

the Australian Cane Farmer

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October 2006

Volume 6, Issue 7

El Nino likely to return this summer

In terrible news for farmers already struggling with drought, the Bureau of Meteorology says another El Nino summer is looking increasingly likely.

According to the Bureau of Meteorology's website current Pacific climate patterns are typical for the development phase of an El Niño event.

The key indicators include sea-surface temperatures above El Niño thresholds (although there has been some cooling in the past fortnight), sustained negative values of the Southern Oscillation Index (SOI), generally weaker than average Trade Winds since July and increased cloudiness in the central to west Pacific.

However, to qualify as an El Niño event, these key indicators (especially the ocean temperatures) would need to remain at their present levels (the ocean would need to be somewhat warmer) until the end of the year.

There is a strong likelihood that this will occur, given what we know from previous events. Furthermore, most computer models indicate continued warming in the Pacific, implying a strengthening of the developing El Niño pattern.

The observed below average rainfall since late autumn across Australia's southern half, especially in the southeast and southwest, is also consistent with the initial phase of an El Niño event, as are the much higher than average daytime temperatures since August.

Furthermore, even if El Niño thresholds are not maintained across the range of indicators, a warming Pacific and a low SOI bias the climate towards being drier and warmer than average across eastern and northern Australia for the remainder of 2006.

*Information courtesy of the Bureau of Meteorology's website;
www.bom.gov.au*

inside this issue:

1. El Nino may return
2. Meet the candidates for the upcoming STL elections
3. BP lead with biofuels

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The Australian Cane Farmer,
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Breaking News

The forthcoming elections for the position of Grower-Director for Sugar Terminals Limited has sparked the interest of two candidates.

In this issue of the Australian Cane Farmer you'll get to meet both of them, hear their policies and make up your own mind about who you think will do the best job.

ACFA is encouraging all who are eligible to cast their vote and make their voice heard.



Leading farmers into the future

Smut levy secrecy arouses suspicions



By ACFA.
Chairman
Ross Walker.

SMUT

You would've read about calls for the Federal Government to honour their commitment in relation to the Emergency Plant Pest Response Deed from both the State Government and the Queensland Cane Growers Organisation, the three being signatories to the agreement.

The details of the agreement are confidential to the parties mentioned above, yet the call is for the whole industry including the millers to pay the compulsory levy.

The Federal Government has made it clear the current industry situation does not meet the criteria for execution of the deed. However, the state government is still trying to break the impasse. ACFA is keen to participate in a positive step forward in the containment of sugarcane smut.

When the full disclosure of a industry plan (nothing to date) is made available, ACFA will then be in a situation to support the plan, if indeed it merits support.

Most support now is for a local response where each region raises revenue and directs the spending as necessary.

The smut outbreak is serious and urgent attention needs to be paid to containing the disease to the current area.

Surveillance for smut on a regional basis will determine if and when smut arrives and this will assist with the urgency of planting resistant varieties. Moving to resistant varieties in most areas will result in productivity losses and there is no sense moving to these prematurely.

In addition the screening of smut resistant varieties and the accelerated release of resistant varieties is essential in the short term. The breeding of resistant varieties will be the only solution for the medium to long-term future of the industry.

WTO TALKS AND BIOFUELS

The Doha Round of World Trade Talks has again ground to a halt with the usual suspects unwilling to reach a compromise on agricultural subsidies and market access.

It now seems unlikely that an agreement will be reached when you consider that the talks, which started in 2001, were supposed to deliver an agreement by 2004 and are still struggling to do so in late 2006.

Australian Governments must take notice and adjust and implement policies to ensure Australia's farmers are no longer disadvantaged when compared to their International counterparts.

United Nations Foundation Chairman Ted Turner last week urged negotiators to revive the stalled "Doha Round" of trade talks.

Turner called for using agricultural resources to produce biofuels as a strategy for eradicating poverty, supplying global transportation needs, and breaking the current trade deadlock.

Investing in biofuels is also an "opportunity to do something for the earth and humanity. Biofuels can dramatically cut greenhouse gas emissions and are renewable," he added.

Since Peter Beattie's Labor Government romped to victory in the recent Queensland elections we have heard little about his proposed ethanol mandate.

In the last issue of the Australian Cane Farmer, The Beattie Government pledged they would legislate to mandate a blend of five per cent ethanol in all petrol produced in Queensland by 2010.

The mandate would be further increased to 10 per cent as soon as practical after that time.

The Premier has been supportive of biofuels and cane farmers throughout Queensland are now waiting for the Premier to deliver on his promise.

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Sugar Terminals Limited Elections - David Groves



I am 51 years old and am a Director of Vixbridge Pty Ltd, a cane grower shareholder in STL.

I am a Director of two ASX listed companies; i) GrainCorp Limited and ii) Equity Trustees Limited.

I have extensive interests in agriculture and viticulture and am also a Director of Kambala (an independent school for girls in Sydney) and serve on the Corporate Committee of the Intensive Care Foundation of Australia and NZ.

I believe I can make a difference at STL because of my experience, in particular at Graincorp. The sugar industry generally, and STL in particular, is presently experiencing a period of significant change.

The current lease of our terminals expires in June 2008 as a

result of the deregulation of the industry.

During my 12 years as a Director of Graincorp, I have been very closely involved with the changes that have occurred in the grains industry.

Graincorp has evolved from being a NSW-based, unlisted public company in the storage and handling business, that paid rebates on tonnes delivered, to a listed, dividend-paying company.

