



## **Submission from CANEGROWERS Australia**

### **To the**

## **Treasury Review of Non Forestry Managed Investment Schemes**

CANEGROWERS is the peak representative body for Australian sugarcane growers, with over 80% of sugarcane growers as members. Sugar is one of Australia's most important rural industries, worth around \$1.75 billion to the Australian economy. It provides around 34 million tonnes of cane per year, which, when processed, equates to around 4.75 million tonnes of sugar. Australia is one of the lowest cost sugarcane and raw sugar producers in the world. It has maintained export competitiveness by adopting innovative practices, particularly through mechanisation, new farming practices and diversification.

CANEGROWERS welcomes the opportunity to provide input into the Treasury enquiry into non forestry managed investment schemes.

CANEGROWERS notes the following:

- There is considerable disquiet in cane growing areas about the impact of forestry Managed Investment Schemes (MIS) purchasing cane lands for the establishment of plantation forestry. Current arrangements lead to perverse outcomes:
  - MIS investments can use their tax advantages to bid for prime agricultural land to the detriment of existing industries. In the case of the sugarcane industry, ongoing viability of a region depends on the availability of sugar milling capacity. If a significant proportion of a sugar mill supply area is alienated, the mill would become uneconomical and would close. Cane cannot be transported economically more than about 60km, so unless there were another mill in that radius, all growers in that area would thereby have lost access to growing their traditional, high-value crop.
  - There are a number of areas that have seen a significant proportion of their traditional cane growing areas purchased by forestry MIS operators. These include the Tully, Ingham, Proserpine and Sarina regions. In all of these areas, further alienation of cane land could lead to mill closure.
- Loss of milling capacity in the areas above would have impacts beyond the mill owners and cane growers.

- Mill closures would result in significant loss of employment opportunities which would not be made up through the new forestry activities. Unlike some areas in Australia where forestry plantations are being established, sugar areas already have a high density of economic activity which would not be sustained if sugar growing and milling were replaced by a forestry industry. This would mean that there would be significant social disruption in towns like those listed.
- Once a mill is gone, it would be very difficult to replace. Cane is one of the best converters of sunlight into biomass and sugar mills are ideal platforms for new ways of processing this biomass into fuel and chemical. Already we are seeing a significant investment in cogeneration and new products such as furfural. MIS-skewed investments do not allow these considerations to enter into investment decisions. They therefore could cost Australia the availability of new economic opportunities as well as reducing our supply of food products.
- These distortions would be likely to be evident for non-forestry MIS if they involved any tax advantages similar to forestry MIS.
- CANEGROWERS does not believe that all relevant economic, environmental and social issues are taken into account when significant areas of land in sugar growing areas are diverted from cane into MIS forestry. It proposes that there is a role for government in ensuring that such review takes place.

## **Proposal**

This organisation therefore proposes:

- That a full review of the economic, environmental and social impacts of diversion of significant areas of agricultural land into forestry be required before access is available to taxation concessions for the proposed activity.

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