Speech By

Deb Frecklington

MEMBER FOR NANANGO

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SUGAR INDUSTRY (REAL CHOICE IN MARKETING) AMENDMENT BILL

Mrs FRECKLINGTON (Nanango—LNP) (7.50 pm): Market competition is vital for every industry. Without real choice, the market fails. This is especially true for perishable commodities such as sugar cane. Once harvested, the cane's value begins decreasing. If not crushed within 24 hours, its sugar content is lost along with the price it can earn. This is why, as the industry developed, farms expanded around their local mills. From Childers to Mossman, the vast majority of harvested cane is transported from the farms direct to local mills via cane trains running on a vast network of narrow-gauge tracks.

This system works well, but it also locks farms into supplying those local mills. This is why the grower does not have a real choice in the mill that it uses. The further they transport their crop and the longer they wait to process it, the less valuable it becomes. This is a fundamental point that millers will not talk about and the minister does not understand or deliberately ignores. The minister carps on about market vandalism and destruction of the free market. If you do not have a real choice in to whom you sell your cane to, there is no free market.

The overwhelming majority of growers are locked into supplying the local mill, giving those mills a position of monopoly market power. This is the key point the Queensland Productivity Commission has failed to recognise. The limited examples where a grower has an option, such as the Tablelands, are constrained by distance and cost.

As the member for Hinchinbrook and the member for Burdekin know only too well, this lack of competition is a real issue in the Burdekin—indeed, right from the Herbert down to Proserpine, a vast cane-growing region where all the mills are monopoly owned. I have stated many times that the LNP would much prefer that this industry had achieved a negotiated settlement to this impasse. We have been waiting since 2004 for this negotiation to succeed. As we rapidly approach 2016, we are still waiting.

Tonight's debate is not about reregulating the industry, as the minister has claimed in his endless stream of media statements with his wild, alarmist claims about scaring off investment and destroying jobs. This private member's bill with the LNP's amendments—and I will table those amendments and the explanatory notes that I will be moving in consideration in detail—are aimed at ensuring a decent outcome for both growers and millers so there is a level of competition in sugar marketing, and there is a logical and stepped process for dispute resolution; nothing more, nothing less.

Tabled paper: Sugar Industry (Real Choice in Marketing) Amendment Bill, amendments to be moved during consideration in detail by the Member for Nanango, Mrs Deb Frecklington [1810].

Tabled paper: Sugar Industry (Real Choice in Marketing) Amendment Bill, explanatory notes to Mrs Deb Frecklington's amendments [1811].

We have heard so much nonsense about this economic vandalism and winding back the clock to the 1950s. Everyone understands the industry has been deregulated and no-one is seeking to undo those changes. On the record is the memorandum of understanding between the Queensland sugar industry and the Queensland government signed by Canegrowers, the Australian Sugar Milling Council

and the Hon. Peter Beattie MP, the then premier and treasurer on 13 October 2005. I table a copy of that document. I also table a copy of the joint letter from Canegrowers and the milling council welcoming the MOU, the removal of the statutory vesting arrangements and the move to a new contractually based system that has operated since the 2006 crushing season.

Tabled paper: Document, dated 13 October 2015, titled 'A memorandum of understanding between the Queensland Sugar Industry and the Queensland Government' and related letter [1812].

The MOU contains a fair degree of goodwill and hope for the future of the industry with the millers advising they remain committed to working with QSL to assist QSL to remain the preferred marketer by suppliers and customers of Queensland produced bulk raw sugar for export. The minister either forgets or deliberately ignores this point and also the additional investment and improved deficiencies that have occurred under those arrangements. These longstanding marketing arrangements have not impeded that investment, including foreign investment in the milling sector.

The decision of Wilmar on 21 May 2014 followed soon by MSF and Tully Sugar to step away from those longstanding marketing arrangements with QSL from the end of the 2016 season and deny growers any real choice in sugar marketing is why we are standing here today. It would be a gross understatement to say canegrowers feel let down and betrayed—logistically locked in to supplying monopoly mills and now about to lose any real choice in marketing. This impasse has dragged on and on for 18 months. It has not been resolved and it needs to be.

