TRAVEL REPORT

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Report for Study Tour
of
South America
Chile, Argentina, Brazil,
Peru & Bolivia
July 29 to August 25, 2006

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As an introduction to this report, I make reference to my speech to the Bolivian Parliament on 31 August 2006.

"This afternoon, I want to speak about a matter that MPs do not usually raise. During the break I was fortunate enough to undertake an extensive visit to South America which included Chile, Argentina, Brazil, Peru and Bolivia. I make this statement to the House, even though some would say that you can never win discussing a Parliamentary Study Tour. I choose to do so because this visit has had a profound effect on me and my role here as a politician.

Very few MPs and, in fact, very few Australians make this long trip to these countries in South America. I say to the House that I think that every Elected Member would be advantaged by including such a visit in their agendas. The trip was a reality check for me. It caused one to view many of the things we do in this Place with a different perspective and with a totally different outlook on priorities. We have all heard it said that Australia is the best place in the world to live, and you need to travel to appreciate that, 'If you don't go, you'll never know.'

All these countries have suffered in the past from so-called "bad" governments, bad decisions and various aspects of alleged corruption (and I say "alleged"). Most of these countries are making earnest efforts to overcome huge problems, particularly poverty, unemployment and, of course, huge problems with the total failure of the government-supplied infrastructure, especially roads, rail, water, sewerage, electricity, etc. My visit to South America came about mainly because of an invitation from the Australia-Chile Chamber of Commerce, Austrade and the Australian Trade Commission in Chile.

There is an excellent opportunity to set up a 'sisterhood relationship' between our Barossa Valley and Chile's famed Colchagua Valley. I was asked to assist in the facilitation and fostering of this relationship, especially with respect to Australian companies getting involved with the many facets of modern wine husbandry. Chile has relied on cheap manual labour, but that is now changing and mechanisation is evolving.
French and American companies are already there, and there is a huge opportunity for Australia. I know of six Australian winemakers and two other equipment suppliers that are already there.

Colchagua Valley is large (22,000 hectares), and it is one of the six wine regions in Chile. In other words, their industry is big. I am acutely aware of the criticism that could be levelled: why should you help a major world competitor of Australian wine? It is certainly a moot point. However, Austrade feel that they would stand to gain much more than they would lose with Australian companies supplying viticulture technologies, irrigation, fertigation, monitoring equipment, computer software and hardware systems, vineyard husbandry equipment, pruners, sprayers, lifters, envirosprayers, grape pickers, processors, barrels, barrel treatments, oak treatments, oak supplements, barrel storage and racking, through to wine bottles, stoppages and closures. The list goes on and on. There are huge opportunities.

I will certainly be initiating various meetings and, without having any self agenda, I will listen to the stakeholders and say to them, 'The opportunity is there, but it's up to you.' Our South American visit revolved around visiting Santa Cruz in the Colchagua Valley. We met the ambassador, Mr Crispin Conroy. They were all very pleased to see me in their country—an Australian MP. They see very few of us from either Federal or State Parliaments, and I was made very welcome.

One problem was that the Brazilian airline, Varig, fell over during the trip which, of course, caused us no end of problems. I say to the parliament that I am sorry, but my parliamentary travel will show a very steep increase because of that. I apologise, but there is nothing one can do when one is overseas and an airline falls over. We also went to Mendoza in Argentina, which was a great opportunity to research Malbec, a variety of grape which we grow here and which, as you would know, sir, has a pretty low profile. However, it has the highest profile in Argentina, and I was very curious to know why. Certainly, it is an icon in Argentina, and it is worthy of that status. I watched them making the wine and went through all the detail with them. I tried it, and it is certainly something we can learn from them. There is not much Malbec around, but I will be recommending that people who still have it look at it and treat it in a different way.

In Buenos Aires, I was very pleased to meet our ambassador in Argentina, Mr Peter Hussin, who looked after us very well. I also met three MPs, which was very interesting, and the CIPPEG group (the Centre for Implementation of Public Policies for Equity and Growth). This
group of people were most frustrated with the system that is operating in Argentina, namely, a Presidential system of government. They asked how the parliament can be more accountable, and I discussed with them how we do it via our committee system. I was very moved to see their frustration, as all they wanted was an open and accountable government. It was a great opportunity for me to become involved in this without being too controversial. I certainly enjoyed my inspection of the congress building.

We also discussed Argentina's beef industry with the President of the Beef Institute, Mr Arturo Llavallol. He is a world authority and was very interesting in relation to what holds back the Argentinian beef industry. I will not go into the facts now, but I will put them in my report. They have a fantastic industry, but it is held back by government regulation. We had a marvellous trip to Rio de Janeiro and Peru, where we looked at ecotourism. We have a fantastic opportunity in Australia to harness and use our indigenous peoples. We are not doing this at all. When you see what Peru does, it now has world-class tourism, all by harnessing the potential that it has in its native people. I look forward to lodging my report to the parliament.”

end of speech
Purpose and Objectives of Study Tour

An invitation was received from the Australia-Chile Chamber of Commerce and Austrade to investigate the feasibility of a sister hood relationship between the Barossa Valley and Chile’s Colchagua Valley.

