in any sense, especially when it comes to dealing with social infrastructure.

The other area I spoke about was genetically modified organisms. At that stage, I said I was happy for there to be GMOs as long as we had the measures to ensure that the resistance to glyphosate was not increased. I spoke to our minister and I spoke to people in the industry about the risks of increased resistance to glyphosate because of the increased application of glyphosate that would take place with farmers sowing GM canola. The whole idea of GMO is that glyphosate allows farmers to go into their canola crops and get the weeds out. They use glyphosate more dominantly, but that is the only knockdown chemical we have. We do not have any fallback position. It disturbed me more that the most highly respected person on herbicide resistance, a chap called Professor Stephen Powles, wrote a letter in support of GMO. That is fine, but he did not mention that there was a difficulty with continued use of a potential increase in resistance to glyphosate. I had meetings with him and so on, but I could not get any real support to strengthen the way for Monsanto to ensure that GMO was used so as not to increase glyphosate resistance. Monsanto had a schedule that farmers had to fill out and so on but it needed to be strengthened; you could have driven a cart through it! Do members think I could get any support for that? That was a point in my inaugural address on which I still failed.

The final thing is global warming. I have a very strong view on global warming. The reason I am strong on it is that the science is clear to me that carbon dioxide is increasing, and it is clear to me that carbon dioxide leads to a warming of the atmosphere. It is not the only aspect though. That is where people make a mistake. It is only one aspect; it is probably a third of the influence. There are all sorts of other things that conflict from time to time to cause the changing climate or changing temperature. However, in my view, to take the risk and ignore it is foolish of mankind, and we are part of mankind. All we have to do commercially is make sure we can adapt and roll with the way the climate unfolds. That is going to be very difficult to predict, because it is a very complex area. But to ignore the risk and not do enough is foolishness on our part. That is why I feel so very strongly and why I say to people who say it is rubbish: please consider the risk you are taking.

When I look at those four things in my inaugural speech, I think that I might have assisted with the house of review but on the rest I have failed, I am afraid. I mean that I have tried to make a contribution but in terms of moving things forward in a meaningful way, I may have failed.

Let me come to one of the house of review things that the estimates committee did well. I will not spend long on this. I found that we could achieve much more in that committee, with Hon Giz Watson, Hon Ken Travers, Hon Ljiljana Ravlich and Hon Liz Behjat, than in many other parts of government. That was because I found that public servants are, basically, easy to deal with. When they were given free rein, they acted, in my view, responsibly—in the interests of their department and in the interests of finding out things and, mostly, transparently, but not always. It is easy to identify when people are trying to hide things and it is easy then to know what to watch out for. I found that experience on the committee very, very useful. We made some changes to the district high school issue and we certainly made changes to the Peel Health Campus issue, but there is a big change that is yet to see the light of day. For those of us who are continuing here, we must consider what that report states about the profits that were being extracted from that hospital on its turnover. Of its \$100 million turnover, \$13-odd million was being taken out, plus a dividend. That is a very big amount to extract. That is all based on charges that the private sector can charge as set by the Department of Health. There must be a lot of excess costs in the government hospital system that should not be there. I know in health—I have just been through some of this—we have to be very careful: if we are cutting costs, are we cutting care? That is the trade-off all the time. A lot of work needs to be done in that area to ensure that our health system is operating in a cost-effective way, because if it is not, it will drag us all down in the long haul and we will not have it because it will have become too expensive. This morning's paper states that a big percentage—I have forgotten the percentage; it might even be 16 per cent—of total federal government expenditure is spent on health. We have to be careful that we do not allow it to continue to get out of hand. I found being on that committee a very pleasurable experience and we made some differences through offering and suggesting ideas to the bureaucracy.

Let me talk a bit about Hon Max Trenorden. He said he is not here because he has not been re-elected and he has finished. He is not resentful in any manner or form. I wanted to say something about Max and I have looked to try to find out what information I could get on what he has done. He has told me a few of the things he has done, but nothing I have really satisfactorily describes what he has achieved. He is a chap who was born in 1948. His partner between his two marriages had a tragic accident. He was an insurance agent and he was very involved with the Northam community, as a town council member and an Avon Community Development Foundation member. When he served as a member of the Legislative Assembly from 1996 to 2008, he was shadow minister for a number of different portfolios, but he was never a minister. He has been on many standing committees and I think he was a chair of an international standing committee. He mentioned just in passing that the Scandinavian countries that attended that meeting in South-East Asia thought he did a great job. He said he did not want to come here and talk about his own job. That would be hard for him to do and I can totally understand that. I have very much enjoyed sharing a room with

him and seeing his perception of the issues that we tackled, which were quite broad issues. They were beyond where we were with royalties for regions and we tried to make a difference in the bigger picture.

