13 October 2014

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

Re: Current and future arrangements for the marketing of Australian sugar

Thank you for the opportunity to provide a submission regarding marketing arrangements for the Australian sugar to the Senate Standing Committees on Rural and Regional Affairs and Transport.

MSF Sugar Limited, the largest cane grower and third largest sugar miller in Australia, is an integrated sugar cane grower, sugar miller, marketer and exporter of raw sugar.

The company has successfully marketed raw sugar outside of the single desk marketer since 2006. We do not see the need or desire to create any new regulations around the marketing of raw sugar.

Our submission provides an overview of MSF Sugar Limited and outlines our reasons for maintaining regulations as is.

Yours sincerely

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CURRENT AND FUTURE ARRANGEMENTS FOR THE MARKETING OF AUSTRALIAN SUGAR

EXECUTIVE SUMMARY

a. Impact of proposed changes on the local sugar industry, including the effect on grower economic interest sugar.

- MSF Sugar Limited (MSF) has been independently and successfully marketing raw sugar produced at the Mulgrave and Maryborough mills since marketing deregulation first took effect (2006).
- During this time the price paid for cane has remained directly linked to the international raw sugar price received for the raw sugar marketed from these mills.
- MSF Sugar's has developed a number of different cane pricing pool offerings (which link directly to the world raw sugar market) and this would not have been possible without close consultation and agreement with growers at our mills.

b. Equitable access to essential infrastructure;

- MSF Sugar has successfully exported raw sugar since 2006 within the current regulatory environment

c. Foreign ownership levels in the industry and the potential to impact on the interests of the Australian sugar industry;

- Deregulation has fostered innovation
- MSF's owner, Mitr Phol has invested more than $200 million in the past three years, with further plans for another $100 million in the next three years
- In MSF's milling regions, the area under cane has increased as a result.

d. Whether there is an emerging need for formal powers under Commonwealth competition and consumer laws, in particular, whether there are adequate protection for growers-producers against market imbalances; and

- Due to the high level of fixed costs, cane throughput is closely linked to mill profitability. As such, millers are financially incentivised to promote increased sugar cane production.
- The low value per unit of sugar cane combined with its inherent perishability means that the area from which it can be sourced by a milling company is restricted.

- Likewise the scope for a grower to supply another miller is also limited. The nature of sugar cane therefore gives rise to the symbiotic relationship that exists between grower and miller.
- Land can be used for pursuits other than growing sugar cane however sugar mills have no flexibility.

OVERVIEW

The Federal and Queensland State Government deregulation of the Australian sugar industry has created an environment to allow for innovation in the growing, milling and marketing sectors of the sugar industry.

MSF Sugar Limited (MSF Sugar) is viewed by some in the sugar industry as a non-conformist as it has taken advantage of the opportunities of the 2006 deregulation of raw sugar marketing to market raw sugar outside of the traditional single desk marketer (QSL).

In the marketing sector a great deal of innovation has occurred, with MSF Sugar leading many of these innovations, while still maintaining the direct link between the price of sugar cane and the international raw sugar price (as defined by the ICE11 raw sugar futures market). This link has maintained the price transparency for the price of sugar cane.

The deregulation of sugar marketing has seen a number of cane pricing mechanisms being developed to allow individual or smaller collective groups of growers to directly price their cane by pricing on the international raw sugar market (ICE11 raw sugar futures market). However growers have also had the choice to remain in a large collective pricing pool if that is their wish (as was the situation in the regulated environment).

Raw sugar which has been produced at the Mulgrave and Maryborough Mills has been successfully directly marketed to raw sugar buyers in Asia since 2006. MSF Sugar physical marketing activities have successfully co-existed with the operations of QSL, with shared access to Bulk Sugar Terminals at Cairns and Bundaberg Ports, accessing ships to transport the raw sugar to market and negotiating raw sugar sales to the large raw sugar refiners in Asia.

In 2013 and 2014, growers who supplied sugar cane to Mulgrave and Maryborough Mills had the option to either have their cane priced through the MSF Sugar or the QSL marketing system. More than 90% of independent growers who supply these mills have elected to stay with the MSF Sugar marketing system, of which they have been a part of since 2006.

