




Speech By
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MEMBER FOR DALRYMPLE

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SUGAR INDUSTRY (REAL CHOICE IN MARKETING) AMENDMENT BILL

 **Mr KNUTH** (Dalrymple—KAP) (10.30 pm), in reply: We have heard many arguments tonight. I would probably say that I am a person who supports the re-regulation of all industries because regulation is about protecting small business from being swallowed up by big business. However, deregulation is about big business swallowing up small business. In this circumstance I found myself supporting deregulation and competition because this way of supporting competition is an opportunity to support what is right. The multinational millers do not like competition and this bill before the House is pro competition. The multinational millers are all sooky, all cranky and all angry because they are not getting their way this time.

We have heard many different tokens and the multinational millers published an open letter to Queenslanders on the future of the sugar industry that the bill will lead to higher industry costs, costly court challenges and risks to our reputation as a good place to invest. We have also heard from the Productivity Commission that we do not need to support this bill because there have been no market failures. There have been no market failures because at this present moment we are still under the old system. The reason there have been no market failures is that the system at this present moment where QSL markets the sugar works. It works. However, this bill is providing some leeway in that it will get better for the multinational millers because not only do they receive a third of their mill's economic interest of the sugar but it also gives the opportunity for growers to participate with the mills if they want to get their sugar to market. This bill looks after the mills better, but they do not want it because they want no competition and no QSL and growers marketing with the mills whether or not they like it.

People talk about challenging the law, and I refer to the Agriculture and Environment Committee public hearing inquiry into the Sugar Industry (Real Choice in Marketing) Amendment Bill held on 31 August this year. Present at that hearing were Mr Shane Budden, Manager of Advocacy and Policy from the Queensland Law Society; Mr Michael Fitzgerald, President of the Queensland Law Society; and Mr David Grace, Chair of the Competition and Consumer Law Committee of the Queensland Law Society. They spoke strongly in favour of this bill and said that it was illusionary if people think that this bill is not pro competition. I will quote some of what Mr Grace, the Chair of the Competition and Consumer Law Committee, had to say, and I am happy to table this at the end of my speech. Mr David Grace said during the public hearing—

The principles of competition would advocate choice. Therefore, for the growers to have the right to choose who should market their product, their sugar, at the end of the process I think is a fair one. The right of choice is an essential and critical path for protection of competition. The policy of competition is not to protect corporations but rather to protect competition. The right of a grower to elect who it is that will market his, her or their product is, I think, fundamental to protect competition policy.

We keep hearing about re-regulation, but the lawyers are saying that it is actually there to protect competition policy. He continues—

I think this bill addresses it in a fair way.

Mr Grace from the Queensland Law Society also said—

Arguments about expropriation of rights simply deny the fairness of the notion of the grower's economic interest, because it means that the miller would have the sole rights to determine your markets. They may do a good job or they may do a bad job, but the grower is totally dependent upon the commercial ability of a miller to market. That miller may be a very good miller; it does not make him a very good marketer.

Who wants to market the sugar? The millers. They may be a good miller, but they may not be a very good marketer. We have to remember that we have a marketing system that has been around for 100 years. The mills are saying that they are now going to be great marketers, but what has been in place for 100 years is bad. Mr Grace continues—

Understanding world markets in sugar is not a simple thing in that there are great changes in that from time to time. The miller gets the milling fee anyway. He gets paid to do what he does, as he should. But the end result of what the grower gets in an international marketplace for sugar is a very different question, and the grower should have the right to protect that economic interest by nominating someone else to market the sugar if he, she or they believe that it is better to do so.

To address your point, the expropriation of property rights is, I think, an illusory expression ... the bill ... recognises the growers' economic interest, recognises the millers' rights to mill. The miller gets paid for that. The grower is totally dependent upon that process occurring within a period of time.

In continuing, Mr Grace said—

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.'