In that time Graincorp has merged with two other grower-controlled companies, Grainco (Qld) and Vicgrain (Vic), launched new businesses (Ag Plus, Ag Finance etc.) and acquired (with Cargill) the Goodman Fielder flour mills. The process of change has been constant and many of the issues that have been addressed are similar to those at STL.

This has also taken place against a background of having a major shareholder in the ordinary shares who also holds a "golden share" (which gives it the power of veto on all resolutions at general meetings and the right to appoint six of the ten non executive directors).

This shareholder, the Graingrowers Association (GGA), is a company limited by guarantee whose 17,000 members are all grain growers along the east coast of Australia.

A real feature of the changes that GrainCorp has made has been the fact that every change that it has put to its shareholders and the GGA, has been approved. This need to align interests is important.

I am very aware of the requirement at STL for a 75% vote in favour of any change from both the grower and the miller shareholders.

I also have a particular interest in the bio-fuels sector, directly as a result of my involvement in the wine, grains & sugar industries.

I have spent some time in Brazil, attended the ethanol conference in Brisbane earlier this year and recently returned from the USA where I attended the international Fuel Ethanol Conference.

I also visited a number of state-of-the-art, closed-loop ethanol plants in the mid-west of the USA.

In addition, I can assure you that I have a proven capacity to work hard for the benefit of all shareholders.

I encourage you to vote for me in the forthcoming director election.

Sugar Terminals Limited Elections - John Grasso

Continuity and understanding is the key to our industry

I have worked and helped to manage the family cane farms for over 20 years.

Coming from a cane farming family, I understand how the industry has changed over these years.

There has been and will continue to be much change within the sugar industry. It needs continuity to ensure it is managed and implemented efficiently and responsibly.

Sugar Terminals will be a key component of this reshaping of the industry.

Therefore it is important to make your votes count by the nominated deadline.

I hope that I will continue to have your support and trust as Grower director to represent, grow and protect the valuable assets we have in Sugar Terminals Limited.

Three years ago, with the help and support of many growers, representatives and committees, I was able to secure in excess of 24 million votes at the last election for the position of Director on the Board of Sugar Terminals Limited.

Having had this high level of support I have done my utmost to represent to the best of my ability the shareholders.

During the last 3 years the price of STL stock has doubled and dividends have risen by 50%, which has been a very satisfactory outcome, while at the same time the asset base has been protected and maintained to the benefit of the shareholders and the industry as a whole.

I strongly believe that the best possible outcome for shareholders is to be represented by directors who have an extensive understanding and first hand experience in the sugar industry.

This election for director of the board is very important. Please be sure to fill out your member status declaration form, proxy form and have it delivered to the registry office by the nominated deadline to make your votes count.

Help me to continue to put your interests first.



Re-elect John Grasso

- Third Generation sugar cane farming family
- Director of Grasso Family private companies
- Principal of Grasso Financial Services

Biofuels Brightspot

The northern Queensland cattle industry and the developing bio-fuels industry provide some of the few positives about Australian agriculture at the moment, according to National Australia Bank (NAB) agribusiness managers.

The bright spot for cropping is the prospect of the biofuels industry expanding, with more plants being proposed or commissioned.

They've been asked to provide 'from the field' comments for a quarterly report jointly released by NAB and ABARE.

CLASSIFIEDS

For Sale

- MF 2705, 135 HP, \$15,000 + GST
- Inter 564D Tricycle, \$3,500 + GST
- Iseki 5X75, 75HP, \$18,000 + GST
- JD 2130 + Front End Loader, \$15,000 + GST
- Bonel Offset, 28 plate, 26 discs, \$10,000 + GST

Mossman - Tully area
Ph: 07 4065 5134

Vaile urges ASEAN to move ahead with Free Trade Talks

Trade Minister Mark Vaile has urged his Asian counterparts to be ambitious in negotiations for a freer trading environment between the ASEAN bloc and Australia and New Zealand.

At the 11th annual ASEAN Economic Ministers – Closer Economic Relations (ASEAN-CER) meeting in Kuala Lumpur, Mr Vaile welcomed the commitment expressed by ASEAN, New Zealand and Australia to conclude a high quality, comprehensive Free Trade Agreement (FTA) in 2007.

"All negotiating partners agree that a high quality, comprehensive agreement will promote greater two way investment and trade which is beneficial to all our economies," Mr Vaile said.

"It will both complement Australia's existing FTAs with individual ASEAN members and boost efforts for broader global trade reform at a difficult time for the multilateral system."

Although pleased with the progress to date of the ASEAN-ANZ FTA negotiations, Mr Vaile says there is still much

work to be done if negotiations are to be completed in 2007.

"I have urged my counterparts to intensify negotiations and show the flexibility required to conclude this agreement," he said.

"Some of the issues are not easy, but with the express commitment of all negotiating parties a solid agreement can be reached."

Mr Vaile also took the opportunity to urge ASEAN ministers and other WTO members attending the meeting to continue working to overcome their differences in the current round of global trade talks.

"This is a make or break time for the Doha negotiations and we need to act quickly given the small window of opportunity we now have left to get these negotiations back on track," Mr Vaile said.

The ten countries of ASEAN taken as a single group are a larger trading partner for Australia than Japan, the US or China.

Sarina to lead the way in ethanol production

An extra 23 million litres of ethanol could be pumped out of CSR's expanded Sarina facility every year, bolstering the state's burgeoning ethanol industry, the Minister for Industry, Tourism and Resources, Ian Macfarlane.

