

**WHEATBELT, GOVERNMENT'S RESPONSE TO ADVERSE SEASONAL CONDITIONS**

*Urgency Motion*

**THE PRESIDENT** (Hon George Cash): I received the following letter this morning -

Dear Mr President

At today's sitting it is my intention to move under SO72 that the House at its rising adjourn until 9am on 25 December 2000 to consider the Government's proposed response to the adverse seasonal conditions in the WA Wheatbelt and, in particular, to consider the decision to apply a \$7 to 10 million subsidy to farmers in inverse proportion to their need as a result of the drought.

Yours sincerely

Hon Kim Chance MLC

Member for Agricultural Region

The member will require the support of four members in order to move the motion.

[At least four members rose in their places.]

**HON KIM CHANCE** (Agricultural) [3.38 pm]: I move -

That the House at its rising adjourn until 9.00 am on 25 December.

I thank my colleagues for their support of this motion. We have a serious seasonal downturn in rural Western Australia. It has occurred on top of a longer term economic problem, principally that which relates to the farmers' decline in trade, which has been with us for some years now. Over the bulk of the Western Australian wheatbelt, due to a number of reasonable years and the take-up of vastly improved cropping technology, some spectacular yield increases have occurred. Along with those spectacular yield increases and new technology, farmers have had what is probably best expressed as a rising break-even yield figure, which has taken the wheat industry particularly and the grain industry generally, to an unstable situation whereby the break-even yields in the wheatbelt are at or above the long-term expected yields for those regions.

Hon M.J. Criddle: That does not take into account technological advances.

Hon KIM CHANCE: I have spent some time talking about technological advancement. The fact is that the break-even yields are now higher than they have been for many years. That is a recognition of technology. The difficulty is that in those areas of the wheatbelt which fail to produce those break-even yields, for one reason or another, a seriously unstable financial position is created very rapidly. Some areas in the wheatbelt, particularly the south-eastern wheatbelt, have suffered successive years of serious frost damage which in some cases reduced crop yields to virtually nil. Now there is a drought in those areas so serious as to cause some farmers to turn their sheep onto crops.

Labor supports assistance for those farmers who, through no fault of their own, have run into a very serious situation. We certainly support assistance, as we support assistance of whatever nature to any industry that is experiencing difficulties through no fault of its own. However, taxpayer assistance should be targeted accurately. We must be assured not only that we get the money into the targeted people's hands quickly, but also it goes into the hands of the right people. That is our primary responsibility as public administrators. To illustrate the point, I refer briefly to a government report titled "An assessment of farm financial health in the south, central and northern agricultural regions of WA", dated April 2000 and I quote selectively from the synopsis of that report. It states -

Climatic conditions over the last two years have further exacerbated the cost price squeeze being experienced by producers, with severe frosts and high rainfall affecting a wide range of farms across the State.

The cumulative effect of these events has meant that many farmers are relying on a successful 2000 season to restore equity and avoid viability risks . . .

Most farmers are in a sufficiently sound financial position to accommodate low prices, but a poor year -

We are talking about the 2000-01.

- would likely see an increasing number (in a range of 10-40 % depending on the region) have difficulty obtaining carry on finance for next year.

That is an illustration of what I was saying in general. That report, while a prospective analysis, is accurate and can be relied upon as a comment on the current state of the wheatbelt.

Last week we learned from the 2 November edition of the *Countryman* that the Government will be applying a subsidy of \$7m to \$10m to rail freight in order to ease the financial impact of the harsh seasonal conditions. We followed that up with a parliamentary question to the Minister for Transport, who represents the Minister for Primary Industry. He confirmed that the sum would be \$7m to \$10m. He also confirmed that this response is part of a package of assistance measures that the Government is and will be providing to farmers to assist them through a difficult season. That is true. The rail subsidy is not the only assistance measure that is being provided to farmers. However, in quantitative financial measures, the money that the State is providing directly to farmers in response to the seasonal difficulties is highly represented by the \$7m to \$10m. It takes up a very large part of the specific funding being provided for drought-affected farmers; that is, funding which is not normally available to farmers in any event.