In 2012, MSF Sugar was acquired by the large Thai sugar miller Mitr Phol. Since this purchase Mitr Phol has invested more than $200 million in expanding the sugar industry in the Maryborough and Far North Queensland regions.

It is the view of MSF Sugar and Mitr Phol that the deregulation of the sugar industry has facilitated innovation and made the Australian sugar industry an attractive investment opportunity, while existing competition laws have allowed MSF Sugar to access key industry infrastructure (such as the bulk raw sugar terminals) to market raw sugar outside of the traditional single desk marketer (QSL) and still allowing cane price transparency for growers who supply sugar cane to MSF Sugar mills.

Overall information about MSF Sugar

MSF Sugar is an integrated sugar cane grower, sugar miller, marketer and exporter of raw sugar.

MSF Sugar's assets include four sugar mills, sugar cane farms and shares in STL (the owner of the bulk sugar terminals). The mills are located at Gordonvale, South Johnstone, Atherton Tablelands and Maryborough. The company's four sugar mills have a total crushing capacity of 4.7 million tonnes of cane and produce approximately 600,000 tonnes of raw sugar per annum. MSF Sugar is the third largest sugar miller in Australia.

MSF Sugar's cane farms grow approximately 650,000 tonnes of cane, making MSF Sugar the largest cane farmer in Australia.

MSF Sugar employs nearly 650 people of whom 380 are full-time. A total of 630 independent cane growers supply its four sugar mills.

MSF Sugar has sugar cane farms totalling around 13,000 ha, split between the Maryborough, Innisfail and Atherton Tableland regions. These farms are an important source of cane to the company's sugar mills and supplement the sugar cane source from the company's 630 independent cane growers.

MSF Sugar's direct output into the regional Queensland economy is around $275 million per annum – with most of this generated in Far North Queensland.

The company has a 17.56% share ownership in Sugar Terminals Australia (STL), the owner of six major raw sugar export port facilities in Queensland. STL owns bulk raw sugar storage and loading facilities at the Queensland regional ports of Cairns, Mourilyan, Lucinda, Townsville, Mackay and Bundaberg. These facilities can store up to 2 million tonnes of raw sugar, which is around 50% of the raw sugar produced in Queensland in a single year.

The company's future strategy is to have an efficient operation from the farm through to the raw sugar buyers in Asia. MSF Sugar is investing throughout this value chain to improve efficiencies, with more than $200 million invested in the past three years and a further $100 million to be invested in the next three years to this aim.

MSF Sugar is also working with Canegrowers Innisfail on a project to unlock opportunities in the Innisfail region to improve farm profitability by standardising farming systems to allow more efficient farming practices. MSF Sugar expects that it will provide financial support to allow the required changes in farming equipment as a result of this project.

MSF Sugar wants, and has a history, of working with growers at the local level to improve the local sugar industry's profitability.

Recent history of MSF Sugar

MSF Sugar is the product of the recent merger/acquisition of three sugar milling businesses.

The initial sugar milling business was The Maryborough Sugar Factory, a small listed sugar mill and grower based in Maryborough. This mill traditionally made raw sugar for the domestic refiners, with QSL handling the marketing activities.

The deregulation of marketing in 2006 meant that QSL could no longer be involved in domestic marketing activities so The Maryborough Sugar Factory had to develop marketing capabilities and worked with the local growers to develop a cane pricing method. This was the start of the journey.

Also at the same time Mulgrave Central Mill decided to market outside of QSL when the deregulation of marketing occurred. At the time Mulgrave Central Mill was a grower-owned cooperative mill. They too worked with their local growers to develop a marketing system.

In 2009 Mulgrave Mill was acquired by The Maryborough Sugar Factory and both marketing efforts combined.

In 2010, The Maryborough Sugar Factory and Bundaberg Sugar created a milling joint venture from each party contributing their Far North Queensland Mills. The mills involved were Mulgrave, South Johnstone, Tableland and the now closed Babinda Mills. The Bundaberg

Sugar mills had a raw sugar supply contract with QSL. This contract remained in force with QSL.