The boost is the result of a \$15 million expansion, including a new molecular sieve dehydrator, officially opened by Mr Macfarlane in Sarina this morning.

"This is a significant investment by CSR that will assist Australia to achieve its Biofuels target and increase the use of ethanol blended fuels in the domestic transport market," Mr Macfarlane said.

"With the successful installation of the molecular sieve, CSR now has the capacity to deliver 32 mega litres of

fuel ethanol to domestic suppliers annually."

CSR is a leading contributor to the strong development of Australia's ethanol fuel industry, recently announcing a partnership with BP to supply 23 mega litres of fuel ethanol to BP over the next two years.

"This is an encouraging development and a strong commitment on behalf of both companies to work together to distribute ethanol to consumers."

"The Australian Government is pleased to have been able to contribute to this great achievement by providing \$4.2 million to CSR through the \$36 million Biofuels Capital Grants Program."

"On top of the capital grants, the

Australian Government has delivered more than \$56 million in Ethanol Production Grants and a commitment to ensure ethanol remains excise free until 2011."

"Last month the Prime Minister also announced the new \$17.2 million Ethanol Distribution Program to support the uptake of ethanol by encouraging petrol stations to install new, or convert existing pumps, to sell E10 blended fuel."

"Our investment is clearly paying off with an almost three-fold increase over the past 12 months in the number of service stations selling ethanol as well as a 75% increase in the production of transport ethanol in the last financial year," Mr Macfarlane said.

Mulherin calls on MPs to stand up for sugar

Primary Industries and Fisheries Minister Tim Mulherin called on all Queensland Federal Coalition MPs to stand up for their state's sugarcane industry and demand Commonwealth Government support.

"I am writing to key MPs, including Senator Barnaby Joyce, to help convince the Commonwealth that stopping the spread of sugarcane smut is in the national interest," Mr Mulherin said.

"I fully understand why some people in the industry are concerned about the resources that are needed to do the surveillance work, destruction work and plant replacement work that's required.

"But I have assured industry that the Queensland Government remains fully committed to the sugarcane smut response plan despite the lack of a similar commitment from the Commonwealth.

"The industry needs continue to work with the Queensland Government to control the disease."

"The issues we are dealing with are becoming increasingly urgent because we need to progress our response to the disease for the good of the entire sugarcane industry," Mr Mulherin said.

"We cannot afford to let up now and risk the disease spreading to other areas of the State or interstate."

The Queensland Government has committed \$15.6 million to the program over four years.

The Commonwealth Government had been expected to contribute a significant level of funding to support the sugarcane smut response program, along with the funding being provided by the Queensland Government and the industry.

Through its decision to abandon the Queensland sugarcane industry, the Federal Government has forced the industry to consider imposing a levy on producers in addition to the financial hardship they are already experiencing.

BOM predicts another scorching summer Plant progresses

First they forecast another El Nino summer and now the Bureau of Meteorology is predicting it will be a hotter than average summer as well.

In a further blow to hopes of seasonal break, the Bureau says there is a moderate to strong shift in the odds towards above normal daytime temperatures for the October to December quarter over much of the country.

The pattern is due to higher than normal temperatures in both the Pacific and Indian Oceans.

Averaged over the last three months of 2006, the chances are mainly between 60pc and 75pc for higher than normal maximum temperatures across eastern Australia, most of SA, the east of the NT and the south of

WA.

And the chances are well above 75pc over a large part of south-eastern Australia.

In years with ocean patterns like the current, about six to eight December quarters out of every 10 are expected to be warmer than average over these various parts of Australia, with about two to four out of ten being cooler.

The chances of seasonal minimum temperatures being higher than the median are above 60pc over most of the southern two-thirds of Australia, reaching over 80pc in western WA.

This indicates a moderate to strong shift in the odds towards warmer than normal conditions.

Work has begun on Australia's first grain-based ethanol production plant, at Woorinen South, near Swan Hill, Victoria.

Australian Ethanol says that the large-scale plant will produce 100 million litres of ethanol annually.

The start-up date is pegged at December 2007.

Australian Ethanol's agricultural services manager Stewart Rendell said the Swan Hill site had been chosen for its proximity to rail, water and grain.

"Water access is crucial. We will be using around four megalitres a day in production," he said.

Once up and running, the plant will chew through 300,000 tonnes of grain annually.

BP the leader in biofuel production

BP Australia has announced its plans to surpass the Federal Government's 2010 national biofuels target at least one year ahead of the scheduled delivery date.

BP's plans include three further initiatives that will see the company delivering more than 400 million litres of biofuels per annum, a volume greater than the Federal Government's target of 350ML.

The initiatives include an agreement to double the capacity of a new ethanol plant to be constructed by Primary Energy in Kwinana, Western Australia.

The plant's capacity will be increased from 80ML to 160ML per annum and construction is expected to commence in early 2007.

BP also has separate agreements to secure the supply of ethanol from one or more new plants with Primary Energy (Brisbane and Gunnedah) and CSR (Eastern Australia).

The total level of supply sought is expected to be greater than the new output from the proposed Kwinana ethanol plant.

Primary Energy's CEO, Matthew Kelley, says that without BP's support, "grain to ethanol for bio-fuels would not become a reality in Australia".

BP will also purchase from Manildra 3ML of ethanol over one year commencing in November of this year, and it is negotiating to secure a further 12ML of ethanol from Manildra over the same period.

