

SENATE RURAL & REGIONAL AFFAIRS & TRANSPORT LEGISLATION COMMITTEE

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**Inquiry into the current and future arrangements for the marketing of
Australian sugar**

**Friday, 13 March 2015
Townsville, QLD**

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Wilmar Sugar

Wilmar Sugar Australia Limited
Apt 11/17, 200 916

Level 1 5-21 Dennam Street
Townsville QLD 4810

PO Box 612, Townsville
QLD 4810 Australia

Tel +61 7 4722 1972

Fax +61 7 4724 5715

info@wilmar.com.au

www.wilmar-international.com



6 March 2015

NOTICE TO GROWERS SUPPLYING HERBERT MILLS

Re Notice Pursuant to Clause 2.5(c) Cane Supply Agreement (CSA) 2014-2016 Seasons - Negotiations for the 2017 Season

As you may be aware, Wilmar is currently undertaking a program of engagement with Grower Representatives to negotiate a new sugar marketing arrangement to commence in 2017 to deliver better returns to growers. It is our intention to negotiate a fair and balanced outcome with your collective that will support the viability and growth of the industry.

Under your CSA, there is a provision, clause 2.5, that allows for an annual extension of the term by one further season. As of 24 March, where there is no notice to the contrary, you and Wilmar Sugar are deemed to have agreed to the "Extension Offer" in the CSA, and the obligations of the CSA would then be deemed to cover one further season i.e. the 2017 season. That is, without notice from you, your collective or Wilmar Sugar, the CSA would be considered to roll over to the next season, being the 2017 season.

However, new marketing arrangements to be agreed with Grower Representatives for the 2017 season will require a new CSA which will replace the current 2014-2016 CSA and therefore we wish to advise you that we do not intend to extend your existing agreement.

Accordingly, Wilmar Sugar is providing you with this notice pursuant to clause 2.5(c) of the CSA:

Notwithstanding the issue or receipt by Wilmar Sugar of an "Extension Offer" from you or your Growers' Representative, Wilmar Sugar gives you notice that it rejects any "Extension Offers" made, or deemed to have been made, by you or other growers in respect of an extension of the current CSA for the 2014-2016 seasons to include the 2017 season. Consequently the current CSA will terminate at the final payment for cane for the 2016 season.

For the avoidance of doubt, this is a formal notice that the 2014-2016 CSA will end with the final payment for cane for the 2016 season. For the 2017 season, the new CSA that is negotiated with Grower Representatives will operate.

Wilmar remains committed to constructive engagement and negotiations with your collective to achieve a mutually agreed position on future sugar marketing arrangements, to allow CSA's to be developed for the 2017 season and beyond. This commitment is designed to see you achieve better returns and more flexible payment arrangements for your cane. Further meetings and discussions with your grower collective are expected to occur shortly.

Should you have any questions, please do not hesitate to call Peter Allen on 4722 1975.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'John Pratt'.

John Pratt
Executive General Manager North Queensland
Wilmar Sugar Australia

Wilmar Sugar Australia Limited

The party identified in Schedule 1 (represented by
Herbert River District Cane Growers Organisation
Limited)

HRDCGO – 3 year Collective Cane Supply Agreement (2014-2016)

The parties signing below acknowledge that this Cane Supply Agreement for the Relevant Seasons 2014-2016 is a restated version of the originally agreed Cane Supply Agreement for the Relevant Seasons 2009-2011. The document incorporates all variations agreed by the parties to date contained in 3 Deeds of Variation dated 31 October 2011, 8 February 2013 and June 2014.

S Guazzo
for Herbert River District Cane Growers Organisation Limited on behalf of Growers, and

JC Pratt
for Wilmar Sugar Australia Limited.

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Date

Parties

Wilmar Sugar Australia Limited ABN 47 098 999 985 of Level 1, Trinita 3,
39 Delhi Road, North Ryde, New South Wales (**Wilmar Sugar**)

The party identified in Schedule 1 (Grower)

Background

- A The Grower wishes to supply Cane to Wilmar Sugar and Wilmar Sugar wishes to purchase that Cane on the terms and conditions set out in this Agreement.
- B The Grower may also wish to take up an opportunity to forward price some of the Cane the Grower will provide under this Agreement and Wilmar Sugar will facilitate that forward pricing on the terms of a related Forward Price Agreement to be read in conjunction with this Agreement.
- C This Agreement is a collective contract as defined in section 33 of the Act.
- D The terms of this collective contract have been negotiated on the Grower's behalf by the Growers' Representative and is authorised by section 237 of the Act.

Agreed terms

1 Interpretation

1.1 Definitions

In this Agreement:

Act means the *Sugar Industry Act 1999* (Qld) as amended from time to time during the term of this Agreement.

Agreement means this agreement including all of its Schedules, Addendums and Appendices (including, where applicable, the terms of any Forward Price Agreement entered into by the Grower to the extent that the Forward Price Agreement amends this Agreement).

AUD means Australian dollars.

Bin means a cane railway bin.

Block means a delineated area being cultivated for Cane production where the area contains Cane considered to be of the same Cane class (ratoon age) and variety as indicated by the Grower. Each Block recorded for a Farm has a numeric code (in the form 1-2) unique to that Farm and a calculated area in hectares.

Business Day means a day which is not a Saturday, Sunday or bank or public holiday in the District referred to in **Schedule 1**.

Cane means sugar cane (being the outer rind and all components of the sugar cane) to be supplied by the Grower and other Suppliers.

Cane Analysis means the procedures for determining CCS and other characteristics as described in the Cane Analysis Program.

Cane Analysis Program means the cane analysis program in use by Wilmar Sugar in the District as amended from time to time and a copy of which is available for inspection from Wilmar Sugar at any of its Mills in the District.

Cane Auditor means, pursuant to the Cane Analysis Program, an auditor of Cane samples and other matters specified in this Agreement.

CCS means the commercial cane sugar determined in accordance with the Cane Analysis Program for a Delivery.

CCS (Actual Sample) means the CCS for the Grower's Delivery of Cane as determined in accordance with the Cane Analysis Program.

CCS (Relative) means the CCS calculated for the Grower in accordance with **Schedule 5 – clause 3** (Relative CCS).

Collective Cane means all Cane supplied in a Relevant Season by Collective Growers.

Collective Growers means parties represented by the Growers' Representative and supplying Cane to Wilmar Sugar under the terms of a collective contract as defined in section 33 of the Act for crushing at a Mill.

Consignment Note means the printed form provided by Wilmar Sugar to the Grower to identify and provide details relating to every Delivery of Cane.

Contract Area means

- (a) during the first three Relevant Seasons, the area of Land nominated for each of those Relevant Seasons in hectares in **Schedule 1** from which Cane is to be supplied to Wilmar Sugar under this Agreement; and
- (b) in each subsequent Relevant Season (if the term of this Agreement is extended in accordance with **clauses 2.5 or 2.6**), the area of Land applicable in the preceding Relevant Season or such other area as may be agreed between the Grower and Wilmar Sugar in writing.

Corresponding Agreement means a form of cane supply agreement entered into by Collective Growers containing the same terms as this Agreement or the same terms as an extension of this Agreement, as applicable.

Crop means the aggregate tonnes of Cane growing on the Lands of all Suppliers for harvest during the Relevant Season.

Crushing Season means the period in each of the Relevant Seasons during which Wilmar Sugar crushes Cane at its Mills in the District.

Delivery means the harvested Cane contained in the Bins whose numbers are recorded on a particular Consignment Note, whether this information be provided or amended by the Grower, his/its agent or Wilmar Sugar. (A Delivery may subsequently be divided for juice sampling in accordance with the Cane Analysis Program).

Delivery Point means the cane railway siding or other location at which the Grower is to deliver the Grower's Cane to Wilmar Sugar.

District means the Land cultivated for the production of Cane in the district identified in **Schedule 1**.

District Cane means all Cane supplied to Wilmar Sugar under Cane supply agreements in the District.

EFT means Electronic Funds Transfer by way of the gateway system operated by Australian financial institutions as a means used by Wilmar Sugar for making payments to the Grower.

Extraneous Matter means Cane plant material unsuitable for the production of raw sugar such as tops, trash, dried-up, diseased or decayed Cane as well as dirt, rocks and any other non-Cane or foreign matter included with Cane supplied in Bins.

Farm means the aggregate of Blocks that the Grower has indicated will constitute each discrete supply unit as shown in **Schedule 1** by its unique Farm number identifier.

Forward Price Agreement means an agreement, if any, between the Grower and Wilmar Sugar pursuant to which the Grower forward prices a portion of the Grower's Cane to be supplied to Wilmar Sugar pursuant to this Agreement.

Grower means the person who has signed this Agreement to supply Cane to Wilmar Sugar, being a member or applicant for membership of the Growers' Representative.

Growers' Representative means the bargaining representative (as defined in the Act) that negotiated the terms of this collective Agreement and being the organisation identified as the Growers' Representative in **Schedule 1**.

GST means the Goods and Services Tax referred to in *A New Tax System (Goods and Services Tax) Act 1999* as amended.

Harvest Day means the calendar day on which a Delivery is harvested.

Harvest Pool means the pool by that name that is managed by QSL and into which a quantity of sugar produced by Wilmar Sugar and other sugar millers is allocated for marketing by QSL in accordance with the provisions of the RSSA.

Harvest Pool Value means:

- (a) the Net IPS Price expressed in AUD per tonne IPS sugar (exclusive of GST), received by Wilmar Sugar from QSL under the RSSA in respect of sugar allocated to the Harvest Pool; or
- (b) in the event that, due to a lack of supply of Cane, Wilmar Sugar has not had any of its sugar allocated to the Harvest Pool so as to

receive a Net IPS Price in respect of that Pool, the Net IPS Price on a per tonne basis as advised by QSL to Wilmar Sugar in respect of the Harvest Pool.

Harvesting Group means the Grower, or a group comprising the Grower and other Suppliers, whose Lands are to be harvested together in an agreed manner.

Harvesting Group Spokesperson means the person selected by the members of a Harvesting Group to confer with Wilmar Sugar and others regarding Harvesting Group matters.

IPS or International Polarisation Scale means the value adjustment scale for sugar described in the rules of the Sugar Association of London. It defines incremental value premiums and penalties applied to sugar above 96 degrees polarisation.

Land means the land upon which the Grower has agreed to grow Cane or all land upon which the Grower and other Suppliers have agreed to grow Cane, as the context requires.

Mill means a raw sugar processing mill in the District.

Net IPS Price means, in respect of a relevant pool, the net price paid to Wilmar Sugar by QSL in accordance with the RSSA in respect of that pool.

QSL means Queensland Sugar Limited, ABN 76 090 152 211

Reference Sugar Value means the weighted average sugar value expressed in AUD per tonne IPS sugar (exclusive of GST) of Wilmar Sugar's allocation of sugar to US Quota and the Harvest Pool for the balance of Wilmar Sugar's total sugar production for the Relevant Season.

Related Body Corporate has the same meaning as is ascribed to that term in the *Corporations Act 2001* (Cth).

Relevant Season means, subject to **clause 2.5** and **2.6**, one or more of the years described as "Relevant Seasons" in **Schedule 1**, as the context requires.

RSSA means the raw sugar supply agreement in place from time to time between QSL and Wilmar Sugar which governs the management and marketing of export raw sugar manufactured by Wilmar Sugar from Cane supplied under this and other cane supply agreements.

Start Date means, in relation to each Crushing Season, the date on which a Mill will commence crushing Cane as determined in accordance with **clause 3.1**.

Supplier means all persons in a District supplying Cane to Wilmar Sugar in accordance with supply contracts in a Relevant Season.

US Quota Value means the Net IPS Price expressed in AUD per tonne IPS sugar (exclusive of GST), received by Wilmar Sugar from QSL under the RSSA from time to time, specifically derived from the sale of raw sugar supplied by Wilmar Sugar during the Relevant Season, and managed and marketed under specific US Quota entitlements issued to Wilmar Sugar by the Australian

Government, and in respect of which the pricing and foreign currency transactions are managed by QSL in its sole discretion.

Website means the internet website operated by Wilmar Sugar, www.wilmargrowerweb.com, which contains information relevant to Suppliers and which the Grower can access in a secure way to obtain information relevant to the supply and payment for Cane under this Agreement.

1.2 Construction

Unless expressed to the contrary, in this Agreement:

- (a) words in the singular include the plural and vice versa;
- (b) any gender includes the other genders;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) "includes" means includes without limitation;
- (e) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause or would otherwise benefit from it; and
- (f) a reference to:
 - (i) a person includes a partnership, joint venture, unincorporated association, corporation and a government or statutory body or authority;
 - (ii) a person includes the person's legal personal representatives, successors, assigns and persons substituted by novation;
 - (iii) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced; and
 - (iv) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation.

1.3 Headings

Headings do not affect the interpretation of this Agreement.

1.4 Wilmar Sugar Related Bodies Corporate

- (a) The parties acknowledge that Wilmar Sugar may exercise some or all of its rights and perform some or all of its obligations under this Agreement through one or more of its Related Bodies Corporate. In such cases, the acts and omissions of any such Related Body Corporate will be deemed to be the acts or omissions of Wilmar Sugar and the Grower agrees to pursue any rights it may have arising in relation to this Agreement and its performance or non-performance against Wilmar Sugar solely, and to release Wilmar Sugar's Related Bodies Corporate from any such claims whether in tort, contract or otherwise.

- (b) The Grower acknowledges and agrees that this clause operates for the benefit of and may be relied upon by Wilmar Sugar's Related Bodies Corporate and that Wilmar Sugar accepts the benefit of the clause as agent by this Agreement for each of its Related Bodies Corporate.
- (c) This clause shall survive termination and expiration of this Agreement.

2 Term and Transfer of Land

2.1 Commencement

This Agreement will commence on the date upon which it has been signed by both Wilmar Sugar and the Grower. The Grower acknowledges that Wilmar Sugar will only sign and be bound by this Agreement after it has received signed contracts from a sufficient number of Collective Growers to justify, in Wilmar Sugar's discretion, commitment to the terms of this Agreement.

2.2 Term

Subject to **clause 2.5** and **2.6**, this Agreement remains in force until final payment is made by Wilmar Sugar for the last Relevant Season referred to in **Schedule 1**.

2.3 Opt out provision

- (a) The Grower may, with the prior written consent of Wilmar Sugar, cease to be a party to this Agreement by entering into another collective contract for the supply to Wilmar Sugar of Cane otherwise to be supplied under this Agreement, or by entering into an individual supply contract with Wilmar Sugar for Cane that would otherwise be supplied under this Agreement.
- (b) Wilmar Sugar must consult with the Growers' Representative before giving its consent, and Wilmar Sugar's consent may be subject to conditions including a condition that the Grower pay to Wilmar Sugar an administration fee to reflect the cost of administering the change in contracts.
- (c) The Grower acknowledges that, should the Grower cease to be a member of the Growers' Representative, the Growers' Representative may serve a written notice on Wilmar Sugar advising of that cessation of membership and the date when it is effective. Upon receipt of such notice, the parties acknowledge and agree that, subject to **clause 2.3(d)**, this Agreement will terminate.
- (d) The Grower acknowledges that the Grower cannot cease to be a party to this Agreement pursuant to this **clause 2.3** during the course of a Crushing Season. For the avoidance of doubt, nothing in this clause prevents the Grower from transferring the Grower's Land in accordance with the process described in **clause 2.4**.

2.4 Transfer of Land

- (a) The Grower may sell, novate, assign or otherwise transfer the Grower's interest in the Land (including by the granting of a lease) to a transferee (**Transferee**) provided that:
 - (i) The Transferee executes an agreement with Wilmar Sugar (in a form satisfactory to Wilmar Sugar) (Accession Agreement) pursuant to which the Transferee agrees to be bound by the terms of this agreement for the balance of its term and to be bound by the Forward Price Agreement, if any; and
 - (ii) The Grower will remain liable to Wilmar Sugar for any breaches of this Agreement and the Forward Price Agreement that occurred before the date on which the Transferee and Wilmar Sugar execute the Accession Agreement.

2.5 Extension of term

- (a) Wilmar Sugar and the Growers' Representative shall meet to review the operation of the Agreement and to determine whether any clauses require variation as provided for in **clause 15.12** prior to 15 December in each year of this Agreement.
- (b) Unless the Grower otherwise advises Wilmar Sugar in writing prior to 28 February in each year following the December date referred to in **paragraph (a)**, the Grower will be deemed to have made an offer to extend the term of this Agreement (**Extension Offer**) to cover another Crushing Season beyond the last Relevant Season under the then current term.
- (c) Unless Wilmar Sugar advises the Grower in writing that it rejects an Extension Offer by 24 March following the December date referred to in **paragraph (a)**, this Agreement will be deemed to have been extended for a further Crushing Season and the description of Relevant Seasons in **Schedule 1** shall be amended accordingly and all other provisions of this Agreement shall apply as if the additional Crushing Season always formed part of this Agreement.
- (d) For the avoidance of doubt, for as long as Extension Offers are not rejected by Wilmar Sugar it will have the effect of creating a rolling three year Agreement. Where the Grower advises that it is not extending prior to 28 February in a particular year, or where Wilmar Sugar rejects an Extension Offer, it will have the effect of bringing this Agreement to an end when the final payment for Cane is made to the Grower in respect of the last Crushing Season of the then current three year term.

2.6 Early extension of term

- (a) Where Wilmar Sugar elects to allow forward pricing for Cane to be supplied beyond the current term of this Agreement and that election is made before 15 December in a Relevant Season,

Wilmar Sugar will notify the Growers' Representative and the Grower of that decision.

- (b) Where the Grower wishes to participate in a Forward Price Agreement for Cane to be supplied beyond the current term of this Agreement, the term of this Agreement may be extended at an earlier date than the date referred to in **clause 2.5** by mutual agreement of Wilmar Sugar and the Grower evidenced in writing, or by electronic means through the Website.
- (c) The parties acknowledge and agree that where an early extension occurs as contemplated by **clause 2.6(b)**, any subsequent extension of this Agreement effected pursuant to **clause 2.5(a)** will be binding upon the Grower and Wilmar Sugar and will replace the agreement extended pursuant to this **clause 2.6**, to the extent that the extended agreement under this clause relates to the same Relevant Season(s) referred to in the extension effected pursuant to **clause 2.5**.
- (d) However, if this Agreement has been extended pursuant to **this clause 2.6** and subsequently, an insufficient number of Collective Growers (in the opinion of Wilmar Sugar, acting reasonably) effect an extension of their Corresponding Agreements covering the same Relevant Season(s) to which the early extension by the Grower under this clause relates, Wilmar Sugar reserves the right to terminate the Agreement extended pursuant to this **clause 2.6** insofar as it relates to the extension beyond the term of this Agreement in effect at the time of the extension pursuant to this **clause 2.6**. In those circumstances:
 - (i) the termination will be by written notice;
 - (ii) the termination will be without liability under this Agreement and without prejudice to either party's rights under any Forward Price Agreement with the Grower relating to the period of the terminated extension; and
 - (iii) the Grower agrees to execute a replacement cane supply agreement, if any, negotiated by Wilmar Sugar and the Growers' Representative covering the same or more Relevant Seasons as the terminated part of the extended Agreement.

3 Crushing Seasons

3.1 Start Date

- (a) Before the start of each Relevant Season, Wilmar Sugar will consult with the Growers' Representative and the representatives of other collectives regarding a suitable Start Date for the commencement of crushing at each of its Mills in the District. Having regard to those consultations and based on:
 - (i) Wilmar Sugar's estimate of the Crop size for the Relevant Season;

- (ii) each Mill's capacity having regard to past performance and any known factors likely to affect performance of the Mill(s) in the forthcoming Relevant Season; and
- (iii) an allowance for normally expected wet weather, cleaning intermissions and unplanned stops at the Mills,

Wilmar Sugar will decide a proposed Start Date for each Mill and consult with the Growers' Representative in relation to that proposed Start Date. After that further consultation, Wilmar Sugar will determine the intended Start Date and notify the Grower of the intended Start Date for each Mill by placement of a notice on the Website. Wilmar Sugar will use reasonable endeavours to nominate the planned Start Date by the end of April in each year of this Agreement.

- (b) The actual Start Date and time at each Mill for the purposes of this Agreement will be the time at which the first Cane for the Relevant Season passes through the number one crushing unit of the relevant Mill.

3.2 Different Start Dates

- (a) In Districts where there is more than one Mill, Wilmar Sugar may nominate different Start Dates for each of the Mills in the District after consultation with Growers' Representative and the grower representatives of other collective Suppliers.
- (b) For Districts with more than one Mill, there may be additional clauses that apply in relation to the commencement of crushing contained in **Schedule 2**.

3.3 Crushing Schedule

Having regard to the factors in paragraphs (i), (ii) and (iii) of **clause 3.1(a)**, Wilmar Sugar will also determine a crushing schedule after consultation with the Growers' Representative. Subject to the factors referred to in **clauses 3.1(a)(ii) and 3.1(a)(iii)**, the crushing schedule will be designed to allow for continuous 7 day per week crushing or such other mode of crushing determined after consultation with the Growers' Representative.

3.4 Delays

- (a) The parties acknowledge that delays to crushing can and do occur as a result of wet weather, inadequate Cane supply, delayed Cane supply against supply levels anticipated by Wilmar Sugar, or supply against Wilmar Sugar scheduled deliveries, Cane quality issues, Mill breakdowns and cleaning periods and factors outside the control of the parties.
- (b) Subject to **clause 3.5(a)**, recommencement of crushing at a Mill after a delay will take place as soon as practicable taking into account relevant factors including, without limitation:
 - (i) the moisture of the soil and the suitability for harvest so as not to unnecessarily damage Cane stools for subsequent seasons;

- (ii) the ability of Wilmar Sugar to obtain sufficient Cane from all Suppliers to maintain an adequate supply of Cane to the Mill to allow, in Wilmar Sugar's opinion, acting reasonably, commercially justified operation of the Mill; and
- (iii) the factors, if any, specified in **Schedule 2**.

3.5 Cessation of Crushing

- (a) Crushing of Cane at a particular Mill in a Relevant Season may cease when, in the opinion of Wilmar Sugar, acting reasonably and after consultation with Growers' Representatives and the grower representatives of other collective Suppliers:
 - (i) the Cane available to be crushed at that Mill falls below the tonnage of Cane that Wilmar Sugar requires to have the Mill operate on an economically viable basis; or
 - (ii) due to prolonged or regular wet weather interruptions to harvesting of Cane or other circumstances, Wilmar Sugar considers that there is inadequate volumes of Cane being supplied on a regular basis to economically justify continuation of the Crushing Season at that Mill.
- (b) By giving at least 10 Business Days notice, Wilmar Sugar will notify the Grower in writing of the date on which it is expected harvesting will cease. Wilmar Sugar will use its best endeavours to keep the Grower informed by way of notices on the Website of any change to the likely date of cessation of harvesting.
- (c) For Districts with more than one Mill, there may be additional clauses that apply in relation to the cessation of crushing contained in **Schedule 2**.

4 Cane supply obligations

4.1 Grower's obligation

Unless otherwise agreed in writing, the Grower agrees to:

- (a) Grow Cane for supply to Wilmar Sugar in each Relevant Season on the minimum percentage of the Contract Area as specified in **Schedule 1**;
- (b) supply that Cane to the Delivery Point in accordance with the harvest roster times determined in accordance with this Agreement subject to Wilmar Sugar fulfilling its obligations in relation to empty Bin delivery;
- (c) grow only Cane varieties approved pursuant to the Plant Protection Act 1989 as amended from time to time; and
- (d) utilise sustainable agronomic practices in endeavouring to produce Cane of acceptable quality.

4.2 Standover Cane

- (a) The Grower may leave standover Cane on the Land in any year, subject to the Grower first making application to Wilmar Sugar, stating reasons in writing, prior to the end of October in the Relevant Season, and the application being approved in writing by Wilmar Sugar. In considering an application under this clause, Wilmar Sugar will act reasonably and will have regard to such factors as weather impacts and the time at which Cane will be ratooned. Wilmar Sugar's approval may be given subject to an obligation on the Grower to make payments under the Forward Price Agreement, if any, for that portion of the Cane being stood over.
- (b) In the event that the likelihood of standover Cane only becomes apparent after the end of October in a Relevant Season, the Grower will advise Wilmar Sugar accordingly as soon as practicable and, unless Wilmar Sugar, acting reasonably, notifies the Grower within 10 Business Days of the advice from the Grower that Wilmar Sugar requires such Cane to be harvested, the Grower may, subject to making any payments due under any Forward Price Agreement in relation to the standover Cane, allow the Cane to be stood-over.

4.3 More than one farm worked in conjunction

Where the Grower owns, leases or manages more than one property in the District in respect of which the Grower has signed Cane supply Agreements with Wilmar Sugar and duly made a nomination in **Schedule 1**, the Grower will not be in breach of this Agreement for failing to comply with **clause 4.1(a)** if the Grower supplies Cane from the minimum percentage of Contract Area specified in **Schedule 1** of the total area of Land owned, leased or managed by the Grower and in respect of which the Grower has signed a Cane supply Agreement with Wilmar Sugar.

4.4 Proposed increases to Contract Area

- (a) If the Grower wishes to increase the area of Land from which Cane will be grown for supply to Wilmar Sugar under this Agreement from that specified in **Schedule 1**, the Grower will provide written notice to Wilmar Sugar and the Growers' Representative at least one month prior to planting of Cane on that additional Land.
- (b) Wilmar Sugar will notify the Grower within 10 Business Days of receiving notice of the proposed additional planting if Wilmar Sugar decides that it does not wish to accept Cane from the additional Land. If Wilmar Sugar fails to notify the Grower within the 10 Business Day time limit, Wilmar Sugar will be deemed to have decided that it will accept Cane from the additional Land.
- (c) Where Wilmar Sugar agrees or is deemed to have agreed to accept Cane from the additional Land, the additional Land will be

deemed to form part of the Contract Area under this Agreement for all purposes from that date, and the Cane from that additional Land will be deemed to be Cane for all purposes under this Agreement from that date.

4.5 Proposed reduction in Contract Area

Where the Grower wishes to reduce the Contract Area during the term of this Agreement, the Grower must make written application (with reasons) to, and obtain the written consent from, Wilmar Sugar which must act reasonably (without obligation to accept the proposal) in considering any such request.

4.6 New Collective members

- (a) Where, before the commencement of a Relevant Season a Supplier applies to become and is accepted as a Collective Grower in the same collective as the one to which the Grower belongs, the provisions of this Agreement requiring calculations of CCS and other matters on a collective basis shall be applied from the start of the next Relevant Season so as to include the Cane supplied by the Supplier that successfully applied to become a Collective Grower
- (b) For the avoidance of doubt, **clause 4.6(a)** will not apply during a Relevant Season in respect of a Supplier that became a Collective Grower during that Relevant Season and will only apply from the start of the next Relevant Season.

5 Harvesting, Transport, Bin Supply and Workplace Health and Safety

5.1 Obligations

- (a) Wilmar Sugar will be responsible for scheduling the harvesting and transportation of the Grower's Cane.
- (b) Wilmar Sugar shall use its best endeavours to ensure that the Harvesting Group is provided with a continuous supply of Bins as near as practicable to the rostered time and the Grower commits to using their best endeavours to ensure harvested Cane is delivered, consigned and Bins are available for collection by the scheduled pick up time.

5.2 Harvesting Group

The Grower must participate in a Harvesting Group selected by the Grower after consultation with Wilmar Sugar.

5.3 Spokesperson

Where the Grower is a member of a Harvesting Group with other Suppliers, the Grower will meet with the other Suppliers for the purpose of appointing a Harvesting Group Spokesperson who will act as an agent for the members of the Harvesting Group for all discussions and agreements over harvesting issues with Wilmar Sugar. Where the Harvesting Group fails to appoint a

spokesperson and to communicate the identity of the spokesperson to Wilmar Sugar by the end of April in the relevant year, Wilmar Sugar may appoint a Harvesting Group Spokesperson from that Harvesting Group.

5.4 Schedule 3 Requirements

Wilmar Sugar and the Grower agree to comply with the principles and requirements of **Schedule 3** in relation to (without limitation):

- (a) Harvesting Group formation, harvesting rosters and scheduled harvesting times;
- (b) Bin allotment and delivery schedules;
- (c) Harvesting and transportation operational requirements and monitoring mechanisms;
- (d) Cleaning of Delivery Points;
- (e) Workplace Health and Safety requirements in respect of Delivery Point and cane transport operations; and
- (f) The attachment of Consignment Notes to each Delivery of Cane.

6 Cane acceptance obligations

6.1 Wilmar Sugar obligations to take Cane

Wilmar Sugar agrees to:

- (a) subject to **clause 6.2**, accept all Cane delivered to the Delivery Point in accordance with this Agreement;
- (b) be responsible for the rail transport and processing of all Cane delivered by the Grower; and
- (c) weigh and analyse the Cane to determine CCS in accordance with the Cane Analysis Program.

6.2 Refusal

- (a) Wilmar Sugar may refuse to accept Cane on the grounds that, in the opinion of Wilmar Sugar acting reasonably, the Cane is not fit for the manufacture of raw sugar of acceptable quality. Wilmar Sugar will not be liable to make any payment to the Grower for Cane that has been refused. Cane may be refused by Wilmar Sugar at any point prior to crushing.
- (b) Wilmar Sugar shall, as soon as practicable, advise the Grower if it has refused to accept any Delivery of Cane from the Grower. Wilmar Sugar shall retain refused Cane for a period of 3 days so that it may be inspected by the Grower or the Growers' Representative.

6.3 Risk and title

- (a) Title and, subject to **clause 6.2(a)**, risk in the Cane shall pass to Wilmar Sugar immediately upon delivery of the Cane to Wilmar Sugar at the Delivery Point.
- (b) Cane will be deemed to be delivered to Wilmar Sugar when Bins filled with billeted Cane are delivered to the Delivery Point and accompanied by a correctly completed Consignment Note in readiness for cane railway transportation.

6.4 Cane quality and extraneous matter

Notwithstanding other provisions of this Agreement, Wilmar Sugar and the Grower agree that the provisions of **Schedule 4** apply in relation to Cane quality and Extraneous Matter found with Cane Deliveries. For the avoidance of doubt, the remedies available to Wilmar Sugar under **Schedule 4** will not apply where Wilmar Sugar elects to refuse to accept the Cane in accordance with its rights under **clause 6.2(a)** due to poor quality or the level of Extraneous Matter.

7 Cane payment

7.1 Application and Forward Price Agreement

- (a) This **clause 7** operates to provide the Grower with regular payments for Cane supplied to Wilmar Sugar and will be read in conjunction with the CCS relativity scheme in **Schedule 5**. The Grower will also be entitled to adjustment payments provided at various times based on sugar advances received by Wilmar Sugar.
- (b) The Parties acknowledge that where the Grower has elected to enter into a Forward Price Agreement in relation to a proportion of the Grower's Cane to be supplied under this Agreement, the amount of Cane to be subject to forward pricing mechanisms and the terms of that arrangement and its impact on payments due to the Grower are specified in the Forward Price Agreement between the Grower and Wilmar Sugar.
- (c) In respect of the quantity of Cane that is subject to the Forward Price Agreement, the Forward Price Agreement shall prevail to the extent of any inconsistency between the payment provisions of the Forward Price Agreement and this Agreement.

7.2 Effect of Force Majeure

Notwithstanding its terms, an event of force majeure under **clause 11** of this Agreement shall not relieve the Grower of any obligation to supply the quantity of Cane that is the subject of the Forward Price Agreement.

7.3 Cane Weighing Sampling and Analysis

Each Delivery of Cane will be weighed, sampled, analysed and have its CCS (Actual Sample) determined in accordance with the Cane Analysis Program.

7.4 Spilt Cane

Where Cane is being transported by Wilmar Sugar and is spilt as a consequence of a derailment or other mishap, the determination of weight and CCS shall be in accordance with the Cane Analysis Program.

7.5 Cane Payments

The Grower will be entitled to receive payments for Cane on the basis of and in accordance with the provisions of **Schedule 5**.

7.6 Timing of Payment for Cane

(a) Interim Payment for Cane on Delivery

Wilmar Sugar shall pay the Grower on a weekly basis for Cane delivered for each weekly period based on Cane harvested in the calendar week from Sunday to Saturday inclusive. Payment to the Grower is to be made available for release via EFT within 1 Business Day of receipt by Wilmar Sugar of proceeds from QSL for sugar produced from the relevant week's Cane Deliveries.

(b) End of Crushing Season Adjustment Payment

Should a payment entitlement to the Grower arise as provided for under **Schedule 5** from the determination of the weighted seasonal average CCS of Collective Cane for the appropriate relative payment scheme, then this payment shall be made available for release via EFT within 10 Business Days after the Crushing Season has ceased.

(c) Payment Following Increases in Sugar Value Advances

When a sugar value increase is paid by QSL to Wilmar Sugar at any time, the adjustment Cane payment is to be made available for release via EFT within 1 Business Day of receipt by Wilmar Sugar of such sugar proceeds. This **clause 7.6(c)** will not apply to final payments. Final payments will be governed by **clause 7.6(d)**.

(d) Final Payment for Relevant Season

When the final Harvest Pool Value and US Quota Value payments are made by QSL to Wilmar Sugar for the Relevant Season's sugar the adjustment Cane payment shall be made available for release via EFT within 2 Business Days of receipt by Wilmar Sugar of the final sugar proceeds from QSL.

7.7 Allowances and deductions

- (a)** In addition to the payments based on Cane supplied, the Grower is also eligible for and shall receive payment of, the allowances referred to in **Schedule 5**.
- (b)** **Schedule 5** sets out deductions, if any, which may be made by Wilmar Sugar from payments otherwise due to the Grower. The Grower agrees that such deductions may be made from payments otherwise due to the Grower under this Agreement and the Forward Price Agreement.

7.8 Payment Advices

- (a) Cane Delivery and payment advices for all Cane payments will be forwarded to the Grower as payments are made.
- (b) Further Cane payment details (including payments under the Forward Price Agreement) will be posted on the Website as payments are made.
- (c) If the Grower requests Wilmar Sugar to provide extra copies of advices and such advices are available on the Website, then a reasonable administrative charge will apply.

7.9 Interest on overdue payments

If Wilmar Sugar is late in making any payment due to the Grower under this Agreement, Wilmar Sugar shall pay to the Grower interest on the overdue amount at a bank rate specified by the Commonwealth Bank of Australia on savings of \$100,000 or less (converted to a daily rate) for the period of delay where the period of delay is more than 3 Business Days from the respective due date for payment.

7.10 Recovery of overpayments

Where the Grower has been inadvertently overpaid, Wilmar Sugar may make the appropriate adjustment to subsequent payments, or take other action for the recovery of sums overpaid as considered necessary. Where the overpayment was not a result of an error on Wilmar Sugar's part, the Grower may be charged interest at the bank rate specified in **clause 7.9** for the period of delay on the amount of any payments not made to Wilmar Sugar within 3 Business Days of receipt by the Grower of a written request from Wilmar Sugar for payment of the overpaid amount.

7.11 Unallocated revenue and costs

- (a) In the event that QSL determines that clause 23 of the RSSA applies and allocates any revenue to, or imposes any cost or loss on, Wilmar Sugar which is not otherwise taken into account in determining a Net IPS Price for a pool referred to in the RSSA, the Grower agrees that Wilmar Sugar will be entitled to deal with it as follows:
 - (i) Meet with the Growers' Representative and other representatives of suppliers to Wilmar Sugar from all Wilmar Sugar districts to consider potential revenue or cost sharing arrangements;
 - (ii) If a revenue or cost sharing arrangement is agreed in writing between Wilmar Sugar and the representatives of suppliers for a majority of suppliers, Wilmar Sugar is entitled to apply the revenue or cost or loss in accordance with those arrangements;
 - (iii) Where an agreement is not reached under **sub-clause (ii)** above, the assistance of a mediator may be initiated by the Growers' Representative or Wilmar Sugar. If a mediated agreement can be reached, it shall be dealt with as in **sub-clause (ii)** above;

- (iv) Where an agreement is not reached under **sub-clauses (ii) or (iii)**, Wilmar Sugar shall be entitled to:

Apply the relevant revenue to all Wilmar Sugar suppliers as if the revenue formed part of the shared pool revenue for the pools under the RSSA by dividing the revenue allocation by the total tonnage of IPS sugar manufactured by Wilmar Sugar in the Relevant Season. The amount of the revenue allocation to the Grower, if any, will be notified to the Grower in writing, and will be paid with one or more Cane payments due to the Grower when the revenue is received by Wilmar Sugar; or

Apply the relevant cost or loss to all Wilmar Sugar suppliers as if the cost or loss formed part of the shared pool costs for the pools under the RSSA by dividing the cost or loss allocation by the total tonnage of IPS sugar manufactured by Wilmar Sugar in the Relevant Season. The amount of the cost or loss allocated to the Grower, if any, will be notified to the Grower in writing, and will be a debt due and owing to Wilmar Sugar. Wilmar Sugar may set off the amount owing against one or more Cane payments due to the Grower after the relevant cost or loss has been deducted from payments to Wilmar Sugar by QSL.

- (b) It is acknowledged by Wilmar Sugar that it is not the intent of this **clause 7.11** that costs, that have historically been borne by the milling companies only, be shared with Growers by virtue of the operation of this clause.
- (c) This **clause 7.11** survives expiration or termination of this Agreement.

8 Goods and Services Tax

8.1 Definitions and interpretation

Capitalised expressions which are not defined in this clause but which have a defined meaning in the GST Law have the same meaning in this Agreement.

In this Agreement:

GST means the goods and services tax as imposed by the GST Law.

GST Amount means, in relation to a Taxable Supply, the amount of GST which the supplier is liable in respect of the Taxable Supply taking into account any additional consideration payable pursuant to this clause.

GST Law has the meaning given to that term in the *A New Tax System (Goods and Services Tax) Act 1999*, or, if that Act does not exist for any reason, means any Act imposing or relating to the imposition or administration of a goods and services tax in Australia and any regulation made under that Act.

Payment means any amount payable under or in connection with this Agreement including any amount payable by way of indemnity, reimbursement or otherwise and includes the provision of any non monetary consideration.

Recipient Created Tax Invoice (RCTI) & RCTI Agreement made pursuant to the *A New Tax System (Goods and Services Tax) Act 1999* and regulations made under it (GST Law) and the *A New Tax System (Goods and Services Tax) Act 1999* Classes of Recipient Created Tax Invoice Determination (No. 1) 2000 (Determination) and explained in the *Goods and Services Tax Ruling GSTR 2000/10 - Goods and services tax: recipient created tax invoices* (Ruling).

8.2 Consideration GST Exclusive

Unless otherwise expressly stated, all values or other sums payable or consideration to be provided under this Agreement are exclusive of GST.

8.3 Payment of GST

Where GST applies to any supply made under or in connection with this Agreement, Wilmar Sugar will pay to the Growers the GST Amount.

8.4 Timing of GST payment

The GST Amount will be paid in addition to and at the same time as the amount payable under this Agreement.

