

**Question on Notice**  
**No. 124**  
**Asked on 16 February 2017**

Mr S Dickson asked the Premier and Minister for the Arts (Hon. A Palaszczuk)—

With reference to Wilmar Sugar which has stubbornly not settled its on-sale agreement between cane growers in the Burdekin and Queensland Sugar Limited and as the deadline is 28 February 2017—

Will the Premier support an amendment to section 298, sub section 4 of the Sugar Industry Act 1999, to extend the current contract to provide 12 months additional negotiation times for Queensland cane farmers?

ANSWER:

The Queensland Government's position on the sugar industry dispute about future marketing arrangements has been consistent. It is a commercial matter and should be resolved by industry through normal commercial means.

The Queensland Government did not support the changes to the *Sugar Industry Act 1999* (the Act) passed by the Opposition and Crossbench at the end of 2015, due to the significant negative impacts of the legislation on the sugar industry. These impacts were identified in an independent regulatory impact assessment undertaken by the Queensland Productivity Commission which concluded there was no market failure in the Queensland sugar industry and as a consequence, there is no case for regulatory intervention and the costs arising from the amendments outweigh the benefits that might accrue from it.

These findings were nearly identical to those released by the Federal Government Productivity Commission on 21 July 2016. The Commission's draft report into agricultural regulation states that the amendments to the Act are likely to reduce the productivity and profitability of the industry by constraining investment and structural adjustment. The report recommends the legislation be repealed.

The Queensland Government is aware that the lack of agreement between Wilmar Sugar Australia and Queensland Sugar Limited is having an on-flow effect to growers who do not want to sign Cane Supply Agreements for the 2017 season and beyond, without certainty about On-Supply Agreements.

That is why the Government facilitated a mediation between Wilmar Sugar Australia and Queensland Sugar Limited. It is my understanding that as a result of the mediation, which was conducted by former Judge, Richard Chesterman QC, the parties are in the process of drafting an On-Supply Agreement.

The Government's position on the long running sugar marketing dispute was further vindicated when the arbitration that was triggered by the Burdekin District Canegrowers in relation to their negotiation of a Cane Supply Agreement with Wilmar, was recently terminated by the arbitrator, former Judge, Mr John Muir, QC.

Mr Muir determined that section 33A of the Act, which allows for mandatory pre contract arbitration, and was put in the Act by the Katter's Australian Party with the support of the Opposition in 2015, "is invalid as being beyond the legislative competence of the Queensland Parliament."

The Opposition tried again during the 28 February to 2 March 2017 sitting week to further amend the Act to bring in additional legislation to extend mandatory pre contract arbitration to On-Supply Agreements. Fortunately, the Parliament rejected that Bill.

It would not be appropriate for the Government to comment further at this time on the Sugar Industry (Application of Transitional Provision) Amendment Bill introduced by the Member for Buderim on 2 March 2017, as the Bill is currently before the Parliament and has been referred to the Agriculture and Environment Committee for inquiry.