

the Australian Cane Farmer

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Doha down but not out

Australia's cane farmers are bitterly disappointed at the collapse of the Doha round of world trade talks.

The trade talks were suspended after the European Union and the United States failed reach a compromise regarding cuts to agricultural subsidies.

ACFA Chairman, Ross Walker, expressed the disappointment of cane farmers across Australia and called on the key international players to use the hiatus to re-examine their own positions. "Australia's cane farmers will be dismayed by this decision but not surprised," he said.

"Our industry is all too aware of the reluctance of other nations to abolish domestic agricultural protection."

"On behalf of the Australian sugar industry I strongly urge the US and the EU to do all that they can to ensure a compromise is reached before the revised deadline of December this year," said Mr Walker.

"Opportunities such as these are very rare and I fear that if an agreement isn't reached now, many years will pass before all of the players are willing to sit down and try again."

Mr Walker also called on the Australian Government to prepare for the likelihood that the talks will fail and take measures to ensure Australia's farmers continue to cope with the corrupt world market.

"The Australian Government abolished all protection for the sugar industry and in

return they stated that their objective was to deliver a free and open world market for the industry to operate in," he said.

"Subsequently, sugar has been left out of the US - Australia Free Trade Agreement and with Doha on the brink of collapse cane farmers are wondering whether the Government will ever make good on their promise. "The ongoing impasse in negotiations seems farther away from resolution than ever before and should they collapse, so will the Australian sugar industry's chance at achieving fair and open trade with many nations."

So why does Australia's sugar industry need to trade in an internationally free and fair environment?

The industry is largely export oriented, it can only survive where there is market access at profitable prices.

The current impediment to both of these is a lack of access and cyclical world prices resulting from subsidised exports and protected regimes.

"Australia's cane farmers have been totally exposed to the vagaries of the world market with the promise that the Federal Government would create a fairer international trading environment that would reduce overseas subsidies and open new markets resulting in greater sustainability for farmers."

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Breaking News

Whip removal to cease
Teams working on infested premises have, in most cases, ceased removing smut whips prior to burning.

The decision to change this aspect of destruction was based on an assessment by the Smut Scientific Group that whip removal is not necessary if cane is burnt.

Whip removal was carried out as there was not enough data available to indicate the whips were destroyed by burning.



Leading farmers into the future

Doha very shaky but not down for the count



By ACFA.
Chairman
Ross Walker.

The Doha Round of World Trade negotiations appear to have completely stalled and ACFA is not optimistic of a beneficial outcome being achieved for the Australian sugar industry.

ACFA is angry and disappointed at the collapse of world trade talks. The US and the EU have failed to make convincing offers on reductions in agricultural subsidies while making unreasonable demands on developing countries for large tariff cuts on industrial goods

Not surprisingly, our own Government has very few concessions to make in these negotiations having already abolished nearly all support in regards to Australian sugar. The Australian Financial Review reports sugar, dairy and beef farmers will be the biggest losers to the tune of \$1.5 billion a year.

The suspension of play must not be accepted as the end of the game. Any compromise reached, no matter how small, would benefit the Australian sugar industry. I was surprised to read comments made by Canegrowers General Manager Ian Ballantyne in the

Australian Financial Review recently.

In an article called 'No more sweeteners for sugar industry' Mr Ballantyne was quoted as saying, "If you look at the state of the industry, it's in good shape.

We've taken on a lot of reform measures and efficiencies have been made and we are now as low-cost producers as Brazil."

This comment is alarming because not only is it factually incorrect, it also displays Mr Ballantyne's inability to understand the negative impact that the recent cyclone and smut outbreak have had and will have on the industry.

Has he not seen the deterioration of milling and farming infrastructure through-out the industry? This will take many years of better prices to rectify.

The arrival of smut will have substantial imposts across the entire industry and should not be overlooked.

Farmers right across Queensland and New South Wales will seriously need to consider planting smut resistant varieties and productivity and profitability will suffer.

All input costs have risen sharply in the last 12 months – harvesting, fuel and fertiliser costs to name some. Interest rates are rising. Brazil's cost of production is currently quoted between US 9-9.5¢/lb or

AUS\$260-274/T.

The cost of production of most Australian cane farmers exceeds this even before the real but often ignored costs of depreciation and labour.

We are efficient, producing more sugar per hectare, but the strength of the Australian dollar affects our competitiveness.

As Prime Minister Howard remarked in 2004 when announcing the current reform program; the Australian industry is beset by problems outside of its control.

Mr Ballantyne talks about another 200 to 300 farmers leaving but "if prices remain elevated then you are going to see people coming back into the industry. There is nothing wrong with that, provided when it's bad they leave again."

These outbursts of premature optimism are misleading and harmful and an insult to the industry in general. It was not surprising the very next day the Australian Industry Group called for the sugar levy to be abolished.

Although this does not have any direct effect on farmers it does give a good indication of how end-users take notice of these ill-judged comments. The facts are the industry overall will be in better shape when the entire crop is harvested and farmers can then take advantage of better prices.

However, farmers in the cyclone affected area definitely will not be!

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Rural Debt on the rise in Queensland

Minister for Primary Industries and Fisheries, the Honourable Tim Mulherin MP, released QRAA's 2005 Rural Debt Survey at a formal presentation in Brisbane, which revealed that Queensland's rural debt has increased by 13% during 2003-2005 to reach \$8.67 billion.

The Survey provides analysis of Queensland rural debt at an industry, regional and Shire level, and reports that the Tropical North Coast ABARE region's rural debt has decreased by \$114 million, or 8%, since 2003 to reach a level of \$1.3 billion.

The number of rural borrowers in the Tropical North Coast region, which covers an area from Sarina in the south to Mossman in the north, was reported as being 3,058, a 16% decrease from the number of borrowers reported in the 2003 Survey.

The region as a whole accounted for 15% of total rural debt in Queensland, decreasing from the 2003 figure of 18.5%.

