The Australian Cane Farmer

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ACFA showcases Innovation at Townsville conference.







Pictures (clockwise from top: ACFA Chairman Ross Walker address the conference; members visit joint innovation stall of Private Forestry North Queensland and Centra Queensland Forest Assocation; Bob Bolling gives his presentation.

industry representatives impeccable. attended ACFA's the Most out of your cane farm" Wednesday 27 October.

The conference featured speakers covering a wide range of topics, each focusing on different ways farmers Suncorp representative Robert can add value to their farm.

Hanlon from Resource Consulting management practice to enable when requesting finance. maximum profitability from agricultural enterprises.

health, establishing critical dates for farming venture. soil testing in a region to ensure

round 90 farmers and weed control and drainage are

"Showcasing Innovation Getting Suncorp then took the stage and provided information on the best conference in Townsville on ways for farmers to approach financial institutions to increase their chance of gaining financial assistance for new business ventures.

Drewitt illustrated the increasingly possible demand requirements of The day kicked off with David banks, including farmers needing to provide soil, fertilizer and Services, who talked about best environmental management details

Mr Drewitt reiterated the need for farmers to analyse their strengths and Mr Hanlon identified a number of limitations before approaching a practical steps that should be financial institution, the need to undertaken in order to improve consider current farming practices performance. These included using a and to look at what can be changed to non-grass rotation to improve farm ensure maximum success from any

optimum nutrition, preparing best Diversification options were then and worst case ratoon plans for the discussed, with Bob Bolling from Cape next 3-5 years and ensuring that York Forest Management talking

about growing forestry on spare cane land, and the different varieties, options and assistance available.

Mr Bolling said that there were three types of land cane farmers should be reviewing for possible tree plantation: headlands and slopes too sleep to plant, areas close to creeks and watercourses and areas which are a 'sink', requiring excessive lime or fertilizer in order to grow a decent crop.

Mr Bolling also said that tree plantations complement cane farms as the harvesting of trees could occur between February and July and as the existing transport infrastructure could be used by both industries.

Continued on page 8.

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Chairman's Comment



ACFA: Offering a range of services to cane farmers.

By ACFA Chairman Ross Walker.

"Showcasing Innovation."

I would like to start off by thanking everyone who attended ACFA's "Showcasing Innovation: Getting the most out of your cane farm" conference in Townsville late last month.

The conference was very well supported by farmers, the community and sponsors alike.

Not only were the presentations very information, but attendees also had the opportunity to liaise with Innovation Display holders which included Sumitt Fertilizers, the CRC for Sugar Industry Innovation through Biotechnology, Suncorp and Hastings Deering.

For ACFA members who were unable to attend, the presentations given on the day will be highlighted in this and future magazines.

"Showcasing Innovation" was ACFA's sixth conference in the past two years.

These conferences have been very well received and will continue next year, with a conference and AGM likely to be held in Mackay in May.

 $\begin{array}{lll} ACFA's \ aim \ with \ these \ conferences \ has \\ been \ to \ keep \ farmers \ up-to-date \ on \end{array}$

issues affecting their industry, diversification options available to them, future pathways of the industry and business management opportunities.

Other ACFA Activities.

ACFA has held discussions with QSL Ltd regarding grower elections. ACFA recommended that growers be elected and that all growers be eligible to stand for election and to vote.

The ACFA Board of Directors met recently to discuss requests from members that ACFA be more involved in local negotiations. Pages 10 and 11 of this magazine deal extensively with the issue of cane supply agreement and how ACFA can represent you on this matter and I would urge all readers to look carefully over these pages.

We are also willing to look at setting up small local offices in an area depending on demand.

Many farmers have also been asking about our crop insurance and I am pleased to say that ACFA's insurance scheme is continuing to grow. Contact ACFA on 1800 500 025 if you would like more information regarding our insurance rates.

Ethanol: Back on the agenda.

Tablelands mill receives funding. The state government has awarded the Tablelands mill in far north Queensland a grant of \$250,000 to help towards establishing an ethanol production plant.

Minister for State Development and Innovation Tony McGrady said that once operational, the Tableland mill could produce 40,000 litres of ethanol per day or 13 million litres annually, is predicted to create an extra \$6.5 million in new sales annually and create 12 new jobs at the mill.

Ethanol bill defeated.

Queensland Opposition Leader Lawrence Springborg has hit out at the Queensland Government following the defeat of the opposition's ethanol bill in parliament.

Mr Springborg said that he was amazed that after promising for months to back the ethanol industry, the Beattie Government had used its majority to block the bill which would require petrol sold in Queensland to contain up to 10 per cent ethanol.

Mr Springborg also said that the government had refused to even consider an amendment to the bill that would have meant that two-thirds rather than all petrol sold in Queensland contained ethanol.

Queensland Minister for State Development Tony McGrady has hit back at the claims, saying that the Government does not support 'half-baked' bills.

Mr McGrady called on Mr Springborg to join with the Beattie Government to lobby the Howard Government for a national mandate for E10.

More Ethanol News on page 4.

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Short and Sweet

FarmBis 3 gets the go ahead.

The Queensland Government has committed \$11 million over four years to the third stage of the FarmBis program.

Primary Industries Minister Henry Palaszczuk said that he was pleased to announce the government's commitment to the program.

"With \$11 million from the Queensland Government, and matching funds from the Federal Government, a total of \$22 million will be available for the program in Queensland," he said.

"FarmBis offers subsidies for training to enhance the ability of individual producers, rural land managers and commercial fishers to manage their businesses."

FarmBis 3 is due to commence in January 2005 and will conclude in June 2008.

Stamp duty exemption on cane farm purchases extended.

The Queensland government has extended stamp duty relief on cane farm purchases to include purchases of farms not necessarily adjacent to the original farm.

When Premier Beattie announced the provision on May 26 this year, the relief was only available to cane farmers buying cane land adjoining their existing farm.

However, purchasers are now also eligible if they satisfy the following criteria:

1. The purchaser has a supply agreement or contract with at least one sugar mill;

2 (a) The vendor has a supply agreement for the cane produced on the farm being sold; and

(b) the vendor's agreement is with one of the same mills with which the purchaser already has an agreement for the cane produced on their current land.

Furthermore, in both cases, at least 75% of the area of each of the purchased land and already owned land must be used for sugar cane production.

For more information visit the Office of State Revenue website on www.osr.qld.gov.au

Grant to help Burdekin farmers diversify.