Let me come to the main part of what I would like to talk about, which is agriculture. I am sorry to say that I regret what has happened in agriculture, in part under my watch. I was not in control, but agriculture in Western Australia has deteriorated in its financial and emotional resilience. I happened to serve with Monty House when he was Minister for Primary Industry. I was a member of some of his committees and chair of the Wool Strategy Group in those days. I thought that his model of having industry member committees in the department arranged by product was very effective. It makes us understand how difficult it is to change some of those things. With wool we went to India; we understood the importance of developing a relationship with a set of buyers from one country. We eliminated the differential for wool prices between the eastern states and Western Australia. The eastern states used to always talk down our wool, but we went to India and sent wool lots across to India for processing. They proved that in every way our wool processed the same as that of the eastern states. As Hon Ken Baston would know, that led to the elimination of that differential from which Western Australia had suffered for years.

The great vision we had then was to export a lot of wool to India. We had wool marketing groups around the state, particularly around the south-western part of the state. We got them all together. The arguments took place and positions were taken; they did not want to share information. In the end, we could not get anything working. I could blame myself partly for that because I did not put the time into it. We have to work these things through with the individual relationships, and maybe I did not have the time to give to that. But when it all fell apart on the Western Australian end, India was fine. It wanted our wool and shipments to go over there. I decided that I would demonstrate that we could do it by exporting our own wool across to India, which was very, very satisfactory. We have to build relationships with these people. It took us three years before we got a premium for our clip, but the premium we got for the clip represented the fact that our wool processed better, apparently, than any other wool they had. But we could not go and ask them for the results. They would process each clip individually and give us the results. Once we saw the results and they said how good it was, we could not say, "Listen; now give me another 50c a kilo." After three years, I said, "We are having a difficult time here. Can we negotiate a price around this level?"; and we did.

This state needs to build relationships of that kind. We should have already been building those relationships with Indonesia in particular, which is our big grain and live cattle market, and the Middle East, which is another market for grain as well as live sheep. For those who do not like live exports, that is fine, but they are differentiated markets. For any farmer, to have a differentiated market is the panacea for their product. It is so hard to get in agriculture. When we have it, we need to treasure it and nurture it so that we do not lose it. From Western Australia's point of view, we need to establish government-to-government relationships so that when any issue comes out of whatever product in an importing country, we get a call at the government level so that we can then work with the private sector on what to do about it. The worst thing is to have shocks, as we have seen. We can reduce a lot of that shock by ensuring that we have visits to these countries three or four times a year. It does not have to be the minister; it can be someone delegated who can understand interpersonal relationships and someone who is not always finding things out, because if we are doing that, we are wasting our time. We have to have a relationship. That is what international trade is all about. I know it firsthand from working with India and when we were marketing wheat to Egypt, of which I was part, as well with the Australian Wheat Board. Relationships are critical, but we need to regard it as a Western Australian market, because that is what it is, and manage it.

I have also found largely in this chamber and with the people I have been talking to over four years that agriculture is the least well understood of almost any industry. I assumed with the Nationals it would be well understood, but when I came in to work this morning there was only one muddy car in the parking lot and that was mine. That does not mean to say I am the only farmer, but it reflects the fact that a lot of people talk about how they farm or how they are connected to land and all this kind of stuff. Are they writing the cheques now? Are they doing the management accounts now? Those are the people we need to have. We have Hon Nigel Hallett in this place who still does that. I do not know about Hon Brian Ellis; he might do that too. They are the kind of people we need to have to understand agriculture, to breathe it and feel it. I know a lot of people say that a person does not need to be that close to agriculture, but I am coming to the conclusion that maybe a person has to be, because I find it so weakly understood. That is why we have had great difficulty, not just in Western Australia, but in Australia, in coming to terms with developing a strategy for agriculture.