Within the Tropical North Coast region, the Burdekin and Mackay Shires recorded the highest level of debt, accounting for \$312 million (4%) and \$248 million (3%) of total rural debt in Queensland respectively.

This finding is consistent with the 2003 Survey, which also showed these two Shires as reporting the highest level of debt for the region.

QRAA Chief Executive Officer, Colin Holden, says that activity within the sugar industry is the main contributing factor to the decrease in this region's level of rural debt over the past two years.

"The \$114 million decrease in debt seen in this region since 2003 is largely due to consolidation and attrition amongst sugar producers in the Tropical North Coast region following a number of years of difficult conditions for the sugar industry," he said.

Accordingly, within this region figures show that the sugar industry has experienced a significant fall in debt levels, with a \$177 million (20%) decrease in debt recorded since the 2003 Survey, bringing it down to a level of \$700 million for the region.

Alternatively, the beef industry recorded the highest increase in debt for this region, with a \$110 million, or 40% increase, in debt since 2003.

Since the 2003 Survey, the level of debt falling into the 'A' category in the Tropical North Coast region has increased by \$28 million, or 4%, to \$795 million.

'A' category borrowers are those considered viable under most or all circumstances.

The shift into the 'A' category is reassuring, indicating the confidence the finance sector has in Queensland's primary industries.

The Rural Debt Survey, which is commissioned by QRAA and prepared by Moore Stephens, is based on information supplied by rural lending institutions and includes all Queensland primary producers with borrowings.

For more information visit QRAA's website at www.qraa.qld.gov.au

Research funding

Researchers and others involved in the Australian sugar industry were encouraged to take advantage of the opportunities offered by the Sugar Research and Development Corporation (SRDC).

The Parliamentary Secretary for Agriculture, Sussan Ley, was speaking in Tully, Queensland, at the launch of the SRDC's 'Targeted Call for Projects for 2007-08'.

"The call, as the name implies, reflects the research and development needs the sugar industry has highlighted," Ms Ley said.

"The SRDC is making \$2.4 million available for research projects in three areas fundamental to the industry's long-term success: regional futures, emerging technologies and people development."

She said the SRDC would provide \$1.4 million for research in the regional futures area.

"The goal is to develop profitable and sustainable regional sugarcane industries using innovative farming, harvesting, transport, milling and marketing systems adapted to local conditions," Ms Ley said.

"Another \$550,000 will go to the emerging technology areas for the rapid application of relevant frontier technologies to maintain the industry's competitive edge in the international marketplace.

"The SRDC has allocated another \$400,000 to enhance the capacity of individuals to contribute to the Australia sugar industry's future."

Sugar levy under review

Federal Agriculture Minister, Peter McGauran, will review the 3c/kg tax on food and beverage manufacturers in Australia.

The tax was imposed to provide funding for the sugar industry reconstruction during the world sugar price slump.

It's original purpose has been outdated, with this year's resurgence in world sugar prices.

Australian Food and Grocery Council (AFGC) chief executive, Dick Wells, said, "At a time when companies are absorbing significant increases in input costs, it's an excellent opportunity to remove a damaging tax on inputs affecting one of the most valuable manufacturing sectors."

Mr Wells says the industry is facing unprecedented increases in input prices.

"Food and beverage producers already have to face a doubling of the world price for sugar, and increased fuel and packaging costs," Mr Wells said.

"The sugar tax is a compulsory financial penalty imposed by a government to raise revenue to help pay for assistance that is not being fully used.

"We remain unopposed to assistance being given to the sugar industry.

"What we oppose is undermining the competitiveness of Australian food and beverage manufacturers with an inequitable tax as part of the funding formula," Mr Wells said.

The tax was introduced in January 2003.

However, since then circumstances have improved significantly, reducing the need for external assistance measures, and resulting in big savings for the government.

"Meeting forecast commitments under the assistance package does not require continuing this unjust tax," Mr Wells said.

Mr Wells said that the tax has been complex and inefficient to administer.

It was aimed at helping one sector of the economy at the expense of competitiveness of another - one of Australia's key industries."

"Removing the tax at this time would mean that Australian based food and beverage manufacturers would be more competitive and more sustainable, particularly in rural and regional areas where a large number are located," he said.

ACFA is surprised that 'sophisticated' buyers of sugar have not hedged their options long-term.

Natural resource managers

More than 9 out of 10 Australian farmers reported undertaking some form of natural resource management activity during 2004-05.

The figures are given in a new Australian Bureau of Statistics (ABS) Natural Resource Management survey released today.

Weed and pest management were the most common natural resource management activities farmers undertook nationally.

Most (86pc) farmers reported having at least one natural resource management issue on their holding, with weeds and pests again topping the list.

Native vegetation, land and soil and water-related issues were other natural resource management issues reported by farmers.

These preliminary findings are from the ABS' first dedicated Natural Resource Management survey.

It asked farmers to report the extent of natural resource management issues on their holding and the activities they undertook to prevent or manage them.

The preliminary findings from this survey have been made available at the national, state and regional level.

Final results from the survey will provide more detailed estimates including types of management practices, areas affected and areas being managed.

These final results are expected to be released in September this year.

NRMA want ethanol summit

The NRMA is calling a summit to promote a faster rollout of alternative fuels in a bid to ease the pain being caused to the economy by rising petrol prices.

Despite the United States and Brazil are 15 years ahead of Australia in building a biofuels industry, NRMA president Alan Evans says nobody foresaw the rapid degree to which oil prices have spiked this year.

But he says this sudden rise, which is hurting ordinary motorists, cutting farm profitability and driving up inflation, means urgent action is needed to break Australia's dependence on oil.

More join smut fight EC to be extended

More front-line staff will be employed to stop the spread of sugar smut, Queensland Minister for Primary industries, Tim Mulherin, says.

This will flow from amended regulations under the 'Plant Protection Act 1989', which provides powers for emergency containment and eradication actions.

"It enables staff from Queensland Government departments to work as 'authorised persons' on the front line," Mr Mulherin said.

