Speech by

WARREN PITT

MEMBER FOR MULGRAVE

Hansard 30 May 2000

SUGAR INDUSTRY AMENDMENT BILL

Mr PITT (Mulgrave—ALP) (5.02 p.m.): Today it is a pleasure to speak in support of the Sugar Industry Amendment Bill. I acknowledge the contribution made by the two previous speakers, and I concur with most of what they said. They spoke about the difficulties that we are now facing in growing sugar in the tropical super wet belt, which now has a surfeit of water. Unlike areas such as the Burdekin and the tablelands, where water can be turned on and off as required, the super wet belt faces unique difficulties, and this is creating severe problems for the industry as a whole.

Another issue was raised that is close to my heart, that is, the potential for people to contract Weil's disease while rat-baiting. One of my constituents, a canefarmer by the name of Mr Vido Fermo, recently took ill as a result, he believes, of handling rat bait and contracting Weil's disease. As a young child, I remember my grandfather, a canecutter, speaking about Weil's disease. I thought it was similar to the flu in that the sickness lasted for only a few days. However, it is a debilitating disease that no human being should have to go through.

Mr Malone: It's life threatening.

Mr PITT: It is life threatening. It is incumbent on the industry as a whole to encourage the chemical companies to come up with a product that does not require the close attention required currently. The farmer should be precluded from having to change baits and so on. At a later stage I wish to speak in more detail about that process because it is a serious problem, and solving it requires the attention of the industry and the support of the Government.

A previous speaker also commented that the ethanol industry should be expanded in this country to do positive things for our sugar industry. The exemplar is always Brazil, which has the capacity to switch from ethanol production to crystallised sugar as it sees fit. Its economies of scale are such that, when the crystalline sugar price is high, it will switch from ethanol and pursue the sugar market. Every time it does that, it drives down the price and backs smaller players such as Australia into a corner and puts us in a disadvantageous position.

Ethanol has the potential to do good things for our industry by underpinning it. I attended the same seminar attended by the honourable member for Hinchinbrook. It was clearly pointed out to us that for just a 5% ethanol mix we could absorb the whole Australian sugar crop into the production of that commodity. In my view, that would underpin the industry and give it a base from which to work. Recently, I was pleased to hear that the Federal Government has removed one of the obstacles to moving into that area—the fear of people in the industry that the Federal Government would do to ethanol what it does with respect to petrol, that is, place an excise on it and use it for revenue raising. I understand the Federal Government has indicated that it is prepared to forgo that. There is an opportunity for investigation into whether ethanol production in Queensland can be boosted. The industry is now in a parlous state. These sorts of options should and must be investigated.

I do not think anyone who lives outside a sugar growing area understands the difficulties faced by not only the farmers and those they employ but also the whole community surrounding those areas. The sugar industry is not in a good state. A number of things have occurred over the past three to four years which have turned a once mighty industry into one that is in danger of collapse. We have no control over low sugar prices. The vagaries of sugar prices affect what happens in Australia. The Federal Government did not assist with its premature removal of tariff support. At the time, that was not

being forced upon it by the forces that operate our global market, but it saw fit to put ideology ahead of commonsense. It arbitrarily lifted the tariff instead of phasing it out, if that was to be its goal, with the support of the industry.

We have experienced something else over which we have no control, that is, the return of the heavy wet season. I remember that 20 or 30 years ago we had this level of rainfall. It is now coming back. We have had three or four years in a row when flooding has been a regular occurrence in canegrowing areas. It must be heartbreaking for a farmer to plant cane in the hope of garnering a crop from it only to find that the whole thing is flattened by water or wind.

To make matters worse, we have not heeded the warnings of people with smarts in the industry. Years and years ago a friend of mine, Les Johnson, now deceased, told me that the greatest threat facing the sugar industry in Queensland was something over which we should have control, and that is declining productivity levels. He believed that the research was not well targeted; that we were not doing enough of it; and that millers and growers alike were not paying sufficient attention to it. Those words were prophetic. We now face a situation such that productivity levels mean that more cane grown does not necessarily translate into a better return from the crop.

Before speaking directly to the Bill, I place on record my appreciation to the Minister for Primary Industries, Mr Palaszczuk, and the Minister for Environment and Heritage, Mr Welford, for giving me the opportunity to assist growers in my area in respect of a problem that has been plaguing the industry in the Mulgrave Valley, that is, feral pigs. Feral pigs and other animals are a problem for primary producers right across the State. The pig problem has been addressed adequately in some sections of the State through a whole range of measures. But it would appear that in my part of the world the feral pig problem has gotten right out of hand and that some of the measures that have been put in place have not been able to address the problem effectively.

A group of people have formed a project committee—people from DNR, EPA, the Wet Tropics Management Authority, the local productivity committee, affected growers and interested hunters—and have agreed to put together a package which Minister Welford has generously supported through DNR, which will be the lead agency. It has been agreed to trial in the Mulgrave Valley the hunting of pigs in State forests as distinct from national parks. I know the sensitivities regarding national parks. Most of the canegrowing area in my part of the world backs onto State forest. The feral pigs remind me a little bit of the American TV or movie programs in which the bad guys rush across the border, stand on the other side and wave at the troopers as they come after them. The pigs are not dumb; they seem to do that, too.

