

## BARLEY EXPORTING BILL

27 March 2007

Adjourned debate on second reading.

(Continued from 15 March. Page 1699.)

**The Hon. D.G.E. HOOD:** I would like to begin by thanking the large number of people who have contacted my office and the office of the Hon. Andrew Evans indicating their position on this bill. I think it has been indicated by a number of speakers tonight that there seems to be rough equivalence (if I can put it that way) of people both supporting and opposing the bill. Certainly, that has been reflected in the number of people who have contacted our office. I think it was the Hon. Mark Parnell who said that there were slightly more opposing the bill than in favour of it, and that has been our experience also in terms of numbers—

**The Hon. Sandra Kanck:** That is not how you judge it, though.

**The Hon. D.G.E. HOOD:** No; of course not, but that is our small sample, if you like, in terms of the people who have contacted our office. Anyway, it is just an interesting note. I would like to thank those people publicly before I begin. My concern about the competing argument regarding this bill is that they require some sort of crystal ball, and we do not really know what the future holds. The question is: is it best to have a single desk, or is it best for farmers to face a deregulated market? Well, we do not know what is in the future, frankly. I think that all of the arguments that have been put forward are valid.

The single desk provides protection in times of difficulty when perhaps the market price is below the average, if you like. Whereas, at the moment, prices are good and, as a result of that, the deregulated market is very attractive to some. The crystal ball comes in handy, so to speak. We do not know what the future holds with respect to this market. I would also like to point out that I have relied heavily on the advice of Mr Rikki Lambert in my office about this issue.

He was raised in the Riverland and, prior to working for Family First, he worked in a country law firm in general practice acting for a broad range of clients, including grain growers, citrus growers, grape growers, and all those people in secondary and tertiary industries who rely upon the rural industries to survive.

We are considerably persuaded by the arguments advanced by the member for MacKillop, who referred to the comparative situation of grape growers in the Riverland. To me, this is a very powerful analogy, and I want to delve into that a little further.

*The Hon. Sandra Kanck interjecting:*

**The Hon. D.G.E. HOOD:** Yes; indeed. Before I do, I want to mention briefly the plight of our grain growing families. In his practice, Mr Lambert from my office, to whom I have referred, saw on far too many occasions the heartache amongst some about the future of grain growing. Many farming sons and daughters are not that interested in farming these days; some are, of course, but many are not. Some unfortunate souls have had marital breakdowns, either themselves or their children. And, with the need for property settlement between the husband and wife, they have found the experience to have financially devastating consequences. This is the sort of environment upon which this bill will impact, if you like, and the sort of people who will be impacted on most heavily. And, in many cases, they are the people who can least afford to have any further negative consequences thrust upon them.

Of course, the present drought exacerbates these problems. Some constituents claim that the way the single desk presently operates makes it even worse. We are therefore mindful that rural families statewide are suffering and need whatever support they can get. In the other place member referred, perhaps flippantly, to farmers as our biggest gamblers. I am sure he did not mean it the way it reads in *Hansard*, but, essentially, there is a gamble involved here, and the gamble is: is the single desk the right thing, or is the deregulated market the right thing? I think the Hon. Sandra Kanck made some very good points in respect of the analogy of the woman from the north of the state who said that

she did not regard herself as a marketer; hers was a farming family first and foremost, and they were not necessarily skilled in marketing.

It can be a very lonely job. As I outlined, many of these people sometimes struggle to find a companion throughout their life, and certainly they face many difficulties. I guess the picture that I want to paint is that it can be a difficult environment and that, for many farmers operating in a difficult environment compounded by the drought, this bill is very important. I think that it has weighed heavily on members in this chamber because it is such a big decision in terms of how farmers will derive their income in the years to come. Basically, I would like to pay tribute to them and to the farming community in general. They do it tough, and they are more at the mercy of conditions than most of us, and they are, by and large, salt of the earth type of people who battle on through thick and thin. I would just like to pay tribute to them and recognise their massive contribution to our very fortunate way of life here in the city.

I will return to the grape industry, because I think it is pertinent that the member for MacKillop in the other place spoke on this matter during debate on this bill. Grape growers in this state are being pressured on prices. There are some in the industry who are in it to make incredible profits for themselves. There are people making millions from the absolute despair of grape growers in some cases, and, in many cases, some of these profiteers could not care less. Business is business, they might say, and hard-nosed business sees grapes getting dumped on the ground en masse. Hard-nosed business sees marital breakdown, as I said, mortgage sales, and so on.

