the Australian Cane Farmer

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July 2007
Volume 7, Issue 5

Round 4 RCP funding released

The Government will provide a further $11.1 million to assist sugar communities across Queensland and New South Wales to develop sustainable long-term futures.

Minister for Agriculture, Fisheries and Forestry, Peter McGauran, said the funding for 29 new projects would lead to greater diversification in the industry and improve its environmental management and productivity levels.

"The projects, due to be completed by June 2008, will continue work to restructure the sugar industry and provide benefits to the wider community," Mr McGauran said.

"Among the projects is a $1.8 million recycled water cooling plant at Mulgrave Central Mill. Mulgrave's milling operations rely on large amounts of water from the Mulgrave River, near Cairns, which discharges into the Great Barrier Reef lagoon.

This project will result in the mill recycling water and reduce the amount it takes from the river.

"Another grant is for Davco Farming in the Burdekin, which will receive up to $670,000 to extract groundwater from two areas at risk of salinity due to a rising water table, and demonstrate the sustainable use of water otherwise unsuitable for irrigation.

"And up to $200,000 will be provided to the Rocky Point Sugar Mill to separate sugar cane from leaf material before processing to improve profitability and efficiency levels for both farmers and the mill.

The project will also shorten the crushing season in the mill area.

"A $2 million grant to the Sugar Research and Development Corporation will fast track the development and release of new plant varieties for use across sugar growing regions to the benefit of all Australian sugar growers."

Continued page 10...

inside this issue:

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Breaking News

Mackay Sugar's restructure proposal to convert to a share based Company has been rejected by members.

Only 65.4% of those who voted agreed to the change whereas the constitution required a minimum 75% yes vote.

ACFA Chairman Ross Walker said it was important Mackay Sugar continued to pursue diversification options.

Australian Cane Farmers

Leading farmers into the future

the Australian Cane Farmer

Farmers must retain their stake in Sugar Terminals

By ACFA. Chairman Ross Walker.

Deregulation gaffe

The managment of the deregulation that occurred last year has had a profoundly negative outcome for farmers to date.

Long-standing structures were dismantled and the proponents (Queensland Government, Australian Sugar Milling Council {ASMC}and Queensland CaneGrowers Organisation {QCGO}) have a lot to answer for.

The abolition of the single desk and the lack of preparedness meant that farmers were unable to hedge and lock in the high sugar prices experienced last year.

The same cannot be said for the millers.

Millers were able to lock in the high prices on part of their production and the majority did.

Why were changes made when there was nothing in place to allow farmers to manage price risk on an equal basis to millers?

Farmers have lost an enormous amount of money due to incompetence in relation to how the changes were managed and executed.

Farmers need to demand an explanation from the Queensland Government and QCGO as to how this debacle was allowed to happen and how farmers will be compensated.

This would have to be the greatest mistake I have seen in a long time and has cost most farmers dearly.

Queensland Sugar Ltd (QSL) to offer price management options

The final QSL price for the 2006 season is about $368 per tonne of sugar depending on the mill area.

That is certainly below initial expectations.

The slide in the New York No 11 was sudden and was not foreseen by most market commentators.

The 2007 season will be the last year where there will be a single pool price declared by QSL.

QSL and associated millers have agreed in principle to make available a variety of choices which individual farmers will be able to access if they choose to.

It is my understanding that for the 2008 season onwards, QSL will be offering a number of options to farmers to manage price risk.

Farmers will hear about QSL's proposals in late August.

In addition, most of the millers will likewise be offering to farmers options to manage their pricing for the 2008 crop.

A number of the progressive millers have pricing options available for the 2007 crop.

Australian Sugar Industry Alliance (ASIA)

The proposed ASIA between QCGO and the ASMC has taken a political stance not to include all stakeholders including the ACFA.

The current setup will be

To page 3...

Contents.

the Australian Cane Farmer

Special Report - 2007 Trade Statement

TradeStatement2007

A Statement by Warren Truss, Minister for Trade

The following information has been extracted (with permission) from the 2007 Trade Statement, a statement by Warren Truss, Minister for Trade.

The Doha Round - the Scope of the Gains for Australia

The successful conclusion of the Doha Round of WTO trade negotiations remains the Government's top trade policy priority.

This is because all WTO Members participate in such rounds, and the market openings they make are available to all other Members.

So the current Doha Round means that, in effect, Australia is negotiating trade deals with 149 economies at the same time.

In addition, the Doha Round, like previous multilateral rounds, also covers the rules that govern global trade, dealing with distortions such as the subsidised competition faced by Australian agricultural exporters.

Once agreed, market access commitments and trade rules can be enforced through the WTO's dispute settlement mechanism.

The Doha Round negotiations were launched in Doha, Qatar, in November 2001.

They aim to build on the outcomes of the Uruguay Round, which resulted in the creation of the WTO in 1995, including by strengthening trade rules and creating greater access to markets.

Issues being negotiated include agriculture, services, industrial products, trade facilitation and WTO rules on issues such as subsidies.

The market access gains from a successful Doha Round will be considerable, benefiting Australia's traders and stimulating global economic growth from which Australia can profit.

The World Bank estimates that full merchandise trade liberalisation could boost global income levels by US$287 billion in 2015.

For the Doha Round to conclude successfully, substantial progress will be needed in all three core

Continued over page...

...from page 2

unacceptable to a large part of the industry and will never be fully representative of the industry.

Chairman’s Comment

Sugar Terminals Limited (STL)

Ownership of shares in STL by Pitt Street or Claytons farmers may well prove to not be in the industry's best interests.

The recent substantial share offers and continuing share transactions pose serious questions to the entire industry. Ownership and control of the Company are shifting substantially and will have far-reaching ramifications.

Part of the change is seeing farmer-owned shares being bought by predominantly miller interests. Any dilution of farmer ownership will result in farmers' voices being further weakened.

The STL assets are currently leased by QSL and are seen as an integral part in the marketing and sale of Queensland's raw sugar.

The merging of the two companies would provide many advantages for the industry.

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...From previous page

areas of the negotiations agriculture, non-agricultural market access (which includes manufactures, seafood, forestry, minerals and metals) and services.

