

the Australian Cane Farmer

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Cane land prices expected to increase with sugar price

The last few weeks of February have seen the sugar price stabilise to values in the mid- US17c/lb range.

While the industry did not expect the sugar price to continue to rise at the rapid rate which has been experienced so far this year, there is still good news for cane farmers with speculation now that cane land prices will be on the rise.



Property analysts in Queensland and northern New South Wales are predicting that interest in cane land will receive a significant boost.

Andrew Hoolihan, a director of Hoolihan Valuations in NSW told The Australian Financial Review that he was expecting cane land prices to "jump remarkably."

"Not immediately because it takes time for farmers to cash up but over the next two years," he said.

Meanwhile Peter Honnef, a director of Herron Todd White in Townville told the ABC that HTW had been fielding calls from speculators interested in buying up cane land before prices go up but it could already be too late, he said.

"I would expect that many vendors with farms are now thinking the same thing, well things are improving, so maybe we should hang on or maybe we should increase the price.

"And I've heard of a couple of cases where that's actually happened; where there was farms under negotiation for sale and the sale or the negotiation's fallen through, because the vendors have increased the bar," he said.

Sources: The Australian Financial Review 6th February 2006;
www.abc.net.au

28th February 2006
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Breaking News

The European Union has not only announced this month that it has adopted its sugar reform program, but has also announced a new program to help get biofuel production off the ground in its member states.

For details of the biofuels plan see page 6 of this magazine. For details of the sugar reform, see page 16...



Leading farmers into the future

ACFA farewells General Manager



By ACFA.
Chairman
Ross Walker.

After six years with ACFA, four of which were as General Manager, Stephen Ryan has decided to move south and start a new career.

Stephen has managed the organisation during a time when the industry was facing great financial stress, combined with changes in industry legislation, structures and operation.

Stephen departs the organisation leaving it stronger and better equipped to prosper in the years ahead.

He was realistic and told it how it was, always striving to better inform farmers.

ACFA membership has actually increased during a very difficult time in the industry.

The ACFA Board would like to thank Stephen for his faultless dedication to ACFA and to the sugar industry as a whole. We would also like to wish the Ryan family all the

best for the future.

In Stephen's absence the ACFA Board has decided that I will function as Executive Director of the company for the foreseeable future.

Scott Patterson has been appointed ACFA's new Policy Executive and commenced in February. More information on Scott is available on page 13 of this magazine.

ACFA Board meets.

The ACFA Board of Directors met over the 8th and 9th of February to discuss, among other issues, future pathways for the industry.

The Board agreed that water policy is going to play a very important role in the industry in the foreseeable future and agreed to continue to target water legislation, water availability and pricing as key priorities.

Also during the meeting, the Board was addressed by representatives from two major banks who spoke regarding options for pricing using different risk management products.

AON Insurance Rural Manager Ken Shaw spoke to the Board about the ACFA Insurance scheme which is the largest general insurance scheme in the sugar industry. Ken reported that the scheme is performing well and

crop insurance will be available again at more competitive rates this year.

The ACFA Board also farewelled Kevin Jones who has decided to leave the industry and has resigned from his position as ACFA Central Region Director. The Board would like to thank Kevin for the two years he has been a director of the company and would like to wish him all the best for the future.

SRDC Generation Next Forum

The outlook for the sugar industry has certainly improved over the past few months, thanks in a large part to the higher sugar price and improved crop growing conditions.

However, after attending the SRDC Generation Next Forum held in Townsville this month, I would say the outlook is looking brighter than ever.

The SRDC needs to be commended for this entirely worthwhile initiative. It was encouraging to see a group of young people who are so committed to the future of the industry.

The tough times of the past five years has seen many young people leave the industry. Hopefully now, with the higher prices bringing some stability back to the industry these people and others will return to the industry and to the towns that rely on it.

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Sugar roads to be tested in Townsville

The sugar-coated roads being developed by Melbourne-based company Ecopave will be trialled in Townsville later this year.

According to developer Ecopave, the sugar roads are superior to normal bitumen because they are non-toxic, they don't contain petroleum, and are more easily laid down.

Ecopave representative Guy Lane will seek investment funds during a visit to Dubai to attend an Environmentally Sound Technology Showcase backed by the United Nations Environment Program.

Source: The Courier Mail 3rd February 2006.

Plans to cut farm subsidies in US budget

The White House is planning to slash farm subsidies in next year's budget with more spending allocated for national security and defence.

The \$US2.77 trillion budget calls for an increase in military spending of 6.9 percent to \$US439.3 billion but an 11 per cent cut in funding to the Commodity Credit Corporation the government owned entity which stabilises prices for producers.

The budget also calls for cutting crop payments to farmers by 5 per cent a year, cutting payments to sugar processors and lowering support for dairy farmers.

While Congressional members are expected to receive a backlash from farmer groups in the US, the budget

cuts are likely to be welcomed by the Australian agricultural sector which has been pushing for an end to US farm payments.

Source: The Australian 8th February 2006.

US sugar users call for more imports

Pressure is being put on the US Department of Agriculture to allow further imports of sugar in order to avoid shortages on the market.

According to the Sweetener Users Association (SUA), the current low US sugar supplies will not be enough to meet manufacturers needs.

SUA President Randy Green has written to the USDA calling for a further increase in the tariff rate quota for sugar, along with incentives to import the sugar promptly.

"Without such incentives," the letter read, "there is a danger of imbalances between available supplies and cane refiners' needs as the year progresses."

Australians look to alternatives as petrol prices rise.

Results of an online poll show that 76 per cent of Australians are worried about current petrol prices.

