Speech by

HARRY BLACK

MEMBER FOR WHITSUNDAY

Hansard 26 October 1999

SUGAR INDUSTRY BILL

Mr BLACK (Whitsunday—ONP) (2.40 p.m.): I have great pleasure in rising to speak on the Sugar Industry Bill—a Bill which is very important to the sugar industry. The Government claims to have consulted widely during the preparation of this Bill. I do not wish to doubt that claim, but it is patently obvious that either the Government has consulted the wrong people or there has been a major communication breakdown. The amount of negative feedback that we have been receiving from grassroots canegrowers indicates massive concern and discontent.

The only other possible explanation is that, given the feedback from the various stakeholders, the Government has chosen to ignore that input. This is something that many Ministers tend to do, but I would not include the Minister for Primary Industries in that category. I can only assume, therefore, that in this instance the confusion and concerns, of which there are many, arise from communication problems.

We have a situation where both peak industry bodies were strongly opposed to several aspects of this proposed legislation. In addition, I have consulted extensively with canegrowers in my area and our office has been receiving an avalanche of calls from throughout the canegrowing areas.

The verdict is unanimous. This Bill, in its original form, is not what the industry wants. It is seen as defective legislation—legislation which is not in the best interests of the industry, which is not in the best interests of the stakeholders and which is definitely not in the best interests of the communities which have formed around the sugar industry. In fact, this Bill threatens the viability of Queensland's 7,000 canegrowers and, in turn, threatens the very existence of the sugar towns and the thousands of Queensland families who make up those towns.

The main concern with this Bill is the fact that it is strongly biased towards the mill owners—mostly multinationals—and against the growers. I might add that the growers, as well as comprising the biggest interest group numerically, are also responsible for approximately 66% of the total capital investment in the industry. For the growers to receive minimum consideration is inequitable; it contravenes democratic principles and indicates a disregard of the Government's responsibility to look after the interests of grassroots Queenslanders.

This Bill goes beyond the recommendations of the Sugar Industry Review Working Party in some areas, whilst ignoring or falling short of those recommendations in other areas. For example, on the issue of the pricing formula, this Bill has removed the longstanding linkage between the price of sugar in cane and the actual selling price of sugar. The removal of section 122(5) creates the potential for enormous diversity in payment methods. Unfortunately, this increased flexibility would work against the grower's ability to negotiate the best possible price. In the absence of a mandatory formula, and with no mechanism for the grower to benchmark his price against either the average for the mill area or a standard such as average sale price for sugar, the grower would be negotiating blind. In this situation, the grower would be disadvantaged as compared with the mill owner, who has the obvious advantage of knowing all the determining factors. In the absence of any structured formula, this single buyer, negotiating with up to 300 competing sellers, would enjoy an enormous advantage. I am advised that this concern has now been addressed.

I am also concerned that mill owners are grossly and unjustly advantaged by the separation of individual and collective supply agreements. The grower, attempting to negotiate an individual

agreement without any knowledge of other individual agreements or the collective agreement, is obviously at the mercy of the mill owner. I believe that the negotiating strength of the two parties should be equalised to the extent that all knowledge of the collective agreement should be available to both parties.

I also believe that it is unfair for individual growers to be bound by long-term collective agreements unless they have individually signed off on such agreements. To carry any legal weight, any collective agreement of more than one year's duration should be required to be signed by each and every grower who is party to it.

There is also strong disappointment amongst many growers that this Bill does not appear to give any encouragement to the stated objective of the corporation to "act competitively in pricing on sales to domestic customers". The introduction of a new sugar Act would have been an excellent opportunity to remove export parity pricing. This would have enabled the corporation to have some chance of achieving its objective and, provided a part of that increased return flowed back to growers, it would have had a beneficial effect on their viability.

In the current climate, where primary producers are being encouraged to take an interest in their product post farm gate, the concept proposed by this section of the original Bill is retrograde. Growers are being told, "You grow the cane, sell it for what you can get, and don't worry about what happens next." I believe growers are entitled to know, and in fact should be entitled to monitor, the progress, quality and pricing of their product all the way through to the consumer. This Bill seeks to minimise that downstream involvement.

Another example of the bias in favour of mill owners is evident in clause 49(2), which introduces a compulsion on growers to nominate, in a collective agreement, that they must grow cane on a stated minimum percentage of their CPA. There is no reciprocal compulsion in regard to the responsibilities of the mill owner. Many growers were concerned that millers could time the crushing of their own cane to coincide with the optimum c.c.s. levels and other factors influencing the best economic return for their own cane. That would be a logical management reaction, but I believe, as do many growers, that if such scheduling results in inconvenience and decreased returns for growers, it would comprise a conflict of interest, which cannot be tolerated.

In the theoretical world of financial mathematics, vertical integration and all those other buzz words have a great ring to them. However, when they are translated into the real world, it becomes obvious that they present an enormous advantage to big business, to the monopolies and to the cartels. This is an intolerable situation. Governments must be about people and communities. Governments must be ever vigilant to ensure that the average Queensland battler receives a fair go and, in doing so, has an opportunity to benefit from his hard work. If the incentive is there for the individual, there are plenty of Queenslanders with the will to take up the challenge and, when they do, their communities benefit as well, thereby providing a better standard of living for all Queenslanders. I am advised that the Government will be monitoring this aspect of the industry. I can assure the Minister that if the Government is not diligent, and if it ignores the seriousness of this issue, it will do so at its peril.

Many growers were appalled by the proposed clause 49(1). This clause had the potential, with the inclusion of "growing of cane" into the parameters of the agreement between the mill and the grower, to allow the mill to dictate farming methods to the grower. The mill owner would be able to dictate such horticultural practices as plant density, fertiliser choices and rates and a whole host of other management decisions that should remain solely with the grower. This clause needed an adjustment to expressly exclude from agreements any ability for mill owners to override such basic farm management decisions, which must always remain the preserve of the growers. I am assured that this serious concern has now been addressed.

One Nation certainly supports the concept of single desk selling. The only problem we have with it is that it should not have been used as a trade-off for tariffs. Having lost the tariffs, though, we certainly would not countenance any moves away from single desk selling. Our travels throughout the sugar country, and our extensive discussions with growers, underline the terrible plight of the industry, which is suffering from higher input costs, declining commodity prices and extremes of weather conditions.

Growers have battled all these problems. They have tightened their belts in the face of reduced incomes. They have battled their bank managers to pay increased costs. I believe it is imperative that they do not have to battle against other hurdles which are legislated into their industry. It is my understanding that the Government will be bringing forward some amendments which we are hopeful will address some of our concerns.

We will not be supporting this Bill in its original form as we are convinced that it is not in the best interests of canefarmers. In recognition of the need to provide some certainty by the timely passage of a new sugarcane Act, we will be making every attempt to support the Bill as amended.