8.5 Adjustment event

If, in relation to a taxable supply, an adjustment event occurs that gives rise to an adjustment, then the GST amount will be adjusted accordingly and where necessary a payment will be made to reflect that adjustment. If a payment is required, it will be made within 5 Business Days of the date on which the adjustment note is issued by Wilmar Sugar.

8.6 RCTI agreement

- (a) The Grower and Wilmar Sugar agree as follows:
 - (i) Except for GST Law, Determination and Ruling, expressions in this agreement have the same meaning as in the GST Law;
 - (ii) A reference to the GST Law, the Determination and the Ruling includes all statutes, regulations, determinations and rulings amending, consolidating or replacing them.
- (b) Wilmar Sugar shall issue RCTIs for all taxable supplies of goods and/or services and/or things by the Grower to Wilmar Sugar. The Grower shall not issue tax invoices for those supplies.
- (c) Those RCTIs shall also be tax invoices for taxable supplies by Wilmar Sugar to the Grower of goods and/or services and/or things connected with those supplies referred to in **sub-clause (b)** above **provided that** they include the details of those separate supplies required by the GST Law.
- (d) Each party warrants that it is registered for GST. The Grower repeats that warranty whenever it makes a taxable supply to

Wilmar Sugar. Wilmar Sugar repeats that warranty whenever it issues an RCTI.

- (e) Wilmar Sugar shall not issue a document that would otherwise be an RCTI, on or after the date when it or the Grower has failed to comply with any of the requirements of the Determination.
- (f) Each party agrees to notify the other immediately it ceases to be registered for GST pursuant to the GST Law or to otherwise comply with or satisfy the Determination.

8.7 Reimbursements

Where a party is required under this Agreement to pay or reimburse an expense or outgoing of another party, the amount to be paid or reimbursed by the first party will be the sum of:

- (a) the amount of the expense or outgoing less any input tax credits in respect of the outgoing to which the other party is entitled; and
- (b) if the payment or reimbursement is subject to GST, an amount equal to that GST.

If a party is a member of a GST Group, references to GST for which the party is liable and to Input Tax Credits to which the party is entitled include GST for which the Representative Member of the GST Group is liable and Input Tax Credits to which the Representative Member is entitled.

This **clause 8** will not merge upon completion.

9 Dispute resolution

- (a) Subject to **clause 9(h)** this clause relates to any dispute, disagreement, claim, controversy, demand, proceeding, suit, litigation, action or cause of action in contract, tort, under statute or otherwise.
- (b) In the event of a dispute between a Grower and Wilmar Sugar, the Grower and the Growers' Representative will initially meet with a person nominated by Wilmar Sugar to seek to resolve the dispute. The meeting will take place within 2 Business Days of either party requesting the meeting.
- (c) If the dispute cannot be resolved within 5 Business Days of the meeting referred to in the preceding paragraph, a further meeting will take place between the Grower, the Growers' Representative and the General Manager, Cane Supply and Grower Relations, for Wilmar Sugar (or his/her nominated alternate) to seek to resolve the dispute. That meeting will take place within 5 Business Days of either party requesting it or as soon as practicable thereafter having regard to availability.
- (d) If the dispute cannot be resolved within 5 Business Days of the meeting referred to in the preceding paragraph, either party to the

dispute may refer the dispute to mediation administered by the Australian Commercial Disputes Centre (ACDC) before recourse to any arbitration.

- (e) The mediation will be conducted in accordance with the ACDC Guidelines for Commercial Mediation (**Guidelines**) in force at the date of this Agreement. The Guidelines including the ACDC Mediation Appointment Agreement, are incorporated into and form part of this Agreement. The Guidelines govern the manner of dealing with costs for such mediations.
- (f) If the dispute has not been resolved within 20 Business Days of the mediation, or such other period as agreed in writing between the parties, the dispute may be referred to final and binding arbitration in Brisbane or other such mutually agreed location.
- (g) The arbitrator will not be the same person as the mediator. If the parties cannot agree the identity of the arbitrator within 5 Business Days of either party notifying the other in writing of the decision to refer the dispute to arbitration, the arbitrator shall be selected by the then current President of the Queensland Law Society. The arbitration will be conducted in accordance with and be subject to the *Commercial Arbitration Act, 2013* (Qld).
- (h) The parties agree to follow the procedures set out in this **clause 9** in relation to any dispute. Nothing in this **clause 9** prevents a party from seeking urgent interlocutory relief in respect of a dispute from any court having jurisdiction.
- (i) This **clause 9** shall survive termination and expiration of this Agreement.

10 Access and information

10.1 Access for Wilmar Sugar

- (a) The Grower will permit Wilmar Sugar's employees, agents and contractors to enter upon the Land with or without vehicles for the purposes of carrying out any obligations or exercising any rights provided for in this Agreement providing that every person exercising this right of access shall do so in such a way as to minimise interference with the Grower's operations and shall rectify any damage resulting from such entry within a reasonable time. Reasonable prior notice shall be given to Growers who have indicated that such notification is required.
- (b) Wilmar Sugar, its employees, agents and contractors will also comply with any reasonable directions by the Grower whilst accessing the Grower's Land and Wilmar Sugar will indemnify the Grower for any loss, damage or injury sustained by the Grower or the Grower's employees, agents or contractors caused as a result

of Wilmar Sugar, its employees, agents or contractors being on the Grower's Land, except to the extent that such loss, damage or injury was caused or contributed to by the Grower's negligence or direction or the negligence or direction of any of the Grower's employees, agents or contractors.

10.2 Information

- (a) The Grower agrees to provide written notification to Wilmar Sugar of any change to the information contained in **Schedule 1** or any other information relevant to the performance of obligations under the Agreement as soon as practicable upon becoming aware of the change, and in any event, within 10 Business Days of such change.
- (b) The Grower consents to Wilmar Sugar providing non-financial information relating to the Grower and in respect of this Agreement and its performance to government agencies and industry research development and extension organisations.
- (c) Wilmar Sugar shall provide information to the Growers' Representative in accordance with **Schedule 6**.

10.3 Obligation

- (a) Wilmar Sugar agrees to provide the Grower such information as is reasonably necessary to allow the Grower to be satisfied as to the basis on which payments have been made by Wilmar Sugar to the Grower under this Agreement. Without limitation, Wilmar Sugar agrees to provide the Grower with details of the input information for payments made in accordance with the Cane payment formula specified in **Schedule 5**. This information will include the monthly sugar advance rate and values applicable to the relevant pricing method for sugar, as advised to Wilmar Sugar by QSL, such information to be displayed on the Website. Nothing in this clause requires Wilmar Sugar to provide confidential or price sensitive information.
- (b) Subject to the Growers' Representative providing Wilmar Sugar with reasonable prior notice, Wilmar Sugar will permit a person engaged by the Growers' Representative to enter Wilmar Sugar's premises at a Mill for the purpose of discussing and reviewing documents and information relating to payments due to the Grower under this Agreement. The Grower provides Wilmar Sugar with consent to provide the Growers' Representative with the grower's information for this purpose. The Growers' Representative's rights of access are subject to the Growers' Representative exercising the right of access so as to minimise interference with Wilmar Sugar's operations.

11 Force Majeure occurrence

11.1 Affected party

- (a) Subject to **clause 7.2**, if a party (**Affected Party**) is prevented or hindered by Force Majeure from fully or partly complying with any obligation (except for the payment of money) under this Agreement, that obligation is suspended for the duration of such Force Majeure.
- (b) If the Affected Party wishes to claim the benefit of this clause it must give prompt notice of the Force Majeure occurrence to the other parties including reasonable details of:
 - (i) the Force Majeure occurrence;
 - (ii) the effect of the Force Majeure occurrence on the performance of the Affected Party's obligations; and
 - (iii) the likely duration of the delay in performance of those obligations.
- (c) The Affected Party must use its best endeavours to remove the cause and/or effect of the Force Majeure but is not obliged to settle any strike or other labour dispute contrary to its best judgment if it has made all reasonable efforts to settle that strike or dispute.

11.2 Termination

If a delay caused by Force Majeure continues for more than 45 Business Days, either party may terminate this Agreement, or terminate this Agreement only in relation to a Relevant Season affected by the Force Majeure, by giving 10 Business Days notice to the other parties.

11.3 Definition of "Force Majeure"

For the purposes of this clause "Force Majeure" means any of the following:

- (a) act of God;
- (b) law, rule, regulation or order of any government or governmental authority;
- (c) act of war declared or undeclared;
- (d) public disorder;
- (e) riot, insurrection, rebellion, sabotage or act of terrorists;
- (f) flood, earthquake, hail, lightning, severe weather conditions or other natural calamity;
- (g) catastrophic failure of plant or equipment;
- (h) strike, boycott, lockout or other labour disturbance or inability to employ staff or engage contractors to provide services necessary for the proper performance of functions within the targeted and contractual time frames specified by this Agreement;
- (i) inability or delay in obtaining critical equipment or materials;

- (j) impact of pests or disease,
- which:
- (i) is beyond the control of the Affected Party; and
 - (ii) could not have been reasonably foreseen by the Affected Party; and
 - (iii) was not directly or indirectly caused or contributed to by the Affected Party.

12 Confidentiality

The parties agree not to disclose the contents of this Agreement to any other party except for the purposes of professional or financial advice or as required by law.

13 Independent advice

The parties acknowledge that before entering into this Agreement they have independently assessed the terms of this Agreement and have had the opportunity to obtain legal and financial advice about the rights and obligations created by this Agreement.

14 Notices

14.1 General

A notice, demand, certification, process or other communication relating to this Agreement must be in writing in English and may be given by an agent of the sender.

14.2 Process of communication

In addition to any other lawful means, and subject to those provisions of this Agreement and the Forward Price Agreement that allow Wilmar Sugar to provide notices to the Grower by placement of a notification on the Website, a communication may be given by being:

- (a) personally delivered;
- (b) left at the party's current address for notices;
- (c) sent to the party's current address for notices by pre-paid ordinary mail or, if the address is outside Australia, by pre-paid airmail;
- (d) sent by email to the party's email address last notified by that party for the receipt of notices as set out in the particulars below; or
- (e) sent by facsimile to the party's current facsimile number for notices.

14.3 Particulars for delivery of notices

- (a) The particulars for delivery of notices to Wilmar Sugar are initially:

Address: Wilmar Sugar
PMB 1, Ingham Qld 4850
Email Address: jim.kirchner@wilmar.com.au
Facsimile Number: 07 4776 4270
Attention: Grower Relations Manager

- (b) The particulars for the delivery of notices to the Grower are initially the postal address, email address and facsimile number recorded in **Schedule 1**.
- (c) Each party may change its particulars for delivery of notices by notice to each other party.

14.4 Communications by post

Subject to **clause 14.7**, a communication is given:

- (a) If posted within Australia to an Australian address, 3 Business Days after posting; or
- (b) in any other case, 10 Business Days after posting.

14.5 Communications by email

Subject to **clause 14.7**, a communication is given by email if sent by email and if a notice is to be given then the notice must be converted to a PDF or similar format and attached to the email and in both cases there is no message indicating an unsuccessful transmission within 2 hours of its despatch then the expiration of that 2 hour period.

14.6 Communications by facsimile

Subject to **clause 14.7**, a communication is given if sent by facsimile, when the sender's facsimile machine produces a report that the facsimile was sent in full to the addressee. That report is conclusive evidence that the addressee received the facsimile in full at the time indicated on that report.

14.7 After hours communications

If a communication is given:

- (a) after 5.00 pm in the place of receipt; or
- (b) on a Business Day in the place of receipt,

it is taken as having been given at 9.00 am on the next Business Day.

14.8 Process service

Any process or other document relating to litigation, administrative or arbitral proceedings relating to this Agreement may be served by any method contemplated by this **clause 14** or in accordance with any applicable law.

15 General

15.1 Legal costs

Except as expressly stated otherwise in this Agreement, each party must pay its own legal and other costs and expenses of negotiating, preparing, executing and performing its obligations under this Agreement.

15.2 Waiver and exercise of rights

- (a) A single or partial exercise or waiver by a party of a right relating to this Agreement does not prevent any other exercise of that right or the exercise of any other right.
- (b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

15.3 Rights cumulative

Except as expressly stated otherwise in this Agreement, the rights of a party under this Agreement are cumulative and are in addition to any other rights of that party.

15.4 Consents

Except as expressly stated otherwise in this Agreement, a party may conditionally or unconditionally give or withhold any consent to be given under this Agreement and is not obliged to give its reasons for doing so.

15.5 Further steps

Each party must promptly do whatever any other party reasonably requires of it to give effect to this Agreement and to perform its obligations under it.

15.6 Governing law and jurisdiction

- (a) This Agreement is governed by and is to be construed in accordance with the laws applicable in Queensland.
- (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts exercising jurisdiction in Queensland and any courts which have jurisdiction to hear appeals from any of those courts and waives any right to object to any proceedings being brought in those courts.

15.7 Assignment

- (a) A party must not assign or deal with any right under this Agreement without the prior written consent of the other parties.
- (b) Should assignment of the rights and obligations under this Agreement be requested by Wilmar Sugar or the Grower, the other party shall promptly consider such request and not unreasonably withhold or delay consent.
- (c) For the purposes of **clause 15.7(b)**, the Growers' Representative is specifically authorised to act on the Grower's behalf to consider and agree to an assignment request from Wilmar Sugar affecting all Collective Growers.

- (d) Any purported dealing in breach of this clause is of no effect.

15.8 Liability

An obligation of two or more persons binds them separately and together.

15.9 Counterparts

This Agreement may consist of a number of counterparts and, if so, the counterparts taken together constitute one agreement.

15.10 Entire understanding

- (a) This Agreement and, where applicable, the Forward Price Agreement, contain the entire understanding between the parties as to the subject matter of this Agreement.
- (b) All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this Agreement are merged in and superseded by this Agreement and are of no effect. No party is liable to any other party in respect of those matters.
- (c) No oral explanation or information provided by any party to another:
 - (i) affects the meaning or interpretation of this Agreement; or
 - (ii) constitutes any collateral agreement, warranty or understanding between any of the parties.

15.11 Relationship of parties

This Agreement is not intended to create a partnership, joint venture or agency relationship between the parties.

15.12 Variation of this Agreement

The Grower and Wilmar Sugar agree that:

- (a) this Agreement may be varied in writing signed by Wilmar Sugar and by the Growers' Representative or, with the consent of the Growers' Representative, by Wilmar Sugar and the Grower;
- (b) where a variation is signed by the Growers' Representative and Wilmar Sugar, the variation will be effective by written notice of it from Wilmar Sugar to the Grower; and
- (c) for a variation to be effective it must be in writing and signed as contemplated by this **clause 15.12**.

15.13 Agreement entered as trustee

If this Agreement is entered into by a party as trustee of a trust, the trustee:

- (a) agrees that the trustee enters into this Agreement in its/his/her own personal capacity, as well as in the capacity as trustee of the relevant trust;
- (b) warrants that the trustee has power under the trust deed of the relevant trust to enter into and perform this Agreement on behalf of the trust.

15.14 Value adding

- (a) Wilmar Sugar commits to work jointly with the Growers' Representative in exploring new opportunities for the Herbert District to obtain additional revenue streams from cane processed by the Mills and to reporting progress at appropriate jointly convened forums.
- (b) In the event of a cane based value adding project appropriate for capital investment in the Herbert District being considered, consultation will take place between Wilmar Sugar and the Grower's Representative on the potential for mutual participation with sharing of risk and reward in the project.

15.15 Amendment or termination of RSSA

Wilmar Sugar and the Grower acknowledge that the RSSA is fundamental to the determination of Net IPS Price and the resultant Cane value.

If the RSSA is to be amended in a way that materially affects the commercial outcomes for the Grower or the Grower's rights under this Agreement, or if the RSSA is not extended, the following provisions will apply:

- (a) Wilmar Sugar will consult with the Growers' Representative prior to entering into any agreement to amend the RSSA or to giving notice of non-extension of the RSSA.
- (b) Wilmar Sugar will, as soon as practicable after any amendment of the RSSA is agreed with QSL or the RSSA is not extended, provide written notice to the Growers' Representative and where the RSSA is amended, also provide the essential elements of the RSSA amendment.
- (c) Wilmar Sugar may, with that notice, also provide to the Growers' Representative a draft amendment to this Agreement or a draft replacement agreement for this Agreement which must, in either case, be designed to address the consequences of the amendment to the RSSA or its non-extension, as applicable.
- (d) Representatives of Wilmar Sugar and the Growers' Representative must meet within 20 Business Days after the giving of the notice referred to in **paragraph (b)** above, for the purpose of bona fide efforts to negotiate any amendments needed to this Agreement or to negotiate a replacement agreement for this Agreement.
- (e) If agreement cannot be reached on how this Agreement should be amended or replaced within a further 20 Business Days of commencement of the negotiation period referred to above or such extension period as is agreed at the time, either party may invoke the dispute resolution process, including the referral to an independent mediator, contemplated by **clauses 9(b) to (e)** inclusive and the mediation shall continue until agreement is reached. Notwithstanding **clauses 9(f) and 9(h)**, a dispute over

the amendment or replacement of this Agreement under this **clause 15.15** cannot be referred to arbitration as contemplated by **clause 9**, it being acknowledged that any amendment or replacement of this Agreement would require the agreement of the parties on commercial terms as well as any legal drafting issues.

- 15.15 Amendment or termination of R2SA**
- Whitaker Sugar and the Grower acknowledge that the R2SA is the latest in the series of R2SAs and the Grower agrees to the termination of the R2SA and the replacement of it with the R2SA.
- If the R2SA is amended in a way that materially affects the R2SA, the Grower agrees to the amendment of the R2SA and the replacement of it with the R2SA.
- Whitaker Sugar will consult with the Grower Representative prior to making any amendment to the R2SA or to any other document which is part of the R2SA.
- Whitaker Sugar will not amend the R2SA in a way that materially affects the R2SA without the Grower's agreement.
- Whitaker Sugar may, with the Grower's agreement, amend the R2SA in a way that materially affects the R2SA.
- Representatives of Whitaker Sugar and the Grower must meet within 30 days of the date of the notice referred to in paragraph (a) above for the purpose of discussing the notice and for the purpose of discussing the notice and for the purpose of discussing the notice.
- If a dispute arises between the Grower and Whitaker Sugar, the dispute shall be referred to arbitration in accordance with the provisions of clause 9.

16 Signatories to Agreement

EXECUTED in Queensland as an Agreement this day of, 20.....

Executed on behalf of Wilmar Sugar Australia
Limited ABN 47 098 999 985 by:

Authorised Signatory

Signature of Witness

Insert Full Name

Insert Full Name

(Grower is a Sole Trader)

Executed by

[.....,]

being a **Grower** in the presence of:

Signature of Witness

Signature of Grower

Print Name

Print Name

(Grower in a Partnership)

Executed on behalf of

[.....] (a
partnership) by

[.....]
(who warrants that he/she/it has authority to
bind the partners) in the presence of:

Signature of Witness

Signature of Partner

Print Name

Print Name

(Grower is a Company)

Executed in accordance with its constitution by

[.....],

ABN.....] being a

Grower in the presence of:

Signature of Witness

Signature of Director

Print Name

Print Name

(Trustee for a Grower)

Executed by

[.....] as

Trustee for the

[.....]

Trust and in the Trustee's personal capacity in

the presence of:

Signature of Witness

Signature of Trustee

Print Name

Print Name

Persons signing on behalf of a Grower warrant to Wilmar Sugar that they have the authority to do so.

Schedule 1 – Grower Details and Relevant Seasons

Relevant Seasons covered by this Agreement: 2014, 2015 and 2016
as varied in accordance with clause 2.5 or 2.6 of the Agreement.

District: Herbert

Growers' Representative: Herbert River District Cane Growers
Organisation Limited ACN 106 007 925

Grower Election of Basis of Relative Payment Scheme; "A" or "B"

Relative Payment Scheme	Tick & initial election
A: The Grower elects, with other Growers making a like election, to be part of the "A" scheme CCS (Relative) and be paid in accordance with Schedule 5 clauses 3(c)(i) and 5(a).
B: The Grower elects, with other Growers making a like election, to be part of the "B" scheme CCS (Relative) and be paid in accordance with Schedule 5 clauses 3(c)(ii) and 5(b).

Minimum Percentage of Contract Area: 80% of Contract Area
specified below

Grower Details

The following details relating to the Grower are recorded by Wilmar Sugar.
Where information is not correct, the Grower is to make hand-written
amendments to show the correct information, initial the changes, and then sign
and date the Agreement in the execution space(s) provided.

A complete listing of Growers who are Parties to this collective Agreement is
available for viewing at the offices of Wilmar Sugar and the Growers'
Representative.

Grower Name:

ABN:

Contract Area (in hectares):

2014 Season:

2015 Season :

2016 Season :

(figures provided are the aggregate area of the Farms shown below as recorded by Wilmar Sugar)

Farm Number & Contract Area (CA) for Grower named above:

Farm No.	Contract Area	Expected Area for Supply *
Total:		

* Portion of Contract Area from which Cane will be harvested (being not less than 80% of Contract Area in total)

Other Farms worked in conjunction:

List other Farms, if any, not included in the Contract Area but considered to be worked in conjunction as per **clause 4.3** of the Agreement:

Farm No. & Grower name:

Address for Notices:

Telephone Number:

Mobile Number:

Facsimile Number:

Email Address:

Schedule 2 – District Crushing Season matters

Start Date

A nominal intended Start Date will be the first Tuesday on or after the 15th June unless Wilmar Sugar and the Growers' Representative, acting reasonably, agree otherwise.

If circumstances change before the intended Start Date, Wilmar Sugar may, after consultation with the Growers' Representative, revise the Start Date. For the purpose of **clause 16.2 of Schedule 5**, the Growers' Representative shall not unreasonably withhold agreement to such revised Start Date.

The revised Start Date will be shown on the Website.

Schedule 3 – Harvesting, Transport, Bin Supply and Workplace Health and Safety

1 Farm Block Delineation

The Grower and Wilmar Sugar agree that the Farm and individual Blocks as shown on the Cane Block mapping layer held by Herbert Cane Productivity Services Limited ABN 71 100 551 826 (HCPSL) is intended to represent the Contract Area for the Farm(s) recorded in **Schedule 1**. To the extent that any inconsistency exists between the **Schedule 1** and the HCPSL record, **Schedule 1** will prevail.

It is the responsibility of the Grower to ensure that the information held by HCPSL with respect to Blocks and attributes associated therewith are updated by February prior to each Relevant Season and to advise HCPSL of any subsequent changes to Block attributes.

2 Harvesting & Transport Handbook

Many operational aspects relating to the supply of Bins and Delivery of Cane are contained in a separate document entitled "Harvesting & Transport Handbook". This document is specifically referenced in this **Schedule 3** and the parties agree that it forms part of this Agreement.

3 Harvesting Groups

The Grower agrees to participate in a Harvesting Group selected by the Grower after consultation with Wilmar Sugar for the efficient harvesting and transportation of Cane in accordance with the principles and deadlines stated in Harvesting & Transport Handbook (Principles and Structure of Zonal Limit System for Managing Harvester Group Migration). Any change proposed by a Grower to a Harvesting Group shall be advised to all relevant stakeholders including Wilmar Sugar, the Growers' Representative and to affected Harvesting Groups by 28 February each year. Later notification may be accepted in extenuating circumstances.

Following the deadline in the preceding paragraph, Wilmar Sugar shall promptly post applications received pursuant to **clause 3** of this **Schedule 3** to the Website. Following such posting, Suppliers shall have 10 Business Days during which to lodge written submissions relating to such applications.

Where Wilmar Sugar rejects or accepts the Grower's request upon specified conditions, the Grower has until 15 April of that year to request a review of Wilmar Sugar's response through negotiation between Wilmar Sugar and the Grower. If the parties are unable to resolve the matter through negotiation, either party may submit the matter to dispute resolution in accordance with **clause 9** of this Agreement. Pending the outcome of any dispute resolution process or in the absence of any dispute process being commenced, Wilmar

Sugar's response shall prevail and the Harvesting Group or Groups will remain or be amended accordingly.

The Parties agree to observe the communications protocols as outlined in the Harvesting & Transport Handbook.

4 Harvesting Rosters

In consultation with Growers and Harvesting Groups, Wilmar Sugar shall prepare a set of harvesting roster patterns so that the days each Harvesting Group are not required to supply Cane are progressively rotated through the course of the Crushing Season.

The development and approval by Wilmar Sugar of harvesting rosters will take into consideration the size and distribution of the Crop, the quantity of Cane estimated in the Harvesting Group, the capacity of the harvesting equipment, siding capacities, cane transport schedules, the daily target throughput of the Mills and any other relevant factors including fatigue management requirements.

The intent is that roster patterns nominated by Harvesting Groups and accepted by Wilmar Sugar will remain effective throughout the season. Any requests for changes are to be referred to the Operations Review Committee referred to in **clause 9** of this **Schedule 3**.

5 Delivery Point

Wilmar Sugar and the Grower acknowledge that the Delivery Point shall be the location(s) at which the Grower delivered Cane to Wilmar Sugar in the previous Crushing Season, unless otherwise agreed in writing by Wilmar Sugar and the Grower.

6 Harvest Hours and Bin Delivery Schedules

In consultation with Harvesting Groups and the Growers' Representative, Wilmar Sugar shall prepare a schedule of daily empty Bin delivery times and pick up times for Bins filled with harvested Cane so that, as close as reasonably practicable, Harvesting Groups may operate with a continual empty Bin supply and the Mill may plan and operate a traffic system which has a reliable supply of harvested Cane. Communication of changed circumstances such as a breakdown beyond the reasonable control of either Wilmar Sugar or the Grower that may affect delivery of empty Bins or harvested Cane prior to the scheduled delivery or pick up, as the case may be.

Harvest rosters and daily Bin delivery and pick up schedules should be organised by Wilmar Sugar so that daily finishing times for Harvesting Groups are nominally 6 pm, or such other times as are agreed between the Grower, harvesting operator and Wilmar Sugar.

The schedule may be altered on a temporary basis by Wilmar Sugar in the case of changed circumstances or by mutual agreement between Wilmar

Sugar and the Harvesting Groups operating on a particular cane railway line or lines.

7 Bin Allotment

Harvesting Group allotments are to be administered on a District Cane basis with allotments generally determined across the District in proportion to estimates of remaining Cane and applicable harvest roster factors.

Where an early commencement to harvesting of some of the District is implemented as part of an agreed Start Date strategy, the Operations Review Committee has the express authority to adopt an alternate Bin allotment methodology to that described in the preceding paragraph. Similarly, an alternate Bin allotment methodology may also be determined by the Operations Review Committee to encourage the supply of Cane following wet weather.

Wilmar Sugar will notify the Harvesting Group or the Harvesting Group Spokesperson from time to time of the quantity of Cane (in tonnes or number of Bins) to be delivered to Delivery Points throughout each rostered day of harvesting for the relevant Harvesting Groups.

Where practicable, actual daily Bin allotments to rostered Harvesting Groups are to be adjusted consistently across the District according to loading requirements for the Mills. Such daily allotments may be temporarily altered for reasons of wet weather, Mill or harvester breakdowns, accidental fires, transport logistics or other relevant circumstances.

In the event of a temporary cessation of crushing, including the circumstances outlined in **clause 3.4** of the Agreement, Wilmar Sugar will notify the Harvesting Group Spokesperson or harvesting contractor for the rostered Harvesting Groups, in which case each Grower in the affected Harvesting Group will suspend all burning, harvesting and delivery of Cane until further notice.

8 Harvesting & Transport Operations

Growers shall harvest in accordance with their Harvesting Group's rotation program and harvest roster with the objective of enabling the Harvesting Group to deliver its daily allotment by the scheduled delivery times.

The Grower agrees that a GPS unit supplied by **HCPSL** will be operated at all times during the harvest of their Contract Area and that spatial harvesting data will be supplied to **HCPSL** in accordance with the requirements outlined in the "Harvesting & Transport Handbook".

Wilmar Sugar commits to using its best endeavours to ensure that empty Bins are to be delivered daily according to the daily schedule, such that Harvesting Groups should have a maximum delay in operations of 30 minutes waiting for empty Bins to be available to fill with harvested Cane on one part; and Growers commit to using their best endeavours to ensure Cane is delivered, consigned and Bins are available for collection by the scheduled pick up time.

9 Operations Review Committee (ORC)

To assist in ensuring continuity of Cane supply and the equitable and efficient harvesting of the Cane, a harvesting management & transport Operations Review Committee (ORC) shall be constituted to review the operations of the harvesting and transport interface in accordance with the following provisions;

- (a) The ORC shall consist of representatives appointed by the Growers' Representative, a representative from **HCPSL** and Wilmar Sugar representatives.
- (b) A representative appointed by the Growers' Representative shall act as chairperson of the ORC.
- (c) The ORC shall meet at such times as the chairperson considers necessary to review the relative position of all Harvesting Groups.
- (d) Wilmar Sugar will make available to the ORC all relevant data required to fulfil its function. This includes access to the output of computer based information pertaining to the performance of the cane railway system.
- (e) The ORC may make recommendations to Wilmar Sugar to alter or cancel the allotment of Bins for any Harvesting Group supplying under this Agreement and to consider requests to change harvesting rosters.
- (f) The application of this **clause 9** includes the alteration of allotments on account of non-conformance with the GPS operational requirements or to remedy the adverse consequences of late empty Bin deliveries as outlined in the Harvesting & Transport Handbook in each case.

10 Cane Consignment

The Grower agrees to ensure that a Consignment Note for each separate Block of Cane shall be attached to each Delivery of Cane supplied by the Grower to Wilmar Sugar noting:

- (a) the day of harvest;
- (b) the siding to which the Cane was delivered;
- (c) the harvest commencement time for the Delivery;
- (d) the Grower's Block number;
- (e) whether the Cane was burnt;
- (f) whether the Block is now completely harvested;
- (g) whether the Cane is standover; and
- (h) the number of each Bin used by the Grower in the correct sequence.

Any Delivery of less than 22 tonnes of Cane shall have no juice sample taken. Where a Grower has failed to ensure the consigned Deliveries exceed 22

tonnes of Cane, Wilmar Sugar may combine such Deliveries where the Block number on each Consignment Note is the same.

In the case where a Consignment Note has been provided by a Grower without a valid Block number and it is not reasonable for HCPSL to correct the information by close of business Friday in that week, Wilmar Sugar may withhold payment for such a Delivery until a later week to allow for the correct information to be determined.

If Consignment Notes are incorrectly completed on a persistent basis, the Grower may be advised by Wilmar Sugar in writing. If, after having provided written notification to the Grower, more than one further Consignment Note from the Grower contains incorrect information, Wilmar Sugar may recover its administration costs incurred in making necessary corrections by deducting the sum of those costs from amounts otherwise payable to the Grower under this Agreement. Details of the amounts deducted shall be provided by Wilmar Sugar to the Grower.

A separate Consignment Note is required where Cane is harvested from different Blocks.

A separate Consignment Note is also required for Bins of a dual axle configuration (bogies).

11 Cleaning of Delivery Point

The Grower agrees to ensure that the Delivery Point is maintained in a clean and serviceable state to facilitate safe and efficient delivery and pick-up of Bins. Accordingly, all Growers are required to participate in a siding cleaning agreement for each of the Grower's Delivery Points.

Where a Grower is not a signatory to a siding cleaning agreement for any particular Delivery Point, the Grower will be deemed to be a party to the generic siding cleaning agreement contained in the Harvesting and Transport Handbook. Wilmar Sugar shall deduct the contribution specified in the Harvesting and Transport Handbook for Blocks from which Cane may reasonably be expected to be delivered to that Delivery Point. The contribution shall be deducted from the payment due to the Grower. Such contribution, which may be varied from time to time with agreement from the Growers' Representative, is to pay for the services of a contractor to clean or maintain the relevant Delivery Point.

In accordance with the procedure contained in the "Harvesting & Transport Handbook", delivery and pick-up of Bins may be suspended where Delivery Points are not clean and serviceable.

Wilmar Sugar will carry out maintenance requirements for tipper pads and turning areas at all new sidings for a period of 12 months from the completion of the siding construction. Wilmar Sugar will also allocate a total amount of \$200,000 annually for materials and labour to assist in ensuring that tipper pads and turning areas at all other existing sidings are maintained in a safe working condition.

Wilmar Sugar shall be responsible for cleaning of the area between the rails using its specialised equipment.

12 Workplace Health and Safety

The Grower acknowledges that a Delivery Point is considered a shared workplace for the purposes of the *Work Health and Safety Act 2011*. All persons normally involved with activities at a siding have obligations to ensure that the way they undertake their activities does not pose a risk to themselves, workers or others.

All cane hauling operators and principal contractors engaged by the Grower must:

- (a) prior to commencement of each Crushing Season, produce evidence to Wilmar Sugar of completion of a siding induction within 2 years of the commencement of the Relevant Season. The delivery of empty Bins and pick up of full Bins may be withheld if such evidence has not been provided;
- (b) comply with the Code of Practice for the Operations and Procedures at Cane Railway and Road Transport Delivery Points developed by the Sugar Industry; and
- (c) comply with the Harvesting & Transport Handbook. In particular, Growers shall not use the main railway line to move Bins, allow the main line to be obstructed in any way or allow equipment to encroach within 2.5 metres of any main line track without Wilmar Sugar's prior approval.

The Grower agrees to observe the requirements of the Harvesting & Transport Handbook. Should such requirements not be observed, the reduction or suspension of the supply of empty Bins to a Harvesting Group is expressly authorised by this Agreement.

Schedule 4 – Cane Quality and Extraneous Matter

1 Cane Quality

Cane quality affects the ability of the Wilmar Sugar to produce high quality raw sugar. The manufacture of raw sugar that meets customer requirements will be assisted by the following Cane quality attributes:

- (a) High sugar content (CCS)
- (b) Low dirt levels
- (c) Low ash levels
- (d) Low levels of floc
- (e) Low levels of Cane stool
- (f) Low level of Extraneous Matter
- (g) Cleanly cut billets

Wilmar Sugar and the Grower acknowledge the need to comply with relevant legislation and to promote best practice for the growing, harvesting and milling of Cane.

The Grower shall ensure that fertiliser application rates do not exceed appropriate industry recommendations. Additionally, chemicals shall be applied in accordance with manufacturer label requirements such that delivered Cane does not contain a chemical residue in excess of that prescribed under legislation or a QSL directive.

2 Billet Quality

The Grower shall ensure that delivered Cane is cut cleanly with minimum damage into billets of a mean length not exceeding 300 millimetres and not less than 200 millimetres. Should the Grower fail to comply with this standard, Wilmar Sugar may suspend or amend the Grower's Bin allotment until corrective action has been undertaken.

The Grower shall ensure that harvested Cane is delivered on the Harvest Day in order to minimise delays. On each occasion that harvested Cane is held overnight in haul-out units and is delivered the next day, Wilmar Sugar may cancel a subsequent allotment of empty Bins to the Grower provided the Grower is notified in advance.

In addition, the Delivery sample that includes such Cane that is delivered late in this way, shall not be eligible for treatment as a missed sample under the Cane Analysis Program provided that the Cane Analysis Auditor has been advised in writing that such Cane has not been delivered in accordance with this Delivery requirement.

3 Extraneous Matter in Delivery

The Grower shall endeavour to supply Cane with a minimum quantity of Extraneous Matter.

Where Wilmar Sugar determines that a Cane Delivery contains an excessive quantity of Extraneous Matter, or may result in damage to Mill equipment, one of the following actions may be taken:

- (a) Wilmar Sugar may accept such Cane and make a deduction of 30, 40 or 60 cents per tonne of Cane depending on the degree to which it is considered by Wilmar Sugar and verified by the Cane Auditor to contain an unreasonable quantity of Extraneous Matter. Provided that no such deduction shall be made without the prior approval of a Cane Auditor who has supervised the inspection of the relevant Cane and provided further that no such deduction shall be made where **clauses 3(b) or (c)** of this **Schedule 4** is applied.
- (b) Wilmar Sugar may withhold acceptance of such Cane until the Grower has cleaned it.
- (c) Wilmar Sugar may return such Cane to the Grower at the Grower's expense and may by written notice withhold further acceptance until it has been cleaned.
- (d) Wilmar Sugar may remove such material from the Delivery at the Grower's expense.

Where Bins are taken out of service in order to be cleaned as a result of Extraneous Matter provided with a Delivery, Wilmar Sugar may make a corresponding reduction in the daily allotment of Bins to the Grower.

4 Extraneous Matter Causes Damage

If any Delivery containing non-Cane Extraneous Matter supplied by the Grower causes damage to Mill equipment, then Wilmar Sugar shall have the right to recover from that Grower Wilmar Sugar's costs associated with repairs to the Mill as well as any other consequential costs and losses.

Schedule 5 – Cane Payment

1 Cane Weighing, Sampling and Analysis

The following quality and other data will be determined by Wilmar Sugar for each Delivery supplied by the Grower:

- (a) Tonnes of Cane (to 2 decimal places);
- (b) CCS (Relative) – “A” or “B” relative scheme as described in **clause 3(b)** of this **Schedule 5** where relativity is assessed for each Harvest Day based on the Grower’s election made in **Schedule 1**; and
- (c) Any other analysis or information required for the payments to the Grower as outlined in **Schedule 5**.

2 Cane Audit Committee

- (a) A Cane Audit Committee shall be constituted comprising two persons nominated by the Growers’ Representative and two persons nominated by Wilmar Sugar. This Committee shall be responsible for overseeing the application of the provisions of the Cane Analysis Program and its associated administration. Such responsibilities include the recruitment and management of Cane Auditors employed by the Growers’ Representative and the preparation of an annual budget of estimated expenditure for approval by Wilmar Sugar and the Growers’ Representative. For decisions of the Committee to have effect, they must be supported by a majority vote of the members of the Committee.
- (b) Funding for the audit function within the Cane Analysis Program shall be shared equally between Wilmar Sugar and its Suppliers. In the event that there is a shortfall or excess in any particular Crushing Season the shortfall or excess may be adjusted in the current or following Crushing Season’s levy (being the levy referred to in the Cane Analysis Program).
- (c) Following review and recommendation by the Cane Audit Committee the Growers’ Representative and Wilmar Sugar are expressly authorised to amend the Cane Analysis Program from time to time to reflect agreed changes.

3 Relative CCS

- (a) Upon signing this Agreement, the Grower has elected to be a part of either of the “A” or “B” relativity schemes. Such election may only be changed by written notification to Wilmar Sugar no later than 15 April prior to the start of a Relevant Season.

