CEO Update

As we approach the half-way point in the season, we have seen consistently high CCS across all three growing regions as a result of dry harvesting conditions. The dry winter has meant that sugar recoveries have been high, with mud, fibre and ash levels are down.

With the price of sugar at staggeringly low levels, we are more focused than ever on diversity programs such as our Low GI sugar that will deliver a premium over our traditional sugar products. The 1kg Sunshine Sugar retail Low GI product is making its way onto the local market with more than a dozen stores already stocking it. These include IGA in Tweed Valley, Murwillumbah, Evans Head and Kyogle; SPAR in Maclean, Evans Head and Uki; Foodworks Bangalow, Farmer Charles Lismore, and Urbenville General Store. We are also in discussions with Woolworths, Coles and Metcash regarding private label opportunities.

Kent Selby, our Business Development Officer, has just attended the ISSCT Conference in Brazil thanks to funding for travel provided by Sugar Research Australia. This conference specifically targeted diversification of the sugar industry. Once Kent is back on deck we will review developments of interest and potential opportunities in this area.

On other projects, we are seeing good progress on the warehouse project at Harwood as foundations are laid ready for construction to commence. This photo shows the scale of the work just in pouring the concrete slab.

I would also like to take this opportunity to recognise and congratulate our team on winning the Award for Excellence in Work Health & Safety at the Clarence Valley Business Excellence Awards. Our Chairman Jim Sneesby accepted the award on behalf of the business and it is proudly on display at the Harwood Mill.

With the drought now affecting 100% of the state, we decided to make a contribution to help farming communities most impacted throughout inland NSW. We have provided 2 tankers of stockfeed molasses and a pallet of 1kg sugar packs to be included in household hampers. Shackell Transport generously donated the transport of the molasses, which was delivered to a depot near Sydney where it was transferred into IBC’s for distribution by Aussie Helpers. I am also aware of numerous growers who have been baling cane leaf and grass to donate to the cause.

Did You Know

Elite Distillery Operational at Nowra

A world-class distillery producing the purest grain neutral spirits for a range of craft and big brand beverages – including vodka, gin, blended whiskies, liquors and ready-to-drink packaged alcohol – has been installed at the Manildra Group Shoalhaven Starches manufacturing plant in Nowra, New South Wales.

The elite distillery will facilitate full-scale production of beverage-grade, grain neutral spirits for personal care, pharmaceutical and food and beverage industries across the globe.

Chris Connors
Market Comment

World sugar prices are sitting just over the 10c region, and are at effectively 10 year lows (both in c/lb and in A$ per tonne). Part of the large global surplus of sugar seems destined to continue to weigh on the market for at least the next few weeks (Thai raws/whites and CS Brazil raws). Hopefully once the October futures contract expires, some pressure might come off the market for a little while. A large part of the global surplus sits in India, and while some small exports of white sugar have been completed, the volume at this stage is nowhere near the tonnage originally anticipated. This may change given India has another large crop coming, however without a significant subsidy from the Government, exports out of India will not work in any volume.

How the Indian Government approaches trying to solve the problem of large over production that they created, will go a long way towards determining the direction of the global sugar market in 2019. Large and subsidised exports will keep the market somewhat depressed, while a lack of large exports out of India would likely see the market rally back to much better price levels.

Arguably, the current low sugar values have not only potentially priced a large volume of sugar coming out of India, but have also largely priced in the impact of the global surplus. With this, and putting India to one side, there are some positive “green shoots” for the market which include reducing production in CS Brazil and a likely reduction in the EU and Black Sea (Russia and Ukraine) crops this year (and perhaps more next year). The next few months will be important for the market and with Indian Government elections early next year, some uncertainty will remain into early 2019 at least.

We are fortunate that we have hedges in place that will ensure that we end up with a sugar price of between $410 and $420 for this season. This converts at current ccs levels to over $30 per tonne of cane. This compares to the current price as indicated above which is less than $300 per tonne.

Don’t forget about our local business sugar promotion...

Promotional packs are available from each Sugar Mill Reception. These packs include an embossed metal container filled with sugar sticks, a flyer and a magnet with information on our range of locally made products and how to order.

If you have a local coffee shop that you would like to give a pack to – please let us know.

Classifieds

Can be found in the “Agricultural Information” section of our website www.sunshinesugar.com.au
Around our Industry

A new sugarcane nutrition manual provides the A to Z of growing a healthy crop. The Australian Sugarcane Nutrition Manual, it is available free to growers, millers, and stakeholders through SRA in hardcopy and electronic formats. With good crop nutrition fundamental to the industry’s productivity, profitability, and sustainability. This new manual arms the Australian sugarcane industry with valuable information to gain a better understanding of their crop’s nutrition, which is underpinned by the SIX EASY STEPS® nutrient management program for fertiliser guidelines.

To access a copy of the manual visit www.sugarresearch.com.au or email Samantha Ryalls at sryalls@sugarresearch.com.au or (07) 3331 3308.

