



Speech by

Hon. HENRY PALASZCZUK

MEMBER FOR INALA

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

Hon. H. PALASZCZUK (Inala—ALP) (Minister for Primary Industries and Rural Communities) (9.14 p.m.), in reply: I would like to thank the many honourable members who have contributed to the debate on this bill. It is pleasing to note the great interest from many members outside sugar producing areas, which is a sure sign that the industry's future is a matter of truly statewide importance, not just a matter for the coastal sugar belt itself.

The central issue the industry faces is the need to improve productivity. Productivity improvements are needed to make the industry more competitive and efficient and to allow it to remain viable, even during times of very low world prices. This point was acknowledged by almost all members in the debate. However, some members opposite then went on to argue that the industry's problems were really due only to bad weather, pests and diseases and short-term low prices. Their argument, it appears, is that if the weather turns good and we control the pests and we get a short-term spike in the price everything will be okay and there is no need for change. However, this really ignores the reality of the situation. The Boston report for the Canegrowers organisation states—

It is therefore too simplistic to say that the industry's problems will be fixed by a return to good yields or a recovery in prices. A single year of high yields and high prices could deliver reasonable returns, but this is not the basis for a long term sustainable industry.

This view is accepted by Canegrowers, which states in its submission on the CIE report—

Canegrowers recognises that a fundamental shift has occurred in the international sugar industry. It further recognises that this change will necessitate considerable practical change within the Queensland industry if it is recognised that there is a significant gap between earnings and costs and that, given current price expectations, this gap will remain even when yields return to a more normal range.

Members opposite need to understand that the productivity gap is real. We cannot base the survival of this industry on hoping that the weather will improve. We cannot base the survival of this industry on hoping that diseases such as orange rust or smut will not occur. We particularly cannot base the survival of this industry on the hope that the price will suddenly pick up and all that is needed is government help to tide the industry over.

Productivity must improve. Certainly, there is scope for productivity improvements. The members for Hinchinbrook and Mirani both argued that the industry needs more research to find productivity gains. But the fact is that there are a range of possible improvements that are already known. These gains already exist. This is not the government saying this; this is industry's own research. I would like to table a range of research papers that demonstrate that the industry could dramatically improve its performance.

The industry's ongoing research program must continue, but we need to ask why these already known, already researched ideas are not being implemented in practice. The member for Hinchinbrook stated that he could not see what this bill will do for industry. This bill frees up the industry to help itself. It is not a magic wand. It is not a cure-all. But it will create an environment in which the necessary changes can happen and where industry participants have an incentive to take up those changes.

The member for Tablelands argued that the government thinks growers are so foolish or lazy that they prefer to knock back the chance to make more money. I say to her that this could not be further from the truth. We understand that growers are hardworking people who want to make a good living. The reason growers, and the rest of the industry for that matter, have not taken up the productivity gains is the system under which they operate. This system has taken away the incentives

for change. It has given the power of veto to some in the industry to block new ideas or practices. It has imposed a one-size-fits-all approach which has, as Hildebrand pointed out, muzzled the talent of so many growers. It is the adverse effects principle, as my colleague the Minister for State Development outlined in his most effective contribution.

What I say to all members is this: this bill is about empowering our growers. The member for Toowoomba South argued that this bill sells short the growers. Frankly, I believe that the National Party is selling the growers short. It does not want growers to have a choice. It would like to treat growers like sheep; sheep who must be herded, sheep who cannot be trusted to look after themselves. It has so little confidence in growers that it will not let them decide whether or not they want to be in a collective. It has so little confidence in growers that it thinks growers cannot survive without the government telling them what to do. This is a very patronising attitude.

As minister, I have always been amazed by the same attitude sections of the Canegrowers organisation also have towards their grower members. The time has now come for the opposition to start treating growers like the business people they are, not like sheep. Growers are currently hamstrung by the current system. They cannot reach their full potential. This bill is about providing opportunities. I regret to say that all I have heard from members opposite is about restricting opportunities. The argument has been run by several members of the National Party that the regulatory system should not be changed because it is the result of the 'wisdom of generations' in the words of the member for Toowoomba North—

Mr Shine: South!