Wineries impose upon grape growers all sorts of conditions to ensure they provide the best quality fruit, and growers do their best to jump through the increasing number of hoops put before them by wineries. Having jumped through the hoops, it can all turn to nought if the market says the price has to be low. There are, of course, some very savvy growers who do very well out of the system, but they use the latest technologies and techniques to get the best possible results. However, if you ask the grape growers whether their grape

contract is legally binding in terms of the prices that they have been promised, many would say that they have none or very little.

A breach of contract means something to the lawyers—usually the city lawyers, if you like—but out there in the vineyards, on the farm, and doing it for real in the wineries, a winery can breach a contract almost whenever it likes. Why is that? Because the grower has to find a home for his or her grapes. They have nowhere else to go, and they just wear the lower prices that are offered in the hope—and it may well be a vain hope—that prices will increase in the future.

The analogy that was made in the other place about the grape industry, I think, has a very strong parallel to this debate. The wine industry is, of course, suffering a glut, and the drought is, in a crude way, helping by reducing the number of grapes grown this year. That is no comfort to the grower who could not sell his grapes last year, and this year cannot access the water to grow any; so, it is somewhat of a vicious circle. I might seem focused on grapes quite a bit when this is a barley bill, but the member for MacKillop's comparison is correct, I feel, because we do not have a glut of barley at the moment.

It does seem somewhat risky to be dealing with this bill during relatively good times when we are not experiencing times where the benefit of a single desk would be clear for all to see. The single desk for barley marketing offers protection for growers. It is not the type of protection the member for Stuart mentioned in the other place whereby government cheques or European Union subsidies flow through to keep the farmer on the land and producing product inferior to their own. The single desk provides the protection of knowing that, for instance, in a glut situation you will always have a buyer for your barley.

Where the barley goes from there is the single desk's problem, but you do not end up with growers going bankrupt (or, certainly, to a much lesser degree) because they could not sell their barley anywhere at a particular time as, of course, is commonplace under a deregulated market. The grower is also protected because he is not competing against his neighbour, and together they are showing strength in unity as they strive for the best possible product

for the international market together. It does not turn people against each other in what is essentially an industry that should produce (and normally does produce) a great deal of camaraderie.

However, we are being told that the single desk is not operating transparently and that there is a feeling amongst growers that the single desk—being now a private company and not a grower cooperative venture—is working harder for its shareholders than for its growers' returns. Growers are saying that they do not want dividends: they want the best possible price for their product. The trouble in debates such as these is how to ensure that business in a deregulated market is conducted ethically. How do we ensure that good people—good, efficient and savvy growers, perhaps inexperienced or naive to the workings of the market—are not exploited by the marketeers?

The government has tried to cover that with its insertion of the Emergency Services Commission of South Australia into the equation, and perhaps the opposition's amendments go to that fundamental question. For the grape growers it seems, perhaps, too little for ethics to be inserted by law. Sure, there are some protections as to the payments from wineries, but by and large grape growers are at the mercy of the free market. Let us learn from that industry's example and, perhaps, hold out hope for ethical reform in the grape and citrus industries also. We have a farming sector which is divided.

I will outline why I believe this is so in a minute, but I think it is a matter of shame for our sector that we see such division amongst people who are good, salt of the earth type people and who, under normal circumstances, would have a lot more in common than they would otherwise. Family First is gravely concerned that the grower support is lacking to demonstrate that the single desk is failing barley growers. We have been pointed to a poll of South Australian Farmers Federation members and non-members in 2005 which was poorly responded to but which did deliver an overwhelming vote in support of a single desk for barley growers—about 80 per cent in favour. As I say, that was less than two years ago.

Indeed, at that time, the vote in favour of deregulation was just 12 per cent. Apparently, the SAFF grains council was also in favour of retaining the single desk. Suffice to say then that further investigations by the grains council must have revealed some pretty damning evidence to make it change its mind and support deregulation despite the 80 per cent vote in favour of the single desk just under two years ago.