We have the sad situation in which crops are being destroyed. People who have been really battered about find their income being attacked by feral pigs. This process, which is going to be tightly controlled, will allow selected hunters to move into areas such as the Little Mulgrave Valley and areas bordering the Malbon Thompson range to pursue the pigs to try to get them at the source. However, baiting and trapping will have to be continued. I do not think there is any one solution. I believe that in the long term the only way we are going to be able to overcome the feral pig problem is to undertake some form of biological control, and that does not seem to be around the corner just yet. Perhaps in the long term that will produce the results that we cannot achieve right now.

The Bill before the House makes a number of amendments to the Sugar Industry Act of 1999 and the Primary Industries Bodies Reform Act of 1999. The Government has consulted with industry on these amendments and it is supportive. The most obvious achievements in this Bill are the transfer of the bulk sugar terminals to industry ownership and the creation of the new industry owned marketing company. Both are very positive steps for the industry. The bulk sugar terminals will be transferred to a company called Sugar Terminals Limited—STL—which will be two-thirds owned by growers and one-third by millers. This reflects the traditional division of sugar proceeds between the two parties in the industry.

Individual growers will receive shares in Sugar Terminals Limited based on a formula developed by the Bulk Sugar Terminals Management Group—an industry body. The Government has not sought to impose its will on the industry in relation to the formula for share ownership but, rather, has adopted the industry's own scheme. This scheme is embodied in what the Bill calls the Sugar Terminals Limited eligibility document. I understand that, under this document, growers will receive shares based on their production history over the past 10 years. If growers receive some shares and believe that they have not received the correct amount, then the Bill allows for an appeal. Proposed section 228(5) sets out the procedures for appeal.

The industry owned marketing company called Queensland Sugar Limited will replace the statutory Queensland Sugar Corporation as the marketing body for the vested sugar under the single desk. I understand that under this arrangement CSR will no longer be the agent for the marketing of Queensland sugar. Further, CSR raw sugar marketing staff have been transferred from Sydney to Brisbane to work in Queensland Sugar Limited. This, I believe, is a very significant development for our

State. It means that we will have a company owned by the Queensland industry which will have international marketing experience. This, I am sure, will serve the industry well. Having that marketing expertise located here and working for our industry is important because it provides some security in these challenging times in the world sugar market. It must be remembered that Queensland is the only major exporter of raw sugar that actually does its own marketing and sells direct to customers. Most other raw sugar exporting nations deal through agents. We sell direct to countries such as Iran and China. This is a valuable asset for the industry which we retained, but it will be retained under industry control.

The Bill makes amendments to section 47 of the Act, which relates to notice requirements for individual contracts. This is an issue that has caused some concern amongst growers, and I see that the Minister has addressed those concerns in this Bill and in some amendments that he will move to it at the Committee stage. In essence, the concern of local mill suppliers committees, which are the elected representatives of growers, related to their bargaining power vis-a-vis the mill. There was some concern that the existing provisions in section 47 did not allow for adequate notice that a grower had entered into or was going to enter into an individual contract. The mill suppliers committee wants to know on whose behalf it is bargaining, especially given that the mill will know all about the individual agreements.

Currently, section 47 provides that notice of an individual agreement is to be given for three time periods: firstly, at least 14 days prior to the beginning of negotiations of the collective; secondly, within seven days after the collective is entered; and, thirdly, any time during the collective. However, given that the bargaining period for the collective is generally three months, there is a gap in the section's coverage. There is no obligation on either the individual grower or the mill to notify the mill suppliers committee during the bargaining period. This may lead to a negotiation team reaching an agreement based on the assumption that there were a certain number of growers in the collective when in fact some may have opted out.

There was also ambiguity as to what information was required to be given in the grower's notice provided at least 14 days before bargaining of a collective commenced. This section did not make it clear, and there was a view that the requirements in section 47(5) apply. However, that section refers to "enough information to allow the effect of the agreement on the collective agreement to be decided for the purposes of section 48". This cannot be judged if the collective has yet to be made.

I understand that the Minister will move amendments which address these concerns and which give the mill suppliers committee the information it needs to bargain effectively. Under the Minister's amendments, notice will have to be given by the grower during the period of bargaining of a collective. This means that the gap period is removed. Also, the information that must be in the grower's notice is now quite clearly spelt out. This notice must inform the mill suppliers committee of the duration of the collective and the amount of cane to be included in it. This is obviously very important information for the grower representatives on the negotiating team. They know for whom they are bargaining and for how much cane. The amendments will clarify what the Act currently calls "an intention to enter an individual agreement" by introducing a concept of prearrangement.

Where a grower enters into an agreement, arrangement or understanding— written or unwritten—with the mill owner to enter an individual agreement with the mill, this is called prearrangement. As amended, section 47 will state that, if a grower enters either an individual contract or a prearrangement before the collective agreement is concluded, notice must be given. If it is before the collective bargaining starts, notice must be given within 14 days of entering the prearrangement or individual contract. If either is entered into during the bargaining period, then notice must be given within five days or before a day set by the mill suppliers committee under section 41. These provisions have been discussed with Canegrowers and the milling council and they have agreed to their inclusion.

The Bill also clarifies the situation regarding the validity of mill suppliers committees elected under the now repealed Primary Producers' Organisation and Marketing Act of 1926. These committees are continued and are able to negotiate collective agreements for this season. The Bill also makes some minor changes to arrangements for employees of mill suppliers committees and district executives. These changes will save unnecessary payroll tax for the Canegrowers organisation.

This Bill again typifies the Government's preparedness to listen to the industry and to act in a positive way. I commend the Minister for bringing the Bill to the House, and I urge every member of this House to support the Bill in its present form.