



The Australian Industry Group
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Submission No. 024

20 July 2015

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

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

Dear Ms Howard

Re: Sugar Industry (Real Choice in Marketing) Amendment Bill 2015

The Australian Industry Group (Ai Group) welcomes the opportunity to make a submission to the Agriculture and Environment Parliamentary Committee regarding the *Sugar Industry (Real Choice in Marketing) Amendment Bill 2015* (the draft Bill).

Ai Group is a peak industry association in Australia which, along with its affiliates, represents the interests of more than 60,000 businesses in an expanding range of sectors including manufacturing, engineering, construction, automotive, food, transport, information technology, telecommunications, call centres, labour hire, printing, defence, mining equipment and supplies, airlines and other industries. The businesses which we represent employ more than 1 million employees.

Ai Group has examined the draft Bill and has a number of concerns.

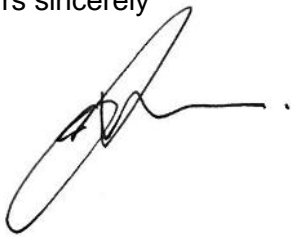
- Our understanding is that if enacted the draft Bill is likely to breach the terms of various free trade agreements and Section 51(xxxi) of the Constitution.
- If enacted, the Bill would effectively transfer property rights over about two-thirds of the raw sugar produced by mills to growers who supply cane. It would also introduce compulsory pre-contract arbitration between sugar millers and cane growers.
- It would adversely impact on investments that have been made over recent years on the basis of the deregulated approach to sugar marketing.
- As a consequence it would adversely impact on Australia's reputation as a fair place to do business and it would detract from our ability to attract foreign, and indeed, domestic investment. This would prove particularly damaging at a time

when the country is seeking to lift investment in non-mining sectors as part of the important task of rebalancing the Australian economy.

We are aware of the concerns about the imbalance of market power between the sugar mills and sugar growers. In this context we have taken considerable comfort to the independent assessment of commercial arrangements in sugar marketing undertaken by former ACCC Chair Graeme Samuel and former ACCC Commissioner Jo Dimasi¹ pointing to the safeguards against the misuse of market power in Australian Competition and Consumer Law and in the nature of the well-established pricing arrangements between sugar mills and cane growers.

Accordingly, Ai Group urges the Committee not to support any aspect of the draft Bill.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Jemina Dunn', with a large loop at the start and a horizontal line extending to the right.

Jemina Dunn
Director – Queensland

cc:

The Hon. Bill Byrne, Minister for Agriculture and Fisheries and Minister for Sport and Racing

BY EMAIL: agriculture@ministerial.qld.gov.au

Mrs Deb Frecklington, Shadow Minister for Agriculture, Fisheries and Forestry

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¹ Graeme Samuel and Jo Dimasi, *An Assessment of Australian Sugar Marketing Commercial Arrangements*, Commissioned by the Australian Sugar Milling Council, 2015.