

[Thursday, 18 August 1983.]

MR McNEE (Mt. Marshall) [5.27 p.m.]: May I extend my congratulations to you Mr Speaker, on your elevation to the honoured position of Speaker. I would like to extend my thanks to the members of the staff, for the courtesy they have extended to me since my election to Parliament. It has been very much appreciated. I thank also the members on both sides of the House for the courteous way I have been received by them.

I would like also to place on record my congratulations and expression of good will to Mr McPharlin, who represented the electorate of Mt. Marshall for 16 years prior to my election to this house. I know Mrs McPharlin was a great help to him over those years and I wish them both well.

I thank also the electors of Mt. Marshall who have elected me to this house. I am humble and have pride in the fact they have elected me. I hope I will be able to give to them the type of representation to which they have been accustomed.

The electorate of Mt. Marshall covers some 14 shires and the most interesting point is that it covers 78 098 square kilometres. With the exception of some mining in the Shire of Yilgarn the electorate is dependent entirely upon agriculture.

I might add, in passing, that it is with some regret we have noticed the closure of the Koolyanobbing mine. While I believe the old Government did all that was possible to be done to ensure the retention of that mine, it appears its closure is imminent.

I am proud to represent a rural electorate as, in fact, rural industries are most efficient. The Australian rural industry is noted across the world for its efficiency. In fact, the Australian farmer feeds 70 other people. In America the farmer feeds 59 people.

Mr Tonkin: Most efficient.

Mr McNEE: It is all right by me if the Minister wishes to carry on. In Western Europe the farmer feeds 19 people and the world average is that farmers each feed 5 people. The point I would like to make is that if other industries were to follow our lead we would not be in our present dilemma.

Western Australia has 10 per cent of the nation's farms, and they produce 15 per cent of the nation's rural income. Let us get things in perspective. On a 10-year average - and 10-year averages are important in the rural industry - we produce in the order of 30 per cent of the nation's wheat and 22 per cent of the nation's sheep.

People urge continually that the social services budget ought to be increased, and I agree with that; but nevertheless we have to find the wherewithal to fill the social services bill. That money comes from our export earnings. It is important to note that 75 per cent of our total rural output goes overseas. About 98 per cent of our wool, 93 per cent of our wheat, and approximately 50 per cent of our meat is exported. In round figures, Western Australia accounts for 30 per cent of total Australian exports of rural products.

I believe rural industries are facing their greatest crisis. In an article in today's *Countryman* a farm consultant says that growing wheat is a new ball game. I do not have time to go into that now but what he says in that article is true. Rural industries are facing their greatest crisis for two reasons. One is the cost-price squeeze which is the greatest I have seen, and I am sure it is the greatest seen by people who have been in the industry longer than I have. It has been exacerbated in my electorate by drought.

In each year from 1976 to 1982 inclusive every part of my electorate has been affected by drought. The effects range from severe to moderate. As I have pointed out, my electorate covers 78 000 square kilometres, from Wongan Hills in the west to the eastern boundaries of the Yilgarn Shire. Of course, different climatic and other conditions are found in that area.

It is to the credit of those farmers that they have survived in such hostile conditions. They had to make a great number of decisions during those years to enable them to continue operations and ensure their viability. It is interesting to note the gross level of debt among Western Australian farmers in 1975-76 was \$419 million. By 1980-81 it had grown to approximately \$870 million. Those figures are important because if we are to look at rural industry as something we can squeeze more tax out of, I suggest the lemon is about squeezed dry. I understand from today's Press that the bill now stands at \$1.12 billion. The principal reason for that is the compounding effect of one bad season after another.

Let us look at the effect of bad seasons because some definite changes have taken place in agriculture. Sheep numbers have had to be reduced. I do not believe farmers in my electorate did that without any thought, nor did they like particularly placing their eggs in one basket; they were faced with little choice. Let us look at what

they did in the years 1975-76 to 1981-82, for which I have rounded the figures. In 1975-76 they planted 3.2 million hectares of wheat. It is important to note that in 1976-77 planting increased by 142 500 hectares. That is an average increase. By 1981-82, 4.6 million hectares had been planted, an increase of 1.4 million hectares.

