

REFORM OF THE AUSTRALIAN SUGAR INDUSTRY

STATEMENT OF INTENT

The Australian sugar industry and the Australian Government recognise that the industry will actively pursue long term economic, social and environmental sustainability by

- undertaking significant reform across all sectors;
- comprehensively rationalising and restructuring its operations;
- diversifying its economic base; and
- adapting to its new operating environment.

The industry agrees that:

- It will undertake structural change, crucial to the industry's future, based on a strong mill area and regional focus of operations.
- Some industry participants will need to re-establish themselves in the new operating environment and that this in turn will promote the longer-term prospects for the industry as a whole.
- Growers, harvesters and millers will critically examine their businesses and work to improve their commercial viability.
- Rationalisation and restructuring, which will enhance revenue and cost efficiency and facilitate environmental and social sustainability, will be undertaken through a "whole-of-system" regional approach.
- It will support the adoption of regionally-based plans to be developed and implemented through Regional Advisory Groups. These plans will strongly reflect local priorities and help achieve the necessary changes to sustain regional communities.
- Raw sugar continues to be the industry's core business, however there will be a serious exploration of new opportunities for the alternative uses for sugarcane, current sugarcane land and value adding opportunities.

In recognition of the above, the Australian Government will authorise first payment of a Sustainability Grant, which will help industry through a transition phase.

The Australian Government will also put in place a comprehensive range of other assistance measures to assist with and facilitate industry reform – through diversification, re-establishment and restructuring. The *Sugar Industry Reform Program 2004* will be in addition to more than \$80 million in assistance provided since 2000, as well as ongoing research and development support and assistance provided through other Australian Government programmes. The Australian sugar industry endorses these assistance measures.

The Australian sugar industry recognises that payment of the second instalment of the Sustainability Grant scheduled for January 2005 will occur once the Australian Government is satisfied with progress on industry reform, including development of regional plans.

Industry leadership commits to:

- Ensuring the broader industry takes ownership of and drives the reform process.
- Actively communicate the options available to industry participants.
- Encourage all industry participants to avail themselves of the further opportunities being provided, to work to better position the industry's future and to act upon reform-based decisions.