

2017 MARKETING CHOICE

18 November 2016

By Greg Beashel, QSL Managing Director and CEO

Earlier today Wilmar released a communication to growers which made a number of claims regarding the current status of On-Supply Agreement (OSA) negotiations with QSL.

QSL is disappointed that Wilmar has again chosen to attempt to position these negotiations in a way that, in our opinion, is not a fair and full representation of the current state of negotiations regarding this important matter.

Wilmar was unwilling to engage in negotiations in relation to an OSA until July 2016, instead focusing its efforts on seeking to remove the rights growers were given to choose their marketer by legislation. Wilmar has also constantly reiterated throughout the negotiations that the positions it now claims are concessions are a 'package deal' that are only offered if other positions (which Wilmar has not made public) are agreed.

Since the first OSA discussions with Wilmar back in July, QSL has sought to ensure that growers were well aware of our preferred OSA terms. In fact, we published these Standard Terms on our website (you can find them in the Marketing Choice Updates and Fact Sheets section). These terms have been publicly available and available to Wilmar since May this year. In this time we have received no feedback from growers to indicate that they consider them to be unreasonable. In fact, these same terms were largely used to successfully negotiate an OSA with MSF Sugar – an agreement that is now in place and allows growers supplying this miller to access QSL Marketing Choice for the 2017 Season and beyond.

We appreciate that Wilmar has come under added scrutiny and growing public pressure following recent adverse media coverage and an ongoing Australian Competition and Consumer Commission (ACCC) investigation. QSL is also highly aware of the weight of expectation from the many Queensland farming families who are missing pricing opportunities as they wait for the Marketing Choice guaranteed to them by legislation to actually be delivered. We are eager to get an OSA in place with Wilmar and acknowledge that progress has been made. However, a number of significant issues remain unresolved and to suggest otherwise is disingenuous.



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In our opinion, releasing selective information to growers in a piecemeal fashion is not a meaningful way to resolve this matter. As we have stated before, we strongly believe that the most expeditious and effective way to reach agreement is a tripartite approach to negotiations, involving Wilmar, QSL and the growers who will ultimately bear the costs of this OSA. This approach not only ensures transparency, but has proven success, and made a significant contribution to the Marketing Choice arrangements now in place with MSF Sugar. There is absolutely no reason why this approach cannot be replicated, should Wilmar sincerely believe their full proposal will withstand such grower scrutiny.

Regardless of Wilmar's reticence to support such transparency, I want to assure the many growers frustrated by these negotiations that QSL intends to press on and is committed to getting a workable system in place that allows Wilmar growers to access QSL marketing Choice for the coming season. While we, too, are frustrated by the pace of discussions, we remain optimistic that we can not only secure an OSA with Wilmar for the coming season – but do so in a way that genuinely protects the interests of those growers who will ultimately have to use these arrangements, and preserves the best interests of our industry at large.

Regards,

A handwritten signature in black ink, appearing to read 'Greg Beashel', is positioned above the printed name.

Greg Beashel
QSL Managing Director and Chief Executive Officer

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