

FAR NORTH QUEENSLAND SUGAR INDUSTRY TASK FORCE

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EXECUTIVE SUMMARY

The Far North Queensland Sugar Industry Task Force (FNQSITF) was formed on the 16th June 2000 when it held its first meeting. Its objectives were to plan and implement ways of improving the situation in the sugar industry that at the time was in a parlous financial state. Task Force members and the SRDC provided the funding.

The Task Force identified and categorized its priority issues which were:

- Capital Utilisation
- Cane Production Levels
- Operational Costs
- Payment Systems
- Operating Environment Issues
- Product Revenue

Options/Discussion Papers were developed on many of these as the basis for future decisions.

Historically the industry has had a fixation on productivity so it is unsurprising that this was the first topic covered. Not unexpectedly no silver bullets were uncovered but a recommendation was made to rationalise service delivery with a focus on management as it had the biggest impact on productivity.

A plan for the future cannot be implemented without knowing in which direction you are heading but there was a reluctance to develop a vision for the future. Instead a “Greenfields” scenario was developed which detailed what an ideal picture of the future sugar industry might look like. From this arose a proposal that set out how that might be managed legally and financially and this was known as FNQ Inc. Unfortunately some members of the Task Force believed that this path would be unacceptable to their shareholders so this path was halted and “left to lie upon the table”.

Background papers were presented on transport and harvesting. In the case of transport, solutions lay largely within the scope of FNQ Inc so with it’s mothballing no progress could be made on solving the very apparent transport inefficiencies. Recommendations were made for alternative methods of charging for harvesting but no uptake has occurred to date although cane farmers and harvesters are becoming much more aware of the nature of the problem and its negative impacts on the sugar industry.

A discussion paper on the imperfect market and price signals within the cane industry was prepared and this set the scene for the development of two further papers on a Cane Quality Index. This proposal has a lot of merit and is the most exciting outcome of the Task Force. It was able to show significant differences in cane quality between harvesters, varieties, class of crop and districts.

The Task Force also provided a forum to promote improved dialogue between environmental groups and the sugar industry.

One of its other achievements was to provide significant input into the Hildebrand Assessment of the Sugar Industry commissioned by W Truss Minister for Primary Industry in the Commonwealth Government. The Task Force’s Interim Report enclosing all of its background papers was provided and in addition a brief submission was made highlighting the major areas of concern with proposals for addressing a number of issues. Also, a map that set out for the first time a picture of all the relevant cane growing areas, cane transport systems and mill locations was provided.

The Hildebrand Report refers to the FNQSITF studies in Section 4.1 on Page 14 as follows:

‘Many of the areas reported on by the Task Force are highly relevant and highly worthy of being followed through to conclusion. It is not intended to revisit these areas but to revisit the industry structure, a structure which in the case of the Task Force saw a progressive approach to a real economic difficulty stalled.’

Recommendations for further work by FNQSITF for which the previous funding will be used are:

- Concrete steps towards the use of the Cane Quality Index for benchmarking purposes.
- Further rationalization of information delivery services
- Promotion of alternative methods of paying for harvesting
- Revisit FNQ Inc by obtaining legal and financial information on methods of mills working together while maintaining some independence.

BACKGROUND

The Task Force was formed on the 16th June 2000 after a Far North Queensland Foresighting Forum in May 2000. The drivers for its formation were the economic situation in the sugar industry at that time plus the weak financial position of the South Johnstone sugar mill and the concerns that it might stop operating. The need to have one group involving all sectors of the industry was seen as a way to address the issues

The Task Force consists of one representative of each of the mills plus one representative from each of the mill suppliers committees from Tully north or fourteen in total. The members of the Task Force appointed Lt General John Grey AC (Retd) as an independent person to lead the Task Force supported by a secretarial service from the Queensland Department of Primary Industries in the person of N.C Sing, Project Leader Sugar Solutions.

A Working Group was also appointed consisting initially of S Grimley (Sugar North), A Woodward Bundaberg Sugar, and N C Sing. Later two growers, T. Adil and D. Watson, replaced the first two members.