"The amended regulations, which come into effect immediately, will help increase surveillance presence and provide the ability for more people, from a range of organisations, to play a greater role in protecting other Queensland cane-growing communities from this crippling plant disease.

"The amendments also cement our strong, long-term relationship with BSES Limited who are collaborative partners in the response.

"Our focus remains on immediate containment leading to eradication, and improving our flexibility on the front line is a vital part of our long-term plan of attack," he said. Key changes to the regulations will mean:

- The ability to employ more 'authorised persons' faster and more easily, as it allows experts outside of the Queensland Government to be appointed. For the sugarcane smut response, the amendments will enable the inclusion of officers from BSES Limited.
- Greater hands-on power for to prevent smut entering and spreading in Queensland. This gives inspectors the power to control the movement, decontamination and sale of machinery, appliances or plants that have a high risk of carrying the contagious smut spores.

The rain that stretched from the Cape to Tasmania may have been good news for farmers struggling with the drought.

The extension of exceptional circumstances assistance this week, however, is even better.

Federal Agriculture Minister, Peter McGauran, approved on Tuesday night the extension of EC assistance payments for up to a year for drought-declared farmers in 23 zones.

They stretch from Central and Western Queensland, throughout New South Wales, and into northern Victoria and South Australia.

Seven parts of Queensland received the full 12-month extension.

Ten zones across the other three states received a nine-month rollover of their EC declaration.

A further five zones in southern NSW have had their assistance extended until November.

The only areas not to receive the EC rollover are in NSW's New England and North West areas.

The decision follows an inspection by the National Rural Advisory Council (NRAC) as part of the Federal Government's new streamlined re-application process.

The Government is urging farmers in these EC areas not to self assess but rather contact Centrelink on the Drought Helpline 13 23 16 as soon as possible, to check their eligibility for assistance.

For interest rate subsidy information farmers should contact QRAA on 1800 623 946.

VFF welcomes AFF

The Victorian Farmers Federation has welcomed the arrival of biofuels group, Australian Farmers' Fuel (AFF), into the Victorian fuel market and is encouraging members to investigate the fuel services they have to offer.

President, Simon Ramsay, says the VFF strongly supports the development of a sustainable biofuels sector in Australia and the arrival of AFF into Victoria should give the major fuel companies a shake by providing more market choice.

"Since 2004, fuel prices in rural and regional Victoria have risen by up to 70pc, with fertiliser (which is petroleum based) rising by up to 36pc over the same period," Mr Ramsay said.

"Continuously rising fuel prices are having a serious impact on farm business budgets and relief must be delivered to the farm community one way or another.

"Consequently, the VFF welcomes the arrival of a new fuel provider in Victoria who is capable of providing quality biofuels, increasing marketplace competition and stimulating downward pressure on fuel prices."

Mr Ramsay says that in addition to being a viable competitor to petroleum-based fuels like unleaded and diesel, biofuels such as ethanol and biodiesel also emit lower greenhouse gas emissions, reduce Australia's reliance on fossil fuels and provide tangible environmental and health benefits.

"Farmers can also be reassured that AFF biodiesel will perform in winter conditions," he said.

Cyclone repairs top \$14 million Flex fuel vehicles on the rise

The Beattie Government has reimbursed more than \$14million to Far North Queensland councils to cover the costs of cleaning up after Cyclone Larry.

Local Government Minister Desley Boyle said the seven councils of Johnstone Shire, CairnsCity, Cardwell Shire, Eacham Shire, Herberton Shire, Atherton Shire and Mareeba Shire had received more than \$14 million to repair damage to council infrastructure through the Natural Disaster Relief Arrangements.

Ms Boyle said Tropical Cyclone Larry had damaged or destroyed council infrastructure from Cardwell to Mareeba and west to Herberton.

She said: "Larry's repair bill was always going to be too big for councils to carry alone, which is why the State Government has picked up more than 90 per cent of the costs so far.

"It seems nothing was spared - roads, traffic signs, bus shelters, parks, public toilets, footpaths, drains, water and sewerage systems all needed fixing.

These are all council assets that we need to have in good working order, so it's important we help the council to get them fixed."

Ms Boyle said Far Northern councils had done a great job.

"Councillors and council staff have got on with business and got their communities up and running again. This has been achieved despite many of them being directly affected themselves," she said.

The funding breakdown to date includes: Johnstone \$9.98 million, Cairns \$2.15 million, Cardwell \$430,000, Eacham \$620,000, Herberton \$580,000, Atherton \$260,000, Mareeba \$100,000.

Together, the councils spent an additional \$1.16million. The Natural Disaster Relief Arrangements program is a joint State and Federal Government initiative.

Ms Boyle said councils would be able to apply for more funding as work was completed and she expected the flow of funding applications to continue for some time.

DaimlerChrysler, Ford Motor Company and General Motors Corporation have announced plans to double the annual production of flexible fuel vehicles to two million by the year 2010.

The auto manufacturers pledged this commitment through a letter addressed to members of the United States Congress signed by Chrysler Group president Tom LaSorda, Ford Motor Company chairman Bill Ford, and General Motors chairman, Rick Wagoner. They indicated that through additional production of these vehicles, the country can help secure energy independence.

They also indicated the increase in production of flex-fuel vehicles cannot do this job alone; the government must assist in allowing incentives for alternative fuel infrastructure and the price of E85 must be competitive to gasoline.

"We need business and government to work together to enhance the production, distribution and use of renewable biofuels," the CEOs state.

"Our hope is that with this commitment, fuel providers will have even more incentive to produce ethanol and other biofuels and install pumps to distribute them."

Currently, there are almost 6m flexible fuel vehicles on America's roads.

Twenty-two models are available in model year 2006 and additional models are expected in 2007.

"We appreciate the continued advancement of the automotive manufacturers to help in the effort to make this country more energy dependent," says Phil Lampert, executive director of the National Ethanol Vehicle Coalition.

"Clearly, the governmental incentives are working, indicating that mandated FFV production is not necessary."

