




Speech By
Tim Nicholls

MEMBER FOR CLAYFIELD

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

Introduction

 **Mr NICHOLLS** (Clayfield—LNP) (Leader of the Opposition) (11.32 am): I present a bill for an act to amend the Sugar Industry Act 1999 for particular purposes. I table the bill and the explanatory notes.

Tabled paper: Sugar Industry (Arbitration for Mill Owners and Sugar Marketing Entities) Amendment Bill 2017. [[288](#)]

Tabled paper: Sugar Industry (Arbitration for Mill Owners and Sugar Marketing Entities) Amendment Bill 2017, explanatory notes [[289](#)].

What an extraordinary performance we have seen from the Minister for Agriculture this morning and what an absolutely appalling performance we have seen from this Palaszczuk Labor government and its Minister for Agriculture over the last two years. It has come to the stage where the LNP opposition is doing what this government should do, what this government is paid to do, what this government ought to do, but what this government is failing to do and that is to put Queenslanders first.

Two weeks ago in this place the Premier could not adequately explain in any way, shape or form the necessity for this legislation. She could not explain the details of the dispute that was going on. If ever there was a sign of a Premier who had her feet stuck in concrete in the south-east corner, who had not gone out to talk to Queenslanders, to Queensland farmers, about their needs and about the trouble they are facing, it was the example provided by this Premier when she failed two weeks ago to explain the genesis and the nature of the dispute between growers, marketers and millers. It has now taken two weeks for this lazy agriculture minister to stand up and barely be able to read a prepared statement detailing the issues. If ever there was a statement delivered with less understanding, less enthusiasm and less knowledge than the statement made by this minister, I am yet to see it in this House. He picked it up like a smelly old shoe—perhaps it was one of the rats he caught up in the roof—and held it out at a distance because he thinks it smells. Rather than grasping the nettle, rather than taking action, rather than visiting and talking to the canegrowers, he stays away, goes down into the bunker in Rocky, loads up the shotgun and says, ‘Don’t send the canegrowers near me. I don’t want to speak to them. I don’t want to know anything about it.’

There is a need for this legislation because there has been a long-running dispute between Wilmar Sugar and Queensland Sugar Ltd, a dispute that is affecting 1,500 Queensland canefarming families who need to get on with their life, get on with growing sugar cane, generating income, providing jobs for Queenslanders in regional Queensland and providing opportunities throughout this great state.

This lazy agriculture minister treats this industry with disdain. Our sugar industry is Queensland’s third largest agricultural industry. It is absolutely vital to the social and economic wellbeing of huge areas of coastal Queensland, from Rocky Point—the minister knows where Rocky Point is because he shot down there last week. He got notice that we were visiting the prawn farmers and he rang up and said, ‘I hear the opposition leader is coming down. Do you mind if I shoot down for a meeting two hours beforehand?’ He shot down there.

I think I am going to have to seek the assistance of the House. I am being stalked by the Deputy Premier, who wants to know where I am going and taking photos; the Treasurer is watching my YouTube video and now the Minister for Agriculture is shooting down for unannounced meetings with prawn farmers. They said, 'Tim, we don't need you to do any more for us. You have done everything you possibly can. We have finally got to see the minister after weeks of not being able to get to see him. He hears you are coming and he turns up down here.' He beetles down—he rings up from Rocky and says, 'I'd like to go to Rocky Point. Warm up the limo—the Caprice needs to get going. I'll get down there and have a chat with them.'

It was not all good news. He was going to have another review. What a surprise! I suppose the prawn farmers are a bit lucky. At least he went to see them. He has not been to see the canefarmers. From Rocky Point, between here and the Gold Coast, to Maryborough, to Bundaberg, to Mackay, to Proserpine, Ayr, Ingham, Tully, Innisfail, Mulgrave and Mareeba, our sugar industry is absolutely vital, not just for jobs, not just for the export industry, but for families and communities. As an industry it deserves the respect and support of this parliament and not the catcalls and the lazy work from those opposite, especially the lazy Minister for Agriculture who sits by and happily watches this industry fall to its knees.

