



Speech by

JOHN MICKEL

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TRANS-TASMAN MUTUAL RECOGNITION (QUEENSLAND) BILL

Mr MICKEL (Logan—ALP) (12.57 p.m.): I also support the Trans-Tasman Mutual Recognition (Queensland) Bill. Before I make some comments about the Bill, I will correct for the House something I said last Thursday night. I came into possession of a document which purported to be an apology from AAP about its coverage of statements by former Queensland Cabinet Minister Pat Comben. While speaking during the debate I quoted from this document, saying that AAP accepted that Mr Comben's comments had been reported inaccurately and inappropriately. My statement was made in good faith and based entirely on the document. Since then it has become clear that my statement was inaccurate. I therefore unreservedly apologise to the House and to AAP for inadvertently misleading this House. It is clear that AAP had nothing to do with the preparation of the document.

This Bill is modelled on mutual recognition legislation in the European Community introduced in 1992. The completion of this mutual recognition regime makes the Closer Economic Relations agreement the only regional trading arrangement outside the Economic Union which takes into account mutual recognition standards.

The bilateral relationship has as one of its most enduring aspects the free movement of citizens of both countries, who may now live, work and study in either country without visas and permits. It will eliminate tariffs on virtually all trans-Tasman trade. This finalises a process of tariff reduction begun not just by the Borbidge Government but in 1992, when tariffs on 129 items were reduced to the preferred British rate.

The current CER agreement was initiated in 1983 and concerned itself with the reduction of tariff and non-tariff barriers against goods entering each country from the other. The second stage, between 1988 and 1990, accelerated the movement to free trade. This, then, is the third stage. It covers initiatives to widen the trade and economic relationship to encompass a single aviation market and mutual recognition of standards for goods and occupations.

Mutual recognition was modelled on the mutual recognition legislation in the European Community introduced in 1992. This Bill will make the CER agreement the only regional trading arrangement outside the Economic Union that accommodates mutual recognition standards.

Australia has been the frontrunner in forging open trade groupings. Queensland is the centrepiece for a very significant trade round which will help our great primary industries. The group, which formed in Cairns—appropriately named the Cairns Group—consists of Australia, New Zealand, Uruguay, Argentina, Brazil, Chile, Colombia, Fiji, Indonesia, Malaysia, the Philippines and Thailand. This group was significant in the Uruguay Round negotiations on agriculture, which will benefit Queensland primary producers. The Cairns Group met in Sydney in April 1998 to work on a strategy for the next round of World Trade Organisation negotiations on agricultural trade, to begin this year. These groupings give Australia and New Zealand a clout they could never achieve if acting individually.

The forum in our region which closely resembles CER is the APEC forum, begun in 1989, focusing primarily on promoting open trade and economic cooperation as a cornerstone of Australia's regional trade policy.

Sitting suspended from 1.01 p.m. to 2.30 p.m.

Mr MICKEL: Under the Bogor Agreement, APEC members are committed to achieving free and open trade by 2010. The Bureau of Industry Economics—

Mr BORBIDGE: I rise to a point of order. Unless my eyes are misleading me, we do not have a Minister in charge of the business before the House.

Madam DEPUTY SPEAKER (Dr Clark): Order! Indeed, we do not. The Leader of the Opposition is quite correct. I will just consult with the Clerk. The member for Logan may continue.

Mr MICKEL: The Bureau of Industry Economics has forecast that the reforms contained in the Bogor Agreement could add another \$3.6 billion per year to Australia's agricultural exports. Movements towards freer trade create winners as well as losers.

Mr BORBIDGE: I rise to a point of order. It is unprecedented in this place for—I see that a Minister has just arrived. I was just going to make the point that it is unprecedented in this place not to have a Minister in charge of legislation before the Parliament. I just make that observation.

Madam DEPUTY SPEAKER: Order! The member should continue.

Mr MICKEL: We, as legislators, must be sensitive to the adjustment process being felt by the communities who lost. We need a commitment to retraining displaced employees as well as developing an industry policy which looks at opportunities for industry. In Queensland, I think we had a traditional focus on primary industries. Some might say that it was over-focused on these to the exclusion of the development of an industry policy. The Goss Government gave us a regional focus when it opened a number of trade offices in the Asian region. And to its credit, the Borbidge Government continued with this and expanded it with the Indonesian office. The Beattie Government's State Development Department correctly brings the business development sectors into a trade focus.

I think it is fair to say that what has been missing from our business sector throughout this century has been a trade ethos. We have produced for the domestic market. Australia's multicultural policy, so often derided by our opponents, actually strengthens our ability to develop an export culture. It enhances the prospects, because it can tap into networks between chambers of commerce and business groups. My colleague the member for Sunnyside has reaffirmed that with me, with experiences in his own electorate.

In applying this to New Zealand, a House of Representatives Standing Committee on Primary Industries, Resources and Rural and Regional Affairs had this to say—

"New Zealand is an impressive role model with its strong export focus in its agricultural sector."

New Zealand, with three million people, has had to export. South Africa, with about six million people who could afford to buy most fruits and vegetables, had to export. The same is the case in South America. With 18 million people in Australia, it is a good-sized domestic market, and that is where many people stay focused. However, a better trade emphasis and a better trade focus is occurring. Trade liberalisation Bills such as this are in Queensland's long-term interests. Tariffs can protect jobs in the short term but cannot provide job security in the long term. They also impose costs that reduce opportunities and jobs in other more efficient and competitive industries.