To study the Wine Industry in Chile and Argentina, particularly varieties, vineyard and wine styles

To investigate Bio Fuels and the Beef Industry in Brazil.

To investigate indigenous, cultural and eco-tourism in Peru regarding comparisons to Australian aboriginal tourism potential.
DETAILS OF STUDY TOUR

As I said in my speech - what initiated this trip to South America was the desire of both Austrade and the Australia Chile Chamber of Commerce, to test the feasibility of a “sisterhood” relationship between Australia’s premier wine region, Barossa Valley and Chile’s prime region Colchagua Valley. After a casual enquiry I made doing some research into the Chilean wine industry, this proposal was put to me and as said I was hesitant at first. I believe the question shall be investigated, all the facts and figures researched, and the final decision to be made by others, especially the many and varied stakeholders.

Immediately prior to our departure for Santiago, Chile, I spent four days at the National Conference of Environment and Public Works Committees in Brisbane, and then Cairns, the theme being sustainability of Eco and Enviro Tourism.”

Kay Venning (spouse) and I flew to Santiago by LAN Chile airlines. LAN fly the route for Qantas (one world partners) – Qantas do not physically fly anywhere in South America – a fact that was raised with me many times in all countries – “Is this the reason so few Aussies come here?”

Arrived in Santiago – 1pm – Chile time, met and taken to the Gallerias Hotel – met Ambassador. Crispin Conroy, briefing RE: Trade and protocol relations with Chile and South America generally (more later)

Santa Cruz Hotel 7:45 am

Working Breakfast with Graham Wigg and Gonzalo Tellez

Meeting with Nigel Warren (Australian Trade Commissioner-Austrade)
Ms Diana Nelson Councillor Australian Embassy and Ms Sylvia Palmer—Austrade
Briefing – Expectations and Outcomes

Meeting Mr Thomas Wilkins – General Manager Colchagua Valley – subjects discussed were all the physical and sociological structures of the Colchagua Valley and the future. Chile’s Wine Industry has been very labour intensive, because it has been cheap but that is all changing. They are looking to technology and mechanisation to assist making their industry more efficient and maximising optimum process times. We often lose quality because of poor monitoring and too many delays in the wine making process. There is a lot of French and American Investment here in Chile, but we would prefer Australia – a new world wine country not the old.

Visit to the Apalta Region in Colchagua Valley, Vina Casa Lapostolle. Meeting with Clos Apalta Manager – Rosario de Lorderel. Magnificent facility especially the Winery and Cellar Door, and the French influence is obvious. All built into the side of the granite outcrop – 5 stories high. Wine is made by pumpless system — i.e. the juice gravitates from process to process or is tipped. Many of the varieties are processed by hand. People on grape tables and sorting trays take the grapes off the stem by hand, sorting for quality. One special process — was putting the plucked grapes into barrels whole, then as the barrel slowly rotates the grapes squash themselves and there are no stems or stalks to contaminate the wine.

Most workers in this area are women — hand to eye co-ordination is good and the labour is cheap. I noticed the rows in the vineyard were close together — briefing on the optimum vineyard spacing for efficient watering, rows can be much closer together. Closer rows make for difficult machine picking — most is done by hand.

Excellent barrel hall – oval in shape and all containers have a wooden exterior and they all tip (see photo). The cellar is cut into the rock and a glass table top lifts up— to expose stairs and the stairway wall is lined with wine racks — special lighting spectacular with a cold and moist environment. Speciality Merlot with 15% Carmenere.
Briefing Nigel Warren - Austrade

Vina Casa Silva – Met with Director of “Wines of Chile”
Mario Pablo Silva – inspected the lovely very old historic winery – cement maturation tanks, etc. Looked at various varieties and blends – Sauvignon Blanc was lovely.

Meeting in the board room I did my presentation on the Barossa, distributed hand outs and also a bottle of Barossa Wine.

Lunch with the board of directors – Colchagua Valley
I was introduced to the national drink – Pisco Sour made of grape spirit, 2 lemons, ice, liquid sugar, white of egg vitamised and bitters added on top – very popular.
Back to Santiago with Gonzalo and Graham.
Dinner at Galerias Hotel.

Meeting Board of Chile Chamber of Commerce—Mr Jaun Carlos Kovacic – President of the Chamber also Director Alex Kvaerner (Aker group).

Very concerned with the double tax problem, lots of investment from abroad was $50-$80 million five years ago, now $900 million per annum mainly from France, but the United States of America and Spain also involved. Been an explosion of activity – many business people have invested $20 million in vineyards. Talked about his own company providing engineering services even in Australia, including a 1.56 million dollar project in Western Australia – but the issue of double tax continually comes up. Will meet again in October in Australia, to talk about double tax. The issue is it makes us less competitive. Very competitive business this – and Business Australia would benefit most.
Pacific Hydro is putting $16 million in to Chile. SKM moved to Chile and bought a business here to try and overcome the hurdles.

