

# the Australian Cane Farmer

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## The End of an Era - Mourilyan closes



*Mourilyan Mill will close its doors for good after Bundaberg Sugar decided against repairing the damage caused by Cyclone Larry.*

**F**armers throughout the Far North are disappointed after Bundaberg Sugar announced it would not reopen the cyclone-ravaged Mourilyan Mill.

Mourilyan Mill was closed for 2006 season after sustaining major damage from Cyclone Larry in March. Australian Cane Farmers Association Chairman, Ross Walker, lamented the mill's closure but said it wasn't entirely unexpected.

"Mill rationalisation in the Far North has been spoken about for many years and Larry was the catalyst that

brought it to a head," he said. "It has been reported that Bundaberg Sugar will upgrade the South Johnstone and Babinda Mills to cope with the shortfall left from Mourilyan's closure.

Approximately \$8 million will be spent to upgrade these two mills to increase their crush and juice capacity.

South Johnstone and Babinda Mills will start taking Mourilyan's cane this season and it is hoped the upgrades will be completed by 2008.

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### inside this issue:

1. Mourilyan closes
2. Labor and the Coalition face-off over sugar
3. Smut Program funding wrap-up

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### Breaking News

The forthcoming Queensland Election has seen both sides of politics come forward with both policy and promises they say will benefit the sugar industry.

The Australian Cane Farmer issued a challenge to both sides, each was invited to explain what they were doing to help our industry.

Both sides responded and we will present their arguments in their own words and let you make up your own mind.



Leading farmers into the future

### Cane Farmers consider the facts before September 9



By ACFA.  
Chairman  
Ross Walker.

Queensland Premier Peter Beattie has bitten the bullet and decided to call an early election on September 9 and for three to four weeks we have all had to suffer the barrage of campaign advertising.

Whether or not Queenslanders' trust the Premier to lead them out of the health, water and electricity crises remains to be seen; however, there is no doubt he has his work cut out for him.

And do Queenslanders believe Nationals Lawrence Springborg and Liberals Bruce Flegg can do any better?

During the lead-up to the election the Australian Cane Farmer approached both sides and asked them what they intended to do for the sugar industry should they win Government.

Both sides agreed to take up our challenge and, in an exclusive for the Australian Cane Farmer, you'll be able to read their policies and promises to you in their own words.

It is our hope these articles give you a clear insight into the intentions of both Labor and the Coalition and

assist you in deciding who has the industry's best interests at heart. ACFA believes the only way the sugar industry can get back on its feet is through open and honest discussion of the real issues affecting cane farmers throughout Queensland and the rest of Australia.

Government policy settings for renewable energy, especially ethanol and electricity, are important to the industry's future.

By knowing the facts farmers will be able to make an informed decision on September 9.

In other news ACFA is disappointed but not surprised at Bundaberg Sugars announcement of the permanent closure of Mourilyan Mill.

The Mill has been an icon in the Far North since its construction in the late 1800s and its demise will erase another piece of the industry's rich heritage. Bundaberg Sugar has long talked of mill rationalisation and after being savaged by Cyclone Larry in March the decision was finally made.

The more immediate issue facing farmers is what Bundaberg Sugar will do with milling capacity in the future and what effect this decision will have on farmers.

ACFA's Northern Supply Committee will endeavour to work closely with Bundaberg Sugar Management to deliver a satisfactory outcome for farmers in the area.

Bundaberg Sugar has announced that plans are in place to expand both Babinda and South Johnstone Mills to meet the shortfall but exact plans have not been confirmed at this stage.

The biofuels debate hotted up in Canberra recently with Prime Minister John Howard offering a \$2000 rebate to motorists who converted their car to LPG.

ACFA was extremely disappointed Mr Howard appeared to favour LPG over ethanol; however, the ACCC will now extend its monitoring of fuel prices to include E10 and provide a report on the price differential between E 10 and unleaded.

Renewable energy policy needs to be taken seriously and ethanol mandated. Australia is falling further behind internationally. Rhetoric must be supported with decisive action.

ACFA was disappointed to see the Federal Government and some States back out of funding through the Emergency Plant and Pest Response Deed to control the Smut outbreak in Southern Queensland.

ACFA believes the industry's security is being compromised by this and strongly calls on the Federal Government and the non participating States to reconsider their positions.

The State Government is committed to financing their share however the programme may now have to operate under less than optimum circumstances.

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### The Great Debate - Labor

**T**he Beattie Labor Government has a strong commitment to the sugar industry, its associated businesses and dependent communities.

Over the last eight years, the Beattie Labor Government has worked with the industry to strengthen its performance amid a very competitive international marketplace, challenging climatic conditions and more recently, to respond to the discovery of sugarcane smut in the Isis district.

The strong, stable, united Beattie Government has built the strongest economy in Australia. The sugar industry is an important contributor to the economy.

