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17 December 2014

Agricultural Competitiveness Taskforce
Department of the Prime Minister and Cabinet
PO Box 6500
CANBERRA ACT 2600

Via online submission: http://www.agriculturalcompetitiveness.dpmc.gov.au/

Dear Minister Joyce,

CANEGROWERS submission in response to the Agricultural Competitiveness Green Paper

CANEGROWERS welcomes the opportunity to make a submission in response to the Agricultural Competitiveness Green Paper. CANEGROWERS has contributed to and supports and endorses the points made by NFF in its response to the Green Paper. This short submission reinforces the points made during the "Sugar Roundtable" conducted by the Secretariat in Brisbane on 4 December.

CANEGROWERS is the peak representative body for Australian sugarcane growers and represents around 80% of cane growers. The largest membership percentile held by any agricultural group in Australia. Membership ensures that growers' needs are represented at the highest possible levels of industry and government decision-making

The Australian sugarcane industry is undergoing an extensive resurgence. With rapidly increasing demand for sugar from Asia and significant international investment in land and mills, sugarcane growers are focussing on producing more sugarcane. In an expansion phase, the Australian sugarcane industry is poised to further increase its contribution to the economic growth and strengthening the social fabric of regional Australia.

This recovery is at risk. Regional mill monopolies, exerting their regional monopoly power, are seeking to deny growers the right to choose how the raw sugar that directly determines the values of cane is priced and sold. There is an imbalance in market power between mill owners and cane growers. This abuse of market power is best remedied through competition policy and laws that balance the economic power of single buyers and sellers with their counterparts.

- **CANEGROWERS supports action to make it easier for primary producers to prove that market participants have misused market power by strengthening relevant provisions of the *Competition and Consumer Act 2010*.**

The Australian sugar industry competes in the world sugar market, widely acknowledged as one of the most distorted of all commodity markets. Collectively the industry puts significant resources into addressing the distortions, working closely with and supporting the Australian government's efforts in the WTO and in a number of bilateral and regional trade agreements. That sugar is a politically sensitive product in many negotiations provides no reason for the exclusion of new market access disciplines as trade agreements are concluded. The exclusion of sugar from the Australia-US FTA in 2003 and more recently sugars exclusion from the Australia- China FTA has made the negotiation of subsequent trade agreements more difficult.

- **CANEGROWERS supports and underlines the importance of all trade agreements Australia enters as being comprehensive, concluded with commercially worthwhile new market access opportunities for sugar and other agricultural products.**

The national electricity pricing framework is fundamentally flawed. Rapidly rising electricity prices are having a severe impact on the costs faced by sugarcane irrigators and irrigated agriculture across Australian. It is clear that the electricity price increases are threatening the sugar industry's international competitiveness and, in turn, are destroying demand for electricity. The availability of low cost energy will be a key to the sectors ongoing international competitiveness.

- **CANEGROWERS is calling for an approach to the nation's electricity pricing framework that takes account of the impact of regulated pricing decisions on electricity users, with network distribution asset owners bearing the risk of their investment decisions.**

The green paper acknowledges farmers as outstanding "stewards of the environment". The cost pressures placed on farmers in meeting the additional costs of complying with ever rising standards imposed as governments respond to the political pressures from non-farm groups is less directly acknowledged. It is clear that farm activity needs to continue to be "environmentally aware" and strive for continuous improvement. CANEGROWERS acknowledges this and is working to improve practices in the sugar industry through the introduction of its Smart Cane Best Management Practice (BMP) program with the support of the Queensland government. Nonetheless the "social good" costs of farming keep increasing.

- **CANEGROWERS calls on the government to support the "social good" costs imposed on farms to be funded by government (through BMP programs) as investments in environmental improvement.**

It is vital that the Australian Government takes this timely opportunity to amplify the economic and social benefits of the sugarcane industry's expansion by establishing a regulatory framework that addresses market failure and removes the barriers to the industry's growth and development.

If you have any further questions, do not hesitate to contact me on (07) 3864 6444.

Yours faithfully,

Brendan Stewart
CHIEF EXECUTIVE OFFICER