Terry Vilade - a Frenchman, who lived and worked in the Barossa Valley, married a Chilean girl and now lives here. He bought a grassroots vineyard at Casablanca.

Travel Report by Ivan Venning MP
South America 2006
Ivan Venning’s impression of Chile

- Colchagua Valley – Bigger than the Barossa Valley (220,200 h) and the snow on the mountains above the green vineyards is very unique.
- The varieties were very good and the wines were excellent, especially Whites.

Inspected Santiago Subway – the Metro system is 15 years old, fast, modern and very clean.

City Tour—Bad smog, pollution caught between the two mountain ranges.

Stop Press

Since returning to Australia, I have

- Attended the Australian Latin American Business Association dinner in Sydney on Friday 13th October 2006.
- Hosted a visit to S.A. Parliament for Ambassador Hose Luis of Chile.
- Accepted an invitation of the Ambassador to visit him in Canberra on Wednesday 8th November.
- Hosted a visit by the Chilean Foreign Minister, the Ambassador and 11 Chilean officials for lunch in the Barossa on Saturday 11th November 2006.
Mendoza—Argentina

Flew from Santiago to Mendoza – one hour flight on LAN (early)
Met in Mendoza by Debora Monteif – District Manager of Austrade for a
briefing.

I employed a car and driver while in Mendoza.

National Wine Institute (NWI).

Met President Mr Lic Raul Guinaza also Deputy Claudia Ines Quini.
The Institute controls all wine – They control content, volumes, varieties
etc.

"In order to remain competitive we need to keep up with technology".
The NWI will send a delegation to Australia later this year,
The Argentinean Wine Industry is based upon a large domestic market,
now a move to more varietals from 28% to 48% of specific Wine types.
There are 3 major regions North West, Central West (Mendoza and
South West, 22% P North to 43% P South. Argentina is the largest
exporter of grape juice in the world.

Production

- Reds 34%
- Whites 26%
- Rosea 40%
- Total 2.6 billion kilos or 2,500 metric Tonnes.

Concentrated “musk” has huge potential – end users can do so much
with it. Sweets, candy, soft drinks, medicines, used to sweeten wines
(like Tarac in Australia). Some of Argentina’s varieties are sugar
makers, 30% of lower quality grapes goes to concentrated grape juice.

So we produce concentrated musk – 60% of it goes to the US, value is
in the sugar it contains. Excesses are a problem. We can do special
varieties for this musk – 20 to 50 tonnes per hectare. Argentina has
exported musk to Australia for fruit juices when Australia had none to
spare of its own. All grapes going into bottled wine. Argentinean
Government has regulated everything since 1991-1997, controls
production, circulation, bottling and trade, particularly alcohol content.
There are strong laws about adding alcohol, especially ethyl and methyl alcohol "(it's poison)."

No 14, 878 - “The National Law of Wines”.
No 24,566 - “The National Law of Alcohols”.
No 25,163 - “The National Law Appellations of Origin”.
No 25,849 - “Creation Law of the Coviar to carry out and administer Argentina’s Wine Plan.

$560 million in exports total a large industry for the country.

**Ing Cludia Ines Quini – (off sider)**

Inspected the mobile laboratory (very smart van) - also the labs in the building. Government has total control over everything and they do undertake random and organised monitoring of all wine making processes and wineries

Wine tasting. Malbec’s predominant but tried a lovely white – Torontes, very nice. Also red unknown to me Bonarda – an Italian variety, very nice.

The Argentinean Wine with the best reputation is Nicholas Catera’s Catena Zapata – their Grange.

Lunch in car en route to National Institute of Agricultural Technology.

**National Institute of Agricultural Technology (INTA)**

Met Dr Carlos Alberto Parera – Regional Director National Institute of Agricultural Technology (INTA). Like our Department of Agriculture but under strict government regulation.

Trying to move the industry into high technologies – still very primitive – a lot of very basic wine produced – musk in many cases. Hard with only some growers having six to 10 hectares.

Watering in this desert area is all from the Andes ice and snow melt down-via channels. Many built hundreds of years ago by the Incas and some underground water, plenty and good quality (often too much).
They get so much water per hectare – no meters as yet – but beginning. Carlos will be coming to Australia with Claudia later this year.

Visit to the Nieto Senetiner Winery

Met with Roberto Gonzalez – Winery Manager and Tomas Huges – Agricultural Manager.

Lovely old heritage winery formed as is in 1888. Started growing vines in Argentina as long ago as 1550. All wine is still matured in cement epoxy lined tanks with staves of wood.

Everything is government regulated. Make three grades of wine – table, medium and high grade. Malbec main variety the high grade has different pruning treatment – cut away so lower yield, less water – longer maturation.

All picking is done by hand. Have 100 year old Malbec vines. High labour inputs – while it is still cheap – water by time per hectare – channels from the main river from the Andes and flood the little channels and let it soak, “We won world’s best Malbec with our Cadus” – Cost $90 (US) a bottle.