67 per cent of the news.com.au poll respondents said that they would be using their car less as a result of the higher prices.

The poll also showed that many Australians would be looking at

other options such as buying a more fuel efficient car, using a bicycle or motor cycle or using public transport in order to cut down their fuel bills.

"Further development of alternative fuels is urgently needed, especially fuels such as ethanol for which infrastructure already exists," one respondent noted.

IR challenge set for May

The High Court is likely to hear a constitution challenge against the Federal Government's new workplace relations legislation in early May.

The challenge is being brought before the court by the Labor states of Queensland, NSW, South Australian and Western Australian. Victoria is also planning to join the case by lodging a challenge in coming weeks.

The IR legislation, which uses the federal parliament's power to make legislation for corporations to override state industrial systems, is considered constitutionally invalid by the Labor states.

Source: The Australian Financial Review 9th February 2006.

ACFA Calender

28th March - 17th April
SRDC Regional Workshops
Visit www.srdc.gov.au for details

3rd - 4th April - RCS Power of Engagement Seminar, Brisbane. Visit www.rcs.au.com for details

5th April - Nominations close for ACFA Central District Director election

Sugar innovation grants awarded

A Mackay Sugar project, two projects in the Rocky Point sugar mill area, two Proserpine family businesses and several farming companies in the state's north are the latest recipients of funding under the Queensland Government's Sugar Industry Innovation Fund.

Mackay Sugar received a grant of \$5,500 to assess the potential for imaging radar to detect when a cane crop is ready for harvesting.

Many sugar mills are now using optical imagery from satellites to determine when to start harvesting but very cloudy conditions make it difficult to get suitable images.

Radar technology shows promise in this area as it can potentially provide results even under cloudy conditions, but the accuracy and reliability of the technology needs to be determined before it is adopted by the industry.

One of the two Rocky Point projects, Rocky Point Mulching Pty Ltd, received \$122,100 to establish a plant to process cane trash into a new product called Cane Subs.

Cane Subs are compacted tubes of cane mulch (8 metres long by 25 centimetres in diameter) wrapped in biodegradable netting and sold primarily for use in the control of soil erosion.

In a separate grant, \$115,948.80 was awarded for the Rocky Point Sugar Region Future Sustainability Project.

This project is aimed at achieving a minimum production of 300,000 tonnes of cane a year crushed from the 6,000 hectare catchment area.

The main priority of the project is to establish a grower owned cooperative in the region to drive diversification options, improve industry use of plant and equipment, and promote best management practices through offering contract services such as planting, bed forming and harvesting.

The two families who form the Fox/Hall Harvesting Group from Wagoora, near Calen, received a \$74,740 grant to trial a combination of GPS technology and improved planting methods.

The families are looking at the use of a Global Positioning System that will guide harvesters through the rows of cane, thereby preventing the vehicles from wandering into adjacent rows.

The other grants include:

- * \$170,500 to Tully's Dore & Co to assist towards the utilisation of GPS to develop a comprehensive wet tropics farming system;
- * \$211,750 to Ingham's Irvin Farming Services toward the design and manufacture of bed forming and planting equipment and the conversion and adaptation of a traditional cane harvester to a unique four-row harvester;
- * \$275,000 for Tully-based Bestlan Bananas Pty Ltd to contribute towards the establishment of a small scale ethanol plant converting raw sugar, plant sugars and fruit waste to ethanol; and
- * \$54,928 for Proserpine-based Quod Pty Ltd for the purchase of innovative farming equipment to allow for adoption of controlled traffic farming and fallow cropping.

Details of the Fund are available at: <http://www.sd.qld.gov.au>

Pioneer renewable energy plant up and running

The new renewable energy plant at CSR's Pioneer sugar mill in North Queensland is now fully operational and producing enough green electricity to power around 22,000 Queensland homes annually.

Ergon Energy Retail Chief Operating Officer Kate Skilleter said the plant had a generating capacity of 68 megawatts and would prevent 165,000 tonnes of carbon dioxide from entering the atmosphere annually.

"That's the equivalent of taking 37,000 cars off the road each year or planting 650,000 trees," she said.

Ms Skilleter said CSR would use about 20 per cent of the energy from the plant to power its mill, while the balance would be returned to the grid.

Ergon Energy entered into an agreement with CSR Limited to purchase green electricity from the plant, significantly boosting Ergon Energy's renewable energy commitments.

"This agreement further cements Ergon Energy's position as one of Australia's largest purchasers of green electricity," Ms Skilleter said.



Above: Broadwater Co-generation Plant

New report predicts bright future for agriculture and food sector

A major independent report on the agriculture and food sector handed down today recommends a greater focus on innovation, cutting regulatory red tape and more effective supply chains.

The Chair of the Agriculture and Food Policy Reference Group, Peter Corish, who is President of the National Farmers' Federation, presented the report, *Creating Our Future*, to the Australian Government Minister for Agriculture, Fisheries and Forestry, Peter McGauran.

"We found that, while a number of serious challenges lie ahead, there are also many opportunities and good reason to be optimistic about the future," Mr Corish said.

The report recommends the following as foundations of long term success for Australian agriculture and food:

- * Innovation, underpinned by leading edge research and development;
- * Sound economic management by business and government;
- * Effective supply chains to meet consumer needs;
- * Minimal regulatory burden on businesses
- * more self-reliant businesses;
- * productive partnerships between businesses and governments;
- * improved communication between individuals, businesses, industries and governments.

The report also comments on the city/country divide and recommends that the agriculture and food sector needs to work with rural and regional communities to respond to

demographic changes and promote the benefits of living outside urban Australia

As a means to address this, the report states that the Australian Government should consider overhauling the tax zone rebate system to encourage people to live in more isolated rural and regional areas.

