




Speech By  
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**MEMBER FOR MOUNT ISA**

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

 **Mr KATTER** (Mount Isa—KAP) (9.25 pm): I rise to speak on the Sugar Industry (Real Choice in Marketing) Amendment Bill 2015. This bill provides canegrowers with the right to have a real choice over who sells and processes the grower economic interest in sugar. The genesis of this bill from the KAP's point of view is that we were contacted by canefarmers after the election and asked to visit them because there was a problem. We visited canefarmers in Ingham and Innisfail. We were really taken aback that a big, iconic industry in Queensland was screaming out for help. To the credit of the member for Dalrymple, we acted and consulted with the canegrowers and developed this bill that we have before us tonight.

We need to realise the enormity of the industry that we are dealing with here. There is 35 million tonnes of sugarcane over 380,000 hectares. Some 95 per cent of Australian sugar is produced in Queensland. The sugar industry is one of Australia's largest and most important rural industries and Queensland's largest agricultural commodity. I believe it is one of Queensland's largest employers. It is an industry that we have to take notice of if it is in trouble or is threatened.

In April last year Wilmar came out with a statement indicating its intention to exit its marketing agreements, meaning farmers would have no say on the sale price of their sugar. That is an interesting point. Something that has been raised a lot in the media and by opponents to the bill is that deregulation was imposed on the industry and a big assistance package was given to farmers at the time.

Looking back, we would have to ask what that was all about. Did deregulation deliver what it was supposed to for the industry? One thing that we could acknowledge is that the number of canefarmers has reduced since deregulation. In terms of one of those measures, it has failed.

One of the important things to realise is that deregulation was done, delivered and accepted by canegrowers on the basis that there was a circuit-breaker, which was QSL. I wonder whether deregulation would have ever been adopted if QSL were not there. I suggest that it would not have been. It was adopted and accepted because QSL existed. When a multination miller, a foreign miller, comes in and completely changes the dynamic of the market and QSL is made obsolete we have a problem. Deregulation was done on the basis of having QSL.

It annoys me when people say that we are reregulating the market. We are not going back in time and reregulating the market. That is a fallacy. This is simply giving growers a choice. A lot of people who would have been the proponents of deregulation in the first place believe in choice and in competition, and that is what we are advocating here. I think there is some hypocrisy in the positions that are being put forward in that respect.

The bill supports a robust but fair supply chain relationship between the mill owners and growers so that it contributes towards long-term sustainability in the industry. We keep saying this is compromising the millers' viability, but I do not hear the millers saying, 'We are worried about the farmers' viability as well.' The industry is the sum total of both parties. There is no point worrying about the millers and saying we have to protect their viability when the farmers are not being looked after.

I think one of the key components of this bill is that it addresses a market imbalance. No-one in this room could seriously argue that there is not a market imbalance when you are forced to sell to the one mill closest to you—there are some anomalies where people are taking their cane 100 kilometres to another mill. But effectively you can only take it to the one mill. They have all the market power. You have reduced the cooperative power of the farmers. You have reduced the market power of the grower and delivered it to the miller.

All we can achieve with this bill is getting the growers back to the table at best. It does not deliver them any excess power. At best it can take them back to a level or near to a level platform with the mills. I do not think anyone should be too worried about the mills' power. There will always be a market imbalance favouring the millers. That is how the industry works. Millers have shareholders and so they should try to make money. They see the farmers as an input cost. That is how they treat them. Despite the rhetoric, they are not there to preserve the income or the viability of farmers. They are there to look after their own interests and so they should. They see farmers as an input cost. That is where the interest ends. That is an important point to recognise. If the viability of the farmers is compromised, that is not of great concern to the mills. They still have a future.

It has been made out that this bill is a radical change and we are trying to take things back to the way they were before. That is a very misleading interpretation of what we are doing here. We are preserving the pre-existing arrangements. We are trying to preserve the way the industry is going now into the future. The millers have ruined the dynamic. They have come in in a dominant position and said, 'We don't need QSL. We're doing it.' They have changed the dynamic in the market: 'We want more power so we have more control over the price.' They want to further strengthen that market imbalance. We are trying to say, 'Hang on, we don't want you to have any more power and have more of an imbalance.' They are the ones making the change, precipitating the change. We are the ones trying to preserve the status quo. It is false and misleading to say that this is a change to take things back to the way they were before. This is trying to preserve the status quo.

I sat and listened to the department when they gave their initial feedback on this bill, and it is one of the very few times that I have got really angry in a committee. There was a report given on the aspects of the bill. The first part of the report said how wonderful deregulation was because it welcomed all of this investment in mills. Perhaps there is logic in that. It is good to have investment in the mills. Then we were told how much this bill could threaten the interests, the profitability and the investments that millers have made in their mills—full stop. That was the end of the report. I said, 'You don't seem to understand that this bill was written with the interests of the growers in mind and you have not mentioned them. You didn't mention the growers once in the report. You mentioned the millers and the threat to their investment but you didn't mention the growers.'

I can see where a lot of the advice is coming from, and I question it. Time and time again these people are just obsessed with keeping any sort of intervention out of the marketplace. I feel that there has been far too much weight and value put on the millers' interests. That is important. They are a very important part of the industry, but they are not the sum total. There is the growers' interests as well. They have invested a lot in their farms. They might have a million dollars invested in their farms individually across the 4,400 cane-farming families. They have an investment as well. We should be looking after their profitability, their investment and their asset. We have a market imbalance. The mills are quite entitled to chase profitability, but government has to ensure that both sides can have a fair crack and can operate on a level playing field.

The other point to make is that, if we have vertical integration in the supply chain, who knows what the price will be. If they are smart, millers over the next 10 or 20 years will give just enough to keep the farmers in the game to make sure the cane is coming through the mill, but they will squeeze the profitability. If we want to get an idea of that, go through the cane-farming towns. I challenge all members to go through the cane-farming towns and talk to the businesses, talk to the GPs, see how the mental health of the farmers and farmers' families are going. They have some big problems and we need to help them out. Stop talking about the millers and start talking about the farmers as well in the same sentence. They are part of the equation just as much as the millers which is why this bill is needed tonight.

*(Time expired)*