The objectives of the Task Force are:

- To identify key issues effecting the sugar cane based industry in north Queensland
- To develop strategies to address these issues,
- To suggest implementation pathways for long term sustainability of the regional sugar cane based industry.

OBJECTIVES

To develop a plan and implementation pathways for long -term sustainability/profitability of the far north Queensland sugar cane based industry.

The outcomes sought and extent delivered so far:

- *Plans are in place to implement strategies addressing all six categories of issues which are capital utilisation, cane production levels, operational costs, payment systems, operating environmental issues and product revenue enhancing e.g value adding.*
- *Options are identified and the benefits and costs to all parties known*

The categories of issues that have been studied consist of capital utilisation, cane production levels, payment systems, and environment issues. The categories not addressed completely are operational costs and product revenue enhancing. The benefits and costs in each of those studied have been identified and some direction has been suggested in the case of cane payment systems but no plans have been developed to implement strategies relating to each category.

- *Issues relating to implementation of options are identified and plans are in place to account for these*

The issues relating to the categories studied have been identified but no plans are in place to account for them.

- *Asset optimisation has commenced and other pathways are being followed.*

The “Greenfield” scenario was visited but members were not prepared to take it further so it was decided to let the discussion paper “lay upon the table” until such time as the members wished to take up the issue again. This discussion paper contained a picture of what an optimum asset position may look like.

METHODOLOGY

The Task Force carried out a process of identifying the issues of most concern to the cane industry in north Queensland and then grouped these into six categories. It then established the priorities amongst these and then over time, developed either Options Papers or Discussion Papers on these topics. Whether they were Discussion Papers or Options Papers depended on the issue studied. The objective was once the options were identified then a pathway forward could be developed and implemented. Funding was set aside in the budget for the collection of more detailed financial and legal information.

A Working Group was established to provide the major input into the Options/Discussion papers and helped draw up the agenda for each meeting.

Statistical information was collected for each mill area to provide a picture of the industry as it was then. Included in this was a requirement to produce a digitised map of the whole northern cane sugar industry covering cane growing areas, mills and transport systems. This could then be used to provide a base against which any comparisons could be made in the future.

A newsletter was produced to aid mill board members and mill supplier committee members when they passed on the broad scope of the work of the Task Force to their principals or members. Initially Task Force outputs were kept confidential or restricted to members’ principals (ie, their Boards) but later this restriction was lifted.

The Task Force was also seen by its members as the only vehicle in Queensland where all sectors of the industry could come together and discuss issues of concern even though in itself it may not be able to take action.

RESULTS

The results of the Task Force’s efforts are largely set out in its report published in October 2001. Post October 2001 activities are included here as well as issues included in the earlier report.

FNQ SUGAR INDUSTRY TASK FORCE ISSUES

The following sets out the issues identified by the Task Force

Description of each category

1. Capital Utilisation

Issues within this category all refer to the potential that exists in Far North Queensland for more efficient use of capital be it in a mill, farm, harvester, transport, or storage system. By taking up some of this potential the sugar industry would reduce costs making it more competitive.

2. Cane Production Levels

Issues in this category refer to the impact of the level and variability of production on farm profitability and mill throughput and economics. It covers cane from land presently under a cane crop, new land and land lost to competitive enterprises.

3. Operational Costs

Issues in this category are ones where improvements in these systems would reduce costs, increase economic and technical efficiency and improve the competitive position of the northern sugar industry. Improved farm management has potential to reduce costs in many cases, regardless of the size of the farm.

4. Payment Systems

This category refers to changes that could be made in existing payment systems so that rational economic decisions by transport and harvester operators, growers, millers and marketers leads to more efficient harvesting systems with better quality and quantity of cane and sugar.

5. Operating Environment Issues

Issues mentioned in this category cover the financial, social and external physical factors, many of which are outside the control of the sugar industry but still impact significantly on the Far North Queensland sugar industry particularly its ability to restructure.

6. Product Revenue

This category covers issues that impact on the amount of money received for the products sold. Increasing the value and diversity of products sold will improve industry profitability, with product diversity making it less susceptible to single product market changes..