Significantly, the Beattie Government has worked with the sugar industry to give the sector direct ownership of its marketing company (Queensland Sugar Limited), its bulk sugar terminals (Sugar Terminals Limited) and its research and development arm (BSES Limited).

These achievements have been historic in giving the industry greater control of its own destiny.

The Beattie Government's Sugar Industry Innovation Fund has provided \$10 million- to assist participants to adopt innovative management systems and technologies, increase production of value-added products from sugar and develop more efficient supply chains.

FutureCane aims to provide a sustainable and competitive cane growing sector; facilitate change in the sugar industry to ensure it remains a mainstay of Queensland's

regional economy and assist members of the cane growing sector to see a clearer picture of their future.

FutureCane staff work with cane farmers to:

- improve adoption of sustainable sugarcane farming systems' practices, including the use of suitable rotation crops, to ensure the long-term viability of the industry and minimise adverse impacts on the environment

- enhance farm management business and planning skills

- facilitate farm family-oriented processes so that individual families can decide what to do in response to the price downturn

- facilitate adoption of industry restructuring options.

FutureCane staff also work with industry groups and mills.

If re-elected on 9 September, the Beattie Government is determined to build on its record and continue to support the sugar industry and it has made a range of specific commitments.

#### Water

A re-elected Beattie Labor Government will invest \$496 million to help build a \$1.3 billion Statewide Water Grid, to complement the SEQ Water Grid, and improve water supplies in regional and rural Queensland.

The Statewide Water Policy will enhance water security and supply through the provision of new infrastructure, examining new sources of supply and encouraging greater conservation and education across

business, industry and the community.

This package will expand the concept of the regional water pipeline grid being developed in the south-east corner to the whole State.

These initiatives will boost sources of supply in regional and rural Queensland and provide a means of getting it to the towns and shires that need it most.

The funding package would include:

- a \$420 million equity injection for delivering new infrastructure including new dams, weirs, water storages and pipelines;

- \$45 million for demand management strategies including Statewide expansion of the successful Home WaterWise Rebate Scheme;

- \$31 million for design work on new sources of supply, including recycling to industry and rural users, better use of groundwater and coal seam gas mining;

- improving water planning and regulatory processes to help cut red tape, better manage water resources and ensure water can be supplied to meet demand; and

- boosting research and development to examine the potential for initiatives such as evaporation reduction, grey and wastewater treatment and use, sewer mining, storm water harvesting, aquifer storage and recovery, cloud seeding and the impact of climate variability and change on water.

The Beattie Government has also introduced the Rural Water Use Efficiency Scheme which has led to savings of more than 180,000 million

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## The Great Debate - Labor

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litres each year for rural industry and helped develop comprehensive Water Resource Plans across towns and shires throughout the State to help better manage existing supplies.

Since 1999, the Government has committed a total of \$65 million to rural water use efficiency programs throughout Queensland.

The Beattie Government are also the only Government in Australia in the past ten years to build a major new dam – the 300,000 million litre Paradise Dam on the Burnett River.

The Statewide Water Policy included a raft of new funding initiatives as well as several projects identified in the recent Blueprint for the Bush.

Specific infrastructure projects in the Statewide Water Policy included:

- \$14 million to raise Eden Bann Weir in the Fitzroy and Livingstone Shires;

- \$22 million to construct Rookwood Weir in the Fitzroy Shire;

- \$56.5 million for development of the Connors River Dam in the Broadsound Shire;

- \$6 million for design work on the Nullinga Dam in the Mareeba Shire;

- \$120 million for design work and construction of the Nathan Dam in the Taroom Shire;

- \$3.5 million for design work on raising the Kinchant Dam in the Mirani Shire;

- \$60 million for pipelines to connect the new Connor Rivers Dam with

Broadsound and possibly Nebo and Belyando Shires;

- \$49 million for a pipeline and channelling from the Burdekin River to connect to Bowen and potential industrial users and irrigators along the proposed route;

- \$3 million for investigation into a pipeline connecting water storage facilities from Burdekin to South East Queensland;

- \$48 million for a pipeline to connect Rockhampton to Gladstone;

- \$20 million for a pipeline for the Capricorn Coast connecting Rockhampton to Yeppoon;

- \$18 million for a pipeline to connect Bowen to Proserpine.

### Ethanol

A re-elected Beattie Government will legislate to mandate a blend of 5% ethanol in all petrol produced in Queensland by 2010, and the mandate would be further increased to 10% as soon as practical after that time.

This will fill a massive gap left by the Federal Government's refusal to adopt the cheaper, cleaner fuel nationally.

This means all fuel produced in Queensland would contain the fuel of the future, lessening our dependence on oil imports.

Queensland is leading the nation in the production and uptake of ethanol-blend fuels.