- (b) Payments for Cane shall be determined using the Grower's CCS (Relative) as calculated for each Delivery of Cane based on the Grower's election made in **Schedule 1** such that the Deliveries of a Grower electing to be part of one relativity scheme (either "A" or "B") are only compared to the Deliveries of other Growers electing to have their Deliveries within that same relativity scheme.
- (c) Payments for Cane for each Delivery during a Relevant Season shall be based on the Grower's CCS (Relative) calculated as follows:
 - (i) "A" scheme;

$$\text{Grower's CCS (Relative)} = \frac{\text{Grower's CCS (Actual Sample)} - \text{Collective average CCS for "A" scheme Deliveries for the Harvest Day}}{\text{estimated Collective seasonal average CCS for "A" scheme}}$$
 - (ii) "B" scheme;

$$\text{Grower's CCS (Relative)} = \frac{\text{CCS (Actual Sample)}}{\text{Collective average CCS for "B" scheme Deliveries for the Harvest Day} \times \text{estimated Collective seasonal average CCS for "B" scheme.}}$$

4 Payment CCS

- (a) Prior to the commencement of each Relevant Season, Wilmar Sugar will calculate an estimated Collective seasonal average CCS, where possible, for each of the "A" and "B" schemes based on such weighted Collective seasonal average CCS over the previous 5 Crushing Seasons unless otherwise agreed between Wilmar Sugar and the Growers' Representative.
- (b) For the purposes of this Agreement, the Collective seasonal average CCS is the weighted average CCS achieved by the Collective Growers over the Relevant Season.
- (c) If, during the Crushing Season, it becomes evident to Wilmar Sugar that either of the "A" or "B" Collective seasonal average CCS values are likely to vary from the estimated Collective seasonal average CCS as determined in accordance with **clause 4(a)** of this **Schedule 5**, the estimated "A" or "B" Collective seasonal average CCS for the purpose of payments to Growers may be increased or decreased by Wilmar Sugar after consultation with the Growers' Representative.
- (d) Where any estimated Collective seasonal average CCS or Sugar Value (as defined in **clause 5** of this **Schedule 5**) adjustments are made, the Grower's Cane value shall be recalculated in accordance with the formula in **clause 5** of this **Schedule 5** and adjusting payments will be made to the Grower.
- (e) At the conclusion of each Relevant Season, the weighted Collective seasonal average CCS for both the "A" and "B" schemes, excluding Cane determined as having less than 7 CCS units, shall be

determined by Wilmar Sugar for use in the end of Crushing Season adjustment payment and subsequent payments for the Relevant Season for the respective schemes.

5 Cane Value Formula

The Grower will be entitled to receive payment for each Delivery of Cane which has been accepted by Wilmar Sugar according to the value derived by the following formula for the relativity scheme elected by the Grower:

- (a) For "A" scheme;
Grower's Delivery Value (AUD per tonne Cane)
 $= 0.009 \times \text{Sugar Value} \times (\text{CCS} - 4) + 0.6353$

Where;
CCS = CCS (Relative)

And
Sugar Value = the Net IPS Price(s) to be applied to the relevant Cane tonnage allocations as determined initially under **clause 6**, then under **clause 7** of this **Schedule 5**.

- (b) For "B" scheme;
Grower's Delivery Value (AUD per tonne Cane)
 $= \text{Collective "B" scheme Average Cane Value} \times \text{Grower's Delivery CCS (Relative)} / \text{Collective "B" CCS average for Harvest Day}$

Where;
Collective "B" scheme Average Cane Value (AUD per tonne) $= 0.009 \times \text{Sugar Value} \times (\text{CCS} - 4) + 0.6353$

And
CCS = Collective average CCS for "B" scheme applying at the time
Sugar Value = the Net IPS Price(s) to be applied to the relevant Cane tonnage allocations as determined initially under **clause 6**, then under **clause 7** of this **Schedule 5**.

6 Cane Value Determination for Crushing Season Payments

The Grower will be entitled to receive payment for each Delivery of Cane which has been accepted by Wilmar Sugar according to the value derived by the formula in **clause 5** of this **Schedule 5** where:

Sugar Value = the Net IPS Price per tonne IPS sugar received by Wilmar Sugar from QSL during the Crushing Season which sugar is derived from the Cane received from all suppliers to Wilmar Sugar.

7 Cane Value Determination for Post Season Payments

7.1 Allocation of Cane

- (a) After the Crushing Season, the Grower's Cane tonnage allocation to the various pricing methods shall be determined on an interim basis in the following order: US Quota, Forward Price Agreement tonnage, where applicable, and Harvest Pool tonnage.
- (b) These interim allocations will be adjusted in the final Cane payment for the Relevant Season after Wilmar Sugar is advised of the final tonnage and sugar proceeds for the various pricing methods.
- (c) The Grower will be entitled to receive payment for the Cane tonnage allocated to each pricing method according to the value derived by the formula in **clause 5** of this **Schedule 5** where:

Sugar Value = the Net IPS Price per tonne IPS sugar received by Wilmar Sugar from QSL for the relevant pricing method; that is, the US Quota Value, Forward Price Agreement outcomes, where applicable, or the Harvest Pool Value.

7.2 US Quota Cane Tonnage

- (a) A portion of the Grower's Cane which is supplied to Wilmar Sugar during the Relevant Season will be priced and paid for by reference to the US Quota Value for the Relevant Season.
- (b) For the purpose of **clause 7.1(a)** of this **Schedule 5** Wilmar Sugar shall determine the share of the Grower's Cane to be priced by reference to the US Quota Value as a function of the Grower's Cane and CCS (Relative) units as a proportion of all tonnes of Cane and CCS (Relative) units delivered by Suppliers to Wilmar Sugar during the Relevant Season and by applying that proportion to Wilmar Sugar's US Quota sugar tonnage for the Relevant Season.

7.3 Harvest Pool Cane Tonnage

The balance of the Grower's Cane remaining after allowing for allocations of US Quota volume (and, where applicable, Forward Price Agreement mechanisms) will be priced and paid for by reference to the Harvest Pool Value for the Relevant Season.

8 Deliveries with CCS (Actual Sample) less than 7 units

- (a) Any Delivery with a CCS (Actual Sample) of less than 7 units may be eligible for payment under this **clause 8** but is ineligible for payment under any other clause.
- (b) Any Delivery made in the months of June, July or November and later months having a CCS (Actual Sample) of 6 units or greater but less than 7 units will be paid at the rate of \$8.54 per tonne. No

payment is to be made for any Delivery having a CCS (Actual Sample) of less than 6 units.

- (c) Payments pursuant to this **clause 8** will be made in conjunction with the end of Crushing Season adjustment payment (**clause 7.6(b)**).
- (d) The per tonne rate shall be adjusted by agreement between Wilmar Sugar and the Growers' Representative before each Crushing Season to reflect a reasonable estimate of the actual harvesting rate in the District. If agreement cannot be reached, the rate will be adjusted by the annual movement in the Consumer Price Index 6401.0 All Groups, Brisbane most recently published by the Australian Bureau of Statistics prior to the commencement of the Relevant Season.

9 Continuous Crushing

Where, based on the factors referred to in **clause 3.3** of this Agreement, the crushing schedule in a Relevant Season has been designed to operate in continuous crushing mode (7 day, 24 hour operation), Cane supplied by the Grower under this Agreement will attract the following supplementary payments as listed in this **Schedule 5**:

- (a) a continuous crushing harvesting allowance (**clause 10**); and
- (b) a continuous crushing rostered day off (RDO) allowance (**clause 11**); and
- (c) a Delivery Point overflow allowance (**clause 12**); and
- (d) a Planting and Productivity allowance (**clause 13**).

10 Continuous Crushing Harvesting Allowance

- (a) Wilmar Sugar agrees to pay a continuous crushing harvesting allowance of \$1.48 per tonne of Cane harvested on a Saturday, Sunday or public holiday under this Agreement in each Relevant Season that the crushing schedule for the District has been designed to operate in continuous crushing mode. This allowance relates to the additional costs associated with supplying Cane in a continuous harvesting roster.
- (b) In addition, where a Harvesting Group employs a third haul-out driver, and this payment has been accepted by Wilmar Sugar in past Crushing Seasons for haulage from more distant Blocks, a rate of \$0.45 per tonne of Cane harvested is also payable to the Grower on receipt by Wilmar Sugar of an acceptable written claim.
- (c) The allowance in **sub-clause (a)** above shall be paid weekly during the Crushing Season to the Grower based on such Cane supplied and accepted for crushing during that week. The additional allowance payable under **sub-clause (b)** above is payable with the end of Crushing Season adjustment payment.

- (d) The amount of the continuous crushing harvesting allowance is to be adjusted prior to each Crushing Season in accordance with the annual movement in the minimum weekly wage rate for a cane harvesting employee (Level 1) under clause 38 of the Sugar Industry Award 2010 (or its replacement award from time to time) as recorded by Fair Work Australia on the website known as www.fwc.gov.au.
- (e) The new continuous crushing harvesting allowance rate shall be the rate for the previous Crushing Season multiplied by the minimum weekly wage rate from the previous July and divided by the minimum weekly wage rate applying in the Sugar Industry Award for the prior period.

11 Continuous Crushing Rostered Day Off (RDO) Allowance

- (a) As a result of the roster for cane Harvesting Groups, a particular Harvesting Group may be rostered to work each day for a continuous 6 day period from Sunday to Friday inclusive. In such instances, Wilmar Sugar will make an additional payment for Cane harvested on that Friday at the same rate as the continuous crushing harvesting allowance in **clause 10 (a)** of this **Schedule 5**, except in the case when a public holiday coincides with that Friday when only the continuous crushing harvesting allowance is payable.
- (b) The allowance shall be paid weekly with the Delivery payment to the Grower.

12 Delivery Point Overflow Allowance

- (a) Where it has become necessary for a Harvesting Group to deliver Cane to more than one Delivery Point as a result of the introduction of continuous crushing causing existing Delivery Points to be under capacity, an allowance in recognition of additional haulage costs will be payable by Wilmar Sugar to the Grower upon receipt by Wilmar Sugar of an acceptable written claim. The allowance payable is \$0.27 per tonne of Cane delivered to the alternative Delivery Point per kilometre of the distance between the expected and alternative Delivery Points as measured along the rail. Where an alternate Delivery Point is used on a different branch rail line, then a reasonable estimate of the additional length of haul shall be made.
- (b) The allowance is payable with the end of Crushing Season adjustment payment.
- (c) The allowance may be reviewed annually on the same basis as described in **clauses 10(d)** and **(e)** of this **Schedule 5**.
- (d) The allowance will not be payable to any Grower in a Harvesting Group where a land owner who is also a part of the Harvesting

Group refuses to consent to make land available for a Delivery Point extension or rationalisation.

13 Planting and Productivity Allowance

- (a) To encourage planting and productivity improvement by Growers, an allowance will be paid from a Planting and Productivity Pool (PPP). This pool shall be derived using a base rate of 42 cents per tonne of Collective Cane and, where Collective Cane exceeds 4,500,000 tonnes, a sliding scale rate per tonne commencing at zero cents at 4,500,000 tonnes rising progressively to 17.5 cents at 5,250,000 tonnes of Collective Cane and continuing to rise at the same rate thereafter. The rate so calculated above is to be adjusted in the ratio that the Reference Sugar Value bears to \$350 per tonne IPS sugar. The calculation of the PPP is illustrated below:
- (i) In cases where the Collective Cane exceeds 4,500,000 tonnes
- $$\text{PPP} = (\text{Collective Cane tonnes} \times (\$0.42 + (\$0.175 / 750,000 \times (\text{Collective Cane tonnes} - 4,500,000)))) \times \text{Reference Sugar Value} / \$350$$
- (ii) In cases where the Collective Cane is less than 4,500,000 tonnes:
- $$\text{PPP} = \text{Collective Cane tonnes} \times (\$0.42) \times \text{Reference Sugar Value} / \$350$$

For example, at a Reference Sugar Value of \$315 per tonne IPS sugar:

$$\begin{aligned} \text{PPP} &= 5,000,000 \times (\$0.42 + (\$0.175 / 750,000 \times (5,000,000 - 4,500,000))) \times \$315 / \$350 \\ &= \$2,415,000 \end{aligned}$$

- (b) The Planting and Productivity Allowance amount to be paid to the Grower will be determined by apportioning the PPP determined in **sub-clause (a)** above pro-rata on the tonnes of Cane for half the amount and pro-rata on the area of Blocks of plant Cane for the Grower relative to all Collective Growers for the Relevant Season for the remainder.
- (c) The allowance will be paid to Growers in 2 instalments, one with the end of Crushing Season adjustment payment using the average sugar value being paid by QSL at that time, and the other with the final sugar payment for the Relevant Season.

14 Long Distance Transport Payments

- (a) A payment at the rate of 1 cent per tonne of Collective Cane shall be made by Wilmar Sugar to the Grower's Representative in

recognition of additional haulage costs incurred by Collective Growers as a result of Blocks being located in excess of 3 kilometres by the shortest practical route from Delivery Points.

- (b) The payment shall be made at the same time as Delivery payments.
- (c) It is intended that the total payment for a Relevant Season will be distributed to eligible Collective Growers by taking account of the tonnes delivered by them from such distant Blocks, and the distance of the haul to the Delivery Point.
- (d) The Growers' Representative shall be responsible for the allocation of the payment to eligible Collective Growers and the creation of associated tax invoices. Wilmar Sugar shall be advised of the amount paid to each eligible Collective Grower after payment has been made.
- (e) In addition, **Schedule 7** records the transport allowance payable to certain Collective Growers in the areas South of Crystal Creek, North of Hen Camp Creek and Sheahan's Road.

15 Molasses Gain-Sharing Payment

- (a) Wilmar Sugar will make a payment in respect of molasses for all Cane supplied by the Grower for a Relevant Season based on the following formula and sub-clauses:

Payment rate (AUD per tonne) =
$$0.2 \times \text{DMoIT} \times (\text{Wilmar Sugar MoIV} - \text{BaseMoIV}) / \text{District Cane} \times \text{Collective Cane tonnage} / \text{Collective Cane tonnage supplied by Collective Growers who are a party to a Corresponding Agreement}$$

Where:

DMoIT = total tonnes of "C" molasses produced at the Mills

Wilmar Sugar MoIV = the Wilmar Sugar molasses value in AUD per tonne molasses for the Relevant Season being the average ex-mill value of all Wilmar Sugar mill molasses sales for the year ending 30 June following the Relevant Season. Ex-mill value means the value of sales of Wilmar Sugar mill molasses less related administration, transport, storage and selling costs.

BaseMoIV = Base molasses value of AUD60 per tonne.

- (b) Wilmar Sugar retains all ownership rights to molasses and all rights related to how it markets and values its molasses.
- (c) The payment per tonne of Cane cannot be a negative value (that is, a deduction from the Grower's Cane payment).
- (d) Any payment due under this **clause 15** shall be made to the Grower based on all Cane supplied by the Grower and shall be paid to the Grower with the final payment for the Relevant Season.

It is accepted by the parties that the \$60 per tonne base molasses value from which gain-sharing commences and which will be held constant for the 2014 Crushing Season will need to be increased in future years to account for cost increases not accounted for in the Wilmar Sugar molasses value (Wilmar SugarMolV) as well as changes in molasses revenue. It is further acknowledged that Wilmar Sugar has agreed to the AUD60 per tonne base for 2014 without adjustment on the basis of the understanding in the previous sentence.

16 Performance Target

16.1 Principle

- (a) For the purposes of this **clause 16**, Wilmar Sugar is allowed a Performance Target Period (that is, a maximum number of Harvest Days that includes, subject to **clause 16.1(b)**) an allowance of 8 days lost crushing time beyond Wilmar Sugar's control) to process a Crop of up to 4.75 million tonnes.
- (i) For a Crop of less than 4.0 million tonnes, Wilmar Sugar is allowed a Performance Target Period of 148 Harvest Days, inclusive of 8 days lost crushing time beyond Wilmar Sugar's control, in which to crush the Crop.
- (ii) For a Crop of up to 4.750 million tonnes, Wilmar Sugar is allowed a Performance Target Period of 154 Harvest Days, inclusive of 8 days lost crushing time beyond Wilmar Sugar's control, in which to crush the Crop.
- (iii) For a Crop between 4.000 and 4.750 million tonnes, the Harvest Days are to be calculated proportionally between those Crop tonnages as shown in the table in **clause 16.2**.
- (iv) For a Crop in excess of 4.750 million tonnes, no Performance Target Period or payments will apply for the amount of the Crop over 4.75 million tonnes.
- (b) Should lost crushing time beyond Wilmar Sugar's control exceed 8 days, the Performance Target Period is to be extended by such lost crushing time in excess of 8 days.
- (c) Suppliers are also expected to provide reasonable Bin weights and Cane quality such that Wilmar Sugar's ability to process the Crop in the Performance Target Period is not impeded.
- (d) In Crushing Seasons where the Crop is understood by Wilmar Sugar before the Crushing Season starts to be insufficient to supply both Mills in the District for the Performance Target Period applicable for that Crop (as shown in the table in **clause 16.2(c)**) Wilmar Sugar may utilise Victoria Mill for a target Crushing Season length of up to the Performance Target Period. Under this scenario, the Start Date for Macknade Mill will be determined by Wilmar Sugar so as to maximise sugar production and manage seasonal risk in

consultation with the Grower's Representative. A decision regarding the timing of Macknade Mill's commencement shall not obviate Wilmar Sugar's Performance Target or its ability to achieve a Crushing Season finish prior to mid November.

16.2 Performance Target Period

- (a) The Performance Target Period shall commence in accordance with the Start Date determined in **clause 3.1** of the Agreement and **Schedule 2** and shall be assessed on a Harvest Day basis in whole days.
- (b) Where Wilmar Sugar and the Growers' Representative agree to vary the intended Start Date for any crushing train or trains at a Mill, the Performance Target Period will be extended by 8 hours for each 24 hour variation for each crushing train.
- (c) The following table sets out the relevant Performance Target Period in Harvest Days allowed for varying Crops:

Crop Size (million tonnes)	Performance Target Period (Harvest Days)	Allowance for Lost Time beyond Wilmar Sugar's control (Days)
4.000	148	8
4.125	149	8
4.250	150	8
4.375	151	8
4.500	152	8
4.625	153	8
4.750	154	8

- (d) The Performance Target Period as shown in the table in **sub-clause (c)** shall be extended pursuant to **clause 16.1(b)** above for lost crushing time beyond Wilmar Sugar's control in excess of the 8 day allowance within the Performance Target Period and pursuant to **clause 16.2(b)** above for agreed crushing train start-up variations. The resulting period shall be referred to as the Adjusted Performance Target Period for the purposes of **clause 16.5(a) and (b)** of this **Schedule 5**.
- (e) An example of the operation of this clause, including specific rules relating to the assignment of lost crushing time beyond Wilmar Sugar's control, is provided in **Schedule 8**.

16.3 Lost Crushing Time Beyond Wilmar Sugar's Control

Lost crushing time beyond Wilmar Sugar's control includes the full amount of actual lost time including lost time through reduced crushing rates due to:

- (a) wet weather, or failure of Suppliers to supply Cane for any other reason except any extension of crushing delay where there is sufficient supply to meet the daily thresholds expected by Wilmar Sugar but where Wilmar Sugar elects to delay recommencement of crushing after a stoppage. For Macknade Mill to be the first Mill to resume crushing, the daily threshold is 4,000 tonnes of Cane. For Victoria Mill to be the first Mill to resume crushing, the threshold is 6,000 tonnes of Cane for the first day provided the expected supply for the following day exceeds 8,000 tonnes of Cane;
- (b) the daily average 4 tonne Bin weight loaded being 0.04 tonnes or more below the average weight used for that Harvest Day's Deliveries;
- (c) any Delivery having a 4 tonne Bin weight less than 3.3 tonnes;
- (d) excessive dirt, Extraneous Matter or foreign matter included with Cane in Bins;
- (e) emergency, Force Majeure or other causes beyond Wilmar Sugar's reasonable control.

16.4 Communication and Reporting of Lost Crushing Time

- (a) Where Cane supply shortfalls occur that Wilmar Sugar believes to be beyond its control, Wilmar Sugar shall make reasonable endeavours to convey details of such instances to the Grower's Representative on a daily basis. The purpose of this communication is to facilitate the involvement of the Growers' Representative in monitoring harvesting performance and to ensure the taking of corrective action where necessary.
- (b) Wilmar Sugar shall also make reasonable endeavours to communicate details of other major lost crushing time events that it believes to be beyond its control to the Growers' Representative within 24 hours of the occurrence. Such events shall also be reported promptly to the Cane Auditor. A full listing of lost crushing time events shall subsequently be made available to the Cane Auditor.
- (c) Wilmar Sugar shall furnish the Growers' Representative with a weekly report providing details of any lost crushing time events that it believes to be beyond its control no later than close of business Wednesday following the particular crushing week being reported. The Growers' Representative shall review the report provided by Wilmar Sugar and respond by close of business Friday in the same week.

- (d) In the event that the lost crushing time report is not accepted by the Growers' Representative, any differences are to be resolved during the following week.

16.5 Calculation of Performance Target Tonnage Shortfall

The Cane tonnage shortfall to which Performance Target (PT) payments may apply shall be determined on a District Cane basis as follows:

- (a) **Crop 4.75 mt or more, All Harvested** - Where a District Cane tonnage of 4.75 million tonnes or greater is harvested, the tonnage of PT shortfall is any positive number determined by subtracting the tonnage harvested by the end of the Adjusted Performance Target Period (as determined in **clause 16.2** of this **Schedule 5**) from 4.75 million tonnes; or
- (b) **Crop < 4.75 mt, All Harvested** - Where the available Crop has been harvested (with the exception of a 200 hectare tolerance) and it is less than 4.75 million tonnes, the tonnage of PT shortfall is any positive number determined by subtracting the tonnage harvested by the end of the Adjusted Performance Target Period (as determined in **clause 16.2** of this **Schedule 5**) from the District Cane tonnage; or
- (c) **Not All Cane Harvested** - Where all of the Crop has not been harvested (with the exception of a 200 hectare tolerance), the tonnage of PT shortfall is any positive number determined by subtracting the Cane actually harvested from the tonnage of Cane that should have been harvested within the Performance Target Period (as determined in **clause 16.2** of this **Schedule 5**).
Calculations under this **sub-clause (c)** are as follows:

- (i) **Crop < 4.75 mt** - Where the Crop is less than 4.75 million tonnes:

Tonnage of PT shortfall = ((Crop / Allowable Performance Target Period) – (District Cane harvested / Actual Harvest Days)) x the lesser of Allowable Performance Target Period or Actual Harvest Days

- (ii) **Crop > or equal to 4.75 mt** - Where the Crop is greater than or equal to 4.75 million tonnes:

Tonnage of PT shortfall = ((4,750,000 / Allowable Performance Target Period) – (District Cane harvested / Actual Harvest Days)) x the lesser of Allowable Performance Target Period or Actual Harvest Days

Where, in each case

Allowable Performance Target Period = Performance Target Period as defined in **clause 16.2(c)** less actual lost time beyond Wilmar Sugar's control up to 8 days.

Actual Harvest Days = Duration of harvest in days less actual lost crushing time beyond Wilmar Sugar's control as per **clause 16.3** less any agreed crushing train delay as per **clause 16.2(b)**.

Crop = District Cane harvested plus Cane remaining unharvested (except in the case where the unharvested area is less than 200 hectares, when no Cane is deemed to be left unharvested) as recorded in Wilmar Sugar's harvesting system records.

16.6 Bin Weight Adjustment Factor

The tonnage shortfall determined in **clause 16.5** shall be adjusted by the relevant factor in the following formula:

Bin Weight Adjustment Factor = $1 + 0.025 * (\text{Actual 4 tonne Bin seasonal average Bin weight} - 3.7) / 0.1$

For example, if the seasonal average Bin weight is 3.8 tonnes, a factor of 1.025 applies. Conversely, if the seasonal average Bin weight is 3.5 tonnes, a factor of 0.95 applies.

16.7 Performance Target Allowance Rate

Where Wilmar Sugar does not meet the Performance Target tonnage, an allowance rate shall be payable per tonne of Cane shortfall in accordance with the following scale:

A maximum value of \$8.00 at a Reference Sugar Value of \$400 per tonne IPS and above and reducing pro-rata to;

An intermediate value of \$6.00 at a Reference Sugar Value of \$300 per tonne IPS reducing pro-rata to;

A minimum value of \$2.00 at a Reference Sugar Value of \$200 per tonne IPS and below.

16.8 Performance Target Allowance Payable

An allowance is payable to Collective Growers on the tonnage shortfall attributable to Collective Cane to be calculated as follows:

Collective Cane Performance Target Allowance =

Tonnage of PT shortfall x tonnes Collective Cane from the Grower and other Collective Growers who have signed a Corresponding Agreement / District Cane tonnes x Bin Weight Adjustment Factor x Performance Target Allowance Rate

where the tonnage of PT shortfall is determined in accordance with the appropriate **sub-clauses 16.5 (a), (b) or (c)** above, and the Bin Weight Adjustment Factor is determined in accordance with **clause 16.6** and the Performance Target Allowance Rate is determined in accordance with **clause 16.7** of this **Schedule 5**.

All such payments shall be paid pro-rata on all Collective Cane supplied for the Relevant Season by the Grower and other Collective Growers who have signed a Corresponding Agreement. The Grower's portion of the allowance shall be paid to the Grower with the final payment for the Relevant Season.

Performance Target allowance payments made pursuant to this **clause 16** shall constitute full and final compensation to the Grower for any and all inconvenience, disadvantage and loss suffered, real or perceived, as a result of

the crushing performance at the Mills, harvesting delays caused or contributed to by Wilmar Sugar, the Performance Target Period not being met and for any other reasons associated with Wilmar Sugar's performance of its obligations in respect of the crushing of Cane supplied by the Grower pursuant to this Agreement.

17 Sugar Quality Premium / Discount Sharing Scheme

17.1 Context

The parties acknowledge the importance of sugar quality meeting or exceeding customer expectations. Production of high quality sugar will contribute to the sustainability of the sugar industry in the District by maximising returns to Wilmar Sugar and its Suppliers and ensuring future market access.

17.2 Market Signal Mechanism

To allow an appropriate flow of market signals, sugar premiums, discounts and deductible costs for a Relevant Season are to be pooled and allocated in accordance with the following formula:

Grower's allocation for the 2014 Crushing Season = Grower's seasonal CCS (Relative) units / District seasonal CCS (Relative) units x (Sugar Premium – Sugar Discount – Deductible Costs) x Suppliers' Proportion; and

Grower's allocation for the 2015 and subsequent Crushing Seasons:

Wilmar Sugar and the Growers' Representative undertake to enter into bona fide negotiations for the purpose of determining the Grower's proportion, under a cane quality scheme, in the following formula:

$$\frac{(\text{Sugar Premium} - \text{Sugar Discount} - \text{Deductible Costs}) \times \text{Suppliers' Proportion}}{\text{Proportion} \times \text{Grower's proportion}}$$

Subject to this Agreement being extended in accordance with **clause 2.5** and **clause 2.6**, until agreement on the Grower's allocation for the 2015 or subsequent Crushing Seasons is reached, the Grower's allocation as defined for the 2014 Crushing Season will apply.

Where:

Sugar Premium is the sum received or deemed to have been received by Wilmar Sugar (pursuant to **clause 17.3** of this **Schedule 5**) in accordance with the RSSA Raw Sugar Quality parameters (RSSA Schedule 1 Raw Sugar Quality) as varied by QSL from time to time. The Raw Sugar Quality parameters and standards against which QSL assesses eligibility for premium payments are held by the Growers' Representative.

Sugar Discount is the sum deducted by QSL or other customers from sugar proceeds to Wilmar Sugar on account of any price discount or cost attributable to sugar that fails to meet relevant standards.

Deductible Cost is the sum of the cost elements defined in **clause 17.4** of this **Schedule 5**.

Suppliers' Proportion = 50 percent

The Grower's allocation of sugar premiums, discounts and deductible costs shall be applied to Cane payments after the corresponding adjustment to sugar proceeds owing to Wilmar Sugar has been effected. The Grower acknowledges that this will normally occur with the final payment for the Relevant Season.

17.3 Deemed Sugar Quality Premiums

Sugar produced at the Mill that is marketed directly by Wilmar Sugar, shall be assessed and allocated notional premiums for the purposes of this **clause 17** as though it was supplied to QSL.

17.4 Deductible Costs

Costs that are to be deductible shall include:

- (a) A milling process additive reasonably applied by Wilmar Sugar to maintain or improve sugar quality;
- (b) A Cane treatment program to maintain or improve sugar quality;
- (c) Expenditure on a research and development program related to improving sugar quality;
- (d) Additional analytical costs to maintain or improve sugar quality;
- (e) Costs incurred for the installation, operation and maintenance of plant and equipment specifically installed to improve sugar quality;
- (f) A sugar recovery loss arising from an operating strategy to maintain or improve sugar quality; &
- (g) Any other cost associated with a strategy to maintain or improve sugar quality

For **sub-clauses (b) to (g)**, the prior agreement of Wilmar Sugar and the Growers' Representative is required. Agreement shall not be unreasonably withheld by either party.

17.5 Monitoring and Provision of Information

To enable appropriate monitoring of sugar quality, the effectiveness of improvement strategies and calculations arising from this **clause 17**, Wilmar Sugar shall provide the Growers' Representative with the following information on a confidential basis:

- (a) sugar quality data on sugar supplied to QSL and other customers
- (b) details of the QSL Raw Sugar Quality Scheme
- (c) details of sugar quality parameters included in any supply contract outside of QSL
- (d) statements identifying Sugar Premiums and Sugar Discounts
- (e) an itemised listing of Deductible Costs

17.6 Performance Improvement Plans

Wilmar Sugar and the Growers' Representative shall meet from time to time to review the operation of the Sugar Quality Premium / Discount Sharing Scheme and to develop strategies to improve sugar quality and resultant returns to Wilmar Sugar and its Suppliers.

18 Grower Payment Deductions

- (a) Where, prior to the commencement of the crushing in the first Relevant Season under this Agreement, the Grower provides Wilmar Sugar with a written deduction authority for payments to the Growers' Representative or any third party approved by Wilmar Sugar, Wilmar Sugar may retain out of any payment due to the Grower under this Agreement an amount for payment to the Growers' Representative or third party in accordance with the written authority. The sum retained will be deemed part of the Cane payment paid to the Grower under this Agreement.
- (b) The Grower also expressly authorises Wilmar Sugar to make deductions from payments due to the Grower under this Agreement any amount specified as grower contributions under the Cane Analysis Program. Such deductions will be deemed part of the Cane payment paid to the Grower under this Agreement.

Schedule 6 – District Crushing Season Information

Wilmar Sugar agrees to provide the Growers' Representative with:

- (a) timely information relevant to the operation and administration of this Agreement. Such information shall include data obtained on Wilmar Sugar's behalf by HCPSL on aggregate areas for harvest, pre-season forecasts and estimates and a technical budget for processing the Crop.
- (b) Website access to data held for individual Collective Growers, as well as weekly harvest management and equity reports, and daily loading reports. Cane Block layer data will be provided on request for Collective Growers.
- (c) Wilmar Sugar further agrees to provide Growers and the Growers' Representative, via the Website, with a weekly update against budget of District crushing rate, Cane supply lost time, District tonnes throughput, District CCS and the estimated finishing date for the Crushing Season.
- (d) Wilmar Sugar shall publish QSL indicative sugar value data and advance payment programmes, together with corresponding indicative Cane prices, on the Website within 3 days of receipt of relevant information from QSL. Wilmar Sugar shall also publish non-commercially sensitive marketing information from QSL and make available to the Growers' Representative documentary evidence of the final QSL Sugar Value as received by Wilmar Sugar in each Relevant Season.

Schedule 7 – Specific Transport Items

Where the Grower is eligible for a specific transport allowance in the areas South of Crystal Creek, North of Hen Camp Creek or Sheahan's Road as shown in the paragraph below, the allowance shown is generally payable with the Delivery payment for that Cane. The allowance rate shown may be reviewed annually on the same basis as described in **clauses 10(d) and (e)** of this **Schedule 5**.

Where Cane Blocks are located in the area South of Crystal Creek and West of the Bruce Highway, and the Grower has received an allowance relating to transport of Cane from such Blocks on that Farm in the previous cane supply agreement, then Wilmar Sugar will pay an allowance on Cane delivered from such Blocks at the rate of \$1.79 per tonne.

The eligible Blocks relate to the current Collective Growers and the applicable Farms that are shown below;

Farm No. 710	Girgenti GR
Farm No. 652	Priarollo BA & Mrs AR

OR

Where Cane Blocks are located in Sheahan's Road, and are located more than 1 kilometre from Abergowrie Road, and the Grower has received an allowance relating to transport of Cane from such Blocks on that Farm in the previous cane supply agreement, then Wilmar Sugar will pay an allowance on Cane delivered from such Blocks at the rate of \$1.48 per tonne.

The eligible Blocks relate to the current Collective Growers and the applicable Farms that are shown below;

Farm No. 263C	Cristaudo M, Mrs M & MA
Farm No. 305A	Martin SG & Mrs MJ
Farm No. 306A	Martin LN & DRG
Farm No. 293A	Sheahan PD & J
Farm No. 295A	Sheahan PT
Farm No. 298A	Sorbello SA
Farm No. 376A	Sorbello SA & Mrs C
Farm No. 271A	Tua ES & Mrs CM
Farm No. 793A	Sorbello MS & WD
Farm No. 855A	Sheahan TP

Schedule 8 – Worked Examples

Performance Target – clause 16 of Schedule 5

PERFORMANCE TARGET (PT) - Example Calculations		
Example Variables Are Shaded		
Agreement Parameters, Clause 16 of Schedule 5	16/06/2009	Start of harvesting; first Tuesday on or after 15th June unless otherwise agreed
Nominal Harvesting Start Date	154.00	Including an 8 day allowance for lost time beyond Wilmar Sugar control
Performance Guarantee (PT) Period, days	8.00	The allowance nominally included in the PT Period
Lost Crush Time Beyond Wilmar Control, days	16/11/2009	Where the lost crush time beyond Wilmar Sugar control is less than 8 days
Expected Harvesting Finish for up to 5 mt	300.00	Base PT rate varies between \$2 to \$6 for Reference Sugar Value \$200 to \$300
Base Reference Sugar Value, \$/tonne IPS	400.00	Base PT rate varies between \$6 to \$8 for Reference Sugar Value \$300 to \$400
Base Reference Sugar Value, \$/tonne IPS	4,750,000	Tonnes harvest by end of PT Period, as extended
Expected Tonnes Harvest in PT Period	4,800,000	Including a reasonable estimate of Standover Cane, if applicable
Actual District Crop		
Example 1. Delayed Start of Harvest for 3 Crush Trains; Clause 16.2(b)		
Agreed harvest start is delayed by days shown below, for instance due to rain		
Original Harvesting Start Date	16/06/2009	From above
Agreed Delay, days	2	
New Agreed Start Date	18/06/2009	New PT Period start date
New Expected Harvesting Finish Date	18/11/2009	PT Period of 154 days inclusive of allowance for lost crush time beyond Wilmar control
Example 2. Delayed Start of Harvest for 2 Crush Trains; Clause 16.2(b)		
Agreed delay of B train and C train by the days shown below		
Original Start Date Agreed for A Train	16/06/2009	Harvesting commences for 1 crushing train only
B Train Agreed Start	18/06/2009	2 Agreed days delay
C Train Agreed Start	19/06/2009	3 Agreed days delay
B Train PT Period Extension, hours	16	At 8 hours per calendar day of train delay
C Train PT Period Extension, hours	24	At 8 hours per calendar day of train delay
Effective PT Period Extension, total days	2.00	Rounded up to next full day
New Expected Harvesting Finish Date	18/11/2009	PT Period of 154 days inclusive of allowance for lost crush time beyond Wilmar control

PERFORMANCE TARGET (PT) - Example Calculations		
Example 3. PT Tonnes Shortfall; District Cane Harvested Greater Than 4.75m Tonnes; Clause 16.5(a) of Schedule 5		
Agreement Parameters; Clause 16.2 of Schedule 5		
Nominal Harvesting Start Date	16/06/2009	Example Variables Are Shaded
Performance Guarantee (PT) Period, days	154.00	Start of harvesting; first Tuesday on or after 15th June unless otherwise agreed
Lost Crush Time Beyond Wilmar Sugar Control, days	8.00	From Table in clause 16.2(c), including an 8 day allowance for lost time beyond Wilmar Sugar control
Expected Harvesting Finish	16/11/2009	The allowance nominally included in the PT Period
Base Reference Sugar Value, \$/tonne IPS	300.00	Where the lost crush time beyond Wilmar Sugar control is less than 8 days
Base Reference Sugar Value, \$/tonne IPS	400.00	Base PT rate varies between \$2 to \$6 for Reference Sugar Value \$200 to \$300
Expected Tonnes Harvest in PT Period	4,750,000	Base PT rate varies between \$6 to \$8 for Reference Sugar Value \$300 to \$400
Actual Crop, tonnes	4,800,000	Tonnes harvest by end of PT Period, as extended
Collective Cane Harvested, tonnes	4,700,000	Including a reasonable estimate of Standover Cane, if applicable
Harvesting of District Cane of More Than 4.75m Tonnes is Completed		
Agreed Harvesting Start Date	16/06/2009	At least one crush train commences as agreed
District Cane Harvested, tonnes	4,795,000	Must be greater than 4.75m tonnes, but less than Crop
Any Effective PT Period Extension, days	2.00	As per Example 2. Delays to Crush Trains Agreed
Adjusted Lost Time Beyond Wilmar Control A Train, hours	350.00	Time lost
Seasonal Crush Rate A Train, tonnes/hour	502.11	Tonnes crushed divided by hours actually crushing
B Train, hours	350.00	
B Train, tonnes/hour	610.33	
C Train, hours	300.00	
C Train, tonnes/hour	520.44	
Adjusted Lost Time Beyond Wilmar Control, hours	334.06	True average of time using seasonal crush rates
Adjusted Lost Time Beyond Wilmar Control, whole days	14.0	
End of PT Period, date	24/11/2009	
Actual Harvest District Tonnes at This Date	4,635,000	Assess harvested tonnes to & including the PT Period end date
Collective Cane Harvested, tonnes	4,700,000	
PT Tonnes Shortfall	115,000	Wilmar Sugar missed PT aim by this tonnage
Final Reference Sugar Value, \$/tonne IPS	425.00	Base PT rate varies between \$2 to \$6 for Ref Sugar Value \$200 to \$300, \$6 to \$8 for Ref Sugar Value \$300 to \$400
PT Rate Payable, \$/tonne cane	8.00	On District Cane
PT Amount Payable, \$	901,773	On Collective Cane only (assuming all on rolling 3 year contracts)