As an honourable member in the other place said, one must compare apples with apples. The Victorian prices on offer (when that state is a deregulated market) are potentially not a fair comparison given the quality of our grain and the volumes of grain sent to the export market.

To our understanding, barley is consumed within Australia far more than, say, wheat, which is largely exported. Australians like their beer and whatnot and we need to feed our sheep, so barley finds its home across the nation that way. However, I understand that, due to volumes and the quality of what is produced here, South Australia in particular participates in the overseas market to a greater proportion than other states. Some 80 per cent of our barley goes overseas, a ratio not matched by other states—just another example of South Australia punching above its weight.

Time will tell, perhaps, whether the so-called 'four wise men' comment of the member for Enfield in the other place will become the way that the four dissident members—

**The Hon. Sandra Kanck:** It was a good speech.

**The Hon. D.G.E. HOOD:** It was a very good speech. I am not criticising it at all. It was a very good speech. It will be remembered on this issue. Indeed, time will tell whether they were wise. Also, it is evident that views within the Labor Party may also be divided on this issue. So, what do we do? As I said, it is a very difficult issue and probably one where, to some extent, both sides are right and both sides are wrong, and that depends on the time and the price of barley at that moment.

Family First is attracted to the member for Stuart's suggestion of a plebiscite, but the cost of such a thing would be enormous. Perhaps the South Australian Farmers Federation could conduct a poll, but the problem we have is that it will still be a little over six weeks until we have a chance of considering or voting upon that bill again. We do not want to cause any further delays. We are being urged to vote on this bill this week, and that is what we will do. We understand the arguments both ways. However, we are not convinced that a majority of barley growers want this initiative.

I want to make reference to the submissions received by the working group. There were 26 submissions in response to the invitation to more than 11 000 growers, and then other bodies, such as exporters and growers' representative groups. This poor response in itself is troubling. From those 26 submissions just four growers, two exporter groups and three companies supported the deregulation option ultimately chosen by the working group. Compare that with six growers, no exporter groups, three companies and two grower groups who wrote speaking in favour of a licensing arrangement (I assume like the one we see in Western Australia), which I understand to be like dipping one's toe in the water of a deregulated market with some protection retained.

However, five growers, no exporter groups, two companies and one grower group sent submissions in favour of supporting a single desk. They were divided within themselves—and are presented as such in the working group's report—between making no change in the present arrangements on the one hand and making the single desk more independent on the other. Let me summarise that. Of the 26 submissions received, the division was 3:3:2—if that makes sense—between the companies regarding deregulation, the licensing authority and the single desk respectively. Between the exporter groups, unsurprisingly, the result was 2:0:0 in favour of deregulation.

From the grower groups who wrote in, the result was 0:2:1; that is, none supported deregulation. Of the individual growers who made submissions the result was 4:6:5. Family First interprets that result to mean that growers are

unhappy with the present performance of the single desk but are completely divided as to whether to improve the transparency and independence of the single desk or dip a toe in the water via a licensing authority or to go the full distance with deregulation. I am concerned that we might not have properly explored the prospects of reforming the single desk arrangements with the ABB.

Perhaps, due to culture or some other reason, the deregulation supporters are being somewhat gentlemanly in their discussions about the present single desk monopoly, that is, that maybe at some level the voices have not been loud enough, and why is that? If we are to dispense with the present system, this parliament needs to know what is so fundamentally wrong with the present single desk system or, as I say, we need an explanation as to why it is so impossible to reform the present single desk arrangements. In fact, as the Hon. Mr Ridgway, I believe it was, said earlier today, if it ain't broke, why fix it?

*An honourable member interjecting:*

**The Hon. D.G.E. HOOD:** Well, it is broke, some say. The deregulation reform of barley marketing and exporting that we have before us today is so significant that South Australian growers ought to be heard. With all of that debate and with all of those questions being raised, it comes down to this: what is in the best interests of our farmers? That is definitely what Family First wants, and I sense that is what all the speakers on the bill want. We do not believe that the case has been made strongly enough for deregulation, in essence. We believe there is a very strong case for maintaining a single desk. It provides security for struggling farmers in a tough environment. The reality is that the drought has had a massive impact on all primary industries across this state. How are we to know whether the drought will break this year? We do not know. The forecasters say maybe it will, but maybe it will not. At the end of the day, Family First supports the single desk concept and, as such, opposes this bill.