BP Australia president, Gerry Hueston, says his firm was the "first serious player to market biofuels in Australia and now we are the first to ensure that it will be supplied on a large scale".

"This is a clear signal of our intention to make sure that biofuels play a role in Australia's fuel supply both now and in the future," Mr Hueston said.

Vaile calls on Coles and Woolworths to support ethanol

Coles and Woolworths should make ethanol blended fuel (E10) available at all the service stations they control so Australian motorists can reduce their fuel bills, the Deputy Prime Minister and Leader of The Nationals, Mark Vaile, said.

He said they should sell it for up to four cents per litre cheaper than regular unleaded, because taxpayers subsidise ethanol production. The discount should be in addition to any other discounts through their shopper docket schemes.

"Coles and Woolworths now control more than a thousand service stations through their joint ventures with Shell and Caltex," Mr Vaile said.

"Only one of those service stations sells E10: the Caltex Woolworths service station at 131-135 Sheridan Street, Cairns.

"Of course, there are 47 Coles Express service stations that sell Optimax Extreme, a 100 octane fuel that contains 5 per cent ethanol. But Optimax Extreme is even more expensive than premium unleaded. It's a niche fuel for performance car enthusiasts.

"The Government is working to make ethanol blended fuels

more available.

"E10 is now available at 260 service stations across Australia. Until recently, the major fuel companies sold it at the same price as regular unleaded. I proposed that the ACCC should monitor the price of E10 and publish reports showing the difference between the price of E10 and unleaded petrol across the country. The ACCC is now carrying out the monitoring. Caltex and BP immediately discounted the price of E10 by 3 cents per litre.

"From 1 October, the Government will provide service stations with grants of up to \$10,000 to help them install new pumps or convert their existing pumps to handle E10. Service stations will be able to receive extra grants of up to \$10,000 if they reach pre-determined sales targets for E10. The recipients of the grants will have to sell E10 at less than the price of unleaded petrol.

"It's time for Coles and Woolworths to join us in our efforts to help Australians reduce their fuel bills by making cheaper, alternative fuels more available," Mr Vaile said.

The Deputy Prime Minister was speaking at the Australian Food and Grocery Council's annual dinner.

SRDC Update

Spotlight on New South Wales

In this edition of SRDC Update we focus the spotlight on two SRDC funded projects that are producing excellent result in New South Wales.

Tweed Valley wetland delivers a ten-fold improvement in water acidity. Water discharged from farmland with low pH and containing metal complexes has in the past impacted on the health of rivers in northern New South Wales.

Notably, researchers who have been working to address this issue have been able to achieve a ten-fold reduction in acidity and a marked reduction in dissolved iron in water passing through a wetland constructed on one Tweed Valley cane farm.

The SRDC-funded and University of New South Wales led research project, to develop a constructed wetland for improving water quality in sugarcane drainage is progressing well, with the construction phase now complete and initial water sample analyses showing a marked improvement between input and output.

Many industry members, as well as state and federal politicians, local and international scientists and costal land managers and regulators are paying particular attention to the research project that will result in the development of best practice management of discharge water.

Tweed Valley grower Robert Quirk, who is working with researchers to develop the wetland on his property, said that after careful survey and laser levelling, the wetland has been constructed as six level bays, with a

fall down-slope of about 100mm between each bay.

"Water quality in the farm's outlet drain is continuously monitored before it is delivered to the top bay by an electric pump," Robert said.

"The water quality in the outlet from the wetland is also monitored, along with weather variables.

"Initial filling to check the operation of the wetland allowed the establishment of a large supply of volunteer plant species and some initial laboratory analyses of waters in and around the wetland," he said.

These analyses showed about a ten-fold improvement in acidity and a marked reduction in dissolved iron for water passing through the wetland.

"Our initial sampling showed that the wetland was able to greatly decrease the concentration of the important acidity-producing dissolved metals (iron and aluminium) and overall to reduce acid discharge with pH improving from 2.8 to 4.0.

"Dissolved iron improved from 51 to 0.8 mg/L while dissolved aluminium improved from 13 to 9 mg/L.

"These initial results are extremely encouraging, and while we did encounter some teething problems, these were relatively easy to overcome.

"The satisfying part of the project is that the wetland is working, with results far beyond our expectations, and it will be affordable and transferable through out the sugar industry as well as to other industries," Robert said.

A protocol for monitoring wetland plants, water quality and sediment sampling and testing is currently being developed, along with plans on how to best use the site for improved capacity building among the sugar industry and the general public.

Future activities planned as part of this research include ongoing monitoring and analysis of sediment and pesticide discharge, along with a survey of grower and community attitudes, knowledge and concerns regarding management of water from cane farms.

Details of the research undertaken as part of this project are available from the SRDC website www.srdc.gov.au, (SRDC Project Code UNW003) or from project participants.

Controlled traffic – you'd have to be MAD not to try it

One group of New South Wales farmers who have been investigating how they can improve the effectiveness and efficiency of their operations using controlled traffic, are seeing an obvious reduction in their operating costs.

Anthony Durrington, member of the MAD Cane Planting group and grower in NSW's Condong Mill area, said that they have been undertaking an SRDC funded Grower Group Innovation Project into accurate and consistent bed forming to promote better farming practices since early 2005.

"We were keen to find out more about how other growers had been using controlled traffic, so a group of us traveled to Mackay find out how things were being done up there as part of an SRDC Travel and Learning Opportunity Project.