PERFORMANCE GUARANTEE (PT) - Example Calculations			
Example 4. PT Tonnes Shortfall; All Cane is Harvested with Crop Less Than 4.75m Tonnes; Clause 16.5(b)			
Agreement Parameters; Clause 16.2 of Schedule 5		Example Variables Are Shaded	
Nominal Harvesting Start Date	16/06/2009	Start of harvesting: first Tuesday on or after 15th June unless otherwise agreed	
Performance Guarantee (PT) Period, days	152	From Table in clause 16.2(c), including an 8 day allowance for lost time beyond Wilmar Sugar control	
Lost Crush Time Beyond Wilmar Sugar Control, days	8.00	The allowance nominally included in the PT Period	
Expected Harvesting Finish	14/11/2009	Where the lost crush time beyond Wilmar Sugar control is less than 8 days	
Base Reference Sugar Value, \$/tonne IPS	300.00	Base PT rate varies between \$2 to \$6 for Reference Sugar Value \$200 to \$300	
Base Reference Sugar Value, \$/tonne IPS	400.00	Base PT rate varies between \$6 to \$8 for Reference Sugar Value \$300 to \$400	
Expected Tonnes Harvest in PT Period	4,500,000	Tonnes harvest by end of PT Period, as extended	
Cane Left as Standover, tonnes	0	There is no Standover Cane	
Actual Crop, tonnes	4,500,000		
Collective Cane Harvested, tonnes	4,410,000	Includes cane under 7 ccs	
Harvesting of all District Cane of less than 5 m tonnes is achieved			
Agreed Harvesting Start Date	16/06/2009	At least one crush train commences as agreed	
Tonnes Harvested, 000's	4,500,000		
Any Effective PT Period Extension, days	2.00	As per Example 2. Delays to Crush Trains Agreed	
Adjusted Lost Time Beyond Wilmar Control A Train, hours	168.15	Time lost	
Seasonal Crush Rate A Train, tonnes/hour	502.11	Tonnes crushed divided by hours actually crushing	
B Train, hours	132.55		
B Train, tonnes/hour	610.33		
C Train, hours	188.90		
C Train, tonnes/hour	520.44		
Adjusted Lost Time Beyond Wilmar Sugar Control, hours	161.46	True average of time using seasonal crush rates	
Adjusted Lost Time Beyond Wilmar Sugar Control, whole days	7.0	Only assessed within PT Period	
End of Adjusted PT Period, date			
Actual Harvest District Tonnes at This Date	4,460,000	Assess harvested tonnes to & including the PT Period end date	
Collective Cane Harvested	4,410,000		
PT Tonnes Shortfall	40,000	Wilmar Sugar missed PT aim by this tonnage	
Final Reference Sugar Value, \$/tonne IPS	375.00	Base PT rate varies between \$2 to \$6 for Ref Sugar Value \$200 to \$300, \$6 to \$8 for Ref Sugar Value \$300 to \$400	
PT Rate Payable, \$/tonne cane	7.50	On District Cane	
PT Amount Payable, \$	294,000	On Collective Cane only (assuming all on rolling 3 year contracts)	

PERFORMANCE GUARANTEE (PT) - Example Calculations

Example 5. PT Tonnes Shortfall; Not All District Cane Harvested & Less Than 4.75m Tonne Crop Available; Clause 16.5(c)(i)

Agreement Parameters; Clause 16.2 of Schedule 5

Nominal Harvesting Start Date	16/06/2009	Example Variables Are Shaded
Performance Guarantee (PT) Period, days	152.8	Start of harvesting; first Tuesday on or after 15th June unless otherwise agreed
Lost Crush Time Beyond Wilmar Sugar Control, days	8.00	Including an 8 day allowance for lost time beyond Wilmar Sugar control
Expected Harvesting Finish	14/11/2009	The allowance nominally included in the PT Period
Base Reference Sugar Value, \$/tonne IPS	300.00	Where the lost crush time beyond Wilmar Sugar control is less than 8 days
Base Reference Sugar Value, \$/tonne IPS	400.00	Base PT rate varies between \$2 to \$6 for Reference Sugar Value \$200 to \$300
Expected Tonnes Harvest in PT Period	4,600,000	Base PT rate varies between \$6 to \$8 for Reference Sugar Value \$300 to \$400
Standover Cane, tonnes	75,000	Tonnes harvested by end of PT Period, as extended
Actual District Crop	4,600,000	Including a reasonable estimate of Standover Cane, if applicable
Collective Cane Harvested	4,500,000	Includes cane under 7 ccs

Harvesting of District Crop of Less Than 4.75m Tonnes is Not Completed

Agreed Harvesting Start Date	16/06/2009	At least one crush train commences as agreed
Tonnes Harvested, 000's	4,525,000	
Any Effective PT Period Extension, days	1.00	Delays to Crush Trains Agreed
Adjusted Lost Time Beyond Wilmar Control A Train, hours	174.00	Time lost
Seasonal Crush Rate A Train, tonnes/hour	502.11	Tonnes crushed divided by hours actually crushing
B Train, hours	132.55	
B Train, tonnes/hour	610.33	
C Train, hours	165.00	
C Train, tonnes/hour	520.44	
Adjusted Lost Time Beyond Wilmar Sugar Control, hours	155.64	True average of time using seasonal crush rates
Adjusted Lost Time Beyond Wilmar Sugar Control, days	6.5	Only assessed within PT Period
End of Adjusted PT Period, date	15/11/2009	Relevant to cut-off for lost time beyond Wilmar Sugar's control
Actual Harvest Finish, date	22/11/2009	
Allowable PT Period Days	146.3	PT Period less 8 days allowance for lost time beyond Wilmar Sugar control, plus unused lost time (up to 8 days)
Actual Harvest Days	153.5	Excludes lost time beyond Wilmar Sugar control
Actual Crush Season Days	160.0	From Harvesting Start to Finish Date
Actual Harvest Tonnes at Harvest Finish Date	4,525,000	Expected Tonnes harvested in PT Period / Allowable PT Period Days
Expected daily tonnes	31,439	Actual Harvest Tonnes / Actual Harvest Days - Effective PT period extension (e.g. milling train startup/shut-down)
Actual daily tonnes	29,669	Difference between above
Shortfall in daily tonnes	1,770	Collective Cane harvested only
Collective Cane Harvested, tonnes	4,500,000	Wilmar Sugar missed PT aim by this. Shortfall in daily tonnes x Allowable PT Period Days (unless Actual Harvest Days lower)
PT Tonnes Shortfall	258,949	Base PT rate varies between \$2 to \$6 for Ref Sugar Value \$200 to \$300, \$6 to \$8 for Ref Sugar Value \$300 to \$400
Final Reference Sugar Value, \$/tonne IPS	375.00	On District Cane
PT Rate Payable, \$/tonne cane	7.50	On Collective Cane only (assuming all on rolling 3 year contracts)
PT Amount Payable, \$	1,931,388	

Lost Crushing Time Beyond the Control of Wilmar Sugar			
Clause 16.3 of Schedule 5			
Cause of Stop/Rate Reduction Weather & Ground Conditions	Typical Descriptors	Cause of Stop/Rate Reduction Material Related	Typical Descriptors
	Rain & showers stops/limits harvest		Dirt, mud & stool in cane
	Insufficient cane loaded		Trash in cane
	Supply not continuous		Poor fuel at boilers
	Harvester short deliveries (S/D)		Chokes due trash, foreign matter in cane
	Insufficient early morning supply (EMP)		Shredder damage due foreign matter
	Low bin weights		Clear magnet of foreign matter
	Partially filled bins		Burnt cane, old/delayed
	High mud levels		
	Minimum tonnage threshold not available	Transport	Insufficient early morning supply (EMP)
			Third party incidents (derails, collisions etc)
			Alleged sabotage
			Dirty sidings or main line
Cane Supply (not weather etc)	Low variable bin weight		
	Bin weight >0.04 tonne below loading		
	Harvester S/D# (poor conditions, breakdown etc)	Other/Sundry	Big bins overfilled
	Bins cancelled due poor conditions		Gaps due very low bin weight
	Show Holiday S/D		W/B stoppage due Auditor error
	Insufficient cane left before move		ERGON supply issue
	Siding cleaning stops harvest		Sugar Terminal issue
	BSES trial, low bin weights		
# (a) Where bins are delivered > 1 hour later than the scheduled time, no SD will be claimed for bins that are left empty at 6pm.			
& (b) Where bins are delivered 2 hours or more later than the scheduled time or 4 pm, whichever comes first, no SDs will be claimed.			
PERFORMANCE TARGET (PT) - Example Calculations			
Clause 16.3 of Schedule 5			
Direct Stoppages	Stoppages claimed are measured in minutes		
Indirect Stoppages	These are cases where the lost crushing time is assessed by a rate reduction, or a tonnage lost/credited back. For a reduction in crushing rate, a tonnes per hour reduction, and a period of time are measured. The rate reduction is based on the expected crush rate at the time The period in minutes is the duration of the reduced rate To get the equivalent time lost, multiply rate red'n by minutes divided by expected rate, ie 30 t/hr, for 20 minutes results in 1.00 minutes lost time For a specified tonnes lost, or credited back, divide the tonnes by the expected crush rate at the time to get minutes.		
Threshold for Recommencing After Wet weather	After a stoppage of all mills for wet weather, where Wilmar Sugar assesses supply to be 4,500 tonnes and is electing to recommence crushing using Macknade Mill, and Wilmar Sugar elects to delay recommencement for a further day, then the 4,500 tonnes not able to be supplied will not be lost time beyond Wilmar Sugar's control.		

Thankyou very much for giving me the opportunity today to address the committee on the future arrangements for the marketing of Australian Sugar.

Back when Wilmar purchased Inkerman Mill from Sucrogen they promised us and the Australian Government that they would respect grower's views on sugar marketing. That promise has disappeared pretty quickly. This has made me cynical as well as many others. Now they want to market all the sugar they produce. This is where Wilmar are starting to use their monopoly power to do what they want. Wilmar will say that they consulted with grower groups before this decision was made but being one of the biggest decisions in the history of the sugar industry this decision was not a negotiation it was Wilmar plainly laying down their version of how the new model would work, no negotiation, no consultation, they actually called us all in to a meeting with their employees (cane inspectors, office people so on) and explained to us all, just like we are their employees, how they are going to run the show.

This is the biggest problem with deregulation at the moment. Wilmar are clearly using their monopoly power and I and other growers have no power at all to change it.

Wilmar say that they have every right to market the sugar they produce under deregulation. This may be true but you know, deregulation works two ways. It might give Wilmar their right to market the sugar but it should also give us our right to be able to achieve a proper commercial rate of return for our cane that we grow and that is for bagasse fibre and molasses. Wilmar only want to pay us for sugar and this clearly shows again them using their monopoly powers, no negotiation.

As growers we now have the real chance of modernizing our payment formula and push for real returns on our entire crop. This would be totally consistent with deregulation. It would give each side of the industry a clear view of who owns what and at what point of production. This would

also stimulate the mills into more innovation of new products and add value to the bottom line.

If we keep the status quo that is growers two-thirds and Willmar one-third and they want to do all the marketing but we have most of the risk, then I don't think it is too much to ask than to be able to have a choice over who markets out two-thirds share. I'm sure no one in any other business would have it any other way - the majority risk taker actually having a say about where their economic interest shall be marketed.

So in conclusion Wilmar can't have it both ways. They can't use the excuse of deregulation to do what they want and then turn around and use their monopoly power to deny growers their right to negotiate a proper commercial rate of return for our sugarcane, or even be able to choose who should be able to market our two-thirds risk. While growers have that much risk I'm sure having a choice between QSL and Wilmar is not too much to ask but please give us that choice!

SOUTH BURNETT TIMES

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Riders set to
do battle with
bucking bulls
at the 10th Rural Weekly
Live Show - Page 45

RATES KEEP RISING

but the value of our
greatest asset, our
property, is dropping

South Burnett has the highest
land value in the region, with a 2.75% increase
in 2014/15. This is due to the region's
strong economic growth, which has
seen a 5.9% increase in the
region's land value in 2014/15.

The region's land value is
increasing, with a 2.75% increase
in 2014/15. This is due to the
region's strong economic growth,
which has seen a 5.9% increase
in the region's land value in 2014/15.

95% of the region's land is
owned by the region. This is due to
the region's strong economic growth,
which has seen a 5.9% increase
in the region's land value in 2014/15.

DEVELOPMENT COVERAGE INSIDE ON PAGES 4 & 5

RATES

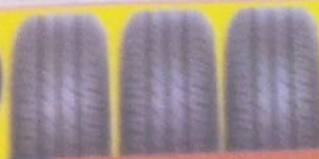
2014/15:
2.75%

2013/14:
5.9%

LAND

2015:
-7.5%

2013/14:
Not valued



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Guide to the Interim Forward Pricing Agreements

December 2014

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INTRODUCTION

Wilmar has developed a set of agreements which together form the basis of the proposed Interim Forward Pricing framework. These agreements facilitate continued forward pricing from July 2015 until final marketing arrangements are agreed for the 2017 season. The Interim Forward Pricing framework supplements the forward pricing facilities offered to growers under the Variation of Forward Price and Pooling Agreement, otherwise known as the 'Temporary Forward Price and Pooling Agreement (TFPPA)'. The Variation of Forward Price and Pooling Agreement provides a temporary forward pricing facility for the 2017 Season only and subject to a 30% forward pricing limit, provided that it is entered into and activated by a grower prior to 30 June 2015.

The Interim Forward Pricing Framework also incorporates a potential future marketing model that may, subject to final agreement with growers and their representatives, be adopted as the basis for final 2017 marketing arrangements. However, if alternate 2017 marketing arrangements are agreed, forward pricing undertaken under the Interim Forward Pricing arrangements will be rolled into those final marketing arrangements.

Under the Interim Forward Pricing Agreements (IFPA), Wilmar Sugar Australia (WSA) will sell its sugar production to Wilmar Sugar Trading (WST) on a free on board (FOB) basis from the Queensland bulk sugar terminals. WST will market and sell the sugar to end customers and return the full economic benefit of marketing premiums to WSA and 50% of any additional benefits when synergy between the Australian and non-Australian sugar books present arbitrage opportunities. WSA will offer pricing and pooling and advance payment options to growers and make payments to growers for cane based on the net sugar price that results from WST's sale of sugar and growers price risk management strategies.

There are three agreements comprising the Interim Forward Pricing framework:

Cane Supply Agreement (CSA) between growers and WSA, which documents the terms and conditions for harvesting, delivery, transport, crushing and payments for sugar cane. The CSA includes new provisions to cover:

- Payment options (in addition to a default option similar to the current advance system) which will be available for growers, including:
 - A Prepayment option (e.g. with payment in March prior to a relevant season), based on a prepayment of \$X/tonne¹ for an amount of cane tonnage up to a maximum of the grower's Nominated Tonnage (Cane). The prepayment will be repayable as a deduction from future Cane Payments when advances typically flow during the July to June period during the relevant season
 - A Cash on Delivery (COD) Advances Option, where a cash payment is made when the cane is delivered (e.g. 90 per cent payment within seven days), with the balance paid in the final months of the relevant season; and
 - A Deferred Advances Option, similar to the existing advance system but with the first Cane Payment deferred to 1 July in the year of harvest.
- Reporting will be available to all growers summarising pricing, pooling and advances to date for all pricing pools, as well as forecast final pool prices.

¹ Please note the intention of the Prepayment option is to provide for an amount which is approximately equivalent to the cost of planting cane for a relevant season. The amount will be determined in discussion with growers, but as an indication it may be in the order of \$5/tonne of cane.

- At the end of each season, WSA will engage an accounting firm to review and audit its marketing outcomes for the season. The Certification Statement from this audit will be made available to all growers.
- A Grower Consultative Group will be created to facilitate communication and transparency between growers and Wilmar, made up of growers or grower-nominated third parties, and will receive comprehensive market sensitive information on a confidential basis in respect of sales of individual sugar shipments and pricing and marketing reports.

Pricing and Pooling Agreement (PPA) between growers and WSA outlines the means by which Grower Nominal Sugar Exposure Tonnes are allocated to and priced under different pricing mechanisms and how growers select different payment options. The PPA includes provision for:

- Determination of Grower Nominal Sugar Exposure Tonnes
- Allocation of Grower Nominal Sugar Exposure Tonnes to various Discretionary and Default Pricing Mechanisms (including a range of pools)
- Selection of Cane Payment options and Advances Options, as outlined above
- Determination of marketing premiums and costs and their allocation to Pricing Mechanisms
- Determination of Gross Pool Prices and Net Pool Prices (after allocation of marketing premiums and costs) for Pricing Mechanisms
- The management of the Production Risk Pool and a commitment by WSA to ensure that any cost of over-hedging the Production Risk Pool, (e.g. as a result of a cane supply shortfall), will be to the account of WSA as manager of the pool if WSA acts outside the Pricing Mechanism Terms.
- The potential for growers to appoint a Third Party Manager to manage the pricing for a pool on their behalf
- WSA will not make any changes to the SPRA that could have a material adverse impact on growers

Queensland Sugar Sales, Pricing and Reporting Agreement (SPRA) between WSA and WST, which includes the terms and conditions for delivery, pricing, payment and reporting for raw sugar produced by WSA and supplied to WST. The SPRA includes provisions for:

- The sale of sugar between WSA and WST
- Determination and payment of Net Premiums
- Determination and payment of Arbitrage Premiums
- Detailed reporting obligations of WST to WSA, supporting the monthly and annual reporting to growers and the Grower Consultative Group outlined above
- Agency agreement under which WST undertakes price risk management on behalf of WSA for the management of Pricing Mechanisms
- Transparency, assurance, audit and certification provisions, including provisions that ensure that any related party transactions are on an arms-length basis
- Return of 100 per cent of the marketing premiums achieved on the sale of Australian sugar by WST

This Guide to the Interim Agreements has been developed to assist you in understanding the key elements of the agreements, but it is important it is read in conjunction with those agreements. To assist with referring between this Guide and the Agreements, Chapter 12 below outlines where key elements can be located within the CSA, PPA and SPRA. Please note that any words or phrases which are capitalised in this guide indicate that they correspond with defined terms in one or more of the three agreements.

KEY FEATURES

The Interim Forward Pricing framework gives effect to the key principles Wilmar has committed to for Sugar Marketing Post-2017, which are summarised below:

1. A grower's cane price will remain linked to the net price of sugar
2. Wilmar recognises grower 'Nominal Sugar Exposure'
3. Growers will be able to independently manage their own sugar price exposure
4. Growers will have choice of pricing mechanisms managed at the grower's discretion
5. Wilmar has choice over the commercial sale and marketing of sugar
6. Growers will receive the full economic benefit from the marketing and sale of sugar
7. Growers will have access to details of all transactions affecting grower sugar price exposure
8. Growers will have full independent audit rights, contractually documented protection measures and formal dispute resolution processes
9. Growers will have ongoing access to price risk management education and support
10. Growers will benefit from ongoing innovation

The Interim Forward Pricing Agreements provide new opportunities for growers in the areas of pricing and pooling, payment options and reporting. The key features of the agreements include:

Cane Payment Formula

The Cane Payment Formula is unchanged, and included in Schedule 5 to the Cane Supply Agreement.

Nominal Sugar Exposure

The PPA defines Grower Nominal Sugar Exposure Tonnes and provides the mechanism for Grower Nominal Sugar Exposure Tonnes to be allocated to relevant Pricing Mechanisms.

Transparent returns to growers

Wilmar has guaranteed to transparently return to growers 100 per cent of the marketing premiums (when calculated on a dollars per tonne basis) achieved on the sale of its Australian sugar. In referring to marketing premiums, we refer to all components of the sugar price over and above the ICE#11 price. This includes physical premiums, freight premiums, polarisation premiums and spread gains. Under the Interim Forward Pricing framework, these premiums would be allocated to pricing pools in the same manner as is currently the case with QSL, so growers will receive exactly the same net premium as Wilmar on a per tonne of sugar exposure basis.

Arbitrage benefits

In addition to the return of 100 per cent of marketing premiums, growers will also receive 50 per cent of any arbitrage benefits involving WSA sugar and other-origin sugar (i.e. sugar sourced elsewhere, e.g. from Brazil or Thailand) traded by WST. Arbitrage Premiums are those which are captured through the unique synergy that Wilmar can bring through having a significant 'book' of non-Australian sugar as well as its 'book' of Australian sugar. The Arbitrage Premiums are therefore a benefit available to growers that are over and above the returns derived from 100 per cent of the marketing premiums.

Transparency of processes

The PPA and the SPRA contain detailed provisions describing the processes and calculations that determine all of the components that are used by WSA to determine the sugar price on which grower's cane price is calculated. Every grower will be a party to a PPA and all growers will also have access to a copy of the SPRA that details the terms and conditions for delivery, pricing, payment and reporting for raw sugar produced by WSA and sold to WST. The Cane Supply Agreements provide detailed reporting, certification and audit rights for growers over the activities of both WSA and WST. These transparency measures are also

provided for in the SPRA to ensure growers can be confident in the transparency required of WST. WSA will not make any changes to the SPRA that have a material adverse impact on growers.

Increased flexibility

Wilmar will provide for a maximum of 70% of estimated Grower Nominal Sugar Exposure Tonnes to be allocated to Discretionary Pricing (Forward Pricing and other fixed tonnage Discretionary Pricing pools). This is an increase of 10% from the current limit on Discretionary Pricing.

Insulation from risk

Growers who supply cane in accordance with the obligations of their cane supply agreement will bear no risk or cost of Production Shortfalls in the Production Risk Pool in the event that Wilmar's management of the Production Risk Pool is outside the Pricing Mechanism Terms and this places the pool in a situation where it is over-hedged or over-sold with respect to sugar sales.

Pricing mechanisms and third party pricing manager

The PPA outlines that Default Pricing Mechanisms will be available including the US Quota and the Production Risk Pool. Discretionary Forward Pricing Mechanisms will also be available including the Call and Target Pricing Mechanisms. Other discretionary pricing pools will be managed by Wilmar, or a Third Party Manager should a group of growers choose to appoint an independent pricing manager on terms acceptable to WSA (this could be QSL or another provider).

Marketing services charge unchanged

A Marketing Services Charges will be set at the rate of \$2.50/t sugar (indexed by AWOTE²), which is competitive with the current QSL charge.

Additional payment options

Two new Advances Payment Options will be available to growers in addition to the typical current advance patterns (Cash on Delivery Advances Option and Deferred Advances Option). In addition, a Prepayment option will be available where a payment will be made in March prior to harvesting in any given season, to assist growers with cash flows at that time of year.

Grower Consultative Group

A Grower Consultative Group will be created to facilitate communication and transparency between growers and Wilmar in relation to pricing and marketing activities. The Grower Consultative Group will be made up of growers or grower-nominated third parties. The Grower Consultative Group will meet regularly with senior WSA and WST marketing representatives and receive comprehensive market sensitive information on a confidential basis in respect to pricing and marketing. The Monthly Consultative Group Marketing Report will include reports on pricing, premiums, marketing and forecast net pool prices. These reports will provide information about sugar marketing premiums on a shipment by shipment basis, giving the Grower Consultative Group access to an unparalleled level of transparency.

Growers receive extensive reporting

In addition to the extensive reports provided to the Grower Consultative Group, additional reporting will be available to all growers on a monthly basis summarising pricing, pooling and advances to date for all pricing pools, as well as forecast Net Pool Prices. In addition, at the end of each season, an Annual Marketing

² AWOTE – Average Weekly Ordinary Time Earnings
IFPA Guide – Copy for Senate Inquiry

Report will be provided to all growers outlining marketing outcomes and determinants of the final Net Pool Prices for the season. It is important to note that under these arrangements individual growers will receive reports with detailed information about marketing premiums and costs. This represents a significant improvement in the level of transparency and reporting to all growers.

Annual audit

At the end of each season, Wilmar will engage an accounting firm to review and audit its marketing outcomes for the season. The Certification Statement from this audit will be made available to all growers and the Certification Report will be provided to the Grower Consultative Group along with an opportunity to discuss the report and findings with the auditor. Further to this, a grower or grower collective can request a further audit of any matters in the scope of the Certification Audit. Any underpayments identified by the certification auditor or the grower audit will be repaid to growers with interest.

Dispute resolution

Dispute resolution procedures are intended to remain the same as existing Cane Supply Agreements, which outlines a process of discussion, mediation administered by the Australian Commercial Disputes Centre and final and binding arbitration subject to the *Commercial Arbitration Act 2013 (Qld)*.

OVERVIEW

CANE PRICE

Cane Payment will be determined using the Cane Payment Formula and the Relevant Sugar Price for each grower. The Relevant Sugar Price is a function of the Net Pool Price relevant to each of the Pricing Mechanisms that a grower chooses to participate in and the Advances Options they select.

The Net Pool Price is determined based on the ICE#11 or ICE#16 price achieved in each Pricing Mechanism plus marketing premiums (polarisation and physical premiums) less the marketing costs (storage and handling costs, marketing administration costs) as allocated to the relevant Pricing Mechanism.

The weighted average financing costs of the various Advances Options chosen by the grower are deducted from the Net Pool Price to determine the Relevant Sugar Price used in the Cane Payment Formula. The Relevant Sugar Price is the Net IPS Price for all Advance Options other than the Cash on Delivery Advances Options in which case the Relevant Sugar Price is the COD Price.

The Net IPS Price is a weighted average of the Net Pool Price for all Pricing Mechanisms selected by the grower and the COD Price is based on the weighted average of all fulfilled Price Requests that are to be paid under the Cash on Delivery Advances Option.

SELECTION OF PRICING MECHANISMS

Growers have a nominal sugar price exposure via the Cane Payment Formula. Grower Nominal Sugar Exposure Tonnes can only be determined after a crushing season when a Grower's actual Cane Tonnes are finally known. Prior to the season however, to set limits for allocation to Discretionary Pricing Mechanisms, a grower's Nominated Tonnage (of cane) is used to determine their Estimated Grower Sugar Exposure Tonnes.

On the basis of their price risk management approach, growers will select which forward pricing or pooling alternatives they would like to participate in for the season. Growers can either actively allocate their Estimated Grower Sugar Exposure Tonnes into Discretionary Pricing Mechanisms, or allow their exposure to automatically fall into Default Pricing Mechanisms.

Estimated Grower Sugar Exposure Tonnes allocated to Discretionary Pricing Mechanisms is termed Discretionary Tonnage. Discretionary Pricing Mechanisms consist of Forward Pricing, Wilmar Managed Pools and, if applicable, Third Party Managed Pools. Due to production risk, a maximum limit of 70% of a grower's Estimated Grower Sugar Exposure may be allocated to Discretionary Pricing Mechanisms.

Any Grower Nominal Sugar Exposure Tonnes which are not allocated into Discretionary Pricing Mechanisms will be allocated into the Default Pricing Mechanisms, which are, in priority order, the US Quota Pool and the Production Risk Pool.

A grower must supply a sufficient quantity of cane to satisfy their allocation of Grower Nominal Sugar Exposure Tonnes to the US Quota Pool and any Discretionary Pricing Mechanisms and the required amount of cane to meet this is known as the Committed Cane Tonnage.

A grower must bear the cost of failure to supply their Committed Cane Tonnage. However, provided growers supply cane in accordance with the obligations of their cane supply agreement they will bear no risk or cost of Production Shortfalls in the Production Risk Pool in the event that Wilmar's management of the Production Risk

Pool is outside the Pricing Mechanism Terms and this places the pool in a situation where it is over-hedged or over-sold with respect to sugar sales.

ADVANCE OPTIONS

Growers will be able to select different Advances Options (e.g. Default, Deferred, COD Advances Options) which determine cash flow timing based on an applicable Advance Rate published by WSA, and growers will pay a cost of financing applicable to the Advance Options they choose.

There is also an option to receive a Prepayment prior to the season commencing. A Prepayment will attract interest at a rate published by WSA until the Prepayment and accrued interest are recouped from future Cane Payments.

Cane payment is based on Delivery, Adjustment and Final Adjustment Payments. A grower's Delivery and Adjustment Payments are based on estimates of the forecast weighted average sugar price for that grower's particular selection of Pricing Mechanisms and the applicable Advance Rate at the time of Delivery, with the Final Adjustment Payment based on the final actual prices achieved for their selection of Pricing Mechanisms for the season.

The tonnes for each cane delivery by a grower are applied to each applicable Advances Option in priority order. The Advances Option determines the Relevant Sugar Price for that portion of the cane delivery and the applicable Advance Rate. Total Cane Payment for each delivery is calculated based on the total of the payments under each Advances Option.

CANE PAYMENT

The Cane Payment Formula maintains the linkage of cane price to sugar price, which underpins the operation of grower price risk management choices. The sugar price used in the cane payment formula is based on the weighted average outcome resulting from a grower's pooling and forward pricing decisions for the season and the Advances Options chosen. This is outlined in more detail below.

CANE PRICE

Broadly, the price of cane paid by Wilmar is determined using a formula which is based on two key variables: the commercial cane sugar (CCS) content of a growers' cane and the relevant sugar price.

The cane payment formula is:

$$\text{Cane Price} = \text{Relevant Sugar Price} \times 0.009 \times (\text{CCS} - 4) + \text{CONSTANT}$$

Where:

- Relevant Sugar price is expressed in Australian dollars per IPS tonne and determined from the outcome of individual grower price risk management decisions and the finance charges for the Advances Options chosen by the Grower
- CCS used is the grower's (estimated or final) weighted average CCS (Relative)
- The constant is specific to that negotiated in the different Cane Supply Agreements agreed with different collectives and is typically a fixed cents per tonne of cane

RELEVANT SUGAR PRICE

The Relevant Sugar Price used in the cane payment formula is based on a grower's applicable Net Pool Prices less the Weighted Average Advances Finance Charge. It is determined by the Pricing Mechanisms and Advances Options in which a grower participates.

Payments scheduled under the COD Advances Option are to be calculated separately from the Default Advances Option.

This gives rise to two different Relevant Sugar Prices:

- Net IPS Price, which is for used for all payments under the Default Advances Option
- COD Price, which is used for payments under the COD Advances Option

Where:

- The COD Price (applicable to the COD Advance option only) is the weighted average net price, expressed in AUD/tonne IPS of Nominal Sugar Exposure Tonnes allocated to a Forward Pricing Mechanism and which has been priced, less the Weighted Average Advances Finance Charge
- Net IPS Price = Weighted Average Net Pool Price for all other Nominal Sugar Exposure Tonnes, less the Weighted Average Advances Finance Charge

COD PRICE AND NET IPS PRICE

A grower's COD Price is only based on that portion of a Grower Nominal Sugar Exposure Tonnes that is allocated to a Forward Pricing Mechanism where the pricing has been completed, and the COD Advances Option is chosen. The balance of unpriced forward pricing exposure is used in the determination of the Net IPS Price for all other exposure.

A grower's Net IPS Price is calculated by averaging the Net Pool Price of each of the Pricing Mechanisms applicable to them (excluding that portion of the Forward Pricing Mechanisms eligible at that time to be paid under the COD Advance option), weighted by the proportion of the Grower Nominal Sugar Exposure Tonnes they have allocated to those Pricing Mechanisms and deducting their average Advances Finance Charge. The Advances Finance Charge depends upon the Advances Options chosen by that grower.

Table 1 below shows the relationship of Net IPS Price and COD Price to Pricing Mechanisms and Advances Options. Pricing Mechanisms, and pricing achieved, determine if Net IPS or COD Price is used to determine the Relevant Sugar Price.

Table 1

Forward Pricing Mechanisms		Other Pricing Mechanisms		
Priced	Unpriced	Pool 1	Pool 2	Pool 3
COD Advances Option	Other Advances Options			
COD Price	Net IPS Price			

The Net Pool Price is the Gross Pool Price (ICE #11 or ICE#16 hedged price) plus the Allocation Account Amount, which is used to allocate of marketing premiums and costs to Pricing Mechanisms. Chapter 7 outlines this in more detail.

WEIGHTED AVERAGE ADVANCES FINANCE CHARGE

The Advances Finance Charge is the amount charged to cover the cost incurred in providing an Advances Option. The cost incurred includes such things as bank charges, line fees, establishment fees and interest. Each Advances Option will have its own Advances Finance Charge.

The Advances Finance Charge will be an estimate initially, with the final amount determined at the end of the season taking into account the total actual Advances Finance Costs incurred and paid by Wilmar in respect of providing all Advance Options. The Advances Finance Costs will be allocated by WSA to each Advances Option as an Advances Finance Charge on a cost recovery basis.

A grower's Weighted Average Advances Finance Charge will be based on their chosen Advances Options. It is calculated by averaging the Advances Finance Charge of each of the Advance Options applicable to a grower, weighted by the proportion of the Grower Nominal Sugar Exposure Tonnes a grower has allocated to those Advances Options.

ADVANCES AND PREPAYMENTS

Wilmar Sugar will offer growers different options by which they can choose to be paid for their cane supply. Each option has a different timing as to when the payments will be made and the extent of the payment.

Payment Options consist of:

- a) Prepayments
- b) Default Advances Option
- c) Deferred Advances Option
- d) Cash on Delivery Advance Option (COD Advances Option)

PREPAYMENT

A grower may elect a payment option where a payment is made by the 31 March prior to the commencement of the season (Prepayment).

Under this option a grower will be paid an amount up to a maximum equivalent to \$X/tonne cane for the tonnage allocated to this option.

The intention of the Prepayment is to provide for an amount which is approximately equivalent to the cost of planting cane in the relevant season, and will be determined in discussion with growers.

Growers will be charged an interest rate on the Prepayment amount. Wilmar will advise the interest rate to be charged on the Website at least 30 days prior to the Nomination Close Date at the end of February prior to a relevant season.

Growers will be able to nominate to Wilmar Sugar via the Website the amount of Nominated Tonnage that they wish to allocate to this option by the Nomination Close Date;

The Prepayment amount, and accrued Prepayment Interest, will be repaid from any Cane Payments made to a grower once the season's crushing commences until such time the Prepayment amount and accrued Prepayment Interest is repaid in full.

ADVANCES

Advance payments reflect the pricing and pooling decisions made by the grower. Advance payments are based on the Cane Delivery Tonnes and the Relevant Sugar Price determined for the Default or Discretionary Pricing Mechanism applicable, for each Advances Option selected.

The timing of these payments is also determined by the Advances Rate relevant to the Advances Option selected. Initially three Advances Options will be provided by WSA, with further options potentially being made available in future.

Various advance options will be offered from time to time.

A grower may allocate all or a proportion of their total Cane Delivery Tonnes for a season (referred to as Cane Supply Tonnes) to an Alternate Advances Option subject to the terms and conditions of the relevant Alternate Advances Option. Each Advances Option has a different timing as to when the payments will be made and the extent of the payment.

Current Advances Options are:

- Default
- Deferred
- COD

Other Alternate Advances Options may be offered from time to time, the terms of which will be published in a separate document, together with the likely Advances Finance Charge that will be applied.

DEFAULT ADVANCES OPTION

The Default Advance option is similar to the advance scheme currently provided by QSL to its suppliers. Where a grower does not choose an Alternate Advances Option, the Default Advances Option will apply.

DEFERRED ADVANCES OPTION

The Deferred Advances Option defers the first cane payment under any Advance Option until immediately after the first 1 July of the relevant season (as a season may exceed 12 months).

COD ADVANCES OPTION

The COD Advances Option provides for minimum 90% of the estimated cane payment on delivery of cane based on the COD price (see below). It can only apply to that portion of cane related to Grower Nominal Sugar Exposure Tonnes that have been allocated to a Forward Pricing Mechanism and been priced, or part thereof.

TIMING OF PAYMENTS

Payments are made either as:

- a) Prepayments
- b) Advance Payments
 - a. Delivery Payments
 - b. Adjustment Payments
 - c. Final Adjustment Payment

Prepayments are those where the grower has elected to receive payment by 31 March prior to the commencement of the Season (see above).

Payments under an Advances Option are called Advance Payments and consist of Delivery Payments, Adjustment Payments and a Final Adjustment Payment.

Advance Payments are made in line with the profile of the Advances Option chosen as determined by the applicable Advances Rate.

WSA will for each Advance Option set an Advance Rate for each month of the season before the Nomination Close Date of the Season and will review, and may reset, that Advance Rate each month during the season. The monthly Advance Rate for each month and any change to the monthly Advance Rate will be published on the Website and will be set and reviewed having regard to:

- i. expected cash flow from WSA's sales of Sugar;
- ii. the margin calls WSA may need to pay on forward pricing; and
- iii. available funding on terms commercially acceptable to WSA .

The Advance Rate for the Default Advances Option will be a minimum of 60% in the first month of the season. The COD Advances Rate will be at all times the greater of 90% or the Advances Rate for the Default Advances Option.

Delivery Payments are the payments to growers for each Delivery of Cane.

Adjustment Payments are calculated and paid to the grower throughout the season to ensure the grower is receiving progress payments for the Cane delivered. The Adjustment Payments will incorporate any changes to the final Net IPS Price or COD Price, changes to CCS since the last estimate, changes to the Advance Rate or changes to the grower's estimated or final Cane Supply Tonnes.

The Final Adjustment Payment finalises cane payments for the season.

As soon as practicable following the completion of a relevant season, Wilmar will make a determination of the:

- Net IPS Price or COD Price based on the Net Pool Price for each Pricing Mechanism;
- A grower's CCS (Relative);
- Any allowances payable;
- A grower's Total Cane Supply Tonnes and grower Nominal Sugar Exposure Tonnes; and
- Total amount of any payments made under an Advances Option during or prior to the season.

Within 7 Business Days of the end of the season WSA will calculate and pay to the grower a Final Adjustment Payment. The completion of the season will be based on the date that the final shipment of sugar produced by WSA during that season is sold to WST and shipped from the bulk sugar terminals.

GROWER PRICE RISK MANAGEMENT

Grower price risk management is enabled by Wilmar calculating Grower Nominal Sugar Exposure Tonnes and facilitating the grower making decisions about how the risk on this exposure is managed.

Wilmar enables the grower to 'allocate' their Grower Nominal Sugar Exposure Tonnes to various Forward Pricing Mechanisms (Call or Target pricing) or fixed-tonnage pools. In doing so, Wilmar agrees that the pricing outcomes achieved in each of these pricing methods will determine the price Wilmar receives for that portion of its sugar. In turn, this same price will be used by Wilmar as the basis for determining the grower's cane payment.

GROWER NOMINAL SUGAR EXPOSURE

Until the end of the crushing for a season, Grower Nominal Sugar Exposure Tonnes is just an estimate. Nevertheless, subject to limits, a grower can allocate a portion of the Estimated Grower Sugar Exposure to pools before the Season commences.

$$\text{Grower Nominal Sugar Exposure Tonnes} = 0.009 \times (\text{CCS} - 4) \times \text{Cane Supply Tonnes} / \text{IPS Conversion Factor}$$

Until a grower's final Cane Supply Tonnes are known, Estimated Grower Sugar Exposure Tonnes will be used. The Estimated Grower Sugar Exposure Tonnes will initially be based on a grower's Nominated Tonnage as at the Nomination Close Date in February prior to the harvest, as follows:

$$\text{Estimated Grower Sugar Exposure Tonnes} = 0.009 \times (\text{CCS} - 4) \times \text{Nominated Tonnage} / \text{IPS Conversion Factor}$$

A grower's Nominated Tonnage is a volume of cane based on a grower's Nominated Area and their five year production and relative CCS history which is nominated by the grower and accepted by WSA.

Subsequent ongoing crop estimates by WSA will continue to change a grower's Estimated Grower Sugar Exposure Tonnes until such time as crushing is complete and a grower's Cane Supply Tonnes, CCS (Relative) and the IPS Conversion Factor have been finalised.

