Speech By

Tim Nicholls

MEMBER FOR CLAYFIELD

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

Second Reading

Mr NICHOLLS (Clayfield—LNP) (Leader of the Opposition) (7.40 pm): I move—

That the bill be now read a second time.

The Queensland Liberal National Party is determined to end the stalemate between Wilmar Sugar and Queensland Sugar Ltd—QSL—a stalemate that is affecting the farm businesses and lives of 1,500 Queensland canegrowers and their families. The long-running dispute cannot be allowed to continue. That is why the LNP has taken action to stand up for canegrowers. The situation is urgent and I continue to urge both parties to reach a commercial agreement, either at or before the mediation meeting to be held on Thursday—that is, tomorrow. As I have always said, a commercial resolution is in the best interests of all parties. Both Wilmar and QSL need to accept that their failure to resolve the matter is doing enormous harm to growers, their families, their communities and, ultimately, to the state's third largest agricultural industry. If Wilmar and QSL fail to reach agreement, they will have to explain to canegrowers why, at the eleventh hour, they are not prepared to proceed with a sensible commercial outcome that ensures that the canegrowers' harvest—their crush for this coming season—can be marketed in accordance with the law.

The LNP's interest and work in this matter goes back to April 2014. Our interest has always been to ensure that canegrowers have a genuine choice in marketing. We will be proceeding with this legislation, as it will provide for formal arbitration to resolve any future deadlocks in contractual negotiations between sugar millers and sugar marketers in the same way that arbitration is available to resolve deadlocks between canegrowers and sugar-milling companies.

Let me deal with a matter that was raised by the agriculture minister earlier today in relation to my first reading speech that I gave yesterday for this bill. To be clear, voluntary mediation for the dispute has been offered to Wilmar and rejected on numerous occasions, including in the past fortnight. It had been suggested at a meeting that I held with a representative of the Australian Sugar Milling Council on 14 February 2017. To date, Wilmar has declined all suggestions for mediation by the LNP. Again, as I indicated in my speech, the first offer for mediation was made back in 2014 by the then LNP minister for agriculture, Dr John McVeigh. That offer was rejected by Wilmar. Further offers have also been made, including to have former federal industry minister Ian Macfarlane act as a mediator. Again, that offer has been rejected. Indeed, in August last year the LNP shadow minister for agriculture, Dale Last, made an offer to Wilmar to personally pay for a mediator. That offer was also rejected. I wish to make it clear that mediation has been offered by the LNP—

Mr Harper interjected.

Mr NICHOLLS: I look forward to the contribution of the member for Thuringowa to this debate, given his notable silence over the entire dispute. I wish to make it clear that mediation has been offered by the LNP to try to help solve this dispute on numerous occasions, but on each occasion that offer has not been taken up by Wilmar.

The objectives of the opposition's amendments are to ensure that sugar mill owners and sugar-marketing entities undertake negotiations in a fair, timely and businesslike manner to finalise on-supply agreements—formal contracts that allow sugar produced by mills to be delivered, held in storage and subsequently sold by marketing entities. In the event of a breakdown in protracted negotiations, as we have witnessed since 2014 with Wilmar and growers and Wilmar and marketers, both parties—sugar mill owners and marketing entities—are required to enter into formal arbitration to try to resolve any disputed terms in the intended on-supply contract. After a negotiating period of at least 10 business days, either party can give notice to refer disputes for formal arbitration under the Commercial Arbitration Act 2013—that is, this is not a new process. This is a process that follows the Commercial Arbitration Act—an act that has been in place since 2014. The arbitration tribunal will decide disputes about proposed terms of the intended on-supply agreement. Each party will have to pay its own costs for the arbitration.

The bill also provides for concurrent arbitration to occur for on-supply agreements between sugar mill owners and marketing entities and between sugarcane growers and mill owners for cane supply agreements and that arrangement is already provided for in the current legislation—that is, the arbitration between the growers and the owners for their cane supply agreements.

We had hoped that this bill was unnecessary legislation. We had hoped that the parties involved—the millers and the marketers—would reach a sensible commercial decision but, with the onset of the crush in about 15 weeks or 16 weeks, that has not occurred. That has meant that growers have been unable to forward price their GEI in the traditional and time-accustomed manner of doing so. The policy of the legislation before the House today is to ensure that there is a genuine choice in marketing for sugarcane growers for their grower economic interest sugar and that that policy intent is not frustrated by actions taken by millers and/or marketers designed to remove that choice from canegrowers.

The policy will also ensure that contracts between growers and millers and marketing entities are negotiated and finalised in a timely manner to allow all contracts to be in place well before the start of each crushing/milling season. There is a necessity for that for growers so that they can plan for the future and that they can take action in order to invest and procure their crush. To ensure that any disputes are resolved so that all contracts between growers, millers and marketing entities are negotiated and finalised, this will occur in a timely manner and be in place well before the start of each season.

As we have discovered, there are no viable alternatives that would achieve the policy objectives of this legislation. Quite clearly, commercial negotiation has failed. Indeed, all the action that we have seen to try to resolve this matter has occurred in just over two weeks since we announced our intention to take action should the commercial resolution not be finalised by 28 February. That there has been any action and that there has been movement by both sides, which has occurred, is simply as a result of the legislation and the actions taken by the LNP. I want to be clear: we gave a commitment to the canegrowers of the Burdekin, of the Herbert River district and of the central district that we would introduce this legislation. We will honour that commitment. We will honour that promise. We will protect the canegrowers and the canegrowers' families when the Labor government will not.

When the Labor government will turn its back on canegrowers, when it is prepared to put at risk the investment of billions of dollars over decades of families into their business and their interests in favour of turning a cold shoulder and a blind eye to the very real problems they face, the hardships that they are causing those growers and the stress that they are putting on their families, the LNP will act.

It is only the ALP and this agriculture minister who do not have the intestinal fortitude, do not have the guts to go up and face the canegrowers to explain why his government is taking no action and why he is defending the rights of international commodities traders over the rights of canegrowers here in Australia and threatening their livelihoods, their futures and their farms. We will honour that promise. We remain committed to seeing this legislation through to its conclusion tonight in this House.