At this time, there are 813 E85 sites to assist in fueling these FFVs.

More stations are anticipated to open by year's end, but not enough to fulfill the demand for the product from so many vehicles.

Reef gets sugar hit

Tonnes of Queensland sugar had to be pumped overboard after a bulk carrier crashed into a coral reef in Papua New Guinea, but authorities are unsure what damage it might do to marine life.

Marine salvagers dumped the spoiled sugar into the ocean in order to refloat the Zhi Qiang on July 13 after it hit Long Reef, between Samarai and Misima Islands, 12 days earlier.

The listing ship was towed to Port Moresby for repairs.

Virgil Poanchina, a safety manager with PNG's Maritime Safety Authority, said no fuel had spilled from the ship when it was holed but seawater had spoiled sugar in two holds and it was pumped off to gain buoyancy.

"It was necessary to do this to save the vessel, to save bigger impacts to the reef." The authority was investigating whether the sugar might damage marine life, he said.

"I have no idea. Maybe in the long term."

The authority would reserve its rights to penalise the ship's operators if it was found the sugar caused significant environmental damage, Mr Poanchina said.

The ship, managed by Cosco Hong Kong Shipping, was bound for South Korea.

It was refloated with the aid of two tugs, one sent from Brisbane by Australian salvage company Adsteam Marine and one from the PNG firm Pacific Towing.

An Adsteam Marine spokeswoman said temporary repairs were being made to the ship and arrangements made to secure the remaining cargo of sugar before the vessel was handed back to its owners, perhaps next week.

\$542,000 in sugar grants aid industry

The Queensland Government's Sugar Industry Innovation Fund (SIIF) has been successful in motivating sugar industry participants to adopt innovative management systems and technologies.

Deputy Premier, Treasurer and Minister for State Development, Trade and Innovation Anna Bligh, and Primary Industries and Fisheries Minister Tim Mulherin have announced SIIF grants worth approximately \$542,000 through the SIIF.

The grants are:
Ingham-based Morris Farming Company, through brothers Ed and Ken - \$49,000 to buy a second GPS base station to expand their planting operation in the district. This is the first GPS precision farming system project centred on the Victoria Sugar Mill area.

Ingham business, the Tabone family - \$55,000 to establish best practice cane farming and harvesting processes that integrate the outcomes and recommendations of sugar research projects in the Herbert region. The project will integrate precision agriculture with recommendations from the sugar cane yield decline joint venture including wide swathe farming and harvesting practices and will link to the Macknade Mill.

Hinchinbrook Shire Council, on behalf of the Herbert Resource Information Centre - \$100,000 to develop a strategic plan for, and development of, spatial information technology infrastructure in the Herbert River District. HRIC is essentially a partnership between the Council, CSR and HCPSL to provide cost effective Geographical

Information Services to the region.

Ayr-based Mr Sibby Rapisarda - \$166,000 grant to introduce GPS equipment to preform cane planting beds, use minimum tillage and establish more effective drip irrigation techniques in cane grown in the Mulgrave area of the Burdekin. Establishing a cost effective way to move from furrow to drip irrigation has potential to generate significant savings in water, weed management and nutrients costs.

Herbert River District - \$99,000 to assist with a trial of the new Syngenta crop ripener. The funding will be used for supply of the chemical, aerial application costs, training and accreditation of growers, and monitoring after application. By increasing sugar content in the cane, the product will provide greater returns to growers.

Bundaberg-based Loeskow family - \$54,000 to introduce roving GPS technology and electro-magnetic surveying and mapping techniques for variable lime and gypsum applications. The grant will also be used to develop a prototype 6-row fertiliser applicator.

SMT & C Monte, from Mareeba - \$19,000 to introduce practical cost savings and efficiency gains using GPS guidance systems to their farming enterprise. Further efficiencies will be gained by linking in with GPS systems installed with SIIF funding in 2005 on the Maisel and Singh farms in the same area.

Applications for the \$10 million Sugar Industry Innovation Fund have now closed.

SRDC Update

Call for SRDC project proposals

Researchers and industry members are encouraged to submit expressions of interest for research and other projects, following the Sugar Research and Development Corporations' call for projects to be commenced or undertaken in 2007-08.

Research Projects

Funding for research projects will be available in three arenas fundamental to the industry's long-term success - regional futures, emerging technologies and people development.

\$2.4 million will be available for the first year of research projects commencing in 2007-08.

\$1.4 million will be available for research undertaken in 2007-08 under the regional futures arena to deliver profitable and sustainable regional sugarcane industries using innovative farming, harvesting, transport, milling and marketing systems adapted to local conditions.

Industry indicated that there is a need to have more of a regional and mill area focus to R&D investment. Projects funded in this arena should deliver outcomes to one or more of Australia's sugar industry regions.

\$550,000 will be available under the emerging technologies arena to deliver the rapid application of relevant frontier technologies to maintain the industry's competitive edge in the global marketplace.

Industry indicated that there was a need to continue investing in strategic research and this funding area seeks to achieve that.

\$400,000 has been allocated under the

people development arena to enhance capacity for individuals and networks to contribute to the future of the Australian sugar industry, another area of importance highlighted by industry.

Proposals are also called for three additional research projects which will be funded in 2006-07 to specifically address adaptation to climate change; precision farming technologies and a review of SRDC investment in Travel and Learning Opportunity Projects.

Scholarships

Three SRDC funded scholarships are available to foster training which is compatible with SRDC's research priorities. The scholarships are available for postgraduate studies which will commence in January 2007.

The success achieved to date through the Travel and Learning Opportunity Projects will continue, with this call open to activities targeted at building capacity for learning, change or innovation in sugar industry people.

People interested in finding out more about this SRDC call for project proposals are strongly encouraged to visit the SRDC website: www.srdc.gov.au

Investing in regional futures

Irrigation results in Burdekin flow to Bundaberg and Childers

Growers in Bundaberg and Childers have a better understanding of when and how much irrigation water to apply thanks to research undertaken by CSIRO in the Burdekin. As part of a project aimed at increasing profitability and water use efficiency through best use of limited

water under supplementary irrigation, the team of researchers from CSIRO's Sustainable Ecosystems wanted to test the Agricultural Production Systems Simulator (APSIM) Sugarcane model in a practical setting.