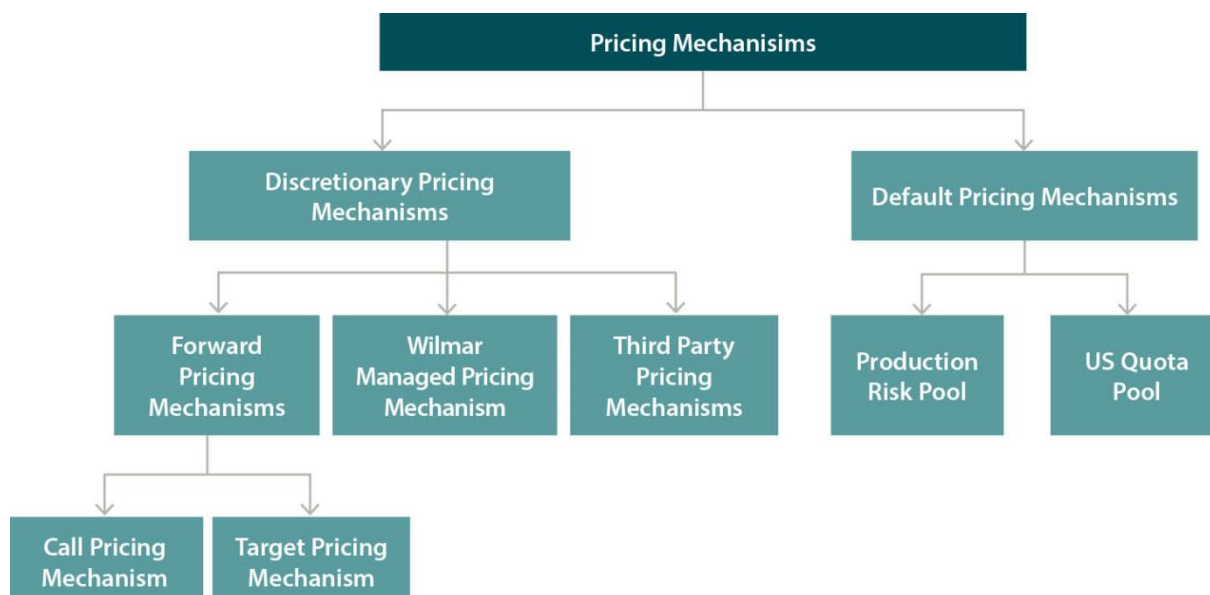
PRICING MECHANISMS

Grower price risk management is effected through management of the ICE#11 component of the net sugar price. Growers can exercise choice directly through Discretionary Pricing Mechanisms, or indirectly through pool or pool manager selection; to determine the ICE#11 price outcome for their Grower Nominal Sugar Exposure Tonnes.

Growers are provided with a range of Pricing Mechanisms to which their Grower Nominal Sugar Exposure Tonnes can be allocated. Pricing Mechanisms consist of both Default Pricing Mechanisms and Discretionary Pricing Mechanisms.

A grower can allocate specified proportions of their estimated Grower Nominal Sugar Exposure Tonnes (Estimated Grower Sugar Exposure Tonnes) to Discretionary Pricing Mechanisms. Limits are placed on the percentage of Estimated Grower Sugar Exposure Tonnes that can be allocated to Discretionary Pricing Mechanisms, and the minimum proportion therefore allocated to Default Pricing Mechanisms.

Any Estimated Grower Sugar Exposure that is not allocated by the Grower to a Discretionary Pricing Mechanism will be automatically allocated to the Default Pricing Mechanisms. All Pricing Mechanisms will be managed by Wilmar Sugar Trading as the agent for WSA.



Default Pricing Mechanisms are:

- Production Risk Pool and
- US Quota Pool.

Discretionary Pricing Mechanisms consist of:

- Forward Pricing Mechanisms
- Pricing Mechanisms operated by Wilmar; and
- Third Party Pricing Mechanisms

Forward Pricing Mechanisms consist of:

- Call Pricing Mechanism and
- Target Pricing Mechanism.

DEFAULT PRICING MECHANISMS

To allow WSA to manage seasonal variability in the actual quantity of cane supplied to Wilmar, a maximum of 70% of Estimated Grower Sugar Exposure Tonnes can be allocated to Discretionary Pricing Mechanisms. Accordingly, a minimum of 30% of Estimated Grower Sugar Exposure Tonnes must therefore be allocated to the Default Pricing Mechanisms.

PRODUCTION RISK POOL

The Production Risk Pool is managed by Wilmar and used to manage seasonal variability in the actual quantity of cane supplied to Wilmar.

Because of the limits imposed on the amount of Estimated Grower Sugar Exposure Tonnes which a Grower can allocate to Discretionary Pricing Mechanisms and because WSA is taking responsibility for managing the pool in

light of changing crop estimates, growers will bear no risk or cost of Production Shortfalls in the Production Risk Pool in the event that Wilmar's management of the Production Risk Pool is outside the Pricing Mechanism Terms and places the pool in a situation where it is over-hedged or over-sold with respect to sugar sales.

US QUOTA POOL

The US Quota Pool is for any raw sugar exported under the US Quota, which is priced against the ICE 16 Futures Contract.

The US Quota is allocated by the Australian Department of Agriculture to all Australian sugar producers based on their production records for the past two financial years, regardless of whether production was exported to the USA or not. Wilmar will use such portion of its US Quota as it determines, consistent with the objective of achieving superior returns relative to other non US Quota markets.

If Wilmar uses any portion of the US Quota, then a US Quota Pool will be made available to growers in that season, with growers and Wilmar sharing exposure in the pool in proportion to their Sugar Exposure Tonnes.

It is expected that the US quota will account for up to a maximum of 5 per cent of Grower Nominal Sugar Exposure, but more usually 2-3 per cent.

DISCRETIONARY PRICE MECHANISMS

Various Discretionary Pricing Mechanisms will be offered from time to time. The risk management objectives, strategies and terms and conditions for these Pricing Mechanisms will be explained in "Pricing Mechanism Terms" documents published separately and available on the Website.

From the Nomination Close Date during the February prior to the commencement of crushing for a relevant season, the portion of a Grower Estimated Sugar Exposure Tonnes that can be allocated to Discretionary Pricing Mechanisms will increase to no more than 70%, in order to allow for seasonal variability in the actual quantity of cane supplied.

WILMAR MANAGED PRICING POOLS

Various generic Pricing Mechanisms will be available, with each being managed according to different risk profiles (e.g. "low", "medium", "high") and potentially utilising different Risk Management Contracts including sugar and currency futures contracts, options, bank swaps and other derivative-based products.

One of the Wilmar Managed Pricing Mechanisms will have a risk management strategy which is very similar to the way Wilmar manages its own sugar price risk exposure in order to provide growers with sugar prices that are similar to that achieved by Wilmar on its own sugar price risk exposure.

FORWARD PRICING MECHANISMS

Forward Pricing Mechanisms offered are the Call Pricing Mechanism and the Target Pricing Mechanisms.

THIRD PARTY PRICING MECHANISMS

Pricing Mechanisms may be available that will be managed by a Third Party Manager on terms and conditions reviewed and approved by Wilmar. Such Pricing Mechanisms would be subject to adequate support from groups of growers to warrant them.

ALLOCATION OF GROWER NOMINAL SUGAR EXPOSURE TO PRICING MECHANISMS

As outlined above, Grower Nominal Sugar Exposure Tonnes can be determined after a crushing season when the total Cane Tonnes supplied by the Grower are known. At the Nomination Close Date a grower's Nominated Tonnage of cane is used to determine their Estimated Grower Sugar Exposure Tonnes.

The Grower can then allocate a proportion of their Estimated Grower Sugar Exposure Tonnes to the various Discretionary Pricing Mechanisms according to the limits detailed below. Should a grower elect to participate in Discretionary Pricing Mechanisms, they will have an obligation to supply cane tonnes to cover the sugar exposure tonnes allocated.

DISCRETIONARY TONNAGE

The Discretionary Tonnage is the amount of a Grower Nominal Sugar Exposure Tonnes allocated to the Discretionary Pricing Mechanisms. It is calculated on the basis of Nominated Tonnage (see above).

The Discretionary Tonnage is calculated to allow for the risk that a grower may not be able to supply some of the Nominated Cane Tonnage as a result of conditions or events beyond their reasonable control. It is set at a maximum of 70% of a Grower Estimated Sugar Exposure Tonnes as at the Nomination Close Date at the end of February preceding a season.

Additionally, there are limits on the amount of Discretionary Tonnage that can be allocated to Forward Pricing Mechanisms for particular forward seasons. Wilmar will publish these limits on the Website. The maximum allowable percentage permitted under forward pricing is different for each season (dependent on how many years until a season commences). The limits for 2017 season and applicable for all growers in all of Wilmar Sugar's regions are:

- From the Nomination Close date preceding a season Maximum 70% (Currently 60%)
- From 1 July one year ahead of a season Maximum 60% (Currently 50%)
- From 1 July two years ahead of a season Maximum 50% (Currently 40%)
- From 1 July three years ahead of a season Maximum 40% (Currently 30%)

GROWER CANE SUPPLY OBLIGATIONS

The Grower is obligated to supply a sufficient quantity of Cane to cover the Grower Nominal Sugar Exposure Tonnes allocated to the US Quota Pool and any Discretionary Pricing Mechanisms.

The Committed Cane Tonnage is calculated below as A divided by B, where:

A = the sum of the US Quota Tonnage and Discretionary Tonnage allocated to Discretionary Pricing Mechanisms

$B = 0.009 \times (\text{CCS (relative)} - 4) / \text{IPS Conversion Factor}$

A grower must deliver adequate Cane Supply Tonnes equal to or greater than the Committed Cane Tonnage. Where this is not the case a Committed Cane Shortfall occurs. In the event of any Committed Cane Shortfall (i.e. when a Grower's Nominal Sugar Exposure Tonnes are insufficient to meet US Quota Tonnage and Discretionary Tonnage allocations), Wilmar will manage the financial exposure under Risk Management Contracts relevant to that shortfall, to minimise the financial impact and in the following priority.

Where one or more Price Requests for a Forward Pricing Mechanism have not been fulfilled when a Committed Cane Shortfall becomes known to Wilmar, the unfulfilled Price Requests will be cancelled, starting with the highest requested price through to the lowest.

If the Price Requests for a Forward Pricing Mechanism have been fulfilled when the Committed Cane Shortfall becomes known, Wilmar may minimise the financial exposure associated with the shortfall for an amount equivalent to the Committed Cane Shortfall, and calculate a Washout Adjustment. Unless otherwise agreed, this Washout Adjustment will take place at the Pricing Completion Date in February during the relevant season.

In the case where a Committed Cane Shortfall needs to be apportioned to another Discretionary Pricing Mechanism (i.e. a pool) WSA will calculate a Washout Adjustment to ensure that other participants in that pool are not adversely affected. In effecting the calculation, the Washout Adjustment will seek to keep the relevant Gross Pool Price forecast as would have been the case had a shortfall not occurred. Again, unless otherwise agreed, this Washout Adjustment will take place at the Pricing Completion Date in February during the relevant season.

At the conclusion of the relevant season, and as soon as practicable after 30 June, WSA will undertake a Final Washout Adjustment for any grower with a Committed Cane Shortfall, to account for any change in the quantity of the Committed Cane Shortfall which might have occurred after the Pricing Completion Date (e.g. as a result of ongoing change to the US Quota Pool).

The Washout Adjustment will be applied to the grower's Cane Payment by means of a deduction or addition as applicable.

A grower may not claim Force Majeure relief in the event that they do not supply the Committed Cane Tonnage. However, should a grower fail to deliver Committed Cane Tonnage for a season due to mechanical breakdown on any WSA-operated or controlled milling facilities, the grower will not be obligated to make payments for Washout Adjustments to the extent that the Committed Cane Shortfall was due to WSA.

DETERMINATION OF GROSS AND NET POOL PRICES

As outlined above, the sugar price used in the cane payment formula to determine the cane price paid to the grower, the Net Pool Price must be calculated.

The Net Pool Price for a Pricing Mechanism is the Gross Pool Price after the deduction of the Allocation Account Amount for that Pricing Mechanism. Wilmar will publish an estimate of the Net and Gross Pool Prices and the Allocation Account Amount for each Pricing Mechanism throughout the Season.

The Gross Pool Price is the net weighted average price per tonne actual, determined based on the hedging undertaken utilising Risk Management Contracts in each Pricing Mechanism. The Allocation Account Amount incorporates all the premiums, expenses and costs from Wilmar's storage, handling and marketing of raw sugar. The calculation of the Allocation Account Amount is detailed below.

NET POOL PRICE

The Net Pool Price is the Gross Pool Price after the allocation of marketing premiums and costs. Marketing premiums include polarisation premiums and physical premiums. Marketing costs include sugar storage and handling costs, margin funding costs, pricing and marketing administration costs. The elements that determine the final cane payment are outlined in this section.

The Net Pool Price encompasses:

- A Gross Pool Price, being the ICE#11 (or ICE#16 for US Quota) price; and
- An allocation of marketing premiums and costs (Allocation Account Amount).

GROSS POOL PRICE (ICE#11 OR ICE#16)

The Gross Pool Price is the price per tonne of sugar before marketing premiums and costs are taken into consideration.

Specifically, the Gross Pool Price for a Pricing Mechanism is the net weighted average USD price per Tonne Actual of all the sugar Risk Management Contracts (including option premiums), entered into by WSA in respect of that Pricing Mechanism converted to AUD per Tonne IPS as a consequence of the currency Risk Management Contracts entered into by WSA in respect of that Pricing Mechanism and the application of the IPS Conversion Factor. The Gross Pool Price is calculated prior to any regional or polarisation premiums being added or any costs to cover storage/handling prior to shipment, finance charges to cover advances and marketing costs being deducted.

If a Forward Pricing Mechanism provides for a grower to individually price a portion of their Grower Nominal Sugar Exposure, the Gross Pool Price will be calculated by reference to Tonnes Actual allocated to that Forward Pricing Mechanism by the grower.

ALLOCATION ACCOUNT AND ALLOCATION ACCOUNT AMOUNT

The Allocation Account contains the premiums and costs associated with marketing the sugar, storing and handling the sugar, and providing marketing, pricing, pooling and administrative services. It is equivalent to the QSL Shared Pool, without the financing costs associated with advances. The Allocation Account Amount (expressed in AUD/tonne IPS) equals:

PPA ICE 11 Net Premium (except for the US Quota Pool which will use the PPA ICE 16 Net Premium)

plus

Arbitrage Premium;

less

WSA Hedging Finance Charges;

less

WSA Marketing Services Charge;

less

WSA Direct Marketing and Operating Expenses;

less

WSA Administration Charge (which is applicable to the Forward Pricing Mechanisms only).

ELEMENTS OF MARKETING PREMIUMS

PPA ICE11 NET PREMIUM

The PPA ICE 11 Net Premium means the weighted average Net Premium in respect of ICE 11 Contracts (ICE 11 Net Premium) paid to WSA from all WST sales contracts for the sale of Sugar supplied by WSA, excluding those sales contracts for the sale of Sugar under the US Quota which are covered by the PPA ICE 16 Net Premium.

PPA ICE 16 NET PREMIUM

The PPA ICE 16 Net Premium means the weighted average Net Premium in respect of ICE 16 Contracts (ICE 16 Net Premium) paid to WSA from all WST sales contracts under the US Quota for WSA supplied sugar.

NET PREMIUM

The Net Premium on a physical sugar contract will be the amount charged by WST to a customer under a sales contract for Sugar over and above the invoiced or underlying ICE Contract price net of the associated Permitted Deductibles. It includes the Polarisation Premium, Physical Premium, Freight Premium (i.e. the difference between the freight charged to an end-customer and the actual sea freight paid) and spread gains or losses.

Permitted deductibles are those costs incurred by WST as a direct result of the sales transaction, such as:

- freight and insurance costs;
- stevedoring, supervisor, outturn surveyor and other shipper's costs;
- ICE Contract execution and brokerage costs incurred in the normal course to effect the sale;
- the finance charge associated with initial and subsequent margin calls incurred in respect of the sale;
- any finance charges incurred as a direct result of cashflow timing differences between when WST pays WSA for Sugar purchased and when WST receives payment from the sale of that Sugar to their customers;
- any costs incurred by WST as a result of an agreement by WSA to supply Sugar of quality other than Brand 1; and
- any other direct costs incurred by WST in order to effect that sale, including by way of example, sales commissions to third parties.

The Net Premium will be either calculated versus an ICE 11 Contract for all pools other than the US quota, or versus an ICE 16 Contract for the US Quota Pool.

An example of the Net Premium Calculation, including Permitted Deductibles, is provided in Appendix 1 below.

ARBITRAGE PREMIUM

WST may be able to capture arbitrage opportunities using the international sugar trading activities of WST and the existence of both WSA Sugar and non-WSA (other-origin) sugar.

The principle behind the Arbitrage Premium is that arbitrage relies upon the synergy created from having two large and diverse trading 'books' of sugar, something that would not otherwise be available under the existing Queensland marketing arrangements.

The Arbitrage Premium is calculated as:

$$(A - B) + C$$

Where:

- A is the value WSA would have received from the Net Premium on a sale of physical Sugar (in USD) (being the Net Premium of that sale multiplied by the Tonnes Actual for that sale), before the effect of an Arbitrage; and
- B = the value WSA actually received from the Net Premium on a sale of physical Sugar (in USD) (being the Net Premium of that sale multiplied by the Tonnes Actual for that sale), after the effect of the Arbitrage;
- C = the amount expressed in USD which is equal to 50% of the net value created by the Arbitrage relevant to a particular sale of WSA produced sugar

The Arbitrage Premium is 50% of the net positive value created when WST captures an arbitrage opportunity for a specific cargo or contract of raw sugar. Fifty percent of the value will be retained by WST for their own account, and 50% will flow back into the price received for all WSA sugar. The aggregate dollar amount of all of the arbitrage opportunities captured during a season will be divided by all tonnes supplied to WST by WSA, to create a USD per tonne amount which will supplement the Net Pool Price for all Pricing Mechanisms.

The net value for an Arbitrage Premium is derived from the financial consequences of any combination of transactions such as the establishment and/or unwinding of physical sugar trading transactions, ICE Contracts, freight contracts and financing arrangements. Only arbitrage trades that generate a positive net value will be

deemed an Arbitrage Premium. An example of how the Arbitrage Premium may be created and calculated is provided in Appendix 2 below.

ELEMENTS OF MARKETING COSTS

WSA HEDGING FINANCE CHARGES

The WSA Hedging Finance Charges comprise the bank and clearing account charges and interest incurred by WSA in relation to the funding of initial and subsequent margins for futures hedging.

WSA MARKETING SERVICES CHARGE

The WSA Marketing Services Charge is AUD\$2.50 per tonne IPS, which approximates that cost incurred by QSL in recent seasons. This will be escalated annually in accordance with the increase in average weekly ordinary time earnings (AWOTE) published by the Australian Bureau of Statistics over the relevant period. Initially, the period over which the variation will be calculated is from 1 July 2014 to the commencement date of the 2017 Season. This charge covers the following management and administration services provided by Wilmar:

- Pricing and pooling;
- The negotiation and administration of storage and handling undertaken by third parties (not including any costs for the physical storage and handling of sugar);
- Arrangement of finance for futures margins and Advances Options, but does not include amounts payable by the grower as WSA Hedging Finance Charges or the Advances Finance Charges;
- The management of foreign exchange exposure and conversion of USD receipts to AUD, but does not include amounts payable by the grower as WSA Hedging Finance Charges;
- Preparation of Marketing Guides and Pricing Mechanism Terms;
- Provision of IT services necessary to administer pooling, pricing, financing and the advances processes;
- The cost of having the Certification Report produced in accordance with the SPRA; and
- Preparation and distribution of all relevant reports referred to in this Agreement or the CSA.

WSA DIRECT MARKETING AND OPERATING EXPENSES

The WSA Direct Marketing and Operating Expenses comprise the direct costs and expenses incurred by Wilmar in the provision of pricing, pooling, financing, storage and handling, insurance and other activities related to the marketing and sale of raw sugar including:

- Storage, handling and loading of raw sugar;
- Any Australian government export related permits and charges (e.g. AQIS certification);
- Logistics costs associated with the movement of raw sugar from one place to another for operational, quality or contingency reasons or any other reason which facilitates the proper management of port storage facilities;
- Sugar quality sampling and analysis;
- Insurance costs for raw sugar in storage in the terminals;
- Execution and brokerage incurred by WSA in relation to Risk Management Contracts; and
- AUD\$0.20 per Tonne Actual in respect of harbour dues.

Wilmar will not pass through any service fee or charge levied by WST under the SPRA for performing the services required to be performed by WST under the SPRA.

WSA ADMINISTRATION CHARGE

The WSA Administration Charge is applicable only to the Forward Pricing Mechanisms. It is the administration fee (AUD\$3 per Tonne Actual) payable by a grower to WSA in respect to all Discretionary Tonnes applied by the grower to a Forward Pricing Mechanism.

REPORTING

A Grower Consultative Group will be created to facilitate communication and transparency between growers and Willmar in relation to pricing and marketing activities, and will receive comprehensive market sensitive information on a confidential basis in respect to pricing and marketing reports. Refer to Chapter 9 below for more detail on the role and composition of the Grower Consultative Group.

In addition to the extensive reports provided to the Grower Consultative Committee, monthly reporting will be available to all growers summarising pricing, pooling and advances to date for all pricing pools, as well as forecast final Net Pool Prices. In addition, at the end of each season, an Annual Marketing Report will be provided to all growers outlining marketing outcomes and determinants of the final Net Pool Prices for the season.

The detail of these reports is available in Schedule 6 of the CSA, and reflected in Section 8 of the SPRA (the obligations set out in Schedule 6 of the CSA are also copied in Schedule 3 of the SPRA). Growers will also receive, via the Website, the Auditors Certification Statement, and the Grower Consultative Group will receive the Auditors Certification Report (see Chapter 10 below regarding Assurance for details of the Certification Audit).

GROWER REPORTING

A level of reporting will be provided to all growers. WSA will produce monthly marketing reports for growers summarising pricing, pooling and advances to date for all pricing pools as well as the forecast final pool prices. These reports will also set out estimated Net Pool prices and the major revenue and costs components from the Allocation Account.

A Monthly Net Pool Price Report will provide details on the Net Pool Price of each Pricing Mechanism, including a forecast of the final Allocation Account Amount and its major components.

Specifically it will include:

- The forecast final Net Pool Price and its major components for each Pricing Mechanism;
- The forecast final Allocation Account Amount and a summary of its major components for each Pricing Mechanism;
- A sensitivity matrix showing the variation in the forecast final Net Pool Price against movements in sugar prices and FX rates;
- A schedule setting out the timing and proportion of amounts to be paid under each Advances Option relative to the applicable Advances Rate, the Advances Finance Charge and the forecast final Net Pool Price for each Pricing Mechanism after deduction of the Advances Finance Charge.

An example Monthly Net Pool Price Report is provided in Appendix 3.

At the end of each season, WSA will produce an Annual Net Pool Price Report on pooling, pricing and advances. The report will be made available to all growers and summarise the marketing outcomes and the major elements used to determine the final Net Pool prices for the season. The Annual Net Pool Price Report will be made available through the website within 7 days of the last day of the Season.

GROWER CONSULTATIVE GROUP REPORTING

MONTHLY REPORTING

A comprehensive suite of monthly reports will be provided to the Consultative Group via a Monthly Consultative Group Marketing Report which will contain the following:

- The Monthly Pricing Report;
- The Monthly Premium Report;
- The Monthly Marketing Report;
- The forecast final Allocation Account Amount for each Pricing Mechanism and a detailed summary of all its components; (An example of the calculation of the Allocation Account Amount is provided in Appendix 7).
- A schedule setting out the timing and proportion of amounts to be paid under each Advances Option relative to the applicable Advances Rate, the Advances Finance Charge and the forecast final Net Pool Price for each Pricing Mechanism after deduction of the Advances Finance Charge; (an example of this report is provided in Appendix 3).

Note that to preserve the anonymity of the customers as required by confidentiality requirements the reports to be provided by WST to WSA may redact the name of the customers to whom WST sells Sugar.

MONTHLY PRICING REPORT

The Monthly Pricing Report will provide hedged and mark-to-market prices in USD and AUD and price sensitivities for each Pricing Mechanism.

Specifically, it will contain the following:

- for each Pricing Mechanism by reference to ICE Contract Month and in total:
 - Sugar exposure in Tonnes Actual and number of Lots
 - number of Lots priced and unpriced
 - weighted average price in USD c/lb of Lots priced;
 - current market price in USD c/lb;
 - USD exposure;
 - USD hedged, FX hedged rate and AUD hedged amount;
 - USD unhedged, and current FX rate;
 - total hedged sugar value in AUD/tonne applying the relevant FX Rate; and
 - marked to market sugar value in AUD/tonne applying the relevant FX Rate;
- a matrix of sugar price sensitivities, showing the range of resulting sugar prices in AUD/tonne as a result of possible movement in both sugar and currency markets and their impact on the hedged and unhedged components of each Pricing Mechanism;
- performance against agreed benchmarks

An example of the Monthly Pricing Report is provided in Appendix 4.

MONTHLY PREMIUM REPORT

The Monthly Premium Report will provide details on the components of Net Premiums, including the ICE premiums and Arbitrage premiums and details of related party transactions.

Specifically it will contain the following:

- all information related to the calculation of the Net Premium including:
 - details of each purchase of sugar from WSA, including:
 - crop year;
 - purchase reference number;
 - vessel name;
 - shipment date;
 - Tonnes and quality (polarisation and specification) of Sugar priced and purchased by WST from WSA;
 - ICE Contract Month under which the Sugar was priced with WSA under the AA mechanism and date of price registration;
 - Net Premium; and
 - Arbitrage Premium;
 - details of each sale of Sugar by WST, including:
 - market destination;
 - sale reference number;
 - whether the sale is to a Wilmar Related Party;
 - basis of sale (e.g. CNF, CIF, FOB, Fixed Price etc.);
 - ICE Contract type (e.g. ICE 11 Contract or ICE 16 Contract) and ICE Contract Month under which the Sugar was sold by WST to their customer;
 - ICE Contract price invoiced to the WST customer or the ICE Contract close out price for WST in respect of a fixed price sale where the invoice price does not explicitly reference an ICE Contract price;
 - Net Premium and components including:
 - Physical Premium;
 - Polarisation Premium;
 - Freight Premium and components including Freight Cost and Freight Charge;
 - Spread Gains and Spread Losses; and
 - Permitted Deductibles; and
 - Arbitrage Premium basis and calculation
 - all information related to the calculation of:
 - ICE 11 Net Premium;
 - ICE 16 Net Premium; and
 - WST Arbitrage Premium.
- Information on other-origin non-WSA sugar going to WSA-supplied sugar destinations (see Assurance section below)
- Information on Related Party transaction (see Chapter 10 below regarding Assurance)

An example of the Monthly Premium Report is provided in Appendix 5.

MONTHLY MARKETING REPORT

The Monthly Marketing Report will provide information on actual and forecast sales of sugar to customers and market destinations. Note that to preserve the anonymity of the customers as required by confidentiality requirements the reports to be provided by WST to WSA may redact the name of the customers to whom WST sells Sugar.

Specifically it will contain the following:

- the total quantity of Sugar sold to each customer and each market destination for the preceding season;
- the total quantity of Sugar sales to each customer and each market destination against the forecast set out in the Marketing Plan;
- the revised forecast total quantity of Sugar sales to each customer and each market destination as and when actual sales occur;
- a breakup of the forecast and actual Sugar sales to each customer into those shipments during and outside the Crushing Season;
- a breakup of the quantity of Sugar sales to each customer into “sold” and “unsold” categories;
- forecast total Sugar sales by volume over the forthcoming months
- an estimate of the expected volume of Sugar being sold or allocated to US Quota sales.

An example of the Monthly Marketing Report is provided in Appendix 6.

ANNUAL CONSULTATIVE GROUP MARKETING REPORT

WSA will produce a final Consultative Group Monthly Marketing Report (Annual Consultative Group Marketing Report) which will contain the final monthly reports described above and detailing the final Gross Pool Price, Allocation Account Amount, and Net Pool Price for each Pricing Mechanism and the Advances Finance Charge for each Advance Option.

GROWER CONSULTATIVE GROUP

A Grower Consultative Group is to be created in order to facilitate closer communication and transparency between growers and Wilmar in relation to grower pricing and sugar marketing activities. The Grower Consultative Group will be provided full details in respect to all relevant pricing and marketing reports, which includes market sensitive information that cannot be distributed to all growers.

MEMBERSHIP OF THE CONSULTATIVE GROUP

The Grower Consultative Group consists of representatives who have been nominated by growers, accepted the nomination and whose nomination has been accepted by WSA (whose acceptance cannot be unreasonably withheld).

Nominations can be made by:

- A grower, or group of growers, who together supplied more than 100,000 tonnes of cane on average over the last 3 years and is not a member of a Growers' Representative or other grouping of growers
- A Growers' Representative, or a Group of Grower's Representatives, which has at least 150 members who together supplied more than 500,000 tonnes of cane on average over the last 3 years

The person nominated by the groups above may be a grower or a third party engaged by the grower or growers' Representative.

A Consultative Group Representative must have no conflict of interest.

Consultative Group Representatives will be required to sign a Confidentiality and Conflict of Interest Agreement.

Each Consultative Group Representative will be required to retire at the end of every three years but are eligible for re-nomination provided they do not serve for more than 9 years in total, whether consecutive or otherwise.

CONSULTATIVE GROUP MEETING FREQUENCY

QUARTERLY MEETINGS

There will be quarterly meetings between WSA and the Consultative Group to present and discuss the reports issued to the Grower Consultative Group Representatives. WST will attend at least 2 of the quarterly meetings each year.

CERTIFICATION AUDIT REPORT REVIEW MEETING

There will be a Certification Audit Report Review meeting (CARR Meeting) within 30 days, but no earlier than 10 days after the Certification Report is made available to the Consultative Group Representatives.

The Certifying Auditor and WST will also attend the CARR Meeting.

OTHER MEETINGS

Other meetings between the Consultative Group and WSA must be specifically requested by either WSA or the majority of the Consultative Group Representatives who will be required to sign a request.

ASSURANCE, AUDIT AND CERTIFICATION

Section 4 of the SPRA confirms that the sale of sugar from WST to a related body must be at arms-length, and similarly any services engaged from a related body must be at arms-length. The reports and information required from WST to demonstrate these measures and support the grower reports outlined above, include the Monthly Pricing Report, Monthly Premium Report, Monthly Marketing Report, annual season and exception reporting.

RELATED PARTY TRANSACTIONS

Where WST sells sugar to a customer that is a Related Body Corporate or engages services (e.g. freight) from a Related Body Corporate, the Monthly Premium Report will contain all information that would reasonably be required to satisfy an independent investigation that the transaction was on an “arm’s length basis” including:

- quotations and other documentation from unrelated parties utilised to establish the market rates;
- details of sugar sales contracts for other-origin non-WSA sugar to that customer and destination as described above; and
- any other relevant information

OTHER-ORIGIN NON-WSA SUGAR

Where WST sells both WSA-supplied Sugar and other-origin non-WSA sugar to the same destination, the Monthly Premium Report will also contain all the information for the sales of non-WSA sugar as set out for sales of WSA sugar in the Monthly Premium Report for those other origin sugar sales.

CERTIFICATION AUDIT

Within three months of the end of each season, WSA will engage a ‘Big Four’ accounting firm to review and undertake a Certification Audit of the accuracy of WSA’s marketing outcomes for the season.

To ensure independence, the firm appointed to this audit cannot be an auditor to WSA or WST at the time.

The auditor will review and audit all amounts disclosed in the Annual Net Pool Price Report and the Annual Grower Consultative Committee Marketing Report including any underlying information utilised to prepare any of those reports, for accuracy and compliance with the relevant terms of the agreements

WSA will make available to the auditor all relevant transaction information used by WSA in determination of the Net IPS Price and COD Price, including but not limited to the Advances Finance Costs, Net Pool Price including each element of the Allocation Account Amount for each relevant Pricing Mechanism. WSA must also provide evidence to the auditor that all related party transactions are competitive, commercial and conducted on an arm’s length basis where they form part of any cost, expense or revenue used in determination of the Net IPS Price and COD Price. This would require WST to obtain competitive quotes from non-related parties, for the same goods and services.

The auditor will prepare a Certification Report which will be provided to the Consultative Group Representatives, and a Certification Statement that will be provided to all growers.

WSA will bear the costs of the Certification Audit and Certification Report and will not pass these onto growers. The cost is already incorporated as part of the Marketing Services Charge.

GROWER AUDIT

Within one month of the Certification Report being published, any grower or collective can request a further audit (Grower Audit).

The grower or collective requesting the audit must nominate an accounting firm that is not an auditor to WSA or WST at the time, nor the auditor that performed the original Certification Audit. It is the responsibility of the grower/collective to propose a scope for the Grower Audit applying no greater standard or actions than those required under the Australian Auditing Standards. The scope must be directed to auditing the accuracy of the reported marketing outcomes or other commitments under the CSA and be within the allowed scope of the Certification Audit (refer above).

Only one Grower Audit may be performed in each Season, so if WSA receives more than one request for a Grower Audit in any season, Wilmar will arrange a meeting between the grower that issued the First Notice, and growers issuing a subsequent notice, to negotiate the conduct of a single audit.

The grower/s requiring the additional audit must pay for the cost of the additional audit, unless there is a material underpayment discovered (for any item in the Allocation Account Amount, \$100,000, and in the aggregate \$500,000), in which case Wilmar will reimburse the grower for the Grower Auditor's reasonable costs.

UNDERPAYMENTS

If the Grower Audit reveals that Wilmar Sugar has underpaid the grower, Wilmar Sugar will pay the amount of the underpayment to the grower, together with interest on that amount.

DISPUTE RESOLUTION

Dispute resolution processes are intended to remain the same, as outlined in Section 9 of the CSA. That is, a process of meeting to seek to resolve the dispute, mediation administered by the Australian Commercial Disputes Centre, final and binding arbitration subject to the *Commercial Arbitration Act 2013* (Qld).

DISPUTE RESOLUTION PROCESSES

In the event of any dispute between Wilmar and a grower under the agreements (except for Grower Audit Disputes – see below), dispute resolution procedures are as per those in the existing CSA, namely discussions between the parties, followed by commercial mediation, then by final and binding arbitration.

If the dispute is unable to be resolved through discussions between the parties, then either party may refer the dispute to mediation.

Mediation will be administered by the Australian Commercial Disputes Centre (ACDC) before recourse to any arbitration. The mediation will be conducted in accordance with the ACDC Guidelines for Commercial Mediation.

If the dispute has not been resolved within 20 Business Days of the mediation, or such other period as agreed in writing between the parties, the dispute may be referred to final and binding arbitration.

The arbitration will be conducted in accordance with and be subject to the *Commercial Arbitration Act, 2013* (Qld).

The above procedure does not prevent a party from seeking urgent interlocutory relief in respect of a dispute from any court having jurisdiction.

GROWER AUDIT DISPUTE

In the event of a dispute regarding the outcome of a grower audit, the parties will meet to try and resolve the issue.

If the parties are not able to resolve the dispute within 30 calendar days of that meeting, then the dispute will be referred to expert determination administered by the Australian Commercial Dispute Centre (ACDC).

The expert determination will be conducted in accordance with the ACDC Rules for Expert Determination. The expert determination will be final and binding on the parties.

REFERENCE TABLE

The table below sets out the location in the three agreements where the key terms can be found, where:

CSA = The Cane Supply Agreement

PPA = The Pricing and Pooling Agreement

SPRA = The Queensland Sugar Sales, Pricing & Reporting Agreement

Chapter of Guide	Aspect of the Agreements discussed	Location in Agreements
4	Cane Payment Formula	CSA, Schedule 5, Annexure A
4	Relevant Sugar Price	CSA, Schedule 5, Paragraph 2
5	Advances and Prepayment	CSA, Schedule 5, Paragraph 4, Prepayments CSA, Schedule 5, Paragraph 5, Deferred Advances Option CSA, Schedule 5, Paragraph 6, COD Advances Option
5	Timing of payment	CSA, Schedule 5, Paragraph 8, Advances Rate CSA, Schedule 5, Paragraph 9, Advance Payments CSA, Schedule 5, Paragraph 10, Adjustment Payments
6	Grower Nominal Sugar Exposure	PPA, Section 6
6	Pricing Mechanisms	PPA, Section 4, Default Pricing Mechanisms PPA, Section 5, Discretionary Pricing Mechanisms PPA, Section 7, Call and Target Pricing Mechanisms SPRA, Section 6, WST obligations
6	Discretionary Tonnage	PPA, Section 6, allocation of Grower Nominal Sugar Exposure Tonnes
6	Committed Cane Tonnage	PPA, Section 10, Cane Supply Shortfalls CSA, Section 4, supply of Cane to WSA
7	Gross & Net Pool Prices & Allocation Account Amount	PPA, Section 9, Net Pool Price provisions PPA, Schedule 3, calculation of Net Pool Price
7	Net Premium and Arbitrage Premium	PPA Schedule 3, calculation of Net Pool Price SPRA, Section 5, Payment of Net Premiums and Arbitrage Premiums
8	Reporting to Grower Consultative Group & Growers	CSA, Schedule 6, Paragraph 2 and 3 SPRA, Section 8 and Schedule 3
9	The Grower Consultative Group	CSA, Schedule 7
10	Assurance and Certification Audit	CSA, Schedule 6, Paragraph 4 SPRA, Section 9, access to information
10	Grower Audit	CSA, Schedule 6, Paragraph 5
11	Dispute Resolution Procedures	CSA, Schedule 6, Paragraph Section 6

APPENDIX 1- NET PREMIUM CALCULATION

Below is a worked example of the Net Premium Calculation, including Permitted Deductibles

WST purchase sugar from WSA basis March ICE#11	
WST sale to Customer Basis: May ICE#11 + 80pts + \$25.00/t freight, Brand 1	
Total Invoice Price	USD / tonne
ICE#11 AA or Fixed Price Component: May ICE#11	420.00
Physical Premium (80 pts)	17.64
Polarisation Premium (3.7% for Brand 1)	16.19
Freight Charge	25.00
Other Charges	-
Total USD Invoice Price	478.83
Permitted Deductibles	
Freight and Insurance Costs	24.00
Stevedoring, Supervisor, outturn surveyor	5.00
ICE Contract execution and brokerage costs	0.25
Finance charge on margins calls	0.20
Finance charge on cashflow timing differences	1.25
Quality costs	-
Other Direct Costs	-
Permitted Deductibles	30.70
Spread Gain / (Loss)	
March ICE#11	415.00
May ICE#11	420.00
Spread Gain / (Loss)	5.00
Net Premium	
Total USD Invoice Price	478.83
less: ICE#11 AA or Fixed Price Component: May ICE#11	420.00
less: Permitted Deductibles	30.70
plus: Spread Gain / (Loss)	5.00
Net Premium	33.13

APPENDIX 2 – ARBITRAGE PREMIUM

By way of illustration only, WST might consider an opportunity to create an Arbitrage Premium through the following transactions:

- a) substituting a cargo of Brazilian sugar into Malaysia in place of a WSA cargo the subject of an existing ICE Contract for a given ICE Contract Month;
- b) unwinding the original WST sale of Brazilian sugar into Dubai;
- c) re-selling that original WSA cargo into Indonesia and shipping it from Australia in a later ICE Contract Month;
- d) this would result in 'rolling' the ICE 11 Contract where hedging has initially been undertaken to price the WSA cargo into a further forward ICE 11 Contract Month;
- e) re-negotiating the freight contract with a shipowner to enable the WSA cargo to be shipped to Indonesia rather than Malaysia;

WST would therefore calculate the Arbitrage Premium from the various component USD benefits and costs involved in the associated transactions. For this specific example, it would be comprised of the following factors:

- the benefit or cost to WSA of selling WSA Sugar into Indonesia relative to its original sale into Malaysia;
- the benefit or cost to WST of selling Brazilian sugar into Malaysia relative to its original trade into Dubai;
- the benefit or cost of rolling the WSA ICE 11 Contracts; and
- the higher or lower Net Premium received for WSA Sugar from Indonesia versus Malaysia (including any differential in the freight costs associated with the cargo substitution).

