CENTRAL REGION SUGAR GROUP

MACKAY ISAAC WHITSUNDAY

30 YEAR SUGAR INDUSTRY STRATEGY

2015 - 45

FORWARD

The Central Regional Sugar Group, are delighted to present the Mackay Isaac Whitsunday 30 Year Sugar Industry Strategy 2015-45 for our region that sets the course for our great industry.

Delivering on the strategic goals in this *30 Year Strategy* will not be easy. Its publication is just the first step on the road. However, for the first time we have a long-term plan and the Central Regional Sugar Group will focus, strive and advocate with a single purpose to deliver on our vision.

Paul Schembri
Chairman, Central Regional Sugar Group

OUR VISION

Producing multiple products from sugarcane combining worlds' best practice, environmental responsiveness and global competitiveness

OUR MISSION

The MIW sugar industry grows sugarcane to produce raw and refined sugar as well as a range of by-products including steam, electricity, biofuels and base chemicals. Our primary markets for raw and refined sugar are developing nations where sugar consumption is rising, whereas our domestic markets are supplied with refined sugar and electricity. Bio/base chemical production and biofuels are anticipated for both domestic and international markets. CRSG is committed to doubling production by value and further diversifying revenue streams in a sustainable manner by 2045, mindful of our proximity to the Great Barrier Reef and the communities in which we operate.

EXTERNAL CHALLENGES

- Changes to the Renewable Energy Target
- Biosecurity and the cost of protecting sugarcane from pests and disease
- Biofuels policies in competitor markets (Brazil, Thailand, India, Philippines)
- Poor/lacking domestic biofuels policy
- Water – access, cost, storage and distribution/location
- Treatment and release of waste water
- Urban encroachment and lack of industry involvement in town planning
- Road transport infrastructure inadequate in some areas, and encroaching on buffer zones
- Easements and right of access to transport cane on new rail tracks that run through private farms
- Price competition from international low cost producers
- Volatile price of sugar and the high Australian dollar
- Competition from Thailand, who has a similar freight cost advantage to Australia, in Asian markets
- Australian based food and beverage manufacturers favouring cheapest source of sugar
- Vulnerability to labour competition from other industries (e.g. mining)
- Having to pay for sunk infrastructure multiple times (e.g. water)
- Obtaining and maintaining a social licence to operate
- Declining sugar consumption in developed countries
- New growing areas use the latest technology and automation lowering cost of production
- Potential for the introduction of genetically modified sugarcane
- Health and welfare of the Great Barrier Reef
- Vulnerability to extreme climate events and changing climatic conditions

INTERNAL CHALLENGES

- Need for cost efficiencies to drive further vertical integration
- Attracting, developing and retaining talent to the industry / knowledge and skills
- Compete for labour with other industries
- Lack of industry training programs
- Amount of unpaid family labour at the grower level
- Protection of good quality agricultural land from other farming uses
- Inefficient use of sugarcane land
- Poor availability of ideal land for sugarcane growing
- Availability of capital for reinvestment and expansion
- High capital cost of plant and equipment
- Extension and take up of new technology by farmers
- Improving the financial sustainability of sugarcane farming
- Increasing the size of the farming unit to achieve economies of scale
- Financial capacity of farmers to invest in technologies that improve productivity and quality
- High cost of irrigation, including the cost of electricity and water
- Adverse environmental sustainability perceptions of sugarcane growing practices

STRATEGIC THEMES, GOALS, TARGETS & STRATEGY

	Strategic Goal	Target	Strategy
GROWTH	**1.1 Increase area of sugarcane production**	+120,000ha	1.1.1 Restore previous sugarcane growing land 1.1.2 Secure and develop new sugarcane growing land 1.1.3 Prevent loss of current sugarcane growing land
	1.2 Restore/increase sugarcane yield	+20tc/ha	1.2.1 Improve soil health with fewer inputs 1.2.2 Plant genetically modified sugarcane varieties 1.2.3 Improve irrigation & chemical use 1.2.4 Reduce harvesting losses
	1.3 Improve investor confidence	Increase % of growers utilising forward selling Increase % of sugar sold under a certification scheme	1.3.1 Sell majority of raw sugar under an accreditation scheme 1.3.2 Continue improving market access to sugar importing countries 1.3.3 Sell direct to food and beverage manufacturers
DIVERSIFICATION	**2.1 Develop alternative revenue streams to raw sugar**	50% of revenue from non-sugar products	2.1.1 Advocate to retain RET and increase cogeneration from bagasse 2.1.2 Advocate for biofuel mandate 2.1.3 Attract other industries that benefit from renewable steam/electricity 2.1.4 Commercialise 1-3 other biochemical products
INNOVATION	**3.1 Deliver productivity improvements**	Significantly improve productivity every 5 years	3.1.1 Research most promising productivity improvements 3.1.2 Ensure widespread adoption to productivity improvements
	3.2 Deliver new commercially viable products	1 product every 10 years	3.2.1 Research most promising new products 3.2.2 Demonstrate commercial viability of new products
CAPABILITY & RESILIENCE	**4.1 Engage a skilled and knowledgeable workforce**	Zero skill shortages	4.1.1 Develop and maintain a MIW Sugar Industry Workforce Development Plan 4.1.2 Develop career pathways in partnership with education providers
	4.2 Enhanced capacity to respond to adverse events	Return to normal production within 2 seasons	4.2.1 Develop disaster management plan 4.2.2 Industry viability / profitability enables rapid disaster recovery 4.2.3 Manage risks of disasters on support industries
COMMUNITY & ENVIRONMENT	**5.1 Present a single community interface**	High community satisfaction rating	5.1.1 Deliver an regional PR strategy
	5.2 Effectively manage our natural resources and adopt sustainable solutions	Greater sugar production with less cost to the environment Carbon neutral value chain	5.2.1 Regularly measure and report greenhouse gas emissions. Further improve efficiencies and reduce greenhouse gas emissions 5.2.2 Encourage growers to engage in government programs to improve water quality 5.2.3 Commitment to continuous improvement in sugar production, e.g. Best Management Practice , Bonsucro
	5.3 Promote positive health message about sugar	Positive public attitude towards the role of sugar as a natural part of diet	5.3.1 Continue to engage in the national sugar nutrient strategy
ECONOMICS & INFRASTRUCTURE	**6.1 Determine and improve the economics of the sugar industry**	5-10% ROE	6.1.1 Measure the economic contribution of the sugar industry annually, including flow on impacts 6.1.2 Measure ROE for each stage of the supply chain 6.1.3 Develop programs to improve ROE at each stage of the supply chain 6.1.4 Develop alternative financing approaches for new entrants involved in expansion/ diversification
	6.2 Attract investment for growth and diversification infrastructure	Investments made	6.2.1 Identify required growth and diversification infrastructure 6.2.2 Develop alternative financing approaches for growth and diversification infrastructure 6.2.3 Attract required growth and diversification infrastructure investment
	6.3 Secure supporting infrastructure for growth and diversification	Infrastructure delivered	6.3.1 Identify required supporting infrastructure 6.3.2 Develop alternative financing approaches for supporting infrastructure 6.3.3 Partner with government and other industries to facilitate common infrastructure delivery, including a container handling facility at Mackay Port

OUR VALUES

Our values are:

- Focus on the end customer.
- Co-ordination and co-operation between industry participants.
- Financial and environmental sustainability throughout the supply chain.
- Commitment to research and development.
- Credibility, integrity and professionalism.
- Open and effective communication with government.
- Community consciousness.

IMPLEMENTATION

The implementation of the *MIW 30 Year Sugar Industry Strategy* and demonstrated progress towards the strategic goals annually is important to demonstrate industry commitment and credibility towards achieving the MIW sugar industry's vision. The Central Region Sugar Group to develop an action plan (short, medium and long term) and business case for projects to deliver on the strategies and meet the targets.

The *MIW 30 Year Sugar Industry Strategy* should be subject to minor review and adjustment every 2-3 years and a major review every 5 years to ensure it remains relevant to changing circumstances.

CONTACT

Details