



Speech by

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SUGAR INDUSTRY AMENDMENT BILL

Ms NOLAN (Ipswich—ALP) (7.45 p.m.): I rise to speak in support of the Sugar Industry Reform Bill brought to the House by the Minister for Primary Industries, Henry Palaszczuk. The bill, as other members have outlined very well, establishes among other things a new process for arbitration between canegrowers and millers. Sugar, like many areas of agriculture, does not operate in a perfect market. Frequently, although not always, a homogeneous product from many sellers is sold to only one potential buyer: the local mill.

The past price agreement between growers and millers had been reached by a process of growers collectively bargaining with the mills. Under this process, if price agreement is not reached, a process of final arbitration began in which growers collectively and millers individually nominated terms. Bizarrely, the arbiter simply chose between the two. There was no discussion and no moderated agreement. While anyone with any understanding of economics or negotiation would see final arbitration as just bizarre, canegrowers have, disappointingly, clung to it for years—clinging to the security of knowing that when things get hard Big Brother is there to decide.

In an environment of a tight market with a low world sugar price, this system of final arbitration is clearly fraught. It creates the potential for the arbiter to price mills out of business by determining an uncommercial price and it entrenches product homogeneity and prevents growers from innovating by creating a false security in compulsory collective bargaining. This might have worked fine 80 years ago in an industry without price pressure. In the current environment it sets the industry up not for processes of steady, moderated adjustment but for a calamitous, thumping fall.

In recent years Minister Palaszczuk has set himself entirely to the task of avoiding this fall. It is sad and ironic, given that he is a Labor minister, that he has done it in the face of opposition from the lowest common denominator elements in the sugar industry, that is, those who are protected by collective bargaining and those who are represented here by the National Party.

The new system, as has been outlined, establishes a process of transition to commercial price bargaining and, to protect all parties, insists that a process of dispute resolution be explicit in all contracts between growers and millers. While the National Party has tried in here to present this simply as a process of deregulation, that is far from the case. This is a process that creates flexibility. It is also a process in establishing that there must be dispute resolution in every contract that sets out to protect both parties in every contract every time. This change—which has finally been agreed to by government, canegrowers and millers—is a central part of the Beattie government's reform package, which is putting \$35 million into the sugar industry over the period 2002 to 2006. In addition, the Beattie government is committed, as part of a joint package with the Commonwealth, to provide another \$30 million for the industry when regulatory change occurs.

I am not all that old, but I have been around in politics for a while. In that time, I have heard some drivel. But hearing the National Party speak on economic policy broadly and specifically on the sugar industry goes pretty close to taking the cake.

Tonight we have heard from the member for Burdekin that sugar is not a subsidised industry. We need to understand that this industry was bailed out in the mid-1980s, in the mid-1990s and in 2000 on the condition that there would be regulatory reform—regulatory reform that never happened. Now it is being bailed out again by the federal government to the tune of some \$350 million. We cannot say that this is not a subsidised industry.

Every time one of my constituents buys a kilo of sugar they pay an extra 3c. They pay that 3c to assist this industry which is decreasingly competitive in an open world market with the process of transition. No-one can tell me that that is not a subsidised industry. The reality is that sugar is the most propped up, subsidised, mollycoddled industry in Australia. They are worse than Mitsubishi.

We have also heard tonight from the member for Tablelands that the great threat to the sugar industry is the snake oil of globalisation. It always strikes me as ironic when we hear primary producers talk about the dangers of globalisation. We need to understand that 85 per cent of Queensland sugar is exported.

We can go down the path of fortress Australia. We can seek to not have free trade. We can have a sugar industry that produces and sells 15 per cent of its current production—that is, that which only supplies the domestic market. Without globalisation and without free trade we do not have a sugar industry at all. So to argue that globalisation is the problem is really taking economics to some kind of pretty wacky extreme.

We have talked about solutions to the sugar industry's problems in here tonight, and our new friend the member for Burnett suggested that the problem was that the sugar industry has to pay a real price for its water and that the solution would come if SunWater—that is, the government and the taxpayers—would prop up this industry with subsidised water. That does not work for other industries and it should not work here because, as with every other industry, we have to pay the real price for our inputs.

We have heard dragged out the usual cargo cult of ethanol. We understand that sugar, as many speakers have said, is not the best source, the most economic source, from which to create ethanol. What we have heard this evening is a lot of economic gobbledegook about how we can prop up this industry in different ways, through different means, through different kinds of taxpayers' funds and different kinds of subsidies through the backdoor and front door.

The problem is that sugar is competing on the world market. It is competing with other countries. Sometimes it is competing on a corrupt world market, but it is competing with other countries that can produce sugar more cheaply than we can. The other part of the problem is that Queensland's regulatory environment does not make it easier—it makes it harder for our sugar industry to compete.

Australians believe fundamentally in looking after themselves. We are happy to help the vulnerable and, in terms of our economic policy, we are happy to help new industries stand on their own two feet. We are happy to give them a start. But we cannot fundamentally go on subsidising and propping up forever an industry which will not change and which is not able to stand alone in the world market. If this reform does not happen this time, that is exactly what we will continue to do.

I owe it to my constituents, as other members, including those in the sugar seats, owe it to theirs, to give this industry a chance to stand on its own two feet. We need to give it a chance to compete, a chance to be independent, a chance to be the best it can be. We do not do that in a regulatory environment and with a drip feed of ongoing subsidies that are cemented in the past. It is very disappointing to me to see the National Party come in here tonight and not even represent what canegrowers want but represent something that canegrowers do not want and that a small proportion—the lowest common denominator in that industry—want, and do it in the name of wacky economics.

This bill gives this industry its only chance to go forward. After 100 years it has to stand on its own two feet. Without this bill, that will not happen. The industry will not fade away. One day canegrowers will wake up in the morning and it will just be gone. This is the only chance for this industry. If those in the National Party were honest enough to admit it to themselves and to the people they seek to represent, they would acknowledge that, too.