In 2011, The Maryborough Sugar Factory changed its name to MSF Sugar and also acquired the Bundaberg Sugar share of the milling joint venture.

MSF Sugar was then in the unique situation of having half of the raw sugar it produced being marketed by itself and half being marketed by QSL (as part of an existing Raw Sugar Supply Agreement). In 2010 and 2011 MSF gave notice to QSL under this Raw Sugar Supply Agreement (RSSA) as it was not practical to continue in this manner.

At the time MSF Sugar was told by some growers that they wished that MSF Sugar would be able to offer a QSL marketing option for the determination of cane price.

MSF Sugar then commenced discussions with QSL and other Qld millers to negotiate a new RSSA which would enable MSF Sugar to have marketing flexibility but also provide a mechanism for growers to choose a QSL marketing option for the determination of cane price.

Eventually, in December 2013, a RSSA was agreed which gave MSF Sugar a marketing solution. However it was a very slow process, taking nearly 18 months to negotiate.

Subsequently with Wilmar giving notice to cease their RSSA with QSL in April 2014, this significantly changed the QSL financial model as Wilmar is more than 50% of the raw sugar supply to QSL. MSF Sugar spoke to QSL about the need to explain in detail future arrangements without Wilmar but QSL was unable to give any guarantees. As a result MSF Sugar gave notice to discontinue the RSSA in late June 2014. The RSSA with MSF Sugar will terminate in June 2017.

Specific Response to the questions asked by the Senate Committee

a) Impact of proposed changes on the local sugar industry, including the effect on grower economic interest sugar.

Since 2006, MSF Sugar has marketed raw sugar either directly to raw sugar buyers in Asia or via the collective marketing company QSL.

MSF Sugar negotiates a cane supply contract with the growers who supply its four sugar mills. Each mill has its own cane supply contract however the underlying cane price formula is the same at all mills. The basic cane price formula links the tonnes of cane supplied, the sugar content in the cane (called CCS) and the world sugar price.

The basic cane price formula is:

$P_{cane} = P_{sugar} \times (CCS – 4) \times 0.009 + \text{constant}$

Where P_{sugar} is the net sugar price from sales to the world sugar market. More than 95% of the net sugar price is determined from the ICE11 raw sugar futures market.

However each mill's cane supply contract may have some small variations on additional payments which mainly relate to cane logistics issues. This is incorporated in the constant in the cane price formula. This constant is less than $1 per tonne of cane, making up less than 5% of the P_{cane}.

The cane price formula in effect splits the revenue from the sale of raw sugar into the revenue to pay for the cane and the revenue the mill needs to operate the sugar mill and to make a profit for its business. The revenue to pay for the cane has recently started to be called 'grower economic interest sugar'. The grower share of the revenue from the sale of raw sugar is in the region of 60 to 65%, depending on the CCS of the sugar cane supplied.

'Grower economic interest sugar' is a term that has emerged in the industry in the past three years during negotiations with QSL on a new Raw Sugar Supply Agreement to allow millers to market (within the QSL system) part of the raw sugar produced by a mill. The reality is that this terminology does not appear in any cane agreement and is a catchphrase invoked throughout the growing side of the sugar industry.

Despite the notional splitting of the revenue described above, the risk on the raw sugar is transferred to the mill when title for the cane is transferred to the miller. This occurs when a grower delivers sugar cane to an agreed rail siding or truck pickup point. From this point the miller takes responsibility for transporting the cane to the mill, the conversion of the sugar cane into raw sugar and the delivery of the raw sugar to the export bulk terminal.

In both the MSF Sugar and QSL marketing systems both the miller and grower share in price risk of the physical sale to the final raw sugar buyer as it will impact on the P_{sugar}.