The report also makes recommendations concerning labour hire and supply. To secure reliable labour, the report says, farmers need to keep improving employment conditions and management practices by, for example, considering non-monetary benefits they can provide their employees such as

accommodation.

On the issue of water, the report warns that demand for water for a range of uses such as agricultural, urban, environmental uses, will increase. More efficient water use and flexibility in water management will be essential particularly through well developed water markets, the report says.

It recommends that water dependent industries must adhere to the National Water Initiative and other water reform commitments.

Further information and copies of the full report are available at www.agfoodgroup.gov.au.

Health enhancing properties of sugarcane explored

New research being conducted by the Cooperative Research Centre for Sugar Industry Innovation through Biotechnology (CRC SIIB) is revealing that sugarcane has a wealth of hidden potential, including health enhancing and cancer inhibiting compounds.

The sugar industry's growing awareness of the volatility of relying solely on export sugar has led the CRC SIIB to explore the chemical and biological makeup of sugarcane to try and uncover value adding opportunities.

Much of the CRC SIIB's work is based around a search for bioactive compounds which may become basic ingredients for health enhancing products, such as nutraceuticals and pharmaceuticals.

The CRC SIIB project, led by Associate Professor David Leach from Southern Cross University and Dr

Michael O'Shea from BSES, is titled 'Bioactive molecular discovery of medicinal natural products from sugarcane'. Both scientists are resolute that the humble cane plant is a potential gold mine that could soon be exploited for value-added products.

Using sophisticated molecular tools, the scientists are getting 'inside' the cane plant and discovering high levels of active compounds that could be used within the manufacture of valuable products, such as antioxidants and other supplements for the prevention or management of disease.

Part of the CRC's work is to consider how their discoveries may be translated into real outcomes. In essence, the simpler the overall process of value adding, the more likely new product options can be turned into real business outcomes for Australian growers and millers.

For Sale:
7700 Track Cane Harvester 2000 model
Plus two Carta Elevator Tippers with two 5150 Case Tractors
Phone: 07 4065 6261 or 07 4065 2273.

EU adopts strategy for biofuels

The European Commission has adopted a new strategy for biofuels which incorporates a range of potential market-based, legislative and research measures to boost production of fuels from agricultural raw materials.

Discussing the new strategy, Development Commissioner Louis Michel highlighted the potential opportunities that biofuels production presented for developing countries, notably those affected by the sugar reform.

"Many developing countries are naturally well placed for the production of biofuel feedstocks, particularly those traditionally strong in sugar production," he said.

"The expanding EU market for biofuels will provide them with new export possibilities. The EU will help them maximise this opportunity with support for knowledge transfer and development of their market potential," he said.

The Strategy consists of seven key policy axes:

- 1) Stimulating demand for biofuels.
- 2) Capturing environmental benefits.

- 3) Developing production and distribution of biofuels:

The Commission will propose a specific group to consider biofuels opportunities in rural development programmes; and increase monitoring to ensure there is no discrimination against biofuels.

- 4) Extending supplies of feedstock:

The Commission is making sugar production for bioethanol eligible for CAP support schemes.

- 5) Enhancing trade opportunities.

The Commission will assess the possibility of putting forward a proposal for separate customs codes for biofuels and will pursue a balanced approach in trade talks with ethanol-producing countries.

- 6) Supporting developing countries.

The Commission will develop a coherent Biofuels Assistance Package for developing countries.

- 7) Research and development.

The Commission will continue to support the development of an industry-led 'Biofuel Technology Platform' which will make recommendations for research in this sector.

The strategy is available at:
http://europa.eu.int/comm/agriculture/biomass/biofuel/index_en.htm

Bush pledges to break 'addiction to oil'

During his annual address to Congress, US President George W. Bush has declared that the US must end its dependence on oil by looking to new technology such as ethanol.

President Bush said that the US would need to look at affordable energy in order to retain its competitiveness.

"Here we have a serious problem: America is addicted to oil, which is often imported from unstable parts of the world," he said.

"Our goal is to make his new kind of ethanol practical and competitive within six years"
- Bush.

"The best way to break this addiction is through technology."

President said the US would increase its research into hybrid and electric cars as well as cars than run on hydrogen.

"We will also fund additional research in cutting-edge methods of producing ethanol, not just from corn but from wood chips, stalks, or switch grass.

"Our goal is to make his new kind of ethanol practical and competitive within six years."

President Bush said that breakthroughs on new technologies would help the US to replace more than 75 percent of its oil imports from the Middle East by 2025.

Car companies push flex-fuel vehicles

Two major car manufacturers in the US have undertaken an aggressive advertising campaign to promote flex-fuel vehicles which can run on up to 85 per cent ethanol blends.

General Motors Corp last week ran its first national advertising campaign for one of its flex-fuel vehicles, the Chevy Tahoe. And last

month, Ford started to sell a flex-fuel version of one of its most popular models the F-150 pickup.

Both companies have also pledged to help increase the availability of ethanol at petrol stations around the country.

Source: The Wall Street Journal
10/01/06.

BP launches ethanol blending plant in Mackay

BP Australia's new ethanol blending plant has been opened in Mackay and is expected to produce around 300,000 litres of ethanol a month.

Launching the plant, Queensland Deputy Premier Anna Bligh said the Mackay community would greatly benefit from the BP project with jobs for the region and a boom in the Mackay economy.

ACFA Chairman Ross Walker agreed that the plant would provide a boost

to the local economy, but also to the Australian ethanol industry as a whole by improving the supply of ethanol-blended fuels.