The Queensland government has awarded a grant of \$22,000 to the Burdekin Shire Council to help fund a feasibility study into the establishment of an industry to produce stock feed from sugar cane tops.

"At present the tops of cane more of less go to waste because they're burnt prior to harvesting," Queensland Premier Peter Beattie said.

"But if cane farmers grow some crops such as sorghum and lucerne and combine them with the sugar cane tops then it could be sold as stock feed.

"This would provide an added income stream and possibly assist up to 150 farmers to stay with sugar cane," he said.

STL vote defeated.

A motion to change the Sugar Terminal Ltd constitution to allow inactive cane farmers to hold shares in the company was defeated at its Annual General Meeting on 22nd October.

Although 90 per cent of growers voted for the amendment, the millers voted against it, and therefore the proposition failed to reach the 75 per cent acceptance vote required to change the constitution.

The amendment, had it been passed, would have allowed farmers who use their land outside cane farming but still have the options of growing cane at some time in the future, to retain their STL shares but not their right to vote in company elections.

	ACFA Calendar	
15th November	QSL Board Meeting	Brisbane
17th November - 9th December	ACFA Regional Meetings	All areas
20th December	QSL Board Meeting	Brisbane

Key Sugar Reform Program dates

January 2005 - Payments under the second instalment of the Sustainability Grants

30 June 2005 - Cut off for Reestablishment Grant worth \$100,000 - Cut off for the first year

Grower Restructuring Grant.

30 June 2006 - Cut off for Reestablishment Grant worth \$75,000

- Cut off for the second year Grower Restructuring Grant.

30 June 2007 - Cut off for Reestablishment Grant worth \$50,000.

Ethanol: back on the agenda.

Motor racing icon to fuel ethanol campaign.

Queensland Premier Peter Beattie has announced that triple world motor racing champion Sir Jack Brabham will be the state's ambassador for the ethanol industry and E10 blended fuels.

Mr Beattie said that he was honoured to have Sir Jack leading the ethanol campaign.

"Sir Jack's endorsement of ethanol will add fuel to our ethanol debate. When Sir Jack Brabham says that ethanol-blended fuel, E10, is safe to use in your family car people will listen," he said.

Minister for State Development and Innovation Tony McGrady said that Sir Jack's experience was not limited to driving.

"Sir Jack knows about engines. He's built them himself and he's made a career out of getting the best from them," he said.

Meanwhile, Sir Jack said that he was looking forward to promoting the cleaner fuel.

"The ethanol campaign provides me with a great opportunity to do something worthwhile for not just the motoring industry but for the general population.

"I think everyone has a responsibility to create a cleaner and safer environment for our children and grandchildren and I feel very privileged to be able to play a part in this campaign," Sir Jack said.

Mr McGrady also reiterated the Queensland Government's view that a Federal Government mandate on E10 fuel was the only way forward.

"We have investigated the possibility of a State mandate and it suimply would not work, commercially or legislatively," he said.

"The bottom line is we need to create a national market for ethanol.

"That is why I am issuing a call-to-arms for the community. We need to put pressure on our Federal Members and make them take up the battle-cry in Canberra," he said.

Other ethanol news...

Ethanol mandate joy for Hawaiian sugar producers.

Hawaii has announced its historic decision to mandate a 10 percent ethanol blend in 85 percent of the state's fuel.

The ethanol mandate is seen as an important step towards energy self-sufficiency across Hawaii and it is hoped that the mandate will create employment opportunities and benefit the state's economy.

The mandate will 'kick-in' in April 2006.

Beenleigh to sell E10 fuel.

The state's first service station primarily selling ethanol blended fuels has opened in Beenleigh.

The service station, an initiative of the Dalby Bio-refinery Ltd, will use ethanol sourced from nearby Rocky Point Mill.

Company spokesman Chris Harrison told the *Queensland Country Life* that while other service stations have only one or two bowsers designated for E10, this site would primarily sell renewable fuels with only a small amount of fossil fuels on offer.

"We've been wanting to do this for some time," Mr Harrison said.

"The unprecedented oil prices are giving us a great opportunity to demonstrate that we can deliver a renewable fuel onto the market at the same prices as motor spirit for, hopefully, less (cost) but it certainly won't be any more."

The name of the brand will be 'Evolve' and will feature the slogan 'cleaner fuels for cleaner air.'

Sugarcane fuelled aircraft a world first.

The world's first mass produced commercial aircraft that runs on ethanol produced from sugarcane has been unveiled by Brazilian aircraft manufacturer Embraer.

The Ipanema aircraft, which has been designed to perform mainly as a crop duster, will take advantage of Brazil's supplies of ethanol fuel, company officials said.

A company spokesman, Satoshi Yokota, also said that operating the plane on ethanol was three to four times cheaper than using standard airplane fuel.

Embraer is the world's fourth largest manufacturer of commercial aircraft.

Crude prices opens way for renewable energy.

The President of the Chicago Board of Trade, Bernard Dan, has told the nine network's *Business Sunday* program that concern over increasing crude oil prices could help to boost the 3 billion gallon US ethanol market to a 5 billion gallon market.

Mr Dan said that crude oil prices, which hit \$US55 a barrel on Friday, may increase further and peak at \$US75 a barrel.

"Given that some production is going on around the world, I can't see it much higher than \$US75 unless there are disruptions in supply lines.

"I think the US economy is strong enough to absorb that," he said.

Mr Dan said it was clear, however, that rising energy prices were creating concern in the US equity markets.

"You will see a tremendous push to reduce dependence on oil," he said.

Source: Australian Financial Review.

Urban blueprint for South East Queensland released.

ueensland Premier Peter Beattie has released a draft South East Queensland Regional Plan aimed at helping the region's infrastructure cope with an expected population surge of a further one million residents by 2026.

Premier Beattie said that the plan would ensure the region remained one of the greenest urbanised areas in the world.

"From today, with the release of this draft, more than 80% of the region will be immune from urban development," he said.

"Protecting our unique, beautiful landscape while housing the extra one

million people we expect to settle in this region over the next 22 years is a fine balance, but I believe we will achieve it through this regional plan," he said.

The plan aims to reduce urban sprawl by encouraging higher

density living in existing suburbs as well as protecting the green corridors in between the major centres of Brisbane. Ipswich, Toowoomba and the Sunshine and Gold Coasts.

The plan has, however, been met with opposition from cane farmers, property developers and environmental groups.

Under the draft plan, cane fields will be locked up as agricultural land for the next 20 years with the exception of 400 hectares of the sugar land on the eastern side of the Sunshine Coast motorway between Maroochydore and Coolum.