Wine tasting – tasted the three Malbecs – huge differences, though the middle priced one ($25) was quite fruity. Top was very subtle, also tried Bornarda with medal labels – Italian variety – very nice, chocolate like.

Tomas is of Welch descent and a real character. The boys have both been to the Barossa recently – very good at their job. Very hospitable, we got on very well. Presented me with a bottle of Cadus.

End of Mendoza.
Buenos Aires

Lunch with Ambassador Peter Hussin and wife Muriel, lovely Embassy with four staff – permanent.

Tasted three local wines – noted all power plugs are of Australian design. Australia trade involvement with Argentina is low - scope for much more involvement, especially technology.

We have the French, Americans and English but no Australians. Why? (very few visit). Need to beef up our trade promos here, room to export Australian Premium wines – almost non-existent – (Argies) drink a lot of wine and some are very wealthy.

Argentina won the contract to build our new Nuclear Reactor at Lucas Heights in Sydney, a huge filip for the Argentineans. They generate 10% of their power from Nuclear – 10% from Hydro and the rest coal and our gas, looking at wind farms. Australia and Argentina have a double tax agreement, however Chile does not.

Centre for Implementation of Public Polices for Equity and Growth

Meeting with CIPPEG – Luciana Diaz Frers and three members of the Congress and 5 Staffers.

I did presentation on SA and Australian Parliamentary Committee System. They were most concerned at the Argentinean system – it is not working.

“Executive Government does not listen to the people and makes all the decisions and are not accountable. The President and Prime Minister do it all – the President has power of veto – so he just gets his say”.

Congress is apparently continually overruled and we all get very frustrated. We are looking to all other progressive governments for help and guidance. We are hopeless economic managers, everything is done for popularity.”

Elections are every two years, and half out at a time. CIPPEC was founded in September 2000 by 11 young professionals from various fields and with differing points of view, who wanted to create non-profit
organisation dedicated to improving the quality of public policies in Argentina and Latin America, especially in areas of education, public health, justice, transparency and public spending. Executive Director Nicolas Ducote was recipient of Coalar funded visit in April 2005.

Tour of the Congress Building – 3rd Secretary Lou Ellen Martin and an English speaking guide – Chambers huge – 250 Members like an Opera House with boxes. Members vote with a button and a finger print test – results displayed up on the wall.

**Beef Industry – Visit to Argentine Rural Society**

Kay and I met the President of the Beef Promotional Institute, Mr Arturo Llavallol and his offside, Mr Miguel Jairala Cloquell in charge of statistics.

Things are not good in Argentina – they grow the best beef but government interferes all the time. They have had 54 million cattle, but today only 44 million. Only export 20% of production but Government regularly bans exports to keep local prices low. Argentinean beef producers are angry, a four day strike last week. They have now banned the killing of cattle below 260kg, so it is not veal.

Sheep numbers are down to 13 million head after a high of 60 million, Why is this? There is no profit being made. Argentineans consume 64kg of beef per annum, 27 kg of chicken, 1kg mutton, lamb 1kg and pork 1kg. Beef is so cheap that chicken cannot even compete. Abattoir yields are low, only 24%. In Australia it is 36%.

The Government is paranoid about inflation especially after the 2001 economic meltdown – floated the pesos-(had been kept down too low) then negative inflation. Now 3 Pesos to US$, Aus$ is 2.2 Pesos. They just kept printing money, there are no gold reserves. Then there is chaos.

“So today the Government is doing all the wrong things, subsidise petrol so too much is used – also oil and diesel, transport and electricity.”

Argentina has a fiscal surplus here because government imposes a 23% export tax, especially on grains. They could be exporting one
million tonnes, but we achieve only 400,000 tonnes. Main breeds are Angus and Hereford, (Holstein and Jerseys for dairy).

They don’t have hardly any lot fed cattle. 90% grass fed; only 90 days allowed on grain (3 months) regulated. There was a huge foot and mouth outbreak here six years ago and a small one last year – causes problems with market access – especially against Australia. Cattle farmers are trying to get the Government to tighten up on quarantine – they will soon introduce a meat I.D. program i.e. tagging – also better hygiene in Abattoirs. Their Association is heavily involved.

I was told politics continually strangles Argentina. The President tells the Secretary of Agriculture that beef is too dear, and on go the restrictions.

Many beef producers live close to poverty, there is no incentive. Politicians can’t see that to get the country going again they need efficient Industries earning export dollars. They have a good trading arrangement with Australia, there is no double tax, however they can never capitalise. This is a great opportunity for Australians to invest, but what guarantees will the Argentinean Government give Australian investors!

They have good co-operation with Australia – and good blood lines from Australia after the foot and mouth epidemic. Australia is trading very well and Argentina should be competing, but it’s not.

Australia’s disease-free status is the envy of the world’s meat producers. We have a sensible, economically smart government.

The best decisions are not always the easy ones, think long term. But Argentina never does. Two year elections is a bad idea, as they are always buying votes.

