



Speech by

Mr L. SPRINGBORG

MEMBER FOR SOUTHERN DOWNS

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SUGAR INDUSTRY AMENDMENT BILL

Mr SPRINGBORG (Southern Downs—NPA) (Leader of the Opposition) (7.56 p.m.): The Sugar Industry Reform Bill before the parliament tonight is not a panacea to fixing the sugar industry's problems despite what honourable members opposite have led us to believe during the course of today's debate. There may be some aspects of this bill which superficially we could find ourselves supporting. However, there are many aspects of it that concern us. The honourable member for Toowoomba South outlined those concerns during the course of his contribution to the debate.

I listened to the member for Ipswich talk about this industry which is supposed to be so grossly subsidised. It may be news to her, but in the middle of the 1990s it was one of the first industries to enter into the brave new world of tariff reduction. It was submitted to chill winds of global market forces in an environment where other sugar industries throughout the world were subsidised and, in many cases, were competing against the Australian industry with far more competitive cost structures.

There are no direct subsidies. It is true that there has been some assistance to the industry over a period of time. Income support has been provided for people who have gone through a period of hard time. There is no doubt about that. That is no different to a lot of other sections of the Australian industry, regardless of whether they are agricultural industries or other types of industries to which the honourable member's constituency may be traditionally aligned and may also be able to take some benefit from.

The member for Ipswich also went on to mention the issue of subsidies. Is it not very interesting that we soon forget the fact that the train and bus services that services her electorate are subsidised. I do not argue against that. That is fine. That is a simple reality.

Ms Nolan: It's a service.

Mr SPRINGBORG: So it is fine to have a service that is subsidised? So they say it is fair that people do not have to pay the full cost when it comes to accessing a service to get to work, but then say that assistance packages are not right and that they are some form of subsidy. I find that a rather ludicrous argument.

I argue against neither. We have heard the luminaries from the Labor Party stand up in here and talk about how this so-called panacea piece of legislation is going to provide these enormous benefits to the sugar industry and force it to stand on its own two feet. It is not. There is not one red cent in this Queensland. The structures which have been put in place are not going to assist them anyway. What it does is by and large shift market bargaining power from one more to the other. That is constant trend in the way that things seem to have gone across this nation over the last few years.

We do not argue against sensible structural reform and have not at any stage, but the coalition at that stage put out a nine-point plan during the election campaign containing a whole range of innovative processes and—

Mr Shine interjected.

Mr SPRINGBORG: It actually did assist us in the sugar seats and had the backing of the canegrowers themselves.

Mr Shine interjected.

Mr SPRINGBORG: Because it was sensible. It made a sensible contribution, unlike the honourable member for Toowoomba North who has done some sort of two-minute course on the sugar industry and stands up here and pretends to be erudite on it but would not have a clue. But what about ministerial directive, something which is a major encumbrance to the sugar industry in this state and the capacity of sugar growers to be able to benefit? What about that? Not once did the member mention that, something which artificially knocks down the price of sugar for sugarcane producers in this state. By ministerial direction, it says that they must sell sugar on the domestic market at export prices. That is what it basically says.

Government members interjected.

Mr SPRINGBORG: What we are saying is that it is time for it to go. Members opposite are talking about structural reform. They are talking about things that can actually provide some form of benefit, provide an immediate cash injection benefit to sugarcane farmers throughout Queensland. What the minister and honourable members opposite are saying is that they want structural reform when it suits them, but they do not when it does not. They only want a little bit here, a little bit there and a little bit somewhere else. That is one of the most practical things that they can actually do to assist the sugar industry.

Government members interjected.

Mr SPRINGBORG: I am happy to table it. I can read it all into *Hansard* if members want, but I am certainly very happy to table it if I do not get a chance to go through the whole thing. What is the government actually doing for the ethanol industry in Queensland other than duck shoving, like it always does when it says, 'The Commonwealth government should do this. Somebody should do that. Somebody else should do something'? When it came to an opportunity to support a private member's bill in this parliament to do something about innovation in the sugar industry to provide another market, where were members opposite? Nowhere to be seen! They ran away and voted against it.

We have to do the same thing in this state that has happened in the United States, and that is that some states have to start to lead by example with the ethanol industry. That is the simple reality. That is the simple fact. The Premier stood in this place this morning and said that in Queensland our commitment to reducing greenhouse gases and emissions will be equivalent to taking two cars per person off the road. By using a mandated level of ethanol to 10 per cent or a particular volumetric level in our motor spirits sold in Queensland, we can take off that much again. But, no, where was the government? It was nowhere to be seen. We can assist the sugarcane industry along the way as well.

