



Speech by

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

Mr MICKEL (Logan—ALP) (6.14 p.m.): For the benefit of honourable members, this August marks 19 years that I have either been a political adviser or a member of parliament. In that time there has been one constant—reviews into the sugar industry. From 1979 to 1996 there have been nine separate reviews, and including 1984 there have been seven reviews. The other constant has been the resistance to change by the industry and by the National Party. Each resistance has been followed by another crisis—another taxpayer-funded bailout. By far the most irresponsible of these bailouts was two years ago when the federal coalition simply threw millions of dollars at the industry and told them to reform themselves.

Already in this debate we have heard the familiar themes of the National Party. In the face of overwhelming evidence, the National Party attacks the reviews. The only contribution that was a bit novel was the previous one. All the others have said there was no consultation. The member for Warrego, typically unprepared, comes in and says that there was far too much consultation. Those opposite bring to the sugar debate what Amanda Vanstone brought to the tax debate the other night in the budget. The National Party are consistent on two things: they always attack the process but they are too timid to attack the issues.

In 1915 Labor came up with a solution to a particular problem. The Ryan government responded and introduced measures which became locked in and currently apply, even in a dramatically changed situation. In the absence of any rural leadership from the National Party, the absence of anything from the Independents and One Nation, it is up to Labor this time to pave the way with a new tranche of reforms.

The industry is at a crossroad. It can continue to be bulk exporter of raw sugar or it can embrace change and begin the long, hard process of developing a value-added industrial sector. Too many of Queensland's and northern and far northern towns are in danger of becoming monocultures—reliant and totally dependent on world sugar prices.

There are calls for the establishment of an ethanol industry. This can be viable only if the raw product is grown at world competitive prices. The reality is that the long-term average price of sugar is trending downwards. The world market is oversupplied, mainly because of the growth in the Brazilian market. Nevertheless, in Australia and Queensland this is the most regulated agricultural crop. It is time that the innovative growers had the legislative shackles removed from them.

We have heard from the One Nation doomsayer from the tablelands exulting the virtues of regulation. Obviously she is frightened and frightening. The New South Wales industry has no regulation and it is now more profitable than the Queensland industry. I have every confidence that these farmers can respond in the same way that the wine and cotton industries developed without regulation, in the same way the dairy industry has been able since regulations were relaxed in the late 1980s to massively expand their export capability. It is going to continue to do that as the regulations are further relaxed.

The current regulatory environment has produced a no-change culture that is crippling the industry. On average 50 per cent of cane farmers supply only 20 per cent of the cane. This group of small farmers have equal voting rights to other 50 per cent who supply 80 per cent of the cane. But, and here is the big but, 20 per cent of farmers supply 60 per cent of the cane.

As all the reports in industry over the years have noted, these large farms are easily outvoted by the remaining 80 per cent who produce 40 per cent of the cane. It is the same in milling. Mills may want to change but can be blocked by the power of the adversely affected group.

We have heard a lot tonight about this. We heard from the member for Maroochydore, who never disclosed her conflict of interest, who talked about the family farm, who spoke about the situation on the Sunshine Coast. One contribution that did not escape my thoughts was the courageous speech from the member for Nicklin. I wonder why it was so courageous? It was for this reason. He knows as well as everybody else in the industry that it was the actions of those small farmers on the Sunshine Coast that ruined the mill on the Sunshine Coast and I will explain why.

Regulation and pig-headedness have combined to close that mill. For eight years Bundaberg Sugar put to those people that they wanted expansion. For eight years they wanted extra cane land because cane farms were being sold for housing. For eight years the local farmers blocked the expansion. For eight years they refused to extend the season. So for the mill there are no more years. It will close.

If we want an example of muddle-headedness from the opposition, it is this: the member for Maroochydore said, 'They should at least give notice for another year.' What do we have from the member for Hinchinbrook? A private member's bill in this House saying that a mill can be closed provided the growers give notice by 31 May. That is exactly what the mill did on the Sunshine Coast. That is exactly what the member for Maroochydore finds fault with. That is why the industry cannot get any leadership from the National Party: it is divided among itself.

