

August 5, 2008



The Secretary
Senate Standing Committee on Rural and
Regional Affairs and Transport
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

A submission regarding the implementation, operation and administration of the legislation underpinning Carbon Sink Forests and any related matter.

Introduction

The Australian Manufacturing Workers' Union (AMWU) welcomes the opportunity to provide a submission regarding the implementation, operation and administration of the legislation underpinning Carbon Sink Forests and any related matter.

The full name of the AMWU is the Automotive, Food, Metals, Engineering, Printing and Kindred Industries Union. The AMWU represents 140,000 workers in a broad range of sectors and occupations within Australia's manufacturing industry. The union has members in each of Australia's states and territories.

The AMWU in Queensland and New South Wales represents over 1200 members directly employed in the Sugar Industry. A further 3000 members are employed in association with the Sugar Industry sectors providing services for the maintenance and fabrication of plant and equipment for mill, harvest, farm and transport including rail, road and sea.

Cane crops and MIS tree plantations

Since 2006 the AMWU Sugar Delegates' Committee has been increasingly concerned with the loss of productive cane land to MIS (managed investment scheme) tree plantations. This land, which is vital to maintain critical density and volume for Mill viability, is currently under pressure for use by taxpayer subsidised forest plantations. These Subsidies create an artificial and unfair

advantage to the scheme providers and scheme promoters. Further we believe that forestry MIS land use is driven not by commercial or environmental benefits but rather to cater for a short term tax offset benefit to high income investors.

At the 2006 AMWU Sugar Delegates Committee meeting Delegates were informed, by employers attending, that approximately 14,000 hectares of prime cane land had been lost to, or was under negotiation for, MIS tree plantations. Put into perspective in terms of lost income, every 1000 hectares of cane production equates to \$2 Million expenditure by *farmers* alone.

In areas of single mill operations 5,000 hectares equates to 450,000 to 500,000 tonnes of cane. To be viable a mill requires 850,000 to 1,000,000 tonnes of cane.

The issue of critical density and volume of cane land is central to the issue at hand. The sugar industry has in recent years been under considerable pressure to remain globally competitive. World market sugar price and Australian dollar fluctuations coupled with drought, floods and disease outbreaks have already taken its toll in some areas.

In recent years Nambour, Mourilyan and just recently Pleystowe Mills have closed. The effects on communities, which in many cases are an extension of the mill itself, are devastating. Economic modelling is not required to predict outcomes of mill closures. A cursory glimpse at recent and historical evidence is stark. The closure of North Eton and Cattle Creek Mills in the Pioneer Valley destroyed associated communities with the town of Finch Hatton being drastically affected leaving just scraps of business behind.

If cane land continues to be lost, it is clear that essential community infrastructure for education, health services and small business in these small, medium and large sugar dependant towns will fail on a much broader scale.

The veracity and depth of concern felt by our members and their families is demonstrated through actions generated directly by the annual AMWU Sugar Industry Committee. Attached are the resolutions endorsed by the structures of the AMWU culminating in the AMWU National Conference of 2008 and adopted by the Queensland ALP State Conference of 2008.

The attached documents provide for further information and discussion to which we are eager to verbally supplement.

The AMWU recommends that immediate measures be taken by all levels of Government to ensure the ongoing viability of the Sugar Industry. The AMWU also recommends that these measures need to include regulatory actions to allow for the Sugar and tree plantation industries to viably co-exist.

Through this submission, the AMWU seeks the support of this Committee to make recommendations to the Government to urgently review and revise the

legislation relating to Managed Investment Schemes in Forestry and regarding the AMWU recommendations.

Yours faithfully



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Queensland

2007 SUGAR INDUSTRY MEETING
MACKAY
17TH – 19TH JULY

MINUTES (extract)

ATTENDANCE

Andrew Dettmer	State Secretary
Darren Trask	Assistant State Secretary
Kane Lowth	State Organiser
Rohan Webb	State Organiser
Rick Finch	State Organiser
Ian Carr	Victoria Mill
Nino Crisafulli	Macknade Mill
Geoff Bufi	Mourilyan Mill
Robert Lock	Mulgrave Mill
Ken Crichton	Condong Mill (NSW)
Jeffrey Akers	Broadwater Mill (NSW)
Dennis Noel	Harwood Mill & Refinery (NSW)
John Lewis	Pioneer Mill
Terry Chandler	Invicta Mill CSR
Glenn Brooks	Racecourse Mill
John Camilleri	Farleigh Mill
Wayne Henrick	Bundaberg Sugar
Brenton Schilling	Tully Mill
Terry O'Brien	CSR Plane Creek
Peter Cullen	Maryborough Mill
Ray Bedford	Retired
Jeff Riethmuller	Bundaberg Sugar Bingera Mill
Denis Murnane	Bundaberg Sugar Millaquin Mill
Jeff Gilmore	Proserpine Sugar
Phil Wright	CSR Kalamia Mill

AMWU 2007 Sugar Delegates Committee Resolution

MOTION 3:

"This meeting of Sugar Industry Delegates notes with alarm the threat of Managed Investment Schemes and in particular the encroachment of tree plantations on viable cane growing land and more particularly the implications of that on the Sugar Industry in general. Further, we call on the State Secretary and the Assistant State Secretary to engage with major stakeholders to develop strategies that will minimise the effects of this activity and ensure the ongoing viability of the industry."