This bill will provide growers with the ability to choose how the sugar that determines 100 per cent of value in cane is marketed. He is saying that by sharing in the revenue from the sale of raw sugar growers currently have had a say in the marketing of raw sugar for 100 years. There is no dispute over the fact that growers have a clear economic interest in raw sugar produced from their cane. Some mills are seeking to remove the growers' right to have a say. This bill simply continues growers' rights. That is what the bill does.

Madam DEPUTY SPEAKER (Ms Grace): Order! Member for Dalrymple, there is just a hum coming mainly from those on my left. There is some from my right as well. I please ask that you just keep it down. I am struggling to hear the member for Dalrymple. The member for Dalrymple has the call.

Mr KNUTH: This bill operates if growers and mills cannot reach an agreement in the negotiation of a cane supply agreement. The bill is clear in providing for and allowing mills and growers to reach agreement for a supply of cane price marketing for sugar on whatever terms they agreed. If there is no agreement, this bill—this is not coming from Shane Knuth; this is coming from the Competition and Consumer Law Committee of the Queensland Law Society—will resolve any deadlocks in the negotiation of the cane supply agreement using the Commercial Arbitration Act.

So the society is saying that, if negotiations break down between the canegrowers and the multinationals, it goes to arbitration. I want to talk about arbitration, because it is very important. The member for Mirani said that. Growers are forced to negotiate with multinational mills about a cane price agreement. The mills do not want QSL, they do not want any other competitor; they just want to negotiate a cane price agreement with a farmer. Can members imagine the big mining companies negotiating wages with a worker? Can members imagine that? What would they do? They would look to have some form of representation, some form of arbitration, some form of union to negotiate on behalf of that worker or, in this regard, canegrower. But the mills want to negotiate with the canefarmer themselves. They do not want QSL, they do not want canegrowers or canefarmers representing them; they just want to negotiate with them and, if they do not like it, the mills say, 'Take us to court.' The mills have billions of dollars with which to challenge the poor farmer who is trying to make a living growing the cane that is providing the jobs. This bill gives access to arbitration.

This bill is not about re-regulation; it is pro competition. Millers mill, growers grow and Queensland Sugar Ltd markets the sugar. But this bill is saying to the multinational millers, 'You can also market the sugar. You can have a part of it, but we want a competitor.' So all the mills need to do is work hard, negotiate hard and strive to get the best cane supply agreement with those farmers. That is all they have to do and, do members know what? They will win them. Likewise, this bill also brings about competition as QSL is going to do the same thing.

The other day I spoke to a canegrower. The multinational mills are accountable to their shareholders. They talk about international investment and all of that. Those shareholders want their money. They are not going to pull out because their shareholders are going to sack the CEO; they are going to sack the next person behind them, because they want their money. They are going to say, 'Get a commercial arrangement.' This bill does not stop a commercial arrangement between the millers and the growers. It provides the foundation and the mechanism, providing both parties agree. I say to every

member here that, if this bill is agreed to, it is not the be-all and end-all. They can still have a commercial arrangement. There is a little fallback there because, if negotiations break down, it can be taken to arbitration. The Labor Party understands that. Also, there is going to be a competitive body. If someone does not do the right thing, then they can go to the other person.

In the end, this bill is the be-all and end-all. It does everything. That is why we proposed it. They are in a better position than what they were previously. This is important legislation for canegrowers. That is why we have canegrowers here. It is important for the cane farming industry, which stretches from Port Douglas right down to the Sunshine Coast. This bill is about whether they will continue to grow cane.

The multinational millers made out that this arbitration was a boogie. As I was saying, the reason they were saying it is a boogie—it is a bad thing—is they want to negotiate straight with the farmers and have nobody representing the farmers. They do not want to have any other competition; they just want it for themselves. I am very proud to introduce this bill. I am very proud to be able to represent the cane farming industry, the cane farming communities and the canefarmers right across Queensland. I commend this bill to the House.