"At this stage in the life of the Australian ethanol industry, constant supply is crucial to success," Mr Walker said.

"Consumer confidence in ethanol blended fuels will grow more rapidly if the biofuel is readily and consistently made available to them.

"In the past, ethanol-blended fuels have had to be transported to Mackay from Brisbane. But now, with the launch of the BP facility, consumers in Mackay and its surrounding districts will have a reliable supply of a locally produced ethanol-blended fuel made available to them."

Mr Walker said that improving consumer confidence in ethanol was imperative to increasing demand which would, in turn, open up greater opportunity for the sugar industry to participate in biofuel production.

CSR expands fuel ethanol capacity

CSR has confirmed that it has approved a \$15 million project to enable fuel ethanol production at its Sarina distillery.

Currently, raw ethanol produced at Sarina is reprocessed to fuel grade material at the company's facility in Melbourne. The project, awarded to contractor Bilfinger Berger Services, will enable the Sarina distillery to produce 32 million litres of fuel grade ethanol and is targeted for completion in July 2006.

CSR Ethanol General Manager Gavin Hughes said, "This project significantly increases our fuel ethanol production while providing an attractive return for shareholders."

"CSR sees itself as a major player in the growing fuel ethanol industry and this project is the first stage in CSR's strategy to meet expected demand over the next twelve months. Additional projects to further expand capacity are under review," Mr Hughes said.

Other industries look to ethanol

Ethanol mandate calls renewed

Independent MP Tony Windsor has called on Deputy Prime Minister Mark Vaile to look more closely at an ethanol mandate as a means of increasing Australia's domestic market for wheat.

"I would encourage Mr Vaile to look at the (US) President Bush's strategy for alternative energy and more towards the mandating of 10% ethanol in petrol as a means of developing domestic markets for surplus grain rather than having to sell in a corrupt market.

"A 10% mandate would remove half of Australia's exportable wheat, thus avoiding the farce that the AWB is going through now, and also cutting the influence of the Middle East over Australia's domestic costs," he said.

Grape growers look to biofuels

Biofuels could be the saviour of struggling grape growers according to South Australian Democrat spokesperson for Agriculture Ian Gilfillan.

"South Australia's wine growers are suffering from low wine grape prices and oversupply which has resulted in the dumping of thousands of tonnes of grapes," Mr Gilfillan said.

"Ripping out vines should be a last resort, the grape growing industry needs to diversify to secure its future or be left behind.

"Biofuel production is a better use of the surplus wine grapes," he said.

WA Taskforce promotes biofuels

The West Australian Government's Biofuels Taskforce has met for the first time and has signalled its intention to further promote opportunities for bio-fuel use and production.

Taskforce chair Graham Giffard MLC said he was confident the group would help steer Western Australia towards more use of alternative fuels.

"We are here to build a case for industry development; the Government is hoping to facilitate private sector investment but we need to show industry an economic pathway for that investment," Mr Giffard said.

SRDC Update

Central Region Exceeds Target for "New Farming Systems"

The SRDC funded project "A New Cropping System for the Central district" originally targeted 1000 ha to be planted, in the Mackay region, to an improved farming system through adoption of cropping system changes recommended by the Sugarcane Yield Decline Joint Venture (SYDJV), by 2008. This target was achieved three years ahead of schedule, in 2005, indicating an excellent result by BSES Ltd and people in the Central Queensland district.

A recent report, which is available at www.srdc.gov.au (Project Code BSS269), by Brad Hussey of BSES Ltd from Mackay has revealed that over the past year there has been extensive interest and considerably more area of cane planted on controlled-traffic systems. To date there have been 1,236ha planted on 1.8m controlled traffic spacing from growers in the Mackay mill area alone. There has also been a further 500ha of the improved farming system adopted in the Proserpine region and another 2000ha by growers in Sarina.

SRDC has also funded Grower Group Innovation Projects for three grower groups in other Central District regions, including at Septimus, North Coast and Sarina, who are undertaking extensive on-farm trials of improved farming systems.

Future editions of SRDC Update will report on the progress and achievements of SRDC funded Grower Group Innovation Projects which commenced in 2005.

Travel and Learning Opportunity Projects

SRDC's investment in Travel and Learning Opportunity Projects (TLOPs) is returning significant benefits to the sugar industry. Industry people who travel to other regions to experience first hand new technologies at work come back to their own regions full of enthusiasm and passion to improve their own practices. Other people in the region learn about innovations from listening to the travelers and seeing the changes made by those people.

Three examples of TLOPs are in this SRDC Update. If you wish to apply for a Travel and Learning Opportunity Project of up to \$10,000, the next round will be announced on 17th February in the SRDC website www.srdc.gov.au with a closing date for applications of 21st April 2006. Proposals can involve workshops or other learning activities and do not necessarily need to involve travel to other regions or industries.

Study tour for Innisfail & Babinda growers

Thirty-two growers from the Babinda, Mourilyan and South Johnstone mill areas travelled to the Burdekin and Herbert regions on an SRDC funded travel project to study different farming techniques and nutrient applications. Several millers and extension staff accompanied the growers for the trip which covered 8 different sites. The group studied minimum tillage planting, dual row planting, wider row spacing, selective nutrient application, controlled row traffic, cooperative farming and dual row harvesting operations.

The trip was well received by all who

attended. The subsequent evaluation survey highlighted that:

- 97% of participants accepted the concept of "minimum tillage planting";
- 87% of participants saw "legumes as a break crop" as useful;
- 83% of participants endorsed the use of "wider row spacing"; and
- All participants responded positively to being able to see the "multi-row harvesting adaptations" in person.