As I have said, Labor welcomes the State's initiative. It also welcomes the State's decision to make this sum available so quickly, because fast response in situations like this is absolutely vital. Having made a helpful decision, the Government then decided, for whatever reason I cannot imagine, to turn the question of assistance on its head. The subsidy will be paid only to farmers in rail-served areas. Much of the drought-affected area is in road-served areas where there is no rail. Therefore, even though those farmers are drought-affected and they may have some grain to move into the system, they cannot get assistance because they are in a road-served area. They will be totally excluded from the assistance. The subsidy will be paid on a per tonne basis, which means that only those farmers who have a substantial crop - that is, those farmers who are least affected by the drought - will benefit from the subsidy.

Let us put this into perspective. A farmer in Varley who has been affected by frosts two years running has now turned his sheep onto his crop and is on his knees financially but will not get a cracker from this so-called drought assistance measure. However, another farmer in a rail-served area such as Tammin who has enjoyed two very good years and who got a reasonable crop and who delivers 5 000 tonnes of grain this year will get approximately \$7 500 from the taxpayer in the form of assistance for a drought that does not impact on his area. If there is any logic or justice in a situation like that, the Government should explain what it is. How can it justify providing this assistance to people who have not demonstrated need for it, while denying it to those who have a demonstrated a clear need for it? How can it justify providing the assistance in an inverse proportion to the farmer's need? The bigger the crop a farmer has, the more assistance he will receive! It is bizarre!

Yesterday's edition of *The Geraldton Guardian* carried some interesting comments from that well-known Tammin farmer and the chairman of the seasonal advisory committee - a committee incidentally whose recommendations led to this subsidy being applied in this way - our old friend Hon Eric Charlton. Forgetting the uncomfortable questions of conflict of interest, Hon Eric Charlton's comments suggested that this was a good outcome for everyone. How did he work that one out? How is it a good outcome for drought-affected farmers who have little or no crop to sell? I can see how it is an excellent outcome for farmers who are not suffering from a drought, but how does it help those who have the greatest need for help?

It has been said that this is the only way the Government can get aid to farmers quickly when they need it. What utter claptrap. All the Government had to do was to get the local shire councils to identify the areas of need, which is something that shire councils have done before superbly. Hon Bruce Donaldson would have been involved in that. All the Government needed to do then was to have regional Agriculture Western Australia officers run a standardisation check of that information to provide some uniformity. All that would be required then would be for the farmers' rates to be paid by the Government or a rebate to be paid if the rates had already been paid.

That whole process would have taken two to three weeks, which is faster than the time it will take the rail freight subsidy to hit the ground. Members should think about the difference in the outcomes had this approach been followed. First, the aid would have gone to those in areas of greatest need. Secondly, it would have been available to any farmer in need, not merely those who happen to be in a rail-served area. Thirdly, it would have provided some security for local government authorities in the affected areas, in that their rate income would be secure. Fourthly, the impact would be more immediate than through a rail subsidy. The Varley farmer to whom I referred would have received \$5 000 to \$6 000 or the sum of his rates within about three weeks. As it is, that farmer will not get one red cent from this proposal because there is no rail serving his district and he does not have any crop to put into the system.

In my defence, I must respond to a comment from whomever poses as the media spokesman for Hendy Cowan. This hero said he was concerned about my negative attitude to every government initiative. He was reported in yesterday's *Geraldton Guardian* as saying that there is no pleasing me and that I will find a negative in anything. I find that intriguing. Am I being negative on those frequent occasions when I help to push through the Government's primary industry legislation? Am I being negative when I negotiate priority passage for Bills and my actions occasionally frustrate not only the Leader of the Opposition but also the Leader of the House? Just last week I called the office of the Minister for Primary Industry to discuss what we might do if we need the

consent of this House to set aside the standing orders to deal with the Rural Business Development Corporation Bill. It could be argued that that legislation will provide the Government with more options to deal with the current drought situation. Because of that possibility, and because the minor parties would need adequate notice if that were to occur, I took the initiative to call the minister's office to discuss the options. So far I have had no response from the minister. How could that action be attributed to a negative member who opposes every initiative?

Some weeks ago I issued a media statement in which I offered the Government bipartisan support in handling the drought situation. That was a genuine offer; the Labor Party wants to help bring whatever relief it can to farmers in a targeted and timely manner. However, this is a two-sided equation. Labor members expect some level of consultation with the Government about how to provide relief to farmers. The first that I or anyone else in the Labor Party learnt about the subsidy was when we read the article in the 2 November edition of the *Countryman*. There has been no consultation - so much for bipartisanship.