Queensland now boasts 150 service station stocking ethanol blended fuel, compared to only about 40 18 months ago, and that is due to the Beattie

Government's \$7.3 million Ethanol Industry Action Plan which allows fuel groups to convert their equipment. This commitment will provide new markets for Queensland sugar and grain producers.

The Beattie Government notes the strong support from the Australian Cane Farmers' Association has provided for the development and use of ethanol in Queensland.

**Sugarcane smut disease response**  
The Beattie Government has acted swiftly and comprehensively, in partnership with industry and BSES Limited, to respond to the discovery of the exotic sugarcane smut disease in the Childers region.

The Beattie Government is committed to continue the scientifically-proven program battling the threat of sugarcane smut, despite the Federal Government's refusal to provide financial support.

In addition, the Beattie Government has urged the Federal Government to release some of the \$140 million remaining from the Sugar Reform Package to assist the industry combat sugarcane smut.

### Cyclone Larry response

Cyclone Larry hit far north Queensland in March this year, having a devastating impact on the region.

The Beattie Government worked with Johnstone Shire Council, the Federal Government, and local communities to address the immediate needs of the region, as well as developing and implement a long-term strategy to help local business and industry recover.

In the wake of the cyclone many

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### The Great Debate - Labor

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Business were forced to shut down or cut back their operations.

"To help affected locals we put in place a Cyclone Larry Employment Assistance Package and have employed approximately 500 locals on work to repair and recover public infrastructure.

QBuild has also sourced local contract labour and contractors to help in the rebuilding of schools and other public facilities.

In addition we established the Cyclone Larry Special – a sub program under our Regional Business Development Scheme. It is designed specifically to assist business recovery and support regional economic recovery initiatives.

Grants are provided in two stages. Under the first stage businesses and regional bodies are provided with up to \$10,000 to prepare recovery plans to help businesses achieve their pre-cyclone capacity.

Under the second stage assistance may be provided for projects identified in business recovery plans and may include the preparation or upgrading of business, marketing and export plans and the development of regional economic development strategies.

#### Blueprint for the Bush

Prior to the election being called, the Beattie Government unveiled a comprehensive 10-year plan to assist rural and regional Queensland called the Blueprint for the Bush.

The key objectives of the Blueprint for the Bush is to:

- invest in rural infrastructure; strengthen local and regional economies;
- promote sustainable primary production and resource management;
- deliver flexible, responsive and affordable services;
- foster strong and safe communities; enhance planning, engagement and coordination; improve and relationships.

To deliver on this, the Beattie Government has committed to \$153.4 million in Blueprint for the Bush initiatives over the three to four years from 2006–07.

Some of these initiatives are:

- \$47 million for natural resource management projects such as the Rural Leasehold Land Strategy, the Rural Water Use Efficiency Program Stage 3, a pest offensive to tackle weeds and pests;
- \$30 million for the Strengthening Rural Communities Strategy, including \$15 million for community capacity building and \$15 million to strengthen rural non-government organisations;
- \$5.7 million to appoint officers to promote property management and related initiatives to enhance the profitability and sustainability of primary industries; and
- \$20.5 million for pilot services in regional ports north of Brisbane.

### Mourilyan Mill closes

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Mr Walker said ACFA's first concern would be for the farmers in the Bundaberg Sugar area and milling operations commencing with the 2007 season.

"The ACFA Northern Supply Committee will be in close contact with Bundaberg Sugar's Management to assist with the way forward."

"ACFA will do all that it can to ensure that farmers' crops are crushed with as little delay as possible during this season and in the future," said Mr Walker.

If the crushing season is extended farmers should receive compensation for any financial losses incurred resulting from tonnage and CCS losses.

However it is encouraging to see Bundaberg Sugar committed to upgrading factories in light of the closure.

### ACC to monitor E10 prices

The Treasurer, Peter Costello, has announced that the Australian Competition and Consumer Commission (ACCC) will extend its monitoring of fuel prices to include E10 and provide a report on the price differential between E10 and unleaded petrol on a quarterly basis.

Currently the ACCC monitors the daily average retail prices of unleaded petrol, diesel and automotive LPG at around 3,600 sites across Australia. Under the new arrangements, E10 will be included in the ACCC's price monitoring programme.

The ACCC will also produce a quarterly report on the price differential between E10 and unleaded petrol in both capital cities and country towns, and display the report on its website [www.accc.gov.au](http://www.accc.gov.au).

### The Great Debate - Coalition

#### Introduction

The Queensland Coalition recognizes primary industries are vital to the prosperity of Queensland, injecting \$11 billion a year into the state's economy.

The sugar industry, in particular, is one of the state's biggest rural industries and has been the economic backbone of many regional areas for more than a century.

Prior to this magazine's deadline, the Queensland Coalition had announced a number of policies of interest to cane farmers, with more policies due to be rolled out as the State Election Campaign progressed.

#### Water

As readers would be aware, the Beattie Labor Government has proposed introducing new 'water resource charges' or water taxes on water users throughout Queensland.

