

PEARLING INDUSTRY

1206. Hon MURRAY CRIDDLE to the Minister for Agriculture, Forestry and Fisheries:

I understand that the minister announced in Broome yesterday the result of the national competition policy decision concerning the pearling industry. Will the minister outline the result of that review and also the consideration that has been given to the small operators who will be affected by that decision?

Hon KIM CHANCE replied:

I certainly thank Hon Murray Criddle for what is a very important question and for recognising the importance of the pearling industry to Western Australia. The NCP decision is one that had to be made in line with our commitments under national competition policy. It has been a heavily consultative process. We first received the original report from the consultant Centre for International Economics some time ago, and we have been through a process of considering the CIE report along with another report from the consultant ACIL Consulting Pty Ltd, which was commissioned by the Pearl Producers Association and which came up with a somewhat different proposition.

Much of the work that the Government has done has been in measuring the responses from industry and from our own resources to the differing views that were put in the CIE and ACIL reports. At the end of the day, the Government agreed with eight of the 10 recommendations that were made in the CIE report. The two recommendations with which we did not agree, at least for immediate implementation, related to the way in which the regulations within the industry would continue. As the member will be aware, the pearling industry is regulated through two fundamental mechanisms: the wild shell quota and the hatchery quota. The CIE report contained a recommendation - although this was opposed in the ACIL report - that wild shell quota should be auctioned. The Government of Western Australia did not accept that, because it believed that the recommendation raised a number of resource management issues. I suspect also, although I am not qualified to comment on this, that a number of potential legal issues regarding property rights would be raised were we to move down that track. I also add that the proposition had no support whatever from any part of the industry.

The decision on the hatchery quota was a much more difficult one to make. I guess 80 per cent of our effort went into consideration of the question of future hatchery quota. One or two people who had given advice or evidence or made a submission to the Government on that part of the recommendations had opted for a more market-driven approach to the allocation of hatchery quota. I use the term "market-driven" carefully, rather than saying "deregulation". The CIE recommendation was for immediate and complete deregulation of hatchery quota.

Essentially, the Government was faced with two options, and it really is a black-and-white situation: to maintain regulation or to totally deregulate the industry. At no time did the Government receive any submission that supported the total deregulation of the hatchery quota. As I said, one or two people certainly came to the Government with propositions that essentially would have resulted in their getting more hatchery quota, but nobody else would have got any more. In effect, they were not arguing for deregulation so much as wanting to take a bigger slice of the regulated pie, and then effectively to pull up the drawbridge behind them.

The member raised a question relating to small producers in particular. The vast bulk of the industry and all but one of the small producers - arguably, there could be two, but all but one that I know of - argued for the maintenance of regulation, and nobody argued for deregulation. Do I think that the decision the Government made will be contrary to the interests of the small producers? No, I do not. One needs to be aware that rights within the pearling industry in Western Australia are fully transferable and tradeable, and anyone who wants to take a larger slice of the pie can seek to do so through normal commercial means.