These growers saw commercial examples of what can be done to enhance sustainability and reduce costs. They gained first hand knowledge of methods being used by Herbert and Burdekin growers to reduce costs and enhance sustainability, which allowed the Innisfail and Babinda people to assess and implement these options for their own farms.

Herbert people visit South Africa

Seven Herbert industry representatives from the growing, milling, and RD&E sector travelled to South Africa to enhance the capacity for whole-of-systems change in the Herbert sugar industry. The final report, which is available at www.srdc.gov.au (Project code - BSS281) is an communication of the lessons and benefits of this Travel & Learning Opportunity Project.

People who travelled to South Africa are sharing their experiences and new ideas at productivity meetings, industry organisation meetings, R&D project meetings and other interactions between interested people.

Discussions between the people who travelled to South Africa and the Herbert Cane Productivity Services and Regional Industry Board are

Continued on page 9.....

SRDC Update

Continued from page 8.....

underway to implement recommendations arising from the project.

The participants have indicated a willingness to be involved in working groups and discussions as part of another project, conducted by BSES, entitled "Adoption of an optimal season length for increased industry profitability" (BSS264).

Three growers (Alan Robino, Nelson Reinuado and Roy Pace) have also taken leadership roles in implementing the recommendations arising from the project.

This final report clearly demonstrates that the study tour of the South African sugar industries was a valuable learning experience for all involved. The travellers have been able to set priorities for research, development and extension as well as for other issues for the Herbert region and for the wider industry.

Farm Family Health Workshops

Despite a perception that the country is a healthy place to live, the reality is that farming families can have more health problems than city residents. That is why this new Farm Health & Safety Joint Research Venture project, with SRDC contributing \$20,000 per annum to this Joint Research Venture, is being expanded into the sugar industry, with pilots in the Burdekin and Herbert regions tentatively scheduled for March 2006.

The Sustainable Farm Families project, which was initially developed for the Victorian grazing

industries, explores links between farming family health, farm related accidents and farm sustainability.

The driving force behind the project was a recognition that farmers were ageing, working harder and longer and experiencing death, injury and suicides rates at a higher level than the average Australian population. The key message to farmers was to stay alive and healthy so that they could enjoy their succession plan.

Farmers and their family members can get involved in the project and participate in an intensive health evaluation, education and training program that may identify potential health and well-being risks. Over a 12 month period participants will attend a series of workshops covering health education, risk assessment, health action planning, health assessment, farm accidents and farm sustainability.

This project has been the recipient of major awards, both on a State and National basis, for innovation in the health industry, as well as the agriculture sector. Replicated and tailored projects held in other farming regions and industries, including a pilot in cotton regions in February 2006, have attracted a great deal of praise and support from local communities.

The program has delivered measurable improvements in the health and well being of farm families, with significant changes in attitudes and behaviour to personal health and safety. These are demonstrated through reduced cholesterol levels, weight reduction, improved diet and in some cases early medical assistance in relation to some potentially life threatening situations, including skin lesions.

Please contact Neale Price at SRDC (07 3225 9444 or nprice@srdc.gov.au) for more information or if you are interested in participating in this project.

SRDC Dates to Remember

7 March Launch of report on the outcomes of the October 2005 Value Chain Forum and Workshop, Brisbane

7-8 March SRDC Working Party assessment of Full Research Project proposals

2 May Queensland Sugar/SRDC Innovation and R&D Award winners announced at ASSCT Conference, Mackay

Should you wish to discuss any aspect of this Update or require information please contact any of the SRDC Program Managers: -

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SRDC Update is a bimonthly publication from the Sugar Research and Development Corporation. It provides news about SRDC and their progress towards the delivery of research outputs and outcomes for a competitive and sustainable Australian Sugar Industry.

Mixed Outlook for Sugar Growing Regions

by Yvette Everingham (JCU) and Roger Stone (DPI&F)

SOI Phase: Rapidly Rising

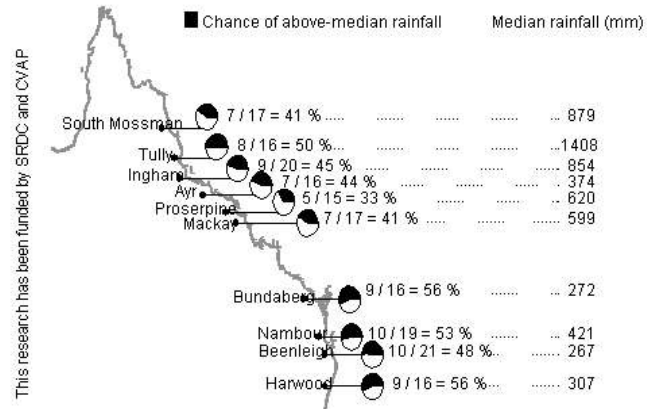
* The monthly average SOI for January was positive 11.7 (11.7) compared to minus 1.42 (-1.42) in December. Therefore the SOI phase for January came out as "Rapidly Rising".

* 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 Feb-Mar

* Probabilities much less than 50% highlight that there is a moderately high chance of experiencing below median rainfall e.g. Proserpine..

* 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, Mackay, Bundaberg, Nambour, Beenleigh, Harwood, Plane Creek.