If it had sought the Labor Party's opinion, members on this side could have saved the Government from making this enormous blunder, and it is an enormous blunder. The assertions that have been made that this assistance will be provided to everyone on an even-handed basis would be laughable if it were not for the fact that its biased implementation is preventing those who need it from getting it. Although we cannot do it in this motion, this House should condemn what the Government has set out to do.

**HON M.J. CRIDDLE** (Agricultural - Minister for Transport) [3.54 pm]: As Hon Kim Chance knows, I have had a great deal of experience with seasonal risk management committees. I was chairman of the committee that looked at the situation in the Gascoyne district, which was facing an enormous problem. We put in place initiatives to deal with those affected, but obviously some missed out. We must draw a line around a set of circumstances, and in the process some people miss out regardless of the fact that others believe they should have received assistance.

Hon Kim Chance: You did an excellent job.

Hon M.J. CRIDDLE: We did the same thing on the south coast. Committees looked at three different situations, but it is difficult to come up with the right set of solutions.

The Minister for Primary Industry has established two committees: One chaired by the former Minister for Transport, Hon Eric Charlton; and another chaired by Dr Graeme Robertson, the chief executive officer of Agriculture Western Australia. The membership of those committees includes Hon Eric Charlton; David Falconer of Falconer and Associates; Peter Willshire, the head of regional banking at Challenge Bank; Colin Nicholl, the president of the Western Australian Farmers Federation; Barry Court, the president of the Pastoralists and Graziers Association; Ross Donald, of the Rural Adjustment and Finance Corporation; Rex Edmondson, a well-known member of the community; Hon Bruce Donaldson; Hon Dexter Davies and Senator Winston Crane.

I note that the media release issued by Hon Kim Chance stated that this drought aid is lunacy. That is a reflection on this esteemed group of people. The fact that the Government has taken on board the committee's recommendation should attract some credit. These issues have been well addressed by that committee in the package.

It appears that the Government's \$8.5m plague locusts program has been successful. Its success has been well recognised and it has been of enormous benefit. Crops could be wiped out -

Hon Ljiljanna Ravlich: Some already have been.

Hon M.J. CRIDDLE: These people have been suffering for two or three years. Some have had their crops destroyed by frost and this year they have had to deal with rust and now a locust plague. We all know that it is difficult. I can assure members that the situation is difficult where I live, but we will get through. Fortunately we have had support from many people in rural Western Australia. I was amazed about the criticism of the road program in our area. People are getting a benefit by doing some voluntary work, but they are criticised. That is shameful.

Hon Kim Chance: I did not hear anyone criticised for that. I have heard questions about a priority C road program being undertaken before a priority A road program, but you have not answered them.

Hon M.J. CRIDDLE: The member should read the reports.

It is clear that these people need assistance and the Government has put in place a range of initiatives. They include the 1800 telephone service for farmers, which provides any advice they require and directs them to areas they need to access. The Minister for Primary Industry has released two brochures, one dealing with the dry season and the other with the farm family support directory. The minister is also liaising with the Minister for Education. Education is probably the most important issue for regional Western Australia. We all know that

boarding schools are expensive and that we must deal with those issues; they will be dealt with in a very responsible manner. Liaison is occurring to ensure the delivery of health and community services. Many services are available in regional areas. The Minister for Water Resources has indicated that \$1m has been allocated to help farmers through the dry season, and Agriculture Western Australia is developing a plan to utilise that money most effectively. The current fees relating to skeleton weed will be maintained. The Government is also maintaining the current cost of rail freight.

Hon Kim Chance: I know what you are doing, but it will cost \$10m. How many drought-affected farmers can access that?

Hon M.J. CRIDDLE: I have already indicated that this decision was made by responsible people and that the Government has taken it on board.

Hon Kim Chance: It is the wrong decision.

Hon M.J. CRIDDLE: That is the member's opinion.

Hon Kim Chance: You have not told me why.

Hon M.J. CRIDDLE: If the member were to come forward with his suggestions, I am sure the minister -

Hon Kim Chance: I already have.