The proposed taxes, which are currently "suspended" until after the State Election, include a \$4 a megalitre charge on irrigators.

The \$30 million Labor's water taxes would raise will not be used to ensure water is used more efficiently and will instead be used to prop up the state's ballooning water bureaucracy.

And while Labor is treating water users as financial milking cows, they have failed to reduce their own water management costs as promised and have failed to develop water resource plans on time.

A Queensland Coalition Government will scrap Labor's proposed unfair and

unjustified water taxes and instead focus on completing and improving water resource planning and facilitating water trading.

There will be no additional water resource charge or water tax for water users who are already paying increasing water prices.

The Coalition will also cap SunWater's water prices at the cost of operating and maintaining water supply schemes and would not seek a rate of return or profit margin on historical investment.

A Coalition Government will also give water users the option of managing their own water supply schemes in irrigation areas.

Local management of water schemes is seen as an option to improve efficiencies, reduce costs and address other issues such as improved environmental management.

Local management brings with it greater responsibilities and it would be up to irrigators and other local water users to decide whether they wish to pursue this option and in what form this may take.

A Coalition Government would also streamline and improve the water resource planning process and assist water users to adjust to the impact of new water resource plans in their catchment.

Revamping the Department of Primary Industries' and Fisheries

Under Labor, support from the Department of Primary Industries and Fisheries' (DPI & F) for our food and fibre industries has never been weaker

or more fragmented.

DPI & F staff and funding have been stripped to the bone and Government support has moved away from the direct relationships and co-operation with farmers and fishers that used to exist.

More jobs have been shed than have been created, with 300 staff shown the door through 'voluntary early retirements' during the past eight years, while stock inspectors and vets have been withdrawn from a number of regional centres.

A Queensland Coalition Government will revive within the Department of Primary Industries and Fisheries a culture of client service and reconnect with regional landholders, families and businesses involved in Queensland agriculture, commercial and recreational fishing and forestry.

Resources and decision making autonomy will be passed through to regional staff. Country service will again be encouraged for career progression and Labor's purposeful downgrading of DPI & F regional offices will be reversed.

The Coalition will employ 50 new staff in service delivery positions, including stock inspectors and extension specialists, with all new staff to be located in regional Queensland.

A Coalition Government would also revamp the DPI & F's biosecurity division to ensure the Department is better prepared and equipped to handle animal and plant disease outbreaks, such as the recent citrus canker and sugar smut outbreaks.

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## The Great Debate - Coalition

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Special officers from the DPI & F will be dedicated to working with the various industry groups and farmers on the ground to ensure the State Government is more proactive on biosecurity issues and ready to go if there is a disease outbreak.

The Coalition wants to put an end to this biosecurity crisis management approach in which everything is cobbled together in a last minute panic.

The Coalition has also pledged to strengthen the Department's investment in research and development by 20% to address impediments holding back primary producers, with research advisory groups to be established to ensure research is focussed on industry needs.

The Coalition will ensure visionary leadership is provided to our primary industries and fisheries sectors, with the Department tasked with developing clear road maps and goals for the various agricultural industries.

Rural skills training will also be a priority for a Queensland Coalition Government with a reinvigorated Department of Primary Industries and Fisheries to take a more active role.

While skill shortages are well known in industries like mining and construction, the problems faced by our primary industries are often forgotten.

The Coalition will ensure a greater focus and emphasis is placed on rural training by ensuring the department with agricultural

expertise, the Department of Primary Industries and Fisheries, takes the lead on this important issue. A Coalition Government would immediately transfer the four colleges of the Australian Agricultural College Corporation from the Department of Employment and Training to the Department of Primary Industries and Fisheries.

This corporation, which took effect on 1 July 2005, includes the Longreach Pastoral College, the Emerald Agricultural College, the Dalby Agricultural College and the Australian College of Tropical Agriculture Mareeba and Burdekin campuses.

Under a Coalition Government, the college will be aligned with innovation and industry support groups within the DPI & F and each campus will have its own local advisory board.

The colleges will act as focal points in an expansion of regionally delivered education and training programs to prepare the next generation of rural workers.

In addition, the DPI & F will be tasked with developing strategies to retain and attract young workers in rural industry and to work with the different primary industry sectors to develop industry specific workforce plans.

While the colleges will play a large role in training the next generation of rural workers, the Coalition will also work closely with industry groups to ensure training on the latest technology, equipment and recommended practices deliver what industry needs.

The Coalition's plans are all about

developing a new culture of service and ensuring the Department of Primary Industries and Fisheries is relevant, has direction and reconnects with rural Queensland.

### Ethanol

The Queensland Coalition are absolutely committed to unlocking the benefits that ethanol can deliver to Queensland. We are committed to taking E10 from a niche product to the mainstream fuel used in Queensland.

