

## MEDIA RELEASE

### Wilmar outlines 2017 agreements

Wilmar Sugar has outlined proposed 2017 agreements and associated arrangements for growers supplying its Plane Creek, Proserpine, Burdekin and Herbert mills.

Executive General Manager, North Queensland, John Pratt, said today in Townsville that the new arrangements represented, "A competitive and commercially responsible approach to a challenging new operating environment".

He said he was preparing for meetings with grower collectives this week to brief them on the proposed Cane Supply Agreement.

"Our new agreements comply with legislation passed by the Queensland Parliament in December 2015, providing growers with choice of marketer for Grower Economic Interest (GEI) sugar," Mr Pratt said.

"The process is straight forward:

- Wilmar provides growers with a list of GEI Marketers who have executed a GEI Sugar Sales Agreement with Wilmar;
- The grower chooses one or more GEI marketers;
- The grower allocates to marketers any proportion of their estimated GEI Sugar for up to three seasons ahead; and
- Then it is up to the grower to enter into agreements for forward pricing and advance options with their chosen GEI Marketer(s)".

Mr Pratt also outlined some of the benefits available to growers who nominate Wilmar as their GEI marketer under the new agreements, including

- **Forward pricing** with a choice of pricing mechanisms and fixed-tonnage pools, using Wilmar's simple web-based system.
- **Flexible payment options** including pre-season payments, cash on delivery and deferred payments.
- **Premiums** from the sale of physical raw sugar.
- **Audits and reporting** through an annual independent audit and regular reporting on the performance of pools and pricing mechanisms.

He said there was no escaping the complexities created by a poorly conceived piece of legislation.

“We now have multiple legal and commercial relationships, involving growers, millers, marketers, and storage and handling providers,” Mr Pratt said.

“Our challenge was to produce a set of agreements that allowed these various relationships to function in their own right, but also together as an effective and competitive supply chain for a complex industry operating in a volatile global commodity market.

“We have ended up with more than 40 separate agreements and 60 schedules.

“I realise that it has been a frustrating period for everyone, but it was essential for us to take the time necessary to develop arrangements robust enough to deal with the many scenarios that are possible under this legislation”.

Mr Pratt said that Wilmar would be offering to sell its sugar to all GEI Marketers, including the Wilmar GEI Marketer, on the same terms.

“We ask for payment in full at the time our sugar is loaded into the ship. The price will be the global market price on the day of the transaction,” he said.

“It’s a straight forward approach that is reasonable and consistent with how sugar is sold all around the world every day.

“If a grower chooses Wilmar as their GEI Marketer they will be paid for cane based on their choice of advance options and pricing mechanisms.

“If they choose a GEI Marketer other than Wilmar, they will be paid for cane when the mill owner is paid for the GEI Sugar,” he said.

Mr Pratt said that more information would be available in coming days through Wilmar’s Grower Web. However, growers could contact Wilmar directly if they wanted to ask questions or get more information.

“I am pretty sure everyone is keen to just get on with it now,” he said.

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