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29 August 2011

The Chairman
Examination of the Foreign Investment Review Board National Interest Test Committee
The Senate
Parliament of Australia

Dear Chairman,

CassTech is seeking to develop the $180M Burdekin Integrated Cassava Project – an innovative farming enterprise that has the potential to deliver economic gains to the Burdekin Shire and surrounding community of around $7.8 billion and to the $14 billion to Australia over a fifteen year period.

CassTech spent considerable time and effort seeking domestic equity funding to enable the project to proceed over an 18 month period. Efforts to raise these funds in Australia have been met with wide spread skepticism amongst brokers and financiers. The message for smaller Australian farmers seeking to deepen or diversify their productive base is that domestic equity funding is difficult to obtain at best or non-existent.

Consequently, CassTech was required to seek foreign investment to drive the project forward. Subsequent interest level in financing the Project has been high and negotiations are well advanced for the Burdekin and a second project being the $60M Katherine Cassava Project.

Efforts to encourage foreign investment into the Australian farming sector should be encouraged as it will lead to improved productivity, quality and a more diversified production base. By way of example, CassTech's Katherine project has the potential to provide much-needed diversity to the Northern Territory's heavy reliance on cattle. The same applies to the Burdekin which is heavily reliant on sugar as the locomotive for the local economy.

Australian investors – super funds, managed investment funds which are low risk investors - will also benefit from a broader spectrum of investment opportunities into the future as venturesome foreign investors sell down or sell off assets.

Foreign investment and ownership also bestows on Australia a means of further development of its reputation for quality exports. Investment is driven – not because it is cheap – but because it delivers a quality, clean product.

Whilst the Australian retail duoply strives to import produce and impose upon domestic food manufacturers and unknowing retail consumers the requirement to use raw materials that have a high risk of contamination, foreign investment in Australian agriculture is seen as a means to offer foreign consumers a contaminant-free product.

So from both a short term and long term view, Australia overwhelmingly benefits from foreign investment in Australia.

Yours faithfully,

Stewart Peters
CEO

Sydney Morning Herald

Heinz blasts supermarket power

August 30, 2011

FOR the second time in as many months, **global food manufacturer HJ Heinz has publicly slammed the dominant market power of Coles and Woolworths for fostering an "inhospitable environment" for suppliers.**

Addressing a briefing of US analysts to discuss the company's first-quarter earnings, the chief financial officer and executive vice-president, Arthur Winkleblack, singled out the Australian supermarket sector as difficult, laying the blame for an erosion of its margins at the feet of the two biggest players.

"This is, as many of our peers have talked about, a very difficult environment," Mr Winkleblack said.

"The reality is with two key customers there has become an inhospitable environment for grocery manufacturers. With it being such difficult market, **we're going to take the measures … to address that.** We've seen our margins squeezed as the pressure comes on."

Heinz made slightly less than $1 billion in sales in Australia last year. While it did not name Coles and Woolworths directly in its investor briefing, it is the latest supplier to take a swipe at the perceived concentration of power in the hands of the two leading retailers.

And the complaints are growing in boardrooms from Melbourne to New York.

Heinz's criticism represents a rare public outburst as suppliers typically keep their grumbles to themselves rather than risk having their products removed from shelves.

But Heinz seems less concerned about speaking out. In June, the Heinz chief executive, **Bill Johnson, labelled Australia as the "worst market" where shoppers would be the "biggest losers" from a decision to strip out branded products.**

Earlier this year, John Durkan, the merchandise director of Coles, defended the role of supermarkets playing tough with suppliers over price, claiming consumers had suffered at the hands of large food multinationals who continued to use Australia as a "cash cow".

In response to the allegations from Heinz, a Coles spokesman said yesterday: "We agree with Heinz's comments that companies need to be competitive to ensure the best outcomes for customers."

The spat is the latest in a long-running battle between food and grocery manufacturers, and Coles and Woolworths. The fight flared up in January when both supermarkets slashed the price of their home-brand milks, placing further pressure on branded suppliers. Both have also devoted a growing amount of shelf space to their own private label items.