Hon M.J. CRIDDLE: What are they? I asked the member the other day what he would do for regional and rural Western Australia, and he said he did not have a program.

The PRESIDENT: Order! One at a time, members.

Hon M.J. CRIDDLE: Serious support will be given for farm management and risk management training, and workshops will be carried out throughout the area. I understand the minister will go to Jerramungup very soon, along with the committee, to get some clear feedback from those people about the situation in that area.

Hon Kim Chance: Jerramungup!

Hon M.J. CRIDDLE: He will obviously also go to other areas.

Hon Kim Chance: He will also go by train to Bali, I imagine.

Hon M.J. CRIDDLE: That is a ridiculous remark, and it is irresponsible from a person in the member's position.

Hon Kim Chance: So is this excuse of a plan.

Hon M.J. CRIDDLE: The banks have indicated that they will be lenient in the negotiations that they will have about the financial situations leading into the new year; and that is absolutely imperative. The agribusiness sector has been very responsible in dealing with people who are in difficult situations and has indicated that it will give its support. The Australian Wheat Board has already announced its intention to find some different payment mechanisms so that people can receive their payments earlier where that situation arises and is most appropriate.

Further reductions have been made in crop improvement royalties. Another initiative is the development of extension packages, and seasonal updates, yield predictions and pasture information by Agriculture Western Australia. The community health agencies and the rural counselling program that has been put in place will also help these people in what will be a very difficult year.

In addition, the Minister for Primary Industry has been talking to the federal Minister for Agriculture, Fisheries and Forestry, Hon Warren Truss, about whether it is appropriate to provide assistance through the exceptional circumstances arrangements, which would allow for interest subsidies for carry-on finance, income support, the Health Care Card, and the exemption of farm assets from the assets test for the youth allowance, which was formerly Austudy, as members will remember. This Government has in place the start of a package to deal with this issue into the future. It is adopting a responsible attitude towards meeting the requirements of people in the country in this difficult year for those people. The recommendations from the committee and the decisions the Government will make in the future will lead to a very good outcome.

**HON B.K. DONALDSON** (Agricultural) [4.02 pm]: I am a bit sad that it is only 10 years since I sat on a committee that looked at the hardships and difficulties of the agricultural industry. It was 10 years ago that Ernie Bridge, the then Minister for Agriculture, approached me to be chairman of the special rural task force that he had set up, and unfortunately today we are dealing with many of the same issues.

Hon Kim Chance: The difference is the \$40m that we had in the Rural Adjustment and Finance Corporation, which has been thrown away by this minister in that time.

Hon B.K. DONALDSON: I will clarify some of the points. The first recommendation we made was that there be a guaranteed minimum price for wheat; and, to the credit of the Labor Government, it said it would do that.

However, I did not like the way the then Premier announced it on the steps of Parliament House, with the farmers being there and being pretty angry -

Hon Tom Stephens: They were happy with the outcome.

Hon B.K. DONALDSON: Yes, but it set a precedent, which I do not believe is something Government should do. I was involved when the committee looked at the effect of not giving that guarantee, knowing full well that it would never be triggered. There were few fertiliser orders at that stage, and it would have caused a loss of revenue to Westrail the following year if people did not have the confidence to grow a crop. However, it balanced out. All that work had been done in the background, as the member knows. I am not sure whether Hon Tom Stephens was in Cabinet at that stage - he was in it for only 17 weeks -

Hon Tom Stephens: Ten and a half.

Hon B.K. DONALDSON: All that work had been done, and that was a very good financial arrangement, because it gave confidence to the industry.

If I may turn to the grain freight issue, it is an equitable situation, whether people believe it or not, because farmers in a lot of areas other than the south-east corner have had difficulties with frosts, etc. Their chemical bills have been heavier than ever before, because they have had to spray for rust two years in a row, and they have had to set aside money to spray for locusts. They have also, like everybody else, experienced a rapid increase in fertiliser prices because of rising oil prices around the world, and increases in fuel prices and in the cost of machinery. Some of those farmers have had reasonable years, but they have also experienced a downturn in the commodity price of grain. What we are trying to do in the first part of the package is give some stability to grain freight. Yes, it will help certain farmers more than others, but even farmers in some of the areas that are not being talked about are experiencing some real problems. Hon Kim Chance mentioned the bottom line. Some of those farmers at the bottom line are telling me they have made no money anyway. They have had additional expenses. Is it not better to assist everybody first up -

Hon Kim Chance: You are not assisting everybody. That is the point I am trying to make.