"Since then we've been working on

SRDC Update

ways to modify a bed former to fit our needs. In early 2006 we accepted delivery of a 1.8m to 2m Gesner bed-former and have used it on a number of farms across all three of NSW's mill areas," Anthony said.

Using the GPS fitted tractor to form beds greatly increases consistency and accuracy and reduces forming to a one pass operation.

The cost of using GPS and the bed former in one pass (\$75 per hectare), compared to the operating costs of previous operating systems (\$97 per hectare) suggests there is an economic incentive for making the change.

The productivity and environmental impacts are expected to be just as noteworthy.

"We are growing soybeans as a fallow crop in a flood plain, and the GPS guided bed-former will have a significant impact on our performance.

"By forming up beds accurately we can achieve better soybean crop establishment and growth – reducing the risks of crop losses from water-logging.

"Water runoff has improved because of laser-levelled paddocks being bedded up to 100mm to 150mm.

"Over its lifespan this will increase nitrogen reserves in the soil, meaning a reduction in the usage of synthetic fertilizers and a reduction in longer term chemical reliance as we obtain a 'clean' fallow," Anthony said.

And according to Anthony, these positive results are just the start.

"Like anything you've really got to give it a go. You can't just sit back and wait for the answer to come to you. You need to actively look for the right solution to fit your situation," he said.

The group has been keen to share their experiences with others and have conducted a number of field days in conjunction with BSES Limited to discuss other growers' concerns and thoughts on bed forming.

For more information about the Grower Group Innovation Project currently being undertaken by the MAD Cane Planting group, visit the SRDC website www.srdc.gov.au.

Industry feedback sought on the development of SRDC R&D Plan

The Sugar Research and Development Corporation is currently inviting those involved in the Australian sugar industry to have their say in the development of the Corporation's R&D plan 2007 – 2012.

Executive Director, Russell Muchow said that the Corporation is keen to hear the opinions of those involved in all aspects of the Australian sugar industry on a number of specific areas within the Plan.

"This will build upon the advice received from consultations that have occurred throughout 2006," Dr Muchow said.

"While we are not proposing a complete change in direction for this Plan, some of our emphasis will change slightly and we are keen to receive comment on this change in emphasis, so that we can ensure that future R&D is targeted to areas of maximum impact.

"We're also proposing a change to the way we group our investments.

Currently we have four program areas; however we're looking at a shift to three Investment Arenas with Themes and Deliverables."

The three proposed Investment Arenas are Regional Futures, Emerging Technologies and People Development which seeks to respectively deliver:

- Implementation of innovative farming, harvesting, transport, milling, and marketing systems tailored to the needs and opportunities of each region, that enhance economic, environmental and social performance;
- Rapid application of relevant frontier technologies that enhance the sugar industry's competitive edge in the global marketplace; and
- Development of individuals and networks across the sugar industry that enhance capacity for continuous improvement.

Feedback from industry and our R&D partners will be collated and presented to the SRDC Board for their consideration at their November 2006 meeting, to be held in New South Wales.

Further information and feedback packs are available on the SRDC website, www.srdc.gov.au or by contacting the SRDC office on 07 3210 0495.

Completed forms should be returned to SRDC no later than Monday 16 October 2006.

Rainfall odds return to fifty-fifty

by Yvette Everingham (JCU)

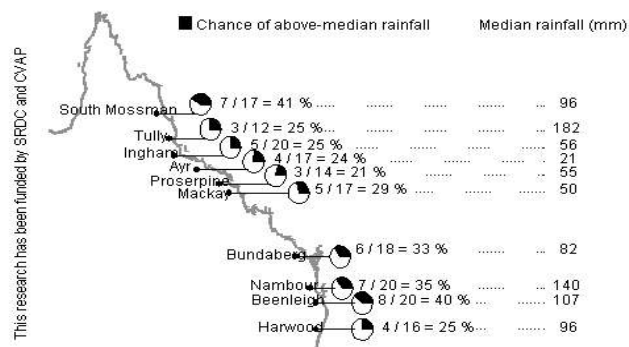
SOI Phase: Consistently Negative

The monthly average SOI for August was minus 14.14 (-14.14) compared to minus 8.62 (-8.62) in July. Therefore the SOI phase for August 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. Tully, Ingham, Ayr, Proserpine, Mackay, Bundaberg, Nambour, Harwood, Plane Creek.

Probabilities much greater than 50% highlight that there is a moderately high chance of experiencing above median rainfall. No Locations in the wheel map satisfy this condition for September and October. Chances close to 50% (say, between 40 and 60%) indicate that climate forecasting tools are unable to improve upon what you already know about above median rainfall. That is, with no knowledge of climate forecasts above median rainfall is expected 50 % of the time e.g. South Mossman, Beenleigh.

Rainfall Outlook

Sugarcane Wheel Map: Sep-Oct



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

Latest Developments:

During the month of August we witnessed a decrease in the strength of the south easterly trade winds which coincided with sustained deeply negative values of the SOI. We also saw that parts of the central equatorial Pacific showed some warming to reflect El Nino type conditions.