Many Sunshine Coast cane farmers had hoped to sell their land following the closure of the Moreton Mill last year and the lack of other crops suitable to their land. However, property developers will lose interest in the land if it cannot be rezoned.

Australand, Sunland, Consolidated

Properties and Walker Corporation are among developers with Sunshine Coast cane land holdings that have been left out of the urban footprint.

Sunland national director for housing and land Craig Treasure said that the company would contest the plan.

"We're somewhat intrigued by some of the things that have come out of the plan and as the Government has rightly said there will be a fair bit of disagreement with it.

"I think there will be changes to the plan in the next six months," he said.

The plan has also been slammed by

environmental groups who claim that the plan fails to protect bushland, notably koala habitats, and is more about cramming more people into the area than sustainability.

Sheila Davis from the Gold Coast and

Hinterland Conservation told the *Australian Financial Review* that the plan failed to control urban development and failed to protect bushland.

"It is not about sustainability at all. It's about cramming another 1 million into South East Queensland," she said.

Urban Development Institute of Australia President Peter Sherrie tentatively agreed with aspects of the plan but told *The Australian* that the government needed to give specific reasons why certain areas were development 'no-go zones'.

"It's funny how one side of the Sunshine Coast motor way is OK for development and the other side isn't.

"We want to know why development in certain areas is inappropriate - that its not just somebody saying 'that's in and that's out' on a whim," he said.

Nationals claim drought loans are failing farmers.

Deputy Opposition Leader Jeff Seeney has attacked the Queensland Government's drought loans scheme, citing the Queensland Rural Adjustment Authority's annual report as evidence of the scheme's failure.

Mr Seeney said that only 110 Queensland farmers had received assistance under the loans scheme last year despite claims it could help up to 50,000 farmers.

"These schemes were about ensuring farm families in need could get help but what a joke that has been," Mr Seeney said.

"When Primary Industries Minister Henry Palaszczuk launched this on 26 February 2003, he said 50,000 properties in 111 shires across Queensland would be eligible for assistance throught these loans programs.

"But the QRAA annual report reveals that in 2003-04, only 78 farmers accessed the Drought Carry-On Finance scheme and just 32 farmers received assistance through the Drought Recovery scheme," he said.

Mr Seeney also said that an independent Drought Review Panel that had examined drought policy throughout Australia was critical of low interest drought loans because of the low uptake, complicated forms and insignificant rate differential.

"It's about time the Beattie Government actually put its money where its mouth is and provided some worthwhile help to the \$9 billion a year Queensland primar production sector that has been battered by the worst drought in living memory," he said.

A spokesman for Primary Industries Minister Henry Palaszczuk told the *Queensland Country Life* that the current schemes were reaching far more farmers than previous policies and said that farmers should be encouraged to look more carefully at the schemes on offer.

Palaszczuk announces sugar industry champions.

leven sugar industry liaison champions have been appointed by the Queensland government to work with the sugar industry as part of the \$5.2 million FutureCane program.

Primary Industries Minister Henry Palaszczuk said that there had been tremendous interest in the casual position with about 40 formal expressions of interest being lodged.

"From these applicants, DPI&F sought people who are familiar with their industry and regions, and who have good communication skills," he said.

"We wanted people with a passion for the sugar industry to work with the DPI&F and contribute to the cane industry through the FutureCane program.

"As members of the FutureCane team, each sugar liaison champion will be

responsible for one of ten areas with one or more mills.

"Their job is to gather local information on industry needs; provide local information on existing complementary activities for cane growing; identify opportunities for collaboration between stakeholders; assist in negotiating greater collaboration; organise FutureCane activities relevant to the local area needs."

The successful candidates were:
Mackay - Ann Hand
Proserpine - Ian Cowan
Burdekin - Andres Lashmar
Herbert River - Frances Venturato
Tully - Gwen Arciadiacono
Innisfail/Babinda - Judy Rehbein
Mulgrave - Tom Watters
Bundaberg - Tony Castro and Diane
Bush
Maryborough - Frank Sestack
Isis - Judy Skilton

Sugar Income Support Update.

Centrelink has released updated statistics on the uptake and expenditure under the Income Support component of the Sugar Industry Reform Program 2004.

As of the 22nd October, Income Support Expenditure was approximately \$10.6 million, up \$1.1 million since the start of October.

Income Support had been granted to 1,538

of the total 2,127 applications lodged with the regional breakdown as follows: Northern NSW 82 Brisbane 20 Bundaberg/Maryborough 197 Mackay/Whitsundays 601 Townsville/Ayr 243

Ingham 228 Cairns/Innisfail/Tully 167

458 Business Planning Support claims had been lodged with current expenditure around \$54,217 and 233 Grower Restructuring Grant claims had been granted with a current expenditure value of approximately \$791,164.41.

Productivity Commission releases NCP report.

A draft review of National Competition Policy was released by the Productivity Commission on October 27.

Overall, the Commission found that NCP has brought substantial benefits to the Australian community. The report states that NCP has:

- * contributed to the productivity surge that has underpinned strong growth in average household incomes over the last decade:
- * reduced the prices of some goods and services;
- * expanded the range of products available to consumers;
- * helped meet some environmental and social goals.

The Commission found that while some smaller regional communities had been adversely affected by NCP reforms, many producers, consumers and communities in country Australia had actually benefitted from the reforms.

The Commission identified job losses as one of the negatives NCP reforms have had on regional communities. However, it maintained that in some areas declining employment could be related to declining terms of trade for primary producers and population drift from smaller communities - long standing influences not related to NCP.

Comments on the sugar industry.

The Commission recognised that problems facing the sugar industry had been attributed to some NCP related reforms but said that in reality the problems were due to low world prices and were exacerbated by unfavourable weather conditions.

The draft identifies two main ways in which the NCP reforms have affected the sugar industry.

1. The requirement that Queensland Sugar sells sugar on the domestic market

at the export parity prices

2. NCP infrastructure reforms have apparently resulted in higher prices for electricity and water used by farmers.

The report says that these impacts have not been large in the context of broader pressures on the industry and states the example that the reduction in the value of domestic sales attributable to export parity pricing is a fraction of the industry's total sales value of more than \$1 billion a year.

Future Reforms.

The Commission found that energy and water remain priorities for continued reform and urged government to recommit to the National Water Initiate and expedite the Energy Market Reform Program.

