Speech by

JEFF SEENEY

MEMBER FOR CALLIDE

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PRIMARY INDUSTRIES LEGISLATION AMENDMENT BILL

Mr SEENEY (Callide—NPA) (5.49 p.m.): I appreciate the opportunity to make some comments on the Primary Industries Legislation Amendment Bill. Obviously, primary industry is very important in the electorate that I represent. As I said in the first speech I made in this House, my electorate comprises a lot of what were called old closer settlement areas. There are a lot of very small, very marginal primary production units in my electorate.

Tonight, I want to make some comments and put on the public record some facts about the South Burnett Meatworks. There have already been some comments in this House—some of them, unfortunately, ill-informed—about the South Burnett meatworks. At the outset, I say that if members checked the members' register, they would see that I am a shareholder in the South Burnett Meatworks. I have been for many years a shareholder and supplier of the meatworks cooperative. I have a very small shareholding, as do the majority of the other shareholders. It is a shareholding in a cooperative. At no stage did any of us take that shareholding with the intention or the expectation of making large amounts of money out of it. We were simply being part of a cooperative that was providing us with a service.

Mr Purcell interjected.

Mr SEENEY: Certainly not the sort of money that people were talking about making out of Internet gambling. I think that those of us who many years ago invested in the South Burnett Meatworks would have been better off investing in Internet gambling.

The South Burnett Meatworks is a meat packer to the commodity markets. It was and always has been seriously undercapitalised. We had a paid-up capital of $3.4m on gross assets that were estimated at $25m. There was a turnover $120m a year. The company drew cattle from the Burnett, stretching from Clermont in the north to Roma in the west, across to Gympie and up the coast and, in some cases, down the coast to New South Wales. Employees were drawn from within the Burnett, from all the small towns surrounding Murgon down as far as Kingaroy and Gympie and north to Gayndah. Expenditures from the company flowing into that general area amounted to some $70m for cattle, $16m for labour and approximately $30m in other services. It can be said that the works was a major contributor to the economic base of the area and a major employer. Some 600 jobs in a small place such as Murgon does not just affect the economy of Murgon; it affects the economy and the employment prospects of the South Burnett. With the collapse, not only were those 600 jobs and that economic activity lost to the whole area but also something like $4.5m was owed to cattle producers. That is $4.5m that will not be injected—or potentially at least, unless we can recover the money—into communities from Roma to Gympie and everywhere in between.

In July 1998, a marketing and sales arm, QSUN Foods, was formed with the intention of developing strategic alliances with Asian supermarket groups to try to overcome the financial difficulties that the cooperative was experiencing. Since that date, QSUN Foods became, firstly, the preferred beef supplier and, lately, the preferred all meat products supplier to three multinational supermarket groups in Asia. This is a prime example of the supermarket to Asia program—the types of things that we have been told for many years that we need to develop. As of early June 1999, QSUN signed memorandums of understanding with three supermarket groups to become their fruit and vegetable supplier as well. The potential is not just for meat from the South Burnett but also from the southern plant to ensure continuity of supply and a range of products. This has the potential to be the Australian food supply company to Asia.

Obviously, the cooperative is now in administration and these strategic alliances are at risk. Currently, the gross total land, buildings, plant and machinery, investment and sundry assets are estimated at $19m. Since we have gone into administration, the break-up value of those assets has been estimated at $4m. Obviously, nobody wants to see that happen—nobody wants to see the plant broken up and those assets realised in a fire sale. Currently, the board is putting together a rescue package to go before the suppliers and shareholders and a roadshow presentation has taken that rescue package to most of the centres within central Queensland. My information is that, of the offers that have been received for the plant, none of them come close to that break-up value, which is particularly disappointing. Unless the board and the shareholders can successfully put together the rescue package, the break-up option is going to be the one that will realise the best value for the administrator.

To June 1998, the cooperative paid payroll tax of $839,048. It paid workers compensation premiums of $1,323,991. It is interesting to note that, under the new WorkCover premiums, workers compensation premiums had been increased substantially by $700,000, despite the fact that the plant had received an award for work that had been carried out in reducing claims. When we debated the WorkCover legislation, I well remember standing in this House and talking about the fact that inevitably premiums had to rise. I well remember the vigour of the interjections and the number of members opposite who included in their speeches this unbelievable scenario that somehow or other the WorkCover legislation was going to be amended and nobody was going to see a rise in their premiums. This particular plant had a rise in its premiums from $1.3m to $2m—$700,000. I am not suggesting for a moment that that was the cause of the financial problems, but it certainly did not help.

An honourable member interjected.

Mr SEENEY: I take that interjection. It certainly did not help. It could probably be seen as the straw that broke the camel's back. It certainly illustrates to me the absolute hypocrisy and dishonesty that was perpetrated in this House by the proponents of the WorkCover legislation.

The board was of the opinion that the business was viable. We had financial problems, but we were going forward and profits could be achievable. Current indications that support this view are that QSUN, while operating effectively only since Christmas and, in that time, selling only 8% of the product, had the impact of improving the average selling prices by 11%. This has been achieved with the move from the lower-margin commodity market into the higher-margin supermarket arena and by eliminating the middlemen.

Besides the refocusing of the South Burnett Meatworks into the new Asian markets, the company had not allowed the plant to run down. In the past three years, expenditure totalling nearly $11m had been spent on capital enhancements. That expenditure included new chillers, a state-of-the-art dicer/slicer, an automated meat packing line—the only one in the country—and up-to-date computerised tracking and scanning systems.

In the days immediately following the appointment of the administrator, it was interesting to hear some of the ill-informed comments by the Premier and the Deputy Premier. I have a public letter that was written to the Premier and the Deputy Premier from some 300 employees of the plant. It was their reaction to the ill-informed comments at that time. I want to read it into the public record—

> "This is an open letter in response to claims made by some people that South Burnett Meat Works plant is run down and poorly managed.
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> The plant, over the past 5 years, has had in excess of $11 million spent on it. This has meant a new kill floor, new boning room, new chillers, new yards and a state-of-the-art dicer/slicer machine with an automatic packing line (the only one of its kind in Australia). Other upgrades have been up to date computer system for scanning and tracking of product along with computerised refrigeration including variable speed mechanisms to reduce shrinkage and a modern container loading facility with the ability to load containers direct onto rail."