



Speech by

JEFF KNUTH

MEMBER FOR BURDEKIN

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ADDRESS IN REPLY

Mr KNUTH (Burdekin—IND) (12.47 p.m.): I would like to raise concerns plaguing the sugar industry. I am glad to see that the Minister for Primary Industries is in the Chamber. The world sugar price is at its lowest level in 11 years—below US7c a pound. At this price, farmers are justifiably worried that if the price drops any further it will fall below the cost of production.

Government policy in Australia has forced sugar producers to sell domestic sugar at the world price. Basically, what this means is that we have farmers living under modern western conditions selling sugar at Third World prices. With the current situation of Brazil cutting the amount of sugar it converts to ethanol there is a dangerous threat of Brazil dumping more sugar. On an already generously supplied world market the price of sugar may fall below US6c a pound. Believe me, if that happens, many farmers will be out of business.

United States farmers and millers, through their system of assistance and support, jointly receive about 82c Australian for every kilogram of raw sugar they grow. Compare this to the Queensland growers and millers who receive, at the current world price, about 24c a kilogram and it is obvious that the international divide between the incomes of farmers is no better under the National Competition Policy and the so-called level playing field of sugar trade.

Indeed, this is stated in the canegrowers' organisation's own submission to the Federal Government Senate Select Committee on the Socioeconomic Consequences of the National Competition Policy dated 9 October 1998. Part of the submission reads as follows—

"Canegrowers believe that the application of the NCP principles to the Queensland raw sugar industry has meant that the industry is no better off. Indeed, from a total raw sugar industry perspective, the considerable costs, uncertainty and weakening of the grower-miller balance has left us worse off."

Let me now take honourable members to a letter penned by Canegrowers chairman Harry Bonanno dated 6 October 1997. This was written at a time when the tariff on imported sugar was being stripped from the industry. As part of the sugar industry review group, Mr Bonanno fought to hold the tariff and push for a non-operative tariff that could be used as a price support mechanism if prices went below US10c a pound. To this day that mechanism does not exist. Why?

Holding to a misguided belief in a level playing field of sugar trade, the Federal Government ruled that a variable tariff was unacceptable to the General Agreement on Tariffs and Trade and could not be considered for implementation. What a sham! It is a sham because of the latest revelations by Colin Teese, Australia's former representative on GATT and the former Deputy Secretary to the Department of Trade. In an article in the News Weekly of 27 February this year, Mr Teese exposes the free trade myth as exactly that. Mr Teese stated—

"Whatever may have been asserted more recently by trade economists in Australia and anywhere else, the GATT was never intended to be the guiding light towards so-called free trade...The words 'free trade' or even 'freer trade' are nowhere to be seen in the GATT agreement."

Whom are we kidding? We cannot provide a safety net for our canefarmers, because it is perceived as not sporting on the trade level playing field. The Feds see GATT as some sort of game referee, and

here we have a former GATT delegate wondering why that group is being linked to the term "free trade".

As representatives of our constituents, we must look at the solutions to the problem of dwindling farm incomes now. It is the responsibility of all levels of government to help the industry through these troubled times. Farmers believe that imposing an import quota of 10,000 metric tonnes on all sugar coming into Australia would help to ease the pain. This Government should remove the price control on the Queensland Sugar Corporation and allow it to set a realistic domestic price for raw sugar of around US15c a pound. If these recommendations were put in place, there would be an injection of \$165m into the sugar industry through domestic sales and an extra \$22m into the Burdekin region alone. Although I support low interest loans to farmers, that is only part of the answer.

The Queensland and Federal Governments must consider the impact that loss of tariff protection and price control has had on Queensland canefarmers. I am asking this Government and the Federal coalition Government to say enough is enough. This level playing field is only level at one end of the field, that of our competitors. If Europe, Japan and America wish to play "free trade", let them set the example. However, I wish to ask our Federal Government: why is Australia being used as a test case guinea pig?

If our competitors do not wish to drop their tariffs, we should relift ours. We are already the laughing stock of the world. Let us regain our farmers' credibility. This Government should also be aware that its water prices, administered by the Department of Natural Resources, are another crippling barrier to farm sustainability. At an average cost in the Burdekin of \$27,000 to \$30,000 a year to canegrowers, water is a significant cost for farmers and something over which this Government has much control. I ask the Beattie Government to consider seriously cutting the cost of water in these hard times. Unlike a sugar refiner or supermarket, canegrowers have no avenue to pass on increasing costs of production. Fixed to the current dismal world sugar price, Queensland growers must watch increasing costs eat into their profits, should they be so fortunate as to have a budget slightly in the black. Refiners can charge stores more for processed sugar if their workers win a pay rise, and stores can charge their customers more for sugar if their building rental goes up, but there is no—I repeat: no—avenue for a farmer to pass on cost increases.

If we add the costs of harvesting, unseasonal weather, cane grub damage and the \$27,000 annual electricity bill the average farmer faces to run pumps and machinery, we do not have to be a genius to see that Queensland canefarmers need help and they need it now. In this month's Canegrower magazine, general manager Ian Ballantyne indicates that farmers will tighten their belts another notch and are looking to the sky for a fairer deal. I ask this Parliament not to let them down.
