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20 July 2015

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

VIA EMAIL: aec@parliament.qld.gov.au

Dear Ms Howard

**RE: Inquiry for the Sugar Industry (Real Choice in Marketing)
Amendment Bill 2015**

Thank you for the opportunity to provide a submission to the Agriculture and Environment Committee to assist with its consideration of the need for amendment of the Sugar Industry Act 1999.

The Isis Central Sugar Mill Company Limited (ICSM) is one of three sugar milling companies that has remained in the Raw Sugar Supply Agreement (RSSA) for the marketing of raw sugar by Queensland Sugar Limited (QSL) for the 2017 season.

ICSM is an unlisted public company with a proud 120 year history in the Australian sugar industry. The company is owned by the approximately 230 growers that supply sugarcane to the mill. ICSM operates a raw sugar mill near Childers that has crushed in excess of 1.5mt of sugarcane in the 2012 season. In addition the company operates a cane railway network with over 150km of mainline and runs a substantial sugarcane farming business producing approximately 150,000 tonnes per annum.

The company has 200 employees and is a significant contributor to the economy in the local regional area.

ICSM supports the detailed submission to the Agriculture and Environment Committee from the Australian Sugar Milling Council (ASMC) and does not support any additional regulatory burden and its associated costs to our business.

ICSM wishes to reinforce that there is an economic driving force that naturally limits the extent of any market imbalances between grower producers and milling companies which negates the need for regulatory intervention.

Both parties are dependent upon each other for their financial prosperity and it is this co-dependency that ensures milling companies are incentivised to ensure that cane supply to their mill is maximised. This requires grower producers to be financially sustainable from sugarcane returns and for grower producers to elect to produce sugarcane rather than competing alternatives. In the supply area for ICSM's mill, grower producers have many alternative options including numerous vegetable and tree crops. In addition, grower producers may elect to supply sugarcane to a competing sugar milling company and there is intense competition for sugarcane supply. ICSM, on the other hand, has no flexibility as the equipment employed is specialised for the application of sugar cane processing and the large capital investment involved becomes uneconomic as the volume of throughput diminishes and therefore ICSM, and other milling companies, are incentivised to ensure grower producers are financially sustainable from sugarcane returns.

The competition and consumer laws provide appropriate protection for market participants and the authorisation of collective bargaining for grower producers to negotiate cane supply agreements under the Sugar Industry Act 1999 provides adequate protection for grower producers in such negotiations. There is no market failure requiring redress by further regulation.

Thank you for the opportunity to make a submission and ICSM would be pleased to participate in any further discussion or respond to any queries the Agriculture and Environment Committee may have.

Yours faithfully



J. Gorringe
CHIEF EXECUTIVE OFFICER