

Joint Regional Industry Submission

To

**Productivity Commission
LB2 Collin Sturt East
Melbourne Victoria**

RESPECTING

**INQUIRY INTO IMPACTS OF
NATIVE VEGETATION AND
BIODIVERSITY REGULATIONS**

August 2003

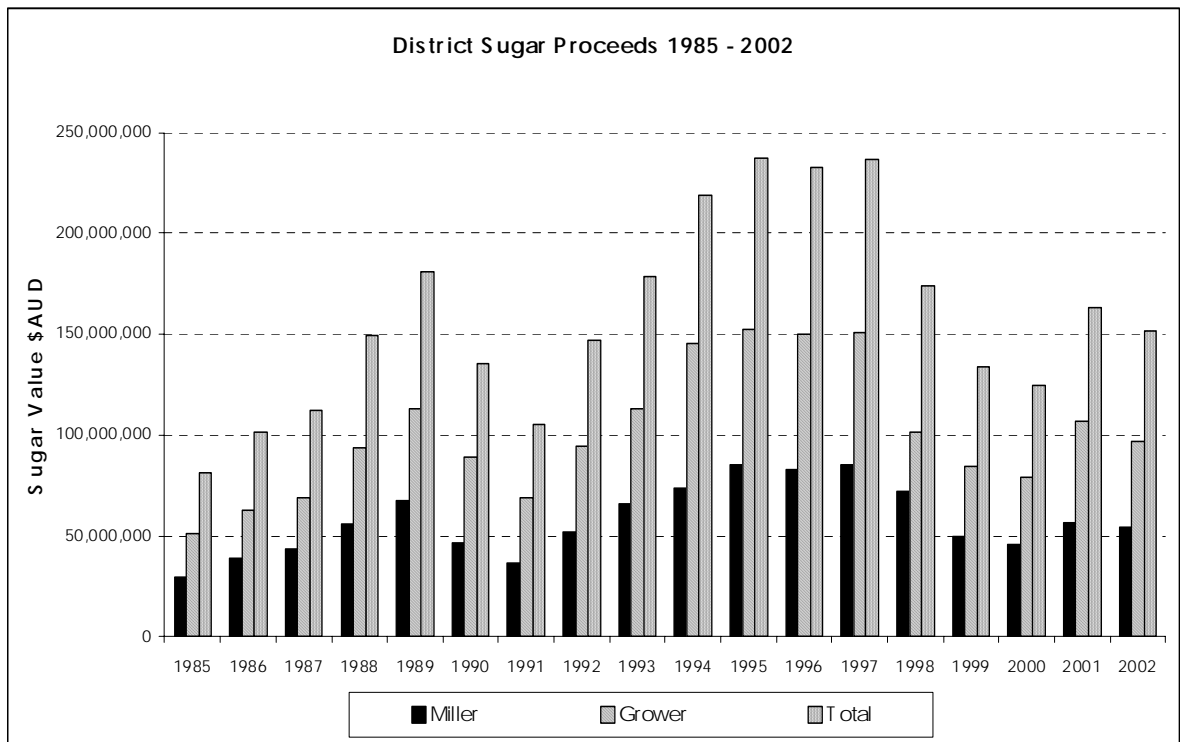


CANEGROWERS
Herbert River District



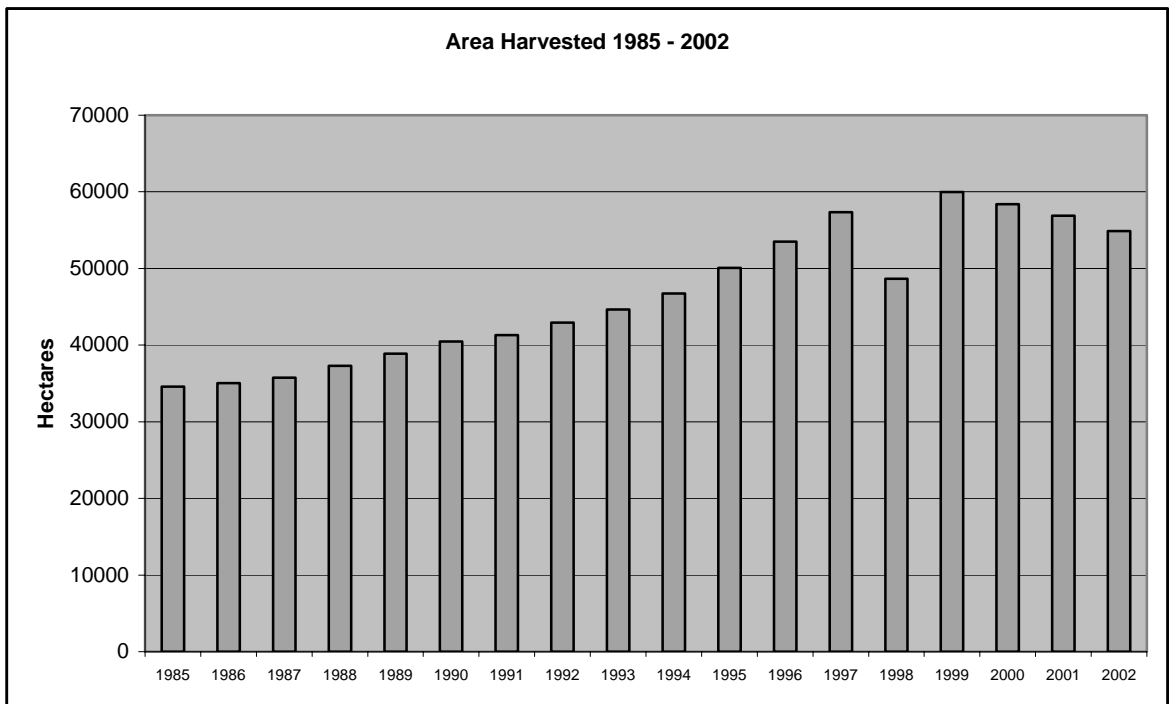
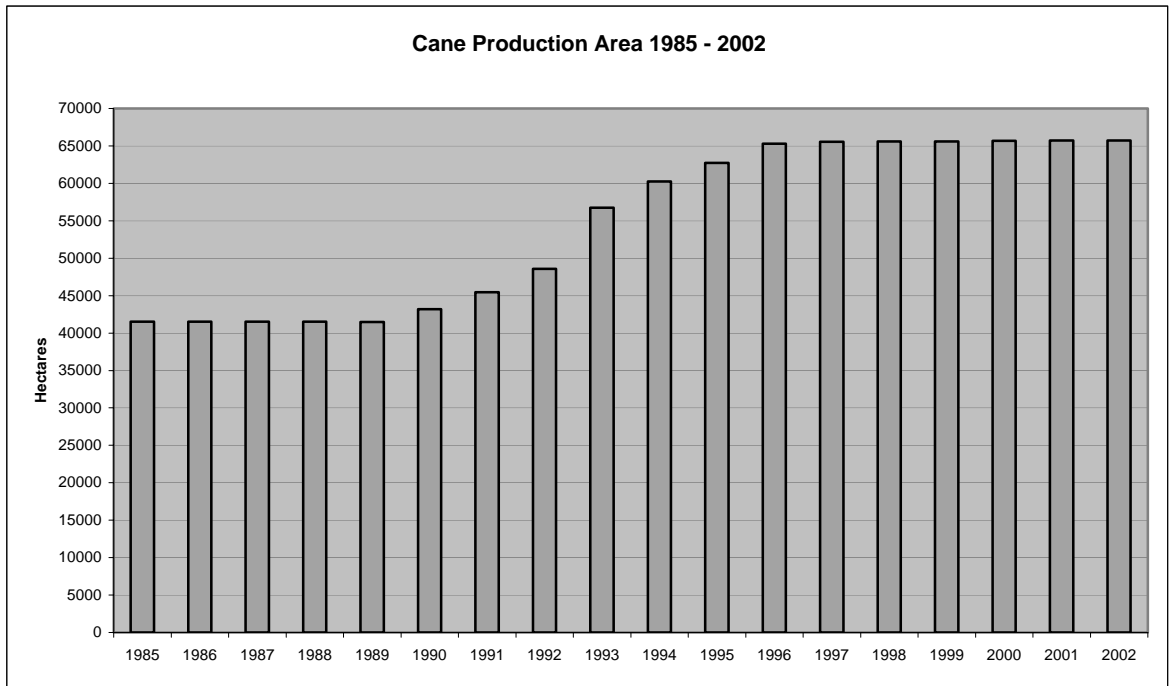
CSR Sugar - Limited
Herbert River Mills

