

**SENATOR KERRY O'BRIEN**  
**ADDRESS TO THE FARM WRITERS ASSOCIATION OF NEW**  
**SOUTH WALES**  
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Today I will outline some of the key themes of this election campaign as they relate to primary industries.

These are:

- the state of the economy
- the telecommunications debate
- and three of Labor's key rural policy priorities: quarantine, climate change and wheat marketing

### **State of the Economy**

This weeks September quarter CPI figures spell more bad news for Australia's farm communities.

With underlying inflation rising to around 3.0 per cent it is now at the very top of the Reserve Bank's 2-3 per cent target.

Most analysts are suggesting that the Reserve Bank has little choice but to raise the official cash rate to 6.75% at its next meeting.

Whether this comes to pass, it is clear that the Howard Government has failed its duty to stay on top of inflation.

This weeks inflation figures show that in the past 5 years:

- The household food bill has risen by 21.4 percent – one and half times the CPI
- Health costs have risen by 30 percent – twice the CPI
- The cost of educating kids has risen by up to 40 percent – nearly three times the CPI

The Reserve Bank's underlying measures of inflation have been at the high end of the RBA's target band for almost two years.

One of the key factors for increased inflation pressures is capacity constraints in the economy.

The Reserve Bank began warning about this back in 1999, and has done so repeatedly since then.

Capacity constraints include the skills crisis and poor infrastructure – two issues that farmers frequently raise with me as impacting on their profitability.

The Howard Government's decision to ignore these warnings has contributed to the nine interest rate rises in a row – despite Mr Howard's pledge to *'keep interest rates at record lows'*.

The Howard Government has no plan to address Australia's skills crisis that is expected to result in a shortfall of 240,000 skilled workers by 2016.

Australia's skills shortages are set to continue to worsen, placing further upward pressure on inflation and constraints on growth.

The only way to build higher, sustainable, growth into the future without inflation breaking out is to invest in the drivers of productivity:

- human capital in the form of skills development and education and training;
- infrastructure; and
- innovation.

Labor has a plan for Australia's future to tackle the skills crisis with an education revolution including trades training centres in every Australian High School.

Labor also has a plan to provide national leadership to build world class infrastructure including a high speed national broadband network and modern roads, ports and rail facilities.

Labor will not match Mr Howard dollar for dollar in his spending commitments, but instead find budget savings to fund the investments needed to address the long term challenges to Australia's future prosperity.

When they go to the polls in a few weeks time, Australia's farm community will remember Mr Howard's broken promise to keep interest rates at record lows.

The National Farmer's Federation might want to reflect on this too.

At the start of this week something extraordinary happened.

For the first time in twenty years, the National Farmers Federation launched a party-political scare campaign against Labor's proposal to upgrade broadband services in the regions.

Frankly, NFF's decision to support the Coalition's second-class broadband policy is a betrayal of millions of Australians in rural and regional Australia.

Today I call on the NFF leadership to explain how the Coalitions broadband plan, which cannot deliver on the speeds or the coverage

promised and has so many black spots it resembles Swiss cheese, is the best solution.

The NFF's political ads are just another element of the Coalitions fear campaign, designed to make the people of rural and regional Australia nervous that they will miss out.

And these adverts have certainly had some effect.

This week, whilst on my fourth visit to rural South Australia in as many months, I sat around the kitchen table at Willowie with a group of farmers.

They asked me if the NFF's claim was true that Labor is going to scrap the \$2 billion rural Communications Fund and spend it in the cities.

We had a lengthy discussion about Labor's plan for a broadband revolution in regional Australia and the benefits it will bring to Australia's farm businesses.

These farmers – like so many thousands of others across Australia – expressed great frustration at the state of telecommunications and broadband in Australia today.

During the discussion, a wheat farmer told me that the farm business these days requires instant communications.

He needs to be able to access world markets instantly.

He needs to be able to get online or make a call and get through.

But today, it is clear that there is a market failure in terms of investment in broadband infrastructure in regional Australia.

Broadband in the bush is slow.

The mobile network is patchy and connections consistently drop out.

The Howard Government has failed to fix it.

Yet the NFF has criticised Labor for proposing to invest up to \$4.7 billion to hotwire the nation.

Frankly, Australia's farmers are entitled to question what their leaders are playing at.

Labor's proposal for rollout of fibre to the node is crucial to the future sustainability and viability of our farm sector.

The Government's broadband plan will lock many rural Australians into a second-rate, obsolete wireless product, whilst many, many more will go without any broadband access at all.

Under a Labor Government all Australians, regardless of where they live, will get improved broadband services with 98% of Australians to receive minimum speeds of 12 Mbps from the fibre-to-the-node network, and the remaining 2 per cent to get the best available new satellite, wireless and microwave technology.