Growers who supply sugar cane to MSF Sugar can either have their P_{sugar} determined by the MSF Sugar marketing system or the QSL marketing system. The arrangements in place by mill are as follows:

Milling Region	Marketing System	Comment
Maryborough	MSF Sugar or QSL	QSL as an option since 2013. MSF Only option 2017 onwards
Mulgrave	MSF Sugar or QSL	QSL as an option since 2013. MSF only option 2017 onwards
South Johnstone	QSL only	MSF only option 2017 onwards
Tableland	QSL Only	MSF only option 2017 onwards

Table 1 Grower choice of marketing system by MSF Sugar Mill

Importantly in both marketing options the basic approach to setting of the P_{sugar} is the same:

- All raw sugar is stored and loaded for export at the STL owned bulk sugar terminals.
- Raw sugar is sold to refineries in Asia.
- Raw sugar is shipped to the refineries in Asia on bulk ships.
- All raw sugar is priced on the ICE11 raw sugar futures market.
- Payments for cane are made to growers over a 12-month period.

The typical make-up of the P_{sugar} is:

Component	Value
ICE11 raw sugar price	$450
C&F Premium	$55
Freight cost	-$30
Storage and Port costs	-$20
Finance and Marketing costs	-$5
P_{sugar}	**$450**

Table 2 Build-up of the P_{sugar} starting with the ICE11 raw sugar price

The C&F Premium is the negotiated premium paid by the bulk raw sugar buyer in Asia and will fluctuate year to year depending on Asian supply and demand. Year on year the difference between the ICE11 raw sugar price and P_{sugar} will be plus/minus $5 per tonne of raw sugar.

The concern voiced by some sectors of the cane growing community is that the best C&F premium will only be achieved by having a single desk seller of raw sugar. However the change to Australian marketing arrangements will not change the supply/demand situation in Asia. MSF Sugar and its growers are not in competition when selling raw sugar into the international market as both seeks to achieve the highest possible price. Both the miller and the grower are aligned in a desire to get the highest P_{sugar}.

MSF Sugar accepts that some sectors of the cane growing community feel insecure around the changes in the marketing of raw sugar and some have a mistrust of the sugar milling sector in general (as well as other large organisations).

In an industry where consecutive generations have farmed sugar cane, any perceived change can, and does, create apprehension and fear. Additionally there is an historic dependence on single desk marketing which was previously the QSL model. This model was simple because every sector of the industry received the same P_{sugar}.

Despite best efforts by MSF Sugar and other sugar industry bodies (including QSL), there remains a considerable misunderstanding by a significant number of growers about the link between the world sugar price and the price of cane. Many growers do not understand how the numbers are achieved and, as an industry, there is a lack of understanding about what happens to raw sugar once it leaves a mill.

However in the two milling regions (Mulgrave and Maryborough) where growers have had direct connection to the marketing of raw sugar to the final buyers, the engagement and level of understanding is greater and apprehension is less.

In these two regions growers have been involved at the local level in developing and evolving a cane pricing model.

The initial leader in the industry was Mulgrave Central Mill, a grower-owned cooperative in 2006 when this started (before it was later acquired by MSF Sugar). The approach taken by Mulgrave Central Mill has been continued subsequently by MSF Sugar. The approach is:

- Creation of a grower pricing/reference panel
- This panel has visibility and transparency of all the physical marketing activities undertaken by MSF Sugar. This involves having the activities independently audited.
- This panel is also involved in developing different cane pricing pools for growers:
    - It has evolved from a single grower managed collective pool to a number of pricing options.
    - This includes pools which allow individual decisions, grower collective and grower/miller collective decision pools.
    - This process to create pools is slow but involves the growers at the local mill area and is not imposed. Individual growers then have a choice of pool in which to price their sugar cane.

Since 2006, MSF Sugar has operated as an independent marketer and the company believes growers in these regions want to maintain this status. MSF Sugar has managed a successful operation outside of QSL. This is clearly demonstrated by decisions made by sugar cane growers in the Maryborough and Mulgrave mills region where a non-QSL sugar cane price system has been in place since 2006.