Unlike Labor, the Coalition has long supported the development of an ethanol industry in Queensland.

Twice in the past four years the Coalition has introduced legislation into the State Parliament to require petrol sold in Queensland to contain up to 10 per cent ethanol. Unfortunately, the Beattie Labor Government used its numbers to defeat the Coalition's proposed ethanol mandate.

The Coalition will explore all options to encourage the development of a Queensland ethanol industry and has already announced we would establish a bio-fuels unit in the Department of Primary Industries and Fisheries to support agriculture's role in the development of bio-fuels such as ethanol.

### Underground power

The Queensland Coalition has committed to a program to underground domestic power lines in cyclone prone North Queensland.

The program, which is designed to reduce the vulnerability of communities in cyclones, would commence in Innisfail within weeks of the election of a Coalition Government.

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### The Great Debate - Coalition

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The Coalition has committed \$28m per year to the program with the funding to be taken from the profits of Government owned electricity corporations. As the cost of this program is to be taken from Government dividends, it will not affect the price of power.

The existing overhead system is also very vulnerable to summer storms and high wind and this program will help storm proof the system. An added benefit of the undergrounding program is that evidence from the Office of Energy shows that maintenance costs are reduced by 80%.

A Coalition Government will liaise with local authorities, the weather bureau and power companies to establish a strategic plan to underground power in North Queensland in communities that are most vulnerable to cyclone damage.

It is estimated that it will take about 25 years to complete the program for the approximately 127,000 residences in cyclone prone areas that do not already have underground power.

#### Conclusion

The Coalition has announced a range of other policies that would be of interest to readers of The Australian CaneFarmer, including policies to

improve health services in regional areas, plans to develop water infrastructure ahead of time instead of just when a crisis develops, measures to crack down on crime and policies to improve the state's education system.

More details are available at [www.qldcoalition.org.au](http://www.qldcoalition.org.au) or through your local Coalition Member of Parliament or candidate.

Unlike Labor, which has sought to demonise farmers as environmental vandals and drive a wedge between city and country Queenslanders while lurching from crisis to crisis over the past eight years, a Queensland Coalition Government will get the priorities right for all Queenslanders.

### 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.

#### Travel and Learning Opportunity Projects

The success achieved to date through the Travel and Learning Opportunity Projects will continue, with this call open to activities targeted at building



## SRDC Update

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 page.

### 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 in 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.

Further development of the model 'WaterSense' is being undertaken in other CSIRO-led projects (SRDC Project Codes CSE007 and CSE009).

A new project (SRDC Project Code BSS297) 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 (SRDC Project

Code: QUT008).

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.

### Rainfall odds return to fifty-fifty

by Yvette Everingham (JCU) 3/8/2006

SOI Phase: Near Zero

Rainfall Outlook:

The monthly average SOI for July was minus 8.6 (-8.6) compared to minus 6.7 (-6.7) in June. Therefore the SOI phase for July came out as "Near Zero".

Probabilities much greater than 50% highlight that there is a moderately high chance of experiencing above median rainfall e.g. Harwood.

Probabilities much less than 50% highlight that there is a moderately high chance of experiencing below median rainfall e.g. South Mossman, Ingham.

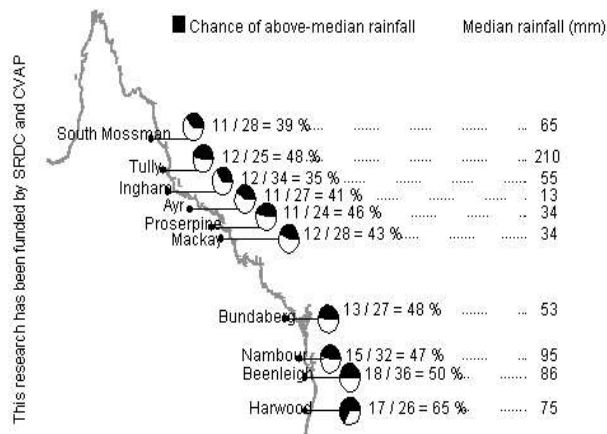
Chances close to 50% (say, between 40 and 60%) indicate that climate forecasting tools are unable to improve upon what you already know about above median rainfall.

That is, with no knowledge of climate forecasts above median rainfall is expected 50 % of the time e.g. Tully, Ayr, Proserpine, Mackay, Bundaberg, Nambour, Beenleigh, Plane Creek.