Sugarcane Wheel Map: Feb-Mar



* Chances are based on a Rapidly Rising SOI phase during January

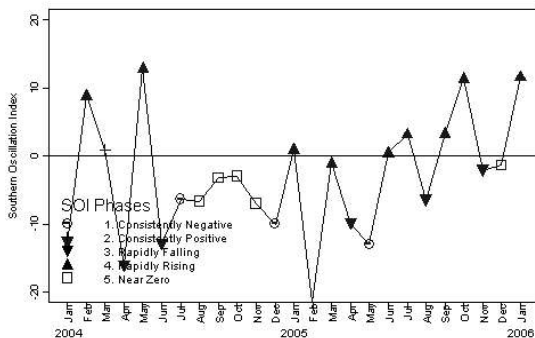


Table 1

	SOI Value	SOI Phase
End of February 2005	-23	"Rapidly Falling"
End of March 2005	-1	"Rapidly Rising"
End of April 2005	-10	"Rapidly Falling"
End of May 2005	-13	"Consistently Negative"
End of June 2005	+0.5	"Rapidly Rising"
End of July 2005	+3.3	"Rapidly Rising"
End of August 2005	-6.5	"Rapidly Falling"
End of September 2005	+3.4	"Rapidly Rising"
End of October 2005	+11.5	"Rapidly Rising"
End of November 2005	-2.2	"Rapidly Falling"
End of December 2005	-1.4	"Near Zero"
End of January 2006	+11.7	"Rapidly Rising"

Latest Developments:

* In contrast to the relatively normal chance of rain for most sugar growing regions, sea surface temperatures in the equatorial Pacific resemble a La Niña pattern. It is a little unusual that this pattern has emerged so late in the climate year, and as such it is difficult to predict the impact this will have on rainfall along the sugar strip, especially as we head through Autumn. As we approach Autumn, a time of year when climate patterns can break down, it is extremely crucial to maintain a close watch of sea surface temperatures and the SOI.

* The MJO is a low pressure system that travels from the Indian ocean, over Australia and through to the west coast of America. When the MJO is over northern Australia it can influence the potential timing of rain events. Based on the current movements of the MJO it might be next expected over North Australia around mid-March.

* The 30 day SOI as at the time of submitting this article (19/2/06) has dropped to 3.0.

For more information about sea surface temperatures and general climate information see <http://www.dnr.qld.gov.au/longpdk/latest/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.

Employment contracts made simple

Article provided by McKays Consulting, a division of McKays Solicitors.

Putting aside awards, enterprise bargaining, and other complexities of the modern industrial system, the basic legal relationship between an employer and employee is still the employment contract.

Every employer must have a good understanding of its rights and obligations under an employment contract. This is the first in a series of articles designed to assist employers to understand employment contracts, what they need to cover, and some pitfalls to watch out for.

What is an employment contract?

Employment is sometimes called the work/wages bargain: ie the employer agrees to pay a regular amount of money (wages) to an employee who agrees to render an agreed type of service (work) to meet the employer's needs. But there is a lot more to it than just wages and the type of work!

Does an employment contract need to be in writing?

Many employment contracts are unwritten... and providing the terms can be proven, an employment contract is enforceable whether or not it is in writing. The huge advantage of a properly written contract is that it gives certainty as to the terms of employment.

Is a letter of appointment enough?

Employees often give a short letter or offer or a short letter of appointment, which covers a limited number of matters. The danger of brief letters of appointment is that they leave large gaps in the

employment arrangements gaps which a court can fill by implying terms of employment... terms you may not have intended or desired!

What is an implied term of an employment contract?

Where an inadequate letter of employment creates uncertainty about important matters, a court may imply terms to make the contract workable even if these terms were not agreed between the employer and employee.

Terms that a court might imply include:

- * reasonable notice to end the employment
- * confidentiality obligations
- * the type of work that will be available for the employee to do.

A properly worded letter of appointment will deal with any areas of uncertainty. Failing to do so can be expensive!

In one Queensland case the court implied a period of 9 months for reasonable notice for a senior executive... all because the employer failed to deal with the notice period in the letter of appointment.

What issues should be covered?

It does not matter whether the terms of employment are recorded in a letter of appointment, or in an employment contract.

What counts is that the document is signed by both the employer and the employee, and that it deals with the important possible areas of uncertainty.

The matter that we recommend a

letter of appointment/employment contract should cover include:

- * Employer's full name, including ACN if relevant
- * Title for the position
- * Nature of employment (full time, casual or part time)
- * Job description
- * Place of work, and any flexibility required for the place of work
- * Commencement date
- * Hours and days of work
- * The remuneration package and superannuation
- * Annual, sick, compassionate and study leave (if appropriate)
- * Period of notice on termination
- * Restraint of trade, if needed
- * Confidentiality clause
- * Workplace policies
- * Signing clause

In our next edition we look closely at some of these terms... and some pitfalls that employers often fall into.

McKays Consulting can cost effectively review your employment agreements to ensure that all the important matters are covered and are not likely to lead to expensive or embarrassing problems later...

McKays Consulting can also prepare an employment agreement to suit your specific needs with a new employee and different standard agreements for your future use.

Contact us..

For more information or advice in relation to any of the above matters, or you require assistance in the development of policies and procedures in your workplace, contact our Mackay office...

- * Scott McSwan on 4963 0888 or email smcswan@mckayslaw.com

Market Volatile prior to Mar'06 Expiry

The imminent March'06 raw sugar futures contract expiry has added an extra level of volatility to the market over the course of the month.

Speculative liquidation, particularly fund rolling, has seen the prompt contract lose some value recently after reaching life of contract highs on February 2.

The March'06 rallied to a high of 19.73 US c/lb at the beginning of February, largely as a result of an announcement by the US Department of Agriculture (USDA) calling on additional raw sugar imports. Since this rally the March'06 position has settled within the range of US 17.33 - 18.8 c/lb.

