




Speech By  
**Dale Last**

**MEMBER FOR BURDEKIN**

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

 **Mr LAST** (Burdekin—LNP) (8.01 pm): I rise to speak in support of the Sugar Industry (Arbitration for Mill Owners and Sugar Marketing Entities) Amendment Bill 2017. This bill is of enormous importance to canegrowers throughout Queensland and, more particularly, those canegrowers with farms between Sarina and Ingham who fall under the umbrella of Wilmar Sugar. In that area, eight Wilmar owned mills process some 16.8 million tons of cane each year. The sugar industry is the biggest single economic driver in my electorate of the Burdekin, generating some \$450 million in revenue each year. The industry is at significant risk because of a dispute between Wilmar and Queensland Sugar Ltd, QSL. The sugar industry started in the Burdekin in 1878. Here we are, 139 years later, facing the biggest challenge in the history of the Burdekin sugar industry. On the weekend of 18 and 19 February, almost 1,000 canefarmers attended forums at Ingham and Ayr to vent their frustration at the delays in resolving this dispute, which is centred on the lack of an on-supply agreement between Wilmar and QSL.

At this point, I think it is important that I outline how the contract process works between canefarmers and sugar mills, and between marketers and sugar mills. Normally, growers have the ability to take advantage of the market and forward price up to three years out from the harvest. At the present time, growers are unable to forward price or lock in a contract with their preferred marketer due to the lack of an on-supply agreement between Wilmar and QSL. In simple terms, growers want choice. Timing is crucial as the 2017 crush will commence in June and growers need to have signed cane supply agreements in place well before the harvest commences. As the Sugar Industry Act stipulates, a grower may not supply sugar cane nor a miller accept cane without a cane supply agreement in place. It will take at least a month from the time QSL and Wilmar agree in principle to an on-supply agreement before contracts are formalised and Wilmar growers can effectively nominate QSL as their preferred marketer. Yet, here we have a minister who stood in this place yesterday and said—

Why is this being considered urgent? What is the fundamental issue here?

**Mr Byrne:** I just explained that, mate.

**Mr LAST:** Minister, let me remind you that the fundamental issue here is that we have a dispute between Wilmar and QSL that has dragged on for 12 months and shows no signs of being resolved. You may not care about the canefarmers, but I do.

**Mr DEPUTY SPEAKER** (Mr Elmes): Order! Member for Burdekin and Minister, you will speak through the chair.

**Mr LAST:** When I was elected, I made a commitment to resolve the issue with the marketing of sugar, because my farmers were telling me loudly and clearly that they wanted choice in the marketing of their GEI sugar. Unfortunately, before my canefarmers can sign a cane supply agreement, there needs to be in place an on-supply agreement between the miller and the marketer and that is where the issue arises. For over 12 months we on this side of the House have been doing everything that we

possibly can to resolve this dispute. On a number of occasions we have met with Wilmar and QSL. The leader, the deputy leader and I have written to Mr Kuok, inviting him to come to Australia to assist in resolving this issue. We have offered mediation. For Wilmar and QSL to now say that they need more time to resolve this dispute is nothing short of insulting. The 1,500 cane-growing families affected by this dispute are effectively being held to ransom. They are small business people who happen to grow sugar cane and, without the certainty of a contract going forward, they are unable to plan for the future. Planting sugar cane is a significant investment. For many farmers, the decision to plant cane has been complicated by the fact that we do not have an OSA between Wilmar and QSL. Sugar prices are at an historically high level and farmers are keen to sign contracts that will lock in those prices.

I am proud to stand shoulder to shoulder with my canefarmers on this issue. I can say unequivocally that I am in this fight to the end. Given that we are now three months away from the start of the 2017 crushing season, this dispute needs to be sorted out. There has been plenty of posturing and plenty of political statements and scaremongering from the pretenders, but at the end of the day it is the LNP that has drawn a line in the sand and said that enough is enough. It is the LNP that introduced this legislation into parliament with a view to bringing this unsavoury dispute to an end. This issue has been allowed to fester for over 12 months. I can say that we on this side of the House are serious about protecting our sugar industry from predatory marketing practices and providing choice in marketing.

**Mr BYRNE:** I rise to a point of order. I find it offensive that this debate is talking about predatory marketing behaviour and the inference of that.

**Mr DEPUTY SPEAKER:** Order! There is no personal reflection.

**Mr LAST:** The amendments seek to ensure that: sugar mill owners and sugar marketing entities undertake negotiations in a fair, timely and businesslike manner to finalise on-supply agreements; that, in the event of a breakdown in protracted negotiations, both parties, sugar mill owners and marketing entities, are required to enter into formal arbitration to resolve any disputed terms in the intended on-supply contract; that after a negotiating period either party can give notice to refer disputes for formal arbitration under the Commercial Arbitration Act 2013; and that the arbitration tribunal will decide disputes about proposed terms of the intended on-supply agreement.

It is vitally important for my canefarmers in the Burdekin and, indeed, the broader Wilmar cane-growing areas that the current dispute regarding an on-supply agreement be resolved as soon as possible and certainly well before the start of the 2017 crushing season. If members want to know the impact that this dispute is having, they need only visit the communities of Ayr and Home Hill in my electorate. The uncertainty and the lack of confidence that this dispute has caused is palpable in those communities. Not only are the farmers hurting but the lack of confidence is transferred to the businesses in the community. Farmers who may have been contemplating the purchase of new machinery such as a pump or on-farm investment have held off because of that uncertainty. Financial institutions are applying pressure to my farmers, who are unable to lock in forward contracts. In one case, a bank will not loan money to a farmer to purchase an adjoining cane farm because of the uncertain future in this industry. Those are real impacts of this dispute, which is also leading to a divide between the canefarmers and the employees at the sugar mills who, I might add, are the unwilling victims in this dispute.

There is no question that this is a commercial matter that should have been resolved between the relevant parties. The fact that those two entities have been unable to reach agreement on an OSA is both disappointing and frustrating for all concerned. However, there should be no doubt that we on this side of the House are resolute in our determination to bring this dispute to a satisfactory end. The fact that we need to resort to legislation to bring the impasse to a head is indicative of that commitment. It is my fervent hope and desire that the parties can reach agreement in the coming days, without having to resort to arbitration. Our farmers and their families, business owners and all relevant stakeholders would like nothing more than to see an on-supply agreement finalised as soon as possible, which would allow our farmers to lock in their cane supply arrangements.

These amendments before the House tonight will deliver a dispute-breaking arbitration mechanism going forward in the event of a deadlock between a miller and a marketer regarding on-supply agreements. Given the events over the past 12 months, that is exactly what we need. If six of the seven milling companies in Queensland can reach agreement with their growers, I see no reason why Wilmar and QSL cannot resolve their differences for the sake of the sugar industry in North Queensland—a sugar industry with a proud tradition and one that we cannot afford to lose from this great state. I urge all members here tonight to support this bill. We owe it to our farmers. I commend the bill to the House.