Dr Geoff Inman-Bamber explained that it made better science to test the response of cane when subjected to water stress in Bundaberg and Childers on farms in the Burdekin.

'We undertook the experimental work in the Burdekin to reduce the influence of rainfall on the results,' he said.

"The study undertaken in the Burdekin demonstrated that applications of irrigation water, even in areas with no shortage of water, can be much higher than is necessary for maximum crop production where this is limited by lodging."

"We hope that the work undertaken in the Burdekin will ultimately influence the thinking and management of irrigation by all cane growers in Australia.

"The results from this study undertaken in the Burdekin have been combined with other studies undertaken as part of this project to improve our knowledge of sugarcane physiology and have been incorporated into the APSIM model to improve its utility and accuracy," Dr Inman-Bamber said

The APSIM model forms the platform for 'WaterSense', a computer-based model which has been specifically developed as part of this project for the Australian sugar industry.

Continued page 9...

SRDC Update

Continued from page 8

Further development of the model 'WaterSense' is being undertaken in other CSIRO-led projects.

A new project has been approved by SRDC to assist development and roll-out of the predictive-scheduling model to several districts.

Emerging Technologies

From waste product to profit centre options for bagasse and trash

Hoping to prove the adage that one person's trash is another person's treasure, a number of SRDC projects are helping sugar industry people explore their options for increasing the value of bagasse and trash.

SRDC funded SRI@QUT to undertake an analysis of the costs, risks and benefits of turning bagasse and cane trash into products that make more money for the industry.

As part of this project close to 80 processes to produce saleable products from bagasse and harvest residues were considered.

44 technologies and their associated products were analysed using a risk versus reward method to determine their commercial viability.

Of these, six processes were examined in detail for the whole-of-system impact of exploitation. These were:

- high efficiency cogeneration of electricity (requiring high-pressure boilers and energy-efficiency improvements in the sugar factory);
- furfural as a commodity chemical;
- cattle feed from cane tops (which

does not involve bagasse from the milling process);

- ethanol production using hydrolysis and fermentation of bagasse;
- diesel production from hydrothermal liquification of bagasse; and
- lignin and pulp production from bagasse (lignin can be used as a base for paints and paper, respectively).

The results of this analysis suggest that the best returns on investment are from production of biodiesel and in pulp and lignin production from bagasse with or without field-collected trash as an additional feedstock.

An SRDC publication detailing the analysis of each of these processes will be available in November for Australian sugar industry people.

Developing sugar industry people:

Turning change into a positive in Isis

Whether you're leaning on the back of a ute or sitting around the smoko table, if you're talking to someone in the sugar industry you're probably talking about change.

Today's sugar industry is experiencing more change than ever and in the Isis cane supply area, growers aren't just talking about change, they're talking about what they can do to make sure they come through stronger and wiser.

Judy Skilton, Isis Target 100 team member, said that the SRDC supported 'Targeted Planning for Profit' project a grass roots program to build grower skills to manage change and implement integrated future

planning, is changing the way growers react to change.

"The biggest thing for the Isis industry is working with growers to look at what impact change has on our lives and our businesses and to think about how we can best respond to the current changes in the industry to build a stronger future," Judy said.

According to Isis Target 100 supervisor, Paul Nicol, over 40 growers in the Isis supply area have been actively involved in the Targeted Planning for Profit program and the results are already being seen.

"The way most growers have taken the news of the smut outbreak in their stride has been wonderful, growers are philosophical and are already thinking about how to adjust to make sure it has minimal impact on their business" Paul said.

"We've also been really pleased with how keen the growers are to look at the economics of different farming practices and new ideas they're considering implementing on their farm.

"Through Targeted Planning for Profit growers are using FEAT (Farm Economic Analysis Tool) a business planning tool developed by the FutureCane team, which can be used to work out the profitability of their business now and in the future," he said.

SRDC Diary Dates

4 August: Closing date for Expert Discussion Papers EOI.

15 September: Closing date for EOI for Research Projects EOI, Scholarship and TLOP proposals.

Rainfall odds reduced for many sugar regions

by Yvette Everingham (JCU) 13/7/2006

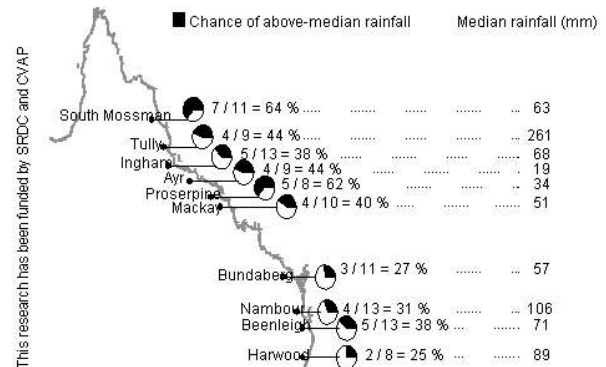
SOI Phase: Consistently Negative

The monthly average SOI for June was minus 7 (-7) compared to minus 8 (-8) in May. Therefore the SOI phase for June came out as "Consistently Negative".

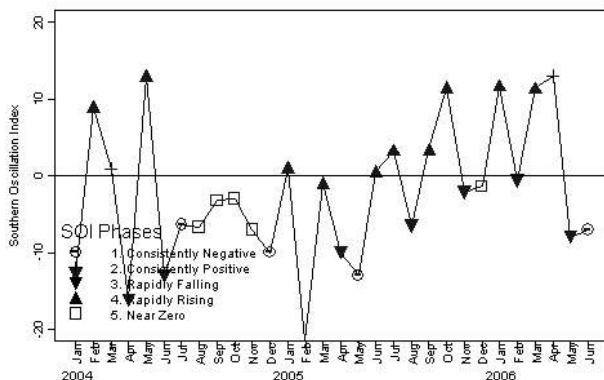
Probabilities much less than 50% highlight that there is a moderately high chance of experiencing below median rainfall e.g. Ingham, Bundaberg, Nambour, Beenleigh, Harwood, Plane Creek.