The following table provides a worked example of the calculation of an Arbitrage Premium.

Worked example of the Arbitrage Premium outlined above

	Australian Cargo	Brazilian Cargo
Initial Deal	<p>Sale to Malaysia</p> <p>Volume of 40,000 tonnes</p> <p>Transaction basis: March ICE#11 + 80pts + \$30/t freight</p> <p>Therefore, C&F Premium of \$47.64/t</p> <p>Freight cost @ \$30/t</p> <p>Therefore, Net Premium of \$17.64/t</p> <p>Net Premium Value of \$705,472</p>	<p>Sale to Dubai</p> <p>Volume of 40,000 tonnes</p> <p>Transaction basis: March ICE#11 + 0pts + \$25/t freight</p> <p>Therefore, C&F Premium of \$25.00/t</p> <p>Freight cost @ \$25/t</p> <p>Therefore, Net Premium of \$0.00/t</p> <p>Net Premium Value of \$0,000</p>
New Deal	<p>Sale to Indonesia</p> <p>Volume of 40,000 tonnes</p> <p>Transaction basis: May ICE#11 + 70pts + \$25/t freight</p> <p>Therefore, C&F Premium of \$40.43/t</p> <p>Freight cost @ \$27/t</p> <p>Therefore, Net Premium of \$13.43/t</p> <p>Net Premium Value of \$537,288</p>	<p>Sale to Malaysia</p> <p>Volume of 40,000 tonnes</p> <p>Transaction basis: March ICE#11 + 10pts + \$44/t freight</p> <p>Therefore, C&F Premium of \$46.20/t</p> <p>Freight cost @ \$41/t</p> <p>Therefore, Net Premium of \$5.20/t</p> <p>Net Premium Value of \$208,184</p>
Net Premium Gain / (Loss)	<p>Initial Deal Net Premium Value of \$705,472</p> <p>New Deal Net Premium Value of \$537,288</p> <p>Change in Net Premium Value of \$-168,184</p>	<p>Initial Deal Net Premium Value of \$0,000</p> <p>New Deal Net Premium Value of \$208,184</p> <p>Change in Net Premium Value of \$208,184</p>
Spread gain	<p>March ICE#11 @ 18.20 US c/lb</p> <p>May ICE#11 @ 18.50 US c/lb</p> <p>Therefore, Spread gain of 0.30 US c/lb</p> <p>Spread Gain Value of \$264,552</p>	
Arbitrage Value	<p>Australian Cargo Change in Net Premium Value of \$-168,184</p> <p>plus, Brazil Cargo Change in Net Premium Value of \$208,184</p> <p>plus, Spread Gain Value of \$264,552</p> <p>equals Total Arbitrage Value of \$304,552</p>	
Arbitrage Pool	<p>So, 50% share of Arbitrage Value \$152,276</p> <p>plus \$168,184 to restore Australian Cargo's original Net Premium</p> <p>equals Total Value to Arbitrage Pool of \$320,460</p>	

APPENDIX 3 – MONTHLY NET POOL PRICE REPORT TO BE PROVIDED TO ALL GROWERS
Monthly Net Pool Price Report - 2017 Season
31 July 2017

Net Pool Prices	Quantity	Quantity	Gross Pool Price	Allocation Account Amount	Net Pool Price
Pricing Mechanisms:	Tonnes Actual	Tonnes IPS	AUD/Tonne IPS	AUD/Tonne IPS	AUD/Tonne IPS
US Quota Pool	40,000	41,480	560.00	(91.67)	468.33
Production Risk Pool	350,000	362,950	430.00	3.79	433.79
WSA Managed Pool 1	300,000	311,100	467.07	3.79	470.86
WSA Managed Pool 2	180,000	186,660	435.00	3.79	438.79
Third Party Managed Pool	80,000	82,960	440.00	3.79	443.79
Call & Target Pricing Mechanisms (Average)	450,000	466,650	Not applicable	0.90	Not applicable
Total	1,400,000	1,451,800			

Notes:

IPS Conversion Factor: 1.037 (estimate)

Gross and Net Pool Prices for Call and Target Pricing Mechanisms are not shown because these pricing mechanisms relate to an individual grower

Monthly Net Pool Price Report - 2017 Season

31 July 2017

Allocation Account (All Amounts in AUD/Tonne IPS)	Default Pricing Mechanisms		Discretionary Pricing Mechanisms			
	US Quota Pool	Production Risk Pool	WSA Managed Pool 1	WSA Managed Pool 2	Third Party Managed Pool	Call & Target Pricing Mechanisms
ICE 11 Net Premium/ICE 16 Net Premium ¹	(65.00)	30.46	30.46	30.46	30.46	30.46
PPA Arbitrage Premium ²	2.78	2.78	2.78	2.78	2.78	2.78
WSA Hedging Finance Charges ³	(1.95)	(1.95)	(1.95)	(1.95)	(1.95)	(1.95)
WSA Marketing Services Charge ⁴	(2.50)	(2.50)	(2.50)	(2.50)	(2.50)	(2.50)
WSA Direct Marketing and Operating Expenses ⁵	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)
To cover direct costs & expenses incurred by WSA including:-						
Storage, handling & loading of sugar	(23.00)	(23.00)	(23.00)	(23.00)	(23.00)	(23.00)
Quality, sampling & analysis of sugar	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)
Insurance	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)
Futures brokerage and exchange fees	(0.70)	(0.70)	(0.70)	(0.70)	(0.70)	(0.70)
AUD\$0.20/Tonne Actual in respect of harbour dues	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)
Other	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
WSA Administration Charge ⁶	-	-	-	-	-	(2.89)
Total Allocation Account Amount	(91.67)	3.79	3.79	3.79	3.79	0.90

Footnotes:

1 Revenues & costs specific to physical sugar marketing, including but not limited to Physical Premium, Polarisation Premium, Freight premium (Freight Charge less Freight Cost), freight and cargo insurance, stevedoring, fees for supervisors and outturn surveyors, ICE Contract execution and brokerage costs, finance charges associated with initial margins and margin calls, sales commissions to third parties, and spread gains and losses incurred by WST under the SPRA.

2 Represents the amount of the WST Arbitrage Premium paid to WSA after conversion by WSA into an AUD/tonne IPS amount applying the relevant Risk Management Contracts and the IPS Conversion Factor.

3 Includes bank charges and interest in relation to initial margins and daily futures' margin calls incurred by WSA under the PPA.

4 A fixed fee to cover WSA's management & administration costs of pricing and pooling, negotiation and management of storage and handling arrangements, negotiation and management of financing arrangements, management of FX conversions, preparation of marketing and pricing guides, provision of IT services, preparation of the Certification Report and preparation of marketing and pricing reports.

5 Other costs could include, for example, Australian Government export-related permits and charges, or the cost of transporting sugar between Queensland Ports to effect better management of shipping or sugar quality to export customers.

6 Forward Pricing Administration Fee of AUD\$3.00/Tonne Actual for Call Pricing Mechanism and Target Pricing Mechanism.

Monthly Net Pool Price Report – 2017 Season

31 July 2017

Net Pool Price Sensitivity Matrices

(All Net Pool Prices expressed in AUD/Tonne IPS)

US QUOTA POOL		ICE 16 PRICE (US C/LB)		
		18	20	22
FX Rate	0.95	460	485	510
AUD/USD	0.90	475	500	525
	0.85	490	515	540

WSA MANAGED POOL 1		ICE 11 PRICE (US C/LB)		
		18	20	22
FX Rate	0.95	460	485	510
AUD/USD	0.90	475	500	525
	0.85	490	515	540

THIRD PARTY MANAGED POOL		ICE 11 PRICE (US C/LB)		
		18	20	22
FX Rate	0.95	460	485	510
AUD/USD	0.90	475	500	525
	0.85	490	515	540

PRODUCTION RISK POOL		ICE 16 PRICE (US C/LB)		
		18	20	22
FX Rate	0.95	460	485	510
AUD/USD	0.90	475	500	525
	0.85	490	515	540

WSA MANAGED POOL 2		ICE 11 PRICE (US C/LB)		
		18	20	22
FX Rate	0.95	460	485	510
AUD/USD	0.90	475	500	525
	0.85	490	515	540

Notes:

1 The above matrices do not reflect the deduction of the Advances Finance Charge for the Advances Option(s) chosen by a grower, as the Advances Options are specific to individual growers.

2 No Net Pool Price sensitivity matrix is generated for Call & Target Pricing Mechanisms because the price outcomes for these Pricing Mechanisms are specific to individual growers.

Monthly Net Pool Price Report - 2017 Season

31 July 2017

Cumulative Advance Rates	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Default Advance Option	60.0%	60.0%	62.5%	65.0%	67.5%	70.0%	75.0%	80.0%	85.0%	90.0%	92.5%	95.0%	97.5%	100.0%
COD Advances Option	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	92.5%	95.0%	97.5%	100.0%

Forecast final Net Pool Price for each Pricing Mechanism after deduction of the Advance Finance Charge

(All prices expressed in AUD/Tonne IPS)

Net Pool Price	Advances Option		
	Default Advance Option	Deferred Advances Option	COD Advances Option
	Advance Finance Charge 5.20	Advance Finance Charge 4.50	Advance Finance Charge 8.10
US Quota Pool	468.33	463.13	463.83
Production Risk Pool	433.79	428.59	429.29
WSA Managed Pool 1	470.86	465.66	466.36
WSA Managed Pool 2	438.79	433.59	434.29
Third Party Managed Pool	443.79	438.59	439.29
Call & Target Pricing Mechanisms (Average)	Specific to individual Grower	Specific to individual Grower	Specific to individual Grower

Prepayments

Note that for Growers who elected to receive a Prepayment, WSA paid to Growers an amount up to a maximum equivalent of [\$X/tonne cane] multiplied by the Grower's Nominated Tonnage. WSA will charge Prepayment Interest of [y%] from the date the Prepayment amount is paid until the Prepayment amount is repaid in full by the Grower as according to Schedule 5 of the CSA.

APPENDIX 4 – MONTHLY PRICING REPORT TO BE PROVIDED TO CONSULTATIVE COMMITTEE

Monthly Pricing Report - 2017 Season

31 May 2018

Pricing Mechanism:	WSA Managed Pool 1				
ICE #11 Pricing	Jul-17	Oct-17	Mar-17	May-17	Total
Exposure Tonnes	50,000	100,000	100,000	50,000	300,000
Exposure Lots	984	1,968	1,968	984	5,904
Lots Priced	984	1,574	1,082	226	3,867
Price - ICE#11 US c/lb	19.76	20.34	20.53	21.09	20.29
Lots Unpriced	-	394	886	758	2,037
Current Close Price - ICE#11 USc/lb	-	18.34	19.01	19.45	19.04
Total Marked-to-Market Price, US c/lb	19.76	19.94	19.85	19.83	19.86
% Priced	100%	80%	55%	23%	66%
Currency (\$000s)					
Total USD Exposure	\$21,777	\$43,951	\$43,744	\$21,851	\$131,323
USD Hedged	\$21,777	\$38,237	\$27,559	\$13,111	\$100,684
AUD/USD Hedged Rate	0.9230	0.9140	0.9023	0.8956	0.9103
AUD Hedged Amount	\$23,594	\$41,835	\$30,543	\$14,639	\$110,611
USD Unhedged	\$0	\$5,714	\$16,185	\$8,740	\$30,639
Current AUD/USD Rate	0.8934	0.8900	0.8870	0.8740	0.8838
AUD Unhedged Amount	\$0	\$6,420	\$18,247	\$10,001	\$34,667
Total Marked-to-Market Pricing Mechanism Value (AUD)	\$23,594	\$48,255	\$48,790	\$24,640	\$145,278
% Covered	100%	87%	63%	60%	77%
Gross Pool Price \$A/Tonne					\$484.26
IPS Conversion Factor					1.037000
Gross Pool Price \$A/Tonne IPS					\$466.98

Monthly Net Pool Price Report – 2017 Season

31 May 2018

Net Pool Price Sensitivity Matrices

(All Net Pool Prices expressed in AUD/Tonne IPS)

US QUOTA POOL		ICE 16 PRICE (US C/LB)		
		18	20	22
FX Rate	0.95	460	485	510
AUD/USD	0.90	475	500	525
	0.85	490	515	540

WSA MANAGED POOL 1		ICE 11 PRICE (US C/LB)		
		18	20	22
FX Rate	0.95	460	485	510
AUD/USD	0.90	475	500	525
	0.85	490	515	540

THIRD PARTY MANAGED POOL		ICE 11 PRICE (US C/LB)		
		18	20	22
FX Rate	0.95	460	485	510
AUD/USD	0.90	475	500	525
	0.85	490	515	540

PRODUCTION RISK POOL		ICE 16 PRICE (US C/LB)		
		18	20	22
FX Rate	0.95	460	485	510
AUD/USD	0.90	475	500	525
	0.85	490	515	540

WSA MANAGED POOL 2		ICE 11 PRICE (US C/LB)		
		18	20	22
FX Rate	0.95	460	485	510
AUD/USD	0.90	475	500	525
	0.85	490	515	540

Notes:

1 No Gross Pool Price sensitivity matrix is generated for Call & Target Pricing Mechanisms because the price outcomes for these Pricing Mechanisms are specific to individual growers.

2 Gross Pool Prices do not include the Allocation Account Amount

APPENDIX 5 – MONTHLY PREMIUM REPORT TO BE PROVIDED TO CONSULTATIVE COMMITTEE

Monthly Premium Report – 2017 Season

All financial amounts are in US\$ per metric tonne

Sugar sales from WSA to WST

Purchase Reference #	Vessel Name	Shipment Date	Tonnes	Brand	ICE Contract Month	Net Premium	Arbitrage Premium
1	Vessel 1	03-Jul-17	35,000	Br1	Jul-17	30.46	2.78
2	Vessel 2	05-Aug-17	43,000	Br1	Jul-17	30.46	2.78
3	Vessel 3	10-Aug-17	38,000	Br1	Jul-17	30.46	2.78
4	Vessel 4	14-Sep-17	25,000	JA	Jul-17	30.46	2.78
5	Vessel 5	10-Oct-17	40,000	Br1	Oct-17	30.46	2.78
6	Vessel 6	25-Oct-17	50,000	Br1	Oct-17	30.46	2.78
7	Vessel 7	03-Nov-17	45,000	Br1	Oct-17	30.46	2.78
8	Vessel 8	15-Dec-17	28,000	JA	Oct-17	30.46	2.78
9	Vessel 9	29-Apr-18	40,000	Br1	Mar-18	30.46	2.78
Total/Average			344,000			30.46	2.78

Sales of WSA Sugar from WST to end customers

Sale Reference #	Vessel Name	Shipment Date	Tonnes	Related Party (Yes/No)	Destination	Sale type	ICE Contract type	ICE Contract Month	Total Contract Price	ICE AA or Fixed Price Component	Net Premium Components							Total	Arbitrage Premium
											Physical Premium	Polarisation Premium	Freight Charge	Freight Cost	Permitted Deductibles excl Freight	Spread Gain (Loss)			
1	Vessel 1	03-Jul-17	35,000	No	Malaysia	CNF	ICE 11	Jul-17	478.83	420.00	17.64	16.19	25.00	(24.00)	(6.61)	-	28.22	7.00	
2	Vessel 2	05-Aug-17	43,000	No	Korea	CIF	ICE 11	Jul-17	498.44	431.50	18.30	16.64	32.00	(30.00)	(6.11)	-	30.83	-	
3	Vessel 3	10-Aug-17	38,000	Yes	Indonesia	CIF	ICE 11	Oct-17	516.40	450.00	18.08	17.32	31.00	(31.00)	(7.40)	5.00	33.00	-	
4	Vessel 4	14-Sep-17	25,000	No	Japan	CNF	ICE 11	Jul-17	508.33	438.50	16.98	16.85	36.00	(36.50)	(5.89)	-	27.44	4.00	
5	Vessel 5	10-Oct-17	40,000	No	Indonesia	Fixed Price	ICE 11	Oct-17	487.34	423.00	16.09	16.25	32.00	(33.00)	(7.18)	-	24.16	8.00	
6	Vessel 6	25-Oct-17	50,000	No	Korea	CIF	ICE 11	Mar-18	528.84	458.00	19.18	17.66	34.00	(32.00)	(6.55)	6.00	38.29	-	
7	Vessel 7	03-Nov-17	45,000	No	Korea	CIF	ICE 16	Oct-17	471.71	392.00	18.52	15.19	46.00	(47.00)	(6.92)	-	25.79	2.00	
8	Vessel 8	15-Dec-17	28,000	No	Japan	CNF	ICE 11	Oct-17	515.93	442.00	19.84	17.09	37.00	(36.50)	(6.30)	-	31.13	-	
9	Vessel 9	29-Apr-18	40,000	No	Malaysia	CNF	ICE 11	May-18	477.98	418.00	17.86	16.13	26.00	(24.00)	(6.20)	3.00	32.78	5.00	
Total/Average			344,000						497.82	429.86	18.09	16.57	33.30	(32.67)	(6.61)	1.77	30.46	2.78	

Sales of Non-WSA Sugar from WST to end customers

Sale Reference #	Vessel Name	Shipment Date	Tonnes	Origin	Destination	Sale type	ICE Contract type	ICE Contract Month	ICE Total Contract Price	ICE AA or Fixed Price Component	Net Premium Components					Spread Gain (Loss)	Total
											Physical Premium	Polarisation Premium	Freight Charge	Freight Cost	Permitted Deductibles excl. Freight		
1	Vessel 1	10-Jul-17	45,000	Brazil	Indonesia	CNF	ICE 11	Jul-17	483.86	421.00	2.20	15.66	45.00	(46.00)	(2.00)	-	14.86
2	Vessel 2	23-Sep-17	45,000	Brazil	Indonesia	CNF	ICE 11	Jul-17	490.87	425.00	1.10	15.77	49.00	(47.00)	(2.00)	4.00	20.87
3	Vessel 3	01-Feb-18	28,000	Thai	Indonesia	CNF	ICE 11	Mar-18	485.03	424.00	19.62	16.41	25.00	(26.00)	(2.50)	6.00	38.53
4	Vessel 4	22-Aug-17	25,000	Thai	Japan	CNF	ICE 11	Jul-17	502.98	435.00	19.18	16.80	32.00	(30.00)	(1.75)	3.00	39.23
5	Vessel 5	23-Oct-17	25,000	Thai	Japan	CNF	ICE 11	Oct-17	506.27	435.00	21.38	16.89	33.00	(32.00)	(2.50)	-	36.77
6	Vessel 6	11-Nov-17	50,000	Thai	Korea	CIF	ICE 11	Oct-17	487.80	420.00	20.50	16.30	31.00	(29.00)	(2.25)	2.00	38.55
7	Vessel 9	02-May-18	35,000	Brazil	Malaysia	CNF	ICE 11	May-18	480.61	422.00	-	15.61	43.00	(40.00)	(1.00)	1.00	18.61
Total/Average			253,000						489.67	424.75	10.82	16.12	37.98	(36.81)	(1.99)	2.21	28.32

APPENDIX 6 – MONTHLY MARKETING REPORT TO BE PROVIDED TO CONSULTATIVE COMMITTEE

Monthly Marketing Report – 2017 Season

Marketing Plan Summary

(Tonnes Actual)

Market	Customer Actual	2016 Season Initial Forecast	2017 Season	2017 Season								
				Crushing Season Sales July to November 2017			Forecast as at 31 July 2017			Non-Crushing Season Sales December 2017 to June 2018		
				Sold	Unsold	Total	Sold	Unsold	Total	Sold	Unsold	Total
China	Refiner 1	150,000	180,000	85,000	10,000	95,000	40,000	55,000	95,000	125,000	65,000	190,000
	Refiner 2	125,000	165,000	90,000	–	90,000	25,000	50,000	75,000	115,000	50,000	165,000
	Total	275,000	345,000	175,000	10,000	185,000	65,000	105,000	170,000	240,000	115,000	355,000
Indonesia	Refiner 1	200,000	220,000	80,000	40,000	120,000	30,000	50,000	80,000	110,000	90,000	200,000
	Refiner 2	120,000	170,000	40,000	40,000	80,000	45,000	45,000	90,000	85,000	85,000	170,000
	Refiner 3	80,000	80,000	60,000	–	40,000	–	40,000	40,000	40,000	40,000	80,000
	Refiner 4	70,000	90,000	60,000	–	60,000	30,000	–	30,000	90,000	–	90,000
	Total	470,000	540,000	220,000	80,000	300,000	105,000	135,000	240,000	325,000	215,000	540,000
Malaysia	Refiner 1	180,000	220,000	80,000	40,000	120,000	45,000	45,000	90,000	125,000	85,000	210,000
	Refiner 2	120,000	130,000	50,000	25,000	75,000	–	75,000	75,000	50,000	100,000	150,000
	Total	300,000	350,000	130,000	65,000	195,000	45,000	120,000	165,000	175,000	185,000	360,000
Japan	Refiner 1	200,000	170,000	70,000	30,000	100,000	30,000	40,000	70,000	100,000	70,000	170,000
	Refiner 2	180,000	150,000	80,000	40,000	120,000	30,000	–	30,000	110,000	40,000	150,000
	Refiner 3	120,000	60,000	40,000	–	40,000	30,000	–	30,000	70,000	–	70,000
	Total	500,000	380,000	190,000	70,000	260,000	90,000	40,000	130,000	280,000	110,000	390,000
Korea	Refiner 1	200,000	175,000	80,000	40,000	120,000	25,000	30,000	55,000	105,000	70,000	175,000
	Refiner 2	175,000	150,000	60,000	30,000	90,000	50,000	35,000	85,000	110,000	65,000	175,000
	Refiner 3	80,000	100,000	25,000	–	25,000	25,000	–	25,000	50,000	–	50,000
	Total	455,000	425,000	165,000	70,000	235,000	100,000	65,000	165,000	265,000	135,000	400,000
USA	Refiner 1	35,000	30,000	37,000	–	37,000	–	–	–	37,000	–	37,000
	Refiner 2	30,000	30,000	–	–	–	–	38,000	38,000	–	38,000	38,000
	Total	65,000	60,000	37,000	–	37,000	–	38,000	38,000	37,000	38,000	75,000
Total		2,065,000	2,100,000	917,000	295,000	1,212,000	405,000	503,000	908,000	1,322,000	798,000	2,120,000

APPENDIX 7 – EXAMPLE CALCULATION OF ALLOCATION ACCOUNT AMOUNT

Grower Consultative Group Reporting

31 July 2017

Allocation Account (All Amounts in AUD/Tonne IPS)	Default Pricing Mechanisms		Discretionary Pricing Mechanisms			
	US Quota Pool	Production Risk Pool	WSA Managed Pool 1	WSA Managed Pool 2	Third Party Managed Pool	Call & Target Pricing Mechanisms
ICE 11 Net Premium/ICE 16 Net Premium	(65.00)	30.46	30.46	30.46	30.46	30.46
Includes revenues & costs specific to physical sugar marketing:-						
Physical Premium	(15.00)	18.09	18.09	18.09	18.09	18.09
Polarisation Premium	19.00	16.57	16.57	16.57	16.57	16.57
Freight Charge	(27.00)	33.30	33.30	33.30	33.30	33.30
Permitted Deductibles	(42.00)	(37.50)	(37.50)	(37.50)	(37.50)	(37.50)
Includes:-						
Freight Cost	(27.00)	(32.67)	(32.67)	(32.67)	(32.67)	(32.67)
Freight and cargo insurance	(0.50)	(0.50)	(0.50)	(0.50)	(0.50)	(0.50)
Stevedoring, supervisor, outturn surveyor & other shipper's costs	(16.00)	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)
ICE Contract execution and brokerage costs	(1.00)	(0.50)	(0.50)	(0.50)	(0.50)	(0.50)
Finance charges associated with initial & margin calls	(1.50)	(1.10)	(1.10)	(1.10)	(1.10)	(1.10)
Sales commissions to third parties	0.25	(0.50)	(0.50)	(0.50)	(0.50)	(0.50)
Spread Gains and Spread Losses	-	1.77	1.77	1.77	1.77	1.77
Other	3.75	(2.00)	(2.00)	(2.00)	(2.00)	(2.00)
PPA Arbitrage Premium ¹	2.78	2.78	2.78	2.78	2.78	2.78
WSA Hedging Finance Charges	(1.95)	(1.95)	(1.95)	(1.95)	(1.95)	(1.95)
Includes:-						
Bank & clearing account charges	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)
Interest in relation to initial & daily futures' margins	(1.20)	(1.20)	(1.20)	(1.20)	(1.20)	(1.20)
WSA Marketing Services Charge ²	(2.50)	(2.50)	(2.50)	(2.50)	(2.50)	(2.50)
WSA Direct Marketing and Operating Expenses ³	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)	(25.00)
To cover direct costs & expenses incurred by WSA including:-						
Storage, handling & loading of sugar	(23.00)	(23.00)	(23.00)	(23.00)	(23.00)	(23.00)
Quality, sampling & analysis of sugar	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)	(0.75)
Insurance	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)
Futures brokerage and exchange fees	(0.70)	(0.70)	(0.70)	(0.70)	(0.70)	(0.70)
AUD\$0.20/Tonne Actual in respect of harbour dues	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)	(0.20)
Other	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
WSA Administration Charge						
Forward Pricing Administration Fee of AUD\$3.00/Tonne Actual	-	-	-	-	-	(2.89)
Total Allocation Account Amount	(91.67)	3.79	3.79	3.79	3.79	0.90

Footnotes:

¹ Represents the amount of the WST Arbitrage Premium paid to WSA after conversion by WSA into an AUD/tonne IPS amount applying the relevant foreign currency Risk Management Contracts and the IPS Conversion Factor.

² A fixed fee to cover WSA's management & administration costs of pricing and pooling, negotiation and management of storage and handling arrangements, negotiation and management of financing arrangements, management of FX conversions, preparation of marketing and pricing guides, provision of IT services, preparation of the Certification Report and preparation of marketing and pricing reports.

³ Other costs could include, for example, Australian Government export-related permits and charges, or the cost of transporting sugar between Queensland Ports to effect better management of shipping or sugar quality to export customers.

Wilmar Sugar Australia
and
Canegrowers
Correspondence

Wilmar Sugar Australia – Canegrowers

Correspondence

Date	From	To	Subject	Details
2014 November 25	WSA J. Pratt	Canegrowers (14 recipients)	Invitation to participate in an independently facilitated engagement program to negotiate a future model for pricing and marketing arrangements	Independent facilitator's Terms of Reference attached to letter.
2014 December 2	Canegrowers P. Marano S. Guazzo K. Borg G. Clarke	WSA J. Pratt	Response to WSA letter dated 2014 November 25: Invitation to participate in an independently facilitated engagement program to negotiate a future model for pricing and marketing arrangements	<p>Requested that Wilmar include the below points in discussions, prior to agreeing to meet with Wilmar:</p> <ol style="list-style-type: none"> 1. An industry-led grower-choice model, pathways to market being a proposal to be explored, resulting in genuine grower choice of who markets their economic interest in the sugar 2. Recognition of Grower Economic Interest in achieving this 3. Wilmar's capacity to be involved in a market driven Grower Choice model 4. Capacity for the CANEGROWERS collectives from all relevant Wilmar milling areas to collectively discuss the content of the 2017 Cane Supply Agreement.
2014 December 5	WSA J. Pratt	Canegrowers P. Marano S. Guazzo K. Borg G. Clarke	Response to WSA letter dated 2014 December 2: Invitation to participate in an independently facilitated engagement program to negotiate a future model for pricing and marketing arrangements	<ul style="list-style-type: none"> • Outlined meeting agenda items and agreed to discuss the four points raised by Canegrowers in previous letter, in particular confirming that Wilmar does not intend to limit the scope of what Canegrowers wishes to discuss. • Referred to the Sugar Industry Act regarding collective discussions of the Cane Supply Agreement, and representatives from all Wilmar milling regions being present at initial discussions. • Welcomed collective discussions for the first meeting and proposed meeting dates in December to take place without a facilitator, but the facilitator will chair discussions starting in 2015.

Wilmar Sugar Australia – Canegrowers

Correspondence

Date	From	To	Subject	Details
				<p>current inquiry reports are due within a short timeframe and may impact on the holding of meaningful discussions.</p> <ul style="list-style-type: none"> In Canegrowers view there would be no facilitator at the initial meeting
2015 March 2	WSA J. Pratt	Canegrowers P. Marano S. Guazzo K. Borg G. Clarke	Response to Canegrowers letter dated 2015 February 27.	<ul style="list-style-type: none"> Reiterated that Wilmar is open to discussing alternative models, as stated in letter dated 26 February. Clarified the proposed engagement program. Proposed meeting date of 6 March.
2015 March 5	Canegrowers P. Marano S. Guazzo K. Borg G. Clarke	WSA J. Pratt	Response to WSA letter dated 2015 March 2.	<ul style="list-style-type: none"> Suggested to meet in the last week of March or the first week of April. Noted the thrust of Wilmar's submission remains a barrier to constructive dialogue. Prefer to meet at a venue other than Wilmar's office and without a facilitator.
2015 March 10	WSA J. Pratt	Canegrowers P. Marano S. Guazzo K. Borg G. Clarke	Response to Canegrowers letter dated 2015 March 5.	<ul style="list-style-type: none"> Expressed disappointment that a meeting isn't possible until late March. Reiterated that Wilmar is committed to an open meeting agenda without limit to scope of discussions or marketing models. Agreed to the request to hold the first meeting without an independent facilitator and at their preferred venue noting, however, it is Wilmar's view that it is in the best interest of both parties to engage an independent facilitator.

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 098 999 985

Level 1, 5-21 Denham Street
Townsville QLD 4810

PO Box 642, Townsville
QLD 4810 Australia

Tel + 61 7 4722 1972

Fax + 61 7 4724 5715

info@wilmar.com.au

www.wilmar-international.com



25 November 2014

Mr Steve Guazzo
Chairman
Herbert River District Canegrowers Organisation Limited
11 Lannercost Street
Ingham QLD 4850

By email: guazzosr@bigpond.net.au

Dear Steve,

Invitation to participate in an independently facilitated engagement program to negotiate a future model for pricing and marketing arrangements

Wilmar is committed to open and productive engagement to develop commercially-negotiated arrangements with growers to facilitate Wilmar's future sugar marketing, following our decision to exit the Raw Sugar Supply Agreement with QSL. Furthermore, Wilmar is dedicated to developing a model that will provide better returns to Wilmar cane growers and enhance our mutual long term viability.

We acknowledge the ongoing government inquiries into sugar marketing and note grower representatives have highlighted the importance of achieving commercially-negotiated agreements between Wilmar and grower collectives. This is Wilmar's desired outcome also.

Given our shared preference for a negotiated approach, Wilmar is proposing to undertake a detailed, transparent and consultative program of engagement to discuss, negotiate and agree a marketing model with grower collectives.

We would like to invite Herbert River District Canegrowers Organisation Limited to participate in this process which is planned to commence with initial engagement meetings from the week of 8 December 2014. We anticipate that a number of separate meetings will be held with individual collectives or groups of collectives as appropriate. Further particulars of the attendees and the time and venue for the meetings will be determined in consultation with your collective.

The intent of this proposed engagement program is to commence a constructive face-to-face dialogue with collectives to discuss and negotiate our respective positions on sugar marketing.

Wilmar acknowledges that grower collectives have raised concerns about Wilmar's proposed exit from the voluntary QSL marketing model, and we acknowledge the issues raised in your submission to the Senate Inquiry. A collective's participation in the engagement program will be without prejudice to your organisation's current stance in relation to the future of sugar marketing.

Independent facilitation

To assist the engagement process, Wilmar is proposing to appoint an independent facilitator to chair the meetings, facilitate constructive negotiations and to deliver transparency of the process to growers through reporting outcomes of the meetings. The facilitator's meeting reports will be made publicly available to both growers and government stakeholders. A draft Terms of Reference for the facilitator's role is attached for

your reference. It is expected the Terms of Reference would be reviewed and agreed by the person engaged, which is why they are currently considered draft.

To ensure the facilitator's role is independent, it is limited by the Terms of Reference to meeting facilitation. The chosen facilitator will have no conflict of interest with regard to the sugar industry and will have no role seeking to influence a particular position or outcome, other than facilitated discussions to deliver a mutually beneficial and agreed outcome. We expect to have finalised a preferred facilitator appointment over the coming weeks and will provide you with further details when available.

Key principles underpin Wilmar's commitment

As you may be aware, Wilmar has outlined 10 key principles for Wilmar sugar marketing post-2017. We are committed to developing new marketing arrangements with growers and collectives in accordance with these principles.

Given the timing of our intention to exit the Raw Sugar Supply Agreement with QSL, Wilmar acknowledges that growers will not be able to forward price their nominal sugar exposure in the 2017 season under current agreements. Wilmar has therefore provided a Temporary Forward Price and Pooling Agreement for operation during the window from mid-2014 until 30 June 2015, to give growers the opportunity to forward price up to 30 per cent of estimated 2017 season nominal sugar exposure, i.e. the same as what is normally provided to growers three years ahead of a season. Wilmar has also made a commitment to growers to ensure they continue to have choice of pricing mechanisms, managed at their discretion.

To deliver on this commitment, Wilmar has developed a set of agreements that would enable growers to continue forward pricing after July 2015, under a sugar marketing model designed to maximise returns and reduce exposure risk to growers.

These Interim Forward Pricing Agreements give effect to the key principles Wilmar has committed to, including keeping the cane price formula the same, retaining growers' choice over price risk management and providing transparency of pricing and marketing for growers and their collectives.

The Interim Forward Pricing Agreements do not include the Joint Marketing Company (JMC) partnership Wilmar proposed in April 2014, because we accept that further discussion is required before we make any final decision on the structure of sugar marketing from the 2017 season.

It is important to note, however, that the Interim Forward Pricing Agreements can be readily adapted to fit with a marketing model agreed between Wilmar and growers. JMC is one option, the Interim Forward Pricing Agreements outline another, or there may be preferred aspects of both.

This engagement process will allow growers, and your organisation as their representative, to discuss your preferences and better understand how Wilmar's key principles can be implemented to assist growers to manage their risk exposure and to maximise their returns.

It is our intention to table the draft Interim Forward Pricing Agreements as starting point for discussion at the first round of meetings with collectives. Copies of the agreements will be available at the first meeting with your collective. The meeting will also compare and contrast the key features of JMC and the Interim Forward Pricing Arrangements.

As part of our commitment to a constructive engagement process with collectives we will also be tabling details at the first round meeting of a proposal from Wilmar to fund an independent legal review and an independent marketing expert review of the Interim Forward Pricing Agreements on behalf of all collectives. The advisors would be engaged by the participating collectives to ensure an advisor-client relationship

independent of Wilmar. We would like to discuss the parameters of the financial assistance and seek your feedback on the proposal.

Wilmar's commitment to engagement

Attached to this letter are the independent facilitator's Terms of Reference and an overview of the proposed Agenda for the first round meeting. We would like to discuss the subsequent stages of the engagement program as part of our first meeting, but subject to your feedback we envisage the engagement program will involve the following key stages:

1. Facilitated first round meetings and initial presentations and discussions with collectives expected to take place in the week starting 8 December 2014. Reporting to growers and stakeholders on meeting outcomes to follow within two weeks;
2. A period of time for collectives to consider, seek external advice and provide feedback to Wilmar by mid-February 2015;
3. A second round of facilitated meetings to discuss and negotiate collective feedback in late February 2015, and reporting of outcomes within two weeks of the meeting date;
4. Provision to collectives of finalised Interim Forward Pricing Agreements based on negotiated final outcomes;
5. Agreement in principle on post 2017 marketing concept; and
6. Provision to collectives of finalised agreements to implement agreed post 2017 marketing concept based on final negotiated outcomes.

In addition to providing collectives with the independent facilitator Terms of Reference and the outline of the engagement program, we are proposing to provide the details of the proposed engagement program to growers via the Wilmar Grower Web and Wilmar Sugar Australia website.

We look forward to your participation in this engagement process and to receiving your feedback on the elements that you would like to see included in a new marketing model to enable Wilmar to deliver on our commitments to growers – better returns, pricing flexibility and transparency.

In closing, Wilmar is committed to constructive and transparent engagement regarding new sugar marketing arrangements. I look forward to finalising an initial meeting date, time and location with you and I sincerely hope your organisation is willing to participate in the process and can attend the initial meeting.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'John Pratt'.

John Pratt
Executive General Manager North Queensland
Wilmar Sugar Australia

Independently facilitated engagement program to seek feedback on future pricing and marketing arrangements for cane growers supplying Wilmar Sugar Australia

1.0 Goals of the engagement program

Wilmar Sugar Australia (Wilmar) is committed to achieving a commercially-negotiated agreement on forward sugar pricing and marketing arrangements through a transparent and constructive program of engagement with growers and their collectives.

The engagement program will provide forums for grower collectives to consider and negotiate future marketing arrangements with Wilmar. A collective's participation in the engagement program will be without prejudice to the current positions of organisations that have been outlined publicly in responses to the Federal Government's sugar marketing Senate Inquiry.

The goals of this engagement program are to discuss, gather feedback on, negotiate and agree interim arrangements for sugar marketing and pricing and the basis for an ultimate marketing model that:

- Supports Wilmar's commitment to deliver better financial returns to Wilmar cane growers with the goal of enhancing cane farm profitability and viability;
- Delivers transparency of sugar pricing and marketing for growers;
- Provides for 100 per cent of marketing premiums to be returned to growers on a dollar per tonne basis; and
- Encapsulates the 10 key principles Wilmar has committed to delivering for growers.

2.0 Achieving a constructive engagement program

To ensure a constructive engagement process with regional collectives, the process will:

- Be independently facilitated and chaired;
- Provide an opportunity for collectives to consider and provide feedback on both the high-level principles and specifics of Wilmar's proposals;
- Provide the opportunity for grower collectives to seek external legal counsel and marketing expert advice and representation during the process at their discretion; and
- Be open and transparent via public reporting of meeting agendas and meeting outcomes for the information of growers and government stakeholders.