Reform of global farm trade is imperative given high market access barriers, the scale of domestic subsidies and the damaging effect of export subsidies.

Agriculture remains the most distorted sector of international trade, and more open markets will deliver significant new commercial opportunities for Australian farmers, who export around two-thirds of all they produce.

Our aim in the negotiations is to achieve improved commercial opportunities for all farm exporters including dairy, grains, meat and livestock, sugar and horticulture producers.

The Doha Round outcome on non-agricultural market access must also deliver commercially meaningful improvements in market access.

Trade in non-agricultural products accounts for around 90 per cent of global trade in goods, so a strong outcome will provide a significant boost to the world economy, with flow-on benefits to Australia.

More specifically, Australian exporters in a range of categories for example seafood, minerals and metals — stand to gain from improved access to foreign markets.

Australia is also working hard to achieve improved access to overseas markets for Australian services exports through the Doha Round. Services exports already account for 21 per cent of Australia’s total exports and have been growing at an annual rate of 4.5 per cent over the past five years.

Our priorities include making it easier for Australian companies to maintain a commercial presence in foreign countries, greater regulatory transparency and improved business mobility for fly-in, fly-out contractors and professionals.

Priority sectors include financial, telecommunications, education, mining-related, environmental and professional services.

The Doha Round - at a Critical Stage

The WTO now has 150 Members, and a majority of the membership comprises developing countries.

The WTO works by consensus that is, all Members must agree before any decision can be taken.

So bringing to completion a large-scale negotiation like the Doha Round, which covers a wide range of complex issues, is difficult.

A significant and sustained commitment from all WTO Members will be needed.

The Round is now at a critical stage.

The resumption of negotiations in February 2007 offers the hope that it may be possible to conclude the Round

Continued next page...

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The Doha Round - at a Critical Stage

...from page 4

this year, but there is an urgent need for key WTO Members to show flexibility and greater resolve if this is to happen.

The Australian Government has been one of the most active participants in the Doha Round, playing an important and influential role.

Australia is the chair of the Cairns Group which, two decades after its formation, remains a leading voice for reform of global trade in agriculture.

The Cairns Group has played an important role in the Doha Round, contributing ideas to the negotiations and strongly advocating the need for genuine reform.

In particular, the Cairns Group has successfully progressed its negotiating objectives, for example in principle agreement to abolish the use of agricultural export subsidies by the end of 2013.

This has been a long-held goal of the Cairns Group.

The 20th Anniversary Meeting in Cairns in September 2006 helped lead to a resumption of the Doha negotiations following their earlier suspension.

The vitality of the Cairns Group was highlighted in November 2006 when it was agreed that Peru would become the Group's nineteenth member, following Pakistan's decision to join at the end of 2005.

Pakistan hosted the 31st Ministerial meeting of the Cairns Group in April 2007.

As well as its leadership of the Cairns Group, Australia has played an active role in other small informal groups including the G6, comprising Brazil, India, the European Union (EU), the United States (US), Japan and Australia.

Doha: Stuck in the mud or pie in the sky?

Negotiating Doha is a bit like dissecting the 'impossible pie' - everyone wants the best bit!

With WTO members almost impossibly divided through self-interest and political fetters, the expectation of Doha has become somewhat of a 'magic pudding', were members seek Doha to deliver special outcomes for themselves.

While the world looks to leadership from the great powers, the reality is that for closure to occur, political trammels must be cast off to allow the necessary deal making. In practical terms; under the current scenario, if Doha is to succeed some politicians may have to 'deal and duck' as no government wants to to sacrifice itself in the name of 'leadership'.

The alternative to a successful closure on Doha would be the recently emerging complex, tangled and confusing system of Preferential Trade Agreements (PTA) such as the Australia / USA FTA or failing that a return to the old style isolationist fortress - and no one of influence is currently pushing the latter.

Biofuels in Australia

Greenhouse gas emissions generated by human activities have prompted the growing worldwide trend to look for alternative energy sources and biofuels have been promoted internationally as a major response.

A report, Biofuels in Australia Issues and Prospects, was produced by CSIRO and examined the current situation for biofuels in Australia and researched some of the prospects and implications of industry growth.

The following information is taken from the report which can be accessed in full at www.rirdc.gov.au/fullreports/index.html

Australia is still in the early days of a biofuel industry, however, dramatic developments have been made worldwide. These include a rapid increase in diesel usage in Europe (30%); a massive increase in ethanol and biodiesel production in US and Brazil; and pilot plans for lignocellulose to ethanol in US and Europe.

However, these changes are not easily translated to the Australian situation and much work is needed to understand the industry.

The emergence of a 'main game' biofuels (or bio-based products) industry (which contributes 10-20% of transport fuels) has the potential to significantly shift agriculture, forestry, environmental and fuel value chains towards the emergence of a bio-based economy.

Likely benefits along these value chains have been quantified where possible, but many of these are poorly understood.

Transition pathways to realise the potential benefits of these value chains are not well understood.

Development of a financially viable and ecologically sustainable industry will require a better understanding of these so that policy measures can be taken to achieve the desires outcomes, and manage potential unintended consequences.

Biofuels are only a part of the solution to our future transport and energy needs.

A range of strategies will be required to address the drivers of environment, energy security, health and regional opportunities.

In the case of the major driver greenhouse emissions and climate change this will include mitigation (reducing emissions) and adaptation (preparing to deal with higher CO2 levels in our socio-ecological systems).

Biofuels: Which window shall we look through today?

This report is yet another publicly funded lense on what could be and should be a vibrant biofuels industry in Australia.

While it is nice to see a report that succinctly presents such an array of information it only serves to demonstrates that when treading water, paralysis by analysis does not point up a good result.

Irrespective of how difficult it maybe to translate the biofuels experience of other nations into the Australian context, or how one measures the greenhouse balance or energy blance, the fact remains that around 70 per cent of Australia's trade deficit is fuel related and this figure will increase as reserves dwindle.