Arturo regularly comes to Australia, guest of the Breed Society etc. He speaks excellent English and is an extremely competent leader despite the fact that he is not young (older than me) has a natural aura and has excellent support. The President is popular, an ex-Governor, but what of the long term.
General comments about Argentina

Have a society made up of overly rich and very poor – none or not much welfare, lots of beggars. Law and order still a problem, but improved. Roads in very good condition but most are toll roads – very good public transport services, eg buses. Buenos Aires has an excellent subway, been there over 100 years, last bit done in 1935 to 1945, 4 million people live in Buenos Aires, 11 million in the suburbs and 35 million in the country.

All city streets are one way. Some streets very wide – lots of high-rise. Many people live in apartments – lots of dogs – lots of professional dog walkers. Many speak three languages Spanish, English and bit of Portuguese. Argentina is famous for its leather products – they are everywhere – jackets, bags, belts and hats. Welfare communist society – Government artificially keeps prices down – subsidises petrol heavily – Brazilians pay double, come over the border for petrol. Meat is kept low by banning exports – high tax, wine industry as other industries are heavily regulated.

The financial melt down in 2004-2005 caused many businesses to collapse with many unfinished buildings and projects, especially as we saw at Iguazu – ¾ built hotels left to rot after huge interest rate increases. Owners just walked away from projects.

Iguazu National Park – Brazil, Argentina and Paraguay

Only 20% of water coming over the waterfall. Reservoir above regulates flow for Hydro power use. Worst drought in 25 years.

Both Brazil and Argentina charge high park fees 60 pesos or $40 ($20 each). World heritage area with some sub tropical jungle. Most activity on the Argentinean side. Only one hotel on each side, the huge Sheraton in Argentina and the Tropical Das Cataratas Hotel on the Brazil side, where we stayed – lovely old hotel, built in 1958 very similar to the Victorian Falls in South Africa, Zimbabwe.

Both governments have strict regulations in relation to visiting public. No motor cars - on the Brazil side – cars are parked 20kms away at Foz Igaaca – all are bused in by double decker shuttle buses – every 10 minutes – only cars in are tourist operated and hotel staff.
Argentina side – all cars are parked at the DA Selva – and you can walk (6km) or both walk as we did through the green walk 1 km and then catch the green train, a small 2' gauge diesel or gas powered train, two running both ways – 6km to the very extensive board or cat walks – 1km from the falls. Most catch the train – Green (included in park admission cost). Told it’s the only way to go, moves 150 people at once and the track are less environmentally damaging than either making tracks or roads – cheap to maintain and low maintenance – pleasant experience.

Use “cute trains”- to move people environmentally. The buses are good but need a highway to operate – very good environment interpretive centres on both sides – firstly at the entry complexes – then at various vantage points though, though the cat walks do rather impinge on the natural beauty of the Falls – right over the top also very close-dangerous and wet below. Walkways are all steel modular floor panels, all removable. Have cart to move incapacitated (or tired) people – usually alternative ramps past steps – though both Countries had night time “moon walks”. Very popular difficult Raccoon’s a problem – but popular with visitors - very tame and mischievous.

The Iguasu National Park was accredited a World Heritage Site by UNESCO in 1968. The modern tourist service complex has been operating since January 2001. The objective is to offer more quality of service to the visitors and stimulate environmental education in one of the biggest tourist destinations in Brazil all the while minimising damage to the environment. The reduction in the number of cars that transit the Park has reduced the emissions of pollutants per person transported and the risk of running over wild animals. The Iguasu National Park is a protected five thousand hectare forest reserve located in extreme west of the Brazilian State of Param – also in Argentina.

Itaipu Hydro electric Dam was constructed in 1970’s and 80’s – product of the military Brazilian Government at the time responsible for 98% of power used in Paraguay and 28% of all Brazilian consumption. Began generating in 1984. It maintains the Bela Vista Biological Refuge also pays dividends to those whose land was flooded.
BRAZIL-Rio De Janeiro

Met with Dr Ronaldo Virano - Hon Consul in Rio De Janeiro

Briefing – Education program very successful needs to be more of them. Need to provide scholarships to Australia. People have the idea that Australia is a big competitor to Brazil in the international market but there is room for co-operation.

Met with Eng Aroldo Ceotto – Consultant to Brazilian Steel Making Institute – Business making trade with Australia.

Pig Iron – wood is used in mini furnaces all over the country and the wood comes from Australian eucalypt trees. Concern of producing charcoal – but new technologies here and abroad are solving the pollution problem.

Electric generation is hydro 80%, gas 2% and nuclear 3% and coal 15%. There are two nuclear plants and they are building another one. Only one coal fired plant in South Brazil. Pacific Hydro (Aust) looking at wind generated power in Brazil.

Soy beans now grown all over Brazil now the second biggest soy bean producer in the world – beef and pork – used to be a Savannah type terrain – soy beans, cotton rice and corn (wheat in the south only). Australia and Brazil combined should produce more pig iron for the Asian Market – China, Korea and Japan.

