



Speech by

**Hon. HENRY PALASZCZUK**

**MEMBER FOR INALA**

---

Hansard 19 November 1998

### **TARIFF PROTECTION, SUGAR INDUSTRY**

**Hon. H. PALASZCZUK** (Inala—ALP) (Minister for Primary Industries) (6.10 p.m.): I move the following amendment to the motion of the honourable member for Lockyer—

"Delete all words after 'Parliament' and insert the following—

'In order to maximise the marketing power of Queensland graingrowers and to maximise returns to the sugar industry, urges the Federal Government to advocate in international trade forums that Queensland be allowed to maintain the single desk for the sale of export sugar.'."

I move this amendment because I believe that single desk selling is currently the greatest asset of the Queensland sugar industry. Although I understand the sentiments behind the honourable member's motion, I believe that in this case single desk selling is far more important than tariffs.

I believe that the marketing provisions of the Sugar Industry Act 1991 are the basis for stability in our State's sugar industry. Single desk selling is essentially central marketing of all sugar produced in Queensland, and that is 95% of all Australia's sugar. Once cane is crushed in a mill and it is converted into sugar, the sugar becomes the property of the Queensland Sugar Corporation. The Queensland Sugar Corporation then markets this sugar in the international marketplace. This year, the QSC sold \$2 billion worth of sugar in international markets. These are export dollars that this country sorely needs. The QSC is managed by a board on which sit representatives of the whole industry.

Single desk selling provides three key benefits. Firstly, it enables the Queensland industry to build close customer relationships based on the ability to differentiate Queensland raw sugar from its competitors. It gives us access to markets and control of the supply chain to end users representing a long-term strategic benefit to the Queensland sugar industry. This is the major benefit from the marketing arrangements. Secondly, single desk selling enables the Queensland industry to influence regional price premiums by managing the export supply of raw sugar. This benefit is estimated to be in the order of \$30m to \$60m a year. This extra income, of course, flows on to the regional communities that rely upon the sugar industry for their prosperity—rural communities such as in the electorates of the honourable members for Burdekin and Tablelands. Thirdly, single desk selling enables the coordinated and integrated management of the industry's logistics with cost savings in the form of reduced freight charges and lower cost bulk sugar terminal activities. Were we to deregulate to remove the single desk selling and leave mills to sell alone in the world marketplace, we would see many of these benefits frittered away.

Single desk selling works. It has a record of success over a long period both under the old sugar board and now under the QSC. Under these arrangements, the industry has become internationally competitive. However, other countries envy our success and would seek to force us to give up our single desk selling. These other countries are those which heavily subsidise their sugar industries. For instance, in the United States, the subsidies canegrowers receive are greater than the cost of producing the sugar. There is some pressure in international trade forums from these countries for us to remove the single desk selling. I urge Tim Fischer, our Trade Minister, to fight for Queensland's right to keep single desk selling. The Federal Government should do this for the growers and millers in Queensland and for our sugar industry. Let us not forget that single desk selling was introduced by this State's first majority Labor Government, the Ryan Government. Let me say to this House that the Labor Government intends to retain single desk selling now and in the future. Labor stands firmly behind the sugar industry.

One of the greatest advantages we have over our competitors is that we have single desk selling and they do not. Let us keep it that way. I would urge all members on both sides of the House to support this amendment because, at the end of the day, it is the sugarcane producers in Queensland—our canefarmers—and those small rural communities that depend on the income from our canefarmers that will benefit from single desk selling. I would urge honourable members from the One Nation party to take heed of what I have said so far this evening. Single desk selling is far more important to our sugar producers than is a reintroduction of some form of a tariff, because it just will not work.

---