

Explanatory notes for the Sugar Industry (Application of Transitional Provision) Amendment Bill 2017

The Bill's short title:- The short title of the Bill is the *Sugar Industry (Application of Transitional Provision) Act 2017*

Policy objectives of the Bill and the reasons for them:

The objective of the Bill is to amend the Transitional provisions of the Sugar Act 1999 to extend the period previously stated in S.298 being 17 July, 2017 by the inclusion of a new section 299 for the application of Section 33B to the 17 July, 2018 applying to existing cane supply contracts on either the contract ends contractually or the 1 July, 2018 whichever is the earlier.

Brief statement of the way the policy objectives will be achieved by the Bill and why this way of achieving the objectives is reasonable and appropriate:

This amendment is necessary to overcome the issue facing the sugar industry currently being experienced in the Burdekin basin. Currently Wilmar Sugar has not finalised its agreement between it and QSL due to ongoing negotiations resulting in the delay in reaching suitable terms of contract to growers with Wilmar pursuant to their cane sale agreement.

As a result, the cane growers cannot lock in the forward pricing contracts.

This amendment to the Act allows the current agreement to be extended for 1 year to allow the existing contract to be carried over by those growers supplying cane to Wilmar Sugar and hence enable forward pricing contracts to be finalised. Equally this amendment allows QSL and Wilmar Sugar to continue negotiations without the deadline pressure to complete.

This amendment does not affect other refineries or other growers with different mills who have already settled their individual contracts.