

# ANNUAL REPORT 2017/18

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CANEGROWERS





Andrew and Melissa Deguara, Mackay



Glenn Clarke, Proserpine



Craig and Natalie Mellor, Maryborough

## Our Vision

To ensure a secure and profitable future for cane growers.

## Our Values

- Accountability to our members.
- A focus on issues relevant to our members.
- Credibility, integrity and professionalism.
- Open and effective communication between growers, organisation units and external publics.
- Community consciousness.

## Our Mission

CANEGROWERS provides representation, leadership and services, and promotes unity in the interests of its members.

## Our Goals

- Assist in maximising grower efficiency and profitability.
- Contribute to long-term industry efficiency.
- Enhance organisation effectiveness.
- Develop a positive external environment for cane growers.
- Recognise and manage diverse grower needs while maintaining organisation unity.
- Provide a foundation and structure for future industry development and planning.





Andrew Linton, Burdekin

Michael Russo, Isis

# CANEGROWERS ANNUAL REPORT 2017/18

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*The past year has been a challenging one for CANEGROWERS, its members and the wider Australian sugar industry but our resilience and our unity are carrying us forward. While the weather and world sugar price put a dent in production and profitability, through cooperation and dedication we are meeting our environmental obligations and social expectations head on.*

Queensland's 2017 crop of 31,472,101 tonnes of sugarcane was cut after a growing season impacted by Tropical Cyclone Debbie in the central region and drought in the southern, Burdekin and Tableland districts. The result was a drop in tonnage on the previous year but a better CCS outcome.

The 2017 season was the first conducted with contacts in place that guaranteed grower choice and therefore competition in sugar marketing services and with a Sugar Code of Conduct put in place to curb the regional monopoly power of the milling companies when negotiating with growers.

As this reporting year has closed, CANEGROWERS has joined with other grower representative groups to present a united front to a panel reviewing the Code of Conduct and we are confident that with the backing of the Australian Competition and Consumer Commission, the review panel will agree that the Code should be retained.

As the busy 2017 harvest wrapped up, CANEGROWERS collective energy was put into ensuring our communities and the key political parties contesting a Queensland State Election were clear on the policy priorities which would keep our industry thriving. The top CANEGROWERS priorities for an incoming government, as highlighted in a television commercial broadcast across regional Queensland, were retaining the grower choice in sugar marketing provisions in state legislation, a commitment to reducing electricity costs for irrigators and ongoing support for industry sustainability including the Smartcane BMP program.

It is remarkable to observe the energy and drive every time growers and their district and state representatives and staff unite to ensure that the voice of growers is heard loud and clear across a broad spectrum of issues.

I pay tribute to the CANEGROWERS Board, the Policy Council, the offices of the 13 district CANEGROWERS companies and the Brisbane staff for their cooperation and commitment to the cause.

## Environment

Contemporary society is demanding that industries and economic activity address sustainability. With the Queensland sugarcane industry farming 400,000 hectares adjoining the Great Barrier Reef, our growers accept the challenge of environmental sustainability and have taken great strides over the past three decades to change farming and cultural practices to minimise our impact on this natural wonder.

The industry best management practices program Smartcane BMP is evidence of our skilled growers engaging in sound farming practices. Currently across the state, we have 20% of the cane area

# CHAIRMAN'S REVIEW

CANEGROWERS Chairman, *Paul Schembri*



being managed by growers accredited under this program with the figure reaching 30% in the Wet Tropics region. Importantly, 70% of the cane farming area is engaged in the program and benchmarked against its practices with the growers actively working to reach accreditation. Smartcane BMP represents our best opportunity to manage this environmental challenge ourselves – rather than be faced with increasing government regulation on our industry.

CANEGROWERS has been unstinting in its opposition to increased reef regulations which seek only to pacify green political obligations and place a bureaucratic burden on farmers. We would prefer for the government to continue to talk to CANEGROWERS about our progress in voluntarily managing the changes which are needed.

## Sugar consumption

CANEGROWERS and the Australian Sugar Milling Council (ASMC) have taken the step to work together to manage another key issue affecting our industry's social licence to operate – the debate around sugar in the diet and its role in obesity rates within the community.

From barely rating a mention in public debate five years ago, the issue is now a major threat to the global sugar industry with inaccurate allegations that sugar is toxic, addictive and the leading cause of obesity, diabetes and heart disease gaining widespread attention.

CANEGROWERS and ASMC plan to drive a strategic and structured approach to addressing these threats to the reputation of our industry. To do

nothing is to hope the problem goes away and experience has taught us that proactive industries that meet challenges guarantee their success.

## Electricity

The spiralling cost of electricity is tearing at economic heart of irrigated agriculture in Australia. Cane growers have witnessed a staggering 130% increase in electricity prices over the past decade. CANEGROWERS was one of the first organisations within Australia to warn that electricity prices were verging on the unsustainable and it has stayed the course with solid research and investigation to finally see that energy costs have now assumed the status of a national priority. However, we are still to see electricity prices come down and we are all tiring of the rhetoric around who is to blame and want to see some action.

## World sugar prices

When it is all said and done, the economic fortunes of the Australian sugar industry hinge on two factors – good weather and the sugar price – and unfortunately there is not a lot of influence we can exert on either.

Australia bears a high risk exposure to the world market – 98% of our production is exposed to the global price.

The world sugar market is witnessing a strong global surplus of up to 20 million tonnes and this is driving sugar prices to dangerously low levels of 10-12 c/lb US. These prices are well below our costs of production and it appears that in the short term at least the surplus will overhang the market.

With a large part of the global surplus being exports of subsidised sugar originating from India and Pakistan, Australia's sugar industry together with 21 other countries are working towards an application to the World Trade Organisation (WTO) asking it to rule against this activity. Export subsidies were outlawed by the WTO as recently as 2015 and strong grounds exist for this challenge. We will need leadership from the Australian Government to bring about this application.

Challenging times test the patience and resilience of all and it would be tempting for many to turn inward and focus close to home in these circumstances. But this is not the time to abandon collective effort and through CANEGROWERS, its size and influence, every voice can be amplified to bring about results.

CANEGROWERS does not take your membership for granted. In difficult times, the more we stick together, the more we increase our prospects and often a problem shared is a problem solved.

I thank you for continuing to support CANEGROWERS in these difficult times. We have been through them before and I have no doubt that again, through solidarity and hard work, we will do so again.

*Stability in an unstable world is the hope that CANEGROWERS wishes to offer our members. It can be sometimes hard to see a pathway through some of our most difficult challenges. In last year's Annual Report, I reflected on the need for your organisation to be agile, adaptable and accountable. I hope that our journey towards delivering on these objectives is starting to come to fruition.*

The Annual Report for 2017-18 again details a range of outcomes and successes that have been driven towards delivering on CANEGROWERS key organisational values of:

- Accountability
- A focus on issues relevant to our members
- Credibility, integrity and professionalism
- Open, effective communication between us and to those communities we work with
- Community consciousness

Organisations that are accountable are responsive to the needs of their members and the industry they serve. During the year we have continued to build on the importance of the Policy Council in coming together to share industry issues from across our Districts, to engage with politicians and people of influence and discuss and set industry policy and strategy. The importance of this body of leaders who have been put forward by our Districts to represent their interests cannot

be over-emphasised. After a robust and broad organisational restructure in the preceding years, I feel it has only been in this middle year of the three-year Policy Council term that we have really affirmed the role of the group. Equally, clarity is appearing in the roles of the committees - Farm Inputs and Research, Economics and Trade and Environment and Sustainability. We have supported the committees desire to be grower-led and grower-focussed, to meet consistently and at least once a year in a District, to be engaging and involved in our Districts and focussed on issues of relevance. Their recommendations and priorities coalesced at each of the three Policy Council meetings and the strategies deployed, as described in the pages of this report, are derived from their feedback and leadership.

If we are on the right track, the issues we have worked on should resonate and

be relevant to all growers. Our efforts are almost entirely supported by our members, with projects and partnerships also pulling together where common objectives can be achieved. Our efforts have gone toward the issues of trade and market access, fighting for a lowering of production costs on electricity, water and insurance, empowering growers in marketing or cane analysis and bolstering our environmental credentials through supply chain and government recognition. These issues must be relevant to our members as their funds go directly towards providing us with the capacity to prosecute the arguments, develop the policy and determine solutions. The vast majority of our financial resources come from growers and go towards employing the expertise to support our services. Our second highest order of expenditure is investing in our ability to bring growers and the industry together. While the costs of grower engagement and staffing are our largest items of expenditure, they point towards our key priorities of being grower-led

# CEO'S REPORT

CANEGROWERS CEO, *Dan Galligan*





and focussed on providing the industry with the most innovative and professional staff we can.

Holding ourselves to high standards and accountability to our members is important but so too is having a high level of credibility and integrity with those that we choose to influence. Thanks to the enormous efforts of the growers involved in Smartcane BMP, combined with a transparent and collaborative approach by CANEGROWERS organisations, we have achieved government and supply chain recognition of the credentials of this best management practice program. Equally, our case for reform of the electricity pricing and policy framework has been endorsed by the Australian Competition and Consumer Commission which doubled down on this front by backing our case for the retention of the Sugar Code of Conduct. External recognition of our policy positions and solutions does not come by accident. They are built on the credibility of the actions of farmers, District companies and CANEGROWERS staff in their ability to clearly articulate reasoned positions and practical solutions. These are powerful endorsements that cannot be guaranteed nor can they be transacted cheaply.

While we are a large industry in Queensland, and indeed up with the biggest in Australia, our strength only resides in our support from our closest communities. The towns that rely upon our economic resilience and engagement need us to secure our future such that we can help to secure theirs. We know this because our members and our staff are part of these communities. Our District, community-level structure, provides the best opportunity to listen and respond to community expectations. Our focus on collaboration with our

significant affiliations at the state, national and international level amplifies this capacity. This past year is when we got serious about taking action. We have expanded our efforts in responding strategically to community needs by investing significantly in a new strategy to support our social licence to operate in a collaborative effort with the Australian Sugar Milling Council. This important initiative is clearly a whole of industry effort but as leaders in the industry, our Board and Policy Council have been proactive in this regard. While community support and trust in farmers remains strong, every single sector is under more scrutiny than ever and the community capital we hold cannot be taken for granted.

The more challenging and diverse the problem, the more collaborative and creative we must become. Collaboration is hard but rewarding. It cannot however distract us from being connected and accountable to our members. Our emerging, renewed membership engagement strategy will ensure that our existing strong support can be built upon such that we can target our communications and our engagement and therefore be more responsive.

Working with the Board of Queensland CANEGROWERS has been a truly rewarding experience this year. The Board has worked as a team to improve our corporate governance and make some complex and wise financial decisions that will allow us to be more proactive and agile in deploying precious resources for the benefit of the industry. Our team in Brisbane has remained focussed on achieving our goals, and while they too ride the inevitable roller coaster of the fortunes of a membership organisation

in an agricultural industry that is exposed to the world market, they display the same passion and commitment for the industry that I see regularly in District companies and grower representatives.

A tough year ahead is forecast. Clearly the market and prices are working against us and it is time for us to bunker down. Our capacity to work together to support each other and have a view to what can indeed be a positive future will see us through these difficult times. I am confident that we have made decisions to position the organisation well to support the industry in this regard and that together we can succeed, because if we succeed we shall do so together.

I would like to thank our members and the industry for their support over the past 12 months. My staff and I are constantly challenged, rewarded, surprised and inspired by the opportunity to work for this great organisation and we look forward to working with you to meet the challenges and opportunities of the year ahead.

## About THE INDUSTRY

The Australian sugarcane industry stretches along 2,100km of the country's east coast. Raw sugar, produced in 24 mills, is one of Australia's largest and most important rural exports, worth up to \$2.5 billion each year.

The industry underpins the prosperity and economic stability of communities from Mossman in far north Queensland to Grafton in northern New South Wales.

Cane farming businesses range in size from 40 to 250 hectares (ha) with the vast majority of them being family-owned. An average sized 110 ha property harvests approximately 94 ha of sugarcane each year.

### 2017 season

Queensland growers harvested 31,472,101 tonnes of sugarcane from 360,127 hectares in the 2017 season. The commercial cane

sugar reading of 13.41 was an improvement on the previous year's result of 12.9.

The state harvest contributed the lion's share of the Australian crop of 33,344,014 tonnes of cane which was crushed to produce 4,41,162 tonnes of sugar IPS (International Pol Scale).