STATISTICAL INFORMATION

The pages following the identified issues contain the statistical information collected on the industry in 1999.

Capital Utilisation	Cane Production Levels	Operational Costs	Payment Systems	Operating Environment Issues	Product Revenue
<ul style="list-style-type: none"> ▪ Season length ▪ BST/production capacity imbalance ▪ Incompatible transport systems – G-M & M-M ▪ Mill size ▪ Farm size ▪ Seasonal throughput and variability ▪ Harvester capacity ▪ Too much farm machinery ▪ Syrup mill option ▪ Economies of scale ▪ Length of season conflict ▪ 24 hour harvest conflict ▪ Short season leads to higher storage costs 	<ul style="list-style-type: none"> ▪ Productivity - cane and CCS ▪ Cane purity ▪ Crop size c/- mill capacity ▪ Growth land availability ▪ Pressure from alternative crops, e.g. bananas 	<ul style="list-style-type: none"> ▪ Harvesting ▪ Cane transport ▪ Incompatible farm/mill transport systems ▪ Abrasive soils → maintenance costs ▪ By-product disposal costs 	<ul style="list-style-type: none"> ▪ Harvester payment system ▪ Mill/grower payment system ▪ QSL/mill system ▪ Payment for quantified quality (cane & sugar) 	<ul style="list-style-type: none"> ▪ Wet area ▪ Geography ▪ High transport costs ▪ Restructuring constraints ▪ Diverse ownership <ul style="list-style-type: none"> o Farms o Harvesters o Mills ▪ Cane transport systems not compatible or linked ▪ Cane production low cost c/- high milling costs ▪ Age of growers ▪ Financial restraints ▪ SJ rationalisation requirements ▪ Land values too high ▪ Urban pressure ▪ Labour inflexibility ▪ Mill location/geography ▪ Rainforest/<i>farm</i>/Reef ▪ Equity G-G, G-M, M-M 	<ul style="list-style-type: none"> ▪ Quality of cane → sugar quality ▪ Close to markets ▪ Niche marketing ▪ Low value of by-products – transform for value ▪ Other by or co-products

STATISTICAL PICTURE OF THE FAR NORTH QUEENSLAND SUGAR INDUSTRY IN 1999

At the mills

n.a. = not applicable

Throughput (T)		Tully	Sth Johnstone	Mourilyan	Babinda	Mulgrave	Mossman	Tableland	Total
	1997	1,852,842	1,092,627	960,218	920379	1,275,000	1048909	0	7,149,975
	1998	1,930,657	1,238,125	942,344	850991	1,430,000	1089335	211797	7,693,249
	1999	1,609,466	1,083,473	816,431	725586	1,330,000	1062000	480442	7,107,398
	Est 2000	1,990,000	1,200,000	750,000	550,000	1,000,000	910000	540,000	6,940,000
Average previous 3 years		1,797,655	1,138,075	906,331	832,319	1,345,000	1,066,748	230,746	7,316,874
Mill Capacity									
Tonnes/hr (Note 1)	t/hr	685	510	400	360	500	350	160	
t/season (22 weeks)		2,109,800	1,570,800	1,232,000	1,108,800	1,540,000	1,078,000	492,800	9,289,400
Tonnes Of Syrup									
	1998	nil	nil	3,500	29,626	15,000	Nil	nil	
	1999	nil	nil	46,245	52,500	15,386	Nil	nil	
Av harvest length (wks)		22.20	20.73	19.30	20.88	22.90	21.30	23.00	
Lost Time Due To Wet (days)	1995	3.96	23.19	21.4	35.5	3	4		
	1996	7.46	11.67	6	15.2	7	8.3		
	1997	10.38	19.56	25.1	25.3	2.5	3.7		
	1998	37.33	26.72	26.9	35.3	11	1.7	4.6	
	1999	13.92	18.17	12.8	41.2	9	3.3	3.3	
Average lost time (days)		14.61	19.86	18.44	30.50	6.50	4.2	3.94	
Note 1. Milling capacity is determined by cane condition and supply. It is not possible to compare mills under the same conditions so figures are a guide only.									