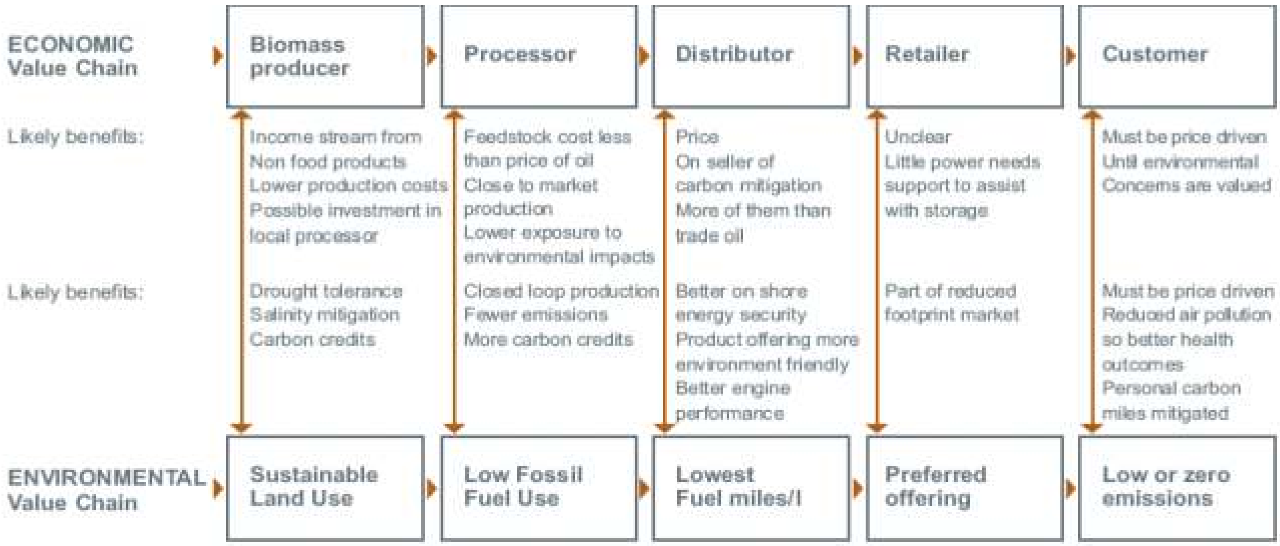
Why is it that the majority appears to care so little about the greenhouse balance or energy balance of petroleum but when people attempt to address these issues with the readily available technology of biofuels, all sorts of reasons against are produced?

Australian agriculture, especially the sugar industry has the opportunity to displace a significant proportion of fuel imports and has a further opportunity to export Australian biofuels.

Australia must balance its books and therefore it must trade. It would be nice if occasionally the national interest could come before the interest of certain multinationals.

Potential benefits from economic and environmental value chains for biofuels

This graph appeared in the report 'Biofuels in Australia - an overview of issues and prospects'



(Adapted from (from Single Vision (2007). Prospects for a viable grain based Australian Biofuels Industry – there is no single solution. Green Paper, February 2007. Single Vision, Grains Australia. Canberra.)

Vehicles, engines and biofuels

This report is focused on the potential role of biofuels in our future transport mix.

This is because one of the strategies in response to climate change and energy security issues is to diversify the sources of fuel.

The responses to these drivers from the vehicle industry include:

Improving the fuel efficiency of vehicles This may mean in the future that fuel standard will need to be tighter which could pose difficulties for biodiesel with some feedstocks (eg tallow).

Excellent technology already exists for electric vehicles hybrids and 'plug in' hybrids (which can recharge from existing electricity infrastructure) are increasing sales. Battery technology is improving all the time.

Use of electricity as an alternative fuel would circumvent fuel standards, issues because a blend of technologies in power generation would not impact upon the composition and quality of the fuel at all electricity is a very standard product!

The flexi-fuel vehicle can use a mix of ethanol or petrol up to 85% ethanol. This type of vehicle is in common use in Brazil with around 70% of vehicles capable of operating on a mix of petrol and ethanol. The cost of production of these vehicles is in the order of $100 more expensive than a standard petrol vehicle but the standard vehicles cannot be cheaply converted.

At present the most likely scenario for future electric vehicles is that of fuel-cell vehicles with the fuel cell powered by hydrogen.

Fuel cells use methanol for chemical reactions of hydrogen and oxygen to produce direct current electricity, with water as a co-product.

The process is more efficient than combustion, with little waste heat produced.

This technology is in the early stages of development.

Mackay Sugar restructure proposal fails

Mackay Sugar's restructure proposal has failed to gain the 75 “yes” vote to approve the changes.

The proposal involved Mackay Sugar Co-operative Association Ltd converting to a public unlisted company (Mackay Sugar Ltd [MSL]) which would have issued shares to farmers based on their ten year production history.

A new non-trading co-operative (MS Co-op) was to be formed. Only farmers with a cane supply agreement with MSL would have been members of the new co-operative, which would have retained control of MSL through a foundation or “Golden Share”.

The Golden Share would have ensured that farmers retained certain key control powers in the current co-operative legislation.

The proposal was not unanimously supported by the Board as two of the nine Directors opposed the change. However, the change was seen as necessary by the majority of the Board to improve and diversify the income base of Mackay Sugar.

The Board believed the proposal would put the Company in a better position to raise the large amounts of capital required to implement future diversification options such as co-generation of electricity and ethanol production.

The proposal would have also released equity through the issue of tradeable shares to farmers.

The final vote was 64.5 per cent “for” and 35.5 per cent “against”, falling short of the 75 per cent required under the Constitution.

It would be difficult to see a similar proposal being put to members in the near future.

The Board now has the challenge of moving the Co-operative forward under the existing structure in a low sugar price environment. It will be more important than ever that Board, management and members work together after this difficult and divisive period.

CSR to change Pricing Arrangements for the 2008 Season

An article by Kim Morison, General Manager, Marketing, CSR Sugar.

Following discussions and input from millers, Queensland Sugar Limited (QSL) has proposed changes to the range of pricing alternatives offered to Voluntary Marketing Arrangement (VMA) suppliers from the 2008 season.

The proposed QSL pricing changes will allow CSR to offer a greater choice of cane pricing arrangements for the 2008 season onwards.

If they so choose, growers will be able to manage their cane price risk to a greater degree and using a wider range of products than has previously been available with CSR.

The proposed QSL pricing products do not affect the sales and marketing function of QSL under the VMA agreement.