Unlike those opposite, the LNP is determined to protect the interests of our canefarmers and their families and protect their rights to marketing choice and ensure that milling companies that hold regional monopolies are held to account when it comes to offering cane supply agreements with genuine choice in marketing. I want to place clearly on the record that the LNP believes commercial contracts should be negotiated by industry. Industry bodies and those involved need to reach a commercial resolution. But when those negotiations break down, when those companies fail for any reason not to act in their own commercial best interests, and when they fail to do so to the detriment of one of our most important agricultural industries and the thousands of families and regional communities it supports, then the time is right for the government to act.

Right from the start of this dispute, the LNP has taken the lead. We made it clear to all parties that we were more than willing to get involved to help sort out these issues. A bit of history is important to understand how we are arrived at where we are today, because there are a lot of Johnny-come-latelies on the scene—and I am not talking just about those opposite. There are a lot of Johnny-come-latelies. In 1996 the industry was deregulated under the Beattie-Bligh state government. In 1996 an assistance package was provided by the federal coalition government to help the industry deal with those adjustments. Commitments were given, foreign investors were welcomed and the marketing of Queensland sugar was undertaken by the industry owned Queensland Sugar Limited. Matters proceeded apace. In a number of regions there were disputes between growers and millers. We well remember them. However, they were commercial and they were resolved commercially on the ground by the people involved, because they showed a willingness to act with commercial sense. They showed a willingness to resolve matters and put commercial sense ahead of their egos and other drivers. Commitments were given and foreign investors were welcomed, as I have said.

In April 2014, Singaporean owned Wilmar Sugar announced that, from the 2017 season—meaning from the crush due to get underway in 16 to 17 weeks time—it would market all the sugar from the company's mills and not use the services of QSL. Therefore, a miller with a regional monopoly said, 'We will now take complete charge of the sale of the grower interest in sugar—in fact, all sugar'. That effectively created a regional monopoly. What choice was there? The Minister for Agriculture may well ask what choice there was for the growers to exercise their traditional grower economic interests to ensure a stable market and that they were not held to ransom by a multinational that holds a regional monopoly and effectively holds the whip hand, because the price that the growers receive is determined to an extent by the price that the marketer gets at the end of the day. The manipulation was able to be undertaken by the marketer on the price that the canegrower gets, to the detriment of the grower. I repeat: that was to the detriment of the grower. The 2014 announcement by Wilmar was quickly followed by Maryborough Sugar Factory, owned by Mitr Phol of Thailand, and Tully Sugar, owned by Cofco of China. For those who are interested, Cofco is a Chinese state owned food-processing organisation that is China's largest food processing manufacturer and trader. Does anyone think that they might not be in a position to exercise a substantial degree of market power? They all decided to pull out of the longstanding arrangements to use the industry owned QSL and from 2017 undertake not just the milling but also the marketing of sugar.

People might say, 'Well, hang on a second: that should be a reasonable outcome. It is fair enough. We can market products such as wheat and others that way.' However, there is a big and significant difference. Unlike other agricultural industries where farmers generally have ownership of their produce and choice in the processing and marketing of it, the sugar industry is different for this one fundamental factor: it is a perishable crop. Sugar has to be taken to the mills within 12 hours,

otherwise its quality starts to deteriorate. As the quality deteriorates, the sugar contents gets less and the price that the grower receives decreases. You cannot store it somewhere for 24 or 48 hours and get the same price as you can by whacking it on a truck or a cane train and getting it straight to the miller and, because of its bulky nature, it needs to be milled locally. The transportation costs of taking it somewhere else have a significant impact on its viability. For that reason, district sugar mills hold a natural monopoly and growers have nowhere else to go. Therefore, cane has to be crushed and there is a natural monopoly.