3.0 Terms of Reference for the independent facilitator

- To act in the role of meeting Chair and facilitate meeting discussion between grower collective representatives and Wilmar Sugar Australia representatives;
- To foster open negotiation, feedback and compromise during meetings;
- To ensure meetings follow the agreed pre-established agenda;
- To ensure that all meeting participants are provided with a fair opportunity to discuss matters arising from the agenda;
- To ensure matters raised that are outside the scope of the agenda are recorded for follow up by respective meeting attendees; and
- Record minutes of the meeting and provide a Meeting Report to each attendee, which reflects the key points of discussions relating to the meeting agenda. This Meeting Report will be made available to meeting attendees for review, prior to it being made publicly available to Wilmar growers and government stakeholders.

The independent facilitator will not:

- Seek to advocate for a particular viewpoint of either grower collectives or Wilmar Sugar Australia;
- Discuss the content of, or matters arising from the engagement meetings with external stakeholders, members of the public or the media (with the exception of the independent facilitator's meeting report).

4.0 Collective appointed independent external review

As part of Wilmar's commitment to a constructive engagement process with collectives, Wilmar will provide funding for a legal review and a marketing expert review of the Interim Forward Pricing Arrangements to be undertaken on behalf of all grower collectives. The advisors would be appointed by participating collectives to ensure an advisor-client relationship independent of Wilmar. The detail of this proposal will be tabled in the first round meetings. The final parameters of the financial assistance will be determined following discussions with collectives at the meetings.

5.0 Indicative meeting agenda

First round industry engagement and initial presentations

1. Introduction by the independent facilitator and meeting attendee introductions a. Confirmation of the facilitator's role and approach to facilitation	Facilitator
2. Outline of proposed industry engagement program a. Facilitated discussion and feedback	Wilmar Facilitator / All
3. Presentation by Wilmar Sugar Australia of the 10 key principles that have been conveyed to Wilmar growers and Wilmar's previous performance a. Discussion and initial feedback on principles	Wilmar Facilitator / All
4. Presentation by Wilmar Sugar Australia on Interim Forward Pricing options for consideration a. Facilitated discussion and initial feedback	Wilmar Facilitator / All
5. Presentation by Wilmar Sugar Australia comparing and contrasting JMC and the IFPAs a. Facilitated discussion and feedback	Wilmar Facilitator / All
6. Outline of proposed financial assistance package a. Facilitated discussion and initial feedback	Wilmar Facilitator / All
7. Summation of collective feedback on presentations	Grower Collective
8. Next steps discussion and engagement program timetable	Facilitator / All



CANEGROWERS

2 December 2014

Mr John Pratt
Executive General Manager, North Qld
Wilmar Sugar Australia
Level 1, 5-21 Denham St
Townsville Qld 4810

Dear Sir

Re: Invitation to participate in an independently facilitated engagement program to negotiate a future model for pricing and marketing arrangements

While acknowledging Wilmar is stating that it is committed to open and productive engagement to develop commercially-negotiated arrangements with growers to facilitate Wilmar's future sugar marketing, we have gained the perception that the facilitated engagement program that you are recommending is too narrow in its focus to afford the facilitator the opportunity to fully engage and then report on a genuinely independent basis.

We, representing the CANEGROWERS Membership across the relevant milling areas would also prefer a truly productive engagement being facilitated to cover the following:

1. An industry-led grower-choice model, pathways to market being a proposal to be explored, resulting in genuine grower choice of who markets their economic interest in the sugar
2. Recognition of Grower Economic Interest in achieving this
3. Wilmar's capacity to be involved in a market driven Grower Choice model
4. Capacity for the CANEGROWERS collectives from all relevant Wilmar milling areas to collectively discuss the content of the 2017 Cane Supply Agreement.

Hence we seek the inclusion of points 1 to 4 above in order to facilitate a negotiated approach that would involve a transparent and consultative program of engagement to discuss, negotiate and agree a marketing model and quality working arrangements for both Grower and Miller.

This would ensure all are dedicated to developing a model that will provide better returns to Wilmar cane growers and enhance our mutual long term viability.

Forwarded for your due consideration and response, prior to any of us agreeing with the facilitated program commencing.

Yours faithfully

Phil Marano
Chairman
CANEGROWERS
Burdekin

Steve Guazzo
Chairman
CANEGROWERS
Herbert River

Kevin Borg
Chairman
CANEGROWERS
Plane Creek

Glenn Clarke
Chairman
CANEGROWERS
Proserpine

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 055 999 985

Level 1 5-21 Denham Street
Townsville QLD 4810

PO Box 642 Townsville
QLD 4810 Australia

Tel + 61 7 4722 1972

Fax + 61 7 4724 5716

info@wilmar.com.au

www.wilmar-international.com



5 December 2014

Attention: **Steve Guazzo**

Canegrowers Herbert River
11-13 Lannercost Street
Ingham, Queensland 4850

Dear Steve,

Canegrowers' response to invitation to participate in an engagement program to negotiate a future model for pricing and marketing arrangements

Thank you for your letter dated 2 December 2014 regarding Wilmar's invitation to Canegrowers.

Wilmar is committed to open and productive engagement with growers to discuss, negotiate and agree a model and commercial agreements to facilitate future marketing arrangements. As stated in our recent invitation letter, the intent of the proposed engagement program is to commence a constructive face-to-face dialogue with collectives to discuss and negotiate our respective positions on sugar marketing.

We have proposed an agenda for the meeting which includes a discussion of Wilmar's proposed marketing principles, an explanation of the Interim Forward Pricing Agreements which we will also table at the meeting, and a general discussion about marketing models comparing JMC with Interim Forward Pricing Arrangements. However, the agenda also provides the opportunity for Canegrowers to present its feedback on Wilmar's presentation material at each stage of proceedings. This provides an opportunity for you to discuss and table your key issues with Wilmar's proposals and also to put forward your own views and proposals for future sugar marketing arrangements. It is at your discretion what you table and discuss during this agenda item.

It is not our intention to seek to limit the scope of what Canegrowers wishes to discuss and nothing in the proposed agenda prevents a 'grower choice' model forming the basis of Canegrowers feedback and discussion at the initial or subsequent meetings. We also acknowledge Canegrowers' participation in these discussions is without prejudice to current industry reviews being undertaken by the State and Federal Governments on sugar marketing.

We therefore believe that the proposed process will enable Canegrowers and Wilmar to have a truly productive engagement under the guidance of the independent facilitator where each party is provided with equal opportunity to present their views and provide feedback to the other party.

Regarding Canegrowers' request for all collectives from all relevant Wilmar milling areas to collectively discuss the content of the 2017 Cane Supply Agreement, we refer you to the *Sugar Industry Act 1999*. The Act provides for the making or variation of a collective contract between a group of growers and a mill owner who are within the same Region. Regions are specifically defined in the *Sugar Industry Regulations 2010* Schedule Parts 1 and 2, and do not cover the four Wilmar milling areas within one Region. On this basis Wilmar understands that negotiating with representatives from all four milling areas may be a contravention of the Act and Regulations governing bargaining of collective contracts.



However, given the first meeting between Wilmar and Canegrowers would be the presentation of the Interim Forward Pricing framework and a discussion of our respective views on marketing models, not negotiation of specific elements of proposed contracts, we would welcome Canegrowers collectives from all Wilmar milling areas to attend the same meeting. We can further review the implications of the Act on subsequent engagement meetings, discussions and negotiations at a later time.

To allow further time for Wilmar to consult with Canegrowers prior to confirming the independent facilitator we also now propose that the proposed initial meeting in December take place without the facilitator, but that the facilitator would chair the discussions starting in 2015. This provides an opportunity for Canegrowers to consider Wilmar's presentation of the Interim Forward Pricing arrangements at the meeting and allows Canegrowers greater time to review the Interim Forward Pricing Agreements tabled at the meeting in more detail prior to providing further feedback on the agreements and a more in-depth discussion on respective marketing models during the first facilitated meeting in 2015.

We sincerely hope the above addresses Canegrowers' concerns and that Canegrowers will now agree to participate in the proposed engagement process.

I would like to propose possible meeting dates of Tues 16 or Wed 17 December in Townsville. It would be appreciated if you could advise Wilmar of your availability on these days, or a preferred alternative date for the initial meeting.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Pratt'.

John Pratt
Executive General Manager North Queensland
Wilmar Sugar Australia

9 December 2014

Mr John Pratt
Executive General Manager, North Qld
Wilmar Sugar Australia
Level 1, 5-21 Denham St
Townsville Qld 4810

Dear John

Re: Sugar Marketing

Thank you for your response of 05/12/14 and we will be seeking your comments in light of the broader consideration of the wider industry driven Grower Choice model outlined to you previously.

Following due consideration of your letter of 05/12/14 and commitments/considerations we advise that the first available period to hold a meeting is the first week in February 2015.

Therefore please consider your dates from this period on and a consensus to meet may then be arrived at.

Yours faithfully



Kevin Borg
CHAIRMAN
PLANE CREEK



Stephen Guazzo
CHAIRMAN
BURDEKIN



Glenn Clark
CHAIRMAN
PROSPEPINE



Phil Marano
CHAIRMAN
HERBERT RIVER



CANEGROWERS

Proserpine

PROSERPINE DISTRICT CANEGROWERS
COOPERATIVE LIMITED
ABN 41 948 426 763
88 Main Street Proserpine Qld 4800
PO Box 374 Proserpine Qld 4800
Phone (07) 4945 1844 Fax (07) 4945 2721
Email prp@canegrowers.com.au

9 December 2014

Wilmar Sugar Australia
Attention: Mr John Pratt
Executive General Manager North Queensland
Level 1 5-21 Denham Street
TOWNSVILLE QLD 4810

Bu email: john.pratt@wilmar.com.au

Dear John

Re: Independently facilitated engagement program to negotiate a future model for pricing and marketing arrangements

I refer to your invitation of 25 November to participate in Wilmar's proposed engagement program and subsequent letter of 5 December which clarifies and broadens the engagement process.

As you are aware, CANEGROWERS Proserpine has always been agreeable to open and meaningful dialog in respect to future pricing and marketing models which would potentially enhance grower's income. In fact, since Wilmar formally announced its intention to terminate the RSSA, we have been utilising the mechanisms within the Cane Supply Agreement (PRO CSA 2014-2016) to facilitate this dialog. Clause 15.14(d) was initially extended to 29 August, and again to 28 November in order to negotiate in good faith some mutually agreeable amendments to the CSA to accommodate Wilmar's proposed marketing arrangements.

Bearing in mind that Clause 2.5(a) of our CSA also requires both parties to review and agree on any changes prior to 15 December each year, it is disappointing that Wilmar now seeks to undertake 'facilitated engagement' outside the contractually agreed timeframe.

As a consequence of your latest communications, a special meeting of the CANEGROWERS Proserpine board was convened wherein the following concerns were raised in respect to the industry's current marketing impasse:

- 1) Prior to the sale, Wilmar issued a Memorandum of Understanding to the Cooperative members stating that it would *'continue to maintain the raw sugar marketing arrangements with QSL while these are in the best interests of Sucrogen and growers'*. In the absence of any substantive proof to the contrary, QSL may still be the best option for growers;

Huffer, Belinda

From: Rutherford, Shayne
Sent: Wednesday, 17 December 2014 3:42 PM
To: michael_porter@canegrowers.com.au
Cc: Burgess, David; Pratt, John; Davison, Sally; Jean-Luc
Subject: Fwd: Interim Forward Pricing Arrangements - CANEGROWERS Proserpine
Attachments: 141217 CANEGROWERS Proserpine PRO Schedules 2 to 4_v2.pdf; ATT00001.htm; 141217 CANEGROWERS Proserpine Draft_Cane_Supply_Agreement.pdf; ATT00002.htm; 141217 CANEGROWERS Proserpine Draft_Pricing_and_Pooling_Agreement [1].pdf; ATT00003.htm; 141217 CANEGROWERS Proserpine Draft_SPRA.pdf; ATT00004.htm; 141217 CANEGROWERS Proserpine General_Overview_of_Interim_Forward_Pricing_Arrangements.pdf; ATT00005.htm; 141217 CANEGROWERS Proserpine PRO Annexure AB v1 B scheme v3.pdf; ATT00006.htm

Dear Michael

Please pass on our appreciation to your colleagues for today's meeting.

Also, please find attached a copy of the agreements that comprise the interim forward pricing arrangements and a brief summary of the agreements.

We look forward to your feedback.

Don't hesitate to call me or David Burgess if you have any queries or would like any further explanation.

Regards
Shayne Rutherford
+61 419 477 309

Begin forwarded message:

From: "Huffer, Belinda" <Belinda.Huffer@wilmar.com.au>
Date: 16 December 2014 4:47:58 pm AEST
To: "Rutherford, Shayne" <Shayne.Rutherford@wilmar.com.au>
Subject: Interim Forward Pricing Arrangements - CANEGROWERS Proserpine

Huffer, Belinda

From: Rutherford, Shayne
Sent: Wednesday, 17 December 2014 5:21 PM
To: michael_porter@canegrowers.com.au
Cc: Burgess, David; Pratt, John; Davison, Sally; Jean-Luc; Giordani, Paul
Subject: Fwd: Interim Forward Pricing Agreement Guide and Presentation - CANEGROWERS Proserpine
Attachments: 141217 CANEGROWERS Proserpine Wilmar IFPA Engagement Presentation.pdf; ATT00001.htm; 141217 CANEGROWERS Proserpine Interim Agreements Guide.pdf; ATT00002.htm

Dear Michael

Please find attached a copy of the presentation and guide that we provided today in hard copy.

Regards
Shayne Rutherford
+61 419 477 309

Begin forwarded message:

From: "Huffer, Belinda" <Belinda.Huffer@wilmar.com.au>
Date: 16 December 2014 2:28:06 pm AEST
To: "Rutherford, Shayne" <Shayne.Rutherford@wilmar.com.au>
Subject: Interim Forward Pricing Agreement Guide and Presentation - CANEGROWERS Proserpine

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 096 959 985

Level 1 5-21 Denham Street
Townsville QLD 4810

PO Box 642, Townsville
QLD 4810 Australia

Tel + 61 7 4722 1972

Fax + 61 7 4724 5715

info@wilmar.com.au

www.wilmar-international.com



22 December 2014

Mr Steve Guazzo
Chairman
Herbert River District Canegrowers Organisation Limited
11 Lannercost Street
Ingham QLD 4850

By email: guazzosr@bigpond.net.au

Dear Steve,

Re: Negotiation of a future model for pricing and marketing arrangements

Thank you for your letter dated 9 December 2014.

Wilmar has commenced meetings with some grower collectives regarding a future model for pricing and marketing arrangements, presenting the key features of the proposed Interim Forward Pricing framework and proposed assistance to fund independent reviews of the draft agreements. Wilmar will continue to keep growers and government stakeholders informed of progress made in the engagement process.

We look forward to the opportunity to meet with Canegrowers in February 2015, to present the proposed framework and discuss Canegrowers' preferred alternatives to this model. Please see below our availability within the first two weeks of February, it would be appreciated if you could please advise your preferred date to meet:

- 2nd or 3rd February
- 5th or 6th February
- 9th or 10th February
- 12th February

I trust these arrangements are satisfactory and look forward to meeting with you in the New Year.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'John Pratt'.

John Pratt
Executive General Manager North Queensland
Wilmar Sugar Australia

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 098 959 985

Level 1, 5-21 Denham Street
Townsville QLD 4810

PO Box 642, Townsville
QLD 4810 Australia

Tel + 61 7 4722 1972

Fax + 61 7 4724 5715

info@wilmar.com.au

www.wilmar-international.com



12th of February 2015

Attention: **Steve Guazzo**

Canegrowers Herbert River
11 Lannercost Street
Ingham QLD 4850

Subject: **Negotiation of a future model for sugar pricing and marketing arrangements**

Dear Steve

Thank you for the letter dated 9 December 2014 regarding Canegrowers' willingness to participate in a transparent and constructive industry negotiation process to discuss future options for pricing and marketing arrangements.

I am following up Canegrowers' correspondence that noted your preference for a meeting in February 2015. I would like to confirm Canegrowers' availability and seek your advice on a preferred meeting date.

As you are aware, Wilmar is also proposing that the meeting be chaired and facilitated by an independent party. The facilitator's role is to foster constructive negotiation between Wilmar and Canegrowers. The facilitator's role is not to advocate for or against the views of either party.

Wilmar has not yet been able to confirm the availability of the facilitator previously canvassed with Canegrowers and as a result, we are investigating potential alternate facilitators. We will provide you with further details as soon as possible and consult with you prior to making any appointment.

To foster transparency in the negotiation process Wilmar is also proposing to invite the Department of Agriculture, Fisheries and Forestry to send an observer to attend engagement meetings between Wilmar and grower collectives. Would you please advise if you have any objection to having a DAFF observer in attendance at engagement meetings?

I would like to propose possible meeting dates of 23 or 24 February 2015 in Townsville. It would be appreciated if you could advise Wilmar of your availability those days, or a preferred alternative date.

I look forward to hearing from you and progressing discussions on this important matter.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'John Pratt'.

John Pratt
Executive General Manager, North Queensland

20 February 2015

Mr John Pratt
Executive General Manager, North Qld
Wilmar Sugar Australia
Level 1, 5-21 Denham St
Townsville Qld 4810

Dear John

With reference to your letter of 12 February, it is confirmed that CANEGROWERS remains willing to participate in genuine good faith negotiations around sugar marketing and pricing arrangements.

These negotiations must of course be unrestricted, and capable of canvassing all possible options. There remains a view that Wilmar is not genuinely interested in considering all options, and in particular is unwilling to consider the grower choice model proposed by CANEGROWERS. The concern is that Wilmar is only interested in holding negotiations around its model, rather than a proper and open consideration of other options, including the grower choice model.

It would be appreciated if you could clarify whether Wilmar is willing to include CANEGROWERS' grower choice model, and any other options, in these discussions on at least an equal basis to the model that Wilmar is seeking to implement. Subject to a satisfactory response from you in this regard, CANEGROWERS suggests a meeting in the first week in March at a venue to be agreed. The suggested February dates are unsuitable for a number of our representatives and Monday 2nd or Friday 6th March are suggested as alternative dates for your consideration. Should these dates not be suitable to your schedule, please suggest suitable dates post 6 March.

In relation to a facilitator, we would support such an appointment, and we would seek to be equally involved in the appointment of a mutually agreed person, rather than merely consulted.

As to a DAFF observer, we have no objection, but given the interest of the Commonwealth in this matter, it is suggested that a Commonwealth government or Department of Agriculture representative also be invited.

Once meeting arrangements have been confirmed we will advise of our attendees. It is likely that we will include some advisers such as Warren Males and Chris Cooper whose presence may assist our representatives consider and discuss some detail as well as the general principles of the various options available.

We look forward to hearing from you.

Yours faithfully



Kevin Borg
CHAIRMAN
PLANE CREEK



Stephen Guazzo
CHAIRMAN
HERBERT RIVER



Glenn Clark
CHAIRMAN
PROSPEPINE



Phil Marano
CHAIRMAN
BURDEKIN

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 098 999 985

Level 1, 5-21 Denham Street
Townsville QLD 4810
PO Box 642, Townsville
QLD 4810 Australia
Tel + 61 7 4722 1972
Fax + 61 7 4724 5715
info@wilmar.com.au

www.wilmar-international.com



26 February 2015

Mr Kevin Borg
Chairman, Canegrowers Plane Creek
120 Wood Street
Plane Creek QLD 4740

Dear Kevin,

Thank you for your letter dated 20 February 2015. Wilmar is committed to a transparent and constructive engagement process to discuss future options for pricing and marketing arrangements. Wilmar is open to discussing alternative models and is genuinely interested in reaching an outcome through this engagement process. In the interest of progressing discussions, we propose that as a first step, Canegrowers and Wilmar agree the independent facilitator and agree upon the next stages in the engagement process.

Further to my letter dated 12 February 2015, Mr David Crombie has now confirmed he is unable to participate as independent facilitator. Wilmar has initiated discussions with other potential facilitators and has identified Ms Kathy Jones, Company Principal of KJA, as a potentially suitable independent facilitator. Ms Jones is one of Australia's leading independent professional facilitators; she is Sydney-based and has no conflicts of interest in the sugar industry. We can confirm that Wilmar has not appointed Ms Jones or KJA for any previous roles. Please refer to the attached background information on the credentials and experience of Ms Kathy Jones and KJA.

Wilmar and KJA have had a preliminary discussion regarding the Draft Facilitator Terms of Reference and the process by which Wilmar and Canegrowers might participate in a mutually agreeable engagement program. Ms Jones' suggestion was, in the first instance, that she personally contacts each of the four Canegrower district Chairmen. This preliminary telephone contact will provide the opportunity for Ms Jones to introduce herself and answer any initial questions you may have.

Following these initial discussions, if Canegrowers was agreeable, Ms Jones would convene a face to face meeting with Wilmar and Canegrowers. The purpose would be for both parties to assess the suitability of Ms Jones as the independent facilitator and discuss the process, rules of engagement and attendance of observers at subsequent meetings. We propose that Ms Jones facilitate the discussion during this meeting.

Of the dates advised, Wilmar would be available to attend an initial meeting on Friday, 6 March 2015. This will allow sufficient time for Ms Jones to make initial telephone contact with Canegrowers. Following the agreement of Canegrowers and Wilmar to both the engagement process and independent facilitator, we can schedule the first engagement meeting where the parties can discuss future pricing and marketing arrangements.

I look forward to hearing from you and progressing discussions on this important matter.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'John Pratt'.

John Pratt
Executive General Manager North Queensland



CANEGROWERS

Herbert River
Burdekin
Plane Creek
Proserpine

27th February, 2015

Mr. J.C. Pratt,
Executive General Manager North Queensland,
Wilmar Sugar Australia Limited,
Level 2, 5-21 Denham Street,
TOWNSVILLE 4810

Dear John,

Your letter dated 26th February 2015 in reply to our letter dated 20th February 2015 is most disappointing.

You have failed to properly respond to the important questions that we have raised, including issues around Wilmar's attitude to implementation of GEI and Grower Choice in marketing. Wilmar unilaterally gave notice of intention to terminate QSL RSSA arrangements without prior consultation with grower representatives and has now terminated supply contracts. We remain concerned that Wilmar is only prepared to negotiate around the implementation of its marketing model which does not give growers any choice about the marketing of sugar, including GEI sugar.

We remain committed to having genuine discussions about resolving the current impasse , but until we receive an assurance from Wilmar that the matters we have raised will be properly addressed there seems little point in meeting. Facilitation is a matter we would discuss on an equal basis at an initial meeting to map out a general plan of approach to negotiations. In our view there would be no facilitator at an initial meeting. We also note that current inquiries are underway and well advanced with public hearings to be held in the coming weeks and reports due within a short time thereafter, which may impact on the holding of meaningful discussions.

Therefore, arranging a meeting for the 6th seems premature. You are again requested to positively respond to the matters we have previously raised.

Yours faithfully

Kevin Borg
CHAIRMAN
PLANE CREEK

Stephen Guazzo
CHAIRMAN
HERBERT RIVER

Glenn Clark
CHAIRMAN
PROSPEPINE

Phil Marano
CHAIRMAN
BURDEKIN

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 098 999 965

Level 1, 5-21 Denham Street
Townsville QLD 4810

PO Box 642, Townsville
QLD 4810 Australia

Tel + 61 7 4722 1972

Fax + 61 7 4724 5715

info@wilmar.com.au

www.wilmar-international.com



2nd of March 2015

Mr Stephen Guazzo
Chairman, Herbert River Canegrowers
11 – 13 Lannercost Street
Ingham QLD 4850

Dear Stephen

Subject: **Your letter of dated 27th February**

As outlined in our previous correspondence, Wilmar is open to discussing alternative models and is genuinely interested in reaching an outcome through this engagement process.

In Wilmar's letter to Canegrowers dated 5 December 2014, I stated "It is not our intention to seek to limit the scope of what Canegrowers wishes to discuss and nothing in the proposed agenda prevents a 'grower choice' model forming the basis of Canegrowers feedback and discussion at the initial or subsequent meetings." We further reiterated this position on 26 February 2015, stating "Wilmar is open to discussing alternative models".

This remains Wilmar's position. Our letter dated 26 February 2015 was intended to provide Canegrowers with positive assurance that the concerns raised in your letter dated 20 February, would be addressed to your satisfaction in the proposed engagement program. We are naturally disappointed that you did not interpret our correspondence in the spirit that it was meant. However, for the avoidance of doubt, Wilmar clarifies that the proposed engagement program seeks to provide both parties with opportunity to:

1. discuss future marketing arrangements in a manner that is unrestricted and capable of canvassing all possible options in relation to future marketing arrangements
2. present and discuss any matters or proposed options in relation to future marketing arrangements without restriction or reservation regarding what parties wish to discuss
3. raise issues, present and discuss options and provide feedback to each other on an equal basis and with equal allocation of time
4. be equally involved in the appointment of a mutually agreed independent facilitator, such facilitator will not be appointed without the agreement of both parties

In relation to the independent facilitator, as per our correspondence of 26 February, Wilmar has merely proposed Ms Kathy Jones (Company Principle of KJA) as a potentially suitable facilitator for further consideration by Wilmar and Canegrowers. Wilmar has proposed a two-step process to allow the parties to further consider Ms Jones's potential appointment. Both the first and second steps of this process are on a no-commitment basis to the acceptance of Ms Jones as the independent facilitator.

As Wilmar has already had an initial discussion with Ms Jones to provide an overview of the proposed engagement process, the first step was to provide Canegrowers with an equal opportunity to hold similar initial discussions with Ms Jones. Subject to these discussions and Canegrowers agreement to further consider the appointment of Ms Jones, the second step of the process was for both parties to meet with Ms Jones. If Canegrowers did not agree at this stage that Ms Jones may be a suitable candidate for facilitator and did not wish to proceed to a face to face evaluation meeting with Ms Jones, then we could discuss identifying alternate candidates before proceeding further.

If Canegrowers was prepared to further consider the appointment of Ms Jones, then we would schedule the face to face meeting. The purpose of the meeting, proposed to take place Friday 6 March 2016, is for both Canegrowers and Wilmar to meet face to face together with Ms Jones to further discuss her suitability for the role of independent facilitator and map out a general plan and approach for the engagement process. At the conclusion of this meeting and subject to the mutual agreement regarding the suitability of Ms Jones and the proposed engagement process, Ms Jones' appointment could be confirmed along with a future meeting date and agenda to commence the process.

Wilmar notes your preference that we hold an initial meeting without a facilitator, but we think it would be very beneficial to hold without prejudice discussions with a potential facilitator in order for the parties to explore the style and approach of the facilitator in the context of a discussion about mapping out an agreed engagement process. We therefore ask that you reconsider your position in this regard.

We hope that the above more explicit assurances address Canegrowers' concerns and we request that you now provide your agreement for Ms Jones to schedule initial calls with each of the Canegrowers chairmen to discuss her potential appointment as an independent facilitator. To provide added assurance to Canegrowers regarding our willingness to not limit the scope of the discussions, Wilmar will place our previous statements on the record by providing a copy of this and previous correspondence between Wilmar and Canegrowers, to the Queensland Department of Agriculture, Fisheries and Forestry. Following Canegrowers' previous reference to the interest by the Commonwealth in this matter, Wilmar will also provide a copy of correspondence to the Federal Department of Agriculture.

Finally, regarding Canegrowers' reference to the current government inquiries, as stated in Wilmar's letter to Canegrowers dated 5 December 2014, "We also acknowledge Canegrowers' participation in these discussions is without prejudice to current industry reviews being undertaken by the State and Federal Governments on sugar marketing." While Government inquiries are ongoing, Wilmar shares the position outlined in the Canegrowers Newsletter, dated 27 February 2015, which stated, "We believe that this matter can be resolved with a mutually beneficial solution if all parties retain a clear business focus".

Given that we first invited Canegrowers to participate in the proposed engagement program on 25 November 2014 but have not yet held an initial meeting, we are particularly keen to progress matters as soon as practicable and look forward to your positive response.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'John Pratt'.

John Pratt
Executive General Manager, North Queensland



CANEGROWERS

Herbert River
Burdekin
Plane Creek
Proserpine

5th March 2015

Mr JC Pratt,
Executive General Manager North Queensland
Wilmar Sugar Australia Limited
Level 2, 5-21 Denham Street
TOWNSVILLE 4810

Dear John

Thank you for your letter of 2nd March. As it would be unrealistic to be able to properly arrange a meeting for later this week at this stage, we would suggest the last week in March or the first week in April may be suitable.

In the meantime we note that Senate hearings commence next week and we continue to note the thrust of your submission remains a barrier to constructive dialogue for what our Collectives regard as important agenda items. We also note that some other millers have a similar view to Wilmar. We will be actively participating in these hearings and will be closely following the submissions of the milling interests. The issues surrounding marketing arrangements, including grower choice in sugar marketing and GEI as well as a dispute resolution mechanism, are industry wide issues which are also being actively considered by the State Government and wider industry. We are hopeful that these reviews, hearings and inquiries will establish some important framework upon which our intended negotiations can be conducted.

We look forward to hearing from you regarding your availability for the above timing and agreeing on the suggested meeting arrangements.

In regard to meeting arrangements, our preference is for a venue other than Wilmar's office and without a facilitator in the first instance.

Yours faithfully

Kevin Borg
CHAIRMAN
PLANE CREEK

Stephen Guazzo
CHAIRMAN
HERBERT RIVER

Glenn Clark
CHAIRMAN
PROSEPPINE

Phil Marano
CHAIRMAN
BURDEKIN

Correspondence to be directed to: guazzosr@bigpond.net.au Phone: 0418 878 403

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 068 999 585

Level 1, 5-21 Denham Street
Townsville QLD 4810

PO Box 642, Townsville
QLD 4810 Australia

Tel + 61 7 4722 1972

Fax + 61 7 4724 5715

info@wilmar.com.au

www.wilmar-international.com



10 March 2015

Mr Stephen Guazzo
Chairman, Herbert River Canegrowers
11 – 13 Lannercost Street
Ingham QLD 4850

By email: guazzosr@bigpond.net.au

Dear Steve

Re: Canegrowers' letter 5 March 2015

Whilst Wilmar is disappointed that it will not be possible to meet with Canegrowers until late March, we note public comments that your organisation is "committed to constructive engagement and negotiations to reach a mutually beneficial position".

Wilmar looks forward to meeting with Canegrowers to commence good faith negotiations on this important matter.

It is Wilmar's view that all of the matters raised in your previous correspondence have been addressed. Wilmar has committed to an open meeting agenda, without limit to the scope of discussions or marketing models. Wilmar has acknowledged ongoing Government inquiries and stated that Canegrowers' participation in discussions with Wilmar is without prejudice to current industry reviews. Constructive discussion and negotiation for an industry resolution without government intervention is in the best interests of Wilmar and Canegrowers' members.

So as not to further delay the commencement of our proposed engagement process with Canegrowers, Wilmar is prepared to accede to the request to hold the first meeting without an independent facilitator. Wilmar does however reaffirm its view that it is in the best interest of both parties to engage the services of an independent facilitator to assist in our ongoing discussions and negotiation during the engagement process and look forward to your further feedback in this regard.

Wilmar is available to meet Canegrowers on either 23, 27, 30, 31 March or 1 April. Please confirm your availability to commence discussion on any of these days and your preferred venue noting that you do not wish to meet in Wilmar's office.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'John Pratt'.

John Pratt
Executive General Manager North Queensland
Wilmar Sugar Australia

CC:

Kevin Borg: kjaborg@bigpond.com

Glenn Clark: gclarke162@gmail.com

Phil Marano: marano@bigpond.com

Debra Burden: Debra_Burden@canegrowers.com.au

Mary Ann Neilsen: maryann_neilsen@canegrowers.com.au

Mike Porter: Michael_Porter@canegrowers.com.au



Wilmar Sugar Australia

and

BDCG

Correspondence

Date	From	To	Subject	Details
2014 November 25	WSA J. Pratt	BDCG J. Artiach	Invitation to participate in an independently facilitated engagement program to negotiate a future model for pricing and marketing arrangements	Independent facilitator's Terms of Reference attached to letter.
2014 December 3	BDCG J. Artiach	WSA J. Pratt	Response to WSA letter dated 2014 November 25: Invitation to participate in an independently facilitated engagement program to negotiate a future model for pricing and marketing arrangements	<ul style="list-style-type: none"> • Confirm participation on a without prejudice basis regarding commercial arrangements from 2017. • Wilmar should provide a panel of proposed facilitators and/or acquire BDCG consent. • Facilitator not required at first meeting, as this will be the first opportunity to discuss the IFPA's. • Proposed timetable of meetings to be discussed. • Disclosure of meetings (public reporting) cannot be released without BDCG consent.
2014 December 5	WSA J. Pratt	BDCG J. Artiach	Response to WSA letter dated 2014 December 3: Invitation to participate in an independently facilitated engagement program to negotiate a future model for pricing and marketing arrangements	<ul style="list-style-type: none"> • Agree to suggestion that a facilitator is not required at the first meeting to take place in December. • Wilmar will consult with BDCG (and other collectives) prior to confirming the facilitator. • Meeting schedule to be discussed at first meeting. • Wilmar and BDCG will review the meeting minutes and report prepared by the facilitator, however, final version subject to decision of facilitator. • Confirm meeting date of 12 December 2014.
2014 December 12	WSA S. Rutherford	BDCG J. Artiach	Interim Forward Pricing Arrangements	<p>Following the engagement meeting today, below attachments emailed to Julie:</p> <ul style="list-style-type: none"> • the agreements relating to the Interim Forward Pricing Arrangements (CSA and Annexures A and B, PPA and SPRA)

Wilmar Sugar Australia – BDCG
Correspondence



Date	From	To	Subject	Details
				<ul style="list-style-type: none"> • a general overview of the agreements • IFPA Guide • Presentation <p>Requested that these documents are not distributed outside Julie's office until after Wilmar meet with all collectives to present the IFPA.</p>
2015 January 6	WSA S. Rutherford	BDCG J. Artiach	Wilmar Contribution to BDCG legal and marketing review of Interim Forward Pricing Agreements	<ul style="list-style-type: none"> • Terms and conditions of the legal and marketing review attached. • Requested BDCG proceed with the appointment of a legal firm and Sugar Marketing Consultant and to advise Wilmar when done by return correspondence. • Offered to meet to assist.
2015 February 12	WSA J. Pratt	BDCG J. Artiach	Negotiation of a future model for sugar pricing and marketing arrangements.	<ul style="list-style-type: none"> • Seeking advice on BDCG's progress of their review of IFPA's. • Schedule next formal meeting subject to BDCG's readiness. • Facilitator not yet confirmed. • Propose to invite DAFF observer to next meeting with Wilmar and BDCG and asked if there is any objection to this suggestion. • Requested a preferred meeting date and location in March 2015.
2015 February 27	BDCG J. Artiach	Wilmar Singapore JL. Bohbot	Sugar Marketing Issues	<ul style="list-style-type: none"> • Reiterated that negotiating a known outcome is preferable to imposed regulation. • Asked whether Wilmar is prepared to enter into discussions to negotiate a voluntary code of conduct. • Asked whether Wilmar is prepared to accept arbitration as a means of determining the terms of a new cane supply agreement.

Date	From	To	Subject	Details
2015 March 18	WSA S. Rutherford	BDCG J. Artiach	Response to letter dated 2015 February 27: Sugar Marketing Issues	<ul style="list-style-type: none"> • Agreed that negotiating a known outcome is preferable to imposed regulation. • Seeking advice on BDCG's progress of their review of IFPA's provided in December 2014 and Wilmar's offer to make a financial contribution towards an independent legal and marketing review of the agreements • Advised, as outlined in Wilmar's Senate submission, Wilmar believes there are no grounds for additional regulatory intervention in the sugar industry, in particular compulsory arbitration which is widely acknowledged as the primary impediment to industry innovation and increased efficiency and competitiveness before it was removed. • Advised did not believe it is necessary to negotiate a code of conduct, and referred BDCG to Wilmar's ten key principals.

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 098 999 985

Level 1, 5-21 Denham Street
Townsville QLD 4810

PO Box 642, Townsville
QLD 4810 Australia

Tel + 61 7 4722 1972

Fax + 61 7 4724 5715

info@wilmar.com.au

www.wilmar-international.com



25 November 2014

Ms Julie Artiach
Manager
Pioneer Cane Growers Organisation Limited
142 Young Street
Ayr QLD 4807

By email: manager@pcgo.com.au

Dear Julie,

Invitation to participate in an independently facilitated engagement program to negotiate a future model for pricing and marketing arrangements

Wilmar is committed to open and productive engagement to develop commercially-negotiated arrangements with growers to facilitate Wilmar's future sugar marketing, following our decision to exit the Raw Sugar Supply Agreement with QSL. Furthermore, Wilmar is dedicated to developing a model that will provide better returns to Wilmar cane growers and enhance our mutual long term viability.

We acknowledge the ongoing government inquiries into sugar marketing and note grower representatives have highlighted the importance of achieving commercially-negotiated agreements between Wilmar and grower collectives. This is Wilmar's desired outcome also.

Given our shared preference for a negotiated approach, Wilmar is proposing to undertake a detailed, transparent and consultative program of engagement to discuss, negotiate and agree a marketing model with grower collectives.

We would like to invite Pioneer Cane Growers Organisation Limited to participate in this process which is planned to commence with initial engagement meetings from the week of 8 December 2014. We anticipate that a number of separate meetings will be held with individual collectives or groups of collectives as appropriate. Further particulars of the attendees and the time and venue for the meetings will be determined in consultation with your collective.

The intent of this proposed engagement program is to commence a constructive face-to-face dialogue with collectives to discuss and negotiate our respective positions on sugar marketing.

Wilmar acknowledges that grower collectives have raised concerns about Wilmar's proposed exit from the voluntary QSL marketing model, and we acknowledge the issues raised in your submission to the Senate Inquiry. A collective's participation in the engagement program will be without prejudice to your organisation's current stance in relation to the future of sugar marketing.

Independent facilitation

To assist the engagement process, Wilmar is proposing to appoint an independent facilitator to chair the meetings, facilitate constructive negotiations and to deliver transparency of the process to growers through reporting outcomes of the meetings. The facilitator's meeting reports will be made publicly available to both growers and government stakeholders. A draft Terms of Reference for the facilitator's role is attached for

your reference. It is expected the Terms of Reference would be reviewed and agreed by the person engaged, which is why they are currently considered draft.

To ensure the facilitator's role is independent, it is limited by the Terms of Reference to meeting facilitation. The chosen facilitator will have no conflict of interest with regard to the sugar industry and will have no role seeking to influence a particular position or outcome, other than facilitated discussions to deliver a mutually beneficial and agreed outcome. We expect to have finalised a preferred facilitator appointment over the coming weeks and will provide you with further details when available.

Key principles underpin Wilmar's commitment

As you may be aware, Wilmar has outlined 10 key principles for Wilmar sugar marketing post-2017. We are committed to developing new marketing arrangements with growers and collectives in accordance with these principles.

Given the timing of our intention to exit the Raw Sugar Supply Agreement with QSL, Wilmar acknowledges that growers will not be able to forward price their nominal sugar exposure in the 2017 season under current agreements. Wilmar has therefore provided a Temporary Forward Price and Pooling Agreement for operation during the window from mid-2014 until 30 June 2015, to give growers the opportunity to forward price up to 30 per cent of estimated 2017 season nominal sugar exposure, i.e. the same as what is normally provided to growers three years ahead of a season. Wilmar has also made a commitment to growers to ensure they continue to have choice of pricing mechanisms, managed at their discretion.