(Ed. ACFA will comment on the report in the next edition of the Australian CaneFarmer.)

Improved sugar outlook sees CSR double half-year profit.

SR shares soared to a record \$2.75 following the company's announcement that it had increased its half-year profit by 100 per cent and expected a 20 per cent increase in earnings next year.

CSR announced that it had reached a net profit of \$206.5 million for the six months to September 30, up from \$100 million for the first half of the previous financial year.

And sugar was one of the strongest performers for the company, reaching \$76 million in earnings before interest and tax.

CSR managing director Alec Brennan said that the outlook for the sugar price was much more positive than this time last year. "The outlook for this year's sugarcane crop has improved because of better weather and continued improvement from sugar industry productivity initiatives," Mr Brennan said.

However, according to the *Courier Mail*, some analysts have expressed concern over CSR's revelation that the cost of the Pioneer renewable energy plant had jumped \$40 million from the original estimate to \$140 million.

Mr Brennan said that the cost increase came after a review of the plant which found that the plant was going to be larger than initially expected.

"Increases in the cost of labour and materials, which have impacted many capital projects in Australia over the past 12 months, will also add to the cost of the project," he said.

SunWater dividend to be reinvested.

For the third year running, the Queensland Government has announced that it will reinvest the \$4.2 million dividend due from SunWater into projects to help improve water delivery for SunWater customers.

Tabling the SunWater Annual Report in parliament, Natural Resources Minister Stephen Robertson said that he had asked SunWater to provide recommendations of projects that could funded by the dividend reinvestment.

"In previous years, the dividend has been used to fund community water projects including the new Clare Weir fishway in north Queensland.

"The fishway, which is currently being constructed, will significantly improve fish migration and breeding in the Burdekin River, as well as improving river health," Mr Robertson said.

ECOlock "

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ACFA Update

ACFA showcases innovation.

Continued from page 1.

After lunch the diversification segment continued with BSES representative Peter Sutherland presenting on rotational crops, and the different options available for farmers. Options discussed, among many, included pinto peanuts and soybeans.

Mr Sutherland said that in experiments of legume breaks, a well managed legume fallow can enhance sugarcane yield by as much as 20 per cent.

Mr Sutherland stressed that agriculture is all about risk and managing such risk in the best possible way. He recommended that farmers utilise the skills and expertise of extension officers to work out the best rotational crop for each individual case.

Aquaculture specialist Mr Michael Heidenreich from the Department of Primary Industries then gave a very informative presentation on aquaculture options available to cane farmers in Queensland. Mr Heidenreich said that aquaculture is a growing industry, with many species, including barramundi, prawns and the red claw industry seeing huge increases in demand over the last five years, resulting in large increases in production.

Mr Heidenreich also discussed Integrated Agri-aquaculture Systems whereby aquaculture is undertaken as part of an integrated production system.



Cr Sherry Kaurila, Ian Davies, Ian Kemp, ACFA Director Don Murday and Warren Hunt at the conference.

This kind of system encourages multiple use of water by using it first for aquaculture and second as crop irrigation water.

Mr Heidenreich also recommended that farmers conduct a detailed feasibility study before making any decisions.

To wrap up the day, Dr Stevens Brumbley spoke on the emerging bioplastics industry, providing a positive forecast for the use of bioplastics as a replacement to current plastics, including plastic bags. Dr Brumbley spoke on the growth of the bioplastics industry overseas, and the many different experimentations taking place to generate new uses for bioplastics.

Dr Brumbley also discussed the chemical industry's move towards renewable resources such as sucrose in the face of resource security pressures, environmental concerns and national initiatives in countries such as the United States, Japan, China and the European Union.

He said that if biopolymers get to a market price of \$1/kg they will be extremely competitive with existing petrochemical polymers and said that studies have shown that this market price should be possible.

Farmers who attended the conference also had the opportunity to speak one-on-one with representatives from Private Forestry North Queensland, Central Queensland Forest Association, Suncorp, the CRC for Sugar Industry Innovation through Biotechnology, Hastings Deering and Summit Fertilizers.

ACFA would like to thank our conference sponsors and speakers for their invaluable input into the day's proceedings. ACFA would also like to thank all those who were able to make it to Townsville for this event.

If you would like more information on any of the presentations, please do not hesitate to contact ACFA on 1800 500 025.

More ACFA News...

During the past month, ACFA Chairman Ross Walker and General Manager Stephen Ryan have attended a range of meetings and events, in order to progress the interests of ACFA members and the sugar industry as a whole.

Here are some of their activities over the past few weeks:

- * Regional Area Group meetings;
- * meeting with the CRC for Sugar Industry Innovation through Biotechnology and with CSIRO staff;
- * a visit, along with the ACFA Board of Directors, to the Bulk Sugar Terminal at Townsville;
- * QSL and STL AGM's;
- * a teleconference with ethanol industry stakeholders;
- * a meeting with Bib Swain, Delta T Corporation (ethanol plant manufacturer);
- * a meetings with representatives from Petro Fuels and Lubricants;
- * meetings with Queensland Government Ministers and senior advisors as well as with members of the Queensland Opposition;
- * a meeting regarding changes to the QSL constitution;
- * stakeholder meeting on sugar cane GM technology;
- * DPI briefing on the Primary Industy Bodies Reform Act 1999;
- $\ ^* an \, In surance \, In stitute \, meeting; \\$
- * an SRDC representative bodies meeting;
- * the opening of the Evolve service station at Beenleigh;
- * a meeting with the Pioneer Water Board;
- *VAST meeting;
- * Meetings with banks including Suncorp and Rabobank:
- * Discussions with the Sugar Industry Commissioner, Rowena McNally, during the ACFA Board meeting.
- * meeting with Centrecare, crisis counselling.

As this magazine goes to print, ACFA is holding regional information meetings through Queensland and Northern NSW. All farmers, ACFA members and nonmembers are invited to attend these meetings to discuss issues such as supply contracts in 2005, sugar markets, local ACFA services and the ownership of grower assets in your area.

Agroforestry.

Farm Forestry - a sweet diversification for the sugar industry.

* Compiled by Central Queensland Forest Association.

"All of you cane farmers have several hectares of spare land including steep, marginal and wet lands plus odd corners. If you're not growing trees on that land, the separation between your ears indicates that there's something there but it certainly isn't brains!"

So says Errol Wiles; he's a landscape reforestation evangelist and having come from a cane farming family, he should know. Some of Errol's family is still in the sugar industry, so he knows first hand what cane growers are up against. He first planted trees in the 1960's and currently has a plantation at Babinda, between Innisfail and Cairns, growing trees to take advantage of the worldwide demand for high quality cabinet timbers.