The wheat produced in 1975-76, which was the last normal season in my electorate, amounted to 4.1 million tonnes. That is a Western Australian average; all the figures I have given are average figures. In 1981-82 we produced a total of 4.8 million tonnes - an increase of 680 000 tonnes. This compared with an increased planting of 1.4 million hectares. One does not need to be an Einstein to work out that farmers were trying to recover their position as quickly as possible. With those sorts of yields, however, the reverse was happening. That is the reason their debt has increased.

I am not suggesting for one moment that every farmer in my electorate is in dire straits, but I am endeavouring to alert the Government to the present situation, which is a serious one. It needs attention. It is fair to say that during those years some plantings of wheat took place in wetter areas. The reason was that meat prices have not been tremendously attractive in recent years and farmers in areas which do not grow large quantities of wheat have increased sowing. Many farmers have had to reduce their sheep numbers to enable them to increase plantings in poor seasons.

Mt. Marshall in any case is predominantly a wheat growing area, and while sheep are a profitable enterprise, they are not considered to be an alternative. Farmers in my area are aware of the problems confronting them when they consider increasing rotations. With increasing rotation comes land degradation and other problems of which farmers in my electorate are aware. Some farmers are looking at a programme of lupin growing and are developing expertise in that field. Some are looking towards rotating wheat and lupins, but are bearing in mind all the aspects that people consider might go wrong and are watching closely the condition of the soil and so on.

Many changes are occurring. Direct drilling or minimum cultivation is another project being tried by a great number of farmers and while it has not yet received complete acceptance, I have no doubt it will as the problems are ironed out. Conditions can change from district to district and even from paddock to paddock. That is the reason farmers in many cases are reluctant to make fast changes from one accepted system to another. It is true to say that many changes in agriculture are occurring; some will be thrown out for all sorts of reasons. It is important to ensure we have a stable form of agriculture and that the farmer maintains his viability; that is important to all of us.

I would like to remind members of the figures I mentioned for the 1976-1982 period. For a farmer to recover from his bad position, he must increase his plantings. He increased his plantings because that was the singular choice left to him. However, in doing that, he increased his debt loan. I understand the average debt on a farm in 1982 in Western Australia was about \$88 000. A number of reasons contributed to that debt: For example, machinery prices.

In 1975 a popular self-propelled header was selling for about \$16 000. By 1979 the same machine cost in the vicinity of \$46 000, and today it is almost double that. We see the same staggering situation in every area.

It must be borne in mind that farmers sell their produce on a world market - they are price takers and not price setters. However, they operate very efficiently in a system that is overloaded with price setters. For far too long farmers have been asked to hold up the economy of this nation with little assistance of any substance other than short-term loans. It is important to emphasise the fact that we face a crisis point.

On the one hand, as I pointed out, farmers are facing an increasing cost-price squeeze, and on the other hand, they are attempting to deal with the results of drought. When the Premier left to attend the Premiers' Conference a few weeks ago he passed the remark that Western Australia was capable of pulling Australia out of its problems. I guess the Premier had become confused because the Press was talking about the record amount of wheat we had produced - and that was true - but the Press did not say that a record number of hectares had been planted to grow that wheat.

We can pull this State out of its dilemma provided we receive some reasonable consideration. A farmer makes a decision to decrease stock and to increase cropping only after careful consideration. It takes some time for the result of that decision to come fully on stream. It is unfortunate that farmers are expected to handle a decision like that - necessarily a long-term decision - with short-term finance. If a farmer decides to change his pattern of farming, naturally it does not happen in one year. It takes some time to bring such alterations on stream. It is very difficult for a farmer to make such a decision and on many occasions the availability of finance and the terms of obtaining that finance will influence his decision - and the decision is not always in the best interests of the farmer.

Perhaps on some occasions a short-term decision is made on what is really a long-term problem and the farmer is led into a disastrous situation because the short-term decision will not fit in with his long-term pattern.