We have heard all this rural popularism from Katter, from the member for Tablelands and from the member for Gladstone. The reality is this: life in any industry changes. Not everybody is a constant in any industry. The sugar industry is no different. But as we have just proven with Nambour, the most assured thing is this: combine muddle-headedness with pig-headedness and we will lose the lot, and that is exactly what happened with the mill in Maroochydore. It is a classic example of the adverse principle. The cultural change needed is to allow innovative growers to get on with the job. We are left to wonder 'what if' in Nambour. I do not want to wonder 'what if' with the rest of the Queensland sugar industry. We need to deregulate the industry to prevent more Nambour type situations. We understand the need for growers and millers to recognise that they are economically interdependent. Mills need profitable growers and mills make their profit by maximising throughput. They will need to pay a price to attract growers.

So how urgent is the need to reform? According to the New York Sugar Futures, the sale price for the October 2003 quarter is \$234 per tonne. The federal government commissioned the Hildebrand report which concluded 'an average reference survival price is probably around \$300 to \$335 per tonne of sugar'. This is equivalent to between US7c and US8c per pound at an exchange rate of 52c in the Australian dollar. The price being quoted currently for the October 2003 quarter is up to \$101 less than the survival price. The situation is worse. This week the Australian dollar broke the US65c barrier. That is why there is urgency. That is why the change is needed—not some time in the future but right now.

We can start the change by the passage of this legislation. We can also do it by pointing out to farmers the need for productivity improvements. Both the Centre for International Economics report and the Boston Consulting Group found that there is substantial potential in the sugar industry for productivity gains. The report indicated that an increase in farm size enables better use of labour and capital, but poor harvesting practices cause up to 10 per cent of cane to be left in the field. Cane harvester productivity of up to 120,000 tonnes can be achieved. What is it currently? Not 120,000 tonnes but 30,000 tonnes.

Australian mills crush around 21 weeks of the year compared with 30 to 35 weeks for mills in Brazil. This places milling capital at a 30 per cent to 40 per cent productivity disadvantage. Restrictions in cane cutting times require up to 50 per cent more bins to be used. Also, the yield gains for sugar are the lowest for any crop in Australian agriculture. The Centre for International Economics has a table outlining 20 pieces of industry research about productivity improvements. This disturbs the tranquil picture that the opposition has tried to paint of an efficient industry hit upon by drought and rust. That Centre for International Economics report should be a template for reform.

But there are encouraging signs. The loss of cane in harvesting practices was examined in Proserpine—understandably enough held by the Labor Party because we are the only ones showing leadership on this issue. In the 2002 season, slower extractor fan speeds on harvesters were recommended and adopted. And what happened? In Proserpine, in the electorate of Whitsunday, they harvested 100,000 extra tonnes of cane. What it proves is this: if we get the fundamentals right, then the industry is in the best possible position to diversify, and to diversify in a way that will encourage investment. With the current world price situation we have to understand—the National Party clearly does not—that we are price takers, not price setters. We are too dependent—

Mr Rowell interjected.

Mr MICKEL: Oh, my friend, if you ever had an original idea you would be convicted of larceny.

We are too dependent on raw sugar and too exposed to depressed world prices for raw sugar. Let us look at the antithesis of our market economy—Castro's Cuba. I will say this of the honourable member for Hinchinbrook: he is no Cuban Havana in this House. But let us look at it. If the member wants to get his head around what can be done in an undercapitalised, run-down country like Cuba, he will find that it has multiple derivatives of cane—ethanol, cane juice, bagasse and pharmaceuticals. There are opportunities here for chemicals, building and structural materials, new food products, sweeteners, animal feed and confectionary.

We are not asking growers to shoulder the burden alone. The sugar tax on consumers is being paid for by all sugar users. So, unlike other people we might represent, the small business store and whatnot which simply goes out of business, there is a sugar tax that applies to every kilogram of sugar bought. That will help farmers make the transition. That does not apply to any industry in my electorate. They simply have to close the door and walk out. So we are not asking the sugar industry to do something that is a heavy burden on it. We are not asking the people in that industry to go out into a life of poverty. We are saying that we will assist.

A government member: Everyone else will throw in.

Mr MICKEL: Everyone else will throw in. This sugar tax is a cost impost on value-added industries. I might say that it is a cost impost on working families in my electorate. They have to find that amount each week out of their budget, the same as they do for the dairy industry with every litre of milk that they buy.

