



# THE MULGRAVE CENTRAL MILL CO. LTD

ABN 14 009 657 032

INCORPORATED IN QUEENSLAND

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CHIEF EXECUTIVE OFFICER

23 June 2008

The Secretary  
Senate Select Committee on Agriculture and Related Industries  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Sir

I am writing on behalf of the Mulgrave Productivity Committee (MPC) servicing the Mulgrave Mill cane growing district in North Queensland.

Our Committee consists of technical staff and a number of cane growers. We work together with the mill, farmers, contractors and the BSES Ltd to achieve best outcomes for issues that may arise.

Our Board welcomes the initiative of having an investigation into the sudden increase in fertilizer prices. As you would be well aware, fertilizer is a critical ingredient to maintaining productivity on cane farms. The tonnage of cane grown on each hectare has a major influence on the productivity and profitability of each farming enterprise.

Your attention is drawn to just one example of the increased costs of fertilizing being experienced by growers in our district.

A grower purchasing a regularly used ratooning blend of fertilizer containing 29% Nitrogen and 18.5% Potassium would have paid:

\$650 / tonne inc GST	28.11.2007
\$915 / tonne inc GST	23.05.2008

This represents a price increase of 40% / tonne of fertilizer over a 6 month period.

This is an increase of approximately \$165 per hectare.

In 2007, Mulgrave growers harvested a total of 13,140 ha of cane which converts to a \$2.16m rise in fertilizer costs to the district in the past 6 months.

Increases in planting mixtures have been even greater over the same period.

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R A W S U G A R M A N U F A C T U R E R S



While profitability in the sugarcane industry varies widely, the most optimistic estimate of the profit margin on a tonne of cane in the Mulgrave area would be \$5 per tonne. With an average yield over the district in 2007 of 84 tonnes per hectare, the profit margin on a hectare of cane is \$420 at best. As such an increase in fertiliser cost of \$165 represents a reduction in farm income of 40%. For many growers, the increase in fertiliser costs will eliminate their net income.

I am sure you would agree increases of this magnitude in such a short period cannot be absorbed nor budgeted for.

We understand freight and labour costs have increased recently but cannot accept such large increases over the past few months are necessary or justified.

The MPC urges the Senate Select Committee to investigate the lack of competition that has existed in the past few years since the two major players in the fertilizer industry merged.

We believe this lack of competition in the Australian fertilizer industry is having a huge impact on grower incomes and will have detrimental effects on millers, contractors and associated businesses across the community.

Yours sincerely,



(RJ Marino)  
Chairman  
Mulgrave Productivity Committee