



Speech by

JOHN MICKEL

MEMBER FOR LOGAN

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SUGAR INDUSTRY BILL

Mr MICKEL (Logan—ALP) (3.36 p.m.): The Sugar Industry Bill 1999 has been introduced against an international climate that is very difficult for Queensland sugar producers. The September quarter 1999 Australian Bureau of Agriculture Resource Economics indicated that world prices are forecast to fall for a third year in a row to average 20% lower in 1999-2000 at just 5.7 US cents a pound. This will severely impact again on growers' incomes but, just as importantly, it will adversely affect the people in those towns that are dependent on that industry.

This price fall reflects expectations of a further rise in sugar stocks as world production again exceeds consumption. That production is expected to rise in Brazil, India and Australia. The Australian production is forecast to increase in 1999-2000 largely as a result of improved yields. In fact, the area under production will increase by 1.2%, but production will increase by 10.2% and exports are set to rise by 11.8%. However, the value of those exports, as I have said, will decline, and decline by 6.8%. So it is a very difficult outlook for Australian producers.

In fact, the Courier-Mail today carries a story of further pressure from the US market, which has brought the US President, Bill Clinton, in to try to negotiate a settlement. But again we see that, when the US is under pressure, the knee-jerk reaction of their farmers is to go seeking protection from any competition. It seems to me to be a very one-sided argument. On the one hand in the nation that says it leads the world in free trade—the United States—the moment their farmers come under any sort of pressure at all, they seek protection as they did with lamb. If we are not very careful, they could do the same in relation to sugar.

Increased cane production in central and southern Queensland has resulted from increased area yields and that will offset decline, according to ABARE, in production in the northern Queensland region where growing conditions have been described as poor. Commercial cane sugar levels are expected to be greater from all the growing regions in Queensland compared with 1998-99, and the early 1999-2000 crush progress indicates increases in c.c.s. in north Queensland and the Burdekin region. Cane which was not harvested because of wet weather last year accounts for almost 8% of the total cane area in Queensland, despite expected lower c.c.s. levels for that cane of almost 12.3%, compared with an expected average of 13% for this season's cane. It is unlikely to have a significant impact in 1999-2000 on sugar production, despite the adverse world prices and what has been a very difficult year for people in the Mossman and Ingham areas, particularly after the heavy rainfall and flooding they experienced between August 1998 and March of this year.

Nevertheless, Australian cane producers know that they are price takers on the world scene, not price setters. Accordingly, they have done much over the years to improve their yield and to be at the forefront of technology when it comes to harvesting. It has to be remembered that over 80% of Australia's crop is exported. It is because exports are so important to us that Australian sugarcane growers will welcome Brazil's agreement to cooperate closely with Australia in the lead-up to the Seattle World Trade Organisation ministerial meeting to ensure that the barriers that the US growers seem to embark on in the sugar trade are fully on the table as part of the upcoming agricultural negotiations. Only by joining with other nations in these world forums can Australian and Queensland sugar producers be shielded from protectionism, particularly in the United States.

I note that the Australian sugar industry is driving the establishment of a global alliance of sugar producers and users, aiming to achieve major reforms to trade-distorting sugar policies at the World

Trade Organisation negotiations in November. Australia is part of the global alliance for sugar trade reform which aims to eliminate export subsidies, reduce domestic price supports and increase market access for sugar. All of these things in other countries cost efficient producers such as Australia millions of dollars in lost opportunities. What is particularly pleasing is that sugar producers from Australia, Brazil, Thailand, India, the Philippines, Guatemala, Honduras, Europe and the United States have already expressed interest in joining the global alliance.

As I have said in this House previously, the Uruguay Round in 1994 did achieve positive outcomes for many Australian commodities. Unfortunately, the sugar industry was one of those that escaped the reform needed on the world stage. We wish our negotiators every success in Seattle, because exports are so vital to so many Queensland regional centres, particularly those in north Queensland which previously were in danger of becoming monocultures.

As a direct result of a successful sugar industry, we are now able to establish a manufacturing base in some of the towns that benefit directly from our primary products. Whilst acknowledging the expansion of the sugar industry, I particularly acknowledge the work being carried out by Tate and Lyle, which is now established in Bundaberg, for the significant investment it has made on the Atherton Tableland, particularly in the new Tablelands mill which, I might say, is the first mill to be built in Queensland in over 70 years.

I now turn to some of the specific issues in the legislation which were raised with me when I, along with the member for Bundaberg, had discussions with canegrowers and also when I had discussions with some of the canegrowers in Maryborough. I believe that some of the issues they wanted resolved have been resolved in amendments that the Minister intends to move at the Committee stage of this Bill. I am pleased that the Minister has been able to listen to the concerns of the growers, because I undertook on their behalf to raise their concerns with the Government.