Hon B.K. DONALDSON: Even those so-called farmers who will deliver 1 000 tonnes of grain will be \$2 000 or \$3 000 better off.

Hon Kim Chance: Not if OD Transport (WA) Pty Ltd carries the grain rather than Westrail.

Hon B.K. DONALDSON: They have had a reduction in price of 6 per cent, as the member knows, so that is not really a valid argument. That also provides competition, which is what it was set up to do. At the end of the day, those areas in most need have been identified. We all know those areas. It is funny, but some of these shires are very reluctant to have us talk about them. The farmers in those areas are very reluctant to talk about them. When a local government talks about drought areas, it creates a stigma and has the effect of curtailing or dampening land sales. People say, "Who would want to buy land there, for goodness sake? It is a difficult area to farm." These days, many local governments and their ratepayers are saying they do not want to be continually identified in the media and in the newspapers.

A range of issues need to be dealt with, as the minister has pointed out, but what we first need to establish in our own minds is that the true financial position of many farmers will not be known until they have harvested their crop. I have been to Lake Varley, and at the moment the cockies are stripping two and half tonnes to the hectare, but as we move further south, the crops deteriorate. No-one will know the full financial position of farmers until every bit of grain that they may be able to glean from their property is in the bin and they know exactly what they have got for it.

We are encouraging farmers who have hire-purchase or lease agreements to make the first contact with the machinery dealers and say that they think they will have a problem in being able to finance their payment in January or February of next year. The machinery dealers are looking at that favourably. Farmers cannot just ring them up or go and see them and say that they cannot pay, but at least if they give that notification, the dealers will be prepared to talk. Once the farmers get their budget done and know they cannot make the payment in full, the loan will be re-financed. We are getting those commitments now. The dealers do not want to take the machinery back. However, it is up to the individual farmers to sit down as soon as they can after the harvest is taken off and look at their true position. Most farmers now have an agronomist or farm consultant, and certainly an accountant, and we will make sure that help is given to those farmers who are not using those people now. That is the first scenario. We cannot make a lot of decisions until we know the true picture in certain areas and in certain people's cases. We did not do that in 1990 either. We waited until after the harvest was off before we made firm decisions about what should be done.

Most farmers have had big increases in most of their inputs. Those rises will continue because we cannot change them. At least the commodity price is moving up, which did not occur in 1990. Members will remember that

between May and December 1990, farmers received \$50 a tonne less for their crops, which put the knocker on the wheatbelt of Western Australia. This problem has been growing; it has not just suddenly occurred. As Hon Kim Chance pointed out, it has been a slow process. There is no bottom-line profit in crops, even for people who have grown large tonnages. Their costs have risen so much that it is difficult for them to make a clear profit at the end of the day. It is an important issue and I welcome the fact that Hon Kim Chance has made approaches, which I hope will be taken up.

Hon Kim Chance: They have not even been acknowledged.

Hon B.K. DONALDSON: It should be done in a bipartisan way. I have no problem with that. We have seen, and could see again, the demise of many small country towns. Individuals have been, and will be, affected. Small businesses in some small country towns must also be considered, because they are in the same boat. I am concerned about some of the farm machinery dealers who have come together and become more viable units; however, in some areas even they are starting to totter.

Hon Kim Chance: Does this scheme provide the greatest amount of subsidy to those with the greatest amount of crop?

Hon B.K. DONALDSON: The member did not listen to what I said.

Hon Kim Chance: I am waiting.

Hon B.K. DONALDSON: I tried to tell him. The member may believe that a lot of farmers are well off because they stripped a couple of thousand tonnes last year. In 1998 they had frosts in the area where the member comes from; those guys are no better off. Their plight was not highly publicised like that of people in the south-east corner of the State, which had a succession of frosts. However, some of those guys and some of the country businesses will need help.

Hon Kim Chance: The ones who need the most help are those with no grain.