QSL will continue to be responsible for selling sugar supplied by CSR and other millers to the VMA to achieve the highest possible premiums over NY futures, and lowest possible costs (logistics, financing, overheads etc) in the export market.

Importantly, regional and pol premiums and marketing costs will be accounted equitably to each mill supplier as they are now each mill supplier will share equally in the premiums and costs achieved on a dollar per IPS tonne basis.

Growers will continue to share equally in those premiums.

CSR to introduce cane pricing choices

CSR currently pays growers for their cane based on an underlying sugar price.

Continued over page...

CSR to change Pricing Arrangements for the 2008 Season

An article by Kim Morison, General Manager, Marketing, CSR Sugar.

...from previous page

The sugar price used for the calculation of cane price returns is the Australian dollar price per IPS tonne for Queensland Sugar Limited's Discretionary Pool (QDP) achieved for CSR.

The QDP mechanism will not exist for 2008 season. It will be replaced by a range of pricing alternatives which are currently being developed by QSL.

Based on our discussions with QSL to date, CSR anticipates it will be able to offer a range of cane pricing mechanisms to growers for the 2008 season.

This is likely to include:

1. LTCs and Quota market returns. All grower suppliers will share proportionally in returns generated by QSL on behalf of CSR for its share of premium markets including the annual US Quota, long term contracts (LTCs) to Korea and Malaysia and any EU Quota secured by QSL for the 2008 season.

2. A fixed tonnage pool. QSL is expected to offer a pool (or pools) in which it will manage, at its discretion, a fixed tonnage of sugar price exposure based on the NY futures market and forward Australian dollar exchange rate.

The fixed tonnage pool(s) may be used to capture longer term pricing opportunities more effectively than the present QDP mechanism.

3. A seasonal pool managed by QSL. The seasonal pool will be managed to reflect the usual variation in the total tonnage under management which arises from unknown factors within the season (for example cane yields, CCS levels, harvested areas, weather related production risks, changes to the export shipping and sales program depending on buy behaviour throughout the year etc).

The risk management profile for this pool will be different from fixed tonnage pool(s) managed by QSL as a consequence of the tonnage being uncertain until the end of the crush.

4. A Call Pool Price mechanism this will be similar to the product CSR has offered for the 2007 season, but will be based on export returns, rather than the domestic market.

The CSR Call Pool for 2008 will allow individual growers to hedge a proportion of their cane supply at a price and time that suits their own risk profile based on the prevailing NY futures price, Australian dollar exchange rate, and export premiums achieved via QSL.

The futures hedging component will be based on a ratio 1:2:2:1 for the futures months of July '08, Oct '08, Mar '09, May '09.

This implies a minimum 304.82 tonnes of underlying sugar exposure, applicable to growers with a minimum 7,500t of cane (allowing for a 50% cap on tonnage priced by this mechanism).

CSR is presently working to develop a product range which will be offered to all cane suppliers for the 2008 season.

This will not necessarily change any other aspects of existing cane supply agreements which are in place for the 2008 season.

However it will change the determination of the sugar price component of grower's cane payment formula.

It is anticipated that growers will be able to make individual choices regarding how their cane price exposure is managed with CSR (and in turn QSL) by mid-September 2007 for the 2008 season.

CSR will host a series of grower information sessions to detail the product range it will offer growers for the 2008 season.

Please note the proposed dates for those meetings are:

Monday 27th August Ayr
Tuesday 28th August Ayr
Wednesday 29th August Ingham
Thursday 30th August Ingham
Monday 3rd September Sarina / Ilbilbie
Tuesday 4th September Sarina

Details of times and venues will be available from CSR in early August.

Round 4 RCP funding released

...from front page

Mr McGauran said this was the fourth and final round of the Regional and Community Projects (RCP) component of the Sugar Industry Reform Programme (SIRP) 2004.

"I would like to thank the Industry Oversight Group and the Regional Advisory Groups for their work on all four rounds of the grants scheme," Mr McGauran said.

"As leaders of reform within each region, the Regional Advisory Groups have also played a vital role in identifying strategic projects for funding, and I have allocated up to $2.1 million to allow priority projects identified in the regional plans to be completed.

"As announced in December 2006, funds have also been allocated for a domestic benchmarking study to analyse productivity changes in key sectors of the industry."

Regional and Community Projects funding recipients

Up to $1,800,000 to Mulgrave Central Mill Company Ltd for a factory cooling recycle cooling water facility for its potential to contribute to improving the environmental status of a river discharging into the Great Barrier Reef Lagoon.

Up to $22,500 to Sandy Pocket Harvesting in Mourilyan to fit and demonstrate a Brazilian electronic base cutter height-control device fitted to a Toft 7000 commercial cane harvester with a dual front feeder attached.

Up to $20,000 to Innisfail Canegrowers Ltd to facilitate a collective cane farming group to pool land and resources to achieve benefits of scale in the value chain.

Up to $602,732 to Kristevefourspace Ussy Pty Ltd to provide a fully commercial and sustainable value-adding business to Mossman's sugar industry by manufacturing health and dietary fibre to meet established and developing markets.

Up to $394,000 to Mossman Central Mill Company Ltd to install a Near Infra-red sugar analysis system to monitor phytochemicals to improve the finished quality and consistency of low Glycemic Index sugar.

Up to $35,687.50 to Salmec Harvesting to change farming practices by the use of Precision Farming practices with other growers in the Barron Delta to bring about environmentally sustainable sugarcane farming.

Up to $30,850 to Tully Cane Productivity Services Ltd to demonstrate improved harvester operating performance and management which will improve industry productivity, reduce industry costs and improve decision making across all members of the Tully value chain.

Up to $464,966 to CSR Sugar Pty Ltd to install two Passing Loops off the main cane rail line to improve bin delivery times to some harvesting groups without impeding the flow of full bins to the mill yard. These loops would also facilitate geographical harvesting in the Herbert district.

Up to $229,400 to Herbert Cane Productivity Services Ltd to install Personal Digital Assistant screens and wireless communication technologies, linked to yield monitors, in Herbert harvesters to demonstrate real-time transfer of harvest, transport and equity data between harvesters and mills to improve operations and relationships between growers and millers.