	SOI VALUE	SOI PHASE
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	- 7.7	"Rapidly Falling"
End of June 2006	- 6.7	"Consistently Negative"
End of July 2006	- 8.6	"Near Zero"

Location	Long-term median rainfall for Aug-Sep	Chance of exceeding the long-term median
South Mossman	65 mm	39 %
Tully (Sugar Mill)	210 mm	48 %
Ingham (Macknade)	55 mm	35 %
Ayr (Kalamia Estate)	13 mm	41 %
Proserpine (Lethebrook)	34 mm	46 %
Mackay (Farleigh Co-op Sugar Mill)	34 mm	43 %
Plane Creek (Central Mill)	34 mm	43 %
Bundaberg (Fairymead Sugar Mill)	53 mm	48 %
Nambour (Nambour Bowling Club)	95 mm	47 %
Beenleigh (Beenleigh Bowls Club)	86 mm	50 %
Harwood Sugar Mill	75 mm	65 %

Sugarcane Wheel Map: Aug-Sep



\* Chances are based on a Near Zero SOI phase during July

#### Latest Developments:

For most sugarcane growing regions the chance of reaching median rainfall amounts over the next couple of months is close to the normal fifty-fifty with some locations like South Mossman, and Ingham showing a reduced chance of reaching their median rainfall.

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.

## Falling Prices in Peak Sugar Supply Period

### Compiled by Queensland Sugar Limited

**P**rompt New York No.11 raw sugar futures prices have fallen US 3.4c/lb since our last report to close at US 12.30c/lb at the time of writing.

After holding ground between the range of US 15-16.50c/lb throughout June and July, the prompt price fell through US 15c/lb at the beginning of August and has since settled around the US 12c/lb we are at today.

The London No.5 white sugar futures market has followed a similar trend to the raw sugar futures price.

The price has fallen over USD 73 per tonne from last month to close at US 383.60 per tonne.

Therefore despite commodity prices generally holding and energy prices remaining firm both raw and white sugar prices have fallen.

The funds is one of the main drivers for the recent fall in values, largely due to them reducing their sugar position over the last few months.

Up until the end of May the combined net fund long position was over 100,000 lots on the NY#11.

By mid August their position had fallen to around 35,000 lots.

A second driver is the current 'short-term' surplus of sugars in CS Brazil and the old season Thais overhang in the market.

The dry weather in Brazil has increased the pace of the harvest to over 50% of the crop cut by the start of August.

The millers has crushed an additional 17 million tons of cane than at the same time last year, while sugar production was almost 2 million tons ahead.

At the same time around 500,000mt of Thai sugar remained in storage as buyers looked elsewhere, largely for quality reasons.

With the storage constraints building from these 2 countries the prompt October contract gave way to the pressure.

And in turn both CS Brazil and Thai raws have concluded fresh trades at the lower price.

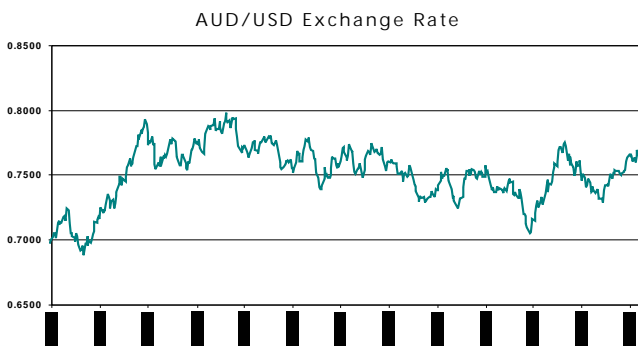
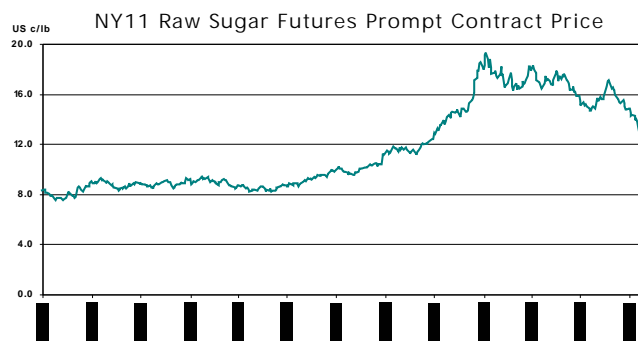
As we come closer to the end of this years harvest campaign everyone is watching to see what impacts this will have on next years harvests.

The third driver is the analyst revisions of around 3 million tons towards the sugar surplus for 2006/07.

With crop recoveries throughout Asia and some consumers switching to alternative sweeteners due to the higher sugar prices this has lead to a surplus of stock.

However, with nearly all of this surplus likely to be stored in the EU and India, will it make its way to the tradeable market is the question.

At the time of writing the AUD was trading at AUD/USD 0.7610.



## New Laws for Independent Contractors

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

"Over the past 25 years, we have witnessed a revolution in working arrangements with the rise of independent contractors... These Australians have already chosen to work with themselves [and] their choice must be respected." Federal Workplace relations Minister, Kevin Andrews

Proposed federal independent contracting law will affect nearly every industry.

This is the first edition of a mini-series overviewing the new laws and what you need to know.