For the 2013 and 2014 cane seasons, growers in those regions had a clear choice between the marketing offering from MSF Sugar and QSL. At the end of 2013, Maryborough and Mulgrave region growers were given the choice to nominate either MSF Sugar or QSL raw sugar marketing system to determine the price of their cane.

In the Mulgrave region, 91 per cent of growers elected to remain directly connected to MSF Sugar as their marketing system. In the Maryborough region, 99 per cent of growers made the same decision. In our view, this confirms a clear endorsement by these growers that MSF Sugar provides the sought-after benefits and price results.

For 2014, commitment to remain with MSF Sugar’s marketing offer was further demonstrated when only two growers, one of whom is a Board Member of Tableland Canegrowers, moving to the QSL marketing system.

Pivotal to this Submission is the overriding fact that since MSF Sugar commenced marketing of raw sugar in 2006 there has not be any ‘proposed change’ between the price of cane and the world sugar price. Put simply, the direct link between the world sugar price and the price of cane has and will be maintained.

b. Equitable access to essential infrastructure;

The ability to market raw sugar for export relies on access to bulk raw sugar export facilities. In Queensland the bulk raw sugar storage and loading facilities are owned by STL but leased to QSL. QSL manage and operate the bulk raw sugar storage and loading facilities.

The Queensland Competition Authority (QCA) has the ability under Queensland legislation to regulate all the ports in Queensland if directed to do so. Since 2006 the QCA and QSL have an agreement to allow third party access to the bulk raw sugar storage and loading facilities.

Since 2006, MSF Sugar has had third party access agreement with QSL for these storage and loading facilities. Overall these arrangements have worked well and have allowed MSF Sugar to export raw sugar in an orderly manner.

MSF Sugar is not seeking any changes to these arrangements.

c. Foreign ownership levels in the industry and the potential to impact on the interests of the Australian sugar industry;

Historically, between 1999 and 2005, the Australian sugar industry underwent an unrelenting cycle of negative industry returns brought about by a combination of climatic, disease and price-related issues. The Government intervened by providing sustainability grants to the sugar industry as well as putting in place an agreement to further restructure and deregulate the industry.

Following this period, there was a need for significant capital investment particularly in the milling sector to upgrade and boost milling assets and infrastructure so that Australia could continue to compete satisfactorily in an increasingly competitive global marketplace.

In early 2012, in a deregulated market, Mitr Phol, Thailand and Asia's largest sugar and bioenergy producer, purchased MSF Sugar through an off-market takeover offer of the then publicly listed entity. The majority of shareholders at the time of the takeover offer consisted of either cane growers that supplied cane to MSF Sugar or institutional investors of which more than 95 per cent of these shareholders accepted the takeover.

The impact of ownership by Mitr Phol has been positive for MSF Sugar, positive for growers and for the Australian sugar industry.

Over the past two years, the foreign owners of MSF Sugar have invested around $200m of new capital into the Australian operations. At its own operations the investment has been:

- Creation of large efficient cane farms in MSF Sugar's three cane growing regions.
  - Purchase of additional farms to create larger farming units
  - Purchase of larger tractors
  - Installation of efficient irrigation systems to improve farm yields
  - Development of underutilised land into cane farms
- Increasing the crushing capacity and efficiencies of sugar mills, primarily the Tableland and South Johnstone Mills
  - $42 million spent at Tableland Mill
  - Year 2 of a four-year $60 million expansion and modernisation of South Johnstone Mill
- Developing and implementing cane pricing options for growers
- Developing and implementing marketing systems to link a raw sugar buyer back to a cane growing region

Mitr Phol through MSF Sugar is also supporting its local independent cane suppliers to improve their businesses. This has been by:

- Planting loans to growers in the Innisfail and Babinda regions to replant after Cyclone Yasi.
- Planting loans to growers who plant cane to expand supply to the company's sugar mills.
- Leasing land to growers to expand their farming business to realise better economies of scale.
- Loaning money to growers in the Maryborough region to install efficient irrigation systems to drought proof their farms and to improve farm profitability.

The above investment made by Mitr Phol in the Australian sugar industry was made possible because it was deregulated which has allowed investment decisions to be made at the local level.