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. Tully, Ayr, Mackay. Probabilities much greater than 50% highlight that there is a moderately high chance of experiencing above median rainfall e.g. South Mossman, Proserpine.

Sugarcane Wheel Map: Jul-Aug



* Chances are based on a Consistently Negative SOI phase during June



PHASE

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"
End of February 2006	- 0.6	"Rapidly Falling"
End of March 2006	+ 11.4	"Rapidly Rising"
End of April 2006	+ 13	"Consistently Positive"
End of May 2006	- 8	"Rapidly Falling"
End of June 2006	- 7	"Consistently Negative"

Latest Developments

In the last climate update readers were encouraged to monitor the SOI and sea surface temperatures to determine 1) if negative values of the SOI were to persist, and 2) if sea surface temperatures in the equatorial Pacific continued to warm. During June the SOI did stay sufficiently negative to produce a consistently negative SOI phase, and sea surface temperatures in the key Nino regions did increase slightly. This has contributed to a reduced chance of reaching median rainfall for the July to August period for selected sugarcane growing regions. Interestingly, the Long Paddock website notes that the latitude of the sub-tropical ridge of high pressure has been further south this year. This has the potential to increase rainfall activity and "dampen" the effect on rainfall odds for sugar growing regions.

For the longer term, climate models are predicting a range of outcomes over the coming months. Many models are predicting ENSO - neutral conditions. This means that computer models are predicting neither La Niña nor El Niño conditions. A small proportion of models are predicting warming (El Niño) in the key Niño regions. With further warming a possibility, readers should maintain their close watch on the SOI and sea surface temperatures throughout the harvest season.

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.

CS Brazil cane marked lower

Compiled by Queensland Sugar Limited

Prompt New York No.11 raw sugar futures prices have settled in a US 2.45c/lb range since our last report to close at US 15.70c/lb at the time of writing.

The market lost value at the beginning of June, mainly as a result of a reduction in speculative interest.

However, since the expiry of the July 2006 futures contract, values have been largely supported thanks to a combination of dry weather in Centre South Brazil, renewed speculative interest, and a stronger white sugar market.

The July 2006 contract expired at a US 0.55c/lb (USD 12.13pmt) discount to the October'06 position. It is estimated that around 1,223 lots were delivered when the contract expired at US 15.79c/lb on 30 June. Of this volume, approximately 1,131 lots (57,458 tonnes) were of Argentinean origin, with the remaining 92 lots (4,674 tonnes) coming from El Salvador.

The October 2006 contract, which is now the prompt position on the futures board, represents sugar for delivery between the October to December period. The October 2006 contract has settled between US 15.05c/lb 17.16c/lb since our last report.

The London No.5 white sugar futures market experienced significant gains on 5 July 2006 following an announcement by the Indian Government instructing a ban on white sugar exports.

The prospect of negligible EU white sugar exports over the coming year has resulted in a tighter whites market. A ban on Indian white sugar exports would effectively remove around 0.4 million tonnes from the world market over the next 3 to 4 months.

Various milling groups have contested the government's decision to include exports under the Advance License Scheme (ALS) as part of this decision.

The ALS allows factories to import raw sugar and have the traditional 60% raw sugar import duty waived provided an equivalent amount of white sugar is re-exported at a later date.

It is estimated that there are around 2.2 million tonnes of exports which fall under the ALS, with around 0.9 million

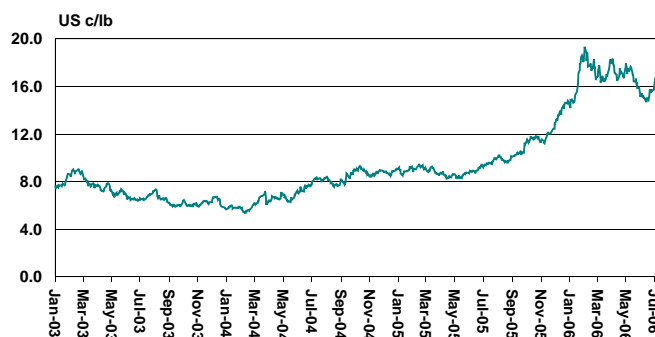
tonnes already exported. The International Sugar Organisation (ISO) has estimated Indian sugar production at 19 million tonnes for the 2005/06 Season. This is an increase from 13 million tonnes produced during 2004/05.

The Sao Paulo Sugarcane Agroindustry Union (UNICA) recently reduced their forecast 2006/07 cane sugar production as a result of dry weather. UNICA is now estimating cane production to reach 370 million tonnes compared to an initial estimate of 375 million tonnes.

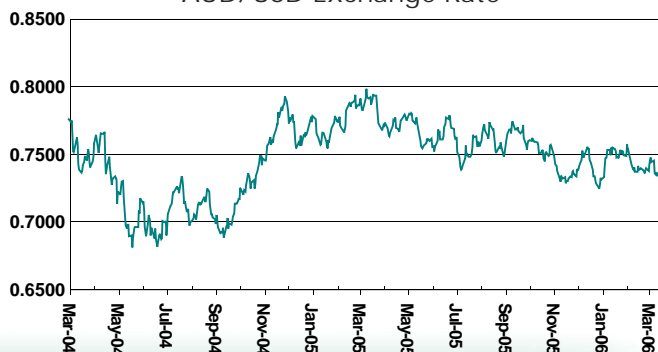
However, recent crushing statistics show that the reduced cane number may not translate to reduced sugar production. According to analyst firm Société J Kingsman, statistics released as at 1 July indicate that yields are up 3.62% compared to the same time last year. UNICA is forecasting final yields of 143kg per tonne.