Up to $56,000 to Herbert Cane Productivity Services Ltd to install automatic base cutters in cane harvesters to demonstrate improved in-field performance of harvesters, increase productivity, reduce driver fatigue and reduce the amount of soil that is presently harvested and carried forward into the supply chain.

Up to $342,736.50 to Liddle and Sons to introduce a complete precision-controlled nutrient application

Continued over page...

Regional and Community Projects funding recipients

...from previous page

system in the Herbert region to enable prescription farming that is responsive to farm soil types, productivity history and individual nutrient maps.

Up to $472,760 to Burdekin Productivity Services Ltd to demonstrate precision agriculture equipment to encourage a large area of the Burdekin to be farmed under controlled traffic systems, thereby enhancing productivity, profitability, and sustainability benefits.

Up to $670,000 to Davco Farming in the Burdekin to extract ground water from two areas identified as at serious risk of salinity from the rising water table, and demonstrate the sustainable use of water otherwise unsuitable for irrigation under a management regime that provides for increased yields on sodic soils.

Up to $207,750 to Mackay Fibre Producers Pty Ltd to develop a compacted fibre processing product line, specifically from fibre crops produced in a sugar cane farming system, which will position it to take advantage of expanding market opportunities both domestically and internationally.

Up to $137,500 to Mackay Canegrowers Ltd to create a user friendly map-based computer program for growers to manage farm input recording, and to aggregate other data from existing industry databases for planning.

Up to $165,540 to CSR Sugar Pty Ltd to construct a passing loop on the Southern Cane Railway section of the Plane Creek cane railway line. The passing loop will remove transport bottlenecks that have resulted from harvester rationalisation.

Up to $104,846 to Plane Creek Productivity Services Ltd to build a series of Dual Frequency Real Time Kinetic base stations throughout the Plane Creek Region enabling growers to benefit from Global Positioning Systems technology in their farming and harvesting operations.

Up to $460,900 to Relmay Pty Ltd in the Bundaberg area to install additional irrigation infrastructure to improve water availability to agribusiness operations from water harvesting intercepted overland flows, to increase existing water storage capacity.

Up to $220,000 to Bundaberg Sugar Ltd to purchase and install a Near Infra-red Spectroscopic analysis system at the Millaquin Mill to obtain important information on cane attributes contributing to productivity and product quality performance for farming, harvesting and milling operations.

Up to $177,290 to Isis Central Sugar Mill Company Ltd to reform fertiliser management and application in the Isis District to further drive the Isis Target 100 Productivity Initiative via managed scale whilst achieving significant cost savings and productivity gains across the Isis District.

Up to $54,175 to Rocky Point Mulching to increase the efficiency of in-field bale handling and transport, to minimise the indiscriminate damage to cane stools and ground from uncontrolled traffic.

Up to $152,650 to Priebbenow Silage Contractors to modify a forage harvester to pick up and cut to the length specified by the Biocane factory standing and fallen cane on the Sunshine Coast.

Up to $135,500 to the Maryborough Sugar Factory's Cane Productivity Services Committee to demonstrate sustainable farming systems in the Maryborough area through the installation of Low Pressure Overhead Irrigation Systems, to contribute towards increased productivity across the whole farm.

Up to $10,000 to the Maryborough Sugar Factory's Cane Productivity Services Committee to enhance the

Maryborough Sugar Industry Strategic Plan 85 in 5 Programme goals through customising an existing harvester and loading grab for the efficient and safe handling of clean seed cane for distribution to growers.

Up to $185,311 to Maryborough Advanced Growers Group Pty Ltd to purchase a multi-purpose broad acre

Continued over page...

Regional and Community Projects funding recipients

...from previous page

Farm implement to improve farm management systems in sugar cane and soybean production.

Up to $200,000 to WH Heck and Sons to construct a cleaning plant at the Rocky Point Sugar Mill to separate clean cane billets from extraneous leaf material before processing in the mill to enhance profitability and cost efficiency for farms and the mill.

Up to $1,650,000 to New South Wales Sugar Milling Cooperative Ltd for the whole cane receival and preparation component of the feeding station installation project at the Broadwater Mill.
Priority Projects Identified in the Regional Plans

Up to $2,000,000 to the Sugar Research and Development Corporation to select and monitor targeted programmes to accelerate the development and release of new plant varieties for cross region application, to assist in meeting production and productivity goals as set out in the Regional Strategic Plans.

Up to $100,000 to the Sunshine Coast Canelands Action Group to conduct a review of the options for redevelopment of cane land on the Sunshine Coast.

Peanuts put sugar-coating on cane

Mackay's Blackburn brothers bit the bullet in the face of declining sugarcane yields six years ago and adopted peanuts as their preferred legume break crop, and would safely say, they have not looked back.

David and Phillip Blackburn's peanut cropping venture represents a significant capital investment in specialised planting and harvesting machinery plus a peanut cleaner - a cost shared amongst three neighbouring North Eton cane growing families.

David Blackburn conceded that honing their peanut cropping skills was a steep learning curve and although the extremely wet and humid climatic conditions this summer were far from favourable, they were undeterred.

"This season we are anticipating a market return of $1300 to $1500 a hectare of high quality peanuts which will certainly cover costs and deliver a return on our capital investment," Mr Blackburn said.

Minister for Primary Industries and Fisheries Tim Mulherin said the Blackburns were among the first Mackay region canegrowers to take up the integrated sustainable farming systems challenge as a part of FutureCane to assist them with their venture.

"The Blackburn brothers employed the Controlled Traffic Farming system, modifying all their machinery including the cane harvester and haul out bins," Mr Mulherin said.

"All their farming operations are now based on the CTF system and in conjunction with GPS guidance has the potential to reduce compaction by up to 45 per cent when compared to the conventional system. There are added benefits of improved fuel efficiency and enhanced water infiltration.

"David and Phillip's wholesale adoption of CTF is working proof that the system delivers timely operational efficiencies to contribute to increased productivity and profitability."

The Blackburn brothers farm 243ha and, as part of their established legume break crop to halt falling sugarcane productivity and profitability, they grew 15ha of Menzies variety peanuts this year in dual rows on 1.8m beds.