Prior to the investment by Mitr Phol in the growing sector in the Innisfail region the area under cane was falling. This has turned around over during the past three years as MSF Sugar has supported and incentivised local growers to grow more sugar cane.

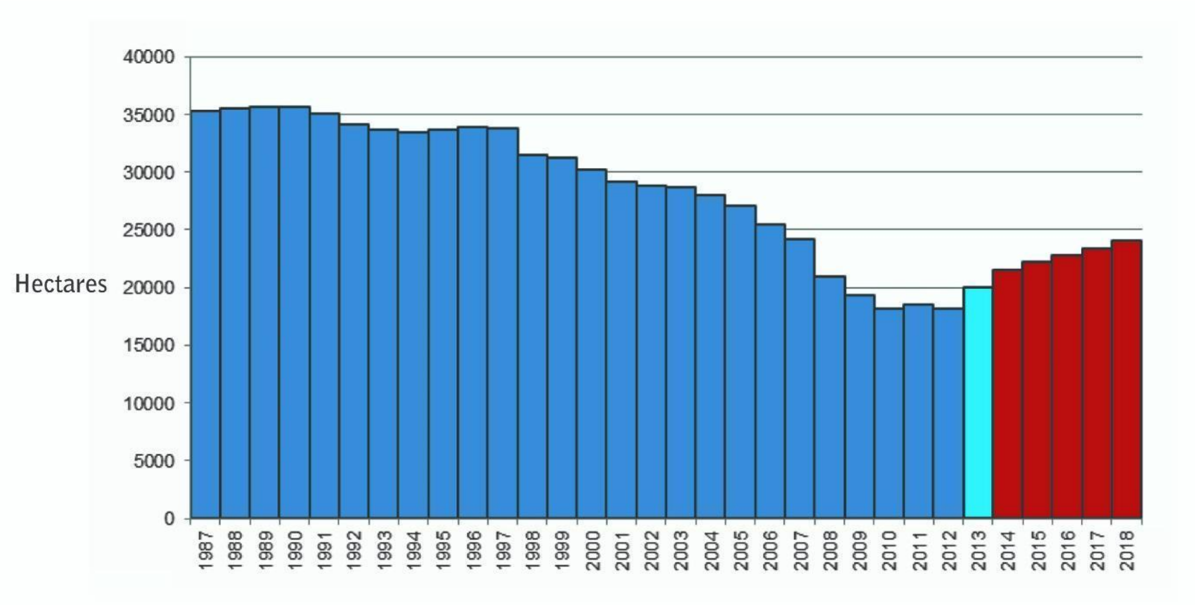

Chart 3 **Area under cane in the Innisfail-Babinda supply area**

d. Whether there is an emerging need for formal powers under Commonwealth competition and consumer laws, in particular, whether there are adequate protection for growers-producers against market imbalances; and

There is a very close symbiotic relationship between cane growers and millers. Each party relies on the other for its survival.

Sugar cane has:

- Low value per tonne (around $60 per tonne of cane)
  - Therefore must be grown close to a mill to minimise transport costs
  - Ideally the cane will be within 30km of the sugar mill
- Must be converted into raw sugar within 24 hours of harvesting
- Its can only be converted into raw sugar or ethanol

A sugar mill:

- Can only process sugar cane
- Needs a very large volume of sugar cane to cover its fixed costs
- Needs the sugar cane to be harvested in an orderly manner to maintain its quality

Therefore both the sugar cane grower and the sugar mill must work together to:

- Have sufficient cane to mill
- Ensure harvesting of cane proceeds in an orderly manner.

Therefore MSF Sugar cannot afford to treat growers poorly as it will have insufficient cane to profitability operate a sugar mill.

Sugar cane farmers have options on what they do on their land. They are not forced to grow sugar cane and in fact many land owners in the region around a sugar mill use their land for other uses.