It is no exaggeration to say that three years ago Wilmar's announcement to pull out of the existing agreements with QSL caused unprecedented concern across the industry. Canegrowers were concerned that their interests were set to be trammelled by large multinationals that not only held monopoly powers in crushing their cane but also were seeking to take similar powers with marketing, particularly with their grower economic interest, or the GEI, of sugar. That situation got worse when Wilmar was joined by MSF and Tully Sugar.

From April 2014, the LNP urged the industry to negotiate in good faith and provide cane supply agreements with growers. For those contracts to be in place, on-supply agreements also needed to be in place so that growers could continue to have their GEI sugar—that is, their economic interest in the milled sugar—sold through QSL if they chose to do so. John McVeigh, the then LNP agriculture minister, convened roundtable meetings and urged all parties to find common ground, but unfortunately that did not occur. Even back then, we made it clear that we would not stand by and do nothing and that the industry needed to resolve its differences. That stalemate continued.

In 2015, we did exactly what we said we would do. The Deputy Leader of the Opposition, assisted by the member for Hinchinbrook, the member for Whitsunday, the member for Burdekin and the member for Burnett worked on bringing forward the first package of reforms that were passed through this House in December, despite the Minister for Agriculture and the Palaszczuk Labor government turning their backs on canefarmers and opposing it. We heard stories of big multinationals pulling out. We heard stories of \$600 million worth of investment by MSF not proceeding. Has that money been invested? Has that announcement been made? Are we seeing that investment going ahead? Yes, it is still going ahead. Yet again, the chicken littles opposite who said that the sky would fall in have been proven wrong. Six of the seven growing areas are now covered by marketing choice arrangements, including MSF and Tully Sugar. I congratulate those organisations for coming to a sensible solution and understanding that they need to work with their canegrowers and not against their canegrowers. However, Wilmar and QSL have been unable to finalise an on-supply contract and there are a number of issues, including the terms of the contract and issues over testing and quality.

It has never been the intention of the LNP or, indeed, I believe of Katter's Australian Party, the Independent member for Cook or the Independent member for Cairns that this parliament acts as a judge on the items in dispute. That is not our role and it never should be. That is why the amendments of 2015, which were passed in December that year, focused on the cane supply contracts and provided for arbitration in the event of a breakdown. Throughout this ordeal, Wilmar Sugar has waged a relentless public relations campaign against the amendments, making all sorts of claims that the changes would destroy the industry, scare off investment and generally lead to the demise of the Queensland sugar industry. All have proven to be false. Wilmar has been assisted by the Australian Sugar Milling Council, cheered on by the minister opposite, cheered on by the Deputy Premier, cheered on by the Premier and cheered on through the statements made by their spokesperson, Dominic Nolan, in relation to this matter.

In stark contrast, the LNP continues to stand up for our canefarmers and our sugar industry. As the stalemate has dragged on, despite our urging to all involved, we have continued to liaise and to talk with the industry. My deputy, Deb Frecklington, the shadow agriculture minister, Dale Last, and the members who represent sugar growers—who actually represent their electorates and do the hard work for their constituents—Andrew Cripps from Hinchinbrook, Jason Costigan from Whitsunday, Dale Last from the Burdekin and Steve Bennett from the Burnett, have all met regularly with canefarmers and their key representatives. We have met regularly with the Australian Sugar Milling Council, QSL and Wilmar Sugar and had ongoing discussions. At every meeting we stress the need for the stalemate to be resolved for the good of the industry. On numerous trips to the sugar-growing regions, we have heard firsthand of the absolute frustration felt by farmers, their families, local businesses and shire council mayors and councillors. On 16 December 2016, I personally wrote to Wilmar Sugar's chairman and CEO, Mr Kuok Khoon Hong. On 9 January 2017, my deputy, Deb Frecklington, also wrote to Mr Kuok. In those letters, we recognised the investment of Wilmar in Queensland and we respectfully asked that Mr Kuok travel to Queensland to help sort this mess out, to break the logjam that was occurring, which would have shown a genuine commitment on the part of Wilmar to resolve this matter. Unfortunately, Mr Kuok declined twice and his responses were less than conciliatory.