The impact of Tropical Cyclone Debbie during the growing season reduced the 2017 crop, most notably in the Central Region (comprising the Proserpine, Mackay and Plane Creek growing districts) where it was down by more than 1,327,000 tonnes on the previous year. Following lobbying from CANEGROWERS and other industry groups, growers were able to access assistance through the Natural Disaster Relief and Recovery Arrangements to undertake repairs to paddocks and farm infrastructure.

The Queensland sugarcane harvest generally begins in May and ends by mid-December. Once harvested, cane is collected in haulouts and transferred either to trucks for road transport or bins for train transport to mills. To minimise sugarcane deterioration and juice evaporation, sugarcane must be transported to a sugar mill within 16 hours of harvest.

The mills crush an average of 10,000 tonnes of sugarcane per day and employ an average of 150 people each during the season. Together, millers, growers and harvesters determine harvesting and transportation schedules that ensure that the cane is crushed as soon after harvesting as possible.

A significant rain event in March 2018 left half of the growing sugarcane between Townsville and Cairns inundated and damage was also reported to roads, sheds, vehicles and some homes. The impact will be felt in the 2018 season particularly in the Herbert River region where around 80% of the cane was flooded.

### Contracts and markets

In Australia, there are no subsidies and no domestic price support. A sugarcane growers' income is determined by the terms of a cane supply agreement with a mill which reflects the tonnage supplied to the mill, the sugar content (CCS) of the cane and the final price the raw sugar achieves on the world market.

In 2006 following the end of a 'single desk' marketing structure under which all sugar was acquired by Queensland Sugar Limited (QSL),

TABLE 1

#### Australian production of cane and sugar in the 2016 and 2017 seasons

	Tonnes of cane crushed		Tonnes of sugar IPS		CCS		Hectares harvested	
Mill area	2016	2017	2016	2017	2016	2017	2016	2017
Mossman	1,312,460	1,178,600	158,300	114,006	11.56	13.24	12,939	12,762
Tableland	405,314	405,935	87,335	99,904	13.51	14.00	4,371	4,375
Mulgrave	1,521,612	1,020,656	184,937	170,210	11.23	12.16	12,173	12,077
Innisfail	1,721,179	1,801,902	192,164	184,038	11.12	12.02	22,309	22,891
Tully	2,935,956	2,496,485	356,016	330,454	12.03	12.93	29,168	29,844
Herbert River	4,812,090	5,033,396	566,896	628,043	12.26	12.96	56,167	57,079
<b>North Qld</b>	<b>12,708,611</b>	<b>11,936,974</b>	<b>1,545,648</b>	<b>1,526,655</b>	<b>11.90</b>	<b>12.81</b>	<b>137,128</b>	<b>139,028</b>
<b>Burdekin</b>	<b>8,710,335</b>	<b>8,120,703</b>	<b>1,253,832</b>	<b>1,166,726</b>	<b>13.97</b>	<b>14.00</b>	<b>68,755</b>	<b>68,686</b>
Proserpine	2,000,603	1,434,068	260,311	198,667	12.69	13.67	20,853	21,721
Mackay	5,559,794	4,973,781	705,140	646,549	12.71	13.43	63,083	66,969
Plane Creek	1,346,461	1,171,547	175,785	163,691	12.96	13.99	16,471	17,510
<b>Central Qld</b>	<b>8,906,859</b>	<b>7,579,397</b>	<b>1,141,236</b>	<b>1,008,908</b>	<b>12.74</b>	<b>13.56</b>	<b>100,407</b>	<b>106,200</b>
Bundaberg	1,825,357	1,656,572	251,049	227,734	14.09	13.81	19,535	19,261
Isis	1,352,415	1,191,029	200,177	173,575	14.09	13.82	14,180	14,150
Maryborough	791,435	598,942	112,306	82,248	14.01	13.67	10,981	9,423
Rocky Point	110,231	388,484			13.79	12.97	1,118	3,380
<b>South Qld</b>	<b>4,079,438</b>	<b>3,835,028</b>	<b>563,532</b>	<b>483,557</b>	<b>14.07</b>	<b>13.71</b>	<b>45,814</b>	<b>46,213</b>
<b>Queensland</b>	<b>34,405,243</b>	<b>31,472,101</b>	<b>4,504,248</b>	<b>4,185,845</b>	<b>12.90</b>	<b>13.41</b>	<b>352,104</b>	<b>360,127</b>
Condong	558,751	522,813	73,067	63,509	12.06	11.93	4,688	4,455
Broadwater	846,064	683,760	100,264	82,149	11.79	11.89	6,606	6,066
Harwood	696,006	665,340	87,991	80,658	12.16	11.88	4,759	5,035
<b>New South Wales</b>	<b>2,100,821</b>	<b>1,871,913</b>	<b>261,322</b>	<b>226,316</b>	<b>11.98</b>	<b>11.90</b>	<b>16,053</b>	<b>15,557</b>
<b>Australia</b>	<b>36,506,064</b>	<b>33,344,014</b>	<b>4,765,570</b>	<b>4,412,162</b>	<b>12.85</b>	<b>13.32</b>	<b>368,157</b>	<b>375,684</b>





Raw sugar is one of Australia's largest and most important rural exports, worth up to \$2.5 billion each year.



the industry moved to voluntary, commercial contracts. In mid-2014 three milling companies made a unilateral decision to end their agreements with QSL and, as a consequence, deny growers access to the industry-owned marketer.

CANEGROWERS successfully campaigned to ensure that in December 2015 Queensland sugar industry legislation included a clause requiring growers be given access to a choice of marketer in a competitive environment. This significant change was affirmed in collective Cane Supply Agreements negotiated by CANEGROWERS for members for the 2017 season.

The protracted nature of the negotiations with a number of the millers exposed the power disparity between the parties and prompted

the introduction of a Sugar Code of Conduct by the Federal Government. The Code sets out a framework for a fair process when commercial contract negotiations fail to reach an agreed outcome. The Code is due to be reviewed in 2018.

Around 80% of Australia's raw sugar production is destined for the international market with the volume ranking Australia as the world's second largest raw sugar exporter after Brazil. 96% of Australia's export sales are to Asian customers, the largest of which have been South Korea, Japan and Indonesia over the past year. The remaining 20% of Australia's sugar production is sold on the domestic market.

Australian raw sugar is internationally recognised for its high quality and the industry is renowned

for its supply reliability and superior service. Such success has been achieved through the use of best practice management in production, handling and marketing. The industry's capacity to store more than two million tonnes of sugar at six bulk export terminals allows for year-long customer supply.

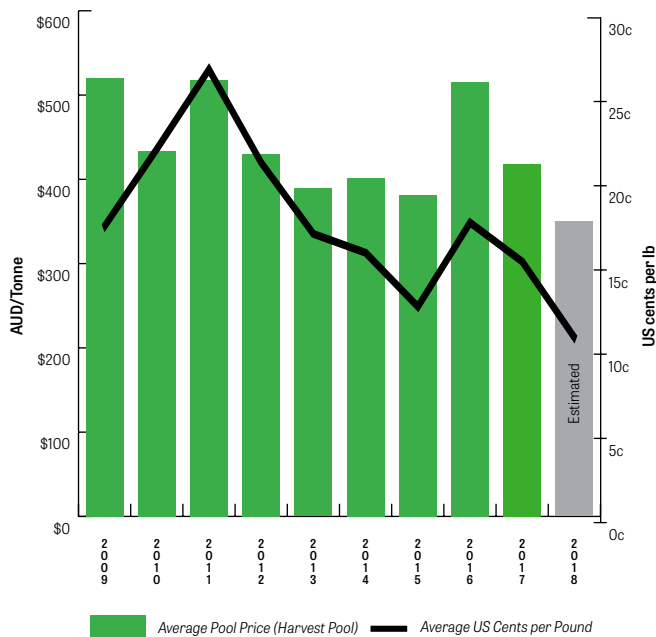
On a global level, the demand-supply sugar deficit of 2016 has moved into a situation of oversupply. That has led to a contraction in prices. The average pool price available to growers in the 2017 season was \$418.57/tonne. This is well behind the 2016 average of \$515.90/tonne. The projection for the 2018 season is for a further slide.



An aerial view of the Farleigh cane farming area, Mackay.

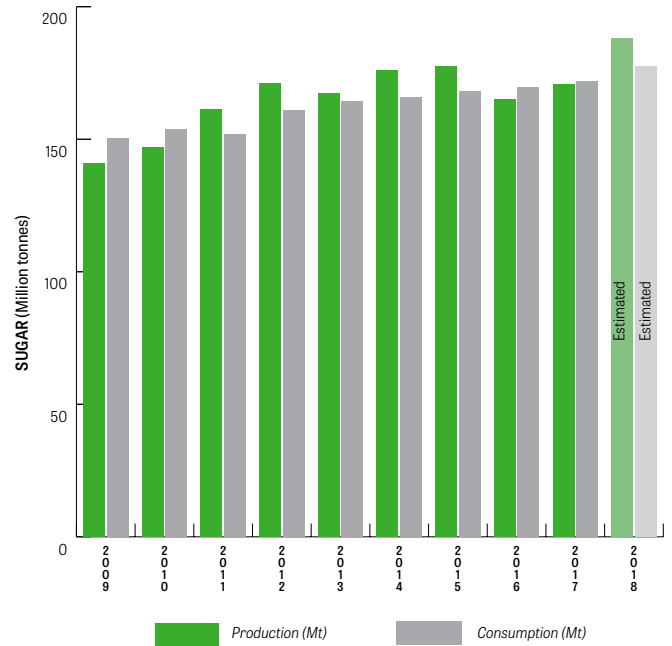
GRAPH 1

World sugar price



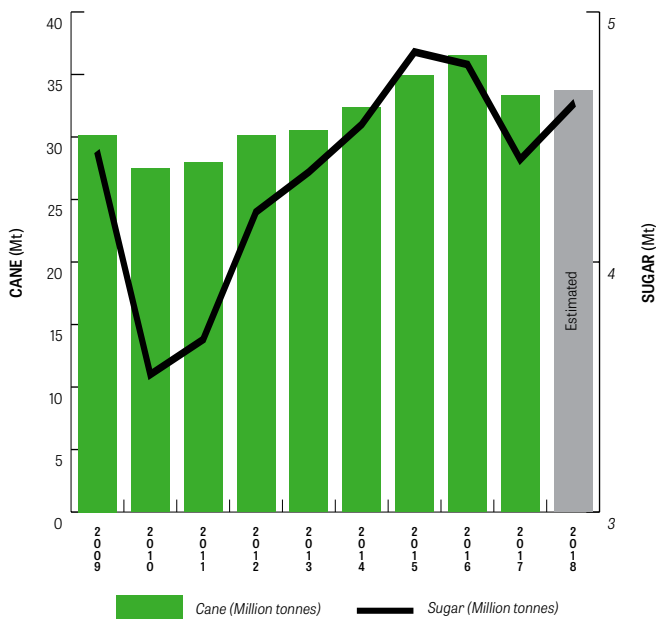
GRAPH 2

World sugar production and consumption



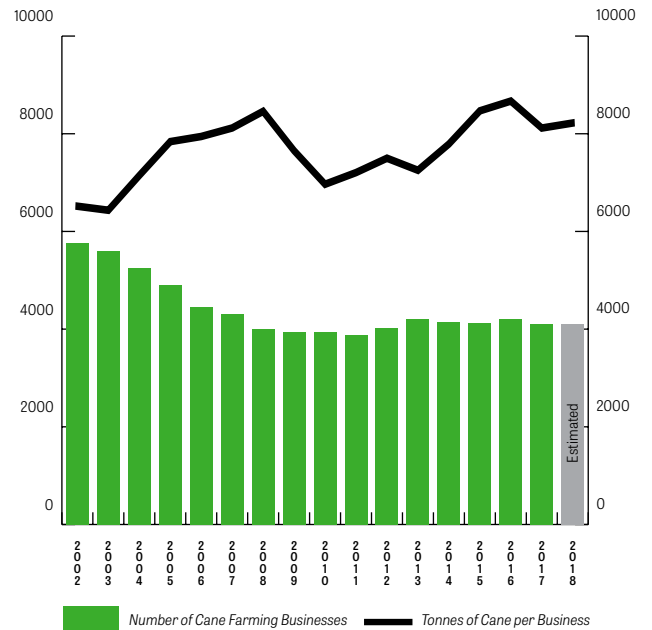
GRAPH 3

Australian sugar production



GRAPH 4

Industry trends



## About CANEGROWERS

### CANEGROWERS

CANEGROWERS Queensland is a not-for-profit public company with the sole purpose of promoting the interests of sugarcane growers. It comprises the state company (Queensland Cane Growers Organisation Ltd) and 13 regional, or district, companies.