Brazil helped Australia establish a good iron ore price with the Japanese. We also export technology to India (Brazil). India wants to use its own iron ore as it does.
Bio Fuels

Mr Antonio Salazar Pessoa Brandao – Operational Co-ordinator of the Executive Group of Agri Businesses of Firjan.

Sugar Cane is a most important crop grown in Rio. The state is well located for logistics – Ports at both ends, needs further investment though gasoline mixture – 20% to 25% depends on prices. They have developed the technology called Flex fuel.

President of Brazil and the Ministers drive in Australian made motor cars and use 25% methanol – gas or alcohol and gas. Distilleries – big ones in Sao Paulo small ones in Rio. Gas taxes are high here – lower taxes on the car if its alcohol using – was once a subsidy – no longer there.

Alcohol burns cleaner than gasoline. Australia and Brazil should join together in Australia to produce Alcohol for the Asian Market – using sugar cane. Government needs to mandate Alcohol use in Australia then costs will come down and then become competitive overseas. Ethanol is the major product, but also Bio-Diesel from soy beans.

Also palm oil – bigger than soy bean – Ethanol only – no methanol – (wood). New tree – an Indian tree called the Pinhao Manso, starting production in the State of Mato Grossa (Rio). Brazil has a lot of sun, a lot of rain with farmers being able to have two and a half crops per year with some getting three crops per year (seedless grapes)

Brazilian oil company Petrobraz called H-Bio produces a product that is Soya bean oil added to diesel initially 15% with no mechanical modifications required to machinery. The government in Brazil intervenes in Sugar Cane control, but after 1991-1992 the government stepped out.

Sugar processors can produce sugar or ethanol by just changing a computer program. Japan wants to invest in Brazil in just ethanol plants but not a lot of interest, the Brazilians went to QLD on promotion but Australia not interested. 75% of cars in Brazil are flex-fuels built. They have a chip in the motor that reads the fuel in the tank and alters the engine.

All the major car companies in Brazil have the technology. Their mission to Australia – Volkswagen promised to introduce a gas car
made in Brazil, but it did not happen. Premier Beattie put an ethanol licence plate on his car. Australia and Brazil should get together to help Timor – both Portuguese – Petrobraz has good deep sea technology.

Bogass is the bi product that you can burn to generate energy, also the other is a fertilizer. They can run power generators on it and put it into an electrical grid. Sizes of properties in Brazil are bigger than in Australia. They take fences down and share them between neighbours.

Why would Brazilians who produce 20 billion litres look at Australia – its sophisticated economy and we could spread our risk – there are ways of co-operating. We suffer the syndrome – we are so big (internally), but sugar cane is a crop for the lazy man.

In Brazil fuel containing ethanol (20% alcohol) is $3 per litre. You can’t get straight petrol except for aeroplanes. Even crop dusters run on ethanol, and they are considering exporting ethanol to the United States. Quality of air has improved in Buenos Aires, it is a win, win situation and they can prove it. Also gained carbon credits and are 15 years ahead of Australia with 125 million voters who support this concept.

Mr Marcio Fortes (PSDB Federal Deputy and Candidate for the October National Congress)

Brazil is the largest electoral collage in the world with, 120 million people of voting age with people aged 16-18 having the option to vote. It is compulsory for people 18 and over to register and vote, or they do not receive an ID card. Voting is done with electronic devices and results are known immediately with a receipt given as proof of voting. There are eight offices, 270 attorneys work for Renaldo Veirano – Brazilian Party System.

Ministers here can be anybody and Federal Ministers are selected by the President and his choices are not subject to approval by congress from outside of Parliament. State Ministers are selected in the same way.

Government has the power to select anybody to be a Minister and the State Legislature has no say or right of approval. There are 13 parties, 18 are in congress and the President is very popular.
There is one Federal Congress and the Senate and House of Representatives. The Senate has two per State and there are 27 States, The State Legislature and also local principalities (Councils).

Out of the 34 parties only 18 of these are represented in Parliament and four of these are key large parties with 7-8 medium parties but no small parties in Parliament.

The new law is that a party must have 5% of the vote nationally or 2% in at least five States minimum. The party will not have privileges unless they achieve the minimum. Only 6 to 9 parties will remain of the 18 parties in Parliament.

The governing party is the P.T Labour Party. Each party has a siglar – P means party – always. So Government is just P.T, 4th party is PSDB, 2nd is PMDB and third is PFL.

The President has total veto vote. The veto can be put down by 2/3 vote of both houses voting. All votes are open, the panel show who voted for whom and only secret votes are taken on the veto and the other to judge other Members. Two Members were forced to resign because they gained access to these secret lists.

Voting by Machine

The machines are on line but not all and some are equipped with C-D ROMs with plug in power. Voting ends at 5pm and the instant results are shown. All parties get free time on the radio and television with 20 second grabs 2 times per day, 3 days per week. No-body reads in Brazil so there is nothing in the paper. One third of the Argentinean population read papers.

Funds from trade unions are not allowed to be used in Elections. In reality it happens illegally. Campaign funds are more and more controlled. The parties have to present a balance sheet monthly during the three month campaign.
Visit to the State Legislature

The Palacio Tiradentes the original Brazilian Parliament before Brazilia was created 1961.