Getting it to the mills

Mill	Tully	Sth Johnstone	Mourilyan	Babinda	Mulgrave	Mossman	Tableland
Locos (number)							
Over 18 t	6	5			2	1	
18 – 16 t	4	7	11	7	14	5	n.a.
Bins							
Sizes - 10 t	143				220		n.a.
- 8 t	1,399					Uses	
- 6 t			570	950		canetainers	
- 5 t			320			below	
- 4 t		1,792	550	300	2000		
- 3.8 t		600					
Total train capacity (t)	12,622	9,448	7,220	6,900	10,200	7,000	n.a.
Canetainer - 12 t						250	
- 14 t						400	
Canetainer						520	
Transporters							
Trucking							
Truck Bins - 14 t		156					
- 23 t			11				8
Trucks 40 – 42 t		20				9	
23 – 25 t			11			7	8
Truck Capacity (t)		840	253			535	184
Total truck bin capacity		2,184	253			535	184
Transport capacity t	12622	11632	7220	6900	10200	7000	184

What way and how well did it get to the mills

Mill	year	Tully	Sth Johnstone	Mourilyan	Babinda	Mulgrave	Mossman	Tableland	Total
By rail t	1997	1,850,842	949,451	870,432	920,379	1,275,000	1,048,909	n.a.	
	1998	1,928,657	973,705	814,460	850,991	1,430,000	1,089,385	n.a.	
	1999	1,607,466	696,703	646,276	725,586	1,330,000	1,062,000	n.a.	
By road t	1997	2,000	143,170	111,245	n.a.	n.a.	555,750	n.a.	
	1998	2,000	263,863	135,025	n.a.	n.a.	562,828	211,797	
	1999	2,000	386,170	170,287	n.a.	n.a.	587,862	480,442	
Throughput/t truck capacity			459	673				2611	
Ratio of highest yrs throughput To mill rail / truck capacity		142	121	121	133	132	152	184	
Track length km		255	183	160	160	242	86	n.a.	
Bridges serviced (No)		62	55	59	78	105	24		
Drop off points (DOP)		169	237	148	140	208	148	77	
Throughput per DOP (t)		11,412	4,108	5,881	6,574	6,466	7,208	6,240	
Mill train capacity / DOP (t)		75	40	49	49	49	n.a.	n.a.	
Tonnes hauled / km of rail track		7,804	5,321	5,440	5,752	5,558	12,404	n.a.	
Road freight expenditure (estimate only)			\$3,814,000	\$1,192,000	nil	nil	\$3,540,000	Not assessable	\$8,546,000
Road freight cost / t (estimate only)			\$10 per tonne	\$7 per tonne			\$8.80 per tonne		
Av cut to crush time Hrs		8	10.5	7	9	9	7.6	2.5	

Harvesting

Mill	Tully	Sth Johnstone	Mourilyan	Babinda	Mulgrave	Mossman	Tableland
No. of harvesters	32	28	21	27	35	27	3
Average harvester Size (t)	56,177	40,646	43,159	30,827	38,429	39,509	180,000
Tonnes of bin Capacity/harvester	394	415	343	255	291	259	61
Farm size (1999)							
Median farm size (t)	4419	2900	3294	3171	4768	4192	n.a.

DISCUSSION PAPERS/OPTIONS PAPERS

The following is a list of issues covered by the Options/Discussion Papers

1. Productivity Options Paper
2. Priority Productivity Issues
3. The “Greenfields” Option
4. FNQ Inc Alternative Model Scenarios
5. Background paper on Transport
6. Harvester Discussion Paper
7. Cane Payment Discussion Paper
8. Market and Price Signals in the Qld Sugar Industry

The first subject considered was “Productivity” as this was seen as a relatively easy one to start with.

In addition to the above, meetings have been held covering the impact of farm size and environmental issues. These will be covered as additional topics to those above.

