



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



## **THE SENATE**

# **FAMILY AND COMMUNITY SERVICES AND VETERANS' AFFAIRS LEGISLATION AMENDMENT (SUGAR REFORM) BILL 2004**

## **Second Reading**

## **SPEECH**

**Thursday, 24 June 2004**

BY AUTHORITY OF THE SENATE

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## SPEECH

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**Questioner**  
**Speaker** Cherry, Sen John

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**Senator CHERRY** (Queensland) (1.29 pm)—The Family and Community Services and Veterans' Affairs Legislation Amendment (Sugar Reform) Bill 2004 is part of the government's sugar reform package to provide assistance to the sugar industry. It provides that where sugarcane farm owners of age pension age wish to gift the farm to eligible descendants—children and grandchildren who have had active involvement in farming for at least three years—then no deprivation of assets will be deemed to have occurred. Currently, if a person disposes of an asset for no or inadequate remuneration, the value of the asset is maintained for a five-year period when assessing income support payment. This bill will exempt sugarcane farmers who have owned property currently valued at less than \$500,000 for at least 15 years. Additionally, the cane grower's and their spouse's income from all sources must have been less than the maximum annual rate of age pension.

The bill will allow farmers to retire and will encourage a new generation of farmers to consider alternative farming strategies. This bill is of course part of the sugar reform package that was announced by the Prime Minister in Bundaberg. I want to speak briefly about the adequacy of that package and the previous package from 2002 in dealing with the crisis facing the sugar industry in Australia, particularly in my home state of Queensland.

The Democrats have been extremely concerned that the government has not been taking sufficiently seriously the scope of the crisis facing the sugar industry, and nor has the Queensland government, in our view. Indeed, the Queensland government has opted for the approach of taking an industry that is on its knees and kicking it flat on the ground by choosing to deregulate it at a time when farmers have very little scope for dealing with such shocking change. The changes that have now occurred as a result of the low world prices and deregulation have significantly reduced the capacity for farmers right across the Queensland coast to have any effective control over their prices or their economic future.

The government's package announced in Bundaberg does provide sustainability payments at least for this season and partly into next season but nothing beyond that. Indeed, by that stage the deregulation plans put together by Minister Truss and Premier Beattie will be having their full impact. That means that farmers will be facing a much more difficult negotiating environment when dealing with the milling sector. The Democrats are very concerned about this. I have spoken in this place on many occasions about the need to recognise that farmers need an adequate level of bargaining power in dealing with processes, retailers and further on in the market. I should note for the record the very disappointing reforms of section 46 and the misuse of market power provisions announced by the Treasurer yesterday.

**Senator Boswell**—What about the Dawson reforms?

**Senator CHERRY**—The Dawson reforms are an advance in terms of collective bargaining but they still are not the comprehensive reform—

**Senator Boswell**—What about thanking the National Party for that?

**Senator CHERRY**—I thank the National Party for lobbying very hard for that—something that, had the National Party lobbied much harder for over a longer period of time, we would have got much earlier than this. Section 46 does need to be reformed to ensure that there are genuine misuse of market power provisions, and that needs to underpin the bargaining arrangements that exist between farmers and processors. I am concerned that the approach taken, particularly by the Beattie government, will significantly reduce the bargaining power of farmers. I acknowledge the role the National Party played in the Queensland state parliament in opposing the changes to arbitration processes in Queensland. Unfortunately, at this stage it has not been successful. I am certainly hopeful that the government will continue to push to ensure that growers have a reasonable access in terms of getting some decent outcomes from bargaining.

The other thing that growers need desperately, more than the sorts of reforms we are talking about today, is a decent income stream. Whilst we are in the difficulty of a world sugar price that remains deflated because of

the corruption of the world sugar market, it is disappointing, as Senator Forshaw pointed out, that sugar was not included in the free trade agreement. That would have reduced at least some of the pressure on Australian sugar farmers if it had been included.

More important than that, what is also disappointing is the failure of both the Labor opposition and the federal government to produce other new energy related income streams for the sugar industry in Queensland. I was very disappointed yesterday that the Senate rejected a motion jointly moved by me and Senator Allison calling on the government to mandate ethanol for inclusion in petrol. This measure has been advocated by Queensland Labor Premier, Peter Beattie, for some time now. I commend Premier Beattie on the position he has taken. It is disappointing that the Labor opposition is yet to replicate that policy. It is disappointing that the federal National Party and the federal Liberal Party are yet to replicate the policy of the state opposition of calling for mandating for ethanol in petrol. The mandating of ethanol in petrol and the development of an ethanol industry have the potential to increase sugar incomes by about 22 per cent, according to research done by AEC Economics. That would be a significant benefit for that industry.

But more important even than ethanol is the issue of the renewable energy target. This is where the government has comprehensively let down the Australian sugar industry. According to research by AEC Economics, if the mandatory renewable energy target were raised from its current level of under two per cent to five per cent then it would increase the incomes flowing to the sugar industry by upwards of 44 per cent. That is a huge increase, an extra \$480-odd million a year, which could flow to the industry as a result of being able to sell sugar as an energy crop back into the electricity grid. That is not going to occur in the absence of a mandatory target. We know that the government has provided a range of incentives in the energy package, but we know that incentives will not work unless the market is there to buy the product that comes out at the other end. That will not happen without a mandatory renewable energy target, which has the potential to create 12,000 new jobs in regional Australia, reduce greenhouse gas emissions by four per cent and develop a whole new renewable energy industry across Australia.

In dealing with this bill today it is good that we are dealing with the notions of pensions, social security and the whole aspect of how the social security safety net will pick up sugar farmers in Queensland, but the Democrats would prefer that we were talking about improving the income streams of sugar farmers. That is really about value adding sugar into an energy crop, into renewable energy, into ethanol, into bioplastics and into all the other products that can be formed. That is not going to happen while this government remains committed to propping up the fossil fuels industry at the expense of all other agricultural commodities.