Independent contracting - an overview

"Estimates on just how many [independent contractors] there are range from 800,000 to 1.9 million." Federal Workplace relations Minister, Kevin Andrews.

The huge rise in independent contracting has stirred up murky legal waters, especially in situations where a former employee has gone out "on his own" by registering a business name, and performs many of the same services in the same way as before.

Fundamental questions arise like:

Is he truly an independent contractor, or should he still be regarded as an employee?

If he truly is an "independent contractor", should disputes about the subcontract be governed by commercial law or employment/industrial law?

The legal landscape

Until now, State laws have mostly dealt with this issue.

For example, New South Wales and Queensland have "unfair contract" laws that are enforced by the state industrial tribunals.

WorkChoices does not create a unified law for independent contracting, although it includes unfair contract laws.

The Federal Government aims to rectify this by The Independent Contracting Bill 2006, recently introduced to Federal Parliament.

What the proposed laws will do

The proposed laws aim to:

Create a national, unified system of independent contracting

Create a national system to decide when a contract is "unfair"

Ensure that commercial law, not employment law, applies to subcontract disputes.

What the proposed laws won't do

Unfortunately the new laws do not give guidelines for when the relationship is truly independent contracting, not employment.

Case law principles will still decide that.

Case law - when is an independent contractor truly an independent contractor and not an employee?

This is a crucial question, as it decides obligations under:

Industrial law / employment law (eg right to sick pay?)

Taxation obligations

Superannuation remittance

Workers' compensation

Unfortunately there is no clear-cut answer. Rather, it involves assessing factors such as:

Does the "employer" control how the work is performed eg place or work, hours of work etc?

Does the worker perform work for others (or can he freely do so if he wishes)

Does the worker had a separate place of work and advertise his services?

Does the worker provide his own significant tools and equipment?

Does the worker provide his own significant tools and equipment?

Can the work be delegated or subcontracted?

Does the "employer" have the right to suspend or dismiss the worker?

Does the worker appear to the world at large as a part of the "employer's" business?

Is income tax was deducted from the worker's pay?

*Continued on next page...*



## New Laws for Independent Contractors

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Is the worker paid wages, or by completion of tasks?

Is the worker provided with paid holidays or sick leave?

Does the work involve a profession, trade or distinct calling on the part of the person engaged?

Does the worker create goodwill or saleable assets in the course of his or her work?

Does the worker spent a significant portion of his earnings on his own business expenses?

Real life cases

Real life situations are the best way to understand the difference between an "employee" and an "independent contractor".

Case 1

A truck driver (Mr Stevens) was hired by Brodribb Sawmilling Company Pty Ltd to cart logs to Broddribb's timber mill.

He supplied his own truck. Gray was also hired by Brodribb. Gray supplied his bulldozer. Stevens was injured when hit by a log that was being loaded to his truck by Gray's bulldozer.

Stevens and Gray argued that Broddribb should be responsible for Gray's negligence as employer for both of them.

The court decided that neither Stevens nor Gray were employees of Brodribb, particularly because they:

Provided and maintained their own equipment,

Set their own hours of work

Were paid by the volume of timber delivered to the sawmill, and used their own equipment for that Brodribb's bush boss did not control all aspects of their work he only organised the location of roads and ramps, selected the logs, monitored volume and quality, and deciding if work would take place in bad weather.

Case 2

Mr Abdalla provided services as a travel consultant to a company, Viewdaze, where:

The engagement contract described his position as an independent agent

The company did not control Mr Abdalla's work

Mr Abdalla was paid to an account opened under a separate business name

He was not paid a salary or wages, but by commission.

Confusingly:

Some superannuation was paid for Mr Abdalla

Group tax documents described him as an employee

After all these factors were considered, Mr Abdalla was found to be an independent contractor, not an employee.

His claim for unpaid superannuation

was denied.

Implications for business

Preventing expensive claims for unpaid accrued entitlements is a must for every business.

Engaging workers is risky and uncertain unless you have:

Carefully considered the type of relationship created (employment or contracting)

Documented the relationship clearly and accurately

You can also, in appropriate cases, insist on written confidentiality and non-competition obligations to further protect your business.

McKays Consulting can help you to: assess whether an engagement is employment or independent contracting and prepare template documents that you can use to protect you for future engagements

Next edition

In our next edition, we will further explain the new proposed law, and that not every independent contractor will be covered by it.

### What's going on in the sugar regions?

#### Innisfail Regional Report

Mourilyan Mill is closing for good and Bundaberg Sugar has said there will be a massive upgrade of South Johnstone and Babinda Mills to make up the shortfall.

Approximately \$8 million will be spent to upgrade these two mills to increase their crush and juice capacity.

South Johnstone and Babinda Mills will start taking Mourilyan's cane this season and it is hoped the upgrades will be completed by 2008.

The crush is still disappointing throughout the region.

The CCS levels are very low, Babinda currently sits at 10.3, South Johnstone sits at about 11 and Tully and Mulgrave are just over 12.