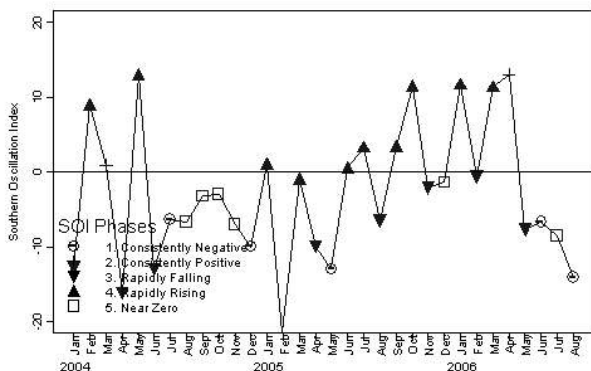
For an "official" El Nino however to be declared we would need these negative SOI values and warmer sea surface temperatures to persist over the coming months. Regardless of the semantics, the current deeply negative SOI values and warm Pacific have had a dramatic effect on the chance of rainfall.

For most of the sugar strip the chance of reaching median rainfall amounts for September to October is greatly reduced.

It will be interesting to see if the negative SOI values and warm sea surface temperatures in the central equatorial Pacific persist.

If this is the case, these conditions will continue to favour a drier finish to the harvest season, which owing to the La Nina type conditions that were present during the first part of the year will be welcomed by many who delayed preparations at the start of the harvest season.

Let's wait and see however, if the SOI maintains its deeply negative position.



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"
End of August 2006	-14.1	Consistently Negative

Market makes positive moves Compiled by Queensland Sugar Limited

The prompt New York No.11 raw sugar futures price has traded in a fairly small range since our last report.

The first 2 weeks saw the market fall approximately US 0.40c/lb, to close at US 11.89c/lb on the 8th September.

In the following 2 weeks, the market made positive moves, helped by stronger demand for white refined sugar.

The funds have been largely absent from the market over recent weeks being so low but there has been good trade and local buying to steady the raws market.

The New York No. 11 price was US 12.36c/lb at the time of writing.

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

The price has risen approximately USD 20 per tonne from last month to close at US 403.9 per tonne at the time of writing.

The white sugar futures contract for October 2006 expired on the 15th September 2006.

It is reported that 247,050mt were tendered against the October 2006 position.

All the refined sugar will be delivered to one receiver and was of Brazil and Argentine origins.

This is the second largest delivery ever since the March 2003 expiry, which closed out at 306,000mt.

In China, the first auction for September was held on the 13th with the government selling 147,000mt from their state reserves at an average price of US 500.85/mt.

This is the lowest price out of the ten auctions they have had this year.

Rumours continue to circulate regarding the possibility that the government will issue a further 300,000 tonnes of licences to alleviate supply concerns ahead of the new crop.

In turn, they are considering selling a further 200,000mt

from their reserves and so the domestic prices were pushed down after the latest announcement to finish the month at US 527.50/mt.

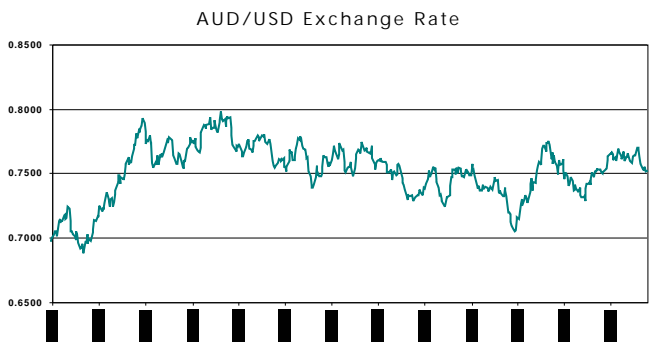
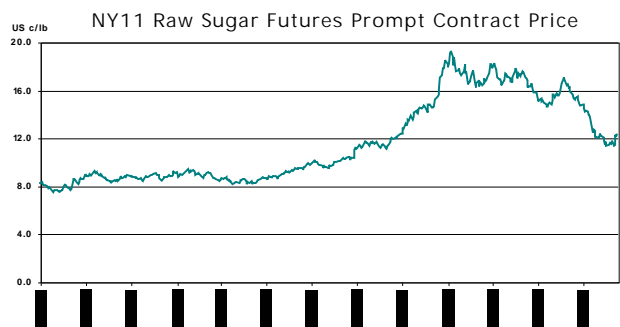
India's Farm Minister has said a decision on lifting the ban on sugar export should be made by the government after the festival of Diwali, which falls on the 21st October.

Prices have fallen nearly 20% since July and are expected to continue to decline. India is expecting a bumper crop this year with production estimated at 22.7 million mt for 2006-2007.

This is of some concern to the industry that fears prices could fall below production costs if the ban is not lifted.

The lifting of the ban would help the mills to increase their world white sugar market share.

At the time of writing the AUD was trading at AUD/USD 0.7554.



Independent Contractors Bill Part 2: Coverage and Sham Arrangements Explained

Article provided by McKays Consulting, a division of McKays Solicitors

"Everyone's life opportunities are diminished by restrictions on the freedom to work.

The incidence of independent contractor-type arrangements is significant, with estimates as to the numbers of Australians now working as independent contractors ranging from 800,000... up to 1.9 million.

These Australians have already chosen to work for themselves... their choice should be respected."

Second reading speech, Independent Contractors Bill 2006

Last edition we overviewed the proposed federal regulation of independent contracting, and answered the question: "who is a contractor?"

This edition we explain:

- which contractors are covered
- penalties for sham arrangements

Which contractors are covered?

The new laws will apply to "Service Contracts".