Productivity Options Paper

The recommendations from this included:

- That service delivery be restructured with integrated and co location of all service providers,
- Greater use of mill supported grower groups
- An enhanced agribusiness role
- The limited introduction of a fee for service
- A web site for researchers and extension information flow

Follow up on these recommendations included:

1. The SRDC was approached to see whether they would take on the responsibility of a web site
2. Tully area established some mill supported groups emulating Mulgrave on which the recommendation was based.
3. Two mill areas, Tully and Mulgrave, indicated that they were reviewing service delivery. At the time of this report Mulgrave had commenced some changes.
4. An enhanced agribusiness role is outside the responsibility of the Task Force members.

Priority Productivity Issues

The recommendations from this included:

1. Greater concentration on management as a factor affecting productivity.
2. Integrated service delivery to ensure consistent management message is being delivered to farmers.
3. The use of group participation methods of extension increased so that farmers can see that their neighbour is managing better rather than being told.
4. All industry publications to emphasise management along with the technical issue.
5. Service providers focus on that middle group of farmers.
6. Focus on management issues where one-to-one opportunities arise.
7. Consider whether existing priorities incorporated in present work plans adequately concentrate on management or whether they tend to put resources into operational areas like sprayer or fertiliser box calibration.
8. Mills review the data they collect and provide to growers to see whether it meets management needs e.g age of plant/replant crop data at harvest is missing for most if not all mill areas.

Follow up on these recommendations included:

Other than more group work we are not aware of any follow up by members on these recommendations.

The “Greenfields” Option

This paper arose out of the need to develop a better vision of the future of the cane industry in far north Queensland. In that it does not fit as an Options Paper and is more readily classified as a Discussion Paper.

What this paper did was to paint a picture of a rationalised cane industry in north Queensland. It hypothesized about the optimum number of mills, cane moving to the nearest mill rather than past or away from mill as happens now, marketing is optimised, a greater diversity of products are manufactured, farms size is changed dramatically, and services and transport systems involved are used in an integrated manner.

Consequently it contained no recommendations. The follow up on the Discussion was in effect the next Options Paper below.

FNQ Inc Alternative Model Scenarios

This paper looked at the structure that might be used to manage the scenario set out in the “Green fields Option paper.

It proposed that a legal entity be set up called for example “FNQ Inc” which would be the overarching body managing the various resources including mills, transport systems, other product manufacture and possibly even farms if amalgamation was involved. Each mill would have had a share in the new entity.

Another option was proposed but it was only a geographical modification of the first option.

The next step following up on this would have been to look at the financial and legal information needed to make any decision to proceed to implementation.

At that time Bundaberg Sugar had just taken over the assets of South Johnstone Sugar Mill and were looking to spend the next two years bedding down that amalgamation.

The option to proceed was put to members of the Task Force. Mulgrave Mill indicated that they believed that their shareholders would not entertain any proposed joint operation as implied by FNQ Inc. and that they were not interested in proceeding any further at that time.

No other mill indicated their views but as the decision was not unanimous it was decided to let the proposal “Lie upon the table” until further notice.

Background Paper on Transport

This paper provides information on the cane transport situation in north Queensland. Its scope was limited by the lack of available data on the various systems that exist. It was not able to make any recommendations although it did suggest some system improvements which would link all the cane rail in North Queensland together.

Perhaps the most outstanding feature was despite the appearance of similar cane rail systems through out north Queensland in reality it was more notable for its lack of compatibility.

The conclusion reached was that the question of the most economic system of cane transport, that is road or rail, depended on who paid the costs. The mill, ratepayers, Local and State Government, could incur costs.

The incentive to study transport was brought on by the obvious inefficiencies of hauling cane past mills or away from mills. Solutions to this problem were in effect provided by the FNQ Inc concept but this was not proceeded with. Changes in cane assignments to mills need to be addressed.

Harvester Discussion Paper

The problems in the harvester sector of the industry can be described as:

- High cost of harvesting and small throughput for harvesters
- No allowance for quality in payment system
- Large numbers of harvester operators unviable
- No price incentive to improve block, row and cane presentation
- Payment on the basis of throughput of material not necessarily cane
- Cross subsidization of farmers by other farmers occurring at a high level..
- Costs of growing cane increased unnecessarily
- Not all potential value in cane is accessed

Changes to the recommended method of charging would overcome many of these problems.

