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9 July, 2015

Ms Jennifer Howard MP  
Agriculture and Environment Committee  
Parliament House  
George Street  
BRISBANE QLD 4000

**By email: [aec@parliament.qld.gov.au](mailto:aec@parliament.qld.gov.au)**

Dear Minister Howard,

Thank you for the opportunity to prepare a submission regarding the inquiry for the *Sugar Industry (Real Choice in Marketing) Amendment Bill 2015*.

CANEGROWERS Cairns Region represents in excess of 85% of the cane farmers in the Northern Region, spanning an area from the northern beaches of Cairns to Garradunga in the south. It is the vision of CANEGROWERS Cairns Region to ensure and secure a profitable future for Cane Growers in the area through representation, leadership and services.

The sugar industry is a cornerstone industry for the many coastal communities within our membership area and continues to be the key driver of economic activity within these centres.

Due to the geographical location of cane crops in Far North Queensland and the perishability of the crop once harvested, growers have no choice in relation to the milling company they supply. As well as this, the nature of the agricultural land, the weather patterns of this region and the capital already invested in sugar cane farming removes any possibility of alternate crops.

CANEGROWERS Cairns Region growers [due to geographical location] can only supply the Maryborough Sugar Factories (MSF) owned by Mitr Phol. The contribution of the local producers' sugar would be quite miniscule in comparison to the overall sugar managed by the Thai owned Mitr Phol Group. This group has recently announced their intention to withdraw from Queensland Sugar Limited (QSL), removing any opportunity for Grower choice thus increasing the economic imbalance and strengthening their position at the cost of the growing sector. The transparency necessary with regards to marketing risks, costs and premiums could affectively be removed to the benefit of the milling company.

It should also be noted that the decision by MSF to terminate their arrangements with QSL was made with total disregard for Grower's calls for choice in relation to the pricing and selling their Grower Economic Interest Sugar.

Our Growers dependence on the one milling company, [MSF] puts them in an extremely vulnerable position, one which affords little opportunity for negotiation.

In a Far Northern industry that has faced recent hardships, this loss of choice and the subsequent uncertainty will quite possibly spell the withdrawal of cane land and lessened investment in the local sugar cane industry with the relevant economic affect felt across communities.

CANEGROWERS Cairns Region Limited feels that a mandatory Code of Conduct is required to ensure that the pro-competitive, transparent balance within the marketing of sugar can be achieved and maintained into the future. To this end we would like to see the a mandatory code of conduct that addresses the following

1. Formal recognition of Grower Economic Interest (GEI). GEI defined '*as raw sugar for which Growers, excluding those Growers who are Related Bodies Corporate of a mill, bear the price exposure under the cane supply or other agreements between the Supplier and the Grower.*'
2. Grower Choice in marketing, pricing and selling of their "Grower Economic Interest". Including an appropriate level of transparency.
3. Retention of an industry owned marketing body.
4. Commercial dispute resolution processes for pre and post CSA negotiations to resolve any deadlocks. This process to incorporate the *Commercial Arbitration Act 2013*.

Kind regards,



Charlie Zappala  
CHAIRMAN  
CANEGROWERS Cairns Region Ltd