I agree with some of the things that honourable members opposite have said, including the honourable member for Ipswich. Even though I have points of contention with many of her comments, she said that the sugar industry is in a very difficult state and the honourable member for Toowoomba North has said that. We have all said that. We know that there are some significant problems. It is not an efficiency issue. It certainly is an issue of what is happening with regard to the very export nature of it. Some 85 per cent of it is exported—there is no doubt about it—and we are also competing with the likes of the Brazilians and Thailand. However, the Brazilians in particular have a lower cost of production. Who is going to advocate that we have the same wage structure as Brazil in this country? I am not, but they are the sorts of issues that we are dealing with.

Next year the Brazilians are going to plant sugar in an area that is one and a half times the size of Queensland's entire production area, so it is extremely difficult. But I believe and have said for a long time that the way forward for the sugar industry in Queensland is a move away from the reliance on export crystal sugar and more to what we can do with the product of sugarcane in our very own country as a biofactory, as a way of providing opportunities for pharmaceuticals, bioplastics and the likes of ethanol. That is a way that we can guarantee ourselves domestic security in a whole range of commodities with products such as fuel but also to put us out there at the cutting edge.

Areas that are producing sugarcane are in many cases broadacre and not really attuned to anything else. We could try to grow tomatoes, mangoes, bananas or something else, but there are only so many mangoes we can grow. There are only so many bananas we can grow and only so many tomatoes we can grow. Chicory was going to help out, but unfortunately that is not going to happen now. When looking at agriculture set up like that, it makes sense to use sugarcane for something else. I agree that the reliance on crystal sugar is something which is holding the industry back, but the industry does want to innovate. There is not much in this legislation that allows more than partial innovation in that particular area—not much that allows more than partial innovation.

There are some other issues that also concern me that I need to touch on. There is the issue of compulsory arbitration. I find it interesting to hear honourable members opposite argue about doing away with that when they subscribe to a union movement. They subscribe to a process which for years has advocated compulsory arbitration. If it is good enough to do it in the work force, then why is it not good enough to have some formal process of arbitration in an ongoing way? This is going to be phased down and phased out, and the concern I mentioned before is that this shifts the power to

bargain and the power to address issues from one more so to the other. That is my very strong view and the very strong view of people in the industry and a concern which was held by the federal government and the Prime Minister. We cannot say that the Prime Minister is somebody who is anti regulatory reform. The industry held that particular concern, as did the coalition's sugar reform group in Canberra as well. There may be things in this legislation that it supports, but a big concern from the Nationals is the phasing away of the arbitration arrangements.

The honourable member for Ipswich said, 'We've got this process of collective bargaining.' Once again, she is a member of a party which was basically formed on collective bargaining. It has a foundation of collective bargaining. Those opposite want collective bargaining when it suits them and not when it does not suit them. In his contribution the honourable member for Toowoomba South talked about a range of other industries that have been through this and said that it is a case of divide and conquer. That is what it is, and it has only been in recent times that the ACCC has agreed to have some form of collective bargaining process in the dairy industry.

So collective bargaining has a role. To stand up there and say, 'Collective bargaining has propped this up and it's unfair' is unfair to the roots of the honourable member if she looks at the way that the Labor Party was formed and the union movement and what has been a fundamental tenet of ensuring an appropriate amount of ability for those people who are removed from the process or can be removed from the process to have some form of empowerment along the way.

I have already spoken about the ministerial directives. I just simply say: do something about that. We will support the government absolutely. We have no hesitation whatsoever. What is the government's financial solution and assistance to the industry in Queensland, other than throwing platitudes at it and saying, 'It's up to the federal government to throw all the money at it'? When the federal government was offering \$120 million, the state government was offering \$30 million. The Commonwealth government is now offering a package that looks to be at least \$250 million, if not much more. What is the state government offering? No more! Once again, it says, 'We'll change some regulations. We'll chew around the edges and wait for the federal government to come in with the money that is going to assist the industry adjust for the future.' But typical of this government, it thinks the Commonwealth government needs to pay for the problems of the industry and to assist it to be able to make those particular structural adjustments and those adjustments into new innovative products here in Queensland. I challenge the minister and this government that if the Commonwealth government—

Government members interjected.

Mr SPRINGBORG: The Nationals have been doing a lot in Canberra, I can tell you. That is one of the reasons members will see a very generous package released in Bundaberg come Thursday. But where are you guys? Absolutely nowhere to be seen whatsoever! There will be a generous package and a package which will hopefully allow the industry to restructure and to be able to innovate into the future. With regard to the abolition of the CPAs, CPAs—cane production areas—are not an issue in all the sugar growing areas around Queensland, but there are particular areas where they are and there are particular areas where they are important, and have been important, in guaranteeing a degree of certainty in that industry. We have some concerns with regards to doing away with those.