I am always assured that farmers get lots of things for nothing. I cannot find out what these things are, but I do understand that that is a criticism that we hear. I have had figures provided to me by the Primary Industry Association in regard to drought loans. We know it is true that farmers who were granted drought loans were given a two-year holiday from re-payments, but the interest rates of these loans still works out at about 16 per cent over a seven-year period. In years three to seven of the repayment of such a loan, the repayment is 24.3c in the dollar. So that means, taken over the seven years, the repayment is 24c in the dollar - about 16 per cent. If those loans were extended for a further two years, the repayment would drop to approximately 18c in the dollar and that would make extra funds available to the farmer.

These extra funds could be used to generate capital either to increase his plantings or his stock or to take some other position which would allow him to increase his productivity and perhaps reduce his outstanding debts. That was an exercise to point out to members that it is not a question of farmers getting things for nothing.

We must do something about helping farmers to get back into a viable situation. They need to be in such a situation and, rest assured, the Government needs them to be in it because it needs their help.

Concern is often expressed for the future of country towns. The businesses in those towns are under a great deal of pressure to provide goods and services at reasonable prices. It must be remembered that in many cases country people are in competition with businesses in much larger centres or in the cities. Country businessmen are affected by the seasonal demands placed on them and by the nature of the seasonal operation of the communities they serve, yet they are expected to have readily available machinery parts, sprays, etc. This causes some problems. It is not unusual for a chemical supply company to carry \$250 000 worth of stock. Of course the decision as to the chemicals to be used is up to the farmer, so the chemical supplier has to try to cover all eventualities.

A dealer in machinery parts would be expected to carry stock worth approximately \$200 000 to \$500 000. In both those cases there are heavy commitments of capital, plus the ongoing cost either of providing or servicing the capital. If a businessman uses his own capital, that money is not working anywhere else. Machinery dealers must carry large stocks of parts which are not necessarily fast movers, as the trade calls them. Nonetheless, these parts must be carried.

Freight is another problem for country businessmen, although the businessmen in my electorate tell me that the problems are being ironed out and they are now starting to get a better service. They are starting to win the freight battle, but there are still some problems. Let us hope that these can be ironed out in time.

These people create a great deal of employment. Many of them conduct very sound businesses with little or no help from anyone else - probably they are more impeded than they are assisted. So they are the last in the line for assistance.

Another problem in the electorate of Mt. Marshall is salinity. It causes a great deal of concern; naturally enough the farmers are concerned about all forms of soil erosion, be they caused by the wind or otherwise. It is estimated that 264 000 hectares of land for cropping in Western Australia are affected by salinity. In fact, in two shires the figure has reached 140 hectares per affected farm.

Many people have tried a number of ways of solving the problem. Some people approached Mr Harry Whittington and used his system - the Whittington interceptor system - and many of those people reported an improvement in their situation after that treatment. Others have invested in deep drains, slotted plastic pipes, or deep ripping in an endeavour to combat the problem. One of the problems is that no matter that a great deal has been written and spoken about the problem, the farmers have still received no lead as to what they ought to do to solve it. We need a great deal more research channelled through the people with expertise, be they farmers, scientists, researchers, or whatever.

I am sure that results in respect of the conservation of soil and the prevention of salination will be achieved through the co-ordination of the activities of many people. It is important that we find an answer to the question because until we do, our gross national product will be affected now and for a long time in the future.

Part of the northern boundary of the electorate of Mt. Marshall runs through the Shires of Dalwallinu, Wongan Hills, Koorda, Mt. Marshall, Mukinbudin, and Westonia. Although those shires are very productive, they need water. I know of many farming areas adjacent to the Kalgoorlie pipeline which have no water. Nonetheless, the Agaton water scheme has received a great deal of attention in recent times. A great deal has been done in an endeavour to provide water; but as yet nothing has proved satisfactory. The authorities have tried to reline dams, and that has not proved satisfactory. A desalinator has been used, but it has not been very effective. Trials on drought proofing farms have been conducted, but the cost of drought proofing a farm is approximately \$25 a hectare, and it will not receive general acceptance at that price. The cost of installing the system is beyond the capacity of most farmers, and it will require a reasonable price to attract farmers to it.

