

# Australian Banana Growers' Council Inc.



Ms Jeanette Radcliffe  
Committee Secretary  
**Senate Standing Committee on Rural and Regional Affairs and Transport**  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Ms Radcliffe

## **Re: Legislation underpinning Carbon Sink Forests**

As you are aware the Senate Standing Committee on Rural & Regional Affairs and Transport is planning to review this legislation. As a major national agricultural industry association, we are fundamentally opposed to providing tax incentives for enterprises that will occupy agricultural land without providing food or fibre for consumption.

We would therefore appreciate the opportunity to provide the following submission from the Australian Banana Growers' Council Inc. (ABGC):

### **The Australian Banana-growing industry:**

The ABGC is the Australian banana industry's peak national trade and representative organisation for Australia's 800 banana growers. We have operated continuously to facilitate the ongoing success of the Australian banana-growing industry since 1961.

Queensland is by far the largest producer of bananas, with almost 85 per cent of total Australian production grown in that state. The north Queensland area (around Tully and Innisfail) is the most prolific region of banana production in Australia, supplying around 80 per cent of national output.

The other 20 per cent of Australian banana production comes mostly from the coastal regions of northern New South Wales (the Tweed, Coffs Harbour, Byron, Lismore and Nambucca), south east

Queensland, Carnarvon and Kununurra regions in Western Australia and the Darwin region in the Northern Territory.

The Australian banana industry employs directly some 4000 people year round.

The following table provides details of the total banana harvest over the past nine years:

**Table - Australian Banana Market Throughputs (tonnes) by State of Origin, 1993-2007**

Year	Queensland	New South Wales	Northern Territory	Western Australia	Total
2000	179,493	29,788	4,105	7,741	221,126
2001	206,869	21,358	3,575	8,606	240,409
2002	207,429	17,212	893	7,213	232,747
2003	256,016	31,213	931	5,786	275,945
2004	236,883	10,031	856	5,819	253,588
2005	253,048	7,858	132	3,545	264,583
2006	88,852	11,352	203	4,647	105,054
2007	256,668	12,574	209	4,689	274,140

Note: Totals may not add due to rounding.

The Australian banana-growing industry is able to achieve these outputs from about 12 000 hectares of plantation.

It is worth mentioning that while the production trend is predominantly upwards over this period, the table provides stark evidence of the impact of Cyclone Larry on the north Queensland crop in 2006.

The 2008 harvest is expected to be around 275,000 tonnes, with a wholesale market value of about \$450million.

## **Issues affecting the industry:**

The ABGC maintains a watching brief over the state of the operating environment within which bananas are produced to ensure banana producers are able to provide sustainable stocks of bananas to Australian households. As part of its responsibilities in this area the ABGC recently commissioned a major strategic assessment of the industry under the federal governments Industry Stocktakes initiative titled "*Taking stock and setting directions*". The project was officially completed in June 2008 and identified a number of significant issues facing the banana industry including:

- biosecurity & pest incursion management
- water & other natural resource management issues
- land-use policy

It is in the context of land use policy that we wish to voice our members' concerns to your committee, because the proposed legislation underpinning carbon sink forests will allow tree plantation developers an immediate taxation advantage not normally available to agricultural enterprises. We believe that this will result in a major distortion to the agricultural land market, handing over a distinct advantage to tree planting, over farm expansion. Over time we believe that this policy will have three very damaging effects on the development of Australian farming land:

1. Increased demand for carbon-sink forest development to offset emissions will dramatically increase the price for good agricultural land.
2. At a time when demand for food & fibre is already outstripping supply potential, higher land prices will inevitably lead to much higher prices for agricultural products.
3. Diversion of irrigation water (that often accompanies good agricultural land) away from food production towards forestry or a resultant increase in the value of that water as it is on sold to food producers.

Some major players are already positioned to take immediate advantage of this legislation including the Australian Timber Plantation Industry. In their document *Plantations 2020* , the industry states that it is planning to treble the area under tree plantation by the year

2020. If this "vision" is ever realised then 3 million hectares of Australian agricultural land will be covered in tree plantations. Our grave concern is that the proposed legislation provides a taxation incentive (not available to banana producers) which will assist the Australian Timber Plantation Industry to achieve its "vision" at the expense of other industries that compete for suitable agricultural land to grow their crops.

The ABGC believes that three significant policy elements will soon combine to pervert prices for agricultural land which will severely impact on the Australian agricultural sector unless policy makers are made fully aware of the consequences:

First, developers of carbon sink forests are provided with massive financial advantage over the farmers who produce our food. Second, the proposed emissions trading scheme (ETS) will allow large polluters to offset their emissions by merely planting more forests, and third, the tree plantation industry itself will execute plans to treble forests acreage within 12 years.

Any one of these proposals alone would have a severe impact on Australian agriculture, however there is no doubt that this combination of factors - and their propensity to leverage each other - will have a devastating effect on the availability of good agricultural land in Australia over the next decade, and the ability of our farmers to provide agricultural produce at reasonable and sustainable prices.

We would also ask the committee to consider the wider contribution that existing agricultural enterprises - including banana-growing - make to their local communities. In many towns banana growing, packaging, processing and transport underpin the local economies and provide most of the employment opportunities. Industry studies have clearly shown that the banana industry generates 3.5 full-time jobs for every 10 hectares under plantation, and it is these jobs that will sustain the viability of many rural and regional communities across Australia.

On behalf of the Australian banana-growing industry we urge the committee to consider these factors in your deliberations.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nicky Singh', written in a cursive style.

**Nicky Singh**  
**President**

31<sup>st</sup> day of July 2008