A doubling of the trade deficit for May saw the Aussie dollar slip briefly below 75 US cents. However, at the time of writing the AUD had gained strength and was trading at AUD/USD 0.7535.

NY11 Raw Sugar Futures Prompt Contract Price



AUD/USD Exchange Rate



WorkChoices and Employee records explained

Article provided by McKays Consulting, a division of McKays Solicitors

Note: the explanation below about record-keeping obligations applies only to employers affected by the WorkChoices legislation. If you need guidance on whether your business falls under WorkChoices please contact us.

In this edition we explain:

1. time and wages records
2. leave records
3. superannuation record keeping
4. pay records and information to be stated on pay slips

Time and wages records

Since further amendments to the WorkChoices Regulations on 1 June 2006, the extent to which an employer has to keep time and wages records depends upon:

1. the amount of the employee's base annual salary (ie: whether it is less than \$55,000); and
2. whether the employee has an entitlement (for example under a workplace agreement, common law agreement or award) to be paid overtime.

Getting practical

1. Jane is in management and earns a salary of \$75,000 plus super. Jane's employer has no record-keeping requirements. Is there an automatic assumption she is not entitled to overtime?
2. Fred is an electrician under an AWA, has a base salary of \$75,000, and also earns overtime for hours worked in excess of 45 hours per

week. Fred's employer must keep records of Bill's starting and finishing times.

3. Julie is a medical receptionist and has a base salary of \$35,000. She is subject to the Clerical Employees Award (State) and so can claim overtime. Julie's employer must keep records of starting and finishing times and total hours worked in each day.

4. Jim has a salary of \$40,000. No award applies to his position, and his employment agreement does not entitle him to overtime. Jim's employer must keep records of total hours worked in each day.

5. Tom has a base annual salary of \$48,000. He is not able to claim overtime. He is promoted, but his base annual salary does not change. Instead he receives a \$15,000 vehicle allowance. Because his base annual salary remains at \$45,000, Tom's employer still must keep records of total hours worked in each day.

6. Samantha has a base annual salary of \$75,000. She is not entitled to claim overtime. She goes on a part-time arrangement, which means that she actually earns \$35,000 each year. Because the base salary has not changed (ie is still over \$55,000), Samantha's employer still does not need to keep any records.

Leave record-keeping
Annual leave records must contain:

1. The rate of accrual

2. The date the employee was credited with annual leave

3. The balance of the employee's

entitlement to the annual leave

4. The amount of annual leave taken

5. The amount paid to the employee for leave taken

6. For shift workers, employer must also keep records of the periods the employee was a shift worker.

Where annual leave is lawfully cashed out, then the employer must keep:

1. A copy of the employee's written election to forego the amount of annual leave

2. Records of the rate of payment to the amount of annual leave, and when the payment was made.

For personal leave and other types of leave, the employer must keep records of:

1. The rate of accrual

2. The date the employee was credited with leave

3. The balance of the employee's entitlement to the leave

4. The amount and type of leave taken

5. The amount paid to the employee for leave taken.

Superannuation record-keeping

Employers who are obliged to make superannuation contributions for employees, must keep records of:

Continued on page 13...

WorkChoices and Employee records explained

Article provided by McKays Consulting, a division of McKays Solicitors

...Continued from page 12

1. The amount of contributions

2. The dates of contributions

3. The period over which the contributions were made

4. The name of the fund

5. The basis upon which the employer became liable to make those contributions, including:

5a. Keeping a record on any election made by the employee of the fund to which contributions are to be made.

5b. The date of such election.

Pay records and pay slip information

The employer should keep the following records about the employee's pay:

1. The basis on which the rate of pay is determined

2. Gross rate of pay expressed as an hourly rate

3. Details of any penalty rate, bonus, loading, or incentive-based payment

4. Period to which the payment relates

5. Total remuneration in that period, including the gross and net amounts

5a. Dates of payments

5b. Deductions from the pay and the name of the account to which those deductions were paid

The pay slip should include the following information:

1. Name of employer

2. Name of the employee

3. Employee's classification, if the employee has a classification under an industrial instrument

4. Date of payment

5. Period to which the pay slip relates

6. If paid at an hourly rate, then:

6a. the hourly rate and number of hours in that period the employee was employed at that rate; and

6b. the amount of the payment at that rate

7. If not paid at an hourly rate, that rate as at the latest date to which the payment relates, expressed as an hourly rate

8. The gross and net amounts of the payment

9. Any amount is paid as a penalty rate, bonus, loading, or incentive-based payment

10. Details of deductions from the gross amount including the name and number of the account into which the deduction was paid

11. Where superannuation contributions are made:

11a. the amount of the contribution

11b. the fund to which the

contribution was made.

If you need assistance with record-keeping or another aspect of WorkChoices compliance, please contact:

Scott McSwan on 4963 0860 or smcswan@mckayslaw.com or

Karen Porter on 4963 0870 or kporter@mckayslaw.com

Note: This newsletter is for the general information of McKays clients and associates. The information contained in the newsletter should not be relied upon without first consulting us and obtaining specific advice.

What's going on in the sugar regions?

Mossman Regional Report

Despite the valiant efforts of harvesting contractors and farmers the stop-start nature of this season continues with endless rain affecting the entire Far North.

For the week ending 23 July Mossman had only crushed 57,267 tonnes for a CCS to date of 11.1 and Mulgrave 121,870 tonnes and a CCS to date of 10.9.

The disruptions have the potential to affect our shipping arrangements, hence the need to crush six days. Sunday crushing will commence on the 30th July for the next three Sundays at Mossman.

The weather is also continuing to impact on planting with very little fallow planted to date and the window for replanting significantly reduced.

Thursday the 27th July saw the launch of the Edible Fibre pilot project attended by both Okinawan and local dignitaries. This very exciting project is a partnership with Australian and Okinawan connections.

Don Murday
ACFA Northern Director

Innisfail Regional Report

South Johnstone Mill has only crushed 12,000 tonnes of cane as at July 27 this year. CCS levels are only 10 and 11 in most areas.