Hon B.K. DONALDSON: The Government should be given credit for being prepared to say that it will ensure that the formula runs with the amount of tonnes delivered. It is a start for the Government to give \$7m; not the end of what it is trying to do. A lot of issues need consideration. Both Hon Dexter Davies and I as members of the committee could outline a dozen issues that could occur for consideration; we are still working through them.

Hon Kim Chance: Will you give another \$10m to put in place my scheme?

Hon B.K. DONALDSON: It is a very sound idea for some of the places mentioned by Hon Kim Chance. Some issues, such as education and health, are being considered. At the end of the day I am sure the member will be pleased with the Government's initiatives.

**HON M.D. NIXON** (Agricultural) [4.12 pm]: I very much support the comments of my colleagues in the Agricultural Region, Hon Murray Criddle and Hon Bruce Donaldson. I am disappointed that our colleague on the other side of the House has criticised the valuable contribution to reducing costs to members of the agricultural region. It is a great disappointment that when the rural sector is facing extreme pressures - there is no doubt it is - Hon Kim Chance attempts to make political mileage out of it.

Hon Kim Chance: I am just trying to make sense, not political mileage.

Hon M.D. NIXON: The reason for the increase in freight rates is because of the grain freight agreement. That was brought about years ago, as Hon Kim Chance knows, when the mining industry and other bulk commodity hauliers on Westrail -

Hon Kim Chance: I was one of the architects of the contract; fair go!

Hon M.D. NIXON: That is a good thing. In that case he certainly knows about it. Bulk commodity hauliers were able to enter into a contract, because they were able to guarantee tonnage for which they were provided a better freight rate than the wheat industry. An agreement was made that if the wheat industry were able to enter into a similar arrangement, it would also get the benefits of more competitive freight rates. The process has served the wheat industry well. At the end of the day, competition from road freight kept down rail freight rates. Freight rates is one of the few agricultural inputs that has reduced recently, which is gratefully received by the wheat industry.

If we use Hon Kim Chance's argument, those who had good crops have fulfilled their contracts. It may be a different argument if we were talking about social welfare. However, if the freight rate advantage were given because producers could supply a certain amount of freight, those with good crops would be able to do so and therefore fulfil their contracts. The people who are unable to fulfil their contracts have put pressure on these farmers.

Hon Kim Chance: What about those with good crops who have chosen to sell their grain through private sellers? You have cut them out as well. You could end up at the Australian Competition and Consumer Commission with that one.

Hon M.D. NIXON: They were wise because they also took advantage of deregulation to maximise their profits. One thing that the wheat and other agricultural industries need at this time is profits. I recommend that farmers do whatever is in their best interests, because in the long run it will be in the best interests of the agricultural industry.

Coming back to what I said previously, it is true that competition between rail and road has maintained freight rates at a relatively low cost. There was a time when operators used rail as all grain was regulated onto rail. Every year, under the good socialist concept of regulation, grain freight rates increased. If something dramatic had not been done to change the Midland railway workshops and to introduce better work practices, we would have had a wonderful rail system employing many people but no farmers would have been producing grain as they would not have been able to afford the rail freight rates. Rail freight rates are now lean and with the privatisation of Westrail freight we can look forward to more competition and the ability to win back even more freight onto rail for the benefit of the rural community.

We must look at the other part of this motion today; that is, the other actions of the State Government. When governments try to help people by interfering with market forces, they make mistakes and the benefits are not always evenly distributed. Some people who perhaps do not need or deserve assistance receive it and some people who do need or deserve it miss out. That is the nature of the beast. It is a difficult thing for Governments to interfere in market processes. If a Government were to introduce a system which it hoped would ensure that not a cent was wasted, it could be sure that an industry would be constructed that wasted more money than it was ever designed to save. That is one of the problems of interfering with market forces. I commend the committee for making a decision to act early when it saw a need.