He shakes his head in disbelief when he sees all of the spare land on cane farms going to waste, when it could be generating income. The owner can lease spare or marginal cane land to a forestry investment company, enter into a joint venture with a forestry company or even establish his own plantation.

According to Errol, the sugar industry is

in trouble worldwide and forestry can present a viable diversification option for spare and marginal cane land, that can deliver significant environmental benefits, such as riparian zone management, improved water quality, salinity mitigation, and carbon sinks.



High value cabinet timbers being grown on cane country in Seaforth, north of Mackay.

Forestry has particular synergy with both the growing and processing sectors of the sugar industry. Plantation forestry can be implemented in spare and marginal lands on existing cane farms without adversely impacting productive cane growing practices. In many instances forestry can have a positive impact on productivity through the provision of beneficial wildlife habitat, buffers strips, windbreaks, riparian corridors, plus provide another income stream from a farm. In addition, forestry can provide both timber and non-timber products such as foliage, honey, seed and other food products and bio-products such as oils and tannins.

Forestry trees are really just another crop and as such much of most cane farm's existing on-farm equipment can be used in the establishment and ongoing

Management of forestry plots. Most management works with forestry crops and the harvesting doesn't need to happen in a short time window so activities can be timed when labour & equipment is not otherwise in use.

For information about integrating forestry and cane growing contact:

South Queensland: Ken Matthews (07) 5483 6114

Central Queensland: Heather Norris (07) 4927 7644

North Queensland: David Skelton (07) 4091 8700

Carbon Credits and Environmental Replacement Units (ERUs)

* Compiled by Ted Jargo, Cape York Forest Management.

One tonne of carbon takes on 2.67 tonnes of oxygen to form 3.67 tonnes of carbon Dioxide (CO2).

For every tonne of wood mass about 44% is carbon so that for each tonne of tree there is about 1.5 tonnes (.44x3.67) of carbon dioxide sequestered (locked up).

The wood mass of the tree is an essential part of the calculation. For example the wood mass of Spotted gum is about 1000kg per cubit metre, whereas the density (or specific gravity if you like) of Caribbean Pine is about 650kg/tonne.

If the growth rates per hectare are the same in cubic meter terms then the spotted gum will lock up about 150% of the CO2 which Caribbean Pine locks up.

If the price of each tonne of carbon sequestered is \$25 then a hectare of trees with a specific gravity of 1 (!000kg/mm3) and a mean annual increase of 20m3 per

hectare will generate a gross income from ERUs (Environmental replacement units) of \$500 each year.

If there were 2000has of environmental plantings across the mill area and the cooperative is able to put them together as a package then a gross income of \$ 600 000 could be generated (only selling 60% of the ERUs). Surely enough to cover the cooperative's running expense and pay a dividend to each participating farmer.

It can be seen that the sale of ERUs can only be considered if a critical mass can be developed. This obviously requires some form of cooperative arrangement. It will then follow that if there are several cooperatives over different mill areas then a cooperative arrangement of cooperatives could build up the total ERUs to be marketed within the program. There are also potentially valuable residues, other than those discussed

above, which can produce additional income (but only through cooperative action) for the farmer.

These include

- * alpha cellulose to produce rayon for underwear
- * Chemicals such as sorbitol for wine and toothpaste and
- * pulp for sheet music paper

We are saying that the landscape has to change fundamentally including

- * farm design and
- * rationalisation of plant and equipment usage

These coupled with the usage of ERUs again stressed the need for cooperative action.

Contact: Ted Jargo on 0418 130 555 or Bob Bolling on (07) 4039 0702 for further information.

Farm Office

Queensland Government's guide to the new Sugar Industry Act.

he passage of the Sugar Industry Reform Act 2004 through the Queensland Parliament paves the way for progressive regulatory reform to the Sugar Industry Act 1999.

What are the key changes in the new Act?

The key amendments to the Sugar Industry Act 1999 are:

- * The Cane Production Area (CPA) system will be removed from the Act from 1 January 2005. This will remove restrictions on growers being able to transfer cane from one mill to another.
- * The statutory bargaining system will be removed from 1 January 2005 and be replaced by a system where growers will have greater choice about how you bargain with millers.
- * There will be a phased-in change in the dispute resolution system. Compulsory arbitration will be continued in a modified form in 2005, but the industry parties must decide their own dispute resolution process in 2006 and beyond.
- * Exemptions from the vesting of sugar will be possible from 1 July 2004. The Sugar Authority will grant exemptions for specific purposes, that is, for alternative products such as ethanol and sugar exported in bags.

When do the various parts of the new Act start?

1 July 2004 is the start of the provisions that enable applicants to apply for exemptions from the single desk.

- 1 January 2005 is the start-up date for most of the new provisions of the new Act. This includes the abolition of CPA, the removal of the statutory bargaining system and the interim arrangements for supply contracts in 2005.
- 1 January 2006 is the start of the arrangements for supply contracts in 2006 and beyond.

What happens to Cane Production Area (CPA, which used to be 'assignment')?

CPA is abolished from 1 January 2005. As a grower you will no longer be obliged to supply the mill to which your CPA relates. You will be able to transfer your cane to another mill or mills, if you have negotiated a supply contract with that mill.

What happens to existing cane processing and supply agreements?

All existing supply agreements are abolished from 1 January 2005. If growers and millers agree, they can reinsert existing details in the new supply contracts.

Can I collectively bargain?

Yes, as a grower you have the legal right to collectively bargain (both now and after 1 January 2005).

You can develop a suitable contract yourself or choose to join a collective supply contract.

Importantly, you will not automatically be part of a collective, as is the system now. You will need to actively decide to opt into a collective or form your own contract. If you choose to be part of a collective, you must appoint a bargaining agent, in writing. Also, you can choose to be in more than one supply contract.

Existing statutory mill suppliers committees and negotiating teams will be abolished on 1 January 2005.

Does my supply contract need to be in writing?

Yes, you must have a written contract to supply cane to a sugar mill.

How do I join a collective supply contract?

From 1 January 2005, you can set up your own collective of growers, which does not need to be all or most of the growers supplying a mill. You must appoint, in writing, a bargaining agent. That agent then represents your interests in commercial negotiations on the making

of a supply contract.

What is a bargaining agent?

