

also a huge shift in our export focus away from Europe and the USA to our own region. This was all accelerated by the global financial crisis which has enveloped those old economies and spared the new ones in Asia. Moreover, good economic management has resulted in low public debt, stable employment and a strong currency. Terms of trade are, as we know, at a 60-year high.

The single question for me is whether we fully grasp the opportunity or stifle it through inaction. The answer is obvious. The report on that basis goes on to explore the options and the outcomes which flow from the strength of commitment to be made. The best case outcome assumes an optimum response to investment needs, while the worst case is a 'do nothing' response which I hope is inconceivable.

The report also details many implications of this massive opportunity, which I will summarise. Capital investment needs will increase enormously. It has already doubled from \$30 billion per annum in 2006 to \$60 billion in 2010 and it is likely to climb to \$100 billion per annum very quickly. This has clear implications for markets which are already stressed due to the GFC. It has already prompted a debate about foreign ownership—not unlike our experience decades ago with Japan. Tax and royalty revenue is likely to increase by \$34 billion per annum. Capital gains to investors, including superannuation funds, will increase, creating new demand for goods and services. Stronger exchange rates will improve consumer purchasing power, although import-competing business, including some retail, will come under greater pressure. We see some of that already.

While there might be some crowding out of trade-exposed sectors, the impact can be reduced if capacity is added rather than simply shifted. The commodity support cluster of industries is likely to grow faster than the mining and resource industries themselves. It means rapidly-increasing employment opportunities and increased demand for relevant skill sets within industry. The flow-on will be much broader than direct mining and support, to include legal, banking and accountancy, for example. As the strength of this new cluster grows, so will its demand for research and development and tertiary training. There are already new challenges from other suppliers in South America and Africa, but the emphasis will be on high-tech capacity, reliability and quality of supply. Despite price cuts, profitability will be maintained through larger volumes—all possible with adequate investment and infrastructure.

Finally, achieving all of this will be difficult unless there is a whole-of-economy response across governments, business and the wider community. That in turn requires immediate awareness and, most importantly, strategic leadership. Hence the report also

poses some challenging questions: if 750,000 jobs could be created, where would the skills come from? How will the technical and tertiary education sector respond? Will the workforce be sufficiently flexible and mobile to facilitate the shift? (*Time expired*)

**Senator BOSWELL** (Queensland) (13:45): Today I rise in support of the great **sugar industry** of Australia. It is Queensland's largest agricultural crop and one of Australia's most important rural industries. It is the ingredient that is in all our pantries and is one of the most natural products in our lives. It is hard to imagine a life without sugar. From apples to muesli, it is an integral part of our lives. Not only is sugar a vital ingredient but it is also vital to the Queensland and Australian economies and supports over 4,000 sugarcane farmers.

Once again, sugar has come under attack. We have just fought and won the battle to stop a system of traffic-light labelling being introduced that would have required a red light on every packet of sugar. Imagine what traffic-light labelling would have done to the sugar industry. Thank heavens common sense prevailed at the FSANZ meeting in December. The traffic-light labelling proposal was rejected.

Now a new battlefield has opened up with an article published in the scientific journal *Nature*. The article attacks sugar and is aimed purely at generating a controversial debate. The February edition of *Nature* features an article titled 'The toxic truth about sugar'. The report, which is little more than an opinion piece, seeks to demonise sugar by comparing it with alcohol. You can imagine my response when I read that sugar was in the same category as alcohol. This would have to be a first: sugar in the same league as alcohol. It is a ridiculous attempt to grab a headline with some controversial claims—all at sugar's expense.

It appears the sugar has become the new punching bag for some, including these academics from the University of California. The article has been widely reported by the Australian and international media and makes a number of over-the-top claims. The report claims: sugar consumption is linked to a rise in non-communicable diseases, such as heart disease, cancer, diabetes and obesity; sugar's effect on the body can be similar to that of alcohol; regulation should include tax, limiting sales during school hours and placing age limits on purchase.

Robert Lustig and his co-authors are advocating that the same policies used to curb the supply and demand of alcohol be used to reduce the consumption of sugar. What will we have next—random sugar breath tests? Shame on *Nature* for publishing this unsubstantiated, nonsensical article attacking sugar. The normally reputable, prestigious journal has really dropped its standards by publishing this article, which was aimed

fairly and squarely at causing maximum damage to the sugar industry.