CARRIED

AMWU QLD State Conference Resolution – Sugar Industry and Tree Plantations Plantations

“Conference notes the report on the conversion of existing sugar farms to tree plantations. Conference notes further that the sugar industry:

- has had over 100 years of operation in Australia and has provided employment and livelihoods to several generations in regional towns across a spectrum of semi skilled, skilled and professional roles
- is globally competitive, but needs scale to compete in the global market place.
- is currently under pressure for land for use by taxpayer subsidised forest plantations, with those subsidies providing an artificial and unfair advantage to the scheme providers and scheme promoters.
- Has limited protection from state laws which means that a very limited supply of good quality agricultural land capable of food production can be permanently locked away in forest plantations
- provides quality training and work in many regional communities, which will significantly diminish and be replaced by a minimal number of low paid jobs, with a corresponding shrinkage of services in an increasingly uneconomic environment.

State Conference calls upon the State Government to implement an immediate State based moratorium on the further sale of prime agricultural land to non-food growing activities until a complete understanding of this complex and vitally important national issue is developed. The State Secretary is authorised to seek to have this matter placed on the agenda for the forthcoming ALP State Conference.”

Queensland ALP State Conference 2008 Motion

Conference Motion – Primary Industries CM#01

Moved
Seconded

Darren Trask
Danny Dougherty

“State Conference notes that in recent years through subsidised investments, many of the sugarcane farms across the eastern seaboard have been converted to forestry plantations. Queensland is at risk of losing substantial areas of good quality agricultural land capable of food production if it continues to be converted to forestry.

Conference further notes that the sugar industry:

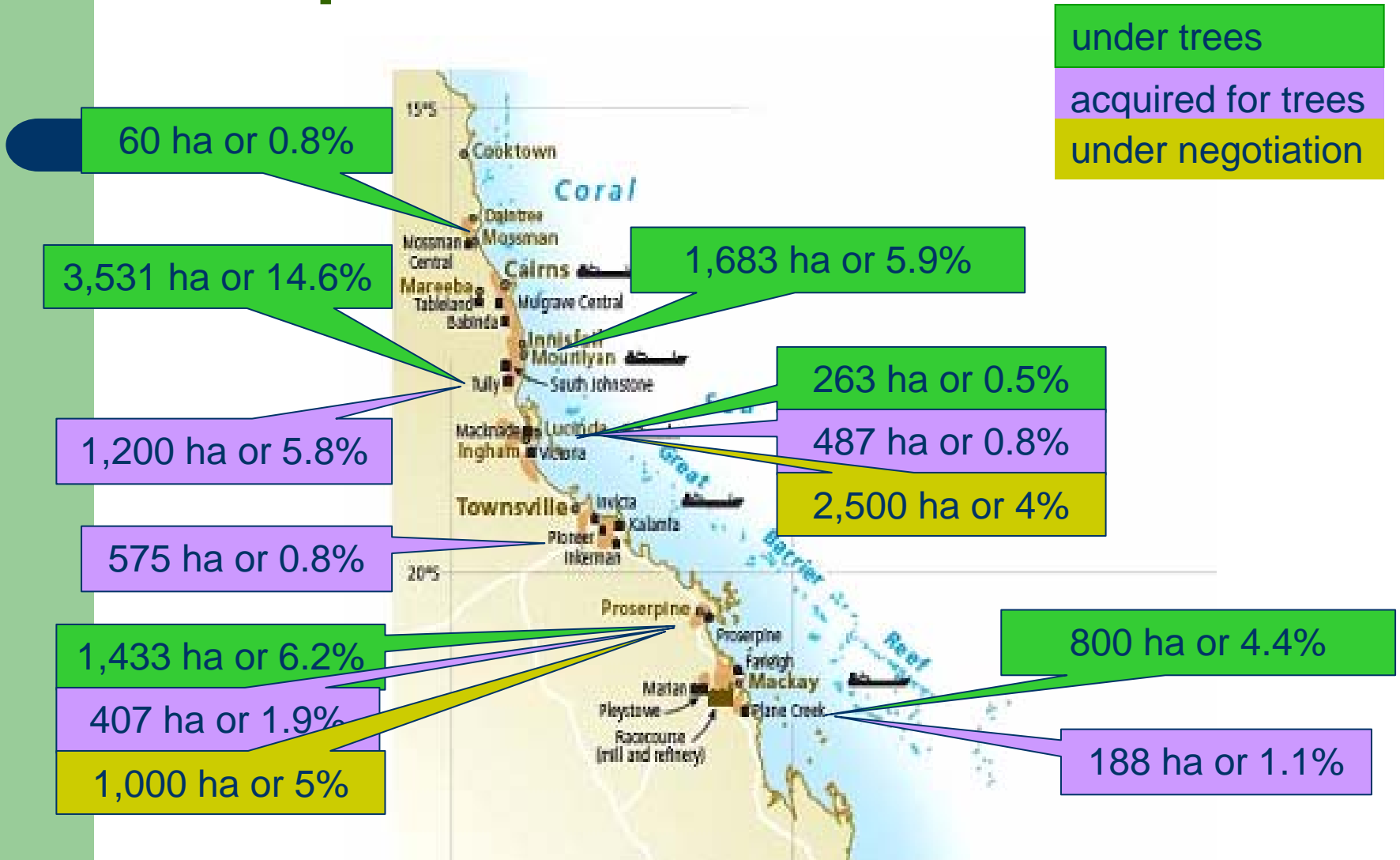
- Has had over 100 years of operation in Queensland and has provided employment and livelihoods to several generations in regional towns across a spectrum of semi skilled, skilled and professional roles;*
- Is globally competitive, but needs economy scale to compete in the global marketplace; and*
- Creates economic and social activity for many regional communities and provides quality training and work which will significantly diminish and be replaced by a minimal number of low paid jobs, with a corresponding shrinkage of services.*