Before I start with some of the premises we have about agriculture, we should all be aware—I used the word "catastrophe" during the course of January or February this year—that there is a catastrophe out there; not because we are losing production—production is the easy thing to increase—but because of the margin and the profitability of agriculture. Why do we think that young people are not coming into agriculture in the way they should be? It is because they cannot see a future in it. Even when I was being brought up in Moora, I realised that it was best for a person to go outside of agriculture to build their net worth, if they could, before they came back to it. Jenny and I had two boys. We did not encourage them to stay on the farm. They loved it but we did not encourage them to stay on there because we felt it was better for them to build their net worth outside first and then to come back if they wanted

to. A lot of people think the same way. We need to have a vibrant agriculture that will attract those young people back so they can grow their industry, and that is happening extremely rarely at the current time.

I go to some of the premises we have about agriculture. Firstly, we have this view that agriculture should be economic rationalist. Of all the industries we have, what is the most economic rationalist of them all? It is probably agriculture. We do not want to take subsidies; we are too macho for that. The feeling of some farmers is that they will almost go to their deaths without taking a subsidy. We have to wake up though. Sometime we have to wake up because nearly all the other countries in the world—or maybe all; I have not checked, to be quite honest—have got some form of serious subsidy. We have four per cent of our gross farm income being contributed by government—four per cent, remember that number. What do members think that the rate of subsidy in the United States is? It is about 27 per cent or 28 per cent. What do members think Europe's is? It is 37 per cent or 38 per cent. Is that a level playing field? We say we do not want people being subsidised if they bring food into Australia, because we get cheap oranges from California and so on, but it makes no difference where the market is. If we export wheat to Egypt and the US is subsidised at 26 per cent, it is the same difference; we will not get our wheat in there. So how do those who are economic rationalists expect us to compete? We all heard through those who went to Corrigin the example of people from different walks of life in the community, the machinery dealer, the agronomist, the farmer, the IGA storekeeper—people in the country are “resiliented out”. Resilience is what we always attribute to farmers in Western Australia and probably in Australia. It is one of those great things. Our tradition is, “Yes, we can tough it out. We are strong on the land”, and all that kind of stuff. Do not forget there are women there as well, and women often do not have the same strength as men to handle the hardships that take place. They often see sense and say, “Darling, get out of this. This is not going to work.” We must not focus on our policy, which is the only policy we have had for the past three or four years, of having foreign investors coming in to take the family farmers out. That has been our only real policy. We need to look at what is damaging the family farm businesses. Do not forget that economies of scale are not endless in any form of farming; they are not there. They go so far and then stop and decline. Therefore, do not think that those people who finally come in will stay there forever. There is also the land care issue. Do members think these people will care for the land in the same way as a family farmer? They only will if the family farmer has no money to do it and mostly out there right now, they do not. Land care in a way binds the farmer to his land because he put so much effort into the land care, the weed control, the fencing, the water management or the rocks or whatever it might be, that to leave the farm is one of those very difficult things. It is like the severing of a relationship. That is one of the difficulties we have, but the family farmers are the ones who do the land care. I do not have any confidence in the corporate farmers doing it in the same way. I have just talked about economic rationalism. I think we have to seriously question it and wake up to ourselves about whether that is the right philosophy to run in agriculture when it is not the case almost anywhere else in the world and certainly not in other industries, including mining.

Then there are the risks of agriculture. Why should agriculture get any special consideration anyway? It is just another industry. What differentiates agriculture? The differentiation point for me is the question of which other industries are directly affected by the weather and the climate. Are there any others? I do not think any other industry is directly affected by the weather. They are indirectly affected. I was involved with selling barbecues and heaters. If there was a warm summer that finished in May or June, the heating season, when the margins were quite big, was constrained. If the cold extended through spring into early summer, the barbecue season could not take off. They are indirect effects that we saw through the sales line. But the direct effect of the weather is only felt by agriculture. If we assume that is the case for the minute unless we can think of some other industry, that is the big risk for agriculture. We always say we hope it will rain or we hope the frost does not happen or something like that. Whenever we use the word “hope” do we know what it means? It means it is totally outside our control. What can we do to give us some control over the weather? That is why I am so keen on climate risk mitigation insurance, along with Hon Nigel Hallett and Hon Max Trenorden. I have been working on this since 2001, when I think I had my first meeting with National Australia Bank, and then other banks. I have been following it through, and I do not believe that it is not the right strategic agricultural solution for Australia and, in particular, Western Australia.