A bargaining agent (or bargaining representative) is a person who is authorised in writing, by a group of growers, to represent those growers. Such a person is appointed to negotiate a collective supply contract on behalf of the group of growers.

Do I have to be part of a collective?

No. You may supply cane using either an individual contract or a collective contract. You are not obliged to be part of a collective contract. Indeed, from 1 January 2005, if you do not actively choose to be in a collective supply contract, you will have to negotiate a suitable contract with the mill for yourself.

Do I need to supply all my cane to the one mill?

No, you don't. Growers can opt into more than one supply contract with either the one mill or with two (or more) mills.

What is the problem with the current compulsory arbitration system?

The current arbitration system is known as Final Offer Arbitration. It is a confrontational process because both grower and miller representatives submit their positions to an independent arbiter, who then has to choose one or the other. There is no capacity for negotiation and it results in a real win/lose scenario.

The new Act will introduce balance and common sense into the supply contract framework..

How will disputes between growers and millers be resolved?

Compulsory arbitration will be phased out over 18 months

Continued on page 11.

Queensland Government's guide to the new Sugar Industry Act.

Continued from page 10.

From 1 July 2004 to 31 December 2004, the current system of mediation and arbitration will apply if there is a dispute on the making of a contract. However, the parties to the contract will use an arbiter who brokers an outcome, unless they both agree to use Final Offer Arbitration.

From 1 January 2005 to 31 December 2005, a (transitional) form of compulsory arbitration will continue to be available for disputes on the making of a contract. This is where the arbiter will be able to determine a compromise position (as distinct from Final Offer Arbitration).

How will the dispute resolution (or arbitration) system work in 2005?

The transitional 2005 system will involve initial mediation and will be based on the guiding principles reached between the CANEGROWERS organisation and the What doesn't change? Australian Sugar Milling Council.

This means that arbitration (if required) will be limited to major issues affecting those growers in a collective who represent at least 75 per cent of the cane supply in a mill area. So compulsory arbitration cannot be used in 2005 to resolve:

- st disputes about the cane price formula
- * exemptions from vesting
- * the ownership of sugar.

The 75 per cent hurdle will be the average mill production over the five years from 2000 to 2004, inclusive.

Any contract that is arbitrated upon will exist for only one year.

What happens with dispute resolution after 2006?

From 1 January 2006, the parties to a supply contract will be able to determine their own dispute resolution process for a dispute on the making of a supply contract.

However, for a dispute on the terms of the contract from this time (that is, for a dispute arising out of a contract), a dispute resolution process must be written into the contract, and this may involve mediation and arbitration. It must not involve a final offer system of arbitration.

Do I have to sign a supply contract?

Yes, you have to sign a supply contract regardless of whether you have an individual or a collective contract. If you are in a collective bargaining unit, you will need to sign the collective contract after it is negotiated.

Also, in 2005 if a negotiation on a collective contract goes to arbitration, you must also sign an Intent to Contract. This binds you to the outcome of the arbitration.

Some growers think that issues like the division of proceeds between millers and growers were in the Sugar Industry Act 1999before it was amended this year. This is not so.

Likewise, the cane price formula and season length have never been covered by legislation, and so are not in the current Act..

Both issues remain matters for growers and millers to negotiate in forming supply contracts.

Detail of the Bill

Readers are encouraged to read the Explanatory Notes, if not the Sugar Industry Reform Bill 2004 itself. Both are available on the website:

Http://www.legislation.qld.gov.au/ Legislation.htm

Www.dpi.qld.gov.au/sugar/15413.html

Additional information about your status with your mill.

Do I have to be a Canegrowers member in order to supply cane?

No: anyone can supply cane to a sugar mill in Qld, providing they have a contract with that mill or mills

Do I have to be a Canegrowers member in order to get a contract drawn up? No: ACFA or your solicitor can assist you.

Will I get an inferior deal if I am not in a collective?

The quality of the deal is not dependent on belonging to a collective.

Mills are not keen to offer 'special' deals to particular collectives.

How do I get a contract?

If you wish to negotiate individually or to form a collective, contact the ACFA.

What will ACFA do for me?

As part of you existing ACFA levy the ACFA will examine the contract that your mill sends you. You will be provided with a report commenting on the pros and cons of this document.

If you and other growers wish to form a collective, the ACFA will act as your 'bargainiing representative'; negotiating an agreement with your mill, on behalf of your collective. A fee will be agreed upon by the ACFA and your group.

What if I do nothing?

Is this case, your mill will send you a contract and ACFA will evaluate it for you. Your mill would like to know if you intend to supply cane in 2005. It is recommended that you contact the ACFA or if you are confident to negotiate directly with your mill, contact your mill.

Additional information

Do I have to be a Canegrowers member in order to have crop insurance, general insurance and a pays service?

No: the ACFA has provided all of these services for years. Contact the ACFA for information.

Ph: 1800 500 025 Fax: 3221 4557 Email: info@acfa.com.au

QSL Markets Report

AUD Continues to Strengthen.

rading on the New York No.11 Raw Sugar Futures market kicked off the month in spectacular fashion, with the prompt Mar'05 contract reaching 3-year highs of US 9.37 c/lb in October 12.

The market has dulled moving into November, mainly as a result of the funds scaling back their sizeable long position.

Fund selling on October 26 saw the market fall below US 9.00c/lb, breaking through resistance on the way down.

Since then the market has continued to fall, with the Mar'05 and May'05 positions trading to daily highs of $8.58 \, \text{c/lb}$ and $8.70 \, \text{c/lb}$ at the time of writing.

The May'05 futures position, representing the May mid July delivery periods, has consistently traded at a premium to the Mar'05 contract. This is testament to the more positive fundamental picture expected to occur during the 2nd quarter of 2005.

The Thai B Quota tender held by the Thai Cane and Sugar Corporation (TCSC) on October 20 generated reasonable interest from the trade for Thai sugars available for delivery during March May 15 and July Sep 15.

A total of 61,000mt of Thai raw sugar was sold to two trade houses on the day. The values fetched by the sugar were reflective of the Far East deficit expected during

NY11 Raw Sugar Futures Prompt Contract Price



these delivery periods. There is still around 150,000mt of Thai B Quota sugar to be auctioned.

Sugar Analyst firm Société Kingsman has released it's third estimate of the world sugar balance for 2004-2005 (Mar-Apr).

World sugar production is forecast at 142.06 mln mtrv, compared to consumption levels of 146.09 mln mtrv.