I note in the past week there has been an announcement by Wilmar about Burdekin growers signing contracts, and I welcome any agreement between millers and growers. It is worth noting that these 22 grower agreements are a fraction of the statewide industry and all contain an escape clause. If a better deal comes along, they can jump ship. If this deal is really giving the growers what they have asked for, why is that clause needed? The main grower representative groups have dismissed this as a media stunt by Wilmar, which brings us to the sugar industry amendment bill along with our amendments.

The industry is in this position because our canefarmers have received absolutely no help from the Palaszczuk Labor government and Minister Bill Byrne, who has not even bothered to schedule meetings with canegrowers despite repeated requests. He has not bothered to meet with these canegrowers but appears to take a certain position without getting out and about. It is disappointing that this Minister for Agriculture has abandoned Queensland farmers.

Unlike Labor, the LNP is committed to doing all in its power to support the great sugar industry. Our amendments are about giving growers a fair go, ensuring there is a degree of competition in marketing and industry where the millers are in a unique monopoly position. Without real choice, the market fails. The LNP is well aware that sugar is Queensland's second biggest agricultural export industry and there should be no rush of any decisions that could threaten its viability and growth. Our sugar industry generates income of around $2 billion a year. Our 4,000 cane farms and 21 sugar mills support more than 16,000 jobs. The LNP is acutely aware of the vital importance of cane farming and sugar milling to Queensland. That is why we have spent so much time on this issue.

At a federal level, over 50 submissions and three public hearings to the Senate Standing Committee on Rural and Regional Affairs and Transport and over 30 submissions to the coalition's Sugar Marketing Code of Conduct Taskforce demonstrates that the issues at stake have been widely canvassed. This evidence, as well as the hearings of the Agriculture and Environment Committee, have influenced the LNP's amendments. No-one has been blindsided. Every interested party has had the opportunity through many forums to have their say on this issue. This bill and our amendments have not been rushed. We have consulted widely with all sectors. Our amendments represent fair and common-sense changes that reflect the needs of our canefarmers and help the millers. Despite the nonsense from the minister, the amendments do not transfer ownership rights of cane, and as it does now that will be determined by the terms of commercial contracts. This bill does not alter that with the amendments.

The testimony heard during the hearings of the committee is of interest. The Queensland Law Society evidence is not reflected in the final report. Comments by the chair of the Queensland Law Society are extremely relevant. Regarding arbitration, it states—

I do not think that the fact that the negotiation period is fixed at the end, that there will be arbitration, should be seen as a threat. Rather it should be seen as this: parties can decide to keep the matter within their own control and reach agreement. Once it goes to arbitration, it is outside your control and both parties know that. Both parties are at risk. There is always risk in litigation and there is always risk in arbitration, but there has to be a provision that brings finality to the business of the negotiator.

The bill's arbitration provisions deliver a mechanism to break the existing deadlock and provide certainty. The LNP's amendments do not force control from the parties unless they choose to do so. Regarding interests and rights, the Queensland Law Society stated—

I do not think the argument about the expropriation of property rights in sugar is a fair one, given that it has taken in sugar cane, processed it and gets paid for that. I think the producer should have the right to say, 'So-and-so should market it.' If there is to be some sharing of the profit between the miller and the grower in relation to that process, that can be done as part of the term of the contract—

The LNP's amendments will ensure that that fairness is delivered.

Much has been made in hysterical public debate about this bill and its amendments destroying the market. The simple truth is that without real choice the market fails. Only one side of this debate has attempted to remove real choice. This bill, with the LNP's amendments, restores the choice that Queensland canefarmers are asking for. No-one should be afraid of competition. It is through competition that the best outcomes for Queensland's cane industry will be delivered.

(Time expired)