

29 August 2012

Mr Ted Malone MP
Member for Mirani
Committee Chair, State Development, Infrastructure and Industry Committee

Sent via email: Mirani@parliament.qld.gov.au

Dear Mr Malone

Thank you for the opportunity to write to you to raise the issue of legislative protection on state forests and the plantation forestry industry. Moderation of this protection would potentially be a boost for the Queensland sugarcane industry, particularly as it gears towards expansion following a firming of demand of our major export destinations. The main forests of relevance are those operated by Forestry Plantations Queensland (FPQ) in north Queensland and Hancock in Maryborough.

CANEGROWERS have been developing industry expansion plans to take advantage of higher sugar prices, resulting from a restriction of global supply and an increase in total demand for sugar. Recent foreign investment in the industry's milling sector has been a confidence boost to the future viability and it has reignited discussion about the potential for the Australian sugarcane industry to expand. The current expansion plans include mapping data, analysis of recent land losses and a schedule of constraints to expansion. CANEGROWERS expects that this work will help inform the Queensland Government's Land Audit process and its plans to double agricultural output by 2040.

The CANEGROWERS schedule of limitations shows that legislative protection of forestry land is a significant impediment to expansion of the Queensland sugarcane industry. Uniquely, the forestry and timber production industries are the only agricultural industries that are afforded legislative protection for tenure and subsequent land use.

Forestry plantations are often grown on land suited to sugarcane production. In most cases the economic returns of these enterprises to local economies is less than would result from conversion to sugarcane cropping. Legislative protection of these lands for specific purposes should in this case be modified to allow for the highest possible *agricultural* return for both the local communities and the lease holding companies. In an economic environment where access to land is limited, protection of one land use type can increase the land lost from other industries, even if it is not the most economically efficient allocation of land. The most relevant areas where higher uses for land appear possible are in the Maryborough region and around Tully and Ingham in the north.

Maryborough

The issue of legislative protection for forestry and plantation timber in Maryborough is an issue of greater significance to the local sugarcane industry than in any other

area of the state. Access to land in the region is very competitive, particularly with the expansion of residential housing developments and the growing popularity of hobby farms. Additional land must be placed into sugarcane production to counter existing losses and provide an avenue for expansion to ensure the long-term viability of a sugarcane industry in the Maryborough region.

In the past, representations have been made by Maryborough Sugar Factory (MSF) in relation to a "land swap" with the forestry and plantation timber industries to guarantee the on-going viability of the Maryborough mill and its supplying sugarcane farms. There are approximately 80,000 ha of forestry and timber plantation industry land in the region. The MSF plan involves moving some of the forestry industry in Maryborough to the Mary Valley, to allow for more land for sugarcane production. Between 2,000 and 10,000 ha of land adjacent to the Maryborough mill would be moved from forestry with the potential for forestry moving to the 13,000 ha available in the Mary Valley, following the acquisitions involved in the Traveston Dam project.

North Queensland

The *Queensland Land Use Mapping Program* (provided to CANEGROWERS by DERM) identifies large areas of softwood plantations that could be converted into sugarcane production if the legislative requirements for land tenure were removed. These areas include the plantations in the Abergowrie State Forest and at Hawkins Creek west of Ingham. These forestry plantation lands in the Herbert River are eminently suitable for sugarcane production. In Tully, the greatest opportunities for greenfield expansion are in the conversion of existing plantation forests in the south of Tully and in the Kennedy area and further areas of for potential expansion exist further south of Cardwell. However, all of these areas are operated by FPQ under a 99 year lease from the Queensland Government and are their land use designated under an Act of the Queensland Parliament.

Using Ingham, Kennedy/Cardwell and Maryborough as examples, CANEGROWERS notes that the perverse outcome for the local community of protection of land for forestry is that the local economy is not able to use its agricultural land resources to provide the highest possible economic return. CANEGROWERS does not support land tenure being used to favour any particular agricultural industry; it should be utilised to ensure the highest possible return for local communities.

I would be happy to discuss this further with yourself or your committee.

Yours sincerely



Steve Greenwood
CHIEF EXECUTIVE OFFICER