CANEGROWERS members are represented by 82 elected directors and almost 100 professional and dedicated staff providing advocacy and services.

**Board:** The CANEGROWERS Queensland Board is comprised of eight Directors elected from the Policy Council with at least one director from each of the four regions.

The Board performs the role of corporate governance, audit, compliance and financial management. It sets strategic direction and policy and delegates responsibility for management to the Chief Executive Officer.

The Board is required to meet at least quarterly or at such other times as required to fulfil its obligations to the company and its grower members.

**Policy Council:** The CANEGROWERS Policy Council is made up of 21 growers nominated by the district companies. It sets strategic direction and policy. The size ensures industry-wide views and issues are brought for consideration.

The Policy Council meets three times a year with frequent and ongoing communication on key issues throughout the year. CANEGROWERS district managers also meet with the Policy Council in these deliberations.

**Policy Committees:** CANEGROWERS convenes three Policy Committees made up of members of the Policy Council: Economics and Trade, Environment and Sustainability and Farm Input and Research.

The role of the committees is to investigate emerging issues and take recommendations to the Policy Council. The committees meet three times each year.

### Membership

As a grower-led organisation, CANEGROWERS membership base is its strength. At more than 72% of the available sugarcane tonnes, the overall level of voluntary membership support from the growers of Queensland is strong in comparison with other primary industry representative groups in Australia.

The Board, Policy Council and staff recognise that the organisation's continual development of its membership strategy is important to support CANEGROWERS voluntary membership foundations.

Membership policy has developed around a number of principles:

- Membership is voluntary.
- Membership is conditional on the applicant meeting eligibility criteria, including financial, as determined by the Board.
- Membership relates to financial contributions being made in each season on all tonnes

of cane supplied by the member's farm or farms irrespective of mill area.

- The membership fee is currently struck at a rate per tonne of cane supplied to the relevant mill and is for the aggregate of the state and local companies.

The fees apply to a single CANEGROWERS organisational structure, comprising state and district company components, crop insurance premium and cane testing.

The company has introduced a cap on levy fees at the state level, declaring the maximum number of tonnes to which the levy applies to be 50,000 per membership. The membership fee schedule is published in the *Australian Cane grower* magazine each year in May.

### Partnerships

#### Australian Cane Growers' Council (ACGC)

The Australian Cane Growers' Council (ACGC) is the forum for the nation's sugar cane producing states of Queensland and New South Wales. ACGC presents a common voice in national and international forums on behalf of cane growers. CANEGROWERS Chairman Paul Schembri is Chairman of ACGC while the Directors include growers Allan Dingle, Kevin Borg and Ross Farlow.

#### Australian Sugar Industry Alliance (ASA)

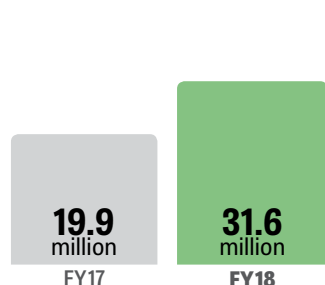
CANEGROWERS continued to play a lead role in the Australian Sugar Industry Alliance (ASA) which brings together the entirety of the Australian industry to provide a united front on matters of common industry interest.

These have been identified as trade and market access issues, the role of sugar in a balanced diet and issues affecting the industry's 'social licence' to operate including environmental concerns.

## Financial HIGHLIGHTS

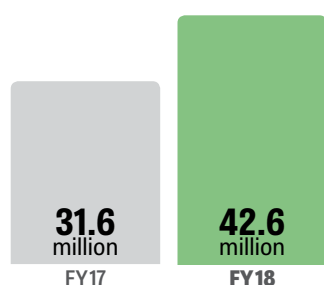
### NET ASSET POSITION

**\$31.6** million



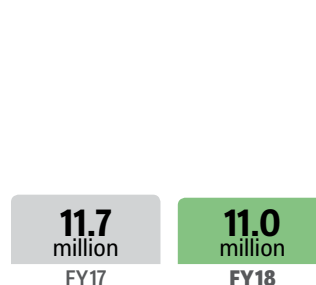
### TOTAL ASSETS

**\$42.6** million



### TOTAL LIABILITIES

**\$11.0** million

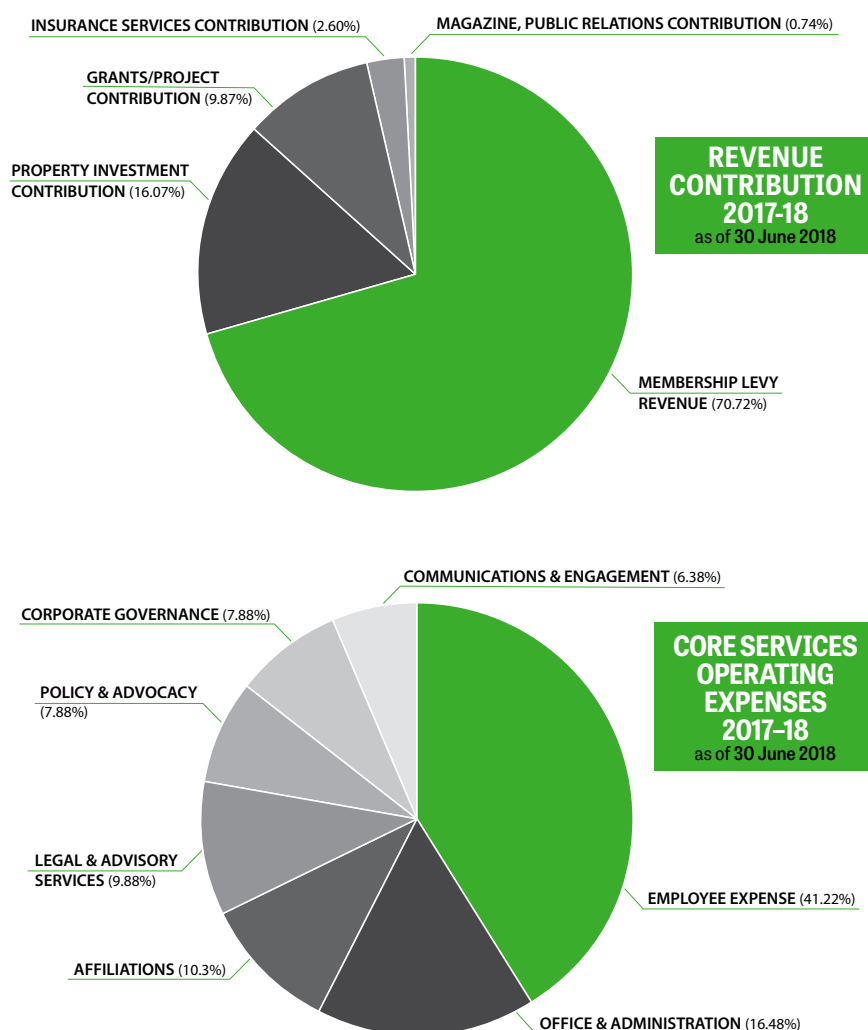


### MEMBERSHIP

**72%** of cane production







Paul Schembri, Allan Dingle, Michael Pisano and Kevin Borg represent CANEGROWERS.

CANEGROWERS has continued to provide financial support to ASA including a contribution to the social licence project totalling \$245,000 and administration support of \$20,000. In-kind support has continued through providing skilled CANEGROWERS senior staff to attend key international trade and market access meetings, and participation in social licence project work towards coordinated messages and industry representation in discussions on food labelling and taxation and obesity policy.

### Sugar Research Australia (SRA)

Sugar Research Australia (SRA) is the principal provider of research, development and extension to the Australian sugarcane industry partly funded by grower and miller levies.

Herbert River district cane grower Stephen Guazzo is a Director of SRA.

### Queensland Sugar Limited (QSL)

With some 80% of Australia's sugar destined for the export market, CANEGROWERS has continued its focus on ensuring Queensland Sugar Limited (QSL) remains a strong marketing company and an effective alternative to mill-owned marketing services.

Under its constitution, QSL has two types of members – Mill Owner Members and Grower Representative Members.

A number of CANEGROWERS members were elected in 2017 to serve a three-year term as Grower Representative Members for their mill area.

### Affiliations

CANEGROWERS maintains affiliations at state, national and international levels through shared common values. These affiliations include:

### Queensland Farmers' Federation (QFF)

Queensland Farmers' Federation (QFF) provides a united voice for 13,000 producers in intensive, semi-intensive and irrigated agriculture through 15 member organisations of which CANEGROWERS is one. QFF assists CANEGROWERS on key industry issues such as water pricing and efficiency, electricity pricing, improving available insurance products and workplace health and safety.

The CANEGROWERS' representative on the Board of QFF, Allan Dingle, is its Vice President.

### National Farmers' Federation (NFF)

The National Farmers' Federation (NFF) is the peak national representative and lobby group for 130,000 farmers through 33 member organisations including CANEGROWERS. NFF provides a vital forum for cane growers to influence national policy.

CANEGROWERS Chairman Paul Schembri is a Members Council representative of the NFF. NFF membership is through ACGC.

### World Association of Beet & Cane Growers (WABCG)

CANEGROWERS is an active member of the World Association of Beet and Cane Growers (WABCG), the international group representing 30 sugarcane and sugarbeet associations from 33 countries uniting more than five million growers.

CANEGROWERS Chairman Paul Schembri is a Vice-President of WABCG.

### Australian Farm Institute (AFI)

CANEGROWERS has become a corporate member of the Australian Farm Institute (AFI). AFI was created to carry out a strategic role on behalf of Australian Farmers. It utilises funding provided via their membership fee to carry out or commission research projects on strategic policy issues of importance to Australian agriculture.

Some recent projects include; the impacts of energy costs on the Australian agricultural sector and a review of Australia's agricultural trade.

### Services

#### Insurance

CANEGROWERS has continued to provide quality insurance advice, products and service for members and local communities at competitive prices.

CANEGROWERS, in partnership with local District offices, provides eight qualified insurance professionals in all cane growing regions to assist growers and ensure access to the best sugarcane-specific products on the market plus general insurance products that extend beyond the needs of the farm. Members also have access to the long-standing crop insurance product underwritten by CGU.

### Legal Services

Legal services are provided to CANEGROWERS district offices and grower members through a retainer arrangement with Chris Cooper of CJ Cooper & Associates.

Chris Cooper is able to assist individual growers through a phone-in legal service that is provided free of charge to members. CANEGROWERS members can call the Legal Services hotline on

1800 177 159. Queries often relate to trespass, aerial spraying, tramline easements, machinery performance disputes and safety issues.

CJ Cooper & Associates provides advice and legal assistance to CANEGROWERS district companies with issues including the renewal of cane supply agreements. Mr Cooper also informs incoming and existing Board members throughout the district companies about their legal duties and the expectations of their roles within the CANEGROWERS organisation.

### Superannuation

CANEGROWERS continues to support AustSafe Super as its preferred industry superannuation fund. AustSafe has been looking after rural and regional members for more than 30 years.

The fund has grown to \$2.4 billion under management and has recently been awarded Best Growth Super Fund 2018 by *Money Magazine* as part of its Best of the Best awards.

CANEGROWERS CEO Dan Galligan is an Employer Director of AustSafe Super.

## the YEAR IN REVIEW

### Trade Policy & Market Access

CANEGROWERS seeks to secure a more favourable and profitable export market environment for Australian sugar products by securing new market access opportunities and preventing the erosion of existing access opportunities and conditions in key markets.

In pursuing this objective, CANEGROWERS works closely with QSL and the Australian Sugar Milling Council through the Australian Sugar Industry Alliance and coordinates the activities of like-minded members of the Global Sugar Alliance. This is to have one voice, carry a single message and take a targeted strategic approach.

CANEGROWERS has met regularly with Australia's Minister for Trade and senior government officials in the Department of Foreign Affairs and Trade (DFAT) and Department of Agriculture and Water Resources (DAWR) to ensure trade issues affecting sugar are fully understood and to support Australian government efforts to secure a more favourable and profitable export market environment for Australian sugar.

Significant progress and achievements can be reported from the past year.

### Indonesia

CANEGROWERS work to restore Australia's competitiveness to Indonesia was rewarded with Indonesia removing the sugar tariff differential that had favoured Thailand over Australia. This levelling of the playing field for sugar will support Australia's ongoing trade with Indonesia and help strengthen the commercial relationships between Australian exporters and Indonesian importers.

### Trans-Pacific Partnership (TPP)

Following the United States withdrawal from discussions, a Comprehensive and Progressive Agreement for Trans-Pacific Partnership between the remaining eleven countries (TPP-11) – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore and Vietnam – was signed on 8 March 2018.

