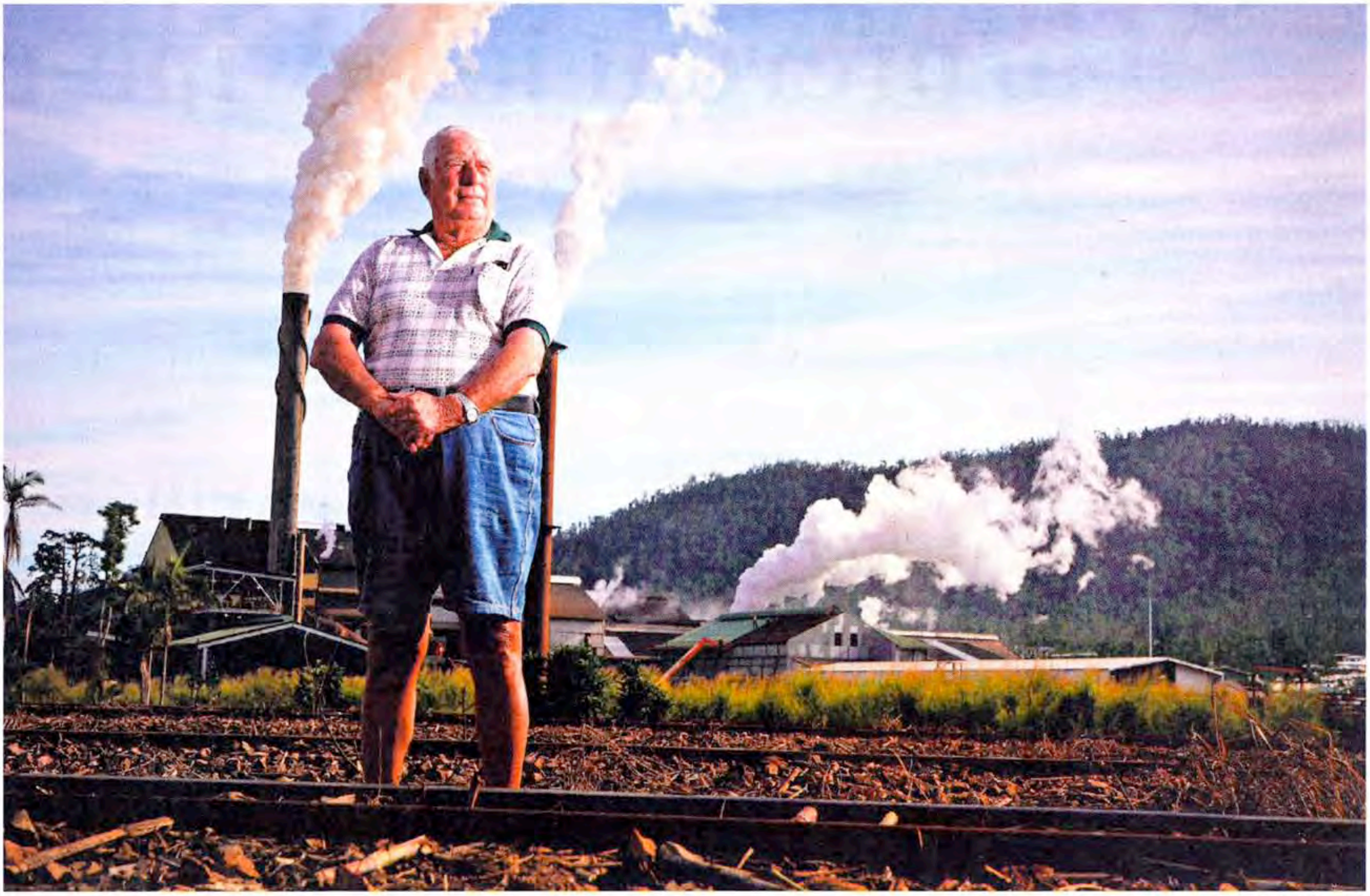
Payout bitter-sweet for Tully's old guard



CAMERON LAIRD

Former canecutter and grower Joe Sgroi, 71, is retiring with a $480,000 windfall

MICHAEL McKENNA

THE fights are over, the crying stopped but behind the weathered, unyielding faces of the old canegrowers — suddenly flush with cash and free of decades of debt — there is a sense of loss.