Mr PALASZCZUK: The member for Toowoomba North. Or that it is 'tried and proven', according to the member for Hinchinbrook.

Clearly, the members opposite have not been following the wide debate on the sugar industry over the past 18 months. If they had, they would have seen that three major reports have all indicated that the industry must urgently change and that the system which was set up to help the industry is now hindering it. These reports are from different sources: from the federal government, from the state government and from the Canegrowers organisation. All three are saying exactly the same thing, and that is the system is not working. If the system does not change, the industry is in dire straits. This is not a case of 'if it ain't broke, do not fix it'. Unfortunately, it is broke and the Queensland government together with the federal government is going to fix it.

A clear example of why the system is broken is the situation at the Nambour mill. The honourable member for Nicklin has been a passionate and influential advocate for the growers in his electorate. He has banged on every single door in George Street on their behalf. He understands that regulatory change is necessary. The closure of the Nambour mill is a direct result of the existing regulatory system, as the member for Logan pointed out.

The combination of the cane production area system and the bargaining system allowed existing growers to prevent the mill from expanding and now it has so little throughput that it is not viable. Extra growers were needed—not big growers or small growers but more growers. Our government does not believe that big is beautiful. We recognise the contribution of all growers to the industry's viability. If only we had more growers at Nambour.

The member for Toowoomba South believes that growers are the most important part of the industry. I think the industry is growers as well as mills and harvesters and workers and communities. But, even if one accepts this point of view, how well is this legislation serving the interests of growers in Nambour? Let me repeat: it is broke and we as a government, together with the federal government, are going to fix it.

My colleague the Minister for State Development, the member for Waterford, is passionate about the sugar industry. It is in his blood. He has on behalf of the state government conducted the negotiations with Minister Truss and the federal government. The package that is before this House is a compromise. It is a result of discussions between the federal and state governments, taking into account the views of growers, millers, harvesters and others. It is a finely balanced package that will deliver on reform. Every aspect has been carefully considered. So I say to the Leader of the Opposition: we are not throwing out the baby with the bathwater, as he claims; we are retaining the export single desk. We are retaining collective bargaining. We are expanding opportunities for alternative products. We are expanding the capacity of individuals to do things differently.

I must now take umbrage with certain members on the opposite side of the House, including the honourable member for Darling Downs, who is under the mistaken view that these changes are similar to what occurred within the dairy industry. Prior to 2000, dairy producers received a price fixed by regulation for their fresh or market milk entitlement or a quota. Producers received the market based price for the rest of their milk. In Queensland, for example, the regulated price for quota milk was 58.9c per litre whilst the non-regulated price was around 25c per litre—50 per cent of production.

When the Queensland government was forced to deregulate back in the year 2000, producers lost their regulated price. This caused a significant drop in industry income. Because producers had lost their regulated price, they received a payment from a national scheme to compensate them. This scheme cost around \$1.9 billion and was funded by a levy on retail sales of milk. Under the act, the Queensland sugar industry does not receive a guaranteed price for any or all of its production. The act does not regulate prices received by millers or growers. These are set by the world market. Thus, regulatory change will not have the same effect on industry participants as it did in the case of the dairy industry. The nature of the regulatory structures between the industries is fundamentally different.

Now let me turn to commentary on each major element of the bill. In relation to the bargaining system, the member for Toowoomba South seems to be out of step with the growers. He argues against an opt-in system of bargaining, even though this was advocated by the Canegrowers organisation in its submission to the Queensland government. The member for Maroochydore is also out of step. She wants mandatory collective bargaining. She did not explain why she thought it needed to be mandatory. The Canegrowers organisation does not think so, nor do the millers.