CANEGROWERS is supporting Australia's expeditious ratification of the agreement. Once implemented, TPP-11 will deliver significant benefits to Australian raw sugar exports, including improved access to Japan for high pol sugar.

### Australia-Peru Free Trade Agreement

Improved terms of access for Australian raw sugar to Peru was secured in this agreement. CANEGROWERS welcomes the agreement as

sending a clear message that new market access provisions for sensitive commodities such as sugar can and should be included in all trade agreements.

While the initial amounts of raw sugar that Peru may purchase under the agreement may be small, the FTA adds another market access opportunity for Australia's raw sugar, increases competition amongst importers for the product and will allow, for the first time, Australian exporters to establish and grow commercial relationships with refiners one of Latin America's fastest growing economies.

### European Union-Free Trade Agreement and Brexit

CANEGROWERS joined a National Farmers' Federation trade delegation to the European Union as part of its Team Australian Agriculture efforts to support the full inclusion of agriculture and sugar in FTA negotiation between Australia and the EU and in an FTA with the United Kingdom following Brexit. CANEGROWERS participation reinforces the Australian Government's efforts and ensures the strategic priority of the agreement for the sugar industry is understood. In support of this effort two separate submissions have been made to United Kingdom House of Commons inquiries into Britain's post-Brexit trade relations with Australia.



CANEGROWERS Chairman Paul Schembri (centre) with Queensland Farmers Federation President Stuart Armitage (left) and AgForce General President Grant Maudsley (right) call for industry Best Management Practice programs, not red tape, to be supported by candidates in the 2017 Queensland Election campaign.

## India

The glut of sugar being produced in India as a result of its domestic sugar subsidies and the threat of export subsidies, activities in contravention of its World Trade Organisation undertakings, are driving world sugar prices to a ten-year low. Resolution of this situation is of vital importance to the world sugar market and to returns to Australian growers. CANEGROWERS is working closely with ASMC and Global Sugar Alliance members to build international support for a case to be taken to the WTO urging India to remove its subsidies in compliance with its international obligations.

## Environment and Sustainability

Sugarcane growers in Queensland operate in a challenging and often complex policy and regulatory setting that involves community, food manufacturers, environmental groups and the Australian and Queensland governments. CANEGROWERS supports growers as they face significant environmental scrutiny due to their proximity to the World Heritage-listed Great Barrier Reef (GBR) and as they meet environmental, productivity and profitability expectations.

CANEGROWERS works collaboratively with grower leaders, members, millers, extension service

providers and the sugarcane value chain to improve the sustainability of the cane growing industry.

Over the past five years, CANEGROWERS has had a vision of long-term positive change that supports on-farm productivity, business viability and water quality improvement. Over the past 12 months that effort has been focussed on the expansion of the Smartcane BMP program and engagement on proposed new reef regulations, the efficient use of fertiliser and achieving better nitrogen use efficiency. Other areas of influence for CANEGROWERS are biosecurity, vegetation management, chemicals and the market demand for sustainable sugar.

### Smartcane BMP

Smartcane BMP is the industry's best practice program. It recognises the achievements of growers and assists growers to identify and evaluate changes to farming practice that meet their business goals. It does this through the benchmarking of current practices against the required standards, support for practice improvement, and certification of growers who meet the standards through an independent audit.

The program is owned and managed by CANEGROWERS for use by all growers. It is

supported by the Queensland Government, as part of its Great Barrier Reef program. Facilitators based with CANEGROWERS or productivity services organisations in each district support grower participation and provide, or organise, specialist advice.

Delivery of Smartcane BMP concentrates on the three components of sugarcane farming that affect both productivity and risk to the environment:

- Soil health and nutrient management
- Irrigation and drainage management
- Weed, pest and disease management

Accreditation in Smartcane BMP is achieved through certification in these core modules.

The program also encourages and supports growers to benchmark and seek improvements in other components of the farm business including:

- Variety selection, planting and harvest management
- Farm business management
- Natural systems management
- Workplace health and safety

The program has been available to growers since 2014 and has just entered a new phase of delivery which will run until June 2022.

The number of farming businesses which have benchmarked their practices against the standards in the program has grown to 1,730. These growers farm 287,710 ha of sugarcane in Queensland which is 70% of the state's cane area. The proportion of cane area benchmarked in the Wet Tropics, Burdekin, Mackay-Whitsunday and Mary-Burnett regions stands at 80%, 73%, 75% and 38%, respectively.

The number of accreditations has grown from four at the start of 2015 to 301 as at 30 June 2018. The accredited cane area stands at 74,354 ha. Most accreditations have occurred in the Wet Tropics which now has 33% of its cane area managed by accredited growers. For the Burdekin, Mackay-Whitsunday and Mary-Burnett regions, the proportion of cane area accredited is 14%, 7% and 8%, respectively.

Growers who have become accredited report that the process was of benefit to their business, provided a robust endorsement of their stewardship and took less effort and time than expected. So the challenge, therefore, is to engage more growers beyond the benchmarking step, provide immediate value to these growers and build their confidence in the program and support their progress towards accreditation.

Delivery of the program for 2018-2022 will be tailored to each district and via four strategies:

1. Change growers' perceptions about Smartcane BMP (as an asset rather than an imposition)
2. Integrate Smartcane BMP into district services that support practice improvement
3. Encourage and support practice improvement
4. Encourage and facilitate growers to achieve and maintain accreditation

This represents a greater emphasis on each grower's objectives and the value provided by the program. The next few years are critical to having the program valued and embraced by the majority of Queensland growers.

### Project Cane Changer

Project Cane Changer is driven by CANEGROWERS, in partnership with human behaviour consultancy Behaviour Innovation and with funding from the Queensland Government. Project Cane Changer has drawn on scientifically validated principles of psychological science to develop, implement and evaluate an innovative behaviour change program.

Success of the project will be defined by the extent to which cane growers feel valued and recognised for their role as stewards of the land as well as an increase in the adoption of best management farming practices that are known to improve reef water quality.

The first phase of the Cane Changer project was completed in 2016 and resulted in the identification of a number of targets and barriers to behavioural change. These targets and barriers represent the foundation on which Cane Changer was designed. The second phase involves the design, development and delivery of five behaviour change strategies and a number of specific behaviour change tools associated with each strategy.

One of the strategies is the use of Behavioural Commitments. Growers are asked to commit to Project Cane Changer by signing a Cane Changer Commitment which prompts them to articulate the future changes they would like to make to their businesses. The project links to Smartcane BMP and has directly contributed to engagement and new growers becoming benchmarked in the program.

More than 100 Commitments have been signed in Innisfail and Tully. Queensland ministers for the environment past (Steven Miles) and present (Leeanne Enoch) have also signed Cane Changer Commitments which acknowledge and value the work the growers are doing and commit to engaging positively with industry.

This project has received excellent feedback from government, industry, natural resource management groups and the science community and generated some positive media stories. CSIRO, the Australian Government, Sugar Research Australia and MSF Sugar have asked BI to speak about the project, the strategies and outcomes.

CANEGROWERS and Behaviour Innovation are following up funding opportunities for a third phase for the project.

### Sustainable Sugar

Buyers of sugar are increasingly requesting sugar that is sourced from a producer/marketer who can demonstrate sustainability through a certification or credit system. Most end-users have developed sustainable sourcing policies that require the procurement of sustainably sourced sugar by 2020.

CANEGROWERS is promoting the industry's Smartcane BMP program as meeting multiple sustainability frameworks and as it has multiple

benefits for growers, it can avoid duplication and additional costs. The milling and sugar marketing sectors also see Smartcane BMP as an opportunity for growers to be certification ready and several are offering incentive payments to accredited growers through Cane Supply Agreements.

### Bonsucro

Bonsucro is the preferred international sustainability standard for sugar. Bonsucro has 480 global members, representing 25% of the land under cane and has nearly three million tonnes of sugar certified under the Bonsucro standard. Bundaberg Sugar, Sunshine Sugar and Wilmar Sugar all have Australian mills certified under Bonsucro to provide sustainably produced sugar to domestic and international customers.

In December 2016, CANEGROWERS was successful in having Smartcane BMP recognised by Bonsucro as having full alignment with its sustainability indicators. In 2018 an independent consultant was engaged by Bonsucro and CANEGROWERS to undertake an evaluation of Smartcane BMP and Bonsucro certification systems. The outcome was full alignment with Bonsucro and recommendations to make the Smartcane BMP accreditation process a method to meet certification in both programs. Work continues on the cross-certification process.

CANEGROWERS attended and presented at Bonsucro week in Managua, Nicaragua in February 2018. The five-day conference involved more than 150 delegates including millers, growers, NGO's, traders, certification bodies, and end-users including Coca-cola, Pepsi, Mars and Shell.

CANEGROWERS presented on Smartcane BMP and the work with Bonsucro on alignment and cross-certification. There was great interest in the program and the practices and equipment used in Australia to improve production and efficiency.

### CANEGROWERS has also held discussions during the year with:

- The Coca-Cola Company on a pathway through which it can meet its sustainable sugar requirements through Smartcane BMP
- The Czanikow Group on how Smartcane BMP and its Vive programs align
- American Sugar Refining on benchmarking Smartcane BMP to its ProTerra verification audit process
- ProForest on the sustainability credentials Smartcane BMP can provide for its clients including Kellogg's.



CANEGROWERS presented on its activities to ensure Smartcane BMP provides a pathway to meet market demands for sustainable sugar at the Project Catalyst 2018 forum, Burdekin Water Futures Conference and Case IH StepUp Conference.

### National Landcare Program - Smart Farming Partnerships

CANEGROWERS was granted \$2.246 million under the Federal Government's National Landcare Program Smart Farming Partnerships initiative for a project called *Enhancing the traceability of sustainably grown Australian sugar to improve access to international markets using blockchain technology*. The objective is to improve the visibility of Australia's sustainably-produced sugar and gain recognition for growers producing sugar under Smartcane BMP.

### The Great Barrier Reef

A number of plans, programs and policies continue to influence the Queensland cane industry, its growers and the work of CANEGROWERS. Below is an outline of the main programs and the actions and activities CANEGROWERS has been involved in over the past 12 months.

### Reef Trust

This has continued as one of the main mechanisms to deliver the Reef 2050 Long-Term Sustainability Plan and focuses on improving water quality and coastal habitat along the Great Barrier Reef. Reef Trust has a total contribution to \$140 million to address key threats to the reef and a significant proportion of the funding is aimed at nitrogen use efficiency on farms.

Projects are prioritised and CANEGROWERS has encouraged the Australian Government to link its programs to modules in Smartcane BMP.

Under Reef Trust Phase III, the Reef Alliance Project supports cane farmers to move beyond industry best practice, reduce erosion loss from grazing lands and maintain water quality improvement momentum in grains, dairy and horticulture. CANEGROWERS has worked with QFF through the Reef Alliance (a consortium of farm industry organisations and NRM organisations) to prepare a successful joint bid for \$45,666,993 of funding. The cane component is \$15,575,000 to deliver improved management practices across the Wet Tropics, Burdekin and Southern regions.

The Reef Alliance: Growing a Great Barrier Reef Project will support 1,196 farmers and graziers improve their practices over 1,841,480ha across 33 Great Barrier Reef catchments by 30 June 2019. The program targets five agriculture commodities - sugarcane, grazing, horticulture, broadacre cropping and dairy. The project aligns with targets of the Reef 2050 Long-Term Sustainability Plan and the Reef Water Quality Protection Plan.

In Year 1 of the project, 347 cane farmers were engaged by extension officers to improve on-farm practices that benefit the Great Barrier Reef. The three-year target is for 779 cane farmers to be engaged in the project across 103,710 ha.

Under Reef Trust Phase IV, \$15 million was allocated to reducing nitrogen use on cane farms using a reverse tender mechanism targeting nitrogen use efficiency and water use efficiency in the Burdekin and Wet Tropics.

Funding was also allocated to an Enhanced Efficiency Fertiliser project supported by the Queensland Government and the fertiliser industry. CANEGROWERS, along with Sugar Research Australia, was awarded the project in 2017 and it was dubbed EEF60. The \$7.1 million



Growers at a Cane Changer interactive data collection workshop in Tully.

project will determine the best use of EEF's for improved nitrogen use efficiency without an economic penalty through 60 trials on grower's farms comparing Enhanced Efficiency Fertilisers and urea at different rates under a range of conditions. The project is underway with SRA conducting the research and local extension services contracted to support the trials.