State Conference calls upon the State Government to implement policies which allow both industries to co-exist, and ensure their continued viability and sustainability by:

- fast tracking the review of the State Planning Policy on Good Quality Agricultural Land, and ensure that this review addresses the issues imposed by the subsidized expansion of the forestry industry*
- continuing to work with local governments to ensure that the correct balance to co-exist is maintained within Local Government Planning Schemes and that the issues are addressed through existing State Regional Planning Schemes; and*
- raising these issues with the Australian Government at the next relevant Ministerial Forum.”*

CARRIED

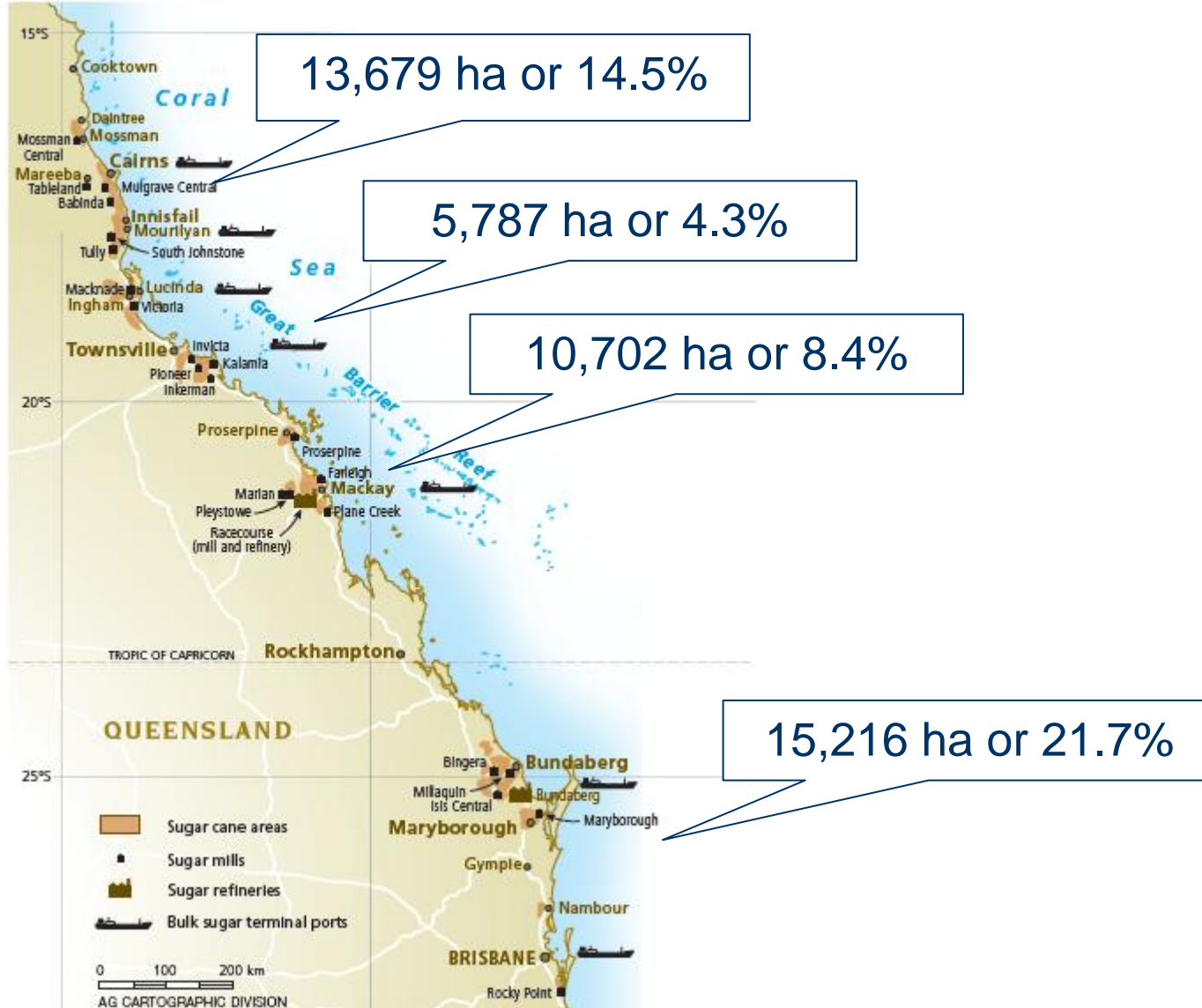
Cane/expansion lands lost for trees



Encroachment by Forestry Plantations

Mill area	Area under cane 2007 (ha)	Cane lands sold & planted to trees	Suitable land sold & planted to trees	Area sold (yet to be planted)	Area under negotiation
Mossman	7,200	60			
Mulgrave	13,100				
Bundaberg Sugar (Nth)	28,559	1,683			
Tully	24,150	1,005	2,526	1,200	
Herbert	57,700	263		487	2,500
Burdekin	69,578			575	
Proserpine	22,931	433	1,000	407	1,000
Mackay Sugar	76,300				
Plane Creek	18,097	800		188	500

Loss of area harvested between 2000 - 2006



Plantation Timbers

- The Main Players
 - Great Southern Plantations
 - ITC Limited (a wholly owned subsidiary of Futuris Corporation Ltd.)
 - Rewards group
- In all cases the majority of the development happening is financed through Managed Investment Schemes

Plantation Timbers

- ITC
 - Looking for 30,000 hectares within 100 km of Mackay Port
 - Growing timber for chipping and export for paper pulp
 - Already have about 7,000 hectares
- Great Southern & Rewards
 - Looking at other areas in North – teak etc (Tully and the Herbert under greatest pressure)
 - Great Southern are biggest hardwood timber growers in Australia

Plantation Timbers

- Potential impact on single mill areas
 - A loss of 5,000 hectares means a loss of 450 - 500,000 tonnes of cane (25% of production) – viability of mill at risk