That is, contracts:

- to which an independent contractor is a party;
- which relates to the performance of work by an independent contractor; and
- where one party to the contract is:
 - a constitutional Corporation
 - a Commonwealth authority; or
 - a body corporate incorporated in a territory

Examples

A cane harvesting contractor (a company) buys a new harvester. The new federal laws will not apply, as the contract is to buy a harvester – ie the contract is not for harvesting work.

A cane harvesting contractor (a company) has a harvesting contract with a farm (not a company). The new federal laws will apply.

A cane harvesting contractor (not a company) has a harvesting contract with a farm (not a company). The new laws won't apply. Instead, state unfair contract laws will apply.

Special coverage arrangements

Special coverage also applies to work performed in a Territory.

Because of legislation in some states, and also because of the special needs of certain industries, complex coverage arrangements apply to:

- owner drivers in NSW and Victoria
- workers in the textile, clothing and footwear industry
- contractors deemed by state law as employees

Beware of sham arrangements

A sham arrangement is where an employer tries to disguise as independent contracting what in reality is employment.

The Office of Workplace Services will investigate and prosecute employers for:

- sham arrangements;
- knowingly making false statements to persuade an employee to become an independent contractor; or
- dismissing or threatening to dismiss an employee to re-engage him/her as an independent contractor.

Our last edition gave examples of the differences between independent contractors and employees.

Implications

If you are an independent contractor: consider which of your contracts will be affected.

If you engage independent contractors: be sure there are no sham arrangements.

If you buy a business that engages independent contractors: in your due diligence be sure there are no sham arrangements.

Next edition

In our next edition we will explain the proposed regulation of unfair contracts.

Queensland Government payment for Smut removal

The immediate destruction of the blocks of sugarcane infested with smut in the Bundaberg-Isis region will help ensure the disease is contained while growers switch to smut resistant varieties, said the Minister for Primary Industries and Fisheries Tim Mulherin.

"To assist growers in achieving this outcome, the Queensland Government has agreed to pay them \$2000 for each hectare that's ploughed out and removed," Mr Mulherin said. "There are currently 380 hectares of known infected blocks, but surveillance crews are continuing to search for more.

"The infected blocks represent approximately 1 percent of the current planted area of this region.

"It's important that the surveillance work continues because the Queensland Government is determined to contain the disease and assist the local industry to recover from this incursion."

Mr Mulherin said the Government would pay growers to plough out all the blocks known to have smut infestation for the 2006 harvest. "This is Stage 1 of our aggressive campaign to reduce the spore load and contain the disease," he said.

"Our aim is to have the plough out and removal from these blocks completed by November 30.

"We will continue to work closely with industry to achieve this target." Mr Mulherin said he was disappointed that the Commonwealth had still not given any indication that they would provide financial support towards addressing sugarcane smut, despite the national implications if the disease spread.

"The Queensland Government commitment to assisting the sugarcane industry is rock solid," Mr Mulherin said.

"The same cannot be said for the Commonwealth Government."

NRMA calls on oil companies to increase ethanol production

Caltex, Shell and Mobil should follow BP's lead and significantly increase the amount of biofuels they produce in Australia, NRMA Motoring and Services President Alan Evans said.

"NRMA congratulates BP on this announcement," Mr Evans said.

"BP has shown that the Government's target of 350 million litres of biofuels a year was too easy a target, following today's announcement that they will increase production to 400 million litres annually by 2009.

"This is just the type of initiative Australia needs if we are going to secure our transport energy for the future – every drop of ethanol we produce means we are one-drop less

reliant on petrol and the volatility that comes with it.

"This is a good move and the Government should require that Caltex, Shell and Mobil follow suit."

Mr Evans said that there was no silver bullet to solve Australia's energy crisis.

"Increasing ethanol production is just one of the steps we need to take as a nation," Mr Evans said.

"We need to get serious at developing other alternative fuels and making liquefied petroleum gas and compressed natural gas more readily available to the motoring public.

"We all have a role to play to secure our energy future."

Rural Confidence damaged by drought

Australia's rural confidence levels have declined to a four-year low as dry conditions around much of the nation - compounded by the continued effects of high input costs - take their toll on farm sentiment.

The latest quarterly Rabobank Rural Confidence Survey found just 19pc of Australia's farmers expected the agricultural economy to improve over the next 12 months, down slightly from 20pc with that view in the previous quarter.

However, the number of farmers expecting conditions to worsen in the coming year increased to 37pc from 29pc last quarter.

Farm sentiment is now at its lowest level since 2002, when much of the country was in the depths of drought conditions.

Confidence has declined steadily over the past 12 months after rising strongly in the early part of 2005.

What's going on in the sugar regions?

Mossman Regional Report

The Mossman district estimate has continued its disappointing trend with the current estimate as much as 20 percent below original.

Crushing is expected to finish by the last week of October with the seasonal average CCS struggling to reach 12.5.

Unusually wet conditions in the Julaten area has continued to stress the road transport system resulting in the affected harvesting groups being as much as 6 percent behind the mill.

Despite this the large amount of area planted looks promising as does the ratoons.

The low GI digestible fibre and cane juice projects are all progressing well and have the potential to add real value to growers in the future

Don Murday
ACFA Northern Director

Innisfail Regional Report

Tully is about halfway through its crush at the moment due to the wet weather.

Tully's CCS sits at about 11.69.

Mulgrave has currently crushed about 55 per cent with a CCS of 11.81 to date.

Babinda and Innisfail are each about 40 per cent of the way through their crush.

Their CCS sits at 11.09; this is most probably due to the cyclone and wet weather that followed it.

