



Speech by

Hon. HENRY PALASZCZUK

MEMBER FOR INALA

Hansard 29 October 1999

PRIMARY INDUSTRY BODIES REFORM BILL

Hon. H. PALASZCZUK (Inala—ALP) (Minister for Primary Industries) (10.48 a.m.): I move—

"That the Bill be now read a second time."

This is a very important piece of legislation that is designed to modernise the producer representative arrangements that apply in five important primary industries, namely, the sugarcane, fishing, dairy, pork, and fruit and vegetable industries. As a consequence of this Bill, two overly complex and antiquated Acts will be removed from the statute book, namely, the Primary Producers' Organisation and Marketing Act 1926 and the Fruit Marketing Organisation Act 1923. These Acts create five statutory producer representative bodies that provide what might be termed "agri-political" representation and other services to their respective producers. The bodies in question are: the Queensland Canegrowers Organisation—or Canegrowers, as it is more commonly known—the Queensland Dairyfarmers Organisation, the Queensland Pork Producers Organisation, Queensland Fruit and Vegetable Growers and the Queensland Commercial Fishermen's Organisation.

Queensland is, I believe it is correct to say, the only State in Australia where some primary producers are compulsorily required to fund organisations that are involved, at least in part, in agri-political representative activities by way of a statutory obligation to pay annual levies. These arrangements go back a long way in time, with three of these organisations being set up over 50 years ago—indeed, over 70 years ago in the case of QFVG and its predecessor body, and close to 60 years ago for Canegrowers.

At the outset let me say that a major, but not the only, impetus for the Government's examination of the statutory producer representative bodies arises from legal advice which suggests that recent High Court decisions may raise some legal question marks about the compulsory levies that fund these bodies. While a decision in a lower court recently upheld the levies of one of these bodies, legal doubt remains as to whether this decision would be followed in a higher court, and I am sure this House would appreciate that the Government should act to remove doubt wherever it exists.

Another factor requiring consideration of these issues is our desire to deliver an outcome on the long-running saga of the review of the two Acts commenced late in the term of the Goss Government and continued right throughout the term of the previous Government, but in a very desultory fashion. It is one of the more notable back paddock issues I inherited upon coming to office.

From this starting point, the Government faced a number of options. First, we might simply have abolished the five statutory producer bodies. Certainly there were those who feared the Beattie Government would do so out of some sort of political spite. Second, we might have tinkered with the fundraising mechanisms of the bodies, leaving them in their current state but with an uncertain funding future. Or third, we could have opted for a complete reform of the laws underlying these statutory producer representative bodies. The Government has opted for the third option—reform, and such reform is long overdue.

We recognise the value of these producer bodies and the services they deliver. We understand the importance they have in the industries they represent and the communities that depend on these industries. We appreciate that change is never easy and takes time. In framing this Bill, the Government wanted reform that empowered ordinary producer members of these bodies to take

ownership and control of the statutory bodies but through a phased transition that allowed time to adjust. I believe that this Bill delivers on these two key objectives—producer control and transition.

At the outset there is the fundamental issue of whether or not producers should be compelled to be members of these bodies. There appears to be a glaring inconsistency in this regard. Queensland has many examples of successful non-statutory, voluntary funded producer representative bodies. Agforce, with its three constituent bodies—the United Graziers Association, the Cattlemen's Union and the Queensland Graingrowers Association—is probably the best known example, but there are many others. Indeed, there are over 60 producer representative bodies in this State, of which only the five mentioned earlier are statutory.

There really is no good reason why producers in five industries should be compelled to be members and contribute to statutory representative bodies while others do not. Conversely, there are very good reasons to believe that voluntary industry organisations will provide more effective, responsive services to their respective industries. We must then ask: why do these bodies need to be statutory authorities?

Let me state quite categorically that the Beattie Government has no desire to own these bodies—we have no wish to make a claim on their physical assets or their cash reserves. These bodies have been funded by producers, and that is where clear legal ownership, and control, should reside. Perhaps over the years Governments have felt the need to have some control over these bodies by way of the right to approve or disapprove of their annual levies and control of their organisational structure. Let me state quite categorically that the Beattie Government has no desire to have any sort of reserve power to influence the conduct of producer representative bodies.

This Bill will give producers in the five industries in question clear and effective ownership and control of their representative organisations. It will take Government out of this area of primary industry by allowing these bodies to more effectively represent, and respond to, their members' interests without having Government involved in the process. This will be achieved over an appropriate transitional period to minimise disruption and to ensure effective ongoing industry representation. In this regard, I see this Bill as the logical extension of what has been done previously to give producers ownership and control of primary industry marketing organisations, such as Grainco, Sunny Queen Egg Farms, PMB Australia, Queensland Cotton and the Tobacco Growers Cooperative. I intend to do the same with the Queensland Sugar Corporation and will announce details shortly.