Speculative liquidation saw the March'06 drop to US 16.8 c/lb during trading on February 16. However, there has been some impetus to the market recently due to some trade, fund and local buying.

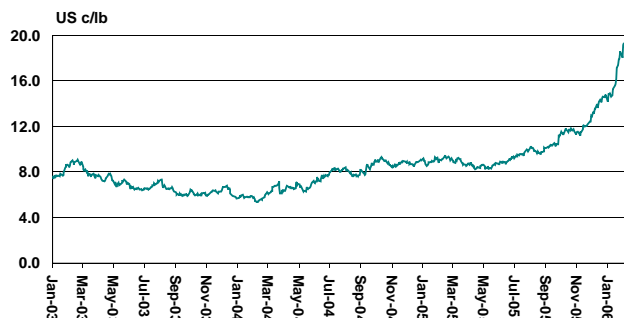
At the time of writing the March'06 contract had settled up US 0.58 c/lb at US 18.26 c/lb.

The March futures month expiry typically provides a home for unwanted Central and South American sugar, however with the increase in Quota allocation for raw sugar imports into the US it is expected that the March'06 delivery will be quite low.

After a less than impressive beet harvest, the US experienced damage to its cane crop following hurricanes Katrina, Rita and Wilma.

The third increase to the 2006 FY (Sep-Aug) Tariff Rate Quota (TRQ) allocation was announced at the beginning of February, with further amendments announced on

NY11 Raw Sugar Futures Prompt Contract Price



February 22.

The additional increase in raw sugar imports removes around 226,796 metric tons raw value (mtrv) from the tradeable raw sugar market. Australia has been allocated 29,844mtrv of this tonnage.

Some of the world's leading sugar analyst firms have revised their estimates for global supply and demand this month.

The International Sugar Organisation has indicated that it will be increasing its forecast deficit for 2005/06 when their world sugar balance data is released shortly.

Analyst firm FO Licht have also reduced their production estimate. They are expecting world sugar production to reach 147.7 million tonnes, around 900,000 tonnes lower than their previous estimate.

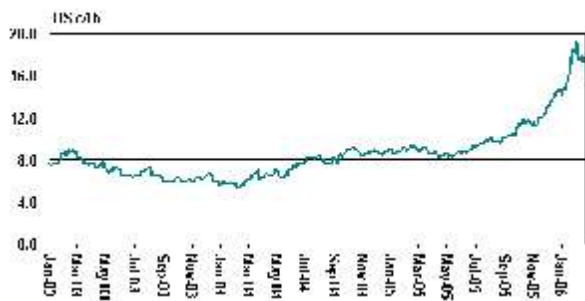
The narrowing Australian and US interest rate differential has been a major influence during trading of the Australian Dollar recently.

The US Federal Reserve raised the official cash rate for the 14th consecutive time during its meeting on January 31st.

Conversely, the Australian interest rate was left unchanged when the Reserve Bank of Australia met for the first time this year on February 6.

The Australian interest rate has not been changed from 5.5% since March 2005, resulting in the Australian/US interest rate differential narrowing to 1.00%. The AUD was trading at AUD/USD 0.7360 at the time of writing.

NY11 Raw Sugar Futures Prompt Contract Price



ACFA farewells General Manager

ACFA regretfully reports that ACFA General Manager Stephen Ryan (*right*) has decided to leave the organisation to pursue further career and study opportunities in Melbourne.



During his time with ACFA Stephen was very active in lobbying on sugar and biofuels related issues and was involved in the successful lobbying for changes to the Sugar Industry Reform Program 2004 and the decision to extend the excise free period for Australian ethanol.

He was also responsible for the planning and execution of ACFA's highly successful Summit on Sugar in 2003 involving leading Queensland academics looking at solving the economic and social issues facing the industry.

Stephen was responsible for the implementation of ACFA's website as a means of improving communication between the organisation and its members as well as changes to the Australian CaneFarmer magazine.

One of Stephen's achievements was to markedly increase the occurrence of face-to-face meetings with farmers to provide them current information on industry affairs.

Stephen was also involved in assisting farmers in forming groups to engage in cane supply agreement negotiations.

Stephen has been highly involved in the planning of the *Ethanol 2006 Australian* conference which is to be held in Brisbane during May.

Stephen would like to wish all ACFA members and stakeholders all the best for the future as he has thoroughly

enjoyed his time with the organisation and the sugar industry as a whole.

ACFA is happy to welcome Scott Patterson (*below*) to the newly created position of Policy Executive in which Scott will be taking on the policy and membership work previously carried out by Stephen.

Scott brings with him a wealth of experience developed over many years working at high levels of Government and private enterprise.

Scott's experience in collaborating with stakeholders and his ability to traverse Queensland's political and business environment makes him an ideal choice to continue the high level representation ACFA members have come to enjoy.



What's going on in the sugar regions?

Mossman Regional Report

May the perfect growing conditions of the past six weeks with good soaking rain as well as hot sunny days continue, allowing all stakeholders to take advantage of the much improved sugar outlook.

The crop looks very good across the entire Mill area although the potential for grub damage needs to be monitored.

Ageing Farmers has long been a concern of mine and I see the formation of a young farmers group in the district a most positive development.

Don Murday
ACFA Northern Queensland Director
28th February 2006

Innisfail Regional Report

The past month has been a fairly quiet period for the sugar industry in the Innisfail district.

We haven't seen much of a wet season to date but the humidity and showers which have been experienced have provided fantastic growing conditions.

The crop has responded really well to what rainfall there has been, although the late cut is not responding as well. Early estimates for the 2006 puts in on par with the 2005 season.

