Speech by

WARREN PITT

MEMBER FOR MULGRAVE

Hansard 26 October 1999

SUGAR INDUSTRY BILL

Mr PITT (Mulgrave—ALP) (2.48 p.m.): I rise to support the Sugar Industry Bill. The sugar industry is a mainstay of the economy within my electorate. The mills of Mulgrave, Babinda, South Johnstone and Mourilyan crush cane for the canegrowers in that district. The income generated by the growing of cane and the milling of sugar are vital to the prosperity of many small towns within the electorate of Mulgrave. Because of this, I take a strong interest in matters affecting the sugar industry.

In speaking to the Bill, I remind all members that it was the T. J. Ryan Labor Government which introduced regulatory measures which saved farmers from the predatory practices of large commercial organisations which were the mainstay of the plantation economy. Many individual growers would argue that companies such as Tate and Lyle and the Colonial Sugar Refining Company would revisit that set of circumstances without the protection of strong legislation.

When this Bill was introduced into the House, the Minister for Primary Industries asked members of the Scrutiny of Legislation Committee, of which I am a member, to go out and consult with people in the industry and seek their comments on the Bill. I did this; I spoke to both growers and millers in my district. I conducted meetings with local executive members of Canegrowers and the ACFA in Gordonvale, Babinda and Innisfail. I also visited the Mulgrave and Babinda mills.

As well, a number of growers visited my office, many made phone calls and others spoke to me on a one-to-one basis as I made my usual rounds of my electorate. It is fair to say that many individual growers were not kept fully informed by the industry organisation. This communication breakdown resulted in growers receiving misinformed comment as to the contents of the Bill. When I did my rounds, I identified a number of concerns held by growers about the Bill. These concerns were primarily about the balance between growers and millers contained in the Bill. I understand the growers' concerns and appreciate the strong arguments that they made. I made representations to the Minister on their behalf. I felt that the Bill needed clarification in parts, because some matters were left unsaid. These matters need to be cleared up so that growers could have certainty. I am pleased to see that the Minister has indicated that he will make a number of amendments that address the concerns of growers. One of the things that I have had made aware to me by growers is that the Minister is a very good listener. As a matter of fact, that is one of the hallmarks of his stewardship of the Primary Industries portfolio and will stand him, the Government and the industry in good stead in years to come.

Two key matters relate to the mutuality of obligations between growers and millers. Honourable members will understand that growers and millers are interdependent. Their prosperity is closely linked. It is important that this Bill reflects this mutual obligation. As currently framed, the Bill imposes an obligation on growers to supply cane to the mill. Of course, that obligation is qualified. For example, in the case of a natural disaster such as torrential rain, the growers are excused from supplying. The Bill lists some matters that must be included in supply agreements. One of those relates to the crushing of cane. However, growers are concerned that, although their obligations to supply were spelt out explicitly, the converse obligation of the mill to crush the cane that is supplied is left implicit. The Bill assumed that this would be a matter covered in the collective agreement. The Minister has agreed to amend clause 53 to provide that, where cane is supplied in accordance with the supply agreement, it must be accepted for crushing by the mill. This emphasises the mutual obligation. There are obvious

exceptions to this obligation, for instance, where the cane is diseased. However, this mirrors exceptions to the growers' obligations.

The other important matter of mutual obligation relates to the linking of the cane price to the sugar price. This link was established in 1915 by Queensland's first Labor Government led by Thomas Joseph Ryan. This was meant to stop the exploitation of growers by millers and by the ruthless negotiations that took place in that time, in the popular legend, under the mango tree. By linking the price of cane with that of sugar, the two parts of the industry have their fates linked. If the world price of sugar increases, then both growers and millers share in the returns. If the world price drops, as unfortunately has been the case of late, then both sectors feel the pain. Because both share in the good times and the bad, a sense of mutual interest and benefit is promoted, leading to a much more cooperative relationship. The Minister has agreed to amend the Bill to provide for this important link. I congratulate him on this move and I know that it will be welcomed by growers.

As members would be aware, this Bill will allow for individual contracts between growers and the mill. This is an important part of encouraging flexibility in the industry. A safeguard is provided for the interests of growers who are part of the collective agreement. Where the terms of an individual contract would have a significant adverse impact on growers in the collective, the mill suppliers committee can go to the Magistrates Court to have the individual contract struck out. This is an important right for the collective, but the idea of going straight to court has caused some concern in my area. There is concern that challenges over individual contracts could, in fact, divide local communities. I realise the importance of cohesion in local communities and recognise the validity of this concern. I am pleased to see that the Minister has provided for compulsory mediation before such matters go to court. Mediation may help these issues be resolved without dividing the community and may, in fact, result in far fewer cases going to court in the first place. I believe this to be a very good move.

Another amendment will provide that notification to a grower by the mill of non-acceptance of cane may be included in agreements. I understand that such clauses exist in most current Queensland awards and it makes sense to allow them to be included in collective agreements under the Act. Again, this is a matter that could easily have been negotiated under the Bill as it stands, but I agree that it should be made plain so that everyone understands their position.

