



Speech By
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MEMBER FOR HINCHINBROOK

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**SUGAR INDUSTRY (ARBITRATION FOR MILL OWNERS AND SUGAR
MARKETING ENTITIES) AMENDMENT BILL**

 **Mr CRIPPS** (Hinchinbrook—LNP) (8.19 pm): I rise to support the Sugar Industry (Arbitration for Mill Owners and Sugar Marketing Entities) Amendment Bill 2017. I thank the Leader of the Opposition for introducing this piece of legislation and for his support in attempting to resolve this very difficult and complex issue facing the sugar industry in Queensland.

I will commence my observations by addressing some of the comments that the member for Mirani just made. He said this is about the farming families of the Queensland sugar industry. The 300 or 400 canefarmers and their families who turned out in the school hall at Ingham State High School a couple of Saturdays ago are farming families. They are very clear about their opinion of what needs to occur to address the ongoing dispute between millers and marketing entities in Queensland that are preventing them from accessing the opportunity to sign a cane supply agreement with their mills. I am here today, having spoken to and listened to farmers and farming families, to address directly the comments made by the member for Mirani.

One of the other things that the member for Mirani alleged was that this issue has arisen as a result of a faulty piece of legislation that passed through this House in December 2015. That is also not the case. The fact of the matter is that this is a different issue. The issue that the House addressed in December 2015 was a dispute between growers and millers and the problems that they were facing at the time to enter into a cane supply agreement between those two parties. What we face now is a situation where one remaining milling company and a marketer—namely QSL, which is the preferred marketer for quite a few of the growers in those mill areas between Ingham and Sarina—do not have an on-supply agreement. The growers are not able to access a cane supply agreement because there is no on-supply agreement between their miller and their preferred marketer. The spirit and the objectives of the amendments that were passed by this House in December 2015 are being frustrated by the fact that an on-supply agreement cannot be reached between millers and marketers—namely, Wilmar and QSL.

The untruthfulness of the statement made by the member for Mirani about the faultiness of the legislation passed in December 2015 is put to bed when you make the observation that all other milling companies operating in Queensland and the growers supplying those mills have successfully signed cane supply agreements in their mill areas and they have on-supply agreements with the marketing entities. The legislation has not failed. It has been successful. There is evidence in this state of the successful conclusion of those negotiations in a commercial nature between millers and marketers and, subsequently, between millers and growers. The member for Mirani is somewhere else, but he is certainly not operating in the state of Queensland and he is certainly not talking to the farmers and the farming families in his electorate of Mirani.

In contrast, we have a situation where the 2017 harvesting season is on its way. For those farmers and farming families in sugarcane-growing districts between the Herbert River district in the north and Sarina in the south, we do not have any certainty. We do not have any security. We have no

opportunity to forward price in a sugar market that is presently very strong. We cannot plan for our businesses going forward in the future. Small businesses in town that rely on the activity in the sugar industry do not have any certainty or security because their customer base does not have any certainty and security.

I am glad that the Minister for Agriculture has just returned to the chamber because my next comments relate to his behaviour throughout this entire situation. The attitude of the Minister for Agriculture through this entire saga has been akin to Chicken Little. The Minister for Agriculture has been running around saying, 'The sky is going to fall on our head. There is terrible uncertainty created by the amendments that were passed in 2015,' but, as I have just outlined to the House, none of that is true. Every other milling company has a cane supply agreement with their growers and an on-supply agreement with their sugar marketing entities.

Mr BYRNE: Mr Deputy Speaker, I rise to a point of order. I fear that the member is misleading the House. That is an incorrect statement about the number of agreements. It is completely false.

Mr DEPUTY SPEAKER (Mr Elmes): Minister, resume your seat. It is not a point of order; it is a point of view.

Mr CRIPPS: The 2017 harvesting season will commence in every other mill and every other harvesting district in this state except at the moment in those districts which have Wilmar mills. That is the point that we are facing today.

The Minister for Agriculture has said repeatedly that there is going to be some sort of investment scare, that there is going to be investment fleeing from the state of Queensland. In a question that the minister answered in the House I think it was in early 2016 or it might have been in late 2015 when we passed the last amendments he said that Maryborough Sugar would not be proceeding with a whole heap of capital upgrades to their milling infrastructure in the state of Queensland. I table an article from the *Australian Financial Review* dated 30 August 2016 about half a billion dollars going into the four mills owned by MSF in Queensland for co-generation using a by-product of crushing sugar cane—the gas. If you are not intending to stay in the state of Queensland, if you are not intending to continue to crush cane, half a billion dollars investment in capital projects in your milling infrastructure in the state of Queensland using a by-product of crushing cane is a very strange and unusual activity to undertake. I table that article for the information of the House.

Table paper: Article from the *Australian Financial Review* online, dated 30 August 2016, titled 'MSF Sugar to spend \$500m on four "green" power stations' [\[324\]](#).

The minister yesterday arrived at five minutes to midnight and announced that the Palaszczuk government would pay for a mediator to come in to try to resolve the dispute between QSL and Wilmar. After paying absolutely no attention to this issue for years, the Palaszczuk government, in a classic Johnny-come-lately manoeuvre, have turned up and offered some mediation. That is fine. That is great. We hope it is successful in fact. I think the Leader of the Opposition said that during his contribution to the debate—but nothing that I heard yesterday in the ministerial statement from the Minister for Agriculture and nothing that I read in his press release regarding this issue said it would be binding mediation. There is no guarantee of an outcome between the milling company involved, Wilmar, and QSL, the marketer. There is no guaranteed outcome whatsoever as a result of this last minute stunt by the Minister for Agriculture, who perennially suffers from relevance deprivation syndrome in the Labor cabinet.

The mechanism that is being proposed in the legislation tonight that the Leader of the Opposition has introduced provides a backstop that if there is no commercial agreement between either of these two parties then it will, if triggered by either of the two parties, go to an arbitration process and that will lead to a conclusion. That will provide some certainty to the parties involved in this dispute. The alternative is no guaranteed solution, no guaranteed resolution. All members of this House should vote for this piece of legislation as a result.

There is some allegation going around that this is going to impact on the parties already engaged in commercial negotiations. That is complete nonsense. These amendments to the Sugar Industry Act will only be triggered if, in fact, commercial negotiations fail and the arbitration process goes ahead. All the other milling companies with cane supply agreements and on-supply agreements have not had to trigger this legislation and they are not impacted. Wilmar and QSL and growers in Wilmar mill areas can avoid these amendments, if they so desire, by entering into commercial negotiations.

The crux of this issue is that the spirit and the objectives of the amendments that were passed by this House in December 2015 are not being recognised and respected by Wilmar and QSL, and therefore the growers in those mill areas do not have access to a cane supply agreement and do not have any certainty and security. The LNP is acting in accordance with our commitment to the people whom we represent that we will provide them with some certainty and security. I am very proud of that fact and I commend this bill to the House on that basis.