What about the other risks, including the Australian dollar? We cannot do much about that, but at least that is manmade—or man or woman made; it is humanly made. The market sets it and we have to manage our way around it. We can either sell forward or buy forward to try to manage our risk; but that is something we have to accept. That is a macroeconomic policy of which we are all aware, as is the Reserve Bank. It is not related only to interest rates, as we all know, but they may help a little. The same can be said about prices. Basically, the price for grain is an international price and we can trade it as well; therefore, we can manage our own price risk, more or less. However, if we do not manage our weather risk and we get a bad weather event, which means that our production is less than we thought it would be, but we have already sold it forward, we have a serious problem with our price management. That is because without some insurance on the weather, we cannot have sufficient insurance on the price of the product or the commodity; therefore, the weather is the first thing we should be addressing. That is the only way we can give some surety in managing the price risk to the grain producer in particular or to any other market that has an internationally traded commodity in which we have some depth to trade.

Then, of course, we have government action, which we have seen with the live sheep and live cattle trade. It is not just the live animal trade—it is on all sheep and all cattle, whether they are going to the local market or the overseas market. That is causing the same serious revenue consequences. It is just like Wayne Swan's budget: when the revenue side goes, there is a problem. On farms, the revenue side has collapsed, because the livestock prices have collapsed due to government action.

Finally, there is the premise of communities. Communities in regional Western Australia are, with few exceptions, resting on the economics of agriculture. That means all the funds from the royalties for regions program that have gone into government plans for expenditure in regional communities are all fine and it is appreciated, but the trouble is royalties for regions is not fixing the foundation issue. The foundation issue has to be the resilience and profitability of agriculture, which then demands services in the towns, to which other occupations will come and grow the towns. It is not going to happen all the time because agriculture will have some limitations unless we get new varieties and so on to increase yields and all that kind of stuff. But, as the towns decline, we see what happens; the towns rest on agriculture. Climate risk-mitigation insurance could be called community risk mitigation insurance. It means the same thing to me.

Let us come to some of the realities. We talk about markets. We have to have a market for whatever we produce. I realised 30 years ago that innovation in agriculture is so good that it keeps up with demand. In other words, the more we innovate, the more we produce and the more prices stay low, and that does not give us profitability. In a way, our technological innovation is so good that it always allows us to overproduce and, therefore, it is only a very rare and catastrophic climate event in another part of the world that forces the price to go up sufficiently. It is only if we have a good year here with climate that we can make something from it. The other thing about food prices is that people are not going to be very happy about food prices rising. That is the obvious way to increase revenue coming to farmers. How many governments will be happy about that? We can manage it a bit in Western Australia, because we have a high standard of living. What about Egypt and other countries that import our grain? We have a real difficulty that is intrinsic in there, and that is why we need to have a differentiated market, as we did have with the shipment of live sheep and cattle to Indonesia and the Middle East. That is very precious, because it breaks out of that difficulty, but it is hard to do.

We also need a lot of luck in agriculture. We can talk about good farmers and bad farmers. I despair when I hear that kind of rubbish. The bad farmers were weeded out ages ago. The good farmers are often those who have had a bit of luck. I know a farmer who bought a property near Cranbrook. He already had a sizeable business in Wongan Hills. After paying a high price for the property at Cranbrook, he sowed canola over the whole property, which happened to coincide with a perfect year for growing canola and a very buoyant price of something like \$600 a tonne; the next year the price came right back to \$250 or \$300 a tonne. That allowed him to pay off most of that property in one hit. Is that luck, good management or good farming? I have gone the opposite way. I have gone big and it has been a bad year. Is that good management or good farming? In our assessment of what is good farming, I think that luck plays a very important part. Eric Smart was lucky enough to find a property in Mingenew and was able to get through the first few years. He almost went broke, but then he had a good year. The northern wheatbelt had two droughts, in 2006 and 2007, and a lot of those guys would have walked off if there had been another less than average year, but they got the best year they have ever had. Is that playing the averages? I agree that farming is about playing the averages. However, people will go beyond the averages to try to pick up something to pay for a land purchase or capital expenditure, and sometimes it comes off.