There have been damp conditions since the cyclone so the current fine weather is a welcome sight.

The damp conditions have slowed the crush in all areas but it hasn't stopped it.

John Blanckensee  
ACFA Northern Director

#### Herbert Regional Report

The combined mills crushed 225,832 tonnes bringing the season to date to 1,247,079 tonnes.

This weeks CCS was 13.19 making the season CCS 12.48.

The crop estimate remains at 4.6 million tonnes as the crop has not yet been reviewed. The sweetest variety during this week was Q186 with a reading of 13.6.

A cleaning and maintenance stop was held at Victoria Mill on Friday,

August 18.

Throughput for the week was adversely affected by operational problems with a continuous pan and a shutdown of the number 11 boiler at Victoria after a wet fuel event triggered a sluice way choke.

Some areas of the district are experiencing problems with pigs and mobs of 30 to 40 pigs have been reported.

Cockatoos are still causing damage in some areas.

Perfect tourist weather has descended on the Herbert in the last couple of weeks so planting is in full swing in most parts of the district. There are still some damp areas but they are in the minority.

Dawn Brown  
ACFA Herbert Director

#### Burdekin Regional Report

The crush is going very well and CCS levels are very good.

Negotiations with CSR regarding the individual forward sale of sugar are progressing.

It should be at least another month before the negotiations draw to a close.

Adrian Ivory  
Burdekin Regional Director

#### Central Region Report

The harvesting and planting are continuing smoothly throughout the Central District.

Mackay Sugar believes they will reach their tonnage estimates. CCS levels are a unit below normal throughout the district.

Water Supply is going to be critical for

most farmers over the current months.

Cane Supply negotiations between ACFA and Mackay Sugar for the 2007 Season are progressing.

Paul McKay  
Central Director

#### Southern Regional Report

The full list of smut approved varieties is as follows:

- for both planting and ratooning in PQA5 are: Q124, KQ228, Q177, Q200, Q208, Q135, Q146, Q151, Q155 and Q190

- for ratooning only in PQA5 are: Q99, Q136, Q138, Q141, Q147, Q150, Q154, Q170, Q182, Q188, Q196v, Q205, Q222 and Q225

#### New South Wales Regional Report

Harvest is progressing well with minimal weather stops.

Most crops are cutting above estimates with CCS at budget or higher on the three mill sites.

GPS units have been fitted to most harvesters in preparation for co-gen harvesting next year.

The units will be mapping the blocks harvested this year so that the ratoons of this crop may be harvested under full guidance next time the crop is harvested.

Mill data to date as follows:-

Condong  
CCS average year to date 10.23  
Tonnes crushed to date 229,096  
Broadwater  
CCS average year to date 10.55  
Tonnes crushed to date 346,118  
Harwood  
CCS average year to date 10.77  
Tonnes crushed to date 305,858

Wayne Rodgers  
ACFA New South Wales Director

## Smut Program to continue despite lack of Federal Support

Minister for Primary Industries and Fisheries Tim Mulherin said the scientifically-proven program battling the threat of sugarcane smut to the Queensland and Australian sugar industries would continue despite the Federal Government's point blank refusal to provide financial support.

"The Queensland Government will not forgo its responsibility to the industry," said Mr Mulherin.

"We will continue working with industry on a plan. It is critical that the good work already done continues.

"This will ensure the threat does not go beyond the Bundaberg-Childers area and that the surveillance program remains on track."

Mr Mulherin chaired a crisis meeting following a decision by the National Management Group recently failing to reach agreement on a funding package for the Queensland program under the

Emergency Plant Pest Response Deed.

The Federal Government also scuttled a suggestion from Mr Mulherin to release some of the \$140 million remaining from the Sugar Reform Package to assist the industry.

The meeting was attended by the Minister, representatives of BSES Ltd, DPI&F and Queensland Treasury.

Mr Mulherin received strong support from the meeting for proposals to call for an urgent, special meeting of the Primary Industries Ministerial Council, seek legal advice on the possibility of a challenge to the NMG decision and maintain pressure on the Federal Government.

Under the Deed, 80 per cent of funding required to respond to an emergency would be paid by Government and 20 per cent by industry. Half of the 80 per cent would be paid by the Commonwealth with the remainder

paid by the states and territories.

"I have already appealed to local federal members Warren Truss and Paul Neville to meet urgently with the Prime Minister to secure federal funding," Mr Mulherin said.

"Perhaps they just don't have any influence.

"It's time Lawrence Springborg stepped in and approached National Party Leader, Deputy Prime Minister and former Agriculture Minister Mark Vaile.

"Growers deserve to know where the State National Party stands on this issue.

"But I want to stress again to growers that the Queensland Government will meet its obligation to growers.

"Industry is counting on Government support and they will continue to get that from the Queensland Government."

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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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