Mr Blackburn said the peanuts were planted on November 20 and have required no supplementary irrigation.

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Peanuts put sugar-coating on cane

...from previous page

“We were managing the crop on a stringent 10-day spraying program to keep the rust at bay but incessant wet weather kept our 18m boom spray off the paddock and restricted timely aerial spraying," he said.

"The peanuts had excellent potential but the rust invasion caused an estimated 30-40 per cent yield loss on some blocks reducing the harvest to between 4.5 and 5 tonnes / ha."

Mr Blackburn said they would look to plant Holt variety peanuts in 2007-08 but were waiting in anticipation for the industry release of the rust resistant variety, Sutherland, which was expected to be available in two years.

David and Phillip Blackburn aim to replant cane in late July following the peanuts with no nitrogen fertiliser required in the first year.

"Our fertiliser costs have doubled in the past 12 months, so the legume rotation is making a sizeable contribution to cutting cane production costs."

Mr Mulherin said this was a good example of how staff in the Department of Primary Industries and Fisheries had been assisting growers in the integrated sustainable farming systems approach initiated five years ago as a part of the DPI&F and BSES and FutureCane project.

"This is certainly a success story from FutureCane which aims to promote an economically and environmentally sustainable farming system, help farmers work out clear direction for their future financially and assist with change."

Muchow hangs up his hat at the SRDC

Sugar industry leaders recognised the contribution made by retiring Sugar Research and Development Corporation Executive Director Russell Muchow at a dinner in Brisbane recently.

SRDC Chair, Bob Granger congratulated Dr Muchow on all that he had achieved in his seven years with SRDC, saying he had made a significant mark on the Corporation and had positioned it to respond to the needs of the Australian sugarcane industry.

“Dr Muchow, who has held the position of Executive Director since 2001, championed a number of issues including adopting a systems approach to R&D and encouraging greater participation by the industry in R&D with a focus on being innovative and trying new things,” Mr Granger said.

“Dr Muchow built upon SRDC's already strong reputation, looking for ways research and development activities could add to the entire value chain for the common good of the industry.
“Under his direction, SRDC has implemented its successful Grower Group Innovation Projects which are helping groups of growers implement and adapt research findings to their local area.

“These projects are achieving exceptional results, especially in helping growers and harvesters realise the gains possible through the adoption of new farming systems,” Mr Granger said.

“Over the last several years, industry has also benefited from increasing focus on developing its human capital. Investments in projects aimed at developing human capital are paying off with greater capacity to lead and embrace change.

“The Generation Next initiative, which kicked off in 2006 is one great example of how an important group within the industry is being supported to learn the skills they'll need to continue building the industry into the future.

“Throughout his term Dr Muchow has ensured the Corporation remained responsive to significant structural changes within industry, including deregulation, major global pressures and the Australian Government's reform program for the industry.”

ACFA Welcomes Ord Agreement

Western Australia's burgeoning sugar industry has been thrown a lifeline as the Western Australian Government announced a package of up to $4 million to assist the Ord's sugar cane farmers.

The government's package will enable the Ord River Cane Growers Pty Ltd to purchase the mill from CJ Ord River Sugar and begin crushing.

Agriculture and Food Minister Kim Chance said that under the agreement as much sugar cane as possible would be processed through the mill and any remaining cane would be disposed of in an environmentally acceptable manner.

The Western Australian government's commitment followed a failed bid from Maryborough Sugar, a prominent Australian sugar miller, to purchase the mill.

Mr Chance said the harvest was expected to start in the next two weeks and continue through until the middle of November, pending the start of the wet season.

“Western Australia's sugar cane industry can now move forward with some confidence and will be directly involved in any future decisions about the industry,” he said.

Chairman of the Australian Cane Farmers Association, Ross Walker, welcomed the government's decision.

“Farmers throughout the Ord will be delighted with the government's decision as it will provide them with short-term security while they consider what future direction the industry will take,” said Mr Walker.

The Ord's sugar industry produces about 385,000 tonnes of cane every year and its annual worth is about $4.5 million.

“Farmers have invested a lot of capital in their crops and would've been completely out-of-pocket if their crop had been left derelict,” he said.

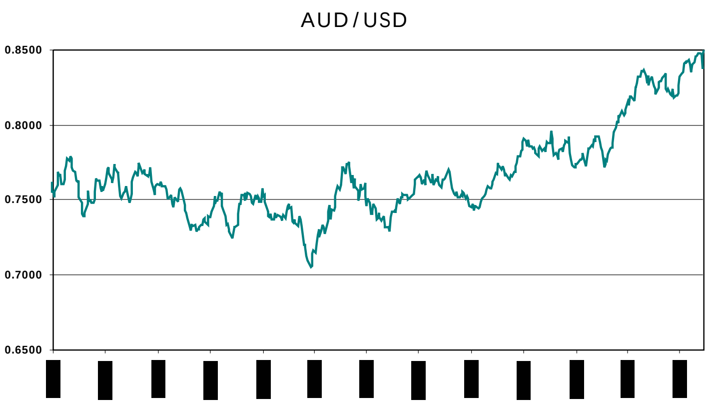
“It is now vital that a successful scheme to purchase the mill be implemented as soon as possible so that farmers can reinvest in future crops and maintain confidence and critical mass.

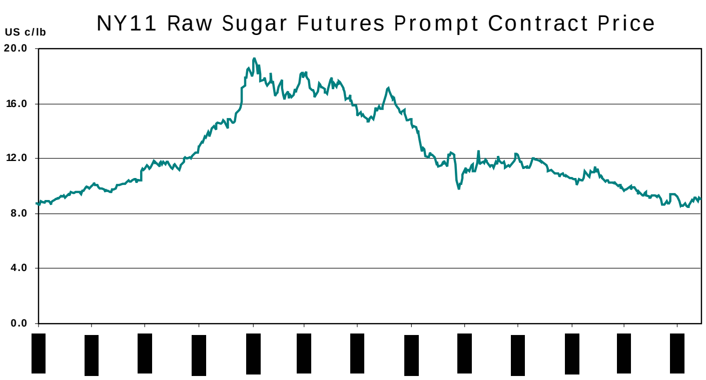
“Farmers that own the mills they supply cane to generally enjoy greater financial benefits and harmonious working relationships.

