



**Australian
Competition &
Consumer
Commission**

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Dear interested party

Sucrogen Limited - proposed acquisition of the Australian Agricultural College Corporation's land in the Burdekin region

The Australian Competition and Consumer Commission (**ACCC**) is reviewing Sucrogen Limited's proposed acquisition of a parcel (around 778 hectares) of the land owned by the Australian Agricultural College Corporation (**College Land**), in the Burdekin region (**proposed acquisition**).

This parcel of land is expected to be put for sale by public tender by the Australian Agricultural College Corporation, and Sucrogen intends to bid.

Sucrogen operates an integrated an integrated sugar and renewable energy business. It owns and operates the only mills currently operating in the Burdekin region with four mills located at Kalamia, Invicta, Pioneer and Inkerman. It also owns two cane railway networks in the Burdekin region.

Through its wholly-owned subsidiary – Houghton Sugar Company Pty Ltd – Sucrogen owns a number of properties in the Burdekin region, amounting to 3,740 hectares of sugar cane-producing land. Sucrogen operates two cane farming units in the Burdekin region, located at Stockham Road and Mona Park.

The College Land is located at Clare, approximately 40km from the large regional towns of Ayr and Home Hill and immediately adjacent to Sucrogen's Mona Park farming unit. The entire College Land is approximately 3379 hectares in area, but the portion of the College Land for which Sucrogen proposes to bid comprises: (a) the 413 hectares of land under cane in the College Land; (b) approximately 365 hectares of undeveloped land, part of which (around 80 hectares) is suitable for conversion to sugar cane growing.

The ACCC is aware that Austcane Limited (**Austcane**) is planning to build an ethanol and cogeneration plant, at 373 Pelican Road, Mona Park, Barratta, which expects to process around 900,000 tonnes of sugar cane per season sourced from the surrounding region.

The ACCC is currently considering the proposed acquisition under section 50 of the *Competition and Consumer Act 2010* (**Act**). Section 50 of the Act prohibits acquisitions that substantially lessen competition in a market, or are likely to do so.

The ACCC is seeking comments from market participants and interested parties to assist with its review and would welcome any comments that you have in relation to the competitive effects of the proposed acquisition. Specific issues and questions relevant to the ACCC's assessment are set out in **Attachment A**.

If the information provided is of a confidential nature, you can be assured the details provided by you will be treated confidentially. That is, the ACCC will not disclose the confidential information to the merger parties or other third parties, other than advisors or consultants engaged directly by the ACCC, without first providing you with notice of its intention to do so, such as where it is compelled to do so by law. Please note that any information provided by you that you believe to be of a confidential nature should be clearly marked or identified as such.

In order to allow consideration of your response, please provide your response by no later than **14 February 2013**. Responses may be emailed (preferably in PDF format) to mergers@accc.gov.au with the title: "Submission re: **Sucrogen Limited - proposed acquisition of the Australian Agricultural College Corporation's land in the Burdekin region** (attention Maria Duarte)".

You are also welcome to discuss the proposed acquisition by telephone by contacting Cameron McKean on (02) 6243 1006 or Maria Duarte on (02) 6243 4936.

Updates regarding the ACCC's assessment of this matter will be available on the ACCC's public Mergers Register at (www.accc.gov.au/mergersregister).

Yours sincerely



Rami Greiss
General Manager
Merger Investigations Branch

Attachment A

1. Please provide a brief description of your organisation/business including any relationship to Sucrogen, the Australian Agricultural College Corporation or Austcane (e.g. customer, competitor, supplier or interested third party).
2. Within the Burdekin region, over what distance is it economic to transport sugar cane to a sugar mill? Does this vary depending on whether it is transported by road or by rail?
3. In your view, what are the key factors determining the price for the acquisition of sugar cane within the Burdekin region? Does the price paid differ between sugar cane used for the production of sugar and sugar cane used for the production of ethanol?
4. What is the average duration of the sugar cane supply contracts in the Burdekin region? Please also comment on the length of any supply contract(s) to which you are a party.
5. Please describe any barriers to entry and/or expansion for the provision of sugar cane crushing services in the Burdekin region. Do you consider it likely that any new entrant, aside from Sucrogen or Austcane, will provide these services in the foreseeable future?
6. Please provide your view on whether and how the proposed acquisition may affect the entry of any potential competitor for the acquisition of sugar cane in the Burdekin region, such as the Austcane's project to build an ethanol and cogeneration plant.
7. Please provide your view on whether the proposed acquisition significantly increases Sucrogen's ability to meet its sugar cane requirements internally (i.e. with sugar cane produced on the land owned by Sucrogen in the Burdekin region) and any effect this may have on the relative bargaining positions of Sucrogen and sugar cane growers.
8. Please provide any other views or information that you consider may be relevant to the ACCC's assessment of the competition effects of the proposed acquisition.