



Speech by

Mr TIM MULHERIN

MEMBER FOR MACKAY

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SUGAR INDUSTRY BILL

Mr MULHERIN (Mackay—ALP) (4.19 p.m.): The Mackay region is the sugar capital of Australia and, as the elected member for Mackay, it is a pleasure to speak in support of the Sugar Industry Bill. In considering the merits of the Bill, it is important to reflect on the state of the industry in recent years and the background to the Sugar Industry Review Working Party.

Queensland's sugar industry has responded constructively to opportunities that have emerged over the past 15 years through economic developments in Australia and changes in the sugar industry, both global and domestic. We need to consider two central facts facing the sugar industry. Fact No. 1: the Australian sugar industry is substantially an exporter of raw sugar. The industry has been increasingly exposed to global competition, as production has expanded, largely for export, and because sales to the domestic market have been based on world prices since 1989. Currently, about 85% of Australia's production is exported and this is increasing steadily. Queensland is the dominant producer, with 95% of Australia's raw sugar output. Australia produces in excess of five million tonnes annually and is the seventh largest sugar producer in the world. We are a major exporter. Australia ranks in the top four along with Brazil, Thailand and the European Union, and is consistently the world's largest exporter of raw sugar.

Fact No. 2: Australia holds only a 16% share of world trade and is essentially a price taker on the world sugar market, which is often in a surplus position. The recent dramatic drops in world prices to as low as US4c per pound illustrate this stark reality. With a relatively small domestic consumption base, no other major exporter, apart from Cuba, exports such a high proportion of its production. Australia is the only substantial raw sugar industry which has its revenue determined in the competitive world marketplace.

Throughout this debate we must remember these two vitally important facts. What these facts mean is that Queensland must be internationally competitive. This is not a choice or a luxury but a necessity. This reality underpins the policy of this Bill, because the Bill is about ensuring that the regulatory structures are in place to allow the industry to be internationally competitive. We face major threats to our markets from Brazil and Thailand. Brazil makes sugar primarily for use in fuel. Its raw sugar exports have been largely a by-product of this demand. However, even though the Brazilian industry faces a lot of challenges and is not as well organised or as productive as our industry, it has a product that is cheap. We cannot afford to ignore this major competitor.

This Bill is about facilitating an internationally competitive industry. It does this in a number of ways, but the essential thrust is that growers and millers must together adopt a more commercial focus to their businesses. The animosity that has been embedded in the industry, and partly perpetuated by the regulatory structure, must be broken down. Millers and growers need to work together to face the real challenge—the Thais and Brazilians. I do not suggest for one moment that there are not opportunities as well as challenges for the industry. Many good things are happening. The industry has seen dramatic increases in the amount of land under cane. In areas such as the Burdekin and the tablelands the industry is expanding.

I must say that successive Labor Governments going back to the days of the T. J. Ryan Government through to the Goss Government have worked closely with the sugar sector to grow the industry. It was a commitment that conservative Governments consistently refused to adopt. The long-serving National Party Governments let the fifties, sixties, seventies and eighties slip away for the sugar

industry. Complacent with good prices, the Nationals, in a Menzian coma, let the institutional arrangements of the industry stagnate while the world changed.

During the term of the Goss Government there was important reform and growth. The Goss Government was committed to retaining the industry's hard-won international competitiveness and it delivered on that commitment. My predecessor in the electorate of Mackay, Ed Casey, who was the Primary Industries Minister from 1989 to 1995, is remembered as one of the best Ministers the sugar industry ever had. Ed came from Mackay, so he understood the sugar industry. However, unlike National Party Ministers, he was not a captive of vested interests. He was prepared to make changes to move the industry forward. It was Ed Casey's vision that led to the establishment of the Burdekin irrigation area and the massive expansion of cane production in the Burdekin region, making it the State's fastest growing cane area. Ed passed the Sugar Industry Act 1991, which made many significant changes to the structure of the industry while at the same time retaining those aspects of the previous legislation that have given the industry its strength.

In his second-reading speech to the 1991 Act, Ed Casey said—

"It should be clearly understood that the Bill is the start of a difficult reform process."

That was only eight years ago. As a consequence of the reforms introduced by Ed Casey, growth has improved capacity utilisation on farms, in harvesting and transport in sugar mills and in bulk sugar terminals. A net 700 new farmers have entered the industry. Capital investment on farms and mills has been substantial. Since 1989, significant improvements in productivity have been achieved. For example, in Queensland, although the industry remains fundamentally a producer of quality bulk raw sugar supplying refiners domestically and overseas, this is changing. The industry manufactures a wider range of raw sugar products to meet customers' requirements, and the export of refined sugar is developing. I must say that Mackay Sugar and its partners in Sugar Australia are at the forefront of this market.

Mr Speaker, contrast these achievements with those of the Borbidge coalition Government, which did nothing to assist the industry to remain internationally competitive. The former coalition Government, in spite the report of the Sugar Industry Review Working Party being handed down in the first six months of its administration, did little to implement its recommendations. Instead, its members sat on the sidelines and failed to show any leadership to the industry.

Members will recall the bumbling response of the National Party Ministers to the threat to the single desk posed by the Trade Practices Act. From 31 July 1998 the Trade Practices Act would apply to acts done under Government legislation and there was strong concern that the single desk may offend certain provisions of that Act. The Commonwealth Government refused to amend the Act to remove doubt. Industry was extremely concerned and went to the State Government seeking immediate action. Nothing happened. The National Party would not fight for this industry and for the single desk. The then Opposition spokesperson on Primary Industries, Henry Palaszczuk, urged the National Party Government to act. He understood the concerns of growers and millers. It took direct representations by industry leaders in Canberra to get an amendment to the Trade Practices Act eventually. This was no thanks to Marc Rowell, the then Minister.

Now, after two and a half years of inactivity by the former Borbidge coalition Government, we have a Labor Government truly committed to the sugar industry. This legislation is a major development for the State's \$4.7 billion per annum sugar industry. The policy of this Bill reflects the findings of the Sugar Industry Review Working Party. That working party consisted of representatives of Government and industry. From industry, Mr Harry Bonanno represented Canegrowers, Mr Graham Davies represented the Australian Sugar Milling Council, and Mr Ron Verri represented the Australian Cane Farmers Association. The review was chaired by Mr Bruce Vaughan, who is now the Chairman of the Queensland Sugar Corporation.

The working party visited all major sugar centres and consulted extremely widely. The recommendations of the review were signed off by all the members of the working party. This is crucial to remember: industry has agreed to the policy that underlines this Bill. This legislation will enhance flexibility within the industry by retaining the single desk and giving greater control to local growers and millers to manage their own affairs. The legislation provides the framework for an internationally competitive, export oriented sugar industry based on sustainable production that benefits both industry and the wider community.

The Beattie Labor Government has implemented this policy. There can be no question that the outcomes of this Bill are in any way being imposed by Government. Rather, as the Minister said in his second-reading speech, this is a Bill by, for and of the sugar industry. This Bill allows the people who know their business—the growers and the millers—to get on with that business. The Bill is not about Brisbane telling local areas what to do. It is about giving local areas the power to make their own decisions to maximise their profits. At the end of the day, a profitable sugar industry is good for the communities along the coast and good for Queensland. I commend the Bill to the House.