The Tully area has seen plenty of weather disrupt their crushing and overall, overcast skies have made this season very difficult.

In the cyclone-affected Innisfail area very little cane has been cut, their CCS currently sits at about 10.5.

Many farms haven't dried out since the cyclone and fine weather conditions are needed urgently to help the harvest progress. Millers are anxious to get harvesters in paddocks to get rid of the backlog of juice that has been stockpiled.

The start to the crush in Mulgrave has been disappointing as well with CCS levels in the sitting around 11.

John Blanckensee
ACFA Northern Queensland Director

Herbert Regional Report

The weekly production figures for the Herbert River Mills as at July 7 are as follows.

Total tonnes crushed were 74,870 with a CCS of 11.77. The crop forecast for the season is 4,600,000 tonnes cane. The two varieties with the highest CCS were Q174 and Q 120.

Continuing showery weather leading up to the start of the season adversely impacted on cane supply. As a consequence, the start-up of the milling capacity was staggered over a number of days.

With improving weather and field conditions, there is a reasonable prospect of reaching full cane supply by the middle of week two. While the commencement of crushing at the factories encountered the usual teething issues, no major problems arose.

Initial CCS results defied pre-season concerns and started the season with an encouraging level of 11.8 units.

Dawn Brown
ACFA Herbert Director

Burdekin Regional Report

The crushing has started; however, recent rain measuring one to two inches has hampered progress.

The CCS levels are low, currently sitting at about 12, this may be due to late rain and the late finish of the crushing last year. The rain has also hampered the growth of young plant cane in the area.

Adrian Ivory
Burdekin Regional Director

Central Region Report

Crushing is now returning to normal after a wet start. CCS is 1.5 units below normal; however, the tonnage estimates are rising. Planting has been set back but is now in full swing Q208 smut resistant is in demand and is hard to procure. Irrigation allocation for farmers on the poineer river is currently zero per cent which is totally unacceptable.

Paul McKay
ACFA Central Director

Southern Regional Report

Whip removal to cease

Teams working on infested premises have, in most cases, ceased removing smut whips prior to burning.

The decision to change this aspect of destruction was based on an assessment by the Smut Scientific Group that whip removal is not necessary if cane is burnt.

Whip removal was carried out initially as there was not sufficient scientific data available at the time to indicate that whips were destroyed by burning.

It was felt that it would be safer to remove the whips until burning was confirmed as a satisfactory method of spore destruction provided the level of

Regional Reports

infestation is not too high.

In addition, the level of spore release from burning whips is now believed to not add to the existing background spore levels.

Surveillance on infested blocks will continue as per normal.

However, an assessment will still be made of the level of infestation in each block so that appropriate follow-up measures can be undertaken.

All infested blocks, regardless of the level of infestation will continue to be burnt prior to harvest.

Think you have seen sugarcane smut on your property? Sugarcane smut is a notifiable disease under the Queensland Plant Protection Regulation.

If you think you have the disease please do not touch or move the plant. Call the Sugarcane Smut hotline on 1800 303 310 or contact your local BSES office.

New South Wales Regional Report

Harvest conditions in New South Wales have been better

than average for this time of year. Mill performances in the three sites has been up to expectations with only a few stops for weather and mechanical issues.

The inter-mill transfer between Broadwater and Harwood Mills is working extremely well with two trucks taking cane from Broadwater mill area to Harwood to try and shorten the Broadwater season and thanks must be given to Harwood growers for supporting this arrangement.

Construction on the co-gen site at Condong is well underway with Broadwater to follow.

Crushing Statistics for the three mills are as of 9th July:-

Broadwater
Cane crushed ytd 162,429
Average CCS ytd 10.26

Condong
Cane crushed ytd 88,494
Average CCS ytd 9.40

Harwood
Cane crushed ytd 120,044
Average CCS ytd 10.48

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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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Leading farmers into the future

the Australian Cane Farmer

\$99,000 helps ripen crops faster

A new crop ripening product being tested on a number of Queensland cane farms is resulting in higher sugar content from the trial blocks harvested and a better return for producers.

Through the Sugar Industry Innovation Fund, the Queensland Government has provided \$99,000 in funding to the Herbert River District to assist with the release of the new Syngenta crop ripener.

In announcing the grant, Deputy Premier, Treasurer and Minister for State Development, Trade and Innovation Anna Bligh, and Primary Industries and Fisheries (DPI&F) Minister Tim Mulherin said eventually the project would involve about 200 growers cultivating a targeted 2000 hectares of cane.

Mr Mulherin said the funding would be used for aerial application costs, supply of the chemical, training and accreditation of growers, and monitoring after application.

"The chemical compound is applied six to nine weeks prior to harvest and by slowing the growth rate of the crop it increases the natural sugar content," he said.

"This could result in an improvement in returns of \$3-\$6 per tonne or \$300-\$600 per hectare, so the financial benefits to cane farmers, the industry and region are significant.

"Currently the trial is being conducted

on almost 700 hectares but that area will increase as more producers become involved.

"The Syngenta product is widely used in Brazil, a major sugar producer, and I expect that it will be registered in Australia next year, which will enable Queensland growers to improve their international competitiveness.

"This is just one of a series of grants announced today under the \$10 million Sugar Industry Innovation Fund (SIIF). "This program will help secure a brighter future for farm families, allied businesses and local communities."

SIIF, which has now closed, was designed to help Queensland sugar industry participants adopt innovative farming and management systems and technologies, increase production of value-added products from sugar and develop more efficient supply chains.

Joyce backs AgForce on ethanol

Recent comments reported in The Courier Mail by Queensland AgForce President, Peter Kenny, calling on the Federal Government to get fair dinkum on alternative energy supplies, are fully supported by Nationals Senator Barnaby Joyce.

Senator Joyce and the Nationals have strongly pursued the issue of alternative energy sources. The recent increases in both world oil prices and interest rates have further highlighted the need to establish alternate energy industries in Australia.