The Partnerships component of the Australian Government Reef Programme continued until the middle of 2018. CANEGROWERS has a funded project, *Communication and coordination of activities in sugarcane across GBR catchments*, which provided coordination of extension, training, innovation and R&D in the sugarcane industry to improve nutrient, chemical and sediment management and coordinate with the Reef Trust Reef Alliance project.

The project has provided:

- Virtual Bus Tour video segments published online and on a DVD
- Farmers Teaching Farmers on-farm activities
- Grower stories in *Australian Canegrower* and a Cane to Coast feature on the CANEGROWERS website

- Engagement in the Nitrogen Road Map and support for the design and development of SRA SIX EASY STEPS toolbox extension material.

The 2017 Reef Alliance Awards were announced in Townsville in November 2017 and recognised the work of farmers to reduce their off-farm impact on the Reef. CANEGROWERS was well represented:

- Reef Nutrient Management Award category winner was Christopher Russo, Farnsfield, for his modification of a high clearance tractor and nitrogen injection bar to apply liquid nitrogen subsurface.
- Reef Conservation Award category was won by Gary & Angela Spotswood, Inkerman, for their work restoring a 100 ha lagoon providing important habitat for wildlife.
- Reef Extension Officer's Award category was won by Debra Telford, Mourilyan, for her role in delivering grants and extension support to growers to reduce their impact on water quality over 20 years in the sugar industry.

#### Reef Regulations

On-ground compliance measures for regulations covering sugarcane farming in Great Barrier Reef catchment areas was restarted by the Department of Environment and Heritage Protection (DEHP)

in April 2016 and continued through 2017 in all districts except Bundaberg, Isis and Maryborough.

CANEGROWERS successfully negotiated with DEHP to ensure:

- Growers who are accredited in Smartcane BMP will not be the focus of the compliance program.
- Growers who are actively working towards accreditation will not be visited by a compliance officer for up to 12 months, thereby giving them time to achieve accreditation.
- Growers who are not engaged in Smartcane BMP will need to demonstrate to the compliance officers how they meet the regulations.

New regulations for the production of sugarcane have been outlined by the Queensland Government across 35 river basins flowing to the Great Barrier Reef.

As endorsed at the July 2017 Policy Council meeting, CANEGROWERS policy position on the Reef Regulations is as follows:

1. CANEGROWERS does not support reef regulations.
2. CANEGROWERS does not support the extension of regulations to the southern region (Bundaberg, Maryborough and Isis)



CANEGROWERS Senior Manager - Environment and Sustainability Matt Kealley teaching students about sugarcane production at Rural Discovery Day at the Brisbane Showgrounds in May 2018.

3. Smartcane BMP is the preferred option to regulations as it supports continuous improvement, productivity, profitability and water quality outcomes.
4. CANEGROWERS supports the recognition of accreditation in Smartcane BMP as meeting the current regulations if the Queensland Government continues with its regulatory policy.

CANEGROWERS does not want to see regulations negatively influence Smartcane BMP engagement or regulatory processes such as record keeping conflict with industry best practice and record keeping systems. The process towards a final form of the regulations is ongoing.

### Nitrogen Roadmap

CANEGROWERS has been actively working on this important issue since 2013. The strategy is to ensure that research on nitrogen is based on good science and the results can be sanctioned by industry with validated data supporting refinement to the SIX EASY STEPS nutrition management tool.

Three workshops were held in 2017 resulting in a report titled *Better alignment of nitrogen inputs to crop requirements*. The report recommended the development of a SIX EASY STEPS tool box to assist growers and their advisors to identify and evaluate options for refining the standard recommendations in steps 5 and 6. The toolbox will contain a decision tree, case studies and other explanatory information.

This research was presented at the 2018 Australian Society of Sugar Cane Technologists conference in Mackay where a poster entitled *A nitrogen roadmap – better alignment of N inputs to crop requirements* won best poster and presentation at the conference.

### Reef Science

The CANEGROWERS Policy Council has decided that a Reef Science Reference Panel be established to assist the organisation to put relevant Great Barrier Reef science into a farming context.

The panel will consist of an independent chair, two reef science professionals and a CANEGROWERS-appointed representative. A key function of the group will be to manage such a broad workload by inviting relevant research, policy and management practice experts (i.e. economists, agronomists, soil scientists, water quality experts) to attend meetings to provide specialist advice and expertise as needed. The Panel will initially review key science in the 2017 Scientific Consensus Statement.



Biosecurity: covering loads of cane for transport from Rocky Point to NSW.

CANEGROWERS attended a Great Barrier Reef Water Quality Science Synthesis workshop in Townsville in November 2017 at which science, government and industry practitioners shared ideas and new insights and facilitate collaboration to support improved delivery and implementation of GBR water quality management. The highlight of the workshop was the extension and grower panel which included Deb Telford (Smartcane BMP facilitator) and Tony Bugeja (Mackay cane grower). The discussion focused on how the science and program planning cannot be effective without the engagement of growers and extension people on ground to drive it.

### Water Quality Monitoring Issues

The cane grub control products imidacloprid (Confidor®), metalachlor and diuron are being found in water quality monitoring across the Great Barrier Reef catchments. The potential loss of these products is a big risk to the industry so CANEGROWERS participated in a Pesticide Working Group Annual Workshop in Townsville which discussed water quality guidelines, grower-led monitoring projects such as one at Sandy Creek and research into application equipment and monitoring for imidacloprid. CANEGROWERS supports SRA research and advocates for record keeping, the Smartcane BMP program and awareness of the issue and has met with

chemical manufacturing companies including Nufarm, Adama and CropLife Australia.

### Vegetation Management

Changes to vegetation management laws were proposed as part of the Queensland Government's 2017 election platform and commitment to support the Great Barrier Reef. A *Vegetation and Other Legislation Amendment Bill 2018* seeks to remove high-value agriculture and irrigated high-value agriculture from among the list of relevant purposes for clearing. CANEGROWERS provided a submission and, along with district CANEGROWERS companies, attended public hearings in Brisbane, Ingham and Cairns.

### Biosecurity

CANEGROWERS is committed to biosecurity awareness and preparedness as being critical for the productivity and profitability of the Australian sugarcane industry. Dealing with a pest incursion is costly and can have significant impacts so stopping the entry, establishment and spread of exotic diseases and pests is vital for our members' future.

CANEGROWERS works with SRA on operational and technical matters, the National Farmers' Federation (NFF) through the Biosecurity Taskforce, the Queensland Farmers' Federation (QFF) through its Biosecurity Taskforce and Plant Health Australia (PHA) on biosecurity issues that affect sugarcane.



CANEGROWERS is the industry member of PHA and the signatory to the Emergency Pest Plant Response Deed (EPPRD). SRA is an Associate Member and provides technical knowledge on biosecurity for sugarcane. CANEGROWERS attended the PHA mid-year meeting in Melbourne 31 May to 1 June 2018.

The Forum was an opportunity for members to discuss issues and provide feedback to the CEO, Board and staff of PHA. The CANEGROWERS Senior Manager for Environment & Sustainability is the chair of the Plant Industry Forum and co-chair of the Joint Industry Forum between PHA and Animal Health Australia.

CANEGROWERS attended the Biosecurity Roundtable in Canberra facilitated by the Australian Government Department of Agriculture and Water Resources. The agenda included discussions on biosecurity risk, farm engagement and updates on biosecurity outbreaks and prevention.

CANEGROWERS chairs the Sugarcane Industry Biosecurity Committee which also includes the Australian Sugar Milling Council (ASMC), SRA, the Australian Cane Farmers Association (ACFA), Biosecurity Queensland, the Department of Agriculture and Fisheries, NSW CANEGROWERS and a representative of Cane Productivity Services (CPS) which has been Mackay Area Productivity Services (MAPS).

### Biosecurity Levy

Long-term funding to support the biosecurity needs of the Queensland and Australian sugar industry have not yet been agreed to by industry. CANEGROWERS has attempted to bring this matter to a resolution since February 2014, however there is no agreement or direction on how to manage biosecurity as an industry good issue.

In March 2016, a recommendation was supported by CANEGROWERS to establish a sugar industry Biosecurity Levy through PHA to support PHA Levy and Red Witchweed eradication. This was tabled at ASA Board and not endorsed. In 2017, an industry good mechanism was investigated as another funding option but agreement by industry has stalled.

CANEGROWERS has met with Department of Agriculture and Water Resources and PHA to discuss the use of levies and work through options to support biosecurity.

### Red Witchweed

The eradication of *Striga asiatica* at Habana, Mackay is into its third year. Red witchweed is a parasitic plant that grows attached to the roots of certain grasses and impacts on the cane, grains and grazing industries through trade, market access and risk of spread.

An Eradication Response Plan covers a period of 10 years to 2024/25. The Queensland Government

has written to CANEGROWERS seeking formal confirmation of its cost sharing arrangements for the National Red Witchweed Eradication Program 2015 to 2025 and to commence a process to fund its contribution to the Red Witchweed response. There is a budget of \$3.788 million for implementation of the first three years of the Response Plan 1 July 2015 to 30 June 2018. The CANEGROWERS contribution is 10%.

CANEGROWERS supported the eradication of Red Witchweed in June 2015 subject to the establishment of a levy mechanism. There is currently no mechanism or industry agreement to support the eradication costs. Discussions are ongoing with the Queensland Government, PHA and Australian Government on finalising an arrangement to support the eradication.

### Red Imported Fire Ants

CANEGROWERS has supported CANEGROWERS Rocky Point after nests of fire ants were confirmed on sugarcane farms. Aerial treatment in the district occurred, however growers were increasingly frustrated by the slow response of Biosecurity Queensland.

CANEGROWERS attended a Red Imported Fire Ants Stakeholder Forum to learn more about the eradication program, provide feedback, identify potential improvements and discuss options for greater engagement and collaboration.



Storyboard produced during the Sugar Industry Futures Forum in April 2018, Mackay.



CANEGROWERS assisted CANEGROWERS Rocky Point to acquire biosecurity permits and develop a Biosecurity Queensland Fire Ants protocol to allow for cane to be moved to New South Wales mills following breakdowns at the Rocky Point mill.

### Rats

In 2016/17 CANEGROWERS was made aware of significant rat damage in the Herbert River and Mackay districts. To manage this CANEGROWERS worked with Rattoff® (a rat registered rat bait) manufacturer Animal Control Technologies, a chemical registrant company DeGroot Technical Services and the Herbert River Productivity Services to secure a minor use permit to apply via aerial application for 10,000 hectares in Mackay and Ingham. Based on district feedback, CANEGROWERS has initiated a process to extend this permit to the whole of the cane industry

### Pigs

CANEGROWERS investigated opportunities for long-term funding strategies and management of pigs in sugarcane districts across Queensland. Options to fund ongoing programs were limited.

### 2,4-D and National Working Party for Pesticide Application

CANEGROWERS is part of the Executive Committee of the National Working Party for Pesticide Application (NWPPA). The NWPPA has been dealing with issues around spray drift, particularly 2,4-D and proposed label changes. The Committee comprises of technical representatives from spray manufacturers, grower groups, spray applicators and research and development corporations across viticulture, horticulture and broadacre agriculture. A report outlining options to reduce spray drift buffers on labels using Drift Reduction Technology had been tabled with the APVMA and was waiting on a decision.

### Shiratan

CANEGROWERS is working with the Australian Government Department of Environment on a Cost Benefit Analysis as it looks at timing to ratify the Minamata Convention on mercury which it signed in 2013. The convention seeks to protect human health and the environment from releases of mercury and mercury compounds. Under the convention a product used in the sugarcane industry to control pineapple sett rot will be phased out by 2020 – a position supported by CANEGROWERS.

## Marketing – Grower Choice

The 2017 season was the first conducted under new contracts which ensure grower choice in sugar marketing services. As grower incomes are tied to the world sugar price, CANEGROWERS campaigned against any limitation on the pricing options available to growers. Increased competition has led to the development of new pool offerings for growers from both the industry marketer, Queensland Sugar Limited, and the milling companies engaged in this activity.

### Sugar Code of Conduct

Introduced in April 2017 and mandatory, the Code regulates the conduct of the growers, mill owners and marketers of sugar in relation to contracts or agreements for the supply of cane or the on supply of sugar and obliges parties to contracts and agreements, or proposing to be parties to such agreements, to act in good faith, explicitly to act reasonably, fairly, honestly and cooperatively, and not to mislead, harass, intimidate or oppress any other party or proposed party. The Code also provides for arbitration as a dispute settlement mechanism. It provides certainty and stability to the industry and its investors.