“This is because farmers, the backbone of the industry, have a direct say in their industry's future and a direct share in the industry's profits.”

All eyes turn to CS Brazil

Ginette Diaz, QSL Limited





All eyes turn to CS Brazil

Ginette Diaz, QSL Limited

The July 2007 (prompt) New York No.11 raw sugar futures contract commenced the month of June at US 9.24c/lb.

Prices have traded within a range of 8.56 9.24c/lb.

The first two weeks saw the market trade lower with the news that India has sold raw sugar to the Dubai refinery and the expectations of the CS Brazil crop.

The July 2007 contract dropped US 0.68c/lb to US 8.56c/lb by mid June.

The market felt further weakness in the second half of the month as a result of India's massive crop continuing to weigh down the market.

Centre South Brazil's crop has been slow to start, which has eased the pressure off the market in the short term.

Fund and Speculative buying has allowed the raws market to lift taking values to 3-week highs at US 9.16c/lb.

Unica figures released confirming CS Brazil is behind schedule compared to last season, reducing the early sugar availability, helped to extend these gains.

The last week of June saw the raw sugar price ease as the market entered into the expiry of the July 2007 contract.

The expiry and an expected announcement of a tariff increase in Russia held the interest of the market to keep the price above US 9.00c/lb.

The prompt July 2007 New York No.11 raw sugar futures contract expired at US 9.07c/lb.

The London No.5 (LDN5) white sugar August 2007 contract began the month at USD333.20 per tonne.

The white sugar market continued to follow a similar story to the raws market coming under pressure, with all contracts falling in the first half of the month.

This fall is also largely due to the large Indian surplus overhanging the market.

The second half of the month saw the market rise in all contracts following in the footsteps of the raws market. Early delays to the CS Brazil harvest and strong initial focus on ethanol production has encouraged the market to lift.

The London No.5 (LDN5) white sugar August 2007 contract closed the month at USD320.50 per tonne.

The prompt July 2007 New York No.11 raw sugar futures contract delivered 604,215mt (11,894 lots) against expiry on the 29th June 2007 to 2 receivers Prudential (Noble) (4,577 lots) 232,512mt and Fortis (7,317 lots) 371,703mt.

Brazil and Argentina were the origins delivered with 419,354mt (8,255 lots) from Brazil's Santos and Paranagua ports and 184,861mt (3,639 lots) from Argentina's Rosario port.

The USD slipped against all currencies after the US released data showing inflation easing and a fall in consumption.

There was an increase in oil prices but a general fall in commodity prices. The AUD increased against the US to close at AUD/USD 0.8501 at the time of writing.

The Better Manager Series... Managing Under Performance

Article provided by McKays Consulting, a division of McKays Solicitors

Welcome to this edition of our McKays Consulting 2007 “Better Manager” series.

The aim of this series is to help WorkChoices employers better understand how to approach key employment law issues.

So far the series has considered:

· Managing redundancy
· Managing ill health employees.

We now turn to “Managing under performance” for our May and June newsletters.

Managing Under Performance

Other professionals are better placed to advise you on the strategies available to employers to bring about great working relationships and higher performance in the workplace.

Our aim is to help employers understand the legal framework within which they can operate - ie. to know when disciplinary action for under performance is lawful and when it is not.

Some Important Terms

Before outlining the WorkChoices requirements for fair treatment of under performing employees, we will define some terms.

· “Unfair dismissal” means a claim brought under State or Federal laws asserting that the termination of employment was “harsh, unjust or unreasonable”, claiming monetary compensation or reinstatement (or both)

· “Unlawful termination” means a claim brought under State or Federal laws asserting that the termination of employment was for a prohibited reason such as termination on the grounds of sex, family responsibilities, union membership, race, colour, sexual preference, age etc

· “Redundancy” means terminating employment because the employer no longer requires the job to be done because of an operational reason like the introduction of new technology, or a substantial drop in workflow from losing a major client contract.

Redundancy

Employers need to remember that redundancy is not a performance management process.

Redundancy is where the position itself is not needed, irrespective of the standard of performance of the individual.

By a later series of articles we will address managing redundancy.

Unlawful Termination

Employers must be very careful to ensure their disciplinary processes do not result in unlawful termination. An employer was penalised $1,000.00 and ordered to pay an employee 22 weeks salary for terminating her employment because she was sick when pregnant, and missed a day's work. Johnson v Celik Investments Pty Ltd [2007] FCA 846

Employers must be vigilant to identify where poor performance has resulted from a psychological condition, and manage the employee as an ill or injured employee (see our April and May newsletters), and not as an underperforming employee.

For example, over a two-week period a print machine operator:

· left work without notifying his supervisor

· was found at 3 a.m. in a hygienic area in the workplace without protective clothing, and holding a can of beer and a lit cigarette

The employee was then involved in the robbery of a local supermarket, was admitted to a psychiatric hospital and diagnosed with schizophrenia.

When seeking to return to work three months later, senior management terminated his employment.

The Commissioner held in the employee's favour, finding:

Continued over page...

La Niña needs a trigger

by Dr Yvette Everingham (JCU)

La Niña conditions occur when sea surface temperatures in the Niño 3.4 region are cooler than normal.

The Niño 3.4 region is represented by a small rectangular box in the Pacific between 5°S to 5°N and 170°W to 120°W.

Many computer models are predicting temperatures in the Niño 3.4 region to become cooler (La Niña) than normal during the next few months. La Niña conditions greatly increase the risk of rain to the harvest season for most Australian sugarcane growing regions.

One dominant factor that has contributed to many computer models predicting cooling in the Niño 3.4 region can be attributed to the subsurface temperatures in the depths of the Pacific being cooler than normal.

Whilst the subsurface remains poised for a La Niña, a trigger is needed to allow the La Niña to emerge. One type of trigger could be stronger and more positive SOI values. Strongly positive SOI values will help bring the subsurface cool water to the surface and thereby kickstart a La Niña.

It is of vital importance to closely monitor the SOI for any significant monthly fluctuations over the coming months. At the end of May the SOI was -2.5. It will be interesting to see if there are any changes in the SOI for the month of June.

