



Speech by

**Hon. HENRY PALASZCZUK**

**MEMBER FOR INALA**

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Hansard 20 August 2003

### **SUGAR INDUSTRY AMENDMENT BILL**

**Hon. H. PALASZCZUK** (Inala—ALP) (Minister for Primary Industries and Rural Communities) (10.06 p.m.): I rise to speak against the Sugar Industry Amendment Bill. Before I go into the context of what I intend to say, I have before me a press release from the Leader of the Opposition, Mr Lawrence Springborg, titled 'Springborg offers to help resolve sugar impasse'. After having written to the Premier he has offered to act as an honest broker between the government and the canefarmers. The press release states that if we cannot get our act together here in Queensland the assistance—that is, the \$120 million from the federal government and \$30 million from the state government—may well evaporate. Well, could I say this: if the Leader of the Opposition intends to be the honest broker to try to come to a resolution, why in heaven's name are we here debating this crazy bill brought in by those opposite? Why? If those opposite want to broker peace between the government and the sugar industry for our bill, why is this bill being debated here this evening? Why? Because this is a political stunt and nothing else but a political stunt.

Let us get back to the contents of this proposed bill. This bill, as far as I am concerned, sums up very well the Queensland National Party's approach to the sugar industry. As far as I am concerned, it is largely counterproductive, it ignores the real issues in the industry and it seeks to use the industry as a political football.

**Opposition members** interjected.

**Mr PALASZCZUK:** Because there is an election coming on. That is why. The Queensland Nationals have opted out of meaningful debate on reform of the sugar industry and neither growers nor millers are happy with its proposals—any of its proposals. Indeed, very few people, if any, in the industry have actually referred to this bill. In terms of comments made by the opposition's spokesperson on ABC Radio yesterday, he was calling for the sugar industry reforms the government is advocating to be finalised. He was calling for our reforms to be finalised, not for his bill to be passed! As far as I am concerned, this bill appears to have been cobbled together by the opposition in a desperate attempt to prove its relevance to the industry.

I appreciate the fact that the Queensland Nationals are caught between a rock and a hard place on sugar. They are incapable of accepting that reform is needed because of their outdated view of the industry and because they depend on the head office of the agri-political bodies representing the industry for guidance. And what better way to illustrate that point than to read the last paragraph of the Leader of the Opposition's press release titled 'Springborg offers to help resolve sugar impasse', which states—

But first we need to come up with a deal that is at least acceptable to the growers representative body itself.

**Opposition members** interjected.

**Mr PALASZCZUK:** My word! The sugar industry is not growers: it is growers, it is millers, it is workers, it is the harvesters, it is all of the rural communities. We have to look at the whole spectrum of the sugar industry and not be captives of one particular facet of that industry. Those in the industry who favour reform and who want to move ahead to a commercial and prosperous future will not support those opposite. The Nationals are being attacked by others who deserted the National Party for One Nation and other offshoots. On the one hand, the progressive people in the industry are deserting the

Queensland Nationals and, on the other hand, the ultra conservatives are also leaving the industry. Regrettably, this bill will not satisfy either side or get the National Party out of the mess that it is in now.

I will now turn to this bill and explain to honourable members why it is so deficient. This bill deals with four issues: the first, mill closures; the second, security of payment to growers; the third, ministerial direction on export parity pricing; and the fourth, exemptions from vesting for raw sugar. I will deal with the four in turn.

The bill would prevent the owner of a mill closing the mill during a crushing season and without notifying growers before the beginning of the season, that is, 1 May. The explanatory notes state that this is designed to give growers time to make a reasonable management decision in terms of the assets of the cane farm if a mill closure takes place. We all know that this is squarely aimed at Bundaberg Sugar's decision to close Moreton Mill at Nambour. It is worth noting that Bundaberg Sugar has actually given notice to growers in Moreton that it would comply with the provisions of this bill. This purports to provide growers with a charge on the proceeds of the sale of raw sugar for the amount owing to them under the collective agreement. This, of course, is nothing more than a knee-jerk reaction affecting the commercial operations of financial institutions and may have unintended consequences. I doubt that the opposition has considered the potential consequences of this bill for the financial viability of other mills, particularly cooperative mills. Altering the order of priority of creditors is a significant step. I see no evidence of consultation with mills or the banking sector on this point. Have they consulted with them? N-O, no!

In addition, it is worth noting that the government's bill, through the use of the supplier concept, actually overcomes the issue that the National Party seeks to address—but without the risks. It will be possible for a party other than a mill to have legal ownership of sugar at a point immediately prior to vesting and be entitled to payment. Next, the bill would remove the export price direction and the power of the minister to give such direction. It is worth noting that this direction was first issued by who? The party of members opposite back in 1997. It was introduced when the member for Hinchinbrook was the minister. Did he remove the direction when he was minister? N-O, no! Why not? He knows why not. The reason to remove is not quite that simple. The member for Hinchinbrook knows that as long as QSL has a monopoly on raw sugar sales on the domestic market the direction just cannot be removed. If it is, Queensland will face severe financial penalties under the national competition policy.

The opposition purports to create some freedom for vesting, but this is not enough to remove the QSL monopoly. Therefore, the direction cannot be removed. The member for Hinchinbrook knows this. However, I believe he is trying to pander to a small group in the sugar industry who demand removal of that direction at all costs.

Of course, our government's proposals will allow competition for raw sugar on the domestic market and hence will allow the removal of the direction. The bill purports that the single desk market at QSL should be able to grant exceptions from compulsory vesting to growers and millers who want to use raw sugar for any purpose. This may on the face of it seem reasonable, but the bill is flawed in many respects.

This bill is a nonsense. This bill will not help the sugar industry in any way. I really believed that the opposition, in the spirit of trying to improve the sugar industry, would not have attempted to debate this legislation before the House, but unfortunately it has. As minister, I feel obliged to say that, at the end of the day, the opposition members who purport to represent the sugar industry will stand condemned because they do not believe that the sugar industry is in crisis and that it needs help. The only way through is with the government's legislation.