Ultimately, the LNP is not prepared to stand by and allow this situation to continue. At the last sitting of parliament on Tuesday, 14 February we again stated very clearly the next step in resolving the stalemate. It was the LNP and no others that took this action. We made it very clear. We gave both parties 48 hours to agree to resolve their long-running dispute by today and, if that was not forthcoming, we would at the next sitting—this day—bring amendments to parliament to provide arbitration for the on-supply agreements. The LNP is serious about protecting Queensland's sugar industry from any monopolistic and predatory marketing practices. We are absolutely serious about protecting growers and providing choice in marketing.

The Sugar Industry (Arbitration for Mill Owners and Sugar Marketing Entities) Amendment Bill 2017 will amend section 33A to provide for arbitration of disputed terms of intended supply contracts between millers and marketers. It will also amend section 33B regarding the terms of supply contracts about on-supply sugar, including the way economic interest sugar is to be worked out and also sale price exposure, and provide for a process for dispute resolution, including arbitration between mill owners and marketers.

The LNP has been as clear as possible with our intentions. Unlike Labor and unlike the mealy-mouthed words we heard from the Minister for Agriculture this morning, we have remained in constant contact with canegrowers and their representatives, millers and the Australian Sugar Milling Council and QSL. Indeed, we offered them twice in the last two weeks voluntary mediation. That was rejected twice in the past two weeks. The minister's announcement today is nothing more than a stale and last-minute attempt to try to salvage something out of a situation that he has totally failed to address.

We consulted on the amendments we brought to parliament in December 2015. Those amendments, which we then believed would ensure grower choice, have been sufficient to assist in providing growers who supply six of the seven milling companies. We now bring in these amendments to redress the stalemate between Wilmar and QSL which is denying proper contracts for 1,500 canefarmers.

Those 1,500 canefarmers, their families, their workers and their communities matter to the LNP, as does their investment of billions of dollars. We hear lots about the investment by foreign multinationals—and, as I say, that investment is welcomed—but we do not hear too much about the tens of billions of dollars invested by canegrowing families over generations. It is not just the money that gets invested; it is the families that get invested. It is the blood, it is the sweat and, increasingly and unfortunately, it is the tears of those canegrowers that is being invested. We will act to protect them.

I travelled to Ayr on Sunday, 19 February where I joined Deputy Prime Minister Barnaby Joyce, the member for Dawson George Christensen, LNP senator for Queensland Matt Canavan, federal member for Kennedy Bob Katter and KAP member for Dalrymple Shane Knuth and our own local member and the man who convened the meeting, shadow agriculture minister, Dale Last. We heard from millers about Wilmar's actions. We heard from industry leaders who made it clear that they were not attempting to improve their positions, they were simply trying to get a contract in the first place. They want to maintain choice for grower economic interest and they want to maintain control of their own farms.

Let us be very clear. The LNP is all for competition and we fully accept that Wilmar wishes to mill and market sugar in competition with Queensland Sugar Ltd, which has traditionally been the single desk marketer for sugar. However, there needs to be choice for growers who wish to remain with QSL. That choice needs to be real and needs to be accessible, and never more so than now at a time of low world prices.

The LNP will stand up for the canegrowers of Queensland. We will stand up for their families. We will stand up for their communities. We will put the values of the LNP up against the Labor Party and anyone else—the values around self-reliance, around personal sacrifice, around hard work, around backing oneself and around building business on and around families. We will put Queenslanders first. That is what this legislation does.

First Reading

Mr NICHOLLS (Clayfield—LNP) (Leader of the Opposition) (11.54 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.