Members of this House have implied that people do not mind paying a bit more for highly protected goods. I am advised that the facts are that tariffs lift the costs faced by Australian exporters by around 3%. Even conservative estimates suggest that, in the past decade, the average Australian family has gained around \$1,000 a year from tariff reductions. Families have access to a wider range of affordable and high-quality products. For instance, imported motor vehicles would cost around 25% more if the 1988 tariffs still applied. That represents an extra \$5,000 on a \$20,000 motor car. And clothing and footwear would cost around 14% more, that is, an extra \$300 for the average family to maintain its dress standards.

In the confidence motion debate, the member for Crows Nest, in a state of perhaps high emotion, and certainly hyperbole, said—

"Once upon a time we could actually build a car. Weren't we terrific! Now, we cannot build anything—everything has to be imported from everywhere."

I have spoken to the member for Crows Nest about that, and what he was referring to, of course, was the perception that is held in the community. Perception it is, but it is certainly not factual. Let us look at the facts.

Holden Australia is now the most productive General Motors plant for medium volumes and the centre for engineering excellence in the region. World exports could exceed \$1 billion by the year 2000. Toyota in Australia is now more efficient, and exports are up from \$47m in 1990 to \$329m in 1996. Mitsubishi has expanded its export production in Australia. If we look at component manufacturers like PRR Automotive, Air International, Bosch and VDO—Australia requires local car manufacturing to make

production in Australia viable, but all are very much export oriented due to the small and mature Australian market.

In the textile industry, which people believe is nonexistent, Bradmill, which produces cotton and denim, Blundstone, which produces boots, and Gosh Leather have built export bases, whilst YAKKA and RM Williams have developed niche domestic markets. Firms like ATCO, Incat and Austral Ships, which construct ferries, ERG, Keycorp, which is influential in IT, and Air International, which is involved in vehicle airconditioning, have expanded and created jobs. In the primary industries sector, Australian food producers like Australia Meat Holdings, Kiwi Orchards, Ardmona, which specialises in canned deciduous fruit, the Sumich Group, which specialises in fresh and processed fruit and vegetables, and Tassal, which specialises in Atlantic salmon, are doing well.

In Queensland, with groups such as Cotton Queensland and Cotton Australia, the cotton industry is one of the great success stories. It exports 95% of its product. This year, its production will exceed one million bales. I understand that it has even taken over one of the mills in the southern parts of America. The cotton gins in Goondiwindi provide significant regional employment. Now entrepreneurs are getting into textile manufacture. I praise particularly people like Sam Coulton and the people of Goondiwindi for their efforts in working with the TAFE colleges and getting this industry under way. I am very pleased to show the House today one of the fine-quality products made at Goondiwindi with Goondiwindi cotton.

Mr Robertson: Table it.

Mr MICKEL: I do not want to table it; I want to wear it. That company gave one to the Premier, and even managed to produce one in his size. Full credit goes to the Queensland industry. These things are happening right here in Queensland. It is a fine, outstanding product, and one that is providing employment in regional Queensland. I would be delighted if we had a spinning mill here in Queensland as a direct result of the cotton industry.

I also want to mention the Australian dairy industry. This year, it will provide over \$2.2 billion in exports, which is a phenomenal performance by any measure. Closer economic relations with New Zealand have provided additional competitive pressures on Australia's domestic and export market activities. The current Domestic Market Support Scheme, which will phase out by 30 June 2000, places our industry at a disadvantage to New Zealand. The DMS does not require the New Zealand Dairy Board to pay the domestic product levy for New Zealand products sold on the Australian domestic market. The majority of Australian dairy companies believe that this places them at a competitive disadvantage to New Zealand dairy products marketed on the Australian domestic market. This arrangement, I must stress, is not a result of this legislation. I understand that some processors did not want the levy imposed on New Zealand. I raise it because we have to be very careful not to disadvantage ourselves in the name of competition. I must say in passing, too, that New Zealand prides itself on being totally deregulatory in dairying, yet it still retains a single-desk seller, the New Zealand Dairy Board, for its products, and it still has a big residual access into Europe under the last GATT round. There are many Queensland dairy farmers who would welcome that type of access.

There are pressures coming on the Queensland dairy industry. There will be some shake-out in the Queensland industry as the post-farm gate deregulation comes into effect Australiawide next year. I want to praise the Minister for Primary Industries for urging Queensland dairy farmers to take out business plans to see exactly where they stand currently in their operations and the price of milk that they will need to make a profit.

Nevertheless, there is in Queensland at the moment significant investment by dairy processors, such as Parmalat and National Foods, which gives us room for confidence. In other words, my appeal to everyone is this: let us talk up Queensland and Australian prospects. Certainly, in some cases, factories have closed as a result of reforms, but in food processing and a range of elaborately transformed manufactures, education, tourism and other services are performing well. Contrary to the public perception, Australia's manufacturing sector has increased its export growth. From 1986-87 to 1996-97, exports of manufactures grew by an average of 12% per year in real terms, compared with an average of 6% from 1976-77 to 1986-87. Of special note, growth of exports in elaborately transformed manufactures, that is, those with a high value-added component, has increased strongly over the past 10 to 15 years. Manufactured exports have grown at nearly twice the rate of all other exports over the last 10 years.

Trade liberalisation, on its own, is not enough. It will need a coordinated policy approach, including financial and employment packages targeting affected areas. Micro-economic reform, including the labour market, has already shown its capacity for flexibility and good management in the public and private sectors. This Bill is another step along the path which Queensland and Australia have to travel to become a world competitive nation.