How many more attacks will the sugar industry have to withstand? When you attack the sugar industry it reverberates around the world. You attack the thousands of farmers and workers in the mills and refineries in Australia and third-world countries. The sugar growers have to live with the consequences of this nonsense and the negative publicity it generates—as if they do not have enough to worry about.

Sugar is one of the most volatile commodities. The prices go up and down more than any other commodity. The growers have to contend with extreme weather conditions and, at the moment, a high Australian dollar and international fluctuations. Times may be good for sugar growers but there have been many lean years they have had to endure. Unlike these academics from the University of California, in their cushy academic lives—where their money is guaranteed every week—these workers and farmers live in the real world. These are the people who suffer when you make outrageous claims not based on science.

Clearly, the authors have no understanding of the real world, with many of their proposals aimed at increasing the nanny state by controlling consumers' intake of sugar. They advocate adding taxes to processed foods that contain any form of added sugars. These would include sweetened fizzy drinks, juice, chocolate milk and sugared cereal. Will they next be suggesting that we put a tax on apples? They contain sugar too. Where would it end if these proposals saw the light of day? The article also suggests controlling the number of fast-food outlets and convenience stores in low-income communities and around schools. So again they are proposing over-the-top regulations for convenience stores to stop sugar consumption.

You can see where this is heading. Convenience stores will need a licence to operate. This is policy gone mad. What's more, the *Nature* article offers little scientific evidence for the proposed regulation of sugar sales through measures such as a tax and placing age limits on purchases. We have to get some perspective in this debate. Does Lutsig seriously think that it is feasible or sensible to have in Australia and other countries teenagers presenting their photo identification prior to purchasing sugar?

Thank heavens in Australia we have a number of scientists that have debunked much of what the author of this article has claimed. The commentary by Lutsig and his colleagues at the University of California has been condemned by leading scientists, academics and the key body representing dietitians in Australia. They include Jennie Brand-Miller from the University of Sydney, the pioneer of the glycemic index measure of the effects of carbohydrates on blood sugar. She and

other organisations such as Victoria's Obesity Policy Coalition refute the author's science and instead point to a lack of evidence that sugar is the cause of the worldwide obesity epidemic and related lifestyle problems.

In the Australian media recently Ms Brand-Miller was quoted as saying that she was disgusted that *Nature* would publish this and that because it is published in *Nature* people assume it has some validity and some basis in science. She goes on to say:

How you can equate sugar which occurs naturally in apples with alcohol beggars belief.

Many nutritionists, dietitians and researchers in Australia have come out and supported her stance. In fact, I was hard pressed to find anyone with scientific qualifications that had come out in support of Lustig's article in *Nature*.

Professor Peter Clifton who is head of Baker IDI Heart and Diabetes Institute is another academic who has come out against the article. He argues that claims in the *Nature* article were not based on hard science and that sugar was certainly not equivalent to alcohol. The Dietitians Association of Australia has also come out saying that there is little evidence sugar was the cause of the worldwide obesity epidemic and related health problems. Their position statement, *Sugar and Obesity* in June 2011 stated:

Sugar has been blamed as the 'root of all evil' in Australia's obesity crisis.

... ..

The Dietitians Association of Australia (DAA) believes it is simplistic and unhelpful to blame sugar alone for such a complex issue. Weight gain is caused by eating more energy (or kilojoules) than is used up in physical activity. So to achieve and maintain a healthy weight, the focus needs to be on eating fewer kilojoules (including watching portion sizes) and moving more.

So, as we have always known, moderation is the key. It is important to highlight some interesting facts related to this debate in Australia. According to Alan Barclay from Diabetes Australia, sugar consumption in Australia has actually dropped by 23 per cent since 1980. Despite this, during that time cases of overweight or obese people have doubled, while diabetes has at least tripled.

A similar inverse relationship between sugar-sweetened beverages and obesity has been observed. The consumption of low- or zero-kilojoule beverages doubled over a 12-year period—1994 to 2006—while sales of sweetened beverages decreased by around 10 per cent. Yet obesity levels have continued to climb during this time period.

In the draft National Health and Medical Research Council *Dietary Guidelines for Australians* released in December 2011 on sugar and obesity the NHMRC Systematic Literature Review found that the evidence

to support advice on added sugar and obesity was 'limited, inconclusive or contradictory'.