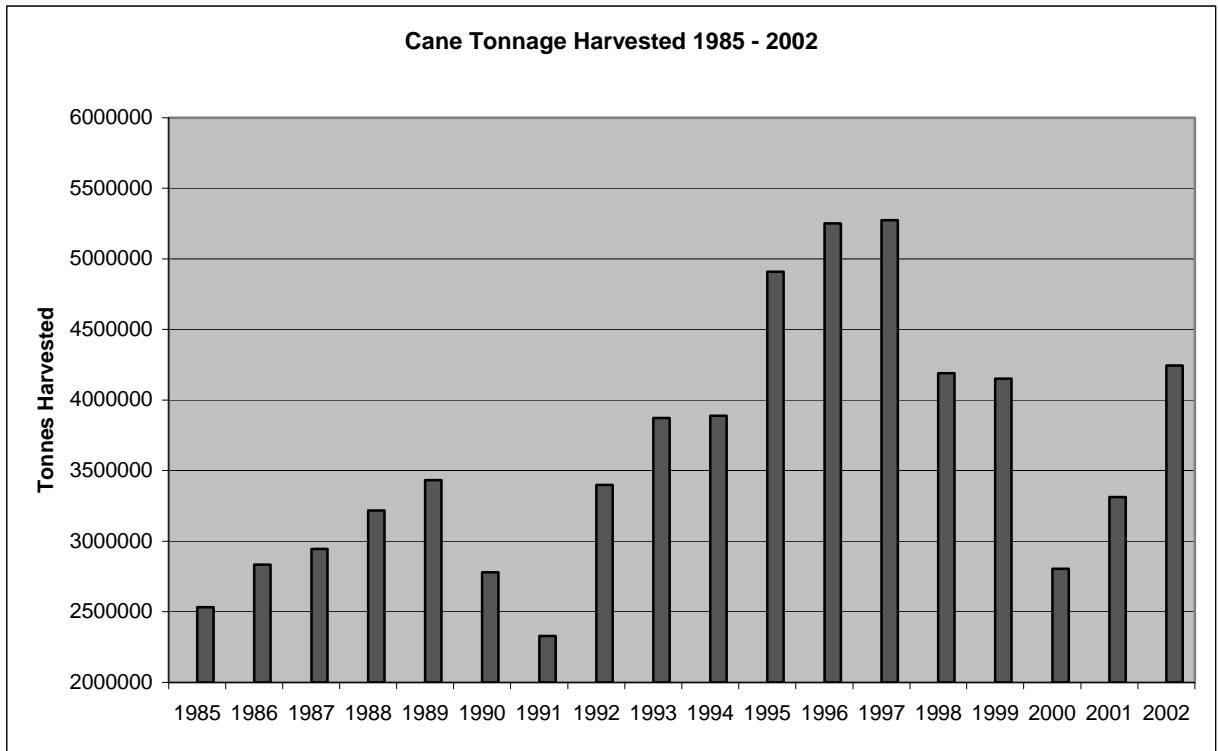
1. CANEGROWERS Herbert river represents the interests of some 820 cane growers who supply two sugar mills owned by CSR in the Herbert River District from approximately 68,000 hectares of land cultivated to sugar cane.
2. Sugar produced and exported from Lucinda earns more than \$240 million per season when the industry is operating at its full current capacity. However a series of adverse seasonal conditions including a new disease causing the collapse of the major variety combined with historically low sugar prices has severely impacted on earnings.
3. The chart below illustrates the historic earnings from sugar and distribution between miller and growers in the Herbert Region.



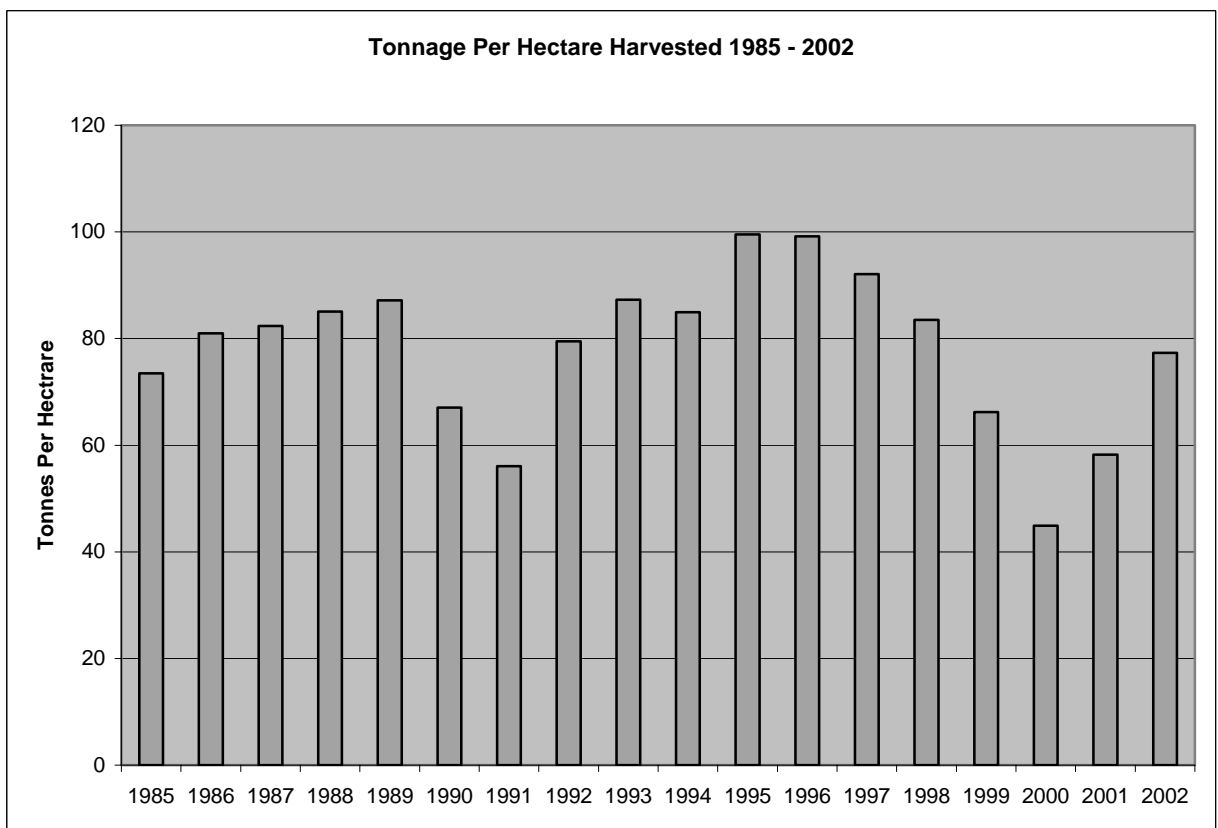
4. Sugar is the principal industry in the Hinchinbrook Shire which supports a population of 12,500 people serviced by the main regional towns of Ingham, Halifax and Trebonne.