The Department of Agriculture has done a great deal of work in trying to drought proof farms by using dams and roaded catchments, but the problem is that the land in those areas does not hold the water very well and long periods are experienced when it does not rain very often. Sometimes it does not rain at all. That makes the solution an even more difficult one. However, I was interested to read the following report in a newspaper on 10 February 1983 -

In conjunction with the Australian Labor Party candidate for Mt. Marshall, Mr Bob Couzens, and the ALP candidate for Central Province, Mr Roy Little, the Oppositions spokesman for Water Resources Mr Parker, gave firm commitments on the party's attitude towards the implementation of the much discussed Agaton water scheme.

He announced at Mukinbudin that the ALP would move immediately to have the scheme listed as a No 1 priority for application for Federal funds and that on gaining government the first stage would be put into operation.

"This scheme", he said, "was an essential service to the people who would be served by it, and therefore should have the priority listing it so deserved.

"For far too long the needs of country people have been neglected, and a State Labor Government would rectify this injustice.

"People living in areas not now reticulated are equally entitled to Government regard to provide those services at a fair and equitable cost, the same as those areas already serviced," Mr Parker concluded.

I hope that attention will be paid to that promise to the same extent as that paid to the promise to reopen the Perth-Fremantle railway line. The railway line is a net loss to the State, but I am offering a project that will be a net gain. If the Government is really dinkum about providing jobs, that would be a good place to start rather than finding ways of wasting money as we always find Governments do. I mention the old REDS scheme as probably the greatest waste of money; it appears that the present Government might be heading into that sort of thing again.

Water was mentioned in the House the other day. I was interested to learn of a lady in my electorate who has three school aged children and who carts in the order of 10 000 litres of water a week to her home. I am sure the ladies opposite will join with me in encouraging the Government to uphold its promise in that regard. Of course, it goes without saying that the Government is keen to legislate our people out of existence; but that will not happen while I am here.

If we take a brief look into the future, we will find that the farming industries will maintain their efficiency. Certainly they will continue to produce in the way that they have, and I assure the House that if we could perfect depth control at seeding time, and if we made better use of chemicals and phosphates, we could increase our efficiency by 10 per cent.

I have been approached by a number of business people in my electorate who have asked me to point out that their businesses are under a threat because of the bounties that have been placed on headers. Some of the dealers have numbers of these machines on the water, and they are in a difficult situation. They are faced with the fact that the average price of a machine has risen from \$140 000 - as if that was not bad enough - to approximately \$160 000. They are frustrated, and they have expressed the greatest concern because of the actions of the Federal Government.

I realise, Mr Speaker, that this is not your problem, but I ask you to give your assistance to my people. The Federal Government could have helped the local manufacturer by giving it \$2 million, but the Government chose not to do so. It chose to tax the industry to the extent of \$14 million. The jobs of the supporters of the Federal Government are being put on the line. I ask you - I implore you, Mr Speaker - to ask the Federal Government whether that is really what it wants to do.

I can recall someone telling me that the Labor Government would create 70 000 new jobs. I have lost count of the number of jobs it has destroyed.

Leave to Continue Speech

I seek leave to continue my speech at the next sitting.

Leave granted.

[Applause.]

Debate thus adjourned.

[Wednesday, 24 August 1983.]

ADDRESS-IN-REPLY

Motion

Debate resumed from 18 August.

MR McNEE (Mt. Marshall) [5.15 p.m.]: I thank you, Sir, for giving me the opportunity to continue my maiden speech. When the House rose last week, I was in the course of referring to a proposal put forward by the Department of Agriculture to drought-proof farms. I mentioned the fact that the proposal was costing farmers in the order of \$25 per hectare.

Because of the current situation of rural industries, it is absolutely ridiculous to suggest they ought to accept a proposal of that nature. It must be understood that in the area about which we are speaking, while the land is fertile, its water-holding qualities are very poor.

One of the farmers in my area has installed a number of contour banks and the necessary pumping and piping equipment to ensure that, once he has obtained the water, he is able to retain it in his new dam and then distribute it to wherever necessary on his farm.

