



Included with the 1 September edition of *Australian Canegrower* is a letter to you from **CANEGROWERS** Chairman Paul Schembri addressing the current marketing landscape and what you can do to secure your future.

## Sugar marketing: The State Government *can* and *must* take action

Cane growers want a guarantee of competition and choice in the sugar market, not a return to full regulation. The actions of large multinational corporations with regional mill monopolies are threatening growers' basic rights over the sugar produced and to be able to **choose** how it is sold.

**Pro-competitive legislation must:** Recognise in law the economic interest growers have in sugar and their right to decide how that sugar is priced and sold.

### CHOICE

#### CHOICE OF MARKETER

Growers call on the Queensland Government to secure their right to choose a marketer.

A loophole created when the industry was deregulated in 2006 has allowed mills to change marketing systems without reference to growers.

#### CHOICE IN PRICING

Growers call on the Queensland Government to safeguard their right to choose how to price their share of the sugar.

Growers don't want their current rights in relation to making decisions taken away by corporate entities.

### RIGHTS

#### FORMALISE GROWERS RIGHTS OVER GEI SUGAR

Growers call on the State Government to recognise and formalise their rights over GEI sugar.

It has been a longstanding practice that the economic interest in the sugar is shared by millers (1/3rd) and growers (2/3rd). This is threaded into current marketing arrangements with QSL and reflected in supply arrangements. The concept was central to mills when they called on growers to bear their 2/3rd share of marketing losses incurred during a low production season in 2010. The mills have their 1/3rd economic interest confirmed, but now want to take from growers' their 2/3rds and sell that sugar through their mill-owned marketing entity without reference to growers. This takes away growers' rights to choose the marketer for GEI sugar.

#### PROTECT GROWERS AGAINST MONOPOLIES

Growers call on the State Government to protect them from potentially anti-competitive behaviours. Ensuring large monopoly players cannot exert power over smaller players in business is a core Australian value.

If millers are allowed to take the growers choice of marketer away, and force the sale of large tonnages through their own commercial business, those companies could get competitive advantage over growers. Transparency of marketing operations is also brought into question, with mills able to engage in transfer pricing and other intra-company transactions that potentially transfer risk to growers while enabling mills to capture additional value on their corporate account.

### FUTURE

#### PRESERVE REAL TRANSPARENCY

You get far more transparency from a company you own that is operating for the benefit of industry than a corporate entity which works for the benefit of itself and its shareholders. Companies can change their policies surrounding transparency and their operating systems, including the way they pay their suppliers, at any time without consultation or consent from those suppliers which in this case are cane growers. Regional mill monopolies would have the ability to transfer costs within their business to give growers a lesser share of profits that they otherwise would receive – without the grower having any ability to know this is the case.

#### BUILD GROWER CONFIDENCE

Having as much control as possible over your profit line is a key consideration for any investor – farmers are no different. To have the confidence to continue to invest in sugarcane, our growers need a stable system which protects their rights and ensures marketing transparency and competition in how GEI sugar is priced and sold.

#### WHERE WE ARE NOW...

Grower groups **CANEGROWERS** and **ACFA** unite on behalf of growers to ask the Queensland Government to recognise in law the economic interest growers have in sugar and their right to decide how that sugar is priced and sold.

### A century of changes to sugar marketing

