




Speech By  
**Hon. Curtis Pitt**

**MEMBER FOR MULGRAVE**

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### **SUGAR INDUSTRY (REAL CHOICE IN MARKETING) AMENDMENT BILL**

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships) (10.14 pm): I rise tonight to speak on the Sugar Industry (Real Choice in Marketing) Amendment Bill. As both the Treasurer and an MP from a sugar seat, I have a very keen interest in this bill and what it proposes. The sugar industry is important to the Queensland economy as a key export industry which earns around \$1.5 billion each and every year with 95 per cent of this coming from Queensland. I have the greatest of respect for my local canegrowers, as I do the local mills and those who operate them. It is obviously a very important player in our local communities right up the coast, and my electorate is no exception. I understand that without growers there are no mills. I also understand that without mills there would be many people in my electorate who would not have trade qualifications, and of course there could be no place for the cane to be crushed. This is a symbiotic relationship.

With the industry employing over 15,000 people across the state, including cane farms and mills, any industry shakeup has to be carefully considered before being implemented. The bill as it stands is not carefully considered. Enacting this bill would put at risk billions of dollars' worth of investment and wind the clock back unnecessarily. I certainly acknowledge the outcomes that growers are trying to achieve, but this bill is not the answer. It is a heavy-handed approach that has more potential drawbacks than benefits. In any industry where there is not a parity of size between businesses engaged in supplier-purchaser arrangements there can be disputes or concerns raised from time to time. Whilst the regulatory environment of the sugar industry has not changed substantially since the reforms in 2006, I acknowledge that new players have entered the industry and others have consolidated their market share. But there are existing safeguards to stop market share being exploited via mechanisms such as allowing collective bargaining and provision for dispute resolution.

Since the last phase of the sugar industry deregulation that occurred in 2006, billions of dollars of investment have flowed into the industry under the current legislative framework. It is arguable that much of this investment may not have occurred over the last decade were it envisaged that parliament would reregulate the industry in 2015. That is not to say that we should not always be looking to see if regulation can be improved. The approach taken by this bill is a sledgehammer and potentially only minor tinkering is what should be being pursued. It is a shame that the LNP have seemed to jump on board with the sledgehammer approach—a party who have held more positions on this than they have had MPs.

Due to concerns over the bill, following the recommendation of parliament's Agriculture and Environment Committee I requested that the Queensland Productivity Commission undertake a regulatory impact assessment of the bill. Because this is a private member's bill, it was not subject to the regulatory impact assessment that would normally be undertaken with government-initiated legislation. On 26 November 2015 the QPC released its Decision Regulatory Impact Statement on the bill. They concluded that retaining the existing regulatory framework with no additional regulation will

provide the greatest net benefit to Queensland. This is based on the QPC's assessment that there is no evidence to support a case for market failure in the Queensland sugar industry that would indicate the need for additional government intervention at this time, and the benefits of additional regulation as proposed by the bill do not outweigh the costs.

It is worth pointing out that the QPC is not specifically making comment on the intention behind the bill, but on the practicalities of what the bill is seeking to achieve. Whilst some may not be happy with the conclusions of the QPC, it is difficult to fault their methodology and conclusions. The proposal to re-regulate the sugar industry as it stands would be counterproductive for growers, as the industry would potentially be tied up in legal challenges for the foreseeable future. Investment in mills and associated milling infrastructure brings in much needed employment and opportunity to regional centres through skills development, training and value-adding infrastructure. Deregulation has resulted in billions of dollars of investment into an industry that was previously struggling. To reverse all of this because of a breakdown in commercial negotiations would be throwing the baby out with the bathwater. At a time when we are looking for more investment in Queensland, particularly in our agricultural and industrial sectors, re-regulation is a dangerous message to be sending to potential investors.

This bill as it stands would introduce sovereign risk into the sector which would negatively impact on investment in rural and regional communities throughout the state including in my electorate. Globalisation has led to increased competition for every investment dollar, risking our state's reputation. Sovereign risk is a hard accusation to shake once you start interfering with the ownership of rights or products that have been long established and previously agreed upon. This bill should be voted down and parties should be encouraged to go back to the negotiating table. Whilst there may be an argument that the existing regulatory environment may need some tinkering, it should not be turned on its head.

A further example of why this bill is not needed is the recent agreement between Burdekin growers and Wilmar. Twenty-two growers have recently signed interim 2017 arrangements. This agreement accounted for over 500,000 tonnes of sugar. Commercial solutions are possible under the current arrangements. I would certainly encourage members to vote against this bill, not because they are anti grower but because they are seeking the best long-term outcome for the sugar industry—for growers, for farm workers, for millers and for mill workers alike.