After more than a century of sweat andsurvival, which helped build Queensland and define the pioneering spirit of the far north, the quintessential, Italian-rich cane community of Tully has once again turned to foreigners for its future.

The sale this week of the 86-year-old Tully Sugar mill to the state-owned China Oil and Food Corporation is more than just the latest in a wave of overseas ownership of Australia's prime agricultural businesses.

COFCO's 61.25 per cent buy-up of Tully Sugar — after a bidding war with Mackay Sugar and US-based agribusiness giant Bunge — is the end of an era.

The payouts — on average more than $500,000 for shares issued in 1990 when the mill moved from a co-operative to an unlisted public company — will allow most of the old growers, who started out as canecutters, to retire.

CAMERON LAIRD

Tully Canegrowers Association chairman Tom Harney

Immortalised in the 1955 Australian classic play *Summer of the Seventeenth Doll*, the cutters worked hard and played harder.

But for those who saved to buy their own land, the tough times of the past decade robbed them of a market to sell up as many of their children turned their back on the business and moved to the city.

Tully Canegrowers chairman Tom Harney said that while the sale would help secure the future of the local industry and deliver windfalls to growers, it had come with a price. "Many are upset about selling the mill which they have fought long and hard to build and protect from takeovers over the years," he said.

"But it is the times, and we live in a commercial and global world and people in their 70s and 80s — unable to sell their farms at a reasonable price — now have their superannuation."

The elderly growers were the living remnants of the old sugar towns, which began to dramatically change in the 1970s, with the closure of many pubs and businesses as the seasonal flood of cutters dried up with the arrival of the machine harvester.

During the last boom, in the 1990s, the more adventurous bought out neighbours, creating sprawling properties — worked by a trickle of Indian immigrants and backpackers — which struggled as the world sugar price fell.

Joe Sgroi, 71, this week was among the mill's 350 shareholders — of whom just over half were growers — who sold out, reaping $480,000 as he retires.

Sicilian-born, Mr Sgroi emigrated to Australia in 1957 as a poor 17-year-old and headed to far north Queensland for work.

Mr Sgroi first worked alongside offspring of the Kanakas and spent 10 years as a canecutter.

"You couldn't tell whether you were black or white in those days; we were being burnt in the sun all day — it was bloody hard work."

Apart from the boon for shareholders, a motivation for the sale was to ensure the mill — which can crush up to 2.5 million tonnes of cane a year — could expand.

The mill was built in 1925 by the Queensland government, bought out in 1931 by the growers and run as a co-operative until 1990 when it became an unlisted public company, with the growers issued shares — some of whom have sold out over the years to companies and city investors.

The sale comes at a time of rationalisation in the sector — with closures throughout the region in the past few decades. The nearby Babinda mill closed this year after last year's poor harvest.

Tully Sugar chief executive John King said one of the advantages of the sale would be easier access to capital. He said Tully Sugar had a strong balance sheet — with cash and assets — but that COFCO's takeover would take the mill "to the next stage".

"COFCO has capacity to spend more capital quicker than we could do in expanding the mill and bringing more land under cane," he said.

Mr King said the mill had become a target for overseas buyers after the global financial crisis, particularly with Asian countries wanting to ensure security of their food supplies.

The growers were ripe for the taking after the poor season last year.

Mr Harney isn't too concerned about the new Chinese owners and the price they will pay for cane over the coming years.

But Mr Sgroi is sceptical of what will happen to the industry he is leaving behind.

"We will see if they keep their promises," he said.