Recommendation

The charge for harvesting a farm should be based on the cost of harvesting each block on a farm. This would take into account length of rows, size of headland, cane presentation, yields, drainage, operator equipment (e.g no and size of haulout bins), and haul distance. Reducing the harvesting cost to farmers who improve these factors would provide them with an incentive to improve farm layout. This reduces overall industry costs.

Accompanying this method of charging should be a system of assessing the quality of the job done by the harvester. This can be done using the Task Force's Cane Quality Index. Factors like the amount of millable cane, stool and cane loss need to be accounted for. Equipment would need monitors to assess speeds and outputs.

Restructuring impacts

A feature of the problem was overlooked in the original discussion paper. As a result of the cross subsidization that occurs when charging by the tonne is used, poorer farmers and farms are subsidized at the expense of better farms. This increases the price of land owned by the poorer farmer, making it harder for the better farmer to enlarge his property. This is a so far unrecognised impediment to industry restructuring.

Cane Payment Discussion Paper

This is perhaps the most exciting outcome of all the papers developed under the aegis of the Task Force. There have been two papers prepared on this topic and only the first is included in the October report of the Task Force. The second paper is included as an appendix to this report.

The first paper proposed a concept by which quality could be assessed using Near Infrared Technology (NIR) measuring features of the cane for which accurate measures are already available.

The second paper provides an actual Cane Quality Index (CQI) using sample data from a northern mill. It also develops the concept of a Cane Productivity Index, which incorporates the Cane Quality Index but recognises that low yielding high quality cane is unlikely to be economic.

Part of the process in developing this quality measure was the establishment of a Cane Quality Index Subcommittee consisting of expert persons from "Canegrowers" and Tully and Bundaberg Sugar Mills. This group provided valuable input into the development of the index.

The recommended follow up on this discussion paper was that initially the Index should be used for benchmarking purposes. When the original Task Force report was distributed the content of most papers was met with equanimity but the cane payment

discussion raised peoples concerns. Consequently the recommendation to Task Force members was that they use the CQI for benchmarking purposes to get growers accustomed to it and in the process iron out any bugs in the concept.

This has been adopted by Mossman Mill who intends to adopt this form of cane payments system as part of their long term best practice targets. Maryborough and Nambour are also considering use of the CQI.

Market and Price Signals in the Qld Sugar Industry

This paper discusses the need for improved market signals within the cane industry and highlights some of the negative impacts of the existing system.

The development of the Cane Quality Index referred to above, was seen as the first step towards improving these signals.

Considerable resources have and are being devoted into improving such factors as best practice harvesting and transport sometimes in contradiction to the existing price signals and subsequent rational farmer/harvester behaviour.

Changing the price signals to bring best practice and rational action in line would have a significant impact on the industry. It may also call into question the basis of some existing recommendations that are based on the use of a CCS formula and a Relative Percentage payment schemes.

No follow up action has occurred.

Farm Size

Information on farm size impacts on productivity were presented by S Staunton (BSES) and Drew Watson (Mossman Canegrowers). Both sets of data came to the same conclusion that farm size had no impact with an almost zero correlation. The most variation occurred with small farms where both the highest and lowest productivity was achieved.

The issue of whether a farm is big enough is disguised to some extent in north Queensland by the previously low level of debt and the availability of off farm sources of income be it real estate or off farm employment. A farm with a common median size of 3000 tonnes with a profit margin of \$2 per tonne only returns \$6000 whereas a 15,000 tonne farm returns \$30,000 on which a farmer can survive in poor times unlike the smaller farm.

Short of cooperative farms suggested by the Hildebrand Report, the Task Force could not easily see what it could do about the problem. The discussion of this issue was perhaps not as comprehensive as it could have been but is unlikely to be revisited in the short term because of the difficulty in actioning an outcome.

Environmental Issues

The role the Task Force played here was different to the role it has played at other times. Here it provided the vehicle and the opportunity for dialogue between the environmental group World Wide Fund for Nature, the Natural resource Management Board (Wet Tropics) Inc. and the far northern cane industry. It is believed that this is the first time this has occurred and happened before a similar recommendation was made by the Hildebrand report.