Industry growth in Cane Production Area, tonnage of cane and area harvested is illustrated in the charts below.





5. The Herbert River sugar industry has responded to the challenges of recent years by committing itself to a Cane Productivity Initiative (CPI) jointly supported by CSR, CANEGROWERS Herbert River and the Ingham branch of CANEHARVESTERS Queensland. Tonnage per hectare harvested from 1985 to 2002 is illustrated below.



6. Under the CPI, realistic goals have been set to achieve a 20 tonnes per hectare productivity improvement and 0.75 unit of CCS or sugar content in cane to restore the regional industry's production to a capacity of 5 million tonnes annually or more. Our analysis indicates that improved economies of scale at these levels of production will significantly boost income and reduce unit costs for both millowner and growers and thus provide the best capability of dealing with the depressed sugar market.
7. As part of the total initiative the key industry stakeholders have also committed to working through a Regional Industry Board under which several joint working groups have been established to analyse opportunities for further gains.
8. All stakeholders recognise that the industry needs to grow in the longer term from its current productivity capacity to be a 6 million tonne per year industry to be sustainable in the longer term. At 90% rotation and production levels of 90 tonnes per hectare, 10,000 hectares of additional suitable land will be required for sugar cane production.
9. We submit that current vegetation management regulations will require some modification and adaptive regional management to address constraints on achieving the level of production needed to sustain the Herbert's sugar industry whilst also mitigating unfavourable environmental impacts.
10. The Herbert's Resource Information Centre indicates that suitable land resources are available to meet the longer term needs of a sustainable sugar industry. However the current situation is that the resources are divided into supporting both sugar cane production and plantation pine forests.
11. The Queensland Government has been unsuccessful in attracting a regional investor into exploitation of the plantation pine forest. The longer term plantation program has been curtailed in the interest of biodiversity conservation in the region. Thus leaving a resource base that appears unviable at present.
12. Taking a regional view, the land resource base appears capable of supporting either sugarcane cropping or plantation pine forests **but is insufficient to support both** in the longer term without resort to major modification of native vegetation and biodiversity regulations if no expansion land is otherwise available.

Farm Level Impacts of Current Legislation

13. Our analysis of the constraints including private tenure of land suitable for sugar cane production indicates that within the region and within proximity to current transport infrastructure some 4,500 hectares of privately tenured land would be available but a significant proportion of this land will require native vegetation clearing permits.



14. Current regulations are impacting on commercial use possibilities of privately owned land suitable for sugar cane production.

The current Queensland Government moratorium and precedents with refused applications in potential Mahogany Glider habitat are constraining resource allocation notwithstanding that these areas are outside land identified as critical Mahogany Glider Draft Recovery Plan.

15. Perverse effects of native vegetation management regulation suggest that more certainty of property rights will drive more appropriate behaviour.

Currently landholders are motivated to behave inappropriately in regard to management of vegetation cover that has not reached trigger levels for the regulations. This leads to unintended consequences with erosion and water quality whereas greater certainty of the owner's property and usage rights would effectively counter such perverse and unintended effects.

Regional Planning

16. The Herbert Master Land and Water Management Plan has been supported by Commonwealth, State, Local Government and industry in its preparation. It should be given greater significance in planning the future of the Herbert region.