The Code is under review. CANEGROWERS and ACFA, along with Burdekin District Canegrowers Organisation and Queensland Sugar Limited, engaged Synergies Economic Consulting and BDO Australia to assist with the preparation of a response. Synergies provided an independent analysis of the key economic benefits of the Code and an assessment of the potential implications for the Queensland sugar industry and its regional communities should the Code be removed.

Synergies showed how the Code addresses the market failures which result from the strong imbalance in bargaining power between millers and growers in the Australian sugar industry. It also addresses the information asymmetry in the relationships between growers and mill-marketers as a natural consequence of the breakdown in voluntary structures and practices that replaced the previous regulations.

CANEGROWERS recommended to the Code review team that the Code remains in place for the long term, with further review after 10 years.

### Marketing Information Service

To equip growers to take full advantage of the new competitive sugar marketing environment, CANEGROWERS is developing a Marketing Information Service. It will provide independent information and education to growers. It will gather,

collate and publish to grower members information on all marketers' price performance. The first workshops have been held in a number of districts.

## Electricity

CANEGROWERS has continued to shine a light on Australia's deeply flawed electricity production, distribution and pricing systems. CANEGROWERS objective is to ensure growers have access to lower and competitively priced electricity to promote the growth and development of Queensland's irrigated sugarcane production.

CANEGROWERS has worked closely with QFF, NFF, National Irrigators Council and the Agriculture Industries Energy Taskforce in raising concerns over electricity prices with the Queensland Government, Federal Government, the Australian Energy Regulator (AER) and Energy Queensland.

CANEGROWERS, with the Chamber of Commerce and Industry Queensland and QFF, formed a Queensland Industry Energy Alliance to highlight ways to reduce Queensland's skyrocketing electricity bills.

CANEGROWERS continued to work with Sapere Research Group to prepare detailed analysis of problems with Energy Queensland's network tariffs for Ergon and Energex. Sapere found the peak and volumetric components of Energy Queensland's approved network tariffs for the Ergon network substantially overstate the forward



Electricity is a focus area for CANEGROWERS

costs of network supply. They concluded that the current suite of Energex and Ergon's distribution tariffs breach the mandatory requirements set out in the Network Pricing rules and the National Electricity Objective. Sapere also raised a concern that the current suite of Ergon distribution tariffs breach national electricity laws.

CANEGROWERS participated in the AER's Rate of Return Consumer Reference Group that provided input to the development of the AER's Rate of Return Guideline. The Group reported that the 2013 guideline was too generous to networks, with less consideration of the impacts on and risks to consumers of unnecessarily high prices.

CANEGROWERS commissioned a report by industry expert Hugh Grant that examined how the Queensland Government is profiting from excessive electricity prices. These concerns have been validated by the AER's work on network profitability. Queensland electricity networks are amongst the most profitable businesses in Australia.

CANEGROWERS revelations that the Queensland electricity networks are overvalued and that consumers are paying too much for electricity were validated by the Australian Competition and Consumer Commission (ACCC) in *Restoring electricity affordability and Australia's competitive advantage*, the final report of its retail electricity pricing inquiry. The ACCC recommended that the Queensland Government take immediate steps to remedy over-investment in its network businesses through a voluntary write down of their regulatory asset bases.

CANEGROWERS work on electricity, held in high regard, is continuing and supporting our call on the Queensland Government and Energy Queensland to ensure electricity in Queensland is efficiently delivered and competitively priced. Electricity must be an enabler of regional economic activity, not a quasi-tax on irrigated agriculture across the state. Current policies and prices are threatening the international competitiveness of irrigated agriculture across the state.

## Transport

CANEGROWERS has been part of the National Heavy Vehicle Regulator Agricultural Industry Oversight Group, the Queensland Ministerial Freight Council and the Operations Industry Sub-committee. This provides an opportunity to raise agricultural transport issues.

CANEGROWERS is working closely with the National Farmers Federation on the development

of the harmonised National Class 1 Agricultural Vehicle and Combination Notice. From a sugarcane industry perspective there are still access conditions in Queensland which are not considered to be harmonised with other jurisdictions. This has been a long process and is ongoing.

CANEGROWERS has worked with the National Heavy Vehicle Regulator, Queensland Department of Transport and Main Roads and the Queensland Police Services to provide road access for necessary agricultural machinery in the mill areas which required to continue crushing during the Christmas period.

There was also a combined effort during the year to give growers the opportunity to understand the current access conditions for over dimension agricultural vehicles, the new portal system for permit applications which will be introduced and the coming changes to the Heavy Vehicle National Law with respect to chain of responsibility.

CANEGROWERS continued as a member of the Fuel Tax Credit Coalition which includes mining, tourism, fisheries, forestry and agriculture. The objective is to clearly show that this is not a subsidy and ensure the fuel tax credit is maintained.

## Water

CANEGROWERS provided input to the Queensland Government ahead of the development of its referral notice the Queensland Competition Authority to review regulated prices for SunWater's bulk water. Water and electricity are critical inputs to the irrigated part of the Queensland sugarcane industry. CANEGROWERS is working to ensure that the regulated prices for both are efficient and do not impose an unnecessary burden on irrigators.

In its submission to the Productivity Commission – National Water Review, CANEGROWERS highlighted the importance of taking account of the water-energy nexus and focusing on economic efficiency in developing water policy.

## Research, Development and Extension (RD&E)

CANEGROWERS works with and supports Sugar Research Australia (SRA). Adoption of research outcomes is a priority of CANEGROWERS and SRA developed an adoption strategy which entailed it providing leadership in the regions to develop regional adoption strategies. These will be combined into an industry wide strategy. Along with this is a proposed regional committee

structure which will also replace the grower delegates functions. This was supported by CANEGROWERS and its implementation phase will be critical to the success.

There are a number of other issues in which CANEGROWERS has maintained a keen interest. CANEGROWERS is acutely aware of the need for world class plant breeding and supports SRA in the changes being made to modernise and streamline the plant breeding program. The development of herbicide tolerant genetically modified sugarcane is progressing however commercialisation and release has not progressed and is uncertain. Yellow canopy syndrome (YCS) research has progressed to where the causal agent is being narrowed down however YCS is still a concerning issue for those affected.

CANEGROWERS assisted in organising and participated in the SRA Futures Forum. The purpose was to work toward clarifying a sugarcane industry vision with whole-of-industry ownership as part of the National Sugar Cane R&D Strategic Plan. This is again work in progress.

## Biofutures

CANEGROWERS supports the Queensland Government biofuels mandate and the Queensland Biofutures 10-Year Road Map and Action Plan.

The Farm Input and Research Committee has actively engaged with several organisations using different technology and possible business models. Strategically CANEGROWERS is keen to explore the opportunities for members to benefit from providing feedstock however to date there appears to be little ready for commercialisation.

## Workplace Health and Safety

CANEGROWERS is a member of the Workplace Health and Safety Queensland Rural Industry Sector Standing Committee. There is a sugarcane industry focus to reduce the number of power line strikes and quod bike safety is still a serious issue.

Due to recommendations from the Best Practice Review, the Workplace Health and Safety Queensland agricultural unit will shift more towards compliance. There is an expectation that there will be more infringement notices issued in the rural sector. A further recommendation was the reintroduction of the codes of practice as part of regulation and this comes into effect from July 2018.

## Cane Analysis Auditing

CANEGROWERS continued to provide support for cane analysis auditors across the industry and training needs have been explored. SRA is working on options for the certification with the National Measurement Institute of NIR for sugarcane payment purposes. This is progressed through the Australian Sugar Milling Council technical committee.

## Rural Jobs and Skills Alliance (RJSA)

CANEGROWERS is a member of the Rural Jobs and Skills Alliance (RJSA) which is managed by Queensland Farmers' Federation. The intent of RJSA is to provide leadership and advice to government, service providers and other organisations on employment, skills, industry training and workforce planning issues on behalf of members. RJSA maintains close contact with projects such as Queensland Agricultural Workforce Network, School to Industry Partnership Program and Gateway Schools to Agribusiness.

This year RJSA was involved in providing a pilot agricultural capacity building program aiming to improve the capacity in extension services across the Great Barrier Reef catchments. There was also a pilot agricultural extension work placement program to improve the capacity of six early career extension officers to perform their role by providing them with one-year work placement.

## Natural Disaster Relief and Recovery Arrangements

Following the impact of Tropical Cyclone Debbie most notably on the Central Region, Category D assistance under the Natural Disaster Relief and Recovery Arrangements (NDRRA) for the area was declared. As a result, CANEGROWERS working with QFF to secure funding for Industry Recovery and Resilience Officers for the Proserpine and Mackay regions. This assisted growers to access assistance and provided services to aid recovery and develop resilience.

Subsequent to severe flooding in the Bundaberg region in October 2017 CANEGROWERS assisted in the process required for the NDRRA Category C assistance declaration. Following flooding in the Herbert River region in March 2018 NDRRA Category B assistance was declared and although CANEGROWERS explored the options, Category C assistance this was not declared.





An aerial view of the Plane Creek sugarcane district.



## DISTRICT REPORTS

### Mossman

In 2017 Mackay Sugar's Mossman Mill had just below 1.2 million tonnes of contracted cane. The Toll-crushing Agreement with MSF Tableland Mill continued with 302,637 tonnes of cane being processed through this Mill. This allowed 875,960 tonnes of cane to be processed at Mossman Mill in a 23-week period. Mill performance was slightly better but there was still 1,045 hours of lost time.

The final 2017 Mossman Mill average was 13.24 CCS. Mossman Coastal, Julatten and Atherton growers sent in 578,049 tonnes of cane for a final average of 12.87ccs and the Mareeba growers sent in 600,548 tonnes of cane for a final average of 13.91 CCS.

Mossman Mill started crushing 5 June 2017 and finished 12 November 2017. Growing conditions for 2017 crop were reasonable and districts achieved good tonnages and CCS levels.

Mossman Mill produced 155,000 tonnes IPS sugar in 2017 and lost 775 hours in the factory, 69 hours to cane supply and 201 hours due to weather.

The 2017 final average sugar price for Coastal mill average cane was \$459.60 per tonne IPS and this equated to a final average of \$37.24 per tonne of cane for coastal growers.

CANEGROWERS Mossman provided local growers with assistance regarding harvesting contracts; monitored and undertook various activities required by the Cane Supply and Processing Agreement; represented growers and the local industry at a number of local and industry meetings, committees and activities. We continued our involvement with the Douglas LMAC, Wet Tropics Sugar Industry Partnership (WTSIP), the Wet Tropics Healthy Waterways Partnership and the local Resilient Coast Stakeholder Advisory Group. We also promoted the CANEGROWERS Insurance business, Smartcane BMP benchmarking and accreditation. However, the biggest issue for the organisation and Bargaining Agents in 2017 was the announcement by Mackay Sugar that Mossman Mill was for sale.

### Tableland

The Tableland Mill commenced crushing on 30 May 2017 and finished crushing on the 10 December 2017. Total crush through Tableland Mill was 708,572 tonnes in just short of 28 weeks which included 302,637 tonnes of Mackay Sugar toll crush cane.

The 2017 crushing season concluded at the Mossman Mill on the 12 November 2017. A total of 875,905 tonnes was crushed through Mossman Mill in a 23-week season. Total Mackay Sugar crush between Mossman and Tableland Mills was 1,178,524 tonnes.

The Tableland cane crop remained below the long-term average for the 2017 season due to the uncertainty around water supply. Good wet season rains in early 2018 restored Tinaroo Dam levels

and the Announced Allocation was lifted to 100% on 20 February 2018. As a result of the good wet season, the Mareeba Dimbulah Irrigation Area drought declaration was revoked in April 2018.

Temporary transfer water prices have reduced back to around the \$60 - \$80/ML mark whilst permanent water pricing remains at an all-time high, in excess of \$3,000/ML due mainly to pressure applied through increased plantings of avocados and tree crops.

The main focus of the Tableland CANEGROWERS Board over the past 12 months has been to secure the future of the Mossman Mill. Whilst it has been a slow and somewhat frustrating process, the Board remains focused on an acquisition which would see the Mossman Mill transition from a sugar mill to a processing facility providing feedstock to value adding businesses proposed to be co-located on the mill site. Growers are supportive of an acquisition, which if successful will see them controlling their own destiny once again.

During the past 12 months, members were represented on various committees and working groups including the Mareeba Dimbulah Irrigation Area Council, Building QLD Nullinga Dam Stakeholder Reference Group, Mareeba Dimbulah LMA, CANEGROWERS Electricity Committee, Disaster Management and Recovery Response, Natural Sciences Award Selection Panel, Mount Emerald Wind Farm Consultative Committee, TRC Economic Forum, Ergon Energy Community Leaders Forum, Smartcane BMP Program, Cane Changer and Mareeba Rodeo Sugarcane Competition.

