

MEDIA RELEASE

12 December 2012

Reforms to modernise sugar industry R&D underway

Reforms to the Australian sugar industry's research and development model have begun, paving the way for a single, sustainable and streamlined industry research organisation with a larger funding pool.

Endorsed by CANEGROWERS and the Australian Sugar Milling Council (ASMC) through the Australian Sugar Industry Alliance, the reforms will strengthen and advance sugar industry R&D by creating a dedicated single research body, to be called Sugar Research Australia.

The formation of Sugar Research Australia will allow grower and miller funds to be used more effectively, maximise government contributions and deliver research performance better aligned to industry priorities.

Without this reform, it is estimated growers and millers would need to pay 99c/tonne of cane in 2013 (compared to 55c/tonne paid in 2009-10 for the three current industry research bodies) to keep research, development and extension in the same form as in 2010.

The reform package comes after a year of consultation with industry leaders, and responds to concerns that the current system is not financially sustainable and needs strengthening and focus to deliver the research the industry needs to remain internationally competitive.

Latest reform progress points include:

- Initial field meetings with grower associations and millers have been completed in Ballina, Ingham, Innisfail, Bundaberg, Mackay, Proserpine, Ayr and Mareeba. A second series of field meetings is being planned for March 2012, aiming to reach many of the over 4,000 cane producers with information and discussion about all the changes.
- The Sugar Advisory Service Development Program has begun, aiming to bolster the existing regional and local network of agricultural advisors who can provide on-farm services and advice to growers. A series of meetings with productivity services groups and local service providers are being conducted to build the Sugar Advisory Services network and discuss training and upskilling needs that could be addressed.
- BSES board directors are supporting and implementing the reforms. The sugar industry has provided a strong framework and support for restructuring BSES operations to reduce costs as a key part of the reform package. Plant breeding and variety development will continue at the current size of 100,000 stage 1 seedlings at three field stations.
- With reform underway, CANEGROWERS and ASMC are supporting a total 60 cents per tonne funding for BSES and Sugar Research Limited (SRL) in 2012-13 while restructuring progresses, with growers and millers contributing equally, 30c/t each.

ASMC CEO Dominic Nolan said the reform package would result in growers and millers contributing a realistic amount more for research and development, and receiving more research outcomes for their hard-earned dollar to underpin a strong future.

“The current research structure is unsustainable and if let remain as it is would demand that growers and millers pay 99c/tonne for all R&D by mid 2013. At the same time, there have been concerns about the alignment, coordination and performance of the three industry-backed research organisations,” he said.

“That’s why the Australian sugarcane industry has developed a comprehensive plan to revitalise, strengthen and streamline its research, development and extension, and to ensure it can continue to fund activities essential to industry viability.”

CANEGROWERS CEO Steve Greenwood said the reforms would re-energise the industry’s research sector to undertake key priorities, including a continuing strong focus on plant breeding and variety development.

“With these reforms, we will equip our industry with the right level of research and development investment, increasing from \$10 million in 2005/06 to \$21 million in 2013/14, without exorbitant levy increases.

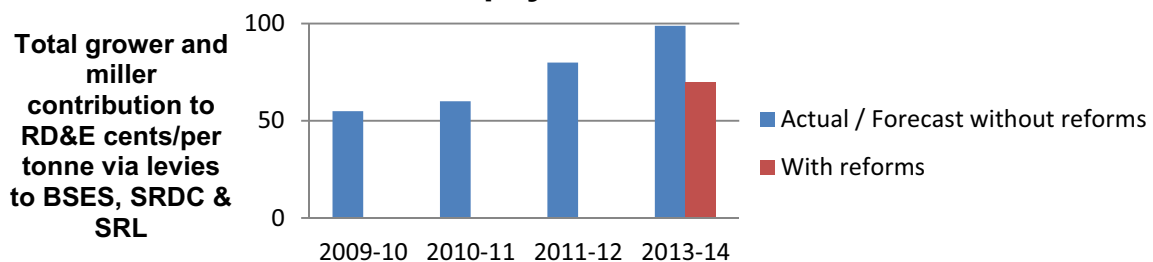
“By implementing these reforms we will streamline who does what, hand the direction of the R&D agenda back to the industry and ensure growers and millers contribute fairly, and most importantly get access to research knowledge and advice equitably across the industry.

“2012 is shaping up as a watershed year for the sugar industry and we look forward to meeting more with growers and millers during the coming months to talk about how these reforms will work for them.”