The free trade agreement has been mentioned by some members in this place. I think that the real benefits or otherwise of this agreement are yet to be seen. I am adopting a wait-and-see attitude to see what comes to pass.

Mr Shine interjected.

Mr SPRINGBORG: I will wait and see what comes to pass, because—

Mr Shine: Don't you worry about that.

Mr SPRINGBORG: Those guys opposite would not have a clue what they are looking at with a free trade agreement. We are yet to see the benefits to the industries that are subject to it—whether it is the beef industry, the avocado industry, the peanut industry, or whatever the case may be—because it has such a long lead time. I hope that the benefits that have been talked about and promised come to pass, but that is yet to be witnessed. The simple point that I make about the free trade agreement is that I am not necessarily convinced that the inclusion of the sugar industry into that agreement would have given that industry any greater benefit than what the Commonwealth government is going to be offering them with regard to the cash and the structural assistance package that will be released by the Prime Minister in Bundaberg on Thursday.

The worst possible outcome for the sugar industry in Queensland would have been for the Commonwealth government to have negotiated, with the consent of the United States government, an extra 50,000 tonnes access into that market. That would not have meant any more than a few million dollars equivalent to the industry in Queensland each year. Anything less than maybe 300,000 or 400,000 tonnes would not have been enough to provide any meaningful way forward or support to the sugar industry. Whilst I was initially disappointed that sugar was left out of the free trade deal, I think

that a lot of us in the cold light of day sat back and looked at the difference between a token amount of extra sugar access into the United States market and this particular package and saw the benefit from this package, because it is going to be immediate. It is not going to take years to filter down.

In the early 1960s, we had something like 900,000 tonnes access into the American market. It is now down to less than 100,000 tonnes. It is certainly true that the Americans look after their own. There is no doubt about that. But I think that this package, which the Commonwealth government will hand down on Thursday, will provide far greater benefit than, say, 50,000 or 100,000 tonnes of additional quota would have been able to provide the sugar industry in Queensland.

There are some other things that this government could do if it does not want to assist by way of a direct assistance package for the sugar industry, and one of them is waiving the stamp duty on generational transfers. If, as the members opposite are saying, they want a greater degree of innovation in the industry—and that is going to have to happen, there is no doubt about that—that will also mean that structural change is going to happen by way of people moving out and the younger generation taking over. There is stamp duty on the generational transfer of property. If the government is not prepared to put direct cash into the industry, why does it not waive that stamp duty charge as a way of assisting that industry go through that structural change rather than putting a direct cash contribution into the industry? I believe that the government should be prepared to put more cash—

Mr Messenger: It might cost real money.

Mr SPRINGBORG: As the honourable member for Burnett said, it might cost real money.

A moment ago the honourable member for Ipswich talked about the real cost of water. Unknown to her—or she probably does not understand it—these people are actually paying a part A water charge of 70 per cent of the price of their water for water that is not even being delivered. It cannot be delivered because of drought, allocation restrictions, or whatever the case may be. That is not really fair. Most people would belly-ache and muck around a bit if they had to pay for a service that was not delivered to them. These sugarcane farmers are paying 70 per cent of their part A charge for a service that is not being delivered. I know that that is fine for the honourable member for Ipswich with her economic rationalist, duplicitous mind, because she thinks that subsidies or assistance are okay sometimes, but not other times. That is fine, but all we are saying is that people should not be paying for something that they are not receiving. Most people would argue that. They would think that that is pretty fair. But not the honourable members opposite in this place.

This bill will not be a panacea. It is not going to fix all the problems in the sugar industry. Unfortunately, there is going to be significant change in the industry. People are going to leave the industry. As hard as it is going to be, we know that that is going to happen. That is why we need to have a process in place that allows this industry to be able to adapt, to be able to restructure. The Commonwealth government is the only government that is putting any meaningful amount of money into the process—\$250 million at least. Maybe it will be more money. The state government is putting in \$30 million.

But we need to have something that encourages the development of the ethanol industry in the state beyond platitudes—something that goes some way towards enabling that industry to innovate in the area of turning sugarcane into biofactories for a whole range of product. They are the sorts of things that we can do. The sugar industry in the long term is going to be much better off for that.

We will not be supporting this bill, because there are many aspects of it that we have concerns about. We will continue to lobby and we will continue to see that the process is addressed properly. I table the coalition's nine-point sugar plan.