The Tablelands area has about 40 per cent of its crop remaining in the

paddock.

Farmers are currently in the process of replanting cyclone damaged paddocks.

The weather is starting to warm-up and suckers are beginning to reactivate which could be a concern later on with regards to sugar quality and CCS volumes.

John Blanckensee
ACFA Northern Director

Herbert Regional Report

The combined Victoria and Macknade crush to date is 1,692,266 tonnes.

This weeks CCS was 13.38 while the average for the season is 12.74.

The crop forecast stands at 4.7 mt.

Q120 and Q200 topped the CCS chart this week.

Conditions in field were severely affected with falls reported up to 800mm.

Harvesting ground to a halt as did planting.

Many paddocks of plant have suffered severe damage from overland flow with some paddocks being left with deep scouring.

Hectares of trash were lifted off paddocks clogging drains and exacerbating flooding.

Some farmers have been left with the problem with trash washed over plant blocks.

Excellent weather conditions since the rain have seen paddocks dry up earlier than expected and harvesting has resumed.

The last few days have been plagued by nuisance showers.

Dawn Brown
ACFA Herbert Director

Burdekin Regional Report

Everything is progressing normally in the Burdekin at the moment.

Our season is currently at the halfway point and the crush is going well.

The CCS is very good at the moment.

Adrian Ivory
Burdekin Regional Director

Central Region Report

All mills are running well with sugar and tonnage running to estimate.

Sixty per cent of the total crop has been harvested and most of the planting has finished.

Ratoons and plant cane are responding well to the recent rains.

ACFA and Mackay Sugar have met and discussed the future of the industry in the area.

Paul McKay
Central Director

Southern Regional Report

Sugarcane Smut Update - issued by the BSES and the Queensland Government.

HELP US TO HELP YOU

If we leave you a message it is important that you phone us back.

Smut surveillance staff often leave messages on growers' mobiles and answering machines for them to contact us regarding access to their property.

It is critically important to the

Smut Program to continue despite lack of Federal Support

management of this outbreak for surveillance teams to have ready access to grower's properties to determine the presence or absence of the disease. If you do respond and staff are not available, please leave a message on the number provided.

All inquiries will be promptly attended to – including those that are left outside normal business hours. If you have a preferred contact number, please let us know so we can update our records.

We need to speak to owners prior to entry to ensure growers are aware of when and where surveillance teams will be accessing their properties, and to determine if there are any risk issues for surveillance staff such as use of equipment, chemical spraying, savage dogs etc.

So, if you have any messages from us please reply so that we can make best use of our resources in the fight against sugarcane smut.

The SMUT HOTLINE number is 13 25 23.

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.

More information

There is a great deal of information about sugarcane smut on the Internet, including the BSES website, which has an information sheet on sugarcane smut; and the DPI&F Sugarcane Smut page.

New South Wales Regional Report

At the time of writing this report the harvesting has just resumed after a rain

delay and this now means the season is now a long way behind.

Everyone is now hopeful of a good run with the harvest and general good weather for the growers to be able to plant. It appears as though around Christmas is now the expected finish date for the NSW season.

Statistics as follows:-

Condong
Tonnes to date 276,445
Average CCS to date 10.41

Broadwater
Tonnes to date 436,105
Average CCS to date 10.73

Harwood
Tonnes to date 377,909
Average CCs to date 10.89

Wayne Rodgers
ACFA New South Wales Director

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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 farmers where others have either given up or not begun.

Branch Network & Local Representation: Make use of your local ACFA branch, call your local director or visit <www.acfa.com.au>.

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

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

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

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

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

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

Editor-in-chief: Stephen Ryan Contributors: Paul Walker.

Printed by Brougham Press Ph: (03) 9729 4488.

The Australian
Cane Farmer is
proudly
supported by:

AON



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Leading farmers into the future

the Australian Cane Farmer

First ethanol taskforce meeting

The first meeting of the NSW E10 Ethanol Taskforce will be held on October 11 to start its investigations into the mandating of 10 per cent ethanol in petrol in New South Wales.

Independent Member for New England, Tony Windsor is delighted to have been appointed to the NSW Government's Taskforce.

"The E10 Taskforce is a real opportunity to have input into what I see as being an essential move towards developing Australia's alternative energy production which will not only have a financial benefit in reducing our dependence on Middle East oil, but will also have environmental and health benefits to the community.

We can grow our own energy and clean up our air and at the same time help the economy of our regional communities," Mr Windsor said.

The taskforce will be chaired by Mr Col Gellatley, Director General NSW Premiers Department and as well as Mr Windsor it includes

Dr John Keniry Chair Ridley Corporation (Former Chair Prime Minister's Biofuel Taskforce)

Dr Brian Fisher Agriculture Economist

Dr Paul Martin Director, Australian Centre for Agriculture and Law UNE

Mr Alan Evans President NRMA

Whilst Mr Windsor would like to see nationally mandated ethanol content in petrol, his recent experience in the United States shows that the States led the way to having ethanol mandated there.

"It would be much easier to have the Federal Government pass legislation to mandate ethanol in petrol but they appear reluctant to do so.

I therefore applaud the NSW Government's action in establishing the E10 Taskforce and when combined with the action of the Queensland and hopefully other State Governments it will achieve the same objective.

My recent study tour of the United States on this issue showed that it was the States that successfully led the way to mandating ethanol in petrol and I look forward to a similar result in Australia," Mr Windsor said.