That man has spent in the order of \$25 per hectare which does not include the cost of surveying and sundry work. Those extra costs must be considered, because if anyone attempted to carry out the exercise this farmer has done, he would have to meet those sundry costs also.

The system is very nice and the purpose of this exercise was to drought-proof the man's farm. That means water will be available at any time. The system sounds very nice, but the holding qualities of the country are poor and it is very difficult to find suitable dam sites.

This system is extreme good, but the problem is that the dam leaks. Having spent all that money, this farmer still faces the problem with which he started out: A dam in poor holding country.

If it were practical to handle the situation in the way proposed by the Department of Agriculture, I can assure you, Sir, that all farmers in those areas would have done so already. These farmers have many years' experience in this regard. The Government is completely avoiding its responsibility to provide these people with a reliable water supply. That is what they need and, if a reliable water supply is not provided, it goes without saying that they are unable to make other decisions which are part and parcel of their farming programmes. They are locked out of the possibility of increasing their stock numbers. They will not be able to increase their pig numbers. Heaven knows the pig industry is going through enough problems at the present time. The cost structure of that industry does not allow farmers in that area to run pigs profitably to augment their declining incomes. This is particularly the case if farmers have to cart water. That is the problem with which they are faced.

The other matter which is causing real concern in my area is the proposed increase in rail freight charges. It is important this matter be examined. An article appeared on page 1 of *The Farmers' Weekly* of 17 August 1983 which is headed, "Westrail screws farmers". In recent months farmers have become increasingly accustomed to being screwed. The article says, in part -

Westrail wants 13.96 per cent increase in grain freight charges for the coming season and will not negotiate below that figure.

Earlier in my remarks, I indicated that we did not particularly like the idea of the reopening of the Fremantle-Perth railway line. However, I ask you, Sir, to approach the Agaton water scheme with the same enthusiasm. We are not prepared to pick up the tab for the Government's financial vandalism!

As I pointed out earlier, the Government needs the assistance of farmers, and it is not going the right way about getting it. The Government's proposed increased freight rates will increase costs by approximately \$2 000 in some areas of my electorate. That does not include the cost of delivery from farms. The imposition of the proposed new freight rates will increase the freight structure of farmers in my electorate by 28 per cent in two years. It is completely unreasonable to ask people to consider meeting cost increases of that order, particularly bearing in mind the current rural situation after a number of very bad seasons.

Mr Grill: If you would like to ask me about that matter by way of questions, I shall explain the situation. The position is not really as you indicated.

Mr McNEE: I would be only too happy to oblige the Minister by asking questions in relation to this matter. I am sure a number of my electors would like me to do so. I hope the required answers will be forthcoming.

This is an important matter to my electorate. My electors look forward to receiving satisfaction from the Government in that regard.

Wherever I look in this State, regardless of whether I look to the north, the south, the east, or the west, I see the results of the good work of the previous Government. However, I find people say to me continually that, if the American economy improves, perhaps the Australian economy will do likewise. I suggest the only people who can do anything about the Australian economy are Australians and we should be looking at that aspect very closely. We ought to look at what has happened in private enterprise. Companies operating at a profit in this country are criticised; indeed, those companies have been assassinated and, as a result, jobs have been exported. It is time the work force realised that jobs are profit and the two are closely related and will remain so.

Another matter concerning my electorate relates to ABRD funds the provision of which is being criticised. We are being levied and we are not gaining anything. Indeed, the fuel consumed by our tractors is covered by the levy, but we are excluded from bituminising roads which do not carry 50 or more vehicles a day. That figure is based on the fact that the level set in the Eastern States is perhaps 100 vehicles. It has been said also that roads carrying little traffic cost more to maintain, but I understand that is not the experience and my observations would indicate that is not the case.

It does not seem to me to be logical that, if a road carries 10 vehicles a day, it should be twice as costly to maintain as one which carries 20 vehicles. However, in my area dangerous roads need a bitumen surface and the local authorities are denied the opportunity to carry out the work. We would like some relaxation of provisions relating to vehicle numbers. We do not believe we are being unreasonable and we ask the Government to consider this issue.

I thank you, Sir, for your indulgence and also members on both sides of the House.

[Applause.]