I have been very critical of the contribution by National Party members because I do not believe they appreciate or understand the importance of the reforms we are debating, but it would not be fair for me to categorise all National Party members in that way. I believe there is a National Party member opposite who understands the importance of these reforms and that some of the criticisms levelled by his colleagues is uninformed. How do I know this? The member for Mirani comes into this parliament as a canegrower and a former president of the Australian Cane Farmers Association. The member for Mirani wrote to growers in his electorate in January. In his letter the member for Mirani said—

Proposed changes to the collective bargaining system will not be of any major consequence to the profitability of farmers. I agree with that comment entirely. Even in a proprietary milling area like Plane Creek, where CSR owns the mill, the member for Mirani has recognised that the collective bargaining strength of growers and their interdependence with the mill will result in sound commercial outcomes. The member for Mirani's comments really show a division in the Queensland Nationals; namely, between those who understand the bill and those who do not understand the bill. The member for Mirani also spent a lot of time in his contribution talking about harvesting.

Mr MALONE: Mr Acting Speaker, I rise to a point of order. The minister is quoting selectively. If he wants to do something with it, he should table the whole report.

Mr ACTING SPEAKER: Order! There is no point of order.

Mr PALASZCZUK: If I can continue with the member for Mirani, he did not once touch on the position of harvesters under the regulated system, and he knows what I am talking about. The Queensland Cane Harvesters Association, through its president, Robert Lyons, has made it clear to this government that harvesters are not treated equitably under the current arrangements. Harvesters are locked out by the act from dealing with mills and growers on an equal basis. We have changed that in our bill by allowing them to be parties to a collective contract. I would have thought that the member for Mirani would have spared a thought for the harvesters.

Mr Malone interjected.

Mr PALASZCZUK: I sat with patience for hours. I did not interrupt one single member when they were on their feet. I expect the same courtesy to be extended to me.

The member for Hinchinbrook does not like the idea of multicollectives. He thinks that they are messy. I cannot see how any member in this chamber can justify not allowing growers to have more than one collective if they so choose. Again this gets back to the patronising attitude the National Party has to growers. The Leader of the Opposition trotted out the now completely discredited line that these changes will result in wealth realignment. This has been shown to be the result of completely misleading analysis. I note that the Canegrowers organisation has stopped relying on that argument, but unfortunately the Leader of the Opposition is not paying attention.

In relation to cane production areas, I notice that the member for Hinchinbrook has been complaining about the value of CPA that is allegedly lost but then says he cannot put a value on it. He says it varies from year to year. The reality, as he knows, is that in most cases CPA has no value independent of the land to which it relates. He knows that any real value of CPA is about access to mill crushing capacity and that this will be replicated by contractual arrangements.

I note that the Canegrowers organisation has dropped retention of CPA as a major issue for growers. In relation to the single desk, there appears to be some misunderstanding about what the government proposes. It is not the case, as claimed by the member for Tablelands, that Queensland Sugar Ltd is taking the domestic market out of the equation. QSL can operate as it is. The only difference is that it has the potential of competition.

The member for Toowoomba South claimed that the exemptions process was too broad. I find this a remarkable suggestion, given that his colleague's private member's bill would actually operate, if passed, on a much broader basis than this bill.

The member for Mirani slammed mills for not going out and innovating. What he forgets is that the reason we are putting in this exemptions process is that the existing system has stifled innovation. He also complains that only three mills can participate in refining. That is not necessarily so. It is open for suppliers throughout the industry to deal with refiners.

Let me once again thank all honourable members for their contributions. If I can finish by echoing the words of the member for Whitsunday, who I know takes a very, very close interest in the affairs of the industry. The industry has a proud history but let us not, through our actions, confine the industry to history. Some members opposite would portray this bill and these reforms as being cooked up overnight. The fact is that these reforms have been discussed with the federal government and with industry for an extended period. We have discussed the problems and we have discussed the solutions for many months.

While speaking for the Commonwealth, federal agriculture minister, Warren Truss, summed it up when he spoke in federal parliament on 21 August last year, a month before the MOU was signed. Mr Truss said—

The government is not interested in just another bandaid response which will mean that in a couple of years that industry is back asking for more assistance. We need a more radical, lasting solution if government is to be forthcoming.

Let us make these changes. Let us allow the industry to write new chapters in its history and continue to contribute to the future.

In conclusion, I point out that not a single Liberal took the time to speak on this bill. I will want to know where they stand in a few minutes.