As Hon Bruce Donaldson and Hon Murray Criddle pointed out, the first crisis that had to be met was that of locusts. Hon Kim Chance, along with a few other members, will remember the locust plague of 1990. It is hard to get an accurate account of the current plague. However, it appeared to start off far worse than the 1990 plague. The measures taken recently appear to be working. We are fortunate that due to the change in conditions, the hatchings occurred later than expected and it is possible that next year the problem will not be as large as expected. Obviously, locusts need green feed if they are to lay eggs and multiply for the next year. At this stage we may be lucky. On the other hand, I understand that rain has been forecast for summer. If that occurs, which is possible, as modern long-range weather forecasts are becoming more accurate than in the past, we could be facing an even greater build up of locusts. The Government had to immediately implement a policy to deal with the locust problem. I hope and pray it is adequate and will ensure that no great swarms of locusts occur in this State as occurred on the east coast. Currently, the policy appears to be working to plan and I believe we can be optimistic about it. It is important to begin next year without a further increase in egg population that would lead to another blow-out of locusts, which is what happened this year. The summer rain did so much damage in the agricultural region earlier in the season that it led to the build up that we are now experiencing.

This State has many problems. Hon Bruce Donaldson mentioned the high cost of education. The Government should be commended for its education policy. I spent a number of years serving on the Country High School Hostels Authority. It was that movement's ambition to be able to provide good high school education to students at a level no more expensive than keeping a child at home, which is important.

Hon Kim Chance: I concede that is important but what does it have to do with the freight subsidy?

Hon M.D. NIXON: We have dealt with the freight subsidy. Many people have incurred an increase in freight rates. I gather, from what Hon Kim Chance said, that if he had been Minister for Agriculture this year, freight rates would have increased by about \$2 a tonne. That is the alternative to what Hon Kim Chance has suggested.

Hon Kim Chance: You said that; I said we would target our assistance to the people who need it.

Hon M.D. NIXON: Hon Kim Chance said that grain freight should not be targeted, because the money would go to those who have had a good crop. Hon Kim Chance cannot have it both ways: Either the Government spends money to maintain rail freight at the current rate or it spends money on other things. Under the member's logic, if he were Minister for Primary Industry, there would be no subsidy on rail freight.

Hon Kim Chance: Unless it were needed.

Hon M.D. NIXON: Would Hon Kim Chance deny that it is needed? Obviously Hon Kim Chance believes that the wheat industry could have stood a \$2 a tonne increase in the cost of freight this year.

Hon Kim Chance: It would have a better chance than the farmer who has no crop at all would. You have turned the logic on its head.

Hon M.D. NIXON: That is another problem. We must deal with one problem at a time. I was trying to deal with the problems of education before I was interrupted.

The PRESIDENT: Order! I know that education is reasonably close to the motion, and I am sure Hon Murray Nixon will make it even closer, but we are talking about drought relief.

Hon M.D. NIXON: I was trying to make the point that in a drought situation, we must deal with each problem as it arises. Currently, people in the country can educate their children away from home at a cost that is no greater than that of keeping their children at home. That is a great initiative, but I will move on.

The approach taken with the plague locusts was mentioned, and that is important. No matter what the Government does, because of seasonal conditions, many primary producers will be under a great deal of stress. One of the big problems when people are under stress is that sometimes they do not make the wise decisions they would if they had the leisure, the time and the resources to do all those things that they would like to do. One of the aspects that will be very important in regional Western Australia is the provision of good counselling services. Over a number of years Western Australia has been well served by Agcare, of which Hon Kim Chance will be well aware. This is another area that will need extra finance. My inquiries indicate the need for possibly another five counsellors across Western Australia. One of the problems experienced by this service, like many others, concerns the motor car, which is so vital to their operations. The cost of fuel and leasing has gone up and it costs more to provide the same service. The Government will have to look at this area. I know that the committee will make a decision on this in the near future to ensure that counselling services are provided in all the areas in which it is needed by a rural sector that is under stress. In that way, the rural sector can survive until better times, because better times always come.

**HON DEXTER DAVIES** (Agricultural) [4.22 pm]: I will re-emphasise some of the points made by my colleagues about the decisions made by the committee of which I am a member. The issues raised by members opposite are part of the whole package. Selectively focusing on one aspect of the package does not reflect what the Government is trying to achieve for the grain industry in regional Western Australia, and the agricultural region as a whole. Hon Kim Chance has tried to restrict debate to one aspect of the whole package. I am amused by the suggestion - coming from Hon Kim Chance, of all people - that members are ranging too wide in the debate. When the whole package is put together, members will recognise the balance that will be achieved right across the agricultural region.