The deficit of 4.03 mln is a reduction from Kingsman's previous estimate, mainly as a result of increases to the CS Brazilian production estimate. A better than expected beet crop in

Europe, as well as reductions to Russian consumption, also contributed to the change.

Reductions to both the Thai and Chinese cane crops are expected during 2004/05, mainly as a result of dry weather experienced in both countries. Many Thai producers are pegging the crop at around 57-60 million tonnes.

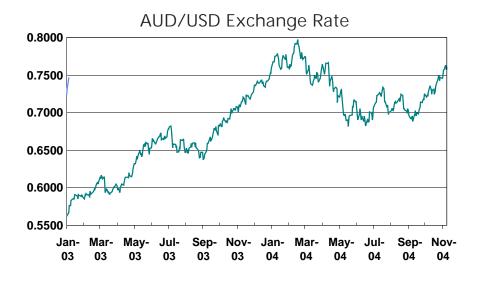
Drought in China, particularly in the sugarcane growing area of Guangxi, has many analysts predicting a slight downturn in Chinese sugar production. Production is expected to fall around 1 mln mtrv below consumption during 04/05.

The AUD reached six-month highs of USD 0.7505 on October 26 and has continued to climb past USD 0.7600 in the first weeks of November.

A weakening US currency has been the main catalyst for AUD buying over the month, this has mainly been as a result of high oil prices and large current account deficit.

More recently, the announcement of another Republican term has worked to chip away further at the USD, which in turn saw the AUD strengthen.

The AUD was trading at USD 0.7605 at the time of writing.



Near Zero SOI phase Continues * Compiled by CSIRO

SOI Phase: Near Zero

- * The monthly average SOI for October was minus 3 (-3.0) compared to minus 3.2 (-3.2) in September. Therefore SOI phase for October came out as "Near Zero".
- * Chances close to 50% (say, between 40 and 60%) indicate that climate forecasting tools are unable to improve upon what you already know about above median rainfall. That is, with no knowledge of climate forecasts above median rainfall is expected 50% of the time e.g. South Mossman, Tully, Ingham, Ayr, Proserpine, Mackay, Bundaberg, Nambour, Beenleigh, Harwood, Plane Creek.
- * Probabilities much greater than 50% highlight that there is a moderately high chance of experiencing above median rainfall. No Locations in this table satisfy this condition for Nov-Dec
- * Probabilities much less than 50% highlight that there is a moderately high chance of experiencing below median rainfall. No Locations in this table satisfy this condition for Nov-Dec.

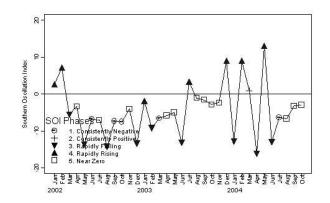


Table 1.

	SOI Value	SOI Phase
End of November 2003	-2.4	"Near Zero"
End of December 2003	+9	"Rapidly Rising"
End of January 2004	-12.9	"Rapidly Falling"
End of February 2004	+9	"Rapidly Rising"
End of March 2004	+0.9	"Consistently
		Positive"
End of April 2004	-16.2	"Rapidly Falling"
End of May 2004	+13	"Rapidly Rising"
End of June 2004	-13	"Rapidly Falling"
End of July 2004	-6.4	"Consistently
		Negative"
End of August 2004	-6.7	"Near Zero"
End of September 2004	-3.2	"Near Zero"
End of October	-3	"Near Zero"

Note: The Southern Oscillation Index (SOI) is equal to the difference in monthly surface pressure anomalies between Tahiti and Darwin divided by the standard deviation of the difference. It is calculated using a climatic base period of 1887 to 1989. The National Climate Centre has made a number of changes to the way the SOI is calculated, in particular changing the climatic base period to 1933–1992. This page will continue to provide the original SOI data (1887 to 1989 base period) as the forecast information is based on these data.

Rainfall Outlook.

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Location	Long term median	Chance of	
	Rainfall for	Exceeding long	
	Nov - Dec	term mediam.	
South Mossman	283 mm	46%	
Tully (Sugar mill)	347 mm	56%	
Ingham (Macknade)	200 mm	53%	
Ayr (Kalamia estate)	129 mm	50%	
Proserpine			
(Letherbrook)	208 mm	55%	
Mackay (Farleigh			
Co-op Sugar Mill)	210 mm	52%	
Plane Creek (Central			
Mill)	250 mm	48%	
Bundaberg (Fairymead			
Sugar Mill)	190 mm	44%	
Nambour (Bowling			
Club)	269 mm	52%	
Beenleigh (Bowls club)	192 mm	53%	
Harwood Sugar Mill	185 mm	58%	

Latest Developments:

The chance of receiving median rainfall amounts over the next two months, is the same as climatology fifty-fifty.

This is exactly the same chance of rain for the Nov-Dec period in 2003. For a much higher chance of rainfall we would need to see a rise in the SOI phase. Current climate indicators show this is unlikely.

For more information about sea surface temperatures and g e n e r a l c l i m a t e i n f o r m a t i o n s e e http://www.dnr.qld.gov.au/longpdk/latest.htm and http://www.bom.gov.au/climate/ahead.

Disclaimer

The seasonal climate forecasting information provided in this document is presented for the purposes of raising awareness of the potential value of seasonal climate forecasting information and should be considered as a guideline only. The user assumes all risk for any liabilities, expenses, losses, damages and costs resulting directly or indirectly from the use of the climatic forecast information.

Regional Reports

What's going on in the sugar regions?

Mossman District Report.

As of the 8th November, Mossman mill had crushed a total of 574,871.05 tonnes for the year to date, with an average CCS of 13.35.

Innisfail/Tully District Report.

The weather in the district has been very hot and dry the past few weeks with very little rain recorded.

The ration and plant cane are looking promising so hopefully they will bring good results next year.

Babinda, South Johnstone and Mourilyan mills have all finished crushing, each with a CCS average in the high 12s. At the time of print South Johnstone was still processing juice from the Tablelands area.

Tully mill has also wound up crushing, with an average yearly CCS value in the high 13s.

ACFA's 'Showcasing Innovation: Getting the most out of your cane farm' conference held in Townsville last month attracted a few farmers from the northern area which was very pleasing to see. I thank these farmers for their participation in the event and I hope they found the information discussed on the day very valuable.

ACFA will also be conducting

information meetings in the area between the 2 2 r d a n d 2 5 t h November. Please contact ACFA on 1800 500 025 if you would like further information.



John Blanckensee ACFA Northern Queensland Director 9/11/04 Burdekin District Report.

