



Speech by

**RACHEL NOLAN**

**MEMBER FOR IPSWICH**

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### **SUGAR INDUSTRY AMENDMENT BILL**

**Ms NOLAN** (Ipswich—ALP) (9.26 p.m.): I rise to oppose the private member's bill regarding the sugar industry that we are debating this evening. I have family in the sugar industry. While this is not exactly the most pressing issue facing my constituents, I have a strong interest in agricultural economics and in the impact of regulation in this and other industries.

Sugar is a classic old-style regulated industry. In an era when industries have to stand on their own two feet the sugar industry is a dinosaur. The regulation of sugar goes back to earlier this century. The original industry in Queensland was characterised by big plantations with single mills worked by South Sea Island labour. It was very much like the American south.

The principles of the current Sugar Act were developed by the Ryan Labor government. It followed the break-up of the plantations and the expulsion of South Sea Islanders and its aim was to encourage and protect small white-owned farms in the north. The main purpose of the regime was not to create an efficient sugar industry; it was to populate the north to achieve a white Australia.

A royal commission into the sugar industry in 1912 found—

If the ideal of a White Australia is to become an enduring reality, some means must be discovered of establishing industries in the tropical regions. So long as these regions are unoccupied they are open to invasion.

When the Regulation of Sugarcane Prices Act was passed in 1915 all sugar was produced for the domestic market. There was not international trade in sugar and the act was based on principles of equity within the industry. Under the current regime mills have to buy cane produced in their designated geographic areas, growers within that area cannot sell to other mills, cane is sold at a fixed price determined by mill suppliers committees in conjunction with the mills and sugar is sold both domestically and overseas through a single desk.

While the concept of equity in the industry is indeed a beautiful thing, the nature of the regulatory environment has created an industry where innovation is positively discouraged, where cross-subsidies from efficient to inefficient producers are structured in, where conflict between growers and millers is seen as inevitable and where the ability of small growers on mill supply committees to veto change has led to a lowest common denominator approach.

Three separate reports into the cane industry—one from the Commonwealth, one from the state and one of the industry's own—have found that a variety of efficiency methods which are available right now are not being enacted. These reports have found that as a whole the industry has poor irrigation efficiency, uses too much fertiliser, does not use the best possible weed control and uses inefficient harvesting techniques.

The crux of the problem is that if innovative farmers want to change by producing, say, an early crop or a crop of better quality, the veto power of mill supply committees and the fixed price at the mill mean that other less efficient growers can stop them. The situation that that has produced right now is that 70 per cent of the growers produce 30 per cent of the crop while 30 per cent of the growers produce 70 per cent of the crop. There is nothing in the current structure that will change that fundamental inequity. Seriously, what kind of industry runs like that?

In Queensland, 83 per cent of cane produced is sold as raw sugar—the least value-added product available. There has been little movement into value adding or diversification. Eighty-five per cent of the crop is exported, but for 200 years there has been a steady decline in the international price of sugar. In recent years the price has fallen drastically, mainly as a result of cheap sugar from Brazil.

An inefficient industry simply cannot compete in a low-price international environment, but the necessary change cannot happen under the current act. There needs to be real reform. Decision making must take place at a local level. Growers and millers must be free to operate in an environment that focuses on commercial outcomes, not on what is in the act, and the industry must focus on business, not on politics. The bill that the government proposed earlier in the year would have addressed these fundamental structural issues. The bill we are debating tonight does not go anywhere near that.

While I do not want to go into the bill in a great deal of detail—other people have done that—I do want to state that, in typical National Party style, this bill seeks to pander to some of the sectional interests of the industry without addressing the fundamentals. It confirms the National Party's view that the sugar industry should not be subject to normal competitive influences and it would have a whole range of unintended consequences.

First, a mill not being allowed to close without giving a set period of notice to growers would make sugarmills different from operatives in every single other industry. It would force mills to trade possibly while insolvent and certainly while non-viable. Hence, it would put growers' interests well in front of those of other workers, subcontractors and any other perfectly deserving creditors who have a right to be paid from a closing business. What is it that makes canegrowers such a special, protected species? Sadly, the only rationale I can see is that there are three canegrowers sitting on the other side of the House. Talk about a conflict of interest!

The second bizarre element of this bill is final arbitration. That is, in price negotiations between growers and mills, growers can name their price and have mills over a barrel. Again, this is just classic National Party stuff: 'We will have the market for everybody else and we will have a protected, subsidised, regulated industry for ourselves and our mates.' It is classic agrarian socialism. Once again, free enterprise stops at the end of the bitumen road. This is typical of the National Party. It has its head in the sand, it has no alternatives and it treats even its own constituents like fools.

Over hours of this debate the National Party has done nothing but represent the worst influences in the sugar industry. It is the worst influence in the sugar industry. It is standing up for the lowest common denominator in an industry where the lowest common denominator is holding everyone back and where ultimately the lowest common denominator is going to send everyone broke.

Three National Party members have stood up in this debate and failed to declare their conflicts of interest. The three of them—the members for Maroochydore, Mirani and Hinchinbrook—have family cane farms. But National Party members think of themselves, once again, as a protected species. It is not a real political party—

**Miss SIMPSON:** Madam Deputy Speaker, I rise to a point of order. The member has misled the parliament. I made reference—

**Madam DEPUTY SPEAKER** (Ms Jarratt): Order! What is your point of order?

**Miss SIMPSON:** The member has misled the parliament and her comments are offensive. I ask that they be withdrawn. I also refer her to *Hansard*.

**Ms NOLAN:** I am happy to withdraw, Madam Deputy Speaker. The National Party is not a real political party; it is an insular rural lobby group. Somehow it thinks that makes it immune from the standards that apply to everybody else.

Without significant reform we will stay on the path we are on right now; that is, having an inefficient industry trying to sell overpriced sugar in a market where the price is continuing to fall. Not even the National Party is suggesting that anything in this industry is going to change. Once again we are seeing the absolute economic illiteracy of these people.

Let us take today as an absolutely random example of the National Party's approach to economics. What have we seen? We have seen a suggestion that there should be compensation for people who have their God-given right to pollute the earth and destroy the environment taken away. We have seen that there should be compensation for the weather. We have seen a suggestion that we should stimulate an industry—that is, the housing industry—in order to deal with its current state of hyperstimulation. And in recent months we have seen calls for more money for country racing and more money for the opposition office.

How on earth are we going to pay for these things? In the whole time I have been a member of parliament these people have not supported one single revenue bill. I have taken today as an entirely random example. How many hundreds of millions of dollars will it cost to compensate people for taking away their right to destroy the environment? How much will it cost to compensate them for the weather?

How much revenue will we lose when we no longer take stamp duty on housing? I think it would have to be into the billions of dollars—and we have not even finished the week! We have not even heard the whole string of election promises yet! But these people want the electorate to take them seriously. They want the electorate to take them seriously on sugar and on economic policy. Dear me! I cannot begin to, and I do not think the people of Queensland are quite that silly, either.