Mr Reeves: I suppose they think those measly tax cuts will pay for it.

Mr MICKEL: If we want to talk about budgets, we should be talking about the fact that there is nothing in the federal budget for drought assistance. Warren Truss did not fight hard enough for drought-affected farmers. It can be argued that the federal government could have found the money from within its budget, as it did for all its other industry bail-outs.

Miss Simpson interjected.

Mr MICKEL: Ah, the member for Maroochydore. Did she gather why the mills closed? She should have been exercising some leadership up in her electorate and enjoining them to do one thing: grow more sugar cane. For eight years they pleaded, 'Would you just grow some more sugar cane?' The member for Maroochydore sat here mute and absurd while all that was going on. She could have exercised leadership. It would have been easy. There was a conflict of interest. All she had to do was show a bit of leadership, get up there and say, 'Listen, fellas, let's do ourselves a favour and grow a bit more sugar cane.'

A government member: What happened?

Mr MICKEL: What happened? Nothing. So the mills closed. The member for Maroochydore should not get up here and talk about sugar cane workers. If she had exercised some leadership, those workers would be still be employed today. She also contradicted the member for Hinchinbrook in her contribution. That is why she is sitting up the back of the chamber.

Madam DEPUTY SPEAKER (Ms Male): Order! The member for Logan will address his comments through the chair.

Mr MICKEL: Yes, of course, Madam Deputy Speaker. I was provoked.

As I was saying before I was distracted, the federal government could have found the money from within its budget, as it did in all other industry bailouts. The difference this time is that the federal and state governments have signed up to a reform process. No matter how uncomfortable Her Majesty's loyal opposition in this House find that, the federal party has signed up to an agreement. You have your sticky fingers all over it.

Mr Pearce: They know an MOU.

Mr MICKEL: They know what an MOU is all about. That is how they got into government the last time.

I want to congratulate the ministers—my friend the member for Inala, our Logan city colleague, the member for Waterford, their departmental advisers and also their staff who have painstakingly consulted and put this reform together. I might say that for their efforts some of the public servants were personally abused by a coward like Katter. Katter has a privileged position. He did not have to abuse them. They are only carrying out the work of the elected government of the day. Katter's privileged position is that he is a member of the federal parliament. I might say it is a position he does not value very much because he is not there very often. For all the talk of standing up for farmers, he does not do it in the place for which he was elected.

Mr Lawlor: 'Rocky' Rowell sorted him out, though!

Mr MICKEL: That is right. I hope that, after 19 years of my observation in political life of reviews, compromises and revisions, this time we can take the industry forward to innovation—better value adding. The difficulty is that hitherto 19 years of compromises have not taken us forward in the world market. We listened to the Nationals, One Nation, the Independents. Except for the valued contribution of the member for Nicklin, they will oppose this initiative, but I fear, in opposing it, they will doom the industry, in much the same way as the Nambour mill has been doomed.

We had a member of this House who could have done something about it but he did not. We are enjoining now the entire party to do something about it in the interests of the industry—not my interest, the interests of all those little towns up and down the coast. Labor should be bold, as it has been in this bill. We were the ones who put the sugar industry on the road in 1915. We have dramatically changed circumstances now. Labor again has to put the industry back on the road. We do not want a second best industry here in Queensland; we want an industry, like the one in New South Wales, that is profitable. We want one that again can take its place in the world, one that has a value-added component. The opposition have not proposed anything.

This bill and the Labor Party show faith in the producers. Producers to do what? To make the decisions that are best for them. What we are saying is that the minister, Mr Palaszczuk, is no longer the best person to make this decision for the cane farmer in Ayr or Home Hill. We are saying that the guy in Ayr and Home Hill, who gets up in the morning, is the best person to make the decisions for his or her own farm; and is that not the way it should be?

This bill helps shake off the regulations that have stifled the industry. It opens up the industry to a better future. We should grab it with both hands. As I said, there may not be another 19 years to try to review this industry again. Let us get it right. It is on its knees. Let us try to turn it around. Let us take the argument straight up and keep the federal government in the tent, because I know that Her Majesty's loyal opposition sitting opposite us is working feverishly away to try to undermine that agreement and again sell out the interests of sugar cane farmers, just the way they have done in every debate I have ever seen in this House—just the way I have seen it during 19 years of involvement.