I was able to attend the recent ethanol meeting at the Mulgrave Rambler with guest speaker Dr Russell Reeves. The meeting was very well attended, with a crowd in excess of 140 people. It was positive to see that there were attendees both from within and outside the sugar industry.

Although the new voluntary marketing arrangements remain a contentious issue in the district, most farmers are now smiling with thanks

to the higher sugar price.

John Blankensee
ACFA Northern Queensland Director
27th February 2006

Herbert Regional Report

I recently attended a very interesting meeting coordinated by the Mechanical Harvesters Association, which had Dr Russell Reeves as guest speaker. He was speaking on the manufacture of ethanol from bagasse.

We are still waiting for the wet to arrive. Rain has been very scattered and intermittent with a lot of very hot, humid weather in between.

The crop is well advanced and at this stage looking promising for the coming harvest. A number of farmers are having pig problems and rats are a concern in some areas.

The price of chemicals, fertilizer and fuel are continuing to rise which is of great concern.

Dawn Brown
ACFA Herbert Director
22nd February 2006.

Burdekin Regional Report

The late finish for the 2005 crush as well as the lack of rain the district have meant that the current crop is not looking too good, especially the late ratoons.

At present forecasts are down for the 2006 crush.

Although we did have some good rain in early January, there has not been enough follow up. At the moment there is a chance of some rain, but only scattered showers.

Adrian Ivory
ACFA Burdekin Director
28th February 2006.

Central Regional Report

The Mackay Regional Advisory Group was holding farmer meetings in early March for Mackay Sugar farmers to explain their regional plan.

Some parts of the district have had sufficient rainfall for optimum crop growth while other parts have been missing out.

Water levels are low which allocations for the year ahead likely to be poor. This is a concern as, when sugar prices are good, farmers wish to make the most of them.

Mackay Sugar and Proserpine Sugar Mill are still waiting for a response to the applications for Regional and Community Projects funding for their cogeneration and furfural plants respectively

Ross Walker
ACFA Chairman
28th February 2006

Southern Regional Report

Since the last edition of the Australian CaneFarmer, the weather in the Maryborough area has been hot and dry. This has resulted with most of the irrigators being used all the time.

Maryborough Sugar Factory is hoping for 1.1 million tonnes for the 2006 season but it will have to rain very soon to achieve that tonnage.

To make up the shortfall, some cane could come up from Nambour.

Some farmers planted soya beans mid-late December when the ground dried out after the rain at the end of the 2005 season.

Bundaberg and Childers haven't received much more rain than Maryborough with irrigators being in constant use.

Continued on page 15...

What's going on in the sugar regions?

Continued from page 14...

Graham Parker

ACFA Southern Queensland Director

27th February 2006.

New South Wales Regional Report

Growing conditions in Northern New South Wales have been excellent and NSW is set for a record crop again in 2006. Hopefully mill reliability and through put has been rectified during the slack season.

The farming systems project has been given a boost with funding being extended for two more years to investigate the most profitable farming practices.

Other improvements for the co-operative will be the introduction of the first aluminium super bins for co-generation harvesting which will go into bin rotation this year. Work in both co-generation sites has progressed extremely well due to excellent weather conditions.

Wayne Rodgers

ACFANew South Wales Director

22nd February 2006.

ACFA calls for nominations for Central Region Director

It is with regret that ACFA announces the resignation of Central Region Director Kevin Jones who has decided to leave the sugar industry.

Kevin's position on the ACFA Board is now vacant which means that Members of the Company in the Central region will have the opportunity of becoming elected to the Board and taking a more direct role in the leadership of ACFA.

Important information regarding nominations:

- * Nominations for the position open on March 15th 2006.
- * All nominees must be Members of the Company.
- * Nominations must be written and signed by the nominee and at least one other Member of the Company.
- * A copy of the nomination form can be downloaded from the ACFA website or by calling ACFA on 1800 500 025.
- * If the nominee is an authorised representative then the name of the corporate member that the nominee represents must be stated. The nomination must be accompanied by a written authority appointing the representative for the corporate member.
- * Nominations close on April 5th, 2006.
- * Only Members of the Company at the close of nominations may vote in the elections.

Your local ACFA

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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.

Articles in The Australian CaneFarmer do not necessarily represent the policies or views of The Australian Cane Farmers Association.

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Leading farmers into the future

the Australian Cane Farmer

World News

EU adopts sugar reforms

European Union agriculture minister have formally adopted reforms to the EU sugar sector which will come into effect on 1st July this year.

"I am absolutely delighted that the Council has taken the courageous decision to back these long-overdue reforms," said Mariann Fischer Boel, Commissioner for Agriculture and Rural Development.

"The measures may appear tough, but there is no alternative. Thanks to these reforms, the EU sugar sector can look to the future with confidence. And we have sufficient funds available to help those who have to leave the sector to find alternative sources of income," she said.

The key components of the reform include a 36 per cent cut in the guaranteed minimum sugar price, compensation for farmers and a Restructuring Fund to help those farmers who decide to leave the industry.

The Commission has also proposed a one-year cut in sugar production by 2 to 3 million tonnes to avoid a possible oversupply of the market.

"This one-off cut in sugar production is vital to ensure that the newly-reform sugar market gets off to a good start," the Commissioner said.

"Unless we act, heavy surpluses will weigh on the market as the reforms get underway. This way, we can kick off our new system with the market in balance."

The EU's decision to reform its sugar regime was prompted by a successful WTO challenge by Australia, Thailand and Brazil which found that the export system used by the EU was contrary to world trade rules.