### Cairns Region

The 2017 season was not without the usual challenges for sugar industry stakeholders in the Cairns Region. Both Mulgrave and South Johnstone factories commenced on 13 June but as things progressed it was apparent that the crop was not as promising as first thought. Wet weather hampered operations and some factory performances and logistical issues had a detrimental effect throughout the 2017 crushing season. The newly negotiated Cane Supply Agreements were activated at the commencement of the season and for South Johnstone this included the acceptance of NIR for fibre analysis. The new Mulgrave Cane Supply Contract saw some new initiatives as well as the removal of some historical clauses.



CANEGROWERS Cairns Region Chairman Stephen Calcagno with son Luke.

Many growers took the significant step of becoming involved in the Cane Changer Program. Through some thoughtful delivery, this initiative gained momentum across the region. Smartcane BMP continued to progress slowly with the area celebrating some additional grower accreditations during the year. Project 25, the region's grower-driven water quality monitoring project, continues to broaden with more growers becoming involved. With support from Aron Davis at James Cook University and additional resources from CSIRO, this project is really starting to strengthen. With a good trust framework now established between the growers and the researchers it is envisaged that Project 25 will go from strength to strength.

Staff remained focused on providing a high quality of grower services across a broad selection of industry matters. The addition of the Wet Tropics Sugar Industry Partnership (WTSIP) extension officer working in partnership with the Smartcane BMP facilitator assisted in meeting growers' commitments around BMP and environmental compliance.

## Innisfail

The 2017 season commenced at South Johnstone Mill on 13 June and finished on 10 December. The total tonnage crushed at the mill was 1,522,492.87 tonnes with 279,631.05 tonnes of South Johnstone Mill 'contracted' cane crushed at Mulgrave Mill, making the total cane supplied under a Supply Contract to South Johnstone Mill, 1,801,902.90 tonnes. Seasonal CCS was disappointing at 12.02.

Unfortunately, a significant feature of the 2017 season was the catastrophic failure of the number 5 mill on 18 November with approximately 160,000 tonnes remaining to be harvested. The breakdown resulted in a week of lost crushing time. As a result the Season Length provisions in the CSA were triggered and an allowance was paid to growers, but not without considerable disagreement around the length of the season extension.

Deb Telford continued her role as a local facilitator for the Smartcane BMP program under a contract through CANEGROWERS. She was also able to work on state-wide issues under the Smartcane BMP program.

CANEGROWERS Innisfail has a Hosting Agreement Wet Tropics Sugar Industry Partnership (WTSIP) through which two District Extension Officers are employed. Their main role is to deliver Enhanced Nutrient Management Plans for growers in the Innisfail area.

A Hosting Agreement has also been entered into with the Wet Tropic Major Integrated Project (WTMIP) through which the Johnstone Catchment Coordinator is employed. Hosting has also been extended to include an Extension Support Officer and in early 2019 an Extension Trainee.

CANEGROWERS Innisfail also hosts an Extension Officer for the Enhanced Efficiency Fertiliser Project (EEF60).

The Cane Changer program was active in the district during 2017 with 93 growers signing a Cane

Changer Commitment. The program has been extended to include relationships with the miller and a series of meetings has resulted in a signed commitment by all parties to work together.

CANEGROWERS Innisfail is involved in a collaborative project with the Queensland Department of Agriculture and Fisheries which focuses on the use of a drone to apply herbicide on identified weeds in cane paddocks. Support has also been received under Reef Trust 3 – Water Quality funding. The project involves targeted application instead of broad application.

## Tully

Sixty-six accredited Smartcane BMP growers now farm more than 50% of the Tully sugarcane area and these growers have embraced the program as a way of demonstrating their economic and environmental credentials. They are 'Setting the Record Straight' about their farming practices.

Smartcane BMP facilitator, Nick Stipis, has taken advantage of the success of the Cane Changer program in Tully and the efforts of the local extension team, to engage with growers. The targets for next year are ambitious and involve the integration of Smartcane BMP into all district extension activities.

This integration is developing with the services of the Wet Tropics Sugar Industry Project (WTSIP) providing a service on Nutrient Management Plans. Tully Cane Productivity Services Ltd have been working with growers to provide pest and weed advice, and approved seed cane. Tully Sugar Limited and local growers of the Variety Adoption Group have been trialling varieties and SRA has provided focused research and a range of services and resources.

The number of project-funded extension activities under the various Reef programs requires an effort to coordinate so that time is managed, and the best result is obtained from the funds. CANEGROWERS Tully has representatives on the WTSIP and Wet Tropics Major Integrated Project (WTMIP) and works with the local extension network.

The 2017 crop of 2.496 million tonnes was lower yielding than the previous two years but recorded a CCS of 12.93 which was well above average. Combined with the good sugar prices, 2017 was a good season for the Tully industry. The 2017 season was completed on 27 November just beyond our target season end date but well before the flooding in early February. The 2018 crop is cutting out



CANEGROWERS Herbert River Board members at the unveiling of Ingham's Monument to the Cane Cutter.

at above the long-term average yield and with a CCS that is approaching the Tully record.

A sour note to the first year of the 2017-2019 Collective Cane Supply Contract, was the notice from Tully Sugar that they believed that they were not obliged to reimburse raw sugar marketers for the component of Harbour Dues that mills including Tully Sugar have always paid. Tully Sugar is the only miller in Queensland that has taken the position of not reimbursing marketers for a significant component of the Harbour Dues.

This cost Tully growers in the order of \$450,000 for the 2017 season, and negotiations to address this have been unsuccessful. CANEGROWERS Tully has made a complaint to the Australian Competition and Consumer Commission under the Sugar Code of Conduct and is awaiting the results of the investigation.

## Herbert River

The Herbert's gross cane area has steadily reclaimed the significant land area that went to Managed Investment Schemes for timber in the last decade. Other productivity challenges from the forced change a new suite of cane varieties following a serious incursion of Sugar Cane Smut Disease in December 2006 and outbreaks of Yellow Canopy Syndrome have all demanded attention to farm inputs which finally came together with a better than 5 million tonne crop. The final district harvest was 5.033 million tonnes which grew on from a pre-season estimate of 4.7 million tonnes.

The season had plenty of weather-related issues in its later stages after a very promising start whereby CCS dipped below the five yearly average to a district average of 12.96.

Implementation of Grower Choice of marketer saw two marketers, namely Queensland Sugar Limited (QSL) and Wilmar Sugar, available to Herbert growers for the 2017 season. QSL claimed to have about 90% of the contestable Grower Economic Interest (GEI) sugar from the Herbert's two mills. Payment to growers who chose QSL as marketer was handled through a new QSL Direct online system which was a significant change from the past when all cane payments went through the mill owner's cane payment system. Failure of the two GEI marketers to reach a comingling agreement at the Lucinda bulk sugar terminal is concerning as valuable storage space is foregone that prevents a quantity of sugar being shipped when the market tends to be more remunerative than in season shipping proceeds.

CANEGROWERS Herbert River is committed to supporting partnerships in the Wet Tropics Natural Resource Management Region namely (1) Wet Tropics Sugar Industry Partnership (WTSIP) that delivers one on one extension to growers with Nutrient Management Plans and other Reef Trust 3 support and (2) Wet Tropics Healthy Waterways Partnership which is tasked with the production of an annual report on the condition of the fresh water catchments, estuarine and near off shore localities across the Wet Tropics NRM region.

CANEGROWERS Herbert River is contracted to provide a facilitation for the Smartcane BMP Program. Under this contract a support person, Raymond Cervellin, has been recruited to assist Maria Battoraro to work with growers towards accreditation. At the time of writing some 60 farming businesses have been fully accredited in the three core modules accounting for some 15,968 hectares or 24% of the Herbert cane area whilst overall 52,396 hectares or 78% of the district's 67,000 hectares of total cane area has been benchmarked by 315 growers who are at varying stages of preparation towards accreditation.

The CANEGROWERS office in Ingham delivers ongoing support with its wages service and harvester pay settlement service. There are currently 745 active employee files for 150 employers. The service turned over more than \$15 million in wages for the financial year to 30 June 2018. Maria Battoraro, who supervises the service, is accredited as a BAS Tax Agent with the Tax Agents Registration Board.

In March 2018 Herbert River flooding provided multiple issues for council roads and growers

who suffered washouts and crop losses in areas that rarely experience prolonged inundation and fast water currents. Mill tramlines, sidings and access tracks all featured in flood damage reports to varying degrees, but it appears the overall 2018 crop which was on track to exceed the 2017 crop will not be as adversely impacted as early observations indicated.

## Burdekin

The 2017 crop was a decrease of 589,633 tonnes on the previous year for the region at 8,120,702 tonnes. Cane yield increased to 118 tonnes per hectare and CCS averaged 14.

The Burdekin mills performed marginally better than the previous year with reliability rates that ranged from 83 to 91% and the district hourly crush rate was 2,584 tonnes. Lost time to rain stops amounted to 360 hours.

The 2017 crush was completed in 25 weeks, ending on 5 December 2017. The marginal performance breached benchmark mill performance guarantees which in turn invoked compensation payments to growers.

The drought declaration that was introduced in November 2015 was revoked in May much to the dismay of the district's growers as rainfall received in March could hardly be termed as drought breaking and has been negligible since the revocation. The recent climate and water outlook issued by the Bureau of Meteorology for spring doesn't indicate any relief soon from the dry conditions so the cost of electricity and the cost of irrigating crops continues to impact growers.



CANEGROWERS Burdekin Chairman Phil Marano with Larissa Rose of QRFA, Michael Vevera of Mercurius Biorefining and June Powell from the Department of State Development.

The official estimate for the 2018 crop was originally set at 8.46 million tonnes in April. It was revised downwards to 8.04 million in early August due to the dry conditions being experienced. The drier conditions have assisted a welcome increase in 2018 sugar content levels.

The forecast for prolonged poor raw sugar prices is just one driver in pursuing, supporting and encouraging the activity around other opportunities that have arisen in Burdekin for the utilisation and processing of sugarcane for other uses such as energy or food products. It is well recognised that there will be logistical and harvesting challenges that will need to be addressed with any new opportunity.

Although our optimism for the future may be challenged at times, we at CANEGROWERS Burdekin still strive to be a truly effective, enduring and unifying force in maximising the profitability, productivity and sustainability of cane growers in the Burdekin region.

## Proserpine

2017-18 proved to be a challenging year for the Proserpine sugar industry. For some members, particularly those in the direct path of Severe Tropical Cyclone Debbie, the impact was much more profound than initially anticipated. After the euphoria of a two million tonne crop the previous year, the district struggled to crush 1.43 million tonnes in 2017. While the season average CCS was a little higher than expected, most growers found little to celebrate and were glad when the crush was completed in early November.

For most of the year, growers were required to spend significant time and resources on their post-cyclone recovery. Through proactive lobbying by CANEGROWERS and the support of Queensland Farmers' Federation (QFF), funding was made available by the Queensland Department of Agriculture and Fisheries to appoint an Industry Recovery and Resilience Officer (IRRO). The IRRO initiative helped growers to access government and non-government support measures and provided technical, financial and professional services to support the recovery effort.

The 2017 crop also marked the first supply under the eagerly anticipated Cane Supply Agreement (CSA) which allowed growers to choose their marketer. Wilmar Sugar's decision to transition to an electronic CSA proved a daunting exercise for many growers and assistance was provided to ensure agreements were duly signed in time for the crush. While the new CSA delivered choice of marketer as intended, some refinements are being considered to ensure millers and marketers can display uniform information.

During the year, several more growers achieved accreditation in the Smartcane BMP Program. While the program has now been successfully integrated within the local productivity company, CANEGROWERS Proserpine maintains an active role in administering and promoting the program for the local industry.

While our insurance business continued to operate in an extremely competitive environment, the primary focus for the year was to help members affected by the cyclone. CANEGROWERS

Proserpine gratefully acknowledges the additional support provided by the CANEGROWERS Insurance network over the past year.

CANEGROWERS Proserpine continued to provide administrative and financial management support to Sugar Services Proserpine, Kelsey Creek Water Cooperative and Six Mile Creek Irrigators Cooperative.

CANEGROWERS Proserpine also maintained an active role in industry affairs, representing growers on a range of industry, regional and community related boards and committees. The organisation continues to enjoy strong support with a 94% membership rate.

