



Speech by

**GARY FENLON**

**MEMBER FOR GREENSLOPES**

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Hansard 15 May 2003

**SUGAR INDUSTRY AND OTHER LEGISLATION AMENDMENT BILL [No. 2]**

**Mr FENLON** (Greenslopes—ALP) (5.30 p.m.): I rise to speak in support of the Sugar Industry and Other Legislation Amendment Bill (No. 2) 2003, and particularly to speak in support of the general principle of reform that is embodied in this legislation and its application to the sugar industry.

This morning an honourable member who had seen my name on the speaking list said to me, 'There is no sugar cane in Greenslopes', and I had to point out that there certainly is a lot of sugar if you go to Coles New World at Greenslopes, although it is not directly grown there. I join this debate because it involves a very significant industry in Queensland. I do not have to go very far outside of my electorate even in south-east Queensland to see how many resources are devoted to growing this particular crop. Certainly if one travels north one can see vast areas of land and huge resources in the form of water, fertiliser, labour and so on that are devoted to growing this crop.

As a city member I have tried to better inform myself about this particular industry. I have had the pleasure of inspecting the Proserpine mill in Madam Deputy Speaker's electorate of Whitsunday, and I recently visited the Gordonvale mill in Warren Pitt's electorate of Mulgrave. So I have been getting an education about the sugar industry and the complexities of that industry.

Underlying the issues surrounding this industry has been an inertia over the past 10 or 15 years in Australia in the march towards microeconomic reform. I have touched on this in another debate this week already in terms of the reforms that are being advanced in the area of workers compensation. We see a similar trend here in terms of the reaction of the National Party in Queensland to this process of microeconomic reform. I suppose we have to show some political compassion in this place occasionally and feel sorry for those opposite when we see a classic political wedge situation confronting the poor old National Party.

On the one hand, the Nationals are caught by the Liberals, who have begrudgingly trod down the path of microeconomic reform at a national and state level, although their heart is certainly never in it. They have been dragged kicking down that path—a path that was set by good Labor governments at a federal and state level. On the other hand, we have what I call the sitting on the saleyard fence level of analysis and critique that lends itself to the One Nation party. This is the simplistic reaction of those who do not like the reform but cannot understand the logic leading to that reform, and certainly cannot palate any of the hardships that might be associated with it that the industry, or elements of the industry, may have to endure for the greater good of seeing that industry survive. That is essentially what these reforms are about. As I understand it, they are about the long-term survival of the sugar industry, and the long-term, effective, viable and economic use of those great and very valuable resources in this state.

We again see the National Party wedged between these different forces. It has been a very curious exercise to follow this debate today, with the National Party in particular struggling to establish a position. It really is a process of trying to spot the policy, spot the position, because it has been a complete dog's breakfast in terms of the debate from those opposite and trying to work out what sort of policy they are putting forward. It is a snide comment here, a little criticism there. It is a general comment about just not liking the process, but nowhere do we see any constructive strategy being suggested. Certainly we see a desire to get away from the genesis of this reform, which is from the heart of the Liberal Party and the National Party at a federal level. So the members opposite are finding themselves in a very difficult position.

As I have said, the processes of micro-economic reform in Australia were started during the late 80s and 90s by good federal Labor governments. This has occurred in the context of increasing globalisation and exposure of the Australian marketplace to those international winds of change. If I can just touch on some background to that, which I think is well put by Bryan and Rafferty in *The Global Economy in Australia*, where they say—

For most of the postwar period international competitiveness was understood by economists through the theory of comparative advantage—the theoretical basis which supports the argument that all countries benefit from unrestricted trade... As Keynesianism gave way to the intellectual and policy hegemony of monetarism, the abstract case of the gains of 'free trade' developed prominence in Australia and internationally.

Further on they say—

By the 1980s the balance of payments had become a conspicuous target of national policy, as part of the recognition that a globally integrated national policy should closely monitor its viability in a fluid and uncertain international environment.

**Mr Pitt** interjected.

**Mr FENLON:** Indeed they do, I believe. This indeed led down one road for the conservative parties in Australia at a national level, for this transferred into one fundamental economic process for them. That was in the mould of the pure economic rationalist approach which relied on small governments, contraction of government and an approach which contained a begrudging acceptance and a begrudging embracing of micro-economic reform. This was usually only in the context of trying to satisfy those fundamental economic rationalist ends of maintaining small government, et cetera. The Howard government has continued along the path originally set by the Hawke and Keating governments to undertake micro-economic reform, but it has done so reluctantly and without the economic courage and creativity that those previous governments exhibited.

Indeed, that reality has since been acknowledged by Professor Frederick Hilmer, who is seen as one of the original ideologues, I suppose, of the economic reforms started in Australia. In a paper in 1997 he claimed very strongly that progress in micro-economic reform shows that in areas where reform is proceeding it is almost exactly being offset by areas where reform is stalling—that is, the gains from micro-economic reform are being very clearly shown in the areas where reform has occurred in terms of employment growth and conversely in areas where reform has not occurred. These are significant changes to this industry. They are significant changes that will transform the industry. That is essentially what micro-economic reform is about. It is not a superficial approach to the process of simply trying to make smaller government or trying to contain various market activities; it really is about the essence of what good Labor governments in this country started—that is, to transform industries to make them competitive in the international marketplace, to make them produce effectively and efficiently and to give them a new status in the marketplace.

It is an ironic observation that we can make in terms of the embracement of these principles, because they are principles which recognise strongly the strength of free enterprise, the strength of the marketplace itself. Labor governments over recent decades have been the ones that have recognised this principle very strongly and have found the right place and right balance while also obviously maintaining a strong government sector and ensuring that the government sector itself runs efficiently and effectively. The changes that we see are indeed consistent with that, but the conservative parties in this country have been the last ones to embrace the importance of the market in allowing the efficient operation of these specific industries. This should be recognised very clearly in the way that this bill will operate.

The bill covers a number of areas of regulation in the sugar industry. These relate to the cane production area system, the statutory bargaining system and the marketing of raw sugar in the domestic market. These are important areas which go to the heart of the way that the sugar industry is conducted. These reforms, as I understand it, will simply free up this marketplace and allow a national approach in terms of the memorandum of understanding that has been struck with the federal government, because it is going to be very hard for these reforms to be pursued simply in Queensland. They must be undertaken in a national context. This particular bill will, with cooperation from the federal government, allow that to occur. This is an important piece of legislation in its own right for that industry. It is an important piece of legislation because the sugar industry, as we have already heard from other speakers today, is an important industry for Queensland. This is important legislation because of the sheer scale of our great natural resources that are tied up in the production of sugar cane in this state. I commend the bill to the House.