Despite there being no certainty whether or not a La Niña will or will not eventuate, farmers are considering the possibility of a La Niña emerging later in the year and are planning subtle changes to their operations. For example, Erich Hammer, a farmer in the Plane Creek region has noted that he is planning on cutting his lower lying paddocks early in the season and leaving the higher drier paddocks until later in the season.

On the weather front, readers may have noticed on the synoptic maps that the high pressure systems have tended to be quite southerly this year, predominantly being centered in the Great Australian Bight.
This synoptic pattern tends to be associated with wetter winters and increased rain interruptions at the beginning of the harvest season.

For more information please visit http://www.longpaddock.qld.gov.au/SeasonalClimateOutlook/OutlookMessage/index.html and http://www.bom.gov.au/climate/enso/.

The Better Manager Series… Managing Under Performance

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· the employee was not in control of his actions and the time of the incidents

· he was fit to work with the assistance of medication

· his illness did not create any special monitoring requirements on the employer.

Berry v Murray Goulburn Co-operative Limited (21 April 2005)

By failing to manage the employee as an ill health employee, the employer became liable to the employee.

Fair Dismissal Law

Employers that are subject to fair dismissal laws are required to give natural justice when managing underperforming employees. In the June edition of our newsletter we will explain:

· Which employers are affected by fair dismissal laws under WorkChoices; and

· The requirements of fair dismissal laws.

We hope this newsletter is relevant and practical for your business. If you would like further advice about managing an under performing employee, please contact:

Scott McSwan smcswan@mckayslaw.com
Karen Porter kporter@mckayslaw.com

What's going on in the sugar regions?

Innisfail Regional Report

The proposed merger between Bundaberg and Mulgrave Sugar at Gordonvale Mill will be called TQ Sugar, the TQ standing for Tropical Queensland.

The weather conditions have been dry and the temperature has been cool and sometimes cold from this area all the way to Tully.

The Tablelands have got down to 0 degrees centigrade recently and there have been a couple of isolated light frostings on some cane recently.

Harvesting is continuing unaffected at this stage and CCS levels were between 11 and 11.5 but are now rising.

Plenty of ground is ready to be replanted and we have experienced our coldest July since the 1960s.

Farmers are relishing the dry conditions.

In other news the show circuit recently wound up in the Far North.

John Blanckensee
ACFA Northern Director

Herbert Regional Report

Harvesting in the Herbert Region started on the 3rd July 2007 with a small quantity of cane being sent to the Mill.

Sugar CCS is pleasantly surprising considering the very wet conditions that faced the farmers prior to crushing.

The CCS levels in early July were around 12.2 to 12.3 CCS.

So far, the Herbert's mills have crushed 702,911.65 tonnes of cane with a CCS of 13.02.

The cooler weather has been a bonus and the temperatures in early July have ranged from 1.46 degrees in the Stone River area and 2.3 and 4 degrees in the Abergowrie area.

There has also been frost.

We need to see continuing dry conditions so that farmers are able to plant.

Some farms in the Ingham area have been sold for alternative cropping and will be going under timber.

Carol Mackee
ACFA Herbert Director

Burdekin Regional Report

While seasonal start dates were delayed by rain for almost a month, Kalamia mill commenced operations late on Tuesday 10th July; some issues arose during start-up, including poor fuel quality.

CSR's John Power has advised that the new controls on the milling train experienced some teething problems and crush rates were between 400 to 480 tonne per hour during the week, with some stoppages.

Inkerman and Pioneer mills commenced operations on 15th and Invicta on the 16th.

Full crushing capacity was later achieved when ground conditions dried.

BSES Chairman, Paul Wright and CEO of BSES, Eoin Wallis, hosted local industry representatives on Tuesday, 26th June and returned to the Burdekin on Tuesday, 17th July with the BSES Board to meet with local industry representation and to visit local farms on Wednesday.

The generous donation from BP Reliance Petroleum, of an E10 Fuel Voucher for the lucky door prize at the June ACFA meeting, was won by Ian Shepherdson.

Significant news in the Burdekin district recently is the positive result in the BSES Spore Trapping program.

While there has been no smut found on cane to date, BPS and BSES staff have indicated they are conducting ground surveys in response to the sampling results.

Field surveys will continue throughout the season and into 2008, in a response jointly planned between BSES, BPS and all cane farmer groups, led by BSES.
Farmers have planted resistant varieties in early 2007 plantings and this is the key to equipping farms to deal with any potential smut outbreak.

The Burdekin seed cane program was expanded in 2006 to accommodate the increased demand this year, almost double the usual Burdekin program.

BPS is currently calling for nominations for the BPS Board of Directors, with their Annual General Meeting set down for August, 28th at

Regional Reports

the Showgrounds Hall in Ayr.

Don Pollock, CEO of BPS advised that, “The Cuban / Brazilian technology group, TechAgro have formed an Australian Branch (TechAgro Pacific), with two principals based in the Burdekin.

TechAgro are promoting their base-cutter-height-controllers, yield monitor, forward speed controller and on-board computer for use in Australian harvesters.

These 'precision agriculture' technologies are seen to have a strong fit into future needs of Australian agriculture. Contacts: Dr Miguel Esquivel Perez and Santiago Marrero 0406 602 113.”

Margaret Menzel
Burdekin Region Director

Central Regional Report

The crushing season is of to a good start with both CCS and tonnage coming in better than expected.

The season has started 3 weeks behind schedule and dry conditions will assist both harvesting and planting.

The long range forecast is for a wetter than normal Winter-Spring and performance and cooperation from all sectors will increase the chances of harvesting the entire crop.

Water allocations are better than recent years and this augers well for next years crop.

Mackay Sugar’s restructure proposal to convert to a share based Company has been rejected by members.

Only 65.4% of those who voted agreed to the change whereas the constitution required a minimum 75% yes vote.
There is disharmony and confusion amongst members and it is important to put this behind and now work together.

Financially sound diversification must still be pursued with the same vigour if we are to have a viable future.

The SRDC funded project Mackay Alignment of Grower Services (MAGS) held its first meeting on July 13.

I am a member and the aim is to facilitate all service providers to providing a more