## Mackay

The year has once again lived up to the saying, 'It is never dull in sugar'. For growers dealing with a low sugar price, significant increases in input costs, milling performance issues and post-ropical Cyclone Debbie issues that have impacted on this and future seasons, resilience and hope have been the order of the day.

CANEGROWERS Mackay has worked closely with Wilmar Sugar and Mackay Sugar on many matters, including resolving significant issues such as poor mill performances, sugar marketing (marketing choice), subsequent changes to Cane Supply Agreements (CSAs) and financial sustainability.

2017 was a difficult season for Mackay Sugar growers with continued poor milling performance. Tropical Cyclone Debbie had a



Peter Quod, George Christensen (Member for Dawson), Lindsay Altmann, David Littleproud (Agriculture Minister), Bill Blair, John Casey, Tony Large, Tony Hinschen and Jason Costigan (Member for Whitsunday) during the Agriculture Minister's visit to Proserpine.



Peter Canning and Ron Gurnett at the Annual Information Meeting of the Plane Creek Area Committee held on 20 February 2018 at Sarina RSL.





Women in Sugar Conference 2018, Bundaberg.



Allan Dingle touring his cane paddocks during the November 2017 rainfall event, Bundaberg.

devastating impact on the Mackay and Plane Creek districts with some reports showing crop losses to be in the vicinity of 20% or more.

A \$2 per tonne contribution by growers known as the 'deferred cane payment' was introduced to assist with the Mackay Sugar mill maintenance program. This was a contentious issue among growers.

The loss of income with the failure to remove the 2017 crop due to significant wet conditions and inadequate milling performance was another blow. Mackay Sugar continued to pursue a Joint Venture partner to secure the future of the local industry, however there was little to report by the end of the year.

Wilmar Sugar growers were fortunate to remove their crop, however if the crop had not been reduced due to the impact of Cyclone Debbie, this area also would have struggled to finish with the onset of an early storm season.

CANEGROWERS was instrumental and successful in negotiating with government for Disaster Relief Funding, and this was made available to growers for repair works on their farms following Cyclone Debbie. The workload of growers and a lack of available contractors made it difficult for growers to undertake these repairs in the required time frame. CANEGROWERS was able to negotiate an extended application period with the Natural Disaster Relief and Recovery Arrangements (NDRRA).

Across our region we have seen an increase in Smartcane BMP registrations and accreditation, with many growers witnessing the

benefits of being involved in the program, well beyond compliance with state legislation.

Smartcane BMP Facilitators, John Eden and Audra Allan, report that for the 2017-18 season-to-date a total of 545 growers have registered for Smartcane BMP. 38 growers have achieved accreditation in the three core modules. The number of growers seeking accreditation is increasing after the difficult year last year.

Agtrix has eventually agreed to update the old AgDat recording platform which will provide growers with a more robust and user friendly spatial recording system. This will include the ability to use 'smart devices', a web interface and desktop applications. Of critical importance, the Mackay and Plane Creek region has requested integrated formatting to ensure the eventual automation of data collection for compliance programs, specifically Smartcane BMP and Bonsucro.

Funding obtained through the Queensland Farmers' Federation (QFF) delivered the Cyclone Debbie recovery and resilience project. This proved to be hugely successful where an integrated approach was used to leverage from existing and past programs. CANEGROWERS Mackay made use of the funding firstly to assist growers in the uptake of recovery grants. Some of the remaining funds were used to do on-farm irrigation efficiency audits as well as identifying the economic benefits of incorporating renewable energy technology into the mix for greater efficiencies.

CANEGROWERS Mackay then linked data obtained from growers who were in the process of Smartcane BMP accreditation and those growers who had also undertaken the

irrigation efficiency audits. This culminated in very useful information to provide those growers with a Resilience and Recovery Farm Plan.

## Bundaberg

The 2017-18 financial year kept CANEGROWERS Bundaberg elected members and staff fully occupied. Forward pricing, lobbying for electricity price reductions, water constraints, fertiliser and chemical supply and price, environmental groups, industrial action, cane trash baling, training, extreme rainfall and many other issues were handled on a daily basis.

These issues have enormous potential consequences on our members' profitability and productivity. We see our role regarding these issues as an agent of discovery to ensure that nothing comes as a surprise to the industry from the multitude of organisations and bureaucracy that can cause considerable workload with no net gain for anyone.

We will always represent the interests of our members on these issues collectively and, where required, individually. We are unashamedly member-focused and farmer-biased.

The season crop estimate at the start of the crushing in 2017 was 1,749,000 tonnes with the final tonnage being 1,656,572 tonnes. The mills performed reasonably well and the introduction of a six-day mode at Bingera had minimal impact.

Record rainfall fell across the district in October 2017 causing flooding, erosion, plant cane failures, trash relocation and many more problems. As much as 850mm was dumped

in a 20 day period. The exceptional October rainfall events led to Category C assistance being made available under the Natural Disaster Relief and Recovery Arrangements after strong lobbying from our local office.

Millaquin Mill crushed a total of 949,924 tonnes for an average CCS of 13.67. Payment CCS was 13.72 units. Bingera Mill put 706,648 tonnes of cane through its rollers for an average CCS of 13.99 and a payment CCS of 13.94. Growers received their final payment for the 2017 season on 25 July 2018.

The seasonal pool price was based on a final pool price of \$417.22 plus \$6.39 US quota premium and \$1.35 shared pool premiums, to give \$424.96 per tonne of IPS.

## Isis

The Isis Central Sugar Mill began its 2017 crush in dry conditions with these continuing for just over 70 days until a weather pattern dumped over 300mm or more over the district. This resulted in the mill sitting idle for almost two weeks.

Chairman Mark Mammino stated at the time, "In the future when people look back on the 2017 season they will observe that, it was an average or above average rainfall year. What it will not show is that the rain only occurred as a result of two events, Cyclone Debbie in March and the recent east coast event that has occurred over much of October. What it also will not show was that the main growing period was extremely hot and dry".

The 2017 crushing season saw a total of 1,191,029 tonnes crushed with an average CCS of 13.82 over a 22 week period.

The dry conditions of the first part of the crush saw records broken at Isis Central Sugar Mill. Week 6 saw the second highest ever weekly throughput with 72,575 tonnes passing through the rollers, just 378 tonnes short of the record throughput from October 2016. This record was short-lived with 72,663 tonnes crushed in week 10. Week 13 saw 11,380.43 tonnes of IPS sugar dispatched from the Bulk Sugar Terminal. In more than 120 years of production this is the highest ever weekly output of sugar, surpassing the previous record by more than 300 tonnes.

The 2017 season wound up on November 2018 and will record 7th place in the Isis Mill history book in terms of the volume of cane crushed.

While there was welcome electricity tariff relief from drought declaration, the need for irrigation to produce and sustain a viable cane crop has brought into sharp focus the affordability nexus - 'can we afford to irrigate, can we afford not to'.

This year a new manager, Angela Williams, was appointed in October and fortunately had worked with our district during the sugar industry deregulation process and had strong existing relationships. Ms Williams was also engaged to project manage and drive a new Isis 20:20 Productivity and Profitability initiative on behalf of the Isis Sugar Partnership. The initiative was developed by growers for growers and focuses on a continuous improvement with all parts of the industry striving for 20% gains in every unique farming situation across the district, rather than increased tonnes/ha as the goal. This is challenging all to improve what we are currently doing in some way.

Another new employee hit the ground running this financial year to deliver our Reef Trust III and Smartcane BMP activity. Excellent results have been achieved in reaching targets with another three growers accredited and many more working towards accreditation.

Within the Southern Region, CANEGROWERS Isis has continued to work with Sugar Research Australia to build the Southern Region adoption strategy and develop new high yielding varieties with milling trials of SRA4 and SRA11 being undertaken with the expectation that further trials will take place in the 2018 season. As a result of a number of variables, the outlook for both varieties is proving challenging.

CANEGROWERS Isis is proud to be a part of a state-wide team advancing and securing a more sustainable and profitable industry for our grower members.

## Maryborough

This year has been heavily affected by a lack of rain from late 2016 with only two major rain events really allowing a crop to happen.

The majority of the district was drought declared in April and at one stage the entire crop was without access to water for over five weeks. If not for the cyclone's intervention the crop would have been negligible.

This has really highlighted the need to boost water storage in the area to help combat the changing reliability of rain fall.



Plant cane from November 2016 struggling with drought conditions in Maryborough.



The end of the dry spell in October 2017 in Maryborough.

The 2017 season was completed 1 December at 4.52pm. An estimate of 600,000 tonnes of cane was almost reached, with the final figure being 598,942 tonnes harvested due to the weather over the last month which became too wet in the end. Combined CCS was 13.68.

Numbers to hand confirm the growers collective for Maryborough/Hervey Bay supplied 349,462 tonnes achieving a CCS of 13.7228.

MSF Farms portion of the supply reached 197,267 tonnes with CCS 13.6951 while Nambour collective supplied 52,213 tonnes with a CCS of 13.2978.

2018 has experienced a strong growing season with early estimates showing an almost record crop of 940,000 tonnes for crushing. The reality though, with 2/3rds of the harvest now complete, is a more modest 860,000 tonnes likely to be achieved.

Of course, the negative for the season has been the sugar price with current IPS sugar price well below cost of production. Forward pricing achieved in 2016 and 2017 will at least help maintain returns for growers participating in the collective.

Our focus on improved water infrastructure has not born fruit yet with state and federal levels of government wanting the other level to pay for any project.

## Rocky Point

The 2017 harvest commenced on 26 June 2017, but once again the crush was disrupted on numerous occasions by failure of the Cogen Plant, with the longest stoppage almost five weeks. We finally ceased operations on 8 January – 29 weeks from the start date.

Production was 388,484 tonnes at an average CCS of 12.97. This left approximately 80,000 tonnes in the field to standover to the 2018 season.

The ability of nearly all our varieties to stand over has saved the Rocky Point area from almost certain collapse. There are numerous examples of 70 to 90% increases in yield in the second year of growth.

The Cogen Plant has made some progress with repairs, particularly for the 2018 season. We have some confidence that the Cogen Plant will recover financially and give the growing sector some certainty of getting the crop off.

Crop prospects for 2018 are good, with an estimate of 370,000 tonnes and good CCS levels expected. Our harvest commenced on 22 July 2018.

Sugar prices are of great concern to growers with our final price expected to be below \$400 per tonne of sugar. All growers are baling trash and tops as mulch to supplement their income.

A new Cane Supply and Processing Agreement for the 2018-2019 seasons was signed on 8 September 2017. Other matters or projects worked on during the year include Six Easy Steps and Harvesting Trials in conjunction with SRA and Smartcane BMP and Chemical Certification workshops held for our growers.

The \$1.2m grower loan to the Cogeneration Plant in 2016 has also been renegotiated for a further 18 months, with partial repayment made to growers in September 2018.



SRA's Phil Patane talking harvesting losses with Nick Skopp and crew as part of harvesting best practices demonstration trials at Rocky Point.



the  
BOARD



CANEGROWERS at the Sugar Industry Futures Forum in Mackay in April 2018. L-R Owen Menkens, Kevin Borg, Steve Pilla, CEO Dan Galligan, CFO Jodie Mittelheuser and Michael Pisano.



Chairman, Paul Schembri

Senior Vice Chairman, Allan Dingle

Michael Pisano

Vice Chairman, Kevin Borg



Rajinder Singh

Joe Marano

Owen Menkens

Mark Mammino



# the POLICY COUNCIL



The CANEGROWERS Policy Council Economics and Trade Committee with Head-Economics Warren Males in Bundaberg seeing renewable energy for irrigation projects in February 2018.



Drew Watson  
Mossman



Rajinder Singh  
Tableland



John Ferrando  
Cairns Region



Joe Marano  
Innisfail



Tom Harney  
Tully



Michael Pisano  
Herbert River



Jeff Cantamessa  
Herbert River



Phil Marano  
Burdekin



Roger Piva  
Burdekin



Owen Menkens  
Burdekin



Steven Pilla  
Burdekin



Glenn Clarke  
Proserpine



Tony Ross  
Mackay



Kevin Borg  
Mackay



Greg Plath  
Mackay



Paul Schembri  
Mackay



Mark Pressler  
Bundaberg



Allan Dingle  
Bundaberg



Mark Mammino  
Isis



Jeff Atkinson  
Maryborough



Michelle Fischer  
Rocky Point



John Russo, Bundaberg



John and Charlie Piccolo, Cairns Region

## CANEGROWERS District Offices

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Jason Salvetti, wife Dee and children Sienna and Christian, Tableland



Peter Greensill, Bundaberg/Isis Region

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