The other difficulty with agriculture, of course, is cost, which continues to rise. The cost of chemicals has not gone up that much, but certainly the cost of fertiliser has gone up and labour is in continuing shortage. Farm consultants have a role in all of this, because they are keen on efficiency, and that means: big paddocks with straight lines so farmers do not have to do all the turning; taking out the trees, if they can; and then buying the most efficient machinery. However, that is a capital expense, which again has to be covered. The bank is lending to farmers for that, but if the farmers have a frost event that wipes out part of their crop, they cannot repay the bank. Part of the reality of making farming a business, which is what people talk about, is that in Australia, where most farmers own their land and also farm their land, it is really about buying and selling land. That is how some of these people have managed to grow: they have bought cheaply and been able to sell profitably later on, if they do sell. Some people have done that. One of the biggest landowners in the state told me just the other day that he got out of farming because he was going broke. He said that he kept the land and that the land has appreciated—in this case, the land did appreciate, although it must be going back now—and then there are farmers who are going down and falling away. The business of land is one of the underlying reasons for some wealth when land prices go up.

Let me turn to the strategy that I think can provide an economic foundation. I ask Hon Ken Baston to forgive me for doing this. I know of his role and how deeply he is involved in this. The first foundation plank is a crop risk-mitigation insurance scheme. The costs of that have always been regarded as being too high. They are partly too high because the margins in agriculture are very limited. If we can arrange it so that the uptake is there—the government may have to consider supporting a plan to have an uptake with a subsidy or rebate of the premium, and having the banks on side

who insist that a number of their clients take out crop risk-mitigation insurance—there is a chance that the uptake will be big enough to get it working. I have not found any other country in the world that has got crop risk-mitigation insurance off the ground without a government subsidy of some kind. It does not have to be continuous; we just have to get used to the idea.

America is developing technology in this area that is putting it so far ahead of Australia, it is dangerous hearing it. We cannot get that far behind America. It has Doppler radar throughout the country, which measures the rainfall—not these jolly weather stations. A fellow who talked to us about it said that they have insurance policies that, for \$5 a hectare, would provide a certain payout if 1.6 inches of rain was received during the month of August for a corn crop. That is fine. Come August, there was no rain until 31 August, and they got 1.6 inches or two inches, and therefore they got no payout. The yield was seriously damaged as a result of that dry period. The most interesting thing he did then was to say that they are not talking about a rainfall event; they are talking about soil moisture. If they have a measure of soil moisture, they know what is happening to that crop—if it is drying out or what is happening if it is good and so on. They changed it. They synthesised, which they were able to do from the run-off, the soil type and the rainfall, what was happening to the soil moisture. We do not get any of this absolutely perfect but we do get it to the point at which it can be much more realistic than having weather stations around the place. The Doppler radars throughout the United States pick up exactly where the rainfall is on a field-by-field basis. We have to fill in the gaps of the Doppler radars so that we can measure the climate. We have a pretty good measure of the temperature for frosts. With that information, they can provide the payouts that match what has really occurred.

The other thing to take into account is the plant growth stages. The Americans measure it by what happens during each plant growth stage—that is, the growth of maize—and we would do the same thing over here with the growth of wheat. That is where the benefits need to be assessed. These have not been done independently. I have done it but I cannot convince others totally of it. It needs to be done. The strategic growth that would take place in agriculture if a climate risk-mitigation insurance strategy was in place would turn everything around. It would mean that if someone was buying a property next door and they knew what their payments would be but the biggest risk, the weather risk, was covered, they would have a chance of making sure they could get the revenue to make the payments to the bank. If a farmer does have a bad season, he will get the payout from the insurance company. The same thing occurs when buying capital equipment. Strategic planning is so much more in place if a farmer has his biggest risk managed. That is one of the reasons it is so important. That will bring the youth back into farming because they do not want to be exposed to the naked risks that are currently there with climate. Land prices will rise once again because the biggest risk is covered. Agricultural land prices in America are very, very strong. Here they are very weak, apart from some properties taken out by large overseas purchasers. Those key strategic benefits would occur if a mitigation scheme was in place.

