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28 April 2016

Committee Secretary
Agriculture and Environment Committee
Parliament House
George Street
Brisbane Qld 4000

By email: aec@parliament.qld.gov.au

Committee inquiry into Sugar Industry (Application of Transitional Provision) Amendment Bill 2017

We refer to:

- The *Sugar Industry (Application of Transitional Provision) Amendment Bill 2017 (the Bill)*; and
- The email sent by the Committee Secretary to Queensland Sugar Limited (**QSL**) seeking submissions on the Bill.

QSL is a not-for-profit company which serves the interests of the Queensland sugar industry. Its members comprise each of the Queensland mill owners, and representatives of each of the Queensland cane grower regions. QSL is currently the entity responsible for marketing to export customers the majority of raw sugar produced in Queensland and operating the six bulk sugar terminals used for storage and handling of all raw sugar produced in Queensland.

QSL markets raw sugar (being the result of processing sugar cane at a mill) to export markets on behalf of mill owners and growers. QSL acquires sugar from mill owners and does not own or operate mills or process sugar cane itself. Consequently, QSL is not party to cane supply agreements.

Given its critical role in the industry, QSL appreciates the opportunity to provide views on the Bill.

QSL understands, from the explanatory notes to the Bill, that the proposed amendments are intended to extend the period to which existing supply contracts are not required to include the terms prescribed by section 33B of the *Sugar Industry Act 1999* (Qld) (**the Act**). This is intended to have the effect that existing contracts without a term requiring an on-supply agreement will continue to be valid in an attempt to preserve the arrangements which have existing in the 2016 Season.

QSL is, and always has been, a strong supporter of the amendments introduced by the *Sugar Industry (Real Choice in Marketing) Amendment Bill 2015*. Those amendments are pro-competitive and provide important rights to growers whose local mill (which typically has monopoly power) is seeking to use that monopoly power to require growers to market with that mill owner.

QSL is also disappointed that Wilmar has conducted itself such that it has not yet been possible to reach an agreement on the terms on which QSL can acquire grower economic interest sugar from Wilmar mills for which growers have chosen QSL as their marketer.

QSL does not, however, consider that the Bill will resolve that issue or assist the Queensland sugar industry in any meaningful way.

QSL has already reached agreements in accordance with section 33B of the Act with two other mills (being MSF Sugar and Tully Sugar). Further, QSL is close to finalising an agreement with Wilmar Sugar in accordance with the Act, and anticipates that this agreement will be concluded prior to the commencement of the 2017 crushing season. As such, QSL does not consider it necessary to implement the amendments to the Act proposed by the Bill.

Further, QSL has serious concerns that the Bill would be, in essence, rewarding non-compliance with the Act by entities that have refused to reach agreement in accordance with section 33B by deferring regulation under the Act for another year. This would, in turn, have the potential to deny growers their legal rights to access their choice of marketer for their sugar in the 2017 season.

QSL also notes that this committee is not due to report until September 2017, which would be after the commencement of the 2017 season (and after the expiry of the cane supply agreements which it is seeking to extend as Wilmar has already given a notice to terminate those agreements that will take effect on 30 June 2017). This means that, even if the Bill were passed into law, it would have little effect as the practical deadline for agreements – being the beginning of the 2017 season – will have already passed.

QSL is firmly of the view that the marketing choice amendments to the Act are workable, and are already working well for growers in the MSF and Tully regions. It remains hopeful that by the time this committee is due to report they will be working well in the Wilmar regions as well.

There is no need for the Bill, and as currently worded it will undermine the important marketing choice protections that growers are entitled to under the Act.

If QSL can be of any further assistance in the Committee's consideration of the proposed Bill, please do not hesitate to contact me.

Yours sincerely




QSL Managing Director and CEO