

16 October 2014

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Sent via email: rrat.sen@aph.gov.au

Re: Rural Research and Development Legislation Amendment Bill 2014

The Australian Sugar Industry Alliance (ASA) was formed in 2007 to bring together supply chain participants on whole of industry matters. Founding members CANEGROWERS, representing some 80 per cent of the 4,000 Australian sugarcane farmers, and Australian Sugar Milling Council, representing 95 per cent of raw sugar production and 100 per cent of Australian raw sugar exports, recognised the need for collaborative efforts in research, development and extension (RD&E), trade liberalisation, environmental and resource management programs, and community engagement. Sugarcane production and processing is the lifeblood of many regional towns and communities along the east coast of Australia from northern New South Wales to Far North Queensland.

ASA does not support the proposed amendments to the Rural Research and Development Legislation Amendment Bill 2014 insofar as they relate to recovering the cost of membership fees to international commodity organisations from matching amounts paid to rural research and development corporations (RDCs).

ASA led the extended, comprehensive and intensive effort by the industry from 2010 to reform and modernize sugar research, development and extension arrangements. This effort culminated in the formation of the industry owned company Sugar Research Australia, formally launched on 5 August 2013. Sugar Research Australia is a world class research and research management company, with a focus on delivering cost effective research and development services to the Australian sugar industry.

The Australian sugar industry agreed to support a levy on all sugarcane growers and processors in 2012 when the Australian Sugar Industry Alliance commissioned the Australian Electoral Commission to ask 4,441 growing businesses and 8 mill companies to vote Yes or No to the question:

Do you agree to the sugar industry forming a new research company, Sugar Research Australia, and to a statutory levy of 70 cents a tonne of cane delivered each year for Sugar Research Australia Activities, with a payment split equally, 35 cents a tonne paid by the growing business and 35 cents a tonne paid by the milling business?

Over 77% of growing businesses (3,440) and all 8 mill companies return their voting papers. Of these, 2,842 growing businesses voted yes (84.3%) and 531 voted No (15.7%). Seven milling companies voted Yes, representing 99% of the tonnes of cane processed in 2011.

The industry – sugarcane growers and sugar mill companies - clearly and unambiguously voted to support a levy to fund Sugar Research Australia. In 2013/14, sugarcane growers and sugar mill companies contributed \$19.5 million

of the total SRA revenue via compulsory levies, agreed to under the rules outlined in the Australian Government's *Levy Principles and Guidelines*. The industry did not vote to support funding of international commodity organisations from levies that were specifically and deliberately targeted for the purposes of RD&E.

The Australian sugar industry is not a member of the International Sugar Organisation (ISO), and has limited direct interaction with the ISO. The Australian Government is the Member of ISO and carries all voting rights and formal status. Some 10 years ago the Australian industry lobbied unsuccessfully for the Australian Government to withdraw from the ISO due to disagreement with the direction the organization was heading. This clearly demonstrates the Australian sugar industry does not have any decision-making authority in terms of ISO membership.

The Australian Sugar Industry Alliance would be pleased to provide any additional information.

Yours sincerely

John Pratt
Chairman

Paul Schembri
Deputy Chairman