
JG.IH

28 October 2016

David Hatfield
Director
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

BY EMAIL: adjudication@accc.gov.au

Dear Mr Hatfield

Submission by Isis Central Sugar Mill Company Limited to the Australian Competition and Consumer Commission in relation to the application for authorisation lodged by Queensland Canegrowers (A91558)

The Isis Central Sugar Mill Company Limited (ICSM) is a member of the Australian Sugar Milling Council (ASMC) and supports the submission made by the ASMC on the proposed authorisation.

By way of background, ICSM is an unlisted public company with a proud 120 year history in the Australian sugar industry. The company is owned by the approximately 230 growers that supply sugarcane to the mill. ICSM operates a raw sugar mill near Childers that has crushed in excess of 1.5mt of sugarcane in the 2012 season. In addition the company operates a cane railway network with over 150km of mainline and runs a substantial sugarcane farming business producing approximately 150,000 tonnes per annum.

ICSM requests that should the ACCC, after its public consultation and draft determination process, ultimately conclude in its final determination that authorisation for additional collective bargaining rights is warranted, that such additional authorisation rights not be applicable to any negotiation involving ICSM.

The primary basis for Canegrowers application appears to be that there is very limited competition for cane and that milling companies generally operate in a monopoly market for cane as noted in:

2(c) page 6: "Mills generally enjoy a geographical monopoly"

4(a)(2) page 11: ".....mill owner's largely enjoy a geographical monopoly. Most growers have no option than to deliver to the one mill owner."

4(a)(2) page 11: “Accordingly, there is very limited competition between mills for cane supply.”

When discussing competition for cane the application notes in 2(b) page 11 that “There is some limited competition for cane on the boundaries of the Bundaberg area with the neighbouring mill at Childers owned by Isis Central MILL Co Ltd.”

ICSM agrees that there is competition for cane in the Isis mill supply area. Rather than being ‘limited competition’ however, ICSM asserts there has been historically, and currently exists, extensive competition for cane in the Isis mill supply area.

In the last completed crushing season, 49.9% of the cane crushed by ICSM was supplied from land that has previously grown cane that was supplied to a competitor milling company.

ICSM suggests that the primary basis for the Canegrowers application for additional collective bargaining rights is not applicable to the Isis mill supply area.

Should you have any questions or wish to discuss the content of this submission, please contact me on 07 4126 4426.

Yours sincerely



John Gorringe
CHIEF EXECUTIVE OFFICER