When Hon Max Trenorden, Hon Nigel Hallett and I went overseas before December to visit these insurance companies, we wondered why it had not occurred before. It is only when we start talking to these people that different avenues and opportunities open up. Hon Col Holt referred earlier to opportunities opening up in agriculture. What we have not done properly is find out what some other parts of the world are doing in these areas which are strategically so fundamental. This visit to reinsurers is leading to something that I think has great prospects for Western Australia. The more insurers who come into it the better, but each company will be different. Multi-peril crop insurance—I have used that term frequently—is a particular product. The difference between that and what can be done with a climatic synthesised insurance policy is that there is no loss assessment in the latter but there is in the former, and that is about another 20 per cent of the cost. That is what we have to try to eliminate. We need to get the best technology to make it work.

The second part of the strategy and what is about to be in place is a transitional Western Australian Rural Adjustment Finance Corporation facility for two or three years. That is what the federal government has effectively offered the state government. I asked a question about that earlier today. Farming is a game of windows. The window opens and then it closes and once it closes, we live with the mistake or live with not doing what we might have been able to do when the window was open, for 12 months. Seeding and sowing a crop occurs from mid-April but certainly through May and the latest it can be done, depending on the area, is probably mid-June. That window is still open right now but for any of those who have been constrained—I do not know whether they are not putting on sufficient fertiliser or not using chemicals—will be affected unless they get the sufficient finance to make it work. What a tragedy it would be if this year was the most wonderful seasonal year with no frost but some people who might have been able to get some of that money in time to put their crop in could not because it was our fault.

The third part I wish to talk about is markets. I have spoken about government-to-government relationships. I do not think I need to go into that anymore because I have covered it.

Infrastructure is the fourth part. All members know how determined I have been about the tier 3 rail and how it made so much sense to me. The Ord River is a project that is successfully working with an investor who has plans to put the infrastructure in place. We must have the infrastructure. That is why we have been able to compete with the Ukraine,

Brazil and other parts of the world because they do not have the storage and handling facilities or the roads to carry the trucks or the railway lines to carry the grain to port in time. Infrastructure is just as crucial to agriculture as it is to anyone else. While on the tier 3 rail, there is something that I should mention that I referred to earlier; that is, the Merredin transfer fee. The government has an obligation under contract to pay CBH about \$3.50 per tonne. That was part of an agreement in 1966 in which the state government said, “We’re running out of money to build a dual railway from Merredin to Fremantle. We can build it to Northam but no further.” There is only a standard gauge railway line between Avon and Merredin, so the government told CBH that it would cover the cost of transferring the grain from narrow-gauge wagons to standard-gauge wagons. That was the genesis of the \$3.50 Merredin transfer fee, because all those lines in the eastern wheatbelt lead up to Merredin, and then it all comes down the standard-gauge railway. That was a 50-year agreement—it finishes in 2016—but it also has a rollover provision for another 50 years if either party wishes. The other thing is that when the rail was sold to Genesee Wyoming Wesfarmers in 2000, there was no reference to the Merredin transfer fee in the documentation. All the parties have gone through all the documents and there is no reference to the Merredin transfer fee in them. In the intervening years somehow it has switched across to the growers paying the \$3.50 to CBH. The way it worked meant that CBH did not know where the money was coming from, because it was paid into a transport fund. CBH assumed that it was the government paying it in, but it was not. The marketers actually deducted the \$3.50 from the freight, or it did in those days, and that is what the marketers put into the fund, so all CBH was getting was a cheque. What we have is the government actually owing money to the growers in the tier 3 zone for the wheat that has been carried for the five years or so for which the transfer fee was in place. It is there for another 50 years, which means that the government has an obligation of probably about \$35 million, if I have done the numbers right on a discounted basis, to pay to CBH. That is alive. It is a stamped, signed contract that government has. No minister—I am not referring to you, Hon Ken Baston—should, as has occurred, say that this is not a contract. Every contract that a government goes into is a contract unless it can be renegotiated as something different.