Sugar RD&E Reforms: Key Changes

1. Restructuring existing research organisations to form a single industry-owned company and research body called Sugar Research Australia by mid 2013. This would be funded by a federal statutory levy paid equally by growers and mills.
2. Streamlining BSES during 2011 and 2012 to achieve a sustained reduction in operating costs. Changes to include reorganisation of 100,000 plant breeding seedlings to three sites, the sale of assets in two areas and extension restructuring. These activities will eventually become part of Sugar Research Australia.
3. A Sugar Advisory Development Program will run until the end of 2012 to bolster the existing network of local group and independent professional sugar advisory providers.

Rising Industry Research, Development & Extension payments



ENDS. For interviews and information contact:

Steve Greenwood, CEO, CANEGROWERS, 0488 721 156
Dominic Nolan, CEO, ASMC, 0419 287 734

Attached for information: 28.10.11 Joint media release: 'A new era for sugar industry R&D announced today'.

A new era for sugar industry R&D announced today

The Australian sugarcane industry today has revealed a comprehensive plan to strengthen and streamline the research, development and extension (RD&E) function. The changes more than double the industry's contribution to funding R&D from \$10 million in 2005/06 to \$21 million in 2013/14, creating certainty in the delivery and funding of core RD&E activities.

The integrated package of reforms released today aligns with a modern, positive industry, said the Australia Sugar Milling Council (ASMC) and peak sugarcane growers group CANEGROWERS in a joint statement today. They say the package will provide a larger competitive research program, and be a better use of industry and government funds.

The modern structure will ensure a professional research group is delivering for industry and government investors, research providers and wider stakeholders.

Today's announcement has come on the back of a yearlong consultation process and comprehensive review of sugar industry RD&E structures. Research is important, and growers and millers want to ensure every hard-earned dollar is achieving the best possible result to underpin a strong future for the industry.

ASMC and CANEGROWERS say revitalised R&D structures will keep the Australian industry on the front foot in the competitive export market onto which over 80% of Australia's sugar is sold.

Implementation is being carefully planned and coordinated. It will be rolled out over the coming two years in a staged process. Essentially the headlines are:


- **Restructure: form an Industry Owned Company.** The industry will work with the Australian Government to create a research body (Sugar Research Australia [SRA]), encompassing the, sometimes overlapping, functions currently carried out by BSES Limited, Sugar Research & Development Corporation (SRDC) and Sugar Research Limited (SRL). This company would help the industry secure increased funding from the federal government, and would be underpinned by a statutory levy shared equally between growers and millers, who would be empowered to elect directors and vote on the level of the levy.
- **Efficiency: strengthen and streamline BSES over 2011-2012.** Services such as plant delivery will be fortified by concentrating expertise into three strong research and delivery centres; Meringa, Burdekin and Mackay. The Bundaberg and Herbert stations will be closed and sold and their functions integrated into the three major delivery centres, keeping the important variety trials currently being run in each area, including Bundaberg and Herbert. Overall, the target is to improve service delivery and achieve efficiency gains of 20%.
- **Information access: create a complete set of up-to-date, grower-friendly resources.** This will include freely available knowledge packages, research information and a series of events. From mid-2012, the one-on-one advising function undertaken by BSES officers will be picked up by a host of local consultants and businesses.
- **A robust skilling program will be rolled out to develop and strengthen the skill-set of the new network of local sugar extension providers.** The Sugar Advisory Services Development Program will kick off in late 2011 and run throughout 2012, providing a transition to new service arrangements.

"Overall this restructuring and streamlining will strengthen R&D activities now and in the future," says Dominic Nolan of ASMC.

"We need a savvy, forward thinking approach to research, development and extension," underscores Steve Greenwood of CANEGROWERS. "You simply can't expect to lead the way without it."

And according to both groups that is what will be delivered. "In the long term this suite of changes is set to deliver improved profitability for growers, millers and the Australian industry alike," Greenwood and Nolan confirmed in the joint statement today.

The full report is available for download from www.canegrowers.com.au and www.asmc.com.au

 [Sugar RD&E Reform Package](#) (full report by the Reform Project Leader, Dr Sandra Welsman)

Media Comment: Steve Greenwood CANEGROWERS CEO, 0488 721 156 | Dominic Nolan ASMC CEO, 0419 287 734

For more information: Suzi Moore CANEGROWERS Communications, 0427 641 239

Some of the changes & efficiencies

- Create core RD&E funding certainty.
- Over two years create 'Sugar Research Australia' by bringing together BSES, SRDC, and SRL.
- Reorganise cane variety development.
- Bolster service delivery through concentrating expertise, including expert breeding and technical field staff, at three major sites at Meringa, Burdekin and Mackay.
- Create whole-farm extension material, cane farming tools and events.
- Modernising CSIRO relationship by moving to project-by-project arrangements.
- Secure savings by closing the Bundaberg and Herbert River stations and streamlining plant breeding, varieties, biosecurity, cropping systems, technology support and extension.
- Establish a professional extension communications unit to support a range of extension providers.