I was met and hosted by the Government Deputy Mrs Heloneida Studart and her off-sider while the House was sitting.

The building is huge and lovely. I was invited onto the floor of the Parliament and officially welcomed by the President which was put on the Gazette record.

I was privileged to inspect the main chamber from the balcony, also the library and committee room. We viewed the notice boards in the Galleries depicting the Parliament and legislative history.

Whilst at State Legislature I was presented with three books in the Presidents office, a very formal office behind the chamber. Then I returned to the offices of Mr Veirano and associates for Farewell and presentations.
Summary of Brazil

Brazil has much in common with Australia. They are keen to establish closer relations and respect Australia’s stability. Brazil’s political situation is controversial with all power going to the President.

Brazil respects Australia’s education facilities and over 6,000 students come to Australian educational Institutions every year. I believe more should be done to encourage this.

They want more involvement with Australia, I don’t believe just because we are competing against one another in the international market we should not to some degree trade ideas and technologies.

Australia and Brazil have a lot in common and would both benefit by closer relations. The double tax is a concern despite some work having been done but more work is needed.

They don’t see many Australians here compared to other countries. I think it should be proposed that Qantas fly to Brazil.

They have put a big effort into their indigenous tourism and it has turned out to be a winner with the Indians and Incas.

I suggested a Brazilian/Australian Association and the Honorary Consul in Rio De Janeiro Mr Ronaldo Virano seemed very keen on the idea.

Should liaise regarding the petrol prices. Brazil is a world leader in Bio Fuels also has oil reserves and has 2 ½ nuclear power station (2 working and the third one being built.)

Road infrastructure for a so called poorer country is far superior to Australia. Cities have underground Metro tunnels (27 in Rio). The largest is four kms long and a bridge that is 14 km long. We can’t even put a bridge across the Murray River at Mannum.
Visit to the Parliament in the Republic of Bolivia

Meet contact and entrepreneur Mrs Moira Carcia Rodrigue Jefe De Protocolo, H Camaron de Diputados. Briefed on the program for today. Protocols, the basic structure for the two house system. The House of Representatives which has 130 Members and the Senate 27 Members, three from each region in Bolivia.

The House of Representatives presided by Mr President with the two Vice Presidents and four Secretaries who are acting speakers also one of the Secretaries has similar duties to our Whips who closely liaise with Mr President and usually spends some time in chair and one presumes chairs the House during the third reading debate.

The Senate is presided over by the Mr President Santos Ramirez, two Vice Presidents and three Secretaries. The Congress is when both Houses meet jointly and chaired by the Vice President of the Republic Alvavoro Garcia Linera.

The current Republic President is Hon Evo Morales, elected in December 2005 and took power on January 24\textsuperscript{th} 2006. Mr Morales was previously a Member of the Lower House but was excluded in a divisive deal to get rid of him by the majority parties where he had 28% of the vote. He stood against the incumbent President General Banzer and became the first President since 1982 to win by 54% of the elected votes in his own right.

There was a huge sympathy vote for him and his platform to send the corrupt incumbents a message, vote no corruption – vote Eva.

Out of the 130 seats in the House of Representatives 70 are elected directly by the people in Electorates and 60 are elected by the votes received by the President.

If the President wins 54% he gets 54% of the “official” Members. The president has huge power. Parties do deals for the remainder. (This was how Eva was eliminated last Election) Parties – Government is held by the MAS Party with 72 seats (Movement Towards Socialism), the Opposition has three parties

- MNR National Revolution Movement has seven seats (mildly conservative) similar to Australian Democrats.
- UN National Unity has eight Seats middle of the road conservative.
- PODEMOS Major Opposition party (Democratic Power Movement) has 43 seats. Conservative very right wing but I presume all these parties are more socialistic than Western Parties but would align themselves "Prime Minister John Howard". The current leader is Generals Banzer, the Republican ex-President a very powerful strong man.

The prefect is the Governor, a figurehead appointed by the President. The current Governor owns a huge tower restaurant developed on top of the range.

Meeting with President of the House of Representatives – Mr Edmundo Novillo Aquilar

(I is not pronounced it shsh)

Met President Edmundo in the President's rooms behind the Chambers, he was pleased to meet me. Very interested in why I had come to Bolivia as he has never seen an Australian MP in this Parliament before (through interpretation, there was no English spoken).

I explained to the President that I was on an expedition of learning and I was interested in their Electoral System innovated. The President agreed and continued to tell me that Bolivia has had a difficult past but they are improving everyday.

The President commented that they do not see enough Australians here for both business and tourism.

He went on to say "Our people are pretty active in the process too often with violence. Our Parliament is fully televised with screens in the House and offices. If it is not important enough to televise it is not worth doing and ignorance is dangerous. You televise football why not parliament."

Meeting with 2nd Vice President Camara De Diputados who was pleased to meet me and also did not speak any English. He said they would appreciate much more dialogue with Australia especially now that Australia is in the big league (soccer). Their Parliamentary System works pretty well, but can be improved.