A Rudd Labor Government will drag Australia out of the digital dark ages by building a National Broadband Network in partnership with

the private sector, achieved through regulatory reforms and a Commonwealth investment of up to \$4.7 billion.

Under the Coalition's decision to lock away the Communications Fund, rural and regional Australia will be waiting 35 long years to reach the same level of investment in telecommunications that Labor is prepared to do right now.

Labor intends to use the Communications Fund in keeping with the purposes for which it was intended, and will entirely benefit people in rural and regional Australia.

If Labor is elected at the next election, rural broadband connection is not the only problem created by this government which we have a plan to fix.

Labor has a plan for wheat marketing.

We also have a proposal to get to the bottom of Mr McGaurans quarantine shambes.

We also have a plan to assist farmers respond to climate change.

History shows that Labor has been very successful at introducing long-lasting positive reform to agriculture.

Labor Governments introduced Exceptional Circumstances policy, and have supported recent changes from opposition.

Labor deregulated the domestic wheat market, a policy which is now widely embraced by grain growers.

Labor established the forerunner to Farm Management Deposit Schemes.

Labor established the Rural Research and Development Corporations.

And Labor conceived and implemented Landcare.

A Rudd Labor Government will continue in the tradition of previous Labor Governments.

That is, we will bring in positive, long-lasting reforms to rural policy based on sound economic principals.

This brings me to climate change.

### **Climate Change**

Responding to climate change will be one of the highest policy priorities of an incoming Rudd Labor Government.

Last month, at the Queensland Rural Press Club, I outlined Labor's \$130 million plan called 'Australia's Farming Future'.

The plan explains that Labor provided bipartisan support for additional changes to drought assistance.

Labor recognises the link between climate change and the current drought.

This link was confirmed recently by CSIRO and the Australian Bureau of Meteorology.

When I launched this policy I made it clear that the Exceptional Circumstances model of a 1 in 25 year drought is now questionable.

Today, some part of the country have been in drought for more than seven years.

Labor believes there is a need for Exceptional Circumstances policy to evolve to allow the rural sector to adjust to climate change.

This is one of the critical issues we will look at carefully if elected.

We will do so in consultation with Australia's farm community.

We will continue to support Exceptional Circumstances through the current drought period.

But Labor's \$130 million plan - 'Australia's Farming Future' – is about long-term preparedness and planning.

And that is the difference between Labor and the Howard Government.

We are planning for the long-term sustainability of agriculture within the context of a changing climate.

The Howard Government is focussing on short-term financial aid and denying climate change.

We have a plan for Australia's farming future.

The Howard Government has not.

This government has committed more than \$3.5 billion dollars to drought relief in the last five years, yet not once has it questioned whether there may be, just may be, a link between drought and climate change.

Labor's plan includes \$15 million in a major new Climate Change and Productivity Research Program to assist farmers to respond to climate change.

These funds will be allocated to existing Primary Industry Research and Development Corporations to facilitate the development and implementation of a Climate Change and Productivity Research and Development Program for each major agricultural sector.

Unlike other RDC funding, these funds will not require industry matching contributions.

Each Corporation will be required to consult with their respective industry sector to identify priority climate research objectives to commence in 2009 with annual reporting on the link between public investment and research outcomes.

Our plan also includes \$55 million for a new Climate Change Adjustment Program.

These funds will be spent on the delivery of financial assistance to obtain professional advice and training and re-establishment grants and an additional \$10 million for the Rural Financial Counsellors Service to strengthen their role in facilitating rural adjustment.

Labor's plan also includes \$60 million for a Climate Change Adaptation Partnerships program to assist our farming, fishing and forestry industries to get on the front foot in relation to climate change.

This is all about building partnerships with industry and government to build the capacity of our rural sector to respond to the climate change challenge.

Labor's plan for climate change and agriculture is closely linked with other major climate change policy strategies already announced by Kevin Rudd.

Kevin has already announced that if we win the election, which may be held in November, then we will immediately ratify the Kyoto Protocol.

Labor is committed to cut Australia's emissions by 60% by 2050 – the minimum level that CSIRO tells us is our fair share of cutting global emissions.

And we are committed to implementing an emissions trading scheme by 2010 to cap emissions on the path to the longer term deep cuts, put a price on carbon and unlock innovation and investment to reduce and sequester Australia's emissions.

And we want to work with the agricultural sector to identify the most effective ways of getting it involved. Because Labor believes there is a vital role for farmers in terms of the solutions for climate change. Labor has a plan for Australia's farming future. Mr Howard has a plan for the next election.

## **Quarantine**

I doubt there is a person in this room who believes the Howard Government has done a good job of managing Australia's quarantine system.