The crushing is drawing to a close with Inkerman mill finishing on the 6th November and Invicta on the 15th. Kalamia mill finished on the 9th November but was to continue to crush cane from other mill areas after this date. Pioneer mill is due to finish on the 30th of November.

I haven't heard of any more reports of major bin derailment so it is hoped that regular greasing has curbed the problem.

The weather bureau has forecast storms for the Burdekin but so far farmers with cane in the field have been granted their wish.

Preparations for cane supply negotiations are well underway. All those involved are well aware the forth coming negotiations will set a benchmark for future negotiations in the deregulated commercial environment.

One issue that is difficult to consider for the future is how farmers will reap the benefits of value added products in proprietary mill areas.

It is hoped that any of these processes will be a step forward for the industry.

Kent Fowler ACFA Burdekin Branch Chairman 7/11/04

Herbert District Report.

Weather in the district has been mostly fine and sunny apart from a few early morning showers in some areas.

Harvesting in the region wrapped up on the 13th November. As of week 21, 4,209,113 tonnes had been crushed with a CCS value to date of 13.48.

The Herbert has had an excellent crushing season this year with very little interruption due to wet weather.

However, rats have been causing problems in some parts of the district.

The FutureCane 'Sugar Industry Champions' have been announced with Frances Venturato the chosen candidate in the Herbert.



Dawn Brown ACFA Herbert Director 3/11/04

Central District Report.

Widespread rainfall across the mill area brought welcome relief from the drought-like conditions that have persisted for several months. Whilst crushing operations were disrupted over the weekend, the rains will be highly beneficial to next seasons' crop.

The Plane Creek mill, for the season to date has crushed 1,196,046 tonnes with an average CCS of 14.33.

Subject to weather and any other unplanned disruptions, the crushing season is expected to finish on the 17th November.

Mackay Sugar has crushed a total of 7,830,482 tonnes for the year to date with a CCS of 14.4.

Proserpine Mill figures were not available at the time of print.

Kevin Jones ACFA Central Director. 8/11/04

Southern District Report.

As of the 10th November 2004 the Maryborough Sugar Factory had crushed 826,500 tonnes with a CCS of 14.05. The estimate for the 2004 season is now 860,000 tonnes.

Continued on page 15

Regional Reports

What's going on in the sugar regions?

Continued from page 14.

The crushing was expected to come to a close by the 16th or 17th of November.

Good rain has been received in the Maryborough mill area with falls of 50mm and 200mm since mid October.

The ratoon and plant cane have had a good start.



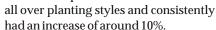
In the Bundaberg and Isis areas, good rain was received in mid-

October but only 2-4mm has fallen since the 1st of November. More rain would be welcome.

Graham Parker ACFA Southern Queensland Director. 10/11/04. New South Wales.

Recent rains in early November have given cane a much needed boost and has guaranteed an excellent crop for 2005.

Recent farming system trials have been harvested using GPS guidance in the harvester and the haulout. In all three sites dual rows at 1.8 metres outperformed



Mill Statistics

Harwood Cane crushed 33,080 Crushed year to date 666,614 CCS 12.79 CCS year to date 11.67 Broadwater Cane crushed 36,785 Crushed year to date 872,306 CCS 12.17 CCS year to date 11.64

Condong
Cane Crushed 21,814
Crushed year to date 546,101
CCS 13.10
CCS year to date 12.45

All mills are expected to finish crushing late November or very early December.

Wayne Rodgers ACFA New South Wales Director 10/11/04.

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ACFA services

Publications: The Australian CaneFarmer - Every month. Australian Sugarcane - the leading R&D publication - Bimonthly Representation: ACFA has a proven record of fighting for growers where others have either given up or not begun. Branch Network & Local Representation: Make use of your local ACFA branch, call your local director or visit <www.acfa.com.au>.

Corporate services: World sugar news Market information Politics Local sugar related news Wage & industrial relations information Environmental matters Water issues.

Industry surveillance: ACFA is constantly monitoring matters relevant to canefarmers.

Insurance: General insurance - ACFA insurance is the market leader. It has the largest share of cane farm general insurance in Qld & Australia:

- Crop insurance
- Life insurance & personal accident insurance ACFA insurance provides life & personal accident insurance via AON and Australian Casualty & Life.
- Financial planning ACFA members have access to AON financial planners.

Pays: For a low fee, ACFA members have access to an automated pays service.

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Environment Alert.

New GBR Coast Marine Park introduced.

ueensland Premier Peter Beattie and Environment Minister Desley Boyle announced a new Great Barrier Reef Coast Marine Park and zoning plan which took effect on November 5.

The new marine park extends the length of the GBR coastline from just north of Baffle Creek to Cape York, incorporating the pre-existing four State marine parks into one.

Ms Boyle said that the changes were forced on the Queensland Government following the Federal Government's new zoning plan which took effect on 1 July.

"Our marine park will short-circuit the potential chaos which the Federal Government created when it changed the rules for reef waters up to low water mark - right next to the Queensland-regulated strip between the high and low water marks," she said.

"Queensland's actions mean the same rules apply on both sides of a continually moving low water mark - without causing pain to the vast majority of fishers."

Premier Beattie told parliament that the

changes would protect ten of thousands of jobs and would ensure the future of fishing.

"We will protect the reef and the region's \$4.3 billion tourism industry, which supports more than 47,000 jobs.

"Beach fishing will still be permitted along 85% of the Great Barrier Reef coastline, while most of the beaches where fishing will be banned are remote and barely accessible," he said.

Mr Beattie said that he expected the Federal Government to meet its commitment to fully compensate commercial fishers disadvantaged by the Federal changes.

"The Federal Government has told people affected by its new zones that there is an uncapped structural adjustment package to buy out whole licences and I urge affected fishers to submit their tenders before the 8 November closing date," he said.

Queensland Opposition Leader Lawrence Springborg said that the Beattie Government's claim that the Federal Government had forced these changes on them was a 'blatant lie' which had been rejected publicly on numerous occasions by the Federal Environment and Fisheries Ministers.

"The Beattie Government volunteered to introduce these fishing restriction and they cannot expect the Federal Government to compensate fishermen affected by a State decision to close State waters," he said.

"The Beattie Government's endless assault on fishermen with no compensation to offset the impacts of this never-ending raft of restrictions is immoral, unjust and unfair, and it has to stop."



Photograph courtesy of the Great Barrier Reef Marine Park Authority.

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