Returning now to the Bill, there are two core elements. Firstly, the Bill requires each statutory producer body to establish a non-statutory replacement corporate entity, such as a cooperative, company or incorporated association, to which assets and liabilities will be transferred. Once the transfer is complete, the statutory producer body will cease to operate, although an administrator will be appointed where it is necessary to handle any share distribution arrangements related to the asset transfer.

It is the Government's intention—and this I state unequivocally—that the asset transfer arrangements will not result in a stamp duty burden on industry. In common with previous primary industry restructuring exercises, this Bill does not have an explicit stamp duty exemption. However, as was the case with the previous exercises, it is intended that ex gratia relief will be provided for transactions that are undertaken for the purposes of the legislation. Detailed principles for the provision of that relief are to be developed by Treasury and the Department of Primary Industries, having regard to the transactions undertaken.

Secondly, in order to ease the transition, especially in regard to the funding base of each organisation, the Bill provides for compulsory producer membership of the replacement non-statutory corporate bodies, initially for three years, with a possible extension for a further two years, subject to a poll of the relevant producers. The replacement bodies will each be responsible for the setting of the annual membership fees. No doubt some producers will demand that voluntary membership be introduced immediately. I understand their desire. However, such sudden action would have certainly disrupted the operations of the five bodies to the consequent detriment of the industries they serve and, I am sure, would have been strongly opposed within those industries.

As a matter of principle, I believe in providing appropriate transitional arrangements to ease the pain of any restructuring exercise. This is the Government's objective here. These arrangements are supported by the organisations as being necessary to allow them to work towards eventual voluntary membership. I should, however, point out that, while the legislation allows for compulsory membership, initially for up to three years, each body will be able to convert to voluntary membership at any time if that is what its members want. A successful producer poll at the end of that time could extend compulsion for a further maximum of two years, but once again, each body will be able to switch to voluntary membership within that time if that is what its members demand.

I must emphasise the point that any decision to go voluntary will be made by the rank and file; it will not be a decision made by the Minister of the day, nor will it be one made by the leadership of each

body alone. As a result, I expect each organisation to be more effective in representing their respective producer members and responding to their requirements. In a very real sense, this Bill enfranchises the rank and file producers in each of these five industries to a very much greater extent than is the case under the present outmoded and convoluted arrangements enshrined in the two ancient Acts that I wish to see finally struck from the statute book. For these reasons, when coupled with the clear transfer of ownership and control of these representative bodies to producers, I expect bipartisan support for this legislation. It will disappoint me, and it should certainly disappoint and dismay the producers themselves, if this is not the case.

Over the past months I have had extensive consultation with the leadership of the five statutory producer representative bodies. They were provided with a draft of this Bill a month ago and have provided many useful comments. They appreciate that the Government has opted for reform, not abolition, and that the phased transition is intended to allow them time to adjust to being voluntary organisations. Change is not easy, but let me congratulate the organisations on their preparedness to move quickly to make reform possible.

In addition, the opportunity is being taken to make amendments to the Meat Industry Act 1993 to facilitate the Government's strategy for the divestment of the Queensland Abattoir Corporation. The Government's legal advice is that certain amendments are desirable to facilitate the Government's divestment strategy for the Abattoir Corporation. I acknowledge that the previous Government also had a divestment strategy, if indeed "strategy" is what it was. Unfortunately, it was such a convoluted outcome that one of my first jobs as Minister was to unscramble what had been very comprehensively scrambled by my coalition predecessors in the first place.

We now have a process in train that will allow the Government to exit involvement in meat processing, where its presence is no longer required, in a manner that is consistent with what I would call the "jobs first and foremost" policy of the Beattie Government. The amendments in this Bill facilitate this process by allowing the Abattoir Corporation to sell assets and land and to deal generally in land, including the power to lease and subdivide land for its own use as well as that of third parties, including seeking planning approvals. The amendments also facilitate the eventual winding-up of QAC.

In conclusion, this Bill continues a necessary reform and modernisation process in Queensland primary industries that commenced with the Goss Government, but which was unfortunately slowed to a bare walking pace, and eventually to a complete halt, under the Borbidge Government. I have put that process back on track, most notably with the Dairy Industry Act amendments of last year, the comprehensive primary industries legislation amendment Acts of last year and again this year, and most recently, the Sugar Industry Bill. This Bill continues that process. It will not be the last example of what I intend to achieve in this challenging and rewarding portfolio. I commend the Bill to the House.
