

Forestry schemes take over paddocks Canefields under threat



Troubled times: Tully Mill chairman Dick Camilleri walks in fields where forestry is replacing cane

Picture: Steve Brennan

Cath Hart

THE canefields around the historic Tully sugar district of far north Queensland are being swallowed by forestry plantations.

In the past 18 months, 12 per cent of the cane paddocks in the region have been lost to managed-investment forestry schemes. It is a trend millers fear will break the back of the ailing sugar industry, with the Tully sugar mill, which has been the economic heart of the small town south of Cairns for nearly a century, facing the threat of closure.

Tully Mill chairman Dick Camilleri said the amount of cane land needed to sustain the mill was now at a critical level as farmers who had battled wildly fluctuating prices for more than a decade accepted generous offers to sell up to forestry outfits. Those who chose to sell could command almost double their price per hectare; those who chose to stay risked financial ruin, without a mill to crush their cane.

"If we keep losing cane land, we will get below that critical mass we need to survive as a milling area," Mr Camilleri said. "This will become a ghost town."

Cultivated cane paddocks in the Tully Mill area have dropped from 24,000ha to 21,000ha in the past 18 months. The problem could escalate rapidly if the Rudd Government opts to include forestry in its emissions-trading scheme before including agriculture.

Government sources are concerned that including forestry in the scheme before agriculture - as has occurred in New Zealand - will create a double-bias within the market towards forestry.

"The ideal situation would be to take the tax break away from MIS (managed investment scheme) so we're all competing at the same level," Mr Camilleri said.

Proponents of MIS for forestry said the sugar industry had long been the beneficiary of government largesse, receiving a \$444 million rescue package and other benefits in 2004 to help struggling growers exit the industry.

The Tully Canegrowers Association estimates that only six farms of about 250 in the region were eligible for and took advantage of the Government's sugar industry exit package.

The northern sugar industry has also been a target for marine environmentalists who allege fertiliser runoff continues to do enormous damage to the Great Barrier Reef, while economists say growing tourism and mining in the north have all but cancelled the economic contribution of the once-dominant industry.

Alan Cummine, chief executive of the Treefarm Investment Managers Association, which represents the burgeoning plantation forestry investment sector, said the industry was not targeting cane land specifically. It was simply an example of the free market in action and was offering small communities the chance to diversify their economic base.

"The state Government and the local councils would need to ask themselves whether they should be intervening in a market process," Mr Cummine said. "The prices being paid for land by the plantation companies reflect the value that those companies believe will be generated by the final harvest products."

Nationals senator Ron Boswell said the schemes put land out of reach for people wanting to extend their farms to make them more commercially viable.