The first of these is that the millers will be contractually obliged to accept cane supplied for crushing by growers in accordance with the cane supply agreement. This matches the growers' obligation to supply. In the second of the amendments, in collective agreements the price for sugarcane will be linked to the price of sugar unless the negotiating team agrees otherwise. This reflects the risk sharing between growers and millers that is the basis of stability in the industry.

On the issue of individual agreements which may have some adverse effect on the collective agreement, the Government will legislate for compulsory mediation of such disputes before they go to court. This amendment results from concerns on the part of some communities that the immediate use of legal action could cause significant division. The mediation will lead, I believe, to such matters being resolved in a constructive way and to a reduction in the number of matters that have to go to court.

The other amendments that the Government intends to move are that notification to a grower by the mill of non-acceptance of cane may be included in agreements—this will reflect the current practice in awards—and, secondly, that the Queensland Sugar Corporation must now notify the local mill supply committee when it makes a direction to a mill on a specific raw sugar brand. Growers want to be notified about such decisions as they may impact on season length.

The other amendment which I think is important relates to the words "growing of cane". That has been removed from the matters which must be considered in collective agreements. Matters relating to management and growing of sugarcane will be for growers to decide. The Government is also moving to clarify the situation relating to the payment of costs of cane analysis and check chemists, which has been the subject of some criticism.

I mention the Government's willingness to negotiate, because I believe the Minister has had his patience tested in trying to bring all sides of the industry together in the lead-up to the introduction of this Bill. The fact is that the negotiations have been ongoing for more than two years. The ACFA, for its own reasons, decided to put out some alarmist statements about some of the changes. "Alarmist" is not my word; it is the word of the General Manager of the Canegrowers association, Mr Ian Ballantyne, who on 13 September 1999 said—

"This Bill is not perfect but many of the issues raised by the ACFA are without foundation and inevitably create alarm and anxiety among growers—for example, the highly provocative reference to Chairman Mao and Joseph Stalin in relation to future collective negotiations by growers."

I now turn to the 30 August edition of the Australian Canegrower, in which the Deputy General Manager of Canegrowers, Mr Ross Chapman, said that he believed the biggest change would be for those growers who enter into individual contracts outside the collective agreement. He said that some growers may seek increased flexibility in their cane supply and processing arrangements by using the new provision which will allow individual contracts between growers or groups of growers and the mill. However, any agreement likely to have a significantly adverse impact on the collective can be challenged by the mill suppliers committee and may be cancelled. His point is that the new Sugar Industry Act 1999 will have, to use his words, little impact on the day-to-day farming operations of most canegrowers.

What we have seen in recent months has been an unedifying spectacle on the part of the ACFA trying to outbid Canegrowers either to retain existing membership or to poach other members. What has been lost in all of this is the truth in the information given to growers, and I think Mr Ballantyne was quite correct in pointing that out. Of course, what is at issue for Canegrowers is that it used to have compulsory membership and now, like other situations that exist, for example in the unions, it has to vie for membership.

The other issue arising from that is compulsory levies. It is fair enough when Canegrowers say to us that they would like the compulsory levy because it enables them to finance some of the research activities that they need to be involved with. I for one have a lot of sympathy for that argument, just as I have sympathy for the argument for compulsory unionism, which was so comprehensively rejected by those on the other side of the House.

I will close, however, by talking about the need to ensure that the industry is at the forefront when it comes to technology. I refer to a report into the impact of competition policy reforms which highlighted the need to continually upgrade our technology and productivity in agriculture. The commission found that estimates of farmers' terms of trade over the past 40 years show that, while there is significant year-to-year fluctuation, the long-term trend is clearly downward. In the mid-1950s, the ratio of the costs of production to prices received by farmers for their output was four times higher than it is today.

Growers have expressed interest in ensuring that funding is available for the introduction of NIR to ensure that the best quality sugar is maintained, because at a time when world prices are under pressure it is going to be the quality of the Australian product that wins through. What I would like to see is the Federal Government, particularly through its taxation reforms, giving incentives and funding to the Queensland Government and to farmer organisations to ensure that we maintain our leading edge. I am told by farmers quite forcefully that in the sugar industry the NIR is the best way of achieving this.

It is the same as what I said previously in another debate on the dairy industry. It is only the quality of the product that will, in the end, win through. In the end, it will win through for the canegrowers. And ultimately, it will win through for Australia. I congratulate the Minister on this Bill. It has been unnecessarily prolonged because of the activities of some elements within the ACFA and, as I have indicated before, by some alarmist elements. Nevertheless, this Bill takes the sugar industry much further down the road—

Mr Knuth interjected.

Mr MICKEL: We have heard the constant prattle of the leader of the Country Party—that man of rare intelligence. It is very rare when he shows any. We have listened to the changes—

Mr Knuth interjected.

Mr MICKEL: In a battle of wits with the honourable gentleman, he is completely unarmed, so I will leave him be. As I have indicated before, some very alarmist statements have been made. Nevertheless, this is a great Bill. The Minister has listened to the changes that have been suggested to him, and he should be commended for that.