The Queensland Sugar Corporation has the power to negotiate with mills about what brand of sugar the mill produces. This power is essential for the QSC to meet customer demand on international markets and, certainly, is quite justified. However, where a mill changes the brand, this may impact on the amount of cane that can be crushed. Some brands take longer to produce. That has an impact on growers because of the potential to affect season length. It is only fair that the mill suppliers committee be notified by the QSC where there is to be a change in brand. Again, I am glad that the Minister is moving an amendment to this effect.

Another issue of concern was the presence of the word "growing" in clause 49, which lists the matters that must be provided for in the collective agreement. Growers were concerned that this may mean the management and growing of their cane might become issues in which the mill has a say. Although I do not believe that this is what the draftsman intended, that is how it could be interpreted. The Minister has indicated that he will remove the word from clause 49 to clarify this situation. The issue of how mills can deal with their own cane was a matter of some concern to growers. I am pleased to say that the Minister has ensured that mills will be able to supply their cane only in a way that does not have a significant adverse impact on the growers.

I note that the Minister has been advised that growers' interests will be adequately protected by clause 41(5), that is, they will be able to negotiate a collective agreement that provides for penalties to the mill if it proposes to supply in the peak season. I understand that the Minister will monitor the situation regarding the milled cane and act to amend. I urge him to look closely at this situation. I think that it is a very important issue for growers. Certainly, I will be talking with growers in my area to see if there is any local impact regarding the results of this Bill.

I have received a letter from one of my constituents. This gentleman is a prominent grower in my district. I refer to a couple of passages from the letter, which indicate the feeling regarding one of the aspects of the Bill. The letter states—

> "The passage of the Sugar Bill through the Queensland parliament seems a forgone conclusion. Contained therein is the discarding of the statutory structure of the canegrowers organisations, and its replacement as a body fund by voluntary levies.
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> In a time of low sugar prices, many canegrowers will no doubt forgo the payment of levies, and the canegrowers organisation will at best be diminished, and at worst dismantled. Either way this will be good news for Tate and Lyle, as it will maim or remove the only credible caretaker of canegrowers interests."

This gentleman put his comments in a historical perspective when he states—

"I find it depressing in the extreme that the Queensland component of the Australian Labor Party, who initiated the first measure of protection the canegrower ever had, in 1915, has now chosen to preside over the liquidation of what was created as a result of that legislation."

He argues that there are some difficulties. He states—

"Even something as fundamental as the ability to gather canegrowers, statewide, and broker a pre and post-season insurance cover against cane fire destruction, will now be lost. Individual growers have to pay such a prohibitive premium that their crop will remain uninsured. And this is only a minor aspect of Canegrowers role, which operates at all levels of grower protection."

My constituent issues a warning—

"There well may be a certain satisfaction in political party higher echelons, if a handsome donation comes in from a large company. The facts of political life are such, that a company has few ticks to put on the ballot paper, but the ordinary voters, have many."

I must say that I concur with the need for political parties to be in tune with the grassroots of these industries, not those at the peak end of the situation. I understand the feeling of many local people.

Mr Schwarten: You are in tune with them.

Mr PITT: I thank the Minister very much. This gentleman makes the following prediction—

"I note CSR is buying sugar mills in Brazil, a vivid illustration of how hollow their old sop of 'corporate responsibility to the community,' has always been. Like any large company (e.g. BHP) theirs is now a stance of transparent opportunism, as they await a bidder for their Australian sugar interests."

Those comments, in the final analysis, reflect the true situation. However, I present them here today to indicate to members of this House the depth of feeling that exists out there among some of the growers.

While discussing the sugar legislation, I need to place on record my concern over another round of industrial disputation that has arisen at the South Johnstone mill. Unfortunately, in recent years the management of that mill has engaged in planned confrontation with the work force. In May of last year, management deliberately set union against union and worker against worker in an unnecessary attack on employment conditions. The resulting lockout caused immense damage to the local economy and delivered personal hardship to workers, their families and local businesses that rely upon their custom. The upshot of this ill-conceived action by the management is that they were forced to back down by the Industrial Relations Commission.

One would have thought that, surely, management would have learned from that experience that their confrontationist tactics were out of step with modern industrial relations thinking; but no—here we are only 18 months later and the same management is up to the same old tricks. Owing to the downturn in the sugar industry, the company has decided to stand down its work force for a 10-week period during the slack. Workers accept that, when an enterprise is in strife, all involved must share some of the pain; however, that pain must be shared equally by both work force and management. Also, we have the reported prospect of outside contractors being brought in to carry out off-season work normally carried out by the permanent work force.

The management of the South Johnstone mill would be well advised to rethink that issue. The work force should not and will not tolerate this attack on their jobs. The business community will not support any action that will take local dollars out of the district to outside contractors who, historically, do not make any substantial contribution to the local economy. Management of the South Johnstone mill is set to once again place itself at odds with its own community. This is a cooperative mill and reasonably it could be expected to be more in tune with the local work force and community than a proprietary mill responsible only to shareholders in Sydney, Melbourne or Edinburgh.

Overall, the amendments announced by the Minister clarify many aspects of the Bill that have caused concern among growers. This Bill provides a forward-looking framework in which the sugar industry can move forward. It would encourage local decision making and innovation, both of which are essential to the long-term competitiveness of the industry. I support the Bill.