Whilst this *Nature* article has stimulated debate it has unnecessarily and without scientific basis soiled the image of sugar. There is no evidence to suggest that reducing sugar consumption will halt the growth in obesity and other dietary related conditions. To describe sugar as toxic is nonsense. Sugar is the most natural thing in the world. It is safe and suitable for consumption as part of a balanced diet.

Much research and development is currently taking place in the sugar industry. Product development has produced a range of 'better for you' sugar products, including CSR LoGiCane and CSR SMART, as well as a gluten-free icing sugar. The sugar industry is trying to meet the market with these niche products in response to demands by consumers and healthcare professionals for healthier ways to enjoy sugar. In March 2009, Sugar Australia in partnership with Horizon Science launched the world's first low GI cane sugar with its CSR LoGiCane. The research and product development continues to date.

We need to get behind sugar as it is one of Australia's significant industries and has a long history going back to our nation's settlement. Today the annual contribution that the sugar industry makes to the Australian economy is in excess of \$9 billion. The sugar industry directly employs about 17,000 people across the growing, harvesting, milling and transport sectors. In Queensland specifically, 85 per cent of the raw sugar produced there is exported, generating up to \$2 billion in export earnings for Australia.

As a senator for Queensland I think it is important to set the record straight on sugar. We cannot allow the demonisation of sugar with over-exaggerated claims that could potentially affect the livelihoods of our sugar growers. It seems that whenever there is a problem in the world we just blame sugar. Well enough is enough.

We as consumers need to get behind the sugar industry and support one of Australia's leading domestic and export industries. It is a safe and valuable commodity and we must expose these ridiculous claims made by the *Nature* article. The *Nature* article was purely an attempt to grab a media headline. In its wake it has done untold damage to the sugar industry world wide. In Third World countries sugar operators are often the only source of income for low paid workers. There are many Third World countries who rely on sugar as their main industry. This *Nature* article has had damaging consequences. The authors must be made aware that you cannot peddle unsupported opinion pieces without hurting the thousands of people who rely on sugar for their livelihoods.

The *Nature* article not only hits the sophisticated Australian industry; it has consequences for the

industry all over the world. If Mr Lutsig should get another brain explosion about demonising sugar I hope he will realize the damage he has caused all over the world. Sugar is a worldwide commodity and the implications of this will be felt not only in Australia and America but in countries like Fiji, Mauritius, Indonesia and India.

### Senator Rhiannon

**Senator MASON** (Queensland) (13:58): I want to reflect on a few remarks made earlier today in the MPI by Senator Milne, whom I always listen to. Indeed, she often says many interesting things and I respect the debate even if I rarely agree with her. But to compare, as she did in today's debate, the human rights record of John Howard and the Howard government with Joseph Stalin, was pathetic and disgraceful—not because John Howard would care and not, quite frankly, because the coalition cares but because it is an insult to the 70 million people that communism killed in the 20th century. The 20th century was a slaughterhouse largely because of communism and the idea of comparing John Howard with Joseph Stalin is a disgrace to the chamber. I just hope in future that the Greens remember that.

## QUESTIONS WITHOUT NOTICE

### Economy

**Senator BRANDIS** (Queensland—Deputy Leader of the Opposition in the Senate) (14:00): Mr President, my question is to the Minister representing the Treasurer, Senator Wong. I refer the minister to the fact that, under the Rudd-Gillard Labor government, productivity has stagnated so that, last year, for the first time in 20 years, there was no net increase in jobs; \$70 billion in net Commonwealth assets has been turned into \$133 billion of net Commonwealth debt; and a \$20 billion budget surplus has turned into four consecutive budget deficits, the four largest in Australia's history, to a cumulative total of \$167 billion worth of deficits. Given Labor's run of budget deficits and economic failure, and the fact that it cannot make a promise without breaking it, why should the Australian people have any confidence that the government's latest promise, to deliver its first ever budget surplus, will not be yet another broken promise?

**Senator WONG** (South Australia—Minister for Finance and Deregulation) (14:01): I am very pleased to take a question on the economy, although I am surprised that Senator Cormann did not have the opportunity to ask that question. I want to remind those opposite of something they really do not like to hear, and it is this: under this government, we have created over 700,000 jobs since we came to government. Under this government, we have come through the global financial crisis with one of the strongest economies of any of the advanced economies anywhere in the world and one of the strongest fiscal