 - A loss of 10,000 hectares – industry unsustainable

Industry sustainability is at risk

- The forestry and sugar industries could co-exist if there was a level playing field or alternatively if the outcomes are managed to ensure continued sustainability
- Loss of cane lands to forestry plantations represents a greater threat to industry viability than sugar cane smut

There is a lot at stake

- Regional communities rely heavily on the sugar cane industry
 - Cane growing and milling creates more economic and social activity for local communities than plantation timbers
 - Every 1,000 ha's of cane lands lost represents a loss to local communities of \$2 million **annually** in farmer expenditure alone
 - Cane growing is a year on year operation with activities such as harvesting, planting, fertilising, irrigation and general farming
 - Cane growing supports family ownership and subsequent flow through to the community both in business, education, etc.

Plantation timbers impact

- Plantation Timbers provide lots of activity at planting time but limited activity until harvest time (8-10 yrs minimum)
- Skills of workers and pay rates low
- Contractors used for harvest
- More than likely chipped on farm and transported to harbour
- No downstream facilities in local areas (regionally based processing facilities)

Plantation Timbers – Tasmanian experience

- Herron Todd White – Review
 - Small communities like Guns Plains, Riana and Castra experiencing an exodus of people
 - Farms run by families
 - Farm hands employed
 - Services and products from commercial sector
- Timber farms once established are managed by a few people who look after quite a few areas and use very little of services or products from local community
 - Communities are strongly lobbying governments for protection but may be to late

What can you do?

- Get involved in industry campaign to have local government planning provisions changed to better protect cane lands
(in Proserpine mill workers signed community petition presented to Cabinet at Community cabinet meeting in Bowen last month)
- Talk to your local Member of Parliament