Sponsorship and Donations
We are supporting the following events throughout the region

| SEP      | Chatsworth Island Public School Sesquicentenary | 8th | Chatsworth Island |
| SEP      | Maclean Public School Spring Fair               | 16th | Maclean          |
| OCT      | Woodburn Riverside Festival                     | 13th | Woodburn         |
| NOV      | Murwillumbah Show                               | 2nd – 3rd | Murwillumbah |

Over the past month, we have proudly supported...

Tweed - Cudgen Public School, Murwillumbah Community Centre
Richmond - Northern Rivers Vintage Car Club, Woodburn Public School
Clarence - Gulmarrad Primary School, Yamba Ladies Golf, Maclean United Cricket, Harwood Cricket

From the Mills

Condong Mill – Greg Petersen

The crop is still cutting above estimate at 103% and CCS continues above budget at 11.1 (budget 10.3) and sugar recovery has been good. Our total DC raw sugar production is tracking ahead of budget with high levels of finished goods in stock. We also have stock on hand of both Icing and Brown sugar.

From a factory perspective, stoppages have been relatively low, with mostly reactive maintenance occurring. We have also had minor disruptions due to some transport issues including fire damage to bins on a cane pad.

Welcome to: Jason Bargenquast, Labour. Farewell to: Anthony Fallon, Cane Supply.
From the Mills...continued

Broadwater Mill – Dave Wood

The factory has run well through the first part of the crush, although there was a 4-day stoppage in early August when we stalled our 900kw motor on #1 mill. Upon restart we bent the Pressure Feed plates, meaning the #1 mill had to be dismantled and repaired. To exacerbate the stop there was an 18-hour period when Cogen were having problems with the boiler and no steam was available. Some lost time has been experienced due to other crushing station niggles, as well as maintenance and evaporator cleaning. Recovery has been tracking well above budget for the period and is continuing this positive trend. Sugar production is tracking well ahead of budget and all of this sugar is being sent to Harwood. The full use of the Broadwater Sugar shed will be required this year.

After a tremendous career at Broadwater Sugar Mill spanning back to 1980, Stephen Wagner or ‘Wags’ as he is affectionately known has now officially retired. Stephen commenced as a fitter throughout the factory before being promoted to Shift Engineer for the 1982 crush. Stephen also worked as Project Engineer in the non-crush periods from 1988 to 1998 while studying Mechanical Engineering at University. His extensive knowledge of the plant is partly due to his involvement in many major factory upgrades. These include; Mill drives changed to hydraulics, No1 & 5 mill installs, No1 & No8 Pan installs, 4 new evaporators, 2 clarifier upgrades, No4 filter install, bagasse bin & conveyors and No12 Boiler installation. He was promoted to Second Engineer in 1998 and became acting Chief Engineer in early 2000’s. Stephen left the business for a time in 2004 before re-joining the business as Second Engineer in the mid-2005, remaining in that position until his appointment as Engineering Manager in 2015. Wags is adamant he is not retiring but is leaving the mill to work on his farms at Woodburn. We wish Steve all the best for retirement and hope he will call in for smoko on the odd occasion!

Harwood Mill & Refinery – Grant Kaczorowski

The mill has continued to perform reasonably well with crushing rates regularly at 210-215 tonnes per hour. CCS continues to be higher than budget (12.3 actual vs 11.8 budget). With changes made to pan washings, heavier yield, higher CCS and targeting higher coloured sugar through the fugal stations - we expect to make 1,000 tonnes more sugar than budget. The crush estimate is still at 685,000 tonnes; however, this could be impacted by recent frosted cane near Ulmarra. Another good result has been our bin weights with the average being 21.9 tonne for the year versus last year at 21.3. This amounts to almost 1,000 trips less across the season!

Unfortunately, there were some reliability issues through August. Three days were lost due to the scraper plate failure on #4 mill. Structural damage and the angle of the plate were found to be the main causes. The second major issue was 19 hours lost due to the failure of the #3 mill intermediate carrier. In both cases the maintenance team are to be commended on getting the plant back up and running as quickly as possible.

The refinery continues to operate well and is on track to melt around 185,000 tonnes for the year. The raw shed will peak at 105,000 tonnes in late November and at this stage we estimate having 15,000 tonnes by the end of June 2019, based on the current sales and operating plan.

Woolworths have agreed to change their product specification from bottlers (ICUMSA colour < 30) to manufacturers (ICUMSA colour < 45) - this will make a difference to how we run the refinery and should significantly improve yield.

Welcome to: Grant Coombs, Welder; Scott Dolby, Field Officer. Farewell to: Shawn Norris, Field Officer.

Congratulations to:
- Greg Blanch, Craig Williams, Stewart Lewis (all promoted to shift supervisor), Austie Sheehan (promoted to Mill production supervisor).
- Brian De Beer, Leila Marron, Willem Dippenaar, Megan Richardson.
- Deanne Eaton, Engineering Manager. Deanne brings a valuable set of skills and experience to the business. She holds a Bachelor of Engineering, Mechanical, and a Graduate Diploma in Business Administration and Management. Prior to joining the team at Harwood, Deanne was employed as an Engineer, both Mechanical and Electrical, at Clarence Valley Council.