



Speech by

LINDA LAVARCH

STATE MEMBER FOR KURWONGBAH

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SUGAR INDUSTRY AMENDMENT BILL

Mrs LAVARCH (Kurwongbah—ALP) (5.54 p.m.): I rise to support the Sugar Industry Reform Bill 2004. The major policy objective of this bill is to implement the commitment by the sugar industry and government to comprehensive reform. As set out in the explanatory notes, the industry now faces a fundamentally changed market situation. Those changes are that the industry's historic advantage in efficiency has been eroded, with the very low uptake of new technology and practices. Brazil has emerged as a major new competitor with a more efficient and commercial export sector. The long-term downward trend in all commodity prices has combined with the oversupply on the world market to produce a world raw sugar price that is below the cost of production for many industry participants. The high value of the Australian dollar has also reduced returns. The industry has remained focused almost entirely on raw sugar exports and has done little to either promote alternative products from cane or sugar or to further value add.

Many speakers on our side of the House have spoken about the need to value add in the industry if it is to survive. The previous speaker quoted equations from a National Party perspective. He said that if the reforms were brought in it would equate to there being no industry. Nothing could be further from the truth. In fact, the equation reads in a pure mathematical sense—no bill equals no reform equals no industry.

When one asks the previous speaker and other opposition members what they plan to do to support the sugar industry or grow the industry or to overcome the global impacts on the industry at present, what do they answer? They blame the water prices—it is all SunWater's fault. If it is not the water prices, then it must be the stamp duty that they pay on their contracts. What about the power bills and the ambulance levy? I have never heard such microthinking in all my time in this place. If they are the advocates and the ones leading the way for the agricultural industries in this state and in their seats and this is their thinking, then pity help us all. It is no wonder they are in the state they are in today.

There can be no doubt that the state government has acted decisively by creating this historic opportunity for the sugar industry to reshape itself. I have heard speakers from the opposition say today that the industry knows it has to reshape itself. They know they have to do it. But they do not want the reforms. They do not want to have to look at the hard facts of how they should reshape themselves. How do they bring about a business environment that expands thinking from having a single focus on one product? The present regulatory regime has been the biggest barrier to expanding and moving the focus away from one product.

When one's eggs are all in one basket one knows that the risk is accentuated to the extent that one can collapse quite easily. How many businesses have put their eggs in one basket and are not here today to tell us what happened to them?

Mr Palaszczuk: And it is also the magnificent package that is coming from the federal government. The reason is because they could not secure the sugar industry to be part of the free trade agreement. That is the only reason the federal government is coming into it now. Otherwise their \$120 million was all they were going to supply on a 3c a kilogram levy. Not a cent from the federal government before.

Mrs LAVARCH: No, and that shows the commitment of their colleagues, does it not?

It is incumbent now upon the industry to embark on diversifying. Many speakers in this debate have spoken about innovation. Yes, there have been innovations in farm practices and, yes, there

have been innovations in cane production. But it is not so much the innovation in producing more cane; it is diversification in what we do with the cane once it has been cut. This is an area in which we as a government have been committed to further research. Value adding by the mills is one way to make the industry more viable. We need to attract new investment into Queensland to look at other products that can be made from cane. Everyone in the debate has so far spoken about ethanol, and I think the National Party believes that ethanol is the only other product from cane that is even worth looking at or pursuing. But if one looks outside Australia, sugar has been used in many ways. In fact, the minister was telling me earlier that there are 76 other products that can be made from sugar.

Mr Palaszczuk: That is in Cuba.

Mrs LAVARCH: In Cuba. As the minister says, Cuba is making 76 other products from sugar. What is the population of Cuba? Is it less than ours?

Mr Palaszczuk: It is less than ours and its cane industry is about the same size as ours.

Mrs LAVARCH: Cuba has not only been able to be innovative but also diversified the use of its sugar. The products that interest me are the conversions. There has been the conversion of sugar into ethanol, but there is also the conversion to other sugars such as sorbitol. Sorbitol is a modified form of glucose that does not lead to tooth decay, as does sugar, and is now used as a low calorie sweetener in a variety of products including toothpaste, vitamins and cosmetics. Maltodextrin, which is a long chain of sugar molecules that is similar to starch, is used in the food industry as a thickener and to alter the mouth feel of foods. Then there is the wonder derivative xylitol, a sugar alcohol, which is again used in the food industry but is a non-calorific sweetener. As sugar has been maligned over time as being the cause of obesity in our society, it could actually have the answers to overcome obesity itself as a low calorie sugar derivative.

Before I conclude, I want to add that stockfeeds, as other members have said, are another example of cane products that can be developed in a relatively short time. I attended a business round table at the University of the Sunshine Coast on Friday and was advised that, even though there is no mill now for the sugar being grown in the Sunshine Coast area, it is looking very positive for them to have a commercial plant at Bli Bli to produce stockfeed.

Ms Nelson-Carr interjected.

Mrs LAVARCH: Yes, it is excellent. It shows that you can think outside the square and you do not necessarily need a mill to have a use for the cane. Of course, for the industry to continue it is essential for canegrowers to remain in the industry and to keep growing cane. Many value-added products from sugar will take time, but we are supporting research and development within the sugarcane industry. We are supporting the Bureau of Sugar Experiment Stations, the Sugar Research Institute and the sugar CRC. In fact, the Queensland government gave a \$4 million grant to the Sugar Research Institute and leveraged nearly \$4 million in Commonwealth funding and \$38 million in industry funding for a range of projects to improve mill efficiency. This research identified a range of ways as to how mills can be more efficient and channel more energy into cogeneration. A new way to break down bagasse into useful products and a new way of making ethanol are being trialled.

The Queensland government has also provided funding over seven years to assist the cooperative research centre for sugar industry innovation through biotechnology. This is a longer-term approach to developing new kinds of products from cane, and the sustainable future in the industry is in value adding—that is, diversification in the use of cane. I commend the bill to the House.