To deliver on this commitment, Wilmar has developed a set of agreements that would enable growers to continue forward pricing after July 2015, under a sugar marketing model designed to maximise returns and reduce exposure risk to growers.

These Interim Forward Pricing Agreements give effect to the key principles Wilmar has committed to, including keeping the cane price formula the same, retaining growers' choice over price risk management and providing transparency of pricing and marketing for growers and their collectives.

The Interim Forward Pricing Agreements do not include the Joint Marketing Company (JMC) partnership Wilmar proposed in April 2014, because we accept that further discussion is required before we make any final decision on the structure of sugar marketing from the 2017 season.

It is important to note, however, that the Interim Forward Pricing Agreements can be readily adapted to fit with a marketing model agreed between Wilmar and growers. JMC is one option, the Interim Forward Pricing Agreements outline another, or there may be preferred aspects of both.

This engagement process will allow growers, and your organisation as their representative, to discuss your preferences and better understand how Wilmar's key principles can be implemented to assist growers to manage their risk exposure and to maximise their returns.

It is our intention to table the draft Interim Forward Pricing Agreements as starting point for discussion at the first round of meetings with collectives. Copies of the agreements will be available at the first meeting with your collective. The meeting will also compare and contrast the key features of JMC and the Interim Forward Pricing Arrangements.

As part of our commitment to a constructive engagement process with collectives we will also be tabling details at the first round meeting of a proposal from Wilmar to fund an independent legal review and an independent marketing expert review of the Interim Forward Pricing Agreements on behalf of all collectives. The advisors would be engaged by the participating collectives to ensure an advisor-client relationship

independent of Wilmar. We would like to discuss the parameters of the financial assistance and seek your feedback on the proposal.

Wilmar's commitment to engagement

Attached to this letter are the independent facilitator's Terms of Reference and an overview of the proposed Agenda for the first round meeting. We would like to discuss the subsequent stages of the engagement program as part of our first meeting, but subject to your feedback we envisage the engagement program will involve the following key stages:

1. Facilitated first round meetings and initial presentations and discussions with collectives expected to take place in the week starting 8 December 2014. Reporting to growers and stakeholders on meeting outcomes to follow within two weeks;
2. A period of time for collectives to consider, seek external advice and provide feedback to Wilmar by mid-February 2015;
3. A second round of facilitated meetings to discuss and negotiate collective feedback in late February 2015, and reporting of outcomes within two weeks of the meeting date;
4. Provision to collectives of finalised Interim Forward Pricing Agreements based on negotiated final outcomes;
5. Agreement in principle on post 2017 marketing concept; and
6. Provision to collectives of finalised agreements to implement agreed post 2017 marketing concept based on final negotiated outcomes.

In addition to providing collectives with the independent facilitator Terms of Reference and the outline of the engagement program, we are proposing to provide the details of the proposed engagement program to growers via the Wilmar Grower Web and Wilmar Sugar Australia website.

We look forward to your participation in this engagement process and to receiving your feedback on the elements that you would like to see included in a new marketing model to enable Wilmar to deliver on our commitments to growers – better returns, pricing flexibility and transparency.

In closing, Wilmar is committed to constructive and transparent engagement regarding new sugar marketing arrangements. I look forward to finalising an initial meeting date, time and location with you and I sincerely hope your organisation is willing to participate in the process and can attend the initial meeting.

Yours sincerely,



John Pratt
Executive General Manager North Queensland
Wilmar Sugar Australia

Independently facilitated engagement program to seek feedback on future pricing and marketing arrangements for cane growers supplying Wilmar Sugar Australia

1.0 Goals of the engagement program

Wilmar Sugar Australia (Wilmar) is committed to achieving a commercially-negotiated agreement on forward sugar pricing and marketing arrangements through a transparent and constructive program of engagement with growers and their collectives.

The engagement program will provide forums for grower collectives to consider and negotiate future marketing arrangements with Wilmar. A collective's participation in the engagement program will be without prejudice to the current positions of organisations that have been outlined publicly in responses to the Federal Government's sugar marketing Senate Inquiry.

The goals of this engagement program are to discuss, gather feedback on, negotiate and agree interim arrangements for sugar marketing and pricing and the basis for an ultimate marketing model that:

- Supports Wilmar's commitment to deliver better financial returns to Wilmar cane growers with the goal of enhancing cane farm profitability and viability;
- Delivers transparency of sugar pricing and marketing for growers;
- Provides for 100 per cent of marketing premiums to be returned to growers on a dollar per tonne basis; and
- Encapsulates the 10 key principles Wilmar has committed to delivering for growers.

2.0 Achieving a constructive engagement program

To ensure a constructive engagement process with regional collectives, the process will:

- Be independently facilitated and chaired;
- Provide an opportunity for collectives to consider and provide feedback on both the high-level principles and specifics of Wilmar's proposals;
- Provide the opportunity for grower collectives to seek external legal counsel and marketing expert advice and representation during the process at their discretion; and
- Be open and transparent via public reporting of meeting agendas and meeting outcomes for the information of growers and government stakeholders.

3.0 Terms of Reference for the independent facilitator

- To act in the role of meeting Chair and facilitate meeting discussion between grower collective representatives and Wilmar Sugar Australia representatives;
- To foster open negotiation, feedback and compromise during meetings;
- To ensure meetings follow the agreed pre-established agenda;
- To ensure that all meeting participants are provided with a fair opportunity to discuss matters arising from the agenda;
- To ensure matters raised that are outside the scope of the agenda are recorded for follow up by respective meeting attendees; and
- Record minutes of the meeting and provide a Meeting Report to each attendee, which reflects the key points of discussions relating to the meeting agenda. This Meeting Report will be made available to meeting attendees for review, prior to it being made publicly available to Wilmar growers and government stakeholders.

The independent facilitator will not:

- Seek to advocate for a particular viewpoint of either grower collectives or Wilmar Sugar Australia;
- Discuss the content of, or matters arising from the engagement meetings with external stakeholders, members of the public or the media (with the exception of the independent facilitator's meeting report).

4.0 Collective appointed independent external review

As part of Wilmar's commitment to a constructive engagement process with collectives, Wilmar will provide funding for a legal review and a marketing expert review of the Interim Forward Pricing Arrangements to be undertaken on behalf of all grower collectives. The advisors would be appointed by participating collectives to ensure an advisor-client relationship independent of Wilmar. The detail of this proposal will be tabled in the first round meetings. The final parameters of the financial assistance will be determined following discussions with collectives at the meetings.

5.0 Indicative meeting agenda

First round industry engagement and initial presentations

1. Introduction by the independent facilitator and meeting attendee introductions a. Confirmation of the facilitator's role and approach to facilitation	Facilitator
2. Outline of proposed industry engagement program a. Facilitated discussion and feedback	Wilmar Facilitator / All
3. Presentation by Wilmar Sugar Australia of the 10 key principles that have been conveyed to Wilmar growers and Wilmar's previous performance a. Discussion and initial feedback on principles	Wilmar Facilitator / All
4. Presentation by Wilmar Sugar Australia on Interim Forward Pricing options for consideration a. Facilitated discussion and initial feedback	Wilmar Facilitator / All
5. Presentation by Wilmar Sugar Australia comparing and contrasting JMC and the IFPAs a. Facilitated discussion and feedback	Wilmar Facilitator / All
6. Outline of proposed financial assistance package a. Facilitated discussion and initial feedback	Wilmar Facilitator / All
7. Summation of collective feedback on presentations	Grower Collective
8. Next steps discussion and engagement program timetable	Facilitator / All

BURDEKIN DISTRICT CANE GROWERS LIMITED

142 Young Street
PO Box 588
AYR QLD 4807
Phone: 07 47832111
Email: manager@pcgo.com.au
ABN 30 168 732 269

3 December 2014

Attention: Mr John Pratt
Executive General Manager
Wilmar Sugar
PO Box 642
TOWNSVILLE QLD 4810

By email: john.pratt@wilmar.com.au

Dear John

Re: Invitation to participate in an independently facilitated engagement program
Re: Wilmar Sugar's Marketing Proposal

Reference is made to your correspondence dated 25 November 2014, addressed to Pioneer Cane Growers Organisation Limited, Invicta Cane Growers Organisation Limited and Kalamia Cane Growers Organisation Limited.

We reiterate our previous advice that the three organisations will be negotiating with Wilmar Sugar under the banner of Burdekin District Cane Growers Limited. Further, all communication is to be via the writer.

At the outset, we confirm that our organisation's participation in negotiating commercial arrangements with Wilmar Sugar post 2016 is on a without prejudice basis, and also without prejudice to any rights a grower may have as a result of the either the State or Federal Governments' regulatory intervention.

Subject to the contents of this correspondence, our organisation is prepared to develop commercially-negotiated arrangements for growers with Wilmar Sugar.

As we stated at our meeting with you on Thursday 27 November 2014, we will be seeking to include in the negotiations the whole of the legal relationship between Wilmar Sugar and growers, including those parts of the supply agreement pertaining to mill processing of sugar cane, and not limited to just marketing arrangements. This is consistent with our initial comments, that as Wilmar Sugar was fundamentally altering the existing marketing arrangements, the whole of the arrangements between Wilmar Sugar and the growers were "on the table" for discussion.



Independent Facilitator

We note Wilmar Sugar's intention to appoint an independent facilitator. We are not opposed to the appointment of an independent facilitator, however, we are of the view that Wilmar Sugar should either provide a panel of proposed facilitators and/or acquire our consent on the appointment of the proposed facilitator. We are of the view it will be counterproductive if the person appointed to the role is not a person that we are prepared to work with.

Further, we note Wilmar Sugar proposes that the facilitator will be present for the first two meetings, in what we assume will be a very long and involved process that is likely to take an indeterminate period of time. Please advise if Wilmar Sugar is proposing that the facilitator will take part in every negotiating meeting.

As Wilmar Sugar is intending to release the three contracts at the first meeting, we are of the view that the facilitator will be of little value, as we will not have had the ability to review the proposed contracts, and any comments or discussion will be extremely limited.

Timetable of meetings

Given the intervention of Christmas, we are of the view that Wilmar Sugar's proposed second meeting for stakeholders to provide feedback to Wilmar Sugar to be too restrictive. This will be a matter that will be subject to further discussions.

Further, as stated above, we envisage that there will be many meetings over a protracted period of time before an outcome will be reached in relation to final contracts.

Disclosure of Meetings

We note that Wilmar Sugar is proposing that there be public reporting of meeting agendas, and meeting outcomes, including a "meeting report" reflecting the key points of discussion. However, we note that whilst grower representative groups would have the ability to review the meeting report, Wilmar Sugar does not need the grower representative group's consent prior to the report being released. We have two issues with Wilmar Sugar's proposition:

1. The reason for the release of information, without obtaining our consent on the contents of the report, would appear to be simply self-serving; and
2. The meeting report would purportedly be a joint document (ie because it was released/prepared by the facilitator), when it would not.

Consequently, we require Wilmar Sugar to concur that the proposed meeting report cannot be released unless we have consented to the contents of the report.

Would you please advise of Wilmar Sugar's position in relation to the matters raised in this correspondence.

We await your reply.

Yours faithfully

BURDEKIN DISTRICT CANE GROWERS LTD

A handwritten signature in blue ink, appearing to read 'Julie Artiach', with a long horizontal flourish extending to the right.

Julie Artiach

MANAGER AND COMPANY SECRETARY

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 095 889 888

Level 1, 5-21 Denham Street
Townsville QLD 4810

PO Box 642, Townsville
QLD 4810 Australia

Tel: + 61 7 4722 1972

Fax: + 61 7 4724 5715

info@wilmar.com.au

www.wilmar-international.com



5 December 2014

Ms Julie Artiach
Manager and Company Secretary
Burdekin District Cane Growers Ltd
142 Young St
Ayr QLD 4807

Dear Julie,

Response to invitation to participate in an engagement program to negotiate a future model for pricing and marketing arrangements

Thank you for your letter dated 3 December 2014 regarding Wilmar's invitation to Burdekin District Cane Growers Limited (BDCG).

Wilmar is committed to open and productive engagement to develop commercially-negotiated arrangements to facilitate Wilmar's future sugar marketing, following our decision to exit the Raw Sugar Supply Agreement with QSL. Wilmar also acknowledges the without prejudice basis of your organisation's participation in negotiations concerning commercial arrangements from 2017.

I note your suggestion that the first meeting of the engagement program does not require an independent facilitator, as this will be the first opportunity for discussion of the Interim Forward Pricing framework.

Wilmar agrees to this suggestion. Accordingly, the facilitator will not participate in the first meetings to take place in December, but will chair the subsequent discussions starting in early 2015. In relation to your request for consent on the appointment of the facilitator, I advise that Wilmar will consult with BDCG (and other collectives) prior to confirming the facilitator.

With specific regard to the point raised in your letter regarding the proposed timetable for the engagement program, Wilmar's expectation was that the schedule would be discussed as part of the first meeting. The schedule outlined was indicative of the steps we expect would form part of the engagement program, but specific timeframes for completion of these steps would be subject to the progress of further discussions and negotiation.

The following comments are offered regarding BDCG having the opportunity to review and consent to the meeting reports before they are released. The meeting minutes and reports will be prepared by the independent facilitator. Wilmar and collectives will have the opportunity to review the draft report and minutes and provide feedback; however the final version will be subject to the decision of the independent facilitator.



The purpose of the independent facilitator role is to foster open discussion and negotiation during meetings. In this spirit, the number and type of meetings the independent facilitator will Chair will be regularly reviewed in consultation with BDCG.

I trust these arrangements are satisfactory and would like to confirm the meeting date of Friday 12th December in Townsville. It would be appreciated if you could please advise Wilmar of your availability on this day.

I look forward to commencing the engagement program with BDCG to negotiate and agree future pricing and marketing arrangements.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Pratt'.

John Pratt
Executive General Manager North Queensland
Wilmar Sugar Australia

From: Rutherford, Shayne
Sent: Friday, 12 December 2014 2:08 PM
To: Julie Artiach
Cc: Burgess, David; Pratt, John; Glasgow, Duncan; Giordani, Paul
Subject: Interim Forward Pricing Arrangements
Attachments: 141211 BDCG General_Overview_of_Interim_Forward_Pricing_Arrangements.pdf; 141211 BDCG Annexures_A_and_B_to_CSA BDCG.pdf; 141211 BDCG Draft_Cane_Supply_Agreement.pdf; 141211 BDCG Draft_Pricing_and_Pooling_Agreement [1].pdf; 141211 BDCG Draft_SPRA.pdf

Dear Julie

As discussed during our engagement meeting today, please find attached:

- the agreements relating to the Interim Forward Pricing Arrangements (CSA and Annexures A and B, PPA and SPRA)
- a general overview of the agreements

We look forward to your feedback on the Interim Forward Pricing Agreements.

Kind regards,

Shayne Rutherford
EGM Strategy and Business Development



Wilmar Sugar Australia Limited

Level 22, 300 Queen Street
Brisbane QLD 4000 Australia
Direct line +61 7 3364 1680
Fax +61 7 3364 1611
Mobile +61 419 477 309
shayne.rutherford@wilmar.com.au

From: Rutherford, Shayne
Sent: Friday, 12 December 2014 2:16 PM
To: Julie Artiach
Cc: Pratt, John; Burgess, David; Giordani, Paul; Glasgow, Duncan
Subject: Interim Forward Pricing Agreement Guide and Presentation
Attachments: 20141212_Wilmar IFPA engagement presentation_BDCG.pdf; 20141211_Interim Agreements Guide BDCG.pdf

Dear Julie

As discussed during our engagement meeting today, please find attached a copy of the guide book and presentation that were given in hard copy to attendees of today's engagement meeting to assist you in preparing information updates for your members.

Please do not distribute these documents outside your office until after we have had an opportunity to meet with all collectives to present the Interim Forward Pricing Agreements.

Kind regards,

Shayne Rutherford
EGM Strategy and Business Development



Wilmar Sugar Australia Limited

Level 22, 300 Queen Street
Brisbane QLD 4000 Australia
Direct line +61 7 3364 1680
Fax +61 7 3364 1611
Mobile +61 419 477 309
shayne.rutherford@wilmar.com.au
www.wilmar-international.com

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 098 999 985

Level 22, 300 Queen Street
Brisbane QLD 4000

GPO Box 2224, Brisbane
QLD 4001 Australia

Tel + 61 7 3364 1680

Mob + 419 477 309

Fax + 61 7 3364 1611

Shayne.rutherford@wilmar.com.au

www.wilmar-international.com



6 January 2015

Ms Julie Artiach
Manager and Company Secretary
Burdekin District Cane Growers Ltd
142 Young St
Ayr QLD 4807

By email: manager@pcgo.com.au

Dear Julie,

I refer to the suite of Interim Forward Pricing agreements recently provided to you for review.

It is important that Growers receive separate independent legal and sugar marketing/pricing advice on the proposed Interim Forward Pricing arrangements and associated agreements.

To that end, Wilmar Sugar Australia (WSA) is prepared to make a contribution towards the costs incurred by Burdekin District Cane Growers Ltd (BDCG) in obtaining for the benefit of its members:

- a legal review of the agreements; and
- a review of the agreements by a suitably qualified and experienced sugar pricing and marketing expert ('**Sugar Marketing Consultant**')

That contribution will be provided on the terms and conditions contained in the attachments to this letter. Please refer to Attachment 1 for details in relation to the legal review and Attachment 2 for details in relation to the marketing/pricing review.

In order to progress the matter it would be appreciated if you could proceed with the appointment of a legal firm and Sugar Marketing Consultant to assist you as soon as practicable. We would also appreciate if you could let us know when you have done so by return correspondence.

If you have any questions please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink that reads 'S. W. Rutherford'.

Shayne Rutherford
Executive General Manager
Strategy and Business Development

Attachment 1 - Legal Review Contribution Terms and Conditions

- 1 WSA's contribution to BDCG legal fees will be by way of reimbursement on receipt of proof of payment up to a maximum amount of \$50,000 (including GST).
- 2 Proof of payment can be provided by letter signed by the Manager of BDCG confirming that the legal fees were incurred and paid in respect of a review and advice on the Interim Forward Price Agreements as set out below. Legal advice on any other matters will not be paid for by WSA.
 - The Pricing and Pooling Agreement (PPA);
 - The Queensland Sugar Sales, Pricing and Reporting Agreement (SPRA); and
 - Aspects of the Rolling 3 Year Collective Cane Supply Agreement that have changed to accommodate the new Interim Forward Pricing arrangements.
- 3 If two or more Collectives wish to select a single law firm to undertake a review of the agreements so as to allow for a potentially more detailed review, that approach would have WSA's support. Each Collective in such a group initiative would still receive up to the maximum individual level of fee support referred to in paragraph 1 above. Proof of payment for reimbursement in such a circumstance can be provided by one of the Managers of the relevant Collectives.
- 4 In all cases the Collective(s) will engage the law firm and will be the client(s) of the law firm. WSA will not instruct the law firm and will not be entitled to a copy of any legal advice provided to BDCG.
- 5 Subject to paragraphs 6 and 7, BDCG is free to appoint a law firm of its choice to undertake the legal review and provide the legal advice on the basis of the offer of reimbursement.
- 6 Set out below are a list of law firms that are currently acting on matters involving WSA and which, for commercial reasons, are therefore excluded from the offer of fee reimbursement set out in this letter. If BDCG chooses to appoint one of those firms, it will need to meet the costs of doing so itself.
 - McCullough Robertson
 - King Wood Mallesons
 - Clayton Utz
 - Russells
 - Bolton Cleary Kern
 - McDonnells
 - MacKays
 - Connelly Suthers
 - Allens Linklaters
- 7 As Corrs Chambers Westgarth assisted WSA in the preparation of the Interim Forward Pricing agreements it is unable to advise Growers and Collectives on the agreements.
- 8 Set out below is a list of law firms that have in recent times provided advice to WSA on matters unrelated to the Interim Forward Pricing arrangements. While WSA does not have any objection to your selection of any of these firms to undertake a review of the agreements, we are letting you know as a matter of courtesy that these firms have recently advised WSA on other matters.

- K&L Gates (were Flower & Hart)
- Gilbert & Tobin
- Minter Ellison
- Herbert Smith Freehills
- Baker & McKenzie
- Ashurst

9 By way of suggestion, set out below is a list of law firms that have no legal or commercial conflict as far as WSA is aware and which WSA believes would be suitably qualified to assist in a review of the agreements.

- Gadens
- Johnson Winter & Slattery
- Hopgood Ganim

10 However, WSA makes no warranty or representation in respect of the advice or expertise of any of the firms referred to in this letter and BDCG should satisfy itself in that regard before appointing any of the firms mentioned.

Attachment 2 – Marketing/Pricing Review Contribution Terms and Conditions

- 1 WSA's contribution to BDCG the Sugar Marketing Consultant's fees will be by way of reimbursement on receipt of proof of payment up to a maximum amount of \$25,000 (including GST).
- 2 Proof of payment can be provided by letter signed by the Manager of BDCG confirming that the Sugar Marketing Consultant's fees were incurred and paid in respect of a review and advice solely of technical and commercial matters pertaining to the sugar marketing and pricing aspects of the Interim Forward Price Agreements as set out below. Advice by the Sugar Marketing Consultant on any other matters will not be paid for by WSA.
 - The Pricing and Pooling Agreement (PPA);
 - The Queensland Sugar Sales, Pricing and Reporting Agreement (SPRA); and
 - Aspects of the Rolling 3 Year Collective Cane Supply Agreement that have changed to accommodate the new Interim Forward Pricing arrangements.
- 3 If two or more Collectives wish to engage a single Sugar Marketing Consultant to undertake a review of the agreements so as to allow for a potentially more detailed review, that approach would have WSA's support. Each Collective in such a group initiative would still receive up to the maximum individual level of fee support referred to in paragraph 1 above. Proof of payment for reimbursement in such a circumstance can be provided by one of the Managers of the relevant Collectives.
- 4 In all cases the Collective(s) will engage the Sugar Marketing Consultant and will be the client(s) of the Sugar Marketing Consultant. WSA will not instruct the Sugar Marketing Consultant and will not be entitled to a copy of any advice provided to BDCG.
- 5 Subject to paragraphs 6 and 7, BDCG is free to appoint a Sugar Marketing Consultant of its choice to undertake the sugar pricing and marketing review and provide the advice on the basis of the offer of reimbursement.
- 6 Prior to engaging a Sugar Marketing Consultant, BDCG is invited to consult with WSA regarding the choice of its preferred consultant and may request WSA's approval for the appointment of the Sugar Marketing Consultant. If such a request is made, WSA will, having due regard to the relevant qualifications and experience of the consultant and any legal or commercial conflicts with WSA's interests, advise in writing of its approval or otherwise for BDCG to appoint the nominated Sugar Marketing Consultant under the terms of the funding offer of this letter. Such approval by WSA shall not be unreasonably withheld.
- 7 If BDCG chooses to appoint a Sugar Marketing Consultant without obtaining WSA's approval in accordance with paragraph 6, it will need to meet the costs of doing so itself.

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 999 999 985

Level 1, 5-21 Denham Street
Townsville QLD 4810

PO Box 642, Townsville
QLD 4810 Australia

Tel + 61 7 4722 1972

Fax + 61 7 4724 5715

info@wilmar.com.au

www.wilmar-international.com



12th of February 2015

Attention: **Julie Artiach**
Manager

Pioneer Cane Growers Organisation Ltd
142 Young Street
Ayr QLD 4807

Subject: **Negotiation of a future model for sugar pricing and marketing arrangements**

Dear Julie

Thank you for meeting with us on Friday 12th December. I believe it was a constructive discussion and appreciate Burdekin District Cane Growers' (BDCG) engagement in the negotiation of pricing and marketing arrangements.

I would like to seek your advice on BDCG's progress with its review of the draft agreements tabled by Wilmar. Subject to your readiness to progress discussions, we would like to schedule our next formal meeting to discuss BDCG's review and feedback on the draft agreements.

As you are aware, Wilmar is also proposing that this meeting be independently chaired and facilitated by an independent party. The facilitator's role is to foster constructive negotiation between Wilmar and BDCG. The facilitator's role is not to advocate for or against any views of either party.

Wilmar has not yet been able to confirm the availability of the facilitator previously canvassed with BDCG and as a result, we are investigating potential alternate facilitators. We will provide you with further details as soon as possible and consult with you prior to making any appointment.

To foster transparency in the negotiation process Wilmar is also proposing to invite the Department of Agriculture, Fisheries and Forestry to send a meeting observer to attend negotiations between Wilmar and BDCG. Would you please advise if you have any objection to having a DAFF observer in attendance at negotiation meetings?

It would be appreciated if BDCG could advise us of its preferred meeting date and location in March 2015. I look forward to hearing from you and progressing discussions on this important matter.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'J Pratt'.

John Pratt
Executive General Manager, North Queensland

BURDEKIN DISTRICT CANE GROWERS LIMITED

142 Young Street
PO Box 588
AYR QLD 4807
Phone: 07 47832111
Email: manager@pcgo.com.au
ABN 30 168 732 269

27 February 2015

Attention: Mr Jean-Luc Bohbot

Managing Director
Wilmar Sugar Pty Ltd
56 Neil Road
SINGAPORE 088830

By email: jbohbot@wilmar.com.sg
By email: john.pratt@wilmar.com.au
By email: david.burgess@wilmar.com.au
By email: shayne.rutherford@wilmar.com.au

Dear Jean-Luc

Re: Sugar Marketing Issues

Reference is made to the above and to our correspondence dated 17 September 2014.

As you are no doubt aware, we have concurrent inquires investigating marketing arrangements for Australian sugar, namely the Senate Inquiry and the Federal Government's Taskforce.

We reiterate the sentiments expressed in our correspondence of 17 September 2014; that is, that negotiating and achieving a known outcome is preferable to imposed regulation that has unforeseen consequences.

Further, we remain of the view that a prompt commercial solution is imperative. Consequently, would you please advise whether you are prepared to enter into discussions with us to negotiate a voluntary code of conduct. Specifically, the code is to enshrine a commercial arbitration/dispute resolution process to assist growers and Wilmar Sugar resolve disputes in a mutually beneficial manner when negotiating the terms and conditions of the cane supply agreement.

The natural conclusion to negotiating a voluntary code of conduct is its adoption by the parties. We are also seeking Wilmar Sugar's commitment that in the event that a code is negotiated that it would be a party to such a code.



We look forward to discussing the matters raised in this correspondence with you.

We await your reply.

Yours faithfully

BURDEKIN DISTRICT CANE GROWERS LTD



Julie Artiach

MANAGER AND COMPANY SECRETARY

Wilmar Sugar

Wilmar Sugar Australia Limited
ABN 47 098 999 985

Level 22, 300 Queen Street
Brisbane QLD 4000

GPO Box 2224, Brisbane
QLD 4001 Australia

Tel + 61 7 3364 1681

Fax + 61 7 3364 1611

info@wilmar.com.au

www.wilmar-international.com



18 March 2015

Ms Julie Artiach
Manager and Company Secretary
Burdekin District Cane Growers Ltd
142 Young St
Ayr QLD 4807

By email: manager@pcgo.com.au

Dear Julie,

Re: BDCG letter to Mr Jean-Luc Bohbot 27 February 2015

We wholeheartedly agree with the sentiments you have reiterated in the above correspondence that "negotiating and achieving a known outcome is preferable to imposed regulation that has unforeseen consequences". Furthermore, we also concur with your statement that "a prompt commercial solution is imperative".

In this regard, we note that Wilmar tabled draft agreements outlining a potential pricing and marketing model at our meeting on 12 December 2014. Wilmar also sent a letter to BDCG dated 6 January 2015 outlining Wilmar's preparedness to make a financial contribution towards an independent legal review of the agreements, and also an independent review by a sugar pricing and marketing expert. Further, on 12 February 2015 Wilmar sent a letter to BDCG seeking to understand your progress reviewing the draft agreements, and requested a further meeting in March 2015 to progress discussions.

It would be appreciated if BDCG could advise us at your earliest convenience of your progress reviewing the draft agreements, and your preferred date and location for a follow-up meeting.

In your most recent letter, you have requested Wilmar's advice on its preparedness to enter into discussions with BDCG to negotiate a voluntary code of conduct which incorporates commercial arbitration as a mechanism to determine the terms and conditions of a new cane supply agreement in the event of deadlock.

As outlined in Wilmar's submissions to the Senate Committee inquiry, Wilmar firmly believes there are no grounds for additional regulatory intervention in the sugar industry. Specifically, we do not support the re-introduction of arbitration as a mechanism to potentially determine the terms of cane supply agreements, nor do we believe it is necessary to negotiate a code of conduct at this time.

As BDCG has not yet provided feedback to Wilmar on its proposed marketing model or draft agreements, your request for Wilmar to consider arbitration as a means of reaching finalisation of the terms and conditions of a new cane supply agreement seems premature, and inconsistent with your stated objective of reaching a commercially negotiated position. We are strongly of the view that engaging in good faith commercial negotiation in relation to future pricing and marketing models provides the best opportunity for both parties to reach a mutually agreed position that delivers better returns to your members.

Wilmar contends that a mature and commercially-focussed sugar industry has no need to rely on third parties to determine the commercial basis upon which industry participants deal with each other. Further, numerous reviews of the sugar industry found that compulsory arbitration was holding the industry back, and for these reasons arbitration measures were removed. For example:

- The 2002 Memorandum of Understanding between the Federal and Queensland Governments, 'The Commonwealth and Queensland Working Together for the Sugar Industry and Communities', concluded that the statutory bargaining system and associated compulsory arbitration system "impede increased competitiveness and efficiency, and are detrimental to cultural change and innovation."
- The 2002 report by Clive Hildebrand to the Hon. Warren Truss MP Minister for Agriculture, Fisheries and Forestry Report said, "Arbitration is an issue. It is not desirable that arbitration becomes a customary way to avoid the responsibility that should accompany local leadership in genuine negotiation at the mill area level, for the good of participants in that mill area."
- In a letter to the Hon. Peter Beattie, Premier of Queensland, dated 28 July 2003, the ASMC said that compulsory arbitration "has been consistently demonstrated to be the prime impediment to change in the sugar industry as it leads to lowest common denominator (status quo) outcomes based upon the history of about 90 years of case law."

The fundamental co-dependence of millers and growers means that it is totally self-defeating for millers to seek to take commercial advantage of their growers at the risk of undermining the cane supply to which miller profitability is highly leveraged. Furthermore, the Sugar Industry Act specifically authorises collective bargaining, and growers have nominated representatives to undertake cane supply agreement negotiations on their behalf. The Sugar Industry Act also requires that millers and growers must have a cane supply agreement in place before cane can be lawfully crushed. Wilmar is therefore firmly of the view that responsible collective bargaining acting in concert with the forces of miller and grower co-dependence will ultimately ensure that a constructive commercial agreement is reached.

As to your request in relation to a voluntary code of conduct, Wilmar has already published the ten key principles on which it proposes to develop agreements which support future marketing arrangements. Wilmar has committed to honour these principles and is more than happy to engage in discussion about these principles should BDCG have any concerns or suggestions in relation to them.

I look forward to hearing from you and progressing discussions on the new pricing and marketing agreements that we have provided.

Yours sincerely,

A handwritten signature in blue ink, reading 'S. W. Rutherford'.

Shayne Rutherford
Executive General Manager
Strategy and Business Development



TULLY CANE GROWERS LTD

Harvesting the natural energy of life

59 Butler Street Tully 4854

PO Box 514 Tully 4854

Phone (07) 4068 4900 Fax (07) 4068 2351

TULLY CANE GROWERS LTD ADDITIONAL EVIDENCE

IN SUPPORT OF SUBMISSION 26

RURAL AND REGIONAL AFFAIRS AND TRANSPORT REFERENCES COMMITTEE

Current and future arrangements for the marketing of Australian Sugar

Public Hearing – Friday 13 March 2015

- Item 1.** An agreement made between the CEO of Tully Sugar Limited and Manger of Tully Cane Growers Ltd outlining an agreed process for dispute resolution to be utilised in the event of a deadlock in the negotiations for a Collective Cane Supply Contract.

Purpose of the material is to support point (a) on page 2 and point (d) on page 4 of the submission.

- Item 2.** A letter from Tully Cane Growers Ltd to the Board of Tully Sugar Limited with a resolution signed by growers, calling for a choice of who markets and sells the portion of the sugar in which growers have an economic interest.

The purpose of the material is to demonstrate that the request for government support to ensure that growers have the choice of who markets their economic interest sugar is well supported by Tully Growers

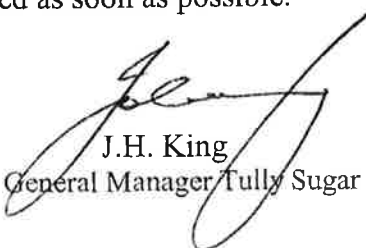
ITEM 1

The following principles were agreed to at a meeting between Tom Harney, Sid Musumeci and Peter Lucy of Tully Canegrowers, Mr Li Ming of COFCO and Dick Camilleri, John Amies, John King and Nigel Salter of Tully Sugar Limited, held at Tully Sugar Board Room on Thursday 1st March, in relation to the implementation of a number of the COFCO commitments outlined in the letter to Tully Canegrowers from Miss Honghuan Pan dated 15th June 2011 and the negotiations for a Collective Cane Supply Agreement to extend beyond the 2013 cane season.

- The development of the Tully District Strategic plan is important to the sustainable growth of the Tully Sugar Industry; however immediate actions on this project will be deferred until the renegotiation of the Canegrowers Collective Supply Agreement 2008 – 2013, is completed.
- With this in mind the Negotiating Teams of Tully Canegrowers and Tully Sugar will meet as often as required with a view to developing the contents of a draft agreement that can be reviewed by the 3rd week of March 2012.
- It is agreed that the sustainable growth of the Tully Sugar Industry will be secured by a balanced increase in mill crushing capacity to match increases in cane production to avoid the risks of uneconomic extensions to the season length.
 - The methods used to ensure this will be outlined in the Supply Agreement and the Strategic Plan.
- It is agreed that the review and variation and dispute resolution processes outlined in clauses 5,35 and 44 of the Collective Supply Contract 2008 – 2013 will apply to this negotiation and can be called upon if agreement cannot be reached during the contract negotiations.
- Tully Sugar Limited and COFCO are committed to the marketing of all sugar through QSL under the terms of the Raw Sugar Supply Agreement (RSSA). It is generally agreed that there is a benefit in aligning the term of cane supply contracts to the term of the RSSA and that the cane supply contract should deal with the issues of reporting and information flow on marketing issues. It is agreed that the contract will identify the course of action to be followed in the event of termination of the RSSA.
- In view of the important issue of security of grower cane payments, John Amies agreed to prepare information on how COFCO can demonstrate that Tully Sugar Limited will have adequate current and future financial capabilities of meeting cane payment commitments to growers, and provide it to the CANEGROWERS negotiating team for consideration during negotiations.
- The meeting participants agreed to support the current industry review of RD&E and the necessary funding for the implementation of the outcomes at a state and district level.
- The meeting agreed to the formation of a Tully Industry Management Committee (TIMC) to improve communication, plan growth strategies and provide oversight of seasonal issues that might arise from time to time. The roles and responsibilities of the TIMC would be outlined in the Collective Cane Supply Contract and the charter of the Tully Planning Committee.
- It was generally agreed that grower access to favourable pricing for the 2014 and 2015 seasons is an essential component of any strategy for growth in cane supply and that the contract negotiations should provide a way for this to be facilitated as soon as possible.



P.D. Lucy
Manager Tully CANEGROWERS



J.H. King
General Manager Tully Sugar Limited



ITEM 2

TULLY CANE GROWERS LTD

Harvesting the natural energy of life

59 Butler Street Tully 4854

PO Box 514 Tully 4854

Phone (07) 4068 4900 Fax (07) 4068 2351

6th February 2015

The CEO and Board Members
Tully Sugar Limited
PO Box 441
TULLY QLD 4854

Dear Sirs/Madam,

Re: Raw Sugar Marketing

The future direction of the marketing of sugar produced at Tully Mill has been a concern since the decision of the Tully Sugar Limited Board not to extend the Raw Sugar Supply Agreement with QSL for the 2017 season.

At the request from a number of our Members, shed meetings were held to discuss this issue and to gain consensus on what our grower members require. To focus the discussion a resolution was put to the growers at the meeting and those who supported the resolution were asked to sign.

As directed by the meetings I have included a copy of the Resolution and grower signatures. The direction from the meeting was clear. Growers must have a choice of who markets and sells the raw sugar of which they have an Economic Interest, and that QSL be one of the choices.

We are aware from the monthly marketing meetings last year that Tully Sugar is working on a proposal, however we have no final detail of what will be proposed. Growers expressed concern that the Tully Sugar proposal may not give them access to the full value of all the marketing services currently provided.

The grower shed meetings demonstrated that a significant majority of the cane suppliers strongly supports grower choice on sales and marketing of sugar in which growers have an economic interest. We request a response at your earliest convenience and a meeting with representatives of your Board to discuss and progress these issues on behalf of our members.

Yours sincerely


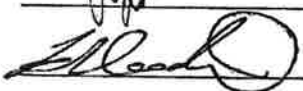
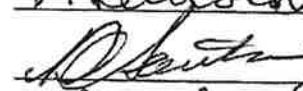
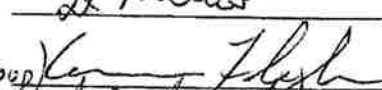

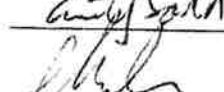
PD Lucy
MANAGER

TULLY GROWERS CENSUS

We are current suppliers of cane to Tully Sugar Limited and are concerned that the decision of Tully Sugar to withdraw from the Raw Sugar Supply Agreement with QSL will have a negative impact on our future viability.

We seek to have a choice in who markets and sells the portion of the sugar in which growers have an Economic Interest, and that Tully Sugar Limited provide growers with a choice of marketing Grower Economic Interest through Queensland Sugar Limited (QSL) under the RSSA or through the system being developed by Tully Sugar Limited for 2017 season and beyond.

We request that the Board of Tully Sugar Limited and COFCO take urgent action to address this issue to maintain the confidence of the growing sector of the Tully industry.

Name	Sign	Estimated Tonnes 2015 (est)
John Gills		10,000.
Paul Vecchio		12,000.
TREVOR O'KANE	TO'KANE	3,000
DENIS MARSILIO	D Marsilio	24,000
E & A. CORRAUX	a. corraux	15,000
BRIAN JENSEN	b. jensen	5,000
AGGI CAMILLERI	G Camilleri	14,000.
George HENRY	G. Henry	12,000
Russell HENRY	R. Henry	6,000
JT & R.H. Reichardt	R Reichardt	15,000
ST & PR. HOODSTON		4,000.
DA MARSILIO	D Marsilio	9,000.
Cameron Flegler (Flegler Group)		48,000
Rohan Brewster		22,000
Anthony TODD	Anthony Todd	7,800
CHRIS CONDON		100,000