I will not go into other parts of the agricultural strategy apart from just two points. The first is about cooperatives. I know that Hon Jim Chown is very anti-cooperatives in the sense that he wants CBH to sell and to corporatise and so on. We have to wake up and understand a little bit about what cooperatives are. Cooperatives work when the members and the beneficiaries are the same. We did have an Australian Wheat Board that was a cooperative before it became a corporation in 1998 or 1999. The revenue of the Australian Wheat Board was all going back to the growers of the grain, apart from the costs. It was the same thing with CBH. What is more, cooperatives do not pay tax. So cooperatives provide either a low-cost service, as in the case of CBH, or high revenue, as in the case of the Australian Wheat Board. If CBH were corporatised, the shareholders would very quickly become different from those who are using the service. The shareholders would then have to be paid a dividend, and the costs, plus tax, would escalate enormously. We have to wake up about where cooperatives work and why they can be successful. We also need to be wary. The one danger with cooperatives is that they can become too serving of their customer base—their members—which can lead to inefficiencies. However, I think this could be easily fixed if there was something in the law that said that cooperatives need to have some independent consultants come through and review certain things such as efficiencies once every two years or something like that. The benefits of cooperatives are enormous. In my view, the storage, handling and now freight carried out by CBH is of great benefit to grain growers. We do not have any dairy cooperatives here now, because I think Challenge Dairy Co-operative Ltd failed. There needs to be a second opinion, if members like, to help cooperatives ensure that they do not get trapped into overservicing their customers.

Finally, I think we have been falling badly behind in climate change preparedness. We have to reopen that with the federal government. It is quite possible, especially if we have climate risk mitigation insurance out in the eastern wheatbelt, northern wheatbelt or wherever, but if climate changes to a point, it must be reflected in higher premiums such that those people change their land use or stop growing what they are growing out there.

I will go away from agriculture to something that is more at home for many of us. I want to talk about the suitability of a career in politics. It is interesting. I actually feel that it is very dangerous to have career politicians. The reason it is dangerous is that they have to compromise themselves in the meantime. Those people who have been here for some time may disagree with that. I always look back at Gorbachev and wonder how he did it. He must have bitten his nails for a long time before he got to a position where he could make a change, and did so. That is the argument for how career politicians can work; they have to play the game, not dispute the leaders and not contest the ideas if that is the way the system has been framed to work. I do think it is useful to get a broader perspective from people outside the political parties. The question is how to do that. A former colleague of mine, David Clarke, who was the managing director of Hill Samuel Australia and then Macquarie Bank, was a very good man in so many respects. He was going to stand in the seat of Wentworth at one stage. I forget who was retiring from that seat. I remember him remarking to me that his name had been in the paper as being a possible candidate but that he had not had one current parliamentarian ring him up and say, “David, it is a great idea; come on in.” I think there is a danger in that. The question is whether I would recommend to my business colleagues that they should come into Parliament because they can make a difference and so on. I would be very hesitant, because what they are used to is so different from what one has here, unless one is committed to agreeing with the system and has a plan to stay for 12 years. That may be the

perspective one would have to have, but it is something I would be wary of recommending to business colleagues. I am sorry that I am saying that here, but in my view parliamentarians need to be able to listen and to critically analyse, which I think we could do much better than we may have done, and should be able to change their minds without fear. We are never going to get it right all the time. I think we do need to change our minds without fear. There is a book called *Zen and the Art of Motorcycle Maintenance: An Inquiry into Values*. Some members might have read it. It is a book about philosophy. I read it many years ago. The most interesting thing it talked about was the relevance of rhetoric to a philosophy or value. In a way, rhetoric is one of the most important ingredients in being in a chamber like this. I do not think it should be based on rhetoric, but that is the way preselection works. Attracting people with real life experience who have gone through a lot of it will not be an easy job unless we introduce some changes into the system. I will talk about a couple of improvements that might benefit the system.