Outcomes of these events are imprecise and difficult to evaluate but each side now recognises that there other points of view.

Suggestions for some solutions were made with discussion of the existing COMPASS and the proposed Primary Green (with Reefsafe) programs.

Other

1. A submission was made to the Hildebrand Assessment that included the Task Force's October report, the map of the industry in FNQ, a brief submission highlighting the FNQSITF concerns and a separate document listed the outputs.
2. A separate submission was made to the Commonwealth recommending mandatory use of ethanol in fuel. It recommended the progressive introduction of ethanol at 2% each year up to a maximum of 10% of motor fuels. This was done at the same time as the Commonwealth decided that renewable fuels should make up 2% of total fuels but not necessarily 2% of each litre of fuel used.

OUTPUTS/PUBLICATIONS

1. Far North Queensland Sugar Industry Task Force, Review and Report, October 2001
2. Quality Based Cane Payment Formula – possible applications for proposed formula
3. Farm Size and productivity – does farm size have an effect on productivity? S Staunton
4. "Relationship between size of enterprise and tonnes of cane per hectare" 1999 harvest, Mossman Advisory Services
5. Submission to the Hildebrand Assessment.
6. Submission to the Commonwealth on mandatory inclusion of ethanol in fuels.

EXPECTED OUTCOMES

When compared to the high hopes of the expected outcomes implied in the original objectives, the actual outcomes have not been as good as originally hoped. There is no doubt that the Task Force has raised the profile of many issues in the cane industry. The favourable mention of the Task Force's Review and Report in the Hildebrand Report is proof of this contention. For example the statement "within the subject area of the excellent Far North Queensland Sugar Industry Task Force Report"

It also mentions with regret that many items had been discussed by the Task Force but not acted upon by its member organisations.

For issues, like changing the cane payment formula, it is too early to expect some solid outcomes. For others like FNQ Inc the focus by the Hildebrand report on a regional approach based on mill locations may see aspects of the FNQ Inc proposal implemented. Recognition that the changes necessary to reinvigorate and transform the sugar industry have wider implications for the broader community have been recognised within the FNQ region, with regional and community bodies such as Advance Cairns, Douglas Joint Venture Partners and the Babinda Community Committee becoming involved.

FUTURE RESEARCH NEEDS

Members of the Task Force see it having a continuing role. At the last meeting there was some frustration expressed that there had been much discussion but not a great deal of action. The early statement by some key Task Force players that they retained the right to act in their own right and would not necessarily act upon any suggestion of the Task Force tended to emasculate its ability to meet its earlier expressed objectives.

At the August meeting of the Task Force the member's visions of the future were addressed with renewed determination to address change. This report in itself will highlight where the Task Force has fallen short and where its members could take further action.

RECOMMENDATIONS

The Task Force recommends the following actions:

1. Concrete steps be taken towards the use of the Cane Quality Index for benchmarking purposes.
2. Further rationalization of information delivery services is required.
3. Promotion of alternative methods of paying for harvesting should be considered.
4. Revisit FNQ Inc type models by obtaining legal and financial information on methods of mills, growers, transport and harvesters working more closely together while maintaining some independence.
5. The encouragement of FNQ regional community bodies to support industry change through recognition of the industry's importance to the future of the region as a sustainable, environmentally responsible industry based on sugar but also producing other products from cane.

APPENDICES

OUTPUTS

1. Far North Queensland Sugar Industry Task Force “Review and Report”
October 2001
Note: hard copies of this document are available from Neil Sing, Secretary
of the Task Force at DPI South Johnstone ph 07 40641130
2. Quality Based Cane Payment Formula – possible applications for proposed
formula (Hard copy of power point presentation)
3. Farm Size and productivity – does farm size have an effect on productivity? S
Staunton (Hard copy only of power point presentation)
4. “Relationship between size of enterprise and tonnes of cane per hectare” 1999
harvest, Mossman Agricultural Services (hard copy only of graphs provided
by Mossman Agricultural Services)
5. Submission to the Hildebrand Assessment.
6. Submission to the Commonwealth on mandatory inclusion of ethanol in fuels.