Travel Report by Ivan Venning MP
South America 2006
I addressed an informal meeting of the Parliament on the floor of the House on the subject of MP’s gaining more respect from their electors and what is political corruption.

It can come in many forms especially manipulation of the media by highly paid professional spin doctors.

The address was translated so not sure if the message was received but it did bring applause (see photos). Media creates these perceptions so that they focus on the Members personal involvements but never mention their connection to the public purse via professional media advisors paid by the Government (applause again)

Parliament Sitting

The President took his seat and informed that the proceedings will now begin. A secretary wearing the “Miners Hat” (a hard miners’ helmet) called the roll of the 130 Members, and they responded with a loud call and hand rose while all was televised.

It took 15 minutes; President announced that the required numbers were not present so he adjourned the House for 30 minutes giving me the opportunity to attend a media interview by Republican Vice President Alvaro Garcia Linera – outside in the square (no interpretation) but I presume the subject was on the matter before the house – Indigenous involvement in the Parliament – guaranteed representation and changing the Bolivian flag to more adequately reflect all minority indigenous people.

Alvaro is a very impressive person estimated 40 years of age very articulate, sharp, excellent physical shape, greying most distinguished and obviously the media respects him and it is obvious that he will be the next president.

The house has reconvened, the President welcomes Members and he welcomed me the MP from Australia and wished me a good stay in Bolivia and hoped that I was being well looked after and that I had enjoyed my stay. “Our best wishes to you, your family and all Australians”.

I was sitting in the speaker’s grand gallery and I stood when he began – when he finished 3 minutes approximately all Members looked up and
clapped, I gave a nod of thanks and a wave to both sides and Mr President.

Sat in on Parliament where there was a series of 5 minute speeches on the subject of indigenous involvement, obviously much opposition (presumed – no interpreter). The house has Electronic voting but usually utilises the show of hands system with the T.V screen show the Member speaking most were sitting down but many men stood. All wore hats traditional bowlers 3 or 4 men wore traditional “AL Capone” type Stetsons “sombrero’s”

Many Members came up to meet me, including Ana Lucia Reis M who will be visiting Australia later in 2006 after a UN trip to Italy. Will contact me. She would like to get international support to save Amazon jungle from destruction. Ana is a Member of the Governing MAS party (check this no interpreter). So I could not converse with Moira (my interpreter) was called away.

**Television Interview**

Channel 33 Pacenisima de Television requested an interview and when Moira returned we did it in the Protocol office. I was interviewed by Mr Israel Marcelo Vazquez, Pool de Vendedoues on the subject of indigenous involvement in Australian Parliaments.

I said that we had several in National Parliament and even though in my State we had none at this time we have had a Indigenous Governor, Pastor Nicholls and also our current Premier has an Indigenous advisor a former champion footballer, Che Cockatoo Collins – they seemed pleased. He asked Moira to stop translating I think he just wanted to highlight my Australian accent and asked me to say hello to all channel 33 viewers in the Australian way in which I did. Hello from Australia and G-day mate. On behalf of my fellow Australians I extend our goodwill and best wishes to you all. I am most interested in your country. International Media only ever broadcast the bad things about all countries seldom the good. Pleased to see it for myself and I think many more Australian’s both business and tourists should visit your country. End of interview

Moira said I said the “right things” – we are at the peak of our tourism season and it’s very quiet and very concerning, think it’s the terrorist threat after September 11.
Inspected the Parliament building, the House of Reps is a very impressive building with opera house style balconies and three levels of wonderful glass dome. The Upper House, Senate red lovely wood fresco ceilings, Italian very impressive. House was only renovated 18 months ago.

**Independent Observations**

Bolivia is perceived as the 2nd most corrupt country in the world. The first is an African country closely followed by two or three other Latin-American Countries.

The poorer the country the worse the corruption. Bolivia hates Chile because they lost their sea port to them in the war in 1880 and Chile charges all who fly from La Pas to Santiago to exit South America an exit tax - $60 US nothing from other countries (a reciprocal tax)

Tourism in Bolivia, spoke to Gloria Maldonalds Ponce.

We could continually hear gun fire while surrounded by security. Once I had been into the Bolivian Parliament I had to leave from a side exit with lots of armed security both military and police. Security is a major problem.
Study Tour Highlights

- Copacabana Beach – Rio De Janerio (I found my incentive to lose weight)
- Iguassu Falls – the Hotel, the environment and eco-tourism (the passenger train) even when the falls were only flowing to 20% of their capacity.
- Machu Picchu high and was lost for 400 years, sheer sides a mountainous wonderland. Spoilt only by visitors gasping for breath.
- Malbec Wine in Mendosa – 3 Malbecs tastings wow!!!!
- Santa Cruz – Chile, introduced to Pisco Sour, Tour of Wineries in Colchagua Valley. The vines backdropped by the snow capped Andes Mountains.
- View from Christ statue in Rio De Janeiro.
- Poverty in Peru a shock.

End of Study Tour Report