I suggested to Brendon Grylls—unfortunately, I did not make this suggestion until the last 12 months of my time in this place—that our party have a value statement about what we stand for. Parliament is often criticised because of the way we behave in the institution. That is partly because there is no corporatised system of working out what values we should have as a party and how we should behave and treat others. I know that there is goodwill; indeed, I have felt it, even today, from many of you. Corporations work out how to treat people in a professional way, how to treat others in a professional way and how to keep businesses coming back. If they make a mistake, they look at how to compensate for that mistake. All political parties need to go through a process like that. When I was with Macquarie Bank, such a process cost half a million dollars. We do not want to spend that much, but it certainly benefited us at Macquarie Bank. I think it would be worthwhile for all parties to consider that model. Preselection is another issue about which I have previously spoken. Preselections rely on resumes, which we all know are the least reliable for determining a person's performance in a job. They then rest on a five-minute speech, which is equally unreliable. Of course there is politicking to get the votes. That is different again, but when it comes to making an assessment of the good, the bad and the ugly of an individual candidate, we need to go to the third phase. The third phase, which would take more time but may help to get a better selection, involves bringing in a professional headhunter or human relations person to ask questions of referees to draw out the good, the bad and the ugly. A lot of it is in how the question is asked and how the follow-up questions are framed. We would need a professional to do that, but that would expose those who are voting to how it is. That would remove a lot of the politics and would get more merit into the system.

In conclusion—I thank members so much for staying and being with me—we are all ordinary people, as I have said before. It is a wonderful thing that the whole system works. The ceremony, I think, is an important part of elevating our ordinariness. I am happy to be leaving. I feel for my constituents, but I am happy to be leaving in the sense that I am very keen to go back to looking after those about whom I care and whom I love. Over the last four years the farm has declined to some extent despite the best efforts of the people who are there.

I have enjoyed being here on many occasions. I have enjoyed a great deal the friendships around me. I appreciate that very much. Hon Norman Moore, I value very much the work you have done to preserve this chamber as a house of review. I am sure that you, Hon Peter Collier, have the same sense for that. I have appreciated working with you when our paths have crossed.

I have enjoyed the interaction I have had with members of both the Labor Party and the Greens, especially on our committee. That is partly because when we are trying to keep the executive accountable—which, I guess, is government—we often have the same perspective. I have enjoyed that. That does not mean to say that I have not liked the government; it is just that we all need to be held accountable. I refer to what was said by a forebear of mine, James Gardiner, who was a member of Parliament in the Legislative Assembly in 1901. In his inaugural address he said —

My ambition, in common, I feel assured, with other members of this House, is just to serve the State first; and I bring to this task the highest possible ideal. I have seen instances of environments lowering an ideal considerably. I hope they will not in my case. I want to serve the State as well as I possibly can. After the State comes my constituency. If I let loyalty to party, or personal ambition, or anything else of a personal nature, interfere with my desire to serve the State to the best of my ability, then I hope that when I face my electors, whether it be in a month's time or at the end of my term, they will give me every evidence that I am not a fit and proper person to represent them in Parliament.

I independently agree with that and aspired to that, but I failed to be re-elected; hence I guess I qualify as not being a fit and proper person. I admire those words enormously. They are a wonderful example.

Finally, I thank those with whom I have been especially close. To begin with, Mr President, thank you very much for presiding over a chamber with fairness and delivering everything that was deserved in the course of my involvement here. I thank the people who have worked closely with me professionally—Brian Christie and Phil Bellamy in Moora—and before that, Danny Degoda and Dahlia Richardson, but especially the former two. I found them an enormous strength. They could not do enough to assist me. They were forensic, they were brave and they dealt with issues when I could not deal with them. No bad consequences have arisen from the work they have done. I am very grateful to them.

I also thank some key people. Nigel Hallett is not here tonight. Nigel is one of the last farmers left in Parliament. I wish him the best in continuing the work that he and I have done with Hon Ken Baston. Hon Matt Benson-Lidholm—Matt—I have enjoyed a lot of our conversations, as I have those with you, Hon Ken Travers.

To my former National Party colleagues, the “R4R” got you and me in. Keep maintaining it, but remember that it is now government policy. Max, who is not here tonight, was a tremendous friend all the way through. I learnt a lot from his perceptions of how government and public service works, the improvements that can be made and the broad set of policies we worked on together.

Finally, I thank my family. We all know we can never do without them. To have Jenny here tonight after getting back from England an hour ago is wonderful as it is having our two sons, Charles and James, who gave me every support in the last few difficult days. They were wonderful. I also thank Colin, president of the Nationals branch in Moora. He is such a fine man. I guess it was the early nurturing of a wonderful mother and the unconditional love that she always offered that built an intrinsic, almost unconscious strength in me throughout the time I have lived. I am very grateful for that. Thank you, Mr President.

[Applause.]

The PRESIDENT: Best wishes, Hon Phil Gardiner.