This is a tragedy, not just for the families and business affected, but because it could have been avoided.

The bottom line is this.

Two months ago, Australia was free of equine influenza.

Today, the horse industry is reeling from this dreadful virus.

Thousands of workers and their families are on emergency assistance payments to keep food on the table.

Thousands of businesses are under threat - jockeys, bookies, veterinarians and transport companies.

Recreational horse owners have been forced to miss work and are struggling to find extra money to cover the cost of keeping their horses in temporary accommodation under quarantine restriction.

The great tragedy of this is that the Howard Government's incompetence has allowed this to happen.

In 2004 and 2005, the Australian Racing Board wrote to the former Agriculture Minister Warren Truss warning him not to downgrade post-arrival equine quarantine inspection.

In a letter to the Minister on 24 September 2004, the ARB said, and I quote:

“If equine influenza gained entry into Australia, it would close down racing and other horse events for several months with catastrophic economic consequences. A quarantine breakdown is the only way Australia will be exposed to this exotic disease.”

The Howard Government ignored these warnings.

Today, we have horse flu.

It is very interesting going back and looking at the transcripts of Peter McGauran’s interviews during the first week of the crisis in late August.

Within the space of seven days he admitted to a breach of quarantine, then back-tracked, then tried to shift the blame, before coming back to where he started admitting to a breach of quarantine.

This Minister has failed to accept his responsibilities for managing Australia’s quarantine system.

Yet the Prime Minister praised his Agriculture Ministers handling of the crisis.

Putting aside the Ministers manipulative commentary about how the virus escaped, we do have some undisputed facts.

We know that prior to the confirmation of the outbreak, private contractors at Eastern Creek Quarantine Station had carte-blanche access to and from the facility.

Vets could even drive vehicles into the horse enclosure with no special quarantine security precautions.

Procedures at the airport were as bad, or worse.

When Mr McGauran announced he was appointing Justice Callinan to conduct an inquiry into the matter, he said it was a matter of urgency.

Mr Callinan said the Inquiry should only take 'a matter of weeks, I don't like long inquiries.'

But we have since found out that Mr McGauran knew that Mr Callinan was about to take an extended overseas holiday.

Mr Callinan is overseas at the moment.

When the Sunday Telegraph asked him recently when he will be back, but he was unable to confirm.

The point is, Mr McGauran knew about this.

Mr McGauran claims he wanted this inquiry to be conducted as a matter of urgency, but then appointed Mr Callinan knowing he would be on leave for an unknown period.

How convenient for Mr McGauran that Mr Callinan is away during the election campaign.

We also know that the Counsel Assisting the Inquiry was scathing of the quarantine system in his opening address four weeks ago.

It is quite clear from the opening statement of the Counsel Assisting that the horse quarantine system is in a shambles.

The recent Mid-Year Economic and Financial Outlook (MYEFO) report included a contingency for liability against the Commonwealth arising from the inquiry.

Labor has been on the record for many years as a fierce critic of the Howard Government's management of our quarantine system.

It has been more than ten years since our quarantine system has been properly reviewed.

Labor's Primary Industries Policy will include a detailed statement outlining the terms of our proposed independent review of quarantine.

We will fix the quarantine system, and that includes the IRA process.

Finally, I want to turn my attention to another area where the Howard Government has failed – wheat marketing.

A Rudd Labor Government will introduce major new reforms to wheat export marketing.

Labor proposes a new model for exporting wheat which retains a single desk for the control of wheat exports and at the same time increases choice to growers by allowing a number of selling options.

The Howard Government has allowed Australia's trade reputation to fall into disrepute following the Wheat for Weapons scandal and has failed to reform the wheat export marketing system.

Rather than forcing growers to sell their export wheat through a monopoly exporter as is currently the case, under Labor's plan there will be a single desk with multiple accredited exporters.

Labor's plan will improve returns to growers by introducing contestability to export marketing services and allowing competitive pressures to apply in the export supply chain for the first time in Australian history.

The single desk will be managed by a new export regulator *Wheat Exports Australia*, replacing the Export Wheat Commission and

providing it with additional powers to ensure sound governance of accredited exporters of Australian wheat.

Labor's plan for wheat exports builds on our tradition of agriculture policy reform based on sound economic principles, not political compromise.

There is no place, in this day and age, for politicians to be running Australia's \$3.5billion wheat industry.

Labor will get the politicians out of running Australia's wheat export marketing system.

The major benefits of Labor's new direction include:

- greater contestability;
- greater selling options;
- reduced risk compared with a single buyer (eg. AWB's loss of the Iraq market);
- additional transparency of price and cost information for growers;
- more cost-efficient marketing services;
- long-term transition of industry development functions to industry control; and
- opening up of new markets for the sale of Australian wheat.