The fact is that sugar mill owners are exposed to more risk than individual sugar cane growers. There are several recent instances were sugar mills were forced to close because growers collectively stopped providing enough sugar cane to operate a sugar mill economically. The most recent example was when MSF Sugar closed Babinda mill in 2012 because of inadequate cane supply and rationalised cane supply in the region by transferring this cane to the adjacent Mulgrave and South Johnstone Mills.

Another example is the closure of Moreton Mill (by Bundaberg Sugar) on the Sunshine Coast region of SE Queensland. The closure of this mill (due to inadequate cane supply) has effectively ceased the growing of sugar cane in this region. MSF Sugar is trying to foster a small cane growing industry in this region by working with local growers to truck cane over 100 km to the Maryborough Mill. This haul distance is longer than what is normally considered economic but in this situation both the grower and the mill are working closely together to try and retain sugar cane growing in this region. But it is not easy and to allow it to work it needs innovative solutions, not more regulation.

Should cane growers wish to leave the sector they have options to move from cane farming to alternative farming activities relatively quickly (Table 4), providing adequate protection against perceived adverse decisions by the sugar miller which may be affecting their farming activities.

Mill Region	Other major activities and risks	Comments
Maryborough	Cattle and small acre hobby farms	Many cane farms are seen as an ideal size for a large hobby farm
South Johnstone	Bananas and Cattle	The region is one of the major banana growing regions in Australia
Mulgrave	Urban encroachment	This has seen sugar mills close in the area as the cane land is ideal for urban development
Tableland	Bananas, avocados, small crops, macadamia nuts, cattle and dairy	This region due to its number of micro climates is an ideal area for many agriculture activities

Table 4 Alternative land uses in the area surrounding the MSF Sugar mills

The following Table 5 demonstrates what happened in the Babinda/Innisfail region when the economic return from growing sugar cane is not financial competitive as other land uses.

Year	Cattle	Bananas	Trees	Real Estate	Abandoned	Tully	Total
2004/05	650	933	327	-	-	-	**1910**
2006	898	656	639	-	-	-	**2193**
2007	388	151	497	22	-	-	**1058**
2008	588	198	588	90	-	1467	**2931**
2009	360	267	414	99	361	56	**1557**
2010	93	74	-	27	72	-	**266**
2011	19	-	-	-	-	-	**19**
Total	**2996**	**2279**	**2465**	**237**	**432**	**1523**	**9932**

Table 5 Area in hectares lost to alternative land uses in the period 2004 to 2001 in the Babinda/Innisfail region

In summary, an owner of a sugar mill is totally reliant on the local land owners to grow sugar cane. Without this supply the mill is uneconomic and will be forced to eventually close. However a land owner on the other hand has many choices of what to do with their land, with the growing of sugar cane being only one option. Therefore it is important for a sugar mill owner to:

- Operate an efficient, reliable mill
- Maintain an appropriate season length
- Ensure sugar is competitive with other uses for the grower's land

- Provide a financial outcome from cane better than alternative uses for the land
- Have a transparent method to determine the price of cane
- Have an equitable method to harvest and deliver sugar cane to the mill for processing over a five-month harvest period

The deregulation of marketing has not changed these requirements and no mill owner has acted in any way to change the split of proceeds from the sale of raw sugar.

MSF Sugar's view is that current laws provide sufficient protection to land owners in their commercial dealings with sugar millers.

CONCLUSION

The deregulation of the sugar industry since 2006 has created physical marketing and cane pricing innovation and attracted new investment in both the growing and milling sectors.

MSF Sugar has successfully marketed outside of the single desk marketer (QSL) since 2006. Growers in the Mulgrave and Maryborough regions have been part of this system and the vast majority of the growers in these regions elected to stay with the MSF Sugar marketing system when they were given a choice in 2013 and 2014.

The current regulation framework in place has allowed MSF Sugar to access key industry infrastructure to successfully market sugar to overseas customers. MSF Sugar does not see the need or desire to create any new regulations.

Growers who have their cane price determined under the MSF Sugar marketing system have a transparent price which is directly linked to the world sugar market. It should be note that this link is the same under either the QSL or MSF Sugar marketing system as it is defined in the cane supply contract between the miller and grower.