Hon Kim Chance pointed out that the price squeeze on wheat production is not a phenomenon unique to this season. The effect of a price squeeze can be seen across the whole of the agricultural region. A benefit of not having another input cost rise will be to freeze the freight rate. We will keep the freight costs at the same level as last year; we will not cut out people who want to sell their grain and shift it in other ways. We will make the freight rate the same as it was last year. Hon Bruce Donaldson pointed out the significant reduction in road freight rates. Members opposite should consider the overall impact on the agricultural region if the Government allowed the rail freight rate to increase by 19 per cent or higher and the road freight rates to decrease.

Hon Kim Chance: That is the first reasonable argument I have heard today.

Hon DEXTER DAVIES: The Government must take into account the overall impact on all the communities in the agricultural region when it makes those sorts of decisions. All of the people on that committee, which includes the Pastoralists and Graziers Association, the Western Australian Farmers Federation, agricultural counsellors and a heavy representation of people in the lakes district, unanimously agreed that this was the way to benefit the agricultural region and the agriculture industry. They gave a positive message.

Hon Kim Chance: When will we see the whole package in context?

Hon DEXTER DAVIES: The issues that my colleagues have raised are all being taken seriously. We must work through those issues to put together the whole package. It will take time.

Hon Kim Chance: Is there any chance that the Opposition might be consulted on this at any time, or do we go on reading the *Countryman* and get it from there?

Hon DEXTER DAVIES: It is not a secret. At the end of the meetings we hold briefings.

Hon Ken Travers: It is just that no-one knows about it!

Hon DEXTER DAVIES: That is pathetic. We are working up the total package. People are given opportunities for input. The issues have been raised in this place. There is no secret.

We are debating members' contributions, and anyone can disagree with what is being said. Members have raised issues, such as education and the subsidisation of school boarding fees, which keep communities together.



Hon Kim Chance: Has there ever been a ministerial statement on these matters?

Hon DEXTER DAVIES: Does the member want the minister to spout off about these matters?

Hon Kim Chance: How do we find out about them?

Hon DEXTER DAVIES: The package is not yet complete. What more does Hon Kim Chance want to know? We have not completed those negotiations. We are working on the ideas that have been raised and we are considering all those matters. We are visiting those areas and asking for ideas.

Hon Ljiljanna Ravlich: What is the value of the rest of the package?

Hon DEXTER DAVIES: We do not know until we know the extent of the harvest, which has only just begun. One of the good points about this matter is that the estimates of the harvest have gone up substantially already. The Australian Wheat Board has increased its estimate of the crop from an average 0.9 tonne a hectare to 1.2 tonnes a hectare across the agricultural region. Hon Kim Chance will know that that will make a substantial difference. That was the case after the last severe frost. Everybody wanted to race out and make decisions straight away. However, when all the information was available we were able to make better decisions. The outcomes we saw after that frost were far different from the gloom and doom forecasts we heard initially. Although that was not the outcome in all cases, because there were some disasters, we saw better outcomes once the real facts were known.

Hon Kim Chance: Notwithstanding that, \$7m to \$10m will be a big part of the package, and it has been targeted away from people who are in need.

Hon DEXTER DAVIES: It is. However, the unanimous decision of all the people involved in the committee is that it is an incentive and a boost for the outlook of people right across the agricultural region.

Hon Ken Travers: How does it help people who have no crop to harvest?

Hon DEXTER DAVIES: It is part of the package.

Hon Ken Travers: We do not know what is in the package.

Hon DEXTER DAVIES: As Hon Kim Chance knows, one of the main reasons that farmers in Western Australia have never qualified for assistance under the federal rural adjustment scheme's exceptional circumstances criteria is because the criteria are too narrow. Western Australians have been excluded from receiving any compensation whatsoever, specifically because of what Hon Kim Chance is proposing to do by isolating those areas. Because the assistance available is averaged across those areas, and farmers in those areas do not qualify under the criteria, Western Australians have never received any assistance. Under the criteria, they put circles around areas and work on the basis that conditions are the same in every area. That is the main reason for Western Australians never qualifying for exceptional circumstances assistance. The Government is conscious of that situation. It talks to people across the regions. It is intended that the exceptional circumstances support will be directed specifically to areas that qualify by definition. However, we do not know whether that will take place. Other people will miss out on that assistance package. Hon Kim Chance knows how the criteria system works.

Motion lapsed, pursuant to standing orders.