




Speech By
Shane Knuth

MEMBER FOR DALRYMPLE

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SUGAR INDUSTRY (REAL CHOICE IN MARKETING) AMENDMENT BILL

Introduction

 **Mr KNUTH** (Dalrymple—KAP) (11.34 am): I present a bill for an act to amend the Sugar Industry Act 1999 for particular purposes. I table the bill and explanatory notes and I nominate the Agriculture and Environment Committee to consider the bill.

Tabled paper: Sugar Industry (Real Choice in Marketing) Amendment Bill 2015 [\[421\]](#).

Tabled paper: Sugar Industry (Real Choice in Marketing) Amendment Bill 2015, explanatory notes [\[422\]](#).

The Sugar Industry (Real Choice in Marketing) Amendment Bill 2015 will provide canegrowers with the right to have real choice over who sells and prices grower economic interest sugar, or GEI sugar. The bill addresses the imbalance in the market powers that currently exists between mill owners and growers. The imbalance and the power of the regional monopolies enjoyed by each mill in the market for sugar cane were first recognised in Australia in the early years of the 20th century, when sugar industry regulations were introduced to prevent mills from exercising their ability to squeeze the primary producers. Those regulations recognised the interdependence of the growers and the millers, to ensure growers and mills shared the market rewards and the risks from the sale of sugar. Although not described as such, the concept of grower economic interest sugar, GEI sugar, was given effect.

The sugar industry regulations were replaced by voluntary structures in 2005. In April 2014, Wilmar issued a public statement and indicated its intentions to exit the current sugar marketing arrangements from the end of the 2016 season. Shortly afterwards, two other milling groups, MSF Sugar, which is owned by Thailand's Mitr Phol Group, and Tully Sugar, which is owned by China's COFCO, also announced their intentions to exit the current marketing structure from the end of 2016, giving uncertainty to sugar marketing. That decision of the unilateral mills will deny growers any choice in how their share of production, their GEI sugar, is marketed in the future. Unless addressed, those anticompetitive actions will restore the monopoly position of mills in the market for sugar cane, with ramifications across the whole industry. All milling companies and their supplying growers will be affected, including those that have elected not to withdraw from the marketing structures.

The Sugar Industry (Real Choice and Marketing) Amendment Act 2015 acknowledges the need for an amendment to the existing legislation that will provide growers with the ability to proactively be involved in the marketing of their own sugar. The bill recognises that both millers and growers have an economic interest in the sugar produced. It requires millers to provide a transparent platform for sugar marketing that provides growers a choice in who markets their GEI sugar and provides mills with symmetric rights in relation to mill economic interest sugar, or MEI sugar.

This bill is a collaborative effort of the farmers and industry bodies that are the sugarcane industry. I have consulted extensively with representatives and the KAP has initiated public meetings at Innisfail and Ingham to hear about the concerns of sugar towns and farmers, and the bill addresses those concerns. The bill will result in a stronger, fairer and more stable industry, and also gives

confidence and security to Queensland communities that stretch north of Mossman and right through to the Sunshine Coast, which rely on the flow-on support that the sugar industry provides. I commend the bill to the House.

First Reading

Mr KNUTH (Dalrymple—KAP) (11.38 am): I move—

That the bill be now read a first time.

Question put—That the bill be now read a first time.

Motion agreed to.

Bill read a first time.

Referral to the Agriculture and Environment Committee

Mr DEPUTY SPEAKER (Mr Furner): Order! In accordance with standing order 131, the bill is now referred to the Agriculture and Environment Committee.