



Speech by

**Mr TIM MULHERIN**

**MEMBER FOR MACKAY**

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Hansard 22 June 2000

### **SUGAR INDUSTRY AMENDMENT BILL**

**Mr MULHERIN** (Mackay—ALP) (2.50 p.m.): I would just like to comment on some of the remarks made by the member for Caboolture and the member for Lockyer in relation to export parity pricing. I feel that, if they speak to the Sugar Corporation, they will be advised that there is minimal price differential between export parity pricing and import parity pricing. Reverting to import parity pricing—the canegrowers own the largest cooperative sugarmill in Mackay, Mackay Sugar—would be disadvantageous to the growers of Mackay who own a refinery.

The removal of import parity pricing has led to massive investment in the refined sugar market in the Mackay area which is about value adding to the crop so that there is a greater return to those growers. The other thing is that we would be disadvantaging the industry in Queensland because the growers in New South Wales, who opted out of the Queensland arrangements some years ago and went into refining sugar, had an advantage over Queensland refiners whilst import parity pricing remained in Queensland. I think it is just a load of hogwash.

I turn now to the Bill. The sugar industry has been undergoing regulatory change since the deregulation of the marketing of domestic sugar in 1989. The Sugar Industry Act 1991, which was introduced by my predecessor, Mr Ed Casey, continued this process with the abolition of some of the centralised management and control arrangements, including the abolition of the Central Sugar Cane Prices Board, which had managed the allocation of assignments and provided for arbitration on a whole of Queensland industry basis.

A requirement of the 1991 Act was for a review of the Act in 1995-96. This review was handed down in November 1996 by the Sugar Industry Review Working Party. The working party's membership represented all stakeholders—farmers, millers, sugar consumers and the Queensland Sugar Corporation. The committee brought down 74 key recommendations which addressed National Competition Policy issues as well as the need for regulation to enhance the efficiency and international competitiveness of this great export industry.

The recommendations have been addressed legislatively in three stages by amending the 1991 Act, introducing a new Sugar Act in 1999 and making further amendments to the 1999 Act, which we are now debating. Some of the key recommendations relating to import parity pricing as well as new arrangements for negotiating teams, dispute resolution and management of sugar quality were implemented by amending the Sugar Industry Act 1991. Other outstanding recommendations were incorporated in the Sugar Industry Act 1999. The recommendations relating to marketing and ownership of the terminals, which were not included in the 1999 Act, are now addressed by these amendments.

My colleague and friend the honourable member for Kallangur, Mr Ken Hayward, has outlined how the Bill addresses the transferring of ownership of the bulk sugar terminals back to the industry. While I am on that point, I would like to remind members that this concept was devised by Mr Ed Casey, who was the Minister for Primary Industries from 1989 to 1995. I know that Mr Casey, who is now the Chair of the Mackay Port Authority, expressed concern over ports such as Mackay losing control over strategic port land by the transfer of ownership. He came down here and met with the Minister for Primary Industries and the two shareholding Ministers, the Minister for Transport and the Treasurer, in relation to this issue. As the member for Kallangur has rightly pointed out, the Act makes it

clear that the land in the ports is not to be transferred to industry but, rather, only the improvements to the land.

As honourable members can see, a number of changes to the Sugar Industry Act since 1989 have flowed over successive Governments, both Labor and coalition, before finally being enshrined in legislation. However, the creation of the industry owned marketing company is a recent development that is wholly and solely this Government's own. I understand that the Minister for Primary Industries personally had a significant role in persuading industry leaders that this was a desirable course and that the Government was in favour of it. Let no-one underestimate the magnitude of this change.

Since 1915 the Government has acquired and marketed the entire sugar production of Queensland. This was done by the Sugar Board until 1991 and then by the Queensland Sugar Corporation. Now, under these changes, industry will market its own sugar. The single desk will remain, but it will be run by the people for whose benefit it will be created. This indicates how far the industry has come. It is not necessary for Government statutory authorities to run the marketing.

I want to take this opportunity to congratulate the Minister for Primary Industries, his staff and the working parties that were established on the many safeguards that have been inserted into this Bill. First, the Government has insisted on a number of independent directors on the board of the new Queensland Sugar Limited, or QSL. At least three of the directors must be persons who have expertise in commodity trading, finance, vesting, law or business administration. They must also be independent of sugar industry representative bodies. This is very important for the commercial focus of the new company.

I know that Mackay Sugar has benefited enormously from the presence of two independent directors on its board. Such directors bring a fresh perspective which complements the intimate knowledge of the industry directors. I am also glad to see that the first chair of Queensland Sugar Limited must also be independent. The chair will have a vital role in ensuring the success of the company. There has been some confusion about how these independent directors will be selected. The Government does not appoint these independent directors. Rather, under the rules of Queensland Sugar Limited, I understand that they will be selected by the other directors. So the grower and miller directors and the chief executive will have the role of selecting the independent directors.

Another important safeguard is that if QSL moves outside the control of the Queensland sugar industry the Minister may direct that the vesting powers revert to the Sugar Authority. This means that the single desk can be maintained, even if QSL moves out of our control. The Bill defines in proposed section 128W when QSL is taken to move outside the control of the Queensland sugar industry. These circumstances are—

where its constitution is no longer consistent with the Act, for example, if QSL does not have the minimum number of directors;

QSL changes its constitution dealing with its purpose or function without the Minister's approval;

QSL goes into voluntary administration or liquidation;

QSL no longer has the required number of grower or miller representatives; or

QSL no longer has 75% grower/miller directors or 75% grower/miller shareholding.

It should be clear that these safeguards are necessary to protect the single desk. After all, if control of this company is gained by a non-Queensland entity, then we would not want it to be controlling our single desk. The Minister also has the power to make directions to Queensland Sugar Limited under proposed section 128F. This really mirrors his existing powers of direction to the Queensland Sugar Corporation.

However, it is worth while noting that, in relation to a sugar price direction, the Minister has voluntarily inserted a provision requiring him to consult with industry before making such a direction. This is a very positive move, though I am sure consultation would have occurred in any case. It certainly shows how absurd the comments of the Opposition were in last year's debate on the Sugar Industry Act when it tried to claim that the Minister was setting himself up as the dictator of the sugar industry. Everything in this Bill clearly shows that this is not the case. In fact, this Minister has done more than any other Minister to give the industry control over its own affairs.

Members will recall that last year's Sugar Industry Act devolved significant amounts of power to the local mill areas and away from Brisbane. This Bill gives industry control over their marketing and handling assets, which were previously owned by the Government. This Government clearly has confidence in the industry's ability to handle its own affairs. It is a very mature approach to the industry. I wholeheartedly endorse the concepts. I thank the Minister and commend the Bill to the House.

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