Speech By

Stephen Bennett

MEMBER FOR BURNETT

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SUGAR INDUSTRY (REAL CHOICE IN MARKETING) AMENDMENT BILL

Mr BENNETT (Burnett—LNP) (8.47 pm): My contribution to the debate on the Sugar Industry (Real Choice in Marketing) Amendment Bill will be related mainly to the committee's work in report No. 6. At the outset I have to say that we had reservations about report No. 6 of the Agriculture and Environment Committee. As a member of that committee, I support the stance and aspects reported. There were clearly too many issues in the Katter's Australian Party bill. We did not know about the regulatory impacts with the passage of this bill, hence the need for significant amendments.

One important issue that I fully support is the committee's recommendation that the Treasurer consider making the confidential advice on the regulatory impacts from the Queensland Productivity Commission available in terms of the development of private members' bills going forward. There is evidence that in this instance we are not adequately dealing with legislative proposals that should demonstrate best regulatory practice which should include balanced consultation and impact assessment, and that is clearly missing in this bill in its current form. The bill clearly had problems from the outset at its tabling in May 2015 with the explanatory notes needing further amendments and changes, with replacement explanatory notes tabled in July 2015. Katter's Australian Party acknowledged that the bill needed amendments in its statement of reservation to the committee report before it could proceed, and this sent alarm bells that more work was needed to be done.

The committee's work on the Sugar Industry (Real Choice in Marketing) Amendment Bill highlighted a real weakness not only in this bill and its development but also in some private members' bills, as examples from both the 54th Parliament and 55th Parliament show that proposed legislation failed to reflect any objective regulatory impact assessment. We are proposing to make amendments to legislation governing the operation of the state's largest agricultural export industry, making changes to how the sugar industry operates with far-reaching consequences for the future of the industry as well as regional communities and businesses that depend on a sustainable and prosperous sugar sector. Although opposition members and crossbench members receive confidential advice and assistance from the Office of the Parliamentary Counsel when drafting private members' bills, we receive no expert advice or assistance in relation to assessing the regulatory impacts of the proposals tabled.

After spending months examining this bill, the objectives of the bill and considering the information provided by the department and many submitters, there appears to be significant and unresolved issues with the bill, such as an unsatisfactory consultation process that excluded key stakeholders; the potential for the bill to impose significant and unknown changes on the sugar industry and the absence of an objective assessment of the bill's regulatory impact; insufficient clarity of evidence of regulatory or market failure to justify the need for significant regulatory amendments; the conflicting and irreconcilable position of key industry participants regarding support for and material impacts of the bill's proposals; and possible interference with the fundamental legislative principle of the rights and liberties of individuals to conduct businesses.

The committee concluded that the bill should not be passed in its current form. During the final stages of the committee's examination of the bill, I proposed that the bill be amended in line with some proposals from an exposure draft of the Sugar Industry (Facilitating Grower Choice) Amendment Bill 2015, developed by the member for Nanango and released for public consultation and comment. Principally, those proposed amendments strengthened this bill to the extent that they seek to recognise in the Sugar Industry Act 1999 grower economic interest in a proportion of the total raw sugar manufactured and to mandate the inclusion of particular terms in cane supply agreements to allow growers to nominate their choice of marketing entity for the sugar. The amendments adopt a different language and approach—in particular, setting up a number of conditions that need to be triggered before particular terms of supply would be mandated in cane supply agreements, which is intended to give parties the choice to avoid the triggers that are activated only by default.

The earlier proposed substantive amendments relating to grower economic interest and grower choice of marketing entity revolve mainly around new subsections 33A and 33B of the Katter's Australian Party bill and replaced lines nine to 33 to allow growers and mill owners to agree that payment for the supply of cane can be on some basis other than a related sugar pricing term and for the related sugar pricing term, which links the cane price to the sale price, only by default. Further, it provides that it is only if the contract includes the related sugar pricing term that the contract is required to include terms allocating sale price exposure for the on-supply sugar. It also provides that the sale price exposure is first allocated to the mill owner and, as previously explained, the clause allows for the possibility that the mill owner could accept the sale price exposure for 100 per cent of the on-supply sugar. As conversations continued about the mill owner, these issues went on and on—the mill owner would not accept the sale price exposure; the growers would not accept the on-supply sugar. A further term of the contract is required to allocate the sale price exposure for the remaining on-supply sugar to the grower.

I also proposed that the bill be amended to remove the right for growers and their representatives to refer to arbitration pre-contractual disputes with mill owners. I must say that, earlier this year, I was buoyed by the federal minister appointing a mediator to resolve this issue. I again stress that this issue should have been sorted out by the industry and not through government intervention. This issue has been around for 18 months, and I commend the federal minister for effectively bashing together the heads of the growers and the millers in seeking a commercially negotiated outcome, which is what the Queensland sugar industry needs and deserves. However, nothing has happened. We still hear, 'We are close to an outcome,' but, sadly, here we are tonight. So I support the shadow minister's amendments that have been circulated and which will be moved during the consideration in detail. I commend all the millers and growers who are here in the gallery tonight, particularly those local growers who have come down to witness tonight's debate. I thank them for indicating their continued support of Queensland Sugar Ltd and the marketing arrangements that exist in the Bundaberg region.

Mr Rickuss: There's probably a grower there from Rocky Point.

Mr BENNETT: I take that interjection from the member for Lockyer. There are a lot of growers and a lot of millers, but this is about my region. All of us here are passionate about the region that we represent. I want to acknowledge the commitment of those growers who are in the gallery in their continued negotiations.

In conclusion, I note that our original intention was to support the passage of the bill with significant amendments. Those amendments are around four articulated principles: avoids the expropriation of property rights, maintains reference to cane supply agreements where grower economic interest is recognised, does not prescribe pre-contractual arbitration but rather a mechanism for dispute resolution, and allows growers choice of who markets their sugar through cane supply agreements. I must say to my colleagues that I look forward to the conclusion of this debate tonight, because the people in the regions need this issue to be concluded. This issue needs to be resolved.