

## **ABC Landline: Sweet as Sugar, 5 May 2001**

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### **Sweet as Sugar**

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Australia's sugar industry's been through some tough times in recent years. Growers have been battered by bad weather, low sugar levels, and even lower commodity prices. But perhaps the most serious challenge to this one billion (Australian) dollar export industry emerged about four years ago, when our biggest competitor, Brazil, developed a new improved brand of raw sugar. It immediately set new standards in quality and purity and threatened Queensland's position as preferred supplier in some of our premium markets.

Now the local industry's fighting back with leading edge technology developed at a medium-sized sugar mill at Childers in Central Queensland. To put Queensland back on top as the world's premier raw sugar supplier, David Pike and Isis Central Milling Company were instrumental in developing and implementing the processing technology to produce a new high pol brand called QHP. It's set to give the Queensland raw sugar industry a crucial competitive edge in the often volatile world marketplace.

Isis Mill had already been producing a higher pol product, VHP, since 1993. But using conventional factory technology to do this increased sugar losses to the molasses stream and reduced the capacity of some equipment. So David began looking for a new system that produced high pol sugar without these limitations.

With the growing competition from higher pol sugars in the marketplace, Queensland Sugar was looking to develop a new premium brand and encouraged Isis Mill and the Sugar Research Institute to intensify efforts to produce a superior, higher pol product. After the extensive research and analysis, Isis built a prototype plant to produce a trial cargo of the new high pol brand, named QHP, for an export customer in the 1999 season. The response was outstanding, and major capital works over the following year enabled Isis Mill to make its total production as QHP in the 2000 season.

QHP is much lower in colour than the standard Queensland Brand 1. It is the best high pol sugar on the market because of its consistently high quality, especially in aspects such as starch, dextran, fine grain, filterability and moisture. David Pike is keen to share his knowledge and experiences with other mills who are willing to take up the challenge to product QHP. His work in developing the technology to produce QHP is an example of the innovation the Queensland industry needs to keep pace with the competition, now and into the future.

David Pike has won the 2001 Sugar Industry Innovator of the Year for his contribution to the production this new brand of raw sugar.

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Harvesting the cane marks the beginning of the process

## Sweet as Sugar

Reporter: Peter Lewis

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They've been crushing sugarcane here at the Isis Central Mill since 1887.

When nearly 8,000 tonnes supplied from 30 farms yielded almost 800 tonnes of sugar.

These days 224 suppliers deliver 1.4 million tonnes.

Yielding nearly 150,000 tonnes of sugar and no ordinary sugar either.

Local growers like Harry Bonanno keep almost as close an eye on the Isis Mill's performance and profitability as they do their own crops.

Its no wonder, they all own a share of the co-operative that runs it.

"That means that in the end we have our own point of view, the benefits wherever they derive will gradually get back to the people who own the mill and own the farm who are virtually the same people because all the growers are shareholders," Harry Bonanno said.

The Bonannos have taken sugar with just about everything since Harry's Dad began share farming in the Childers area.

"My father came to Childers initially, his original intention of coming to Australia was that he had a cousin out here, who wrote back in glowing terms of the money he'd accumulated in a

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short time, in cutting cane so Dad thought it would be a good thing to be get into, a couple of years of this hard life, I'll come back to Italy and live happily ever after," Harry said.

"It wasn't quite so easily earned as he thought, after he married my mother they went on to a cane farm, in partnership with a cousin of my mothers and in total laid out 150 pound cash between them and seven of their mates, that helped put the 150 pound together, as a deposit on a 10,000 pound cane farm."

It was hard yakka though progressively mechanisation was introduced eliminating much of the backbreaking manual labour.

Markets were fairly predictable and prices stable.

"We bought three farms in succession and that gave us, enough land, with Dad, my brother and myself, to make a living on. Since then we have had to divide up the farm, my brother has his land, and we work together whenever we can, you can have partners whenever you need them, be on your own when you need to be. My brother has just gone down you've heard of the millers that's the other lot, they are the people who do the crushing, my brother is on that side and I am on this side on the canegrowers side, it makes for very friendly animated discussion at the dinner table, we each get along, fairly well, as do the other millers in this area because we are a co-operative mill," he said.

In a sense co-operation is a positive word you could use to describe the whole sugar industry, in his time as chairman of canegrowers Harry Bonanno has seen fundamental changes to just about every aspect of the business though single desk selling remains.

And in sugar, Australia's big competition comes from the Brazilians.

"I think where I am is a bit edgy now is the fact that we were the most efficient producers in the world, and we are still extremely efficient, but I still think Brazil has a small edge on us because they have a natural capacity. God was very kind when he built their country he gave them 60 inch rainfall, plenty of sunshine, no droughts, well very few droughts. And they were able to access mechanical harvesting and cultivation, terminal structures, and also bulk loading. Things that we thought were innovators at have been transferred on a large scale. Particularly in Brazil," Harry Bonanno said.

In recent years the development of high pol sugars particularly Brazil's VHP re-defined the world sugar market and set new standards for raw sugar quality, at Queensland's expense.

"Well, because our competitors, namely Brazil were offering a high poll product our customers who are looking for efficiencies in their refineries really wanted that product we either compete or lose some of those customers," Harry said.

Here at Isis they made a calculated gamble to take the Brazilians on.

"The parameters that the refiners generally look for are poll, ash and colour.

They certainly want a higher poll - the higher the pol the better the refiner likes the sugar because he doesn't have to process as much colour and ash out of it, so certainly the poll

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colour and ash are issues that the refiner would look for," Mark Hochen General Manager said.

David Pike was responsible for driving the QHP project at the Isis Mill.

"Well I'm a sugar technologist, I've been at Isis probably for about seven years, I've worked across most of the districts up and down the state, spending some time at Plane creek and Cattle creek which was subsequently closed, Tully sugar mill, and Inkerman Mill and Isis mill," he said.

There has been a great deal of work done in re-engineering to cope with the changes the mill is under going.

"Well, we undertook in 2000, initially we put in a pilot plant to evaluate the system and make a small quantity of sugar for the market.

The new system we spent around \$3.6 million, was a major revamp at the centrifugal station a little bit at the plant stage and that system has gone very well in the 2000 season," David said.

"From an Isis mill point of view the key benefits made here are; we are able to make a high pol sugar, we have been able to reduce our sugar losses in molasses while making that high pol sugar. We have also improved our rate through our processing equipment, and I think one of the key aspects from our point of view is that we are able to meet the Queensland sugar co-operation quality criteria a little bit easier than we were when making brand 1 and VHP sugars. From an industry point of view, the high pol sugars provides out stake holders with a sugar that is able to be easily marketed overseas, and that's very important to us," he said.

Some may question after all this how stand on the competitive global market and how the QH{ produced here compares to the Brazilian VHP product.

"Well, the QHP quality parameters are much better than the Brazilian, and I say that tongue in cheek, but starch and dextran are far superior. Our ash, colour, fine grain and filterability are much better; pol and moisture are more consistent, and I suppose it's the consistency of our product that really stands out. In the market place if we've got that consistency then we become the benchmark for our competitors," David Pike said.

"Now that we've seen a full year's production from Isis mill our customers have actually had a good look at the product and they're very happy with it and I think we can see quite a lot of interest in QHP sugar and we would expect demand from a number of customers to grow from here," Ian White, Chief Executive of Queensland Sugar said.

"People are saying that in the next couple of years we'll need 30 per cent or 40 per cent of our production as a QHP product, the market demand is going to be so strong they'll demand QHP over our current brands," David Pike, Sugar Technologist from the Isis Central Mill said.

"The Queensland industry has a single desk so we all get the benefits of any innovation that comes through the industry. And so just like others would share their innovations with us, we would share our innovations with them," Mark Hochen, General Manager of the Isis Central Mill said.

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"There's varying estimates that have been done by Queensland sugar limited and the common wisdom says that sugar quality particularly the QHP quality would be worth somewhere between \$6 million and \$23 million to the industry," Mark said.

"The guys at the mill here have been very enthusiastic about the process both on a staff and employee level, we've had a lot of support from those guys and they're instrumental in the success of the project, 'cause without their knowledge and skills you just can't progress that sort of project," Harry Bonanno said.

News this week that David Pike has been voted sugar innovator of the year should come as some consolation for a community that's done it tough in the past couple of years.

Apart from sugar's character-building times Childers had to cope with the tragedy of the backpackers hostel fire.

"I think when you have a successful project there's always a positive spin off for the organisation: to the employees, to the board, to the community in general- remembering that Isis mill is owned by all the local growers, and so I'm sure that right down to the grass roots growing level they're all very pleased with the result of the QHP project," Mark Hochen said.

"We need a quantum leap from where we are now to get us just ahead of the rest of the world and we are getting there, but it's difficult. I think that unfortunately necessity is the mother of invention. Necessity does bring us out to do things we wouldn't have done otherwise. But we can't as an industry say, we are not making enough money so something has to change on the income end to keep us where we are at. Perhaps we have to accept that the income end is a statistic and unless we get ourselves into value adding and somehow or other, or incorporate in some way some benefit it will not necessarily come because of increasing price," he said.

"Price on the world market is fairly static, very erratic, the sugar industry is not for the faint hearted, it's an industry you have to work at, if you are going to be in it.

But if you are enterprising, innovative, and don't get themselves into too much debt," It's all about sustainability.

As he prepares to bow out, one of Australia's longest serving and more influential agri-politicians says he's gained great satisfaction from one of his most recent achievements, selling the commonwealth on the sugar industry assistance package, as well as arguing the merits of a more environmentally sustainable production process.

"I suppose if you look at it we're aid to the government, we want to start a sugar industry. Where do you want to go, a strip right along the Queensland coastline, right adjacent to the barrier reef, they would think we would be mad. They'd say well you are not going to do that we are there, and we have to stay there, and be cogniscent of the needs and expectations of the community and the govt expectation as well because there's not much different, once the community thinks something should be done the government gets moved down that track. We are staying where we are because we have adopted practices that are environmentally friendly. If we hadn't done that we'd be in real trouble. Our growers now accept they have to be environmentally friendly. Trash blanketing, spraying, chemical spraying and all that, we've got a code of practice that makes certain that you stick with that at least you are not going to be sued out of existence. The farmers have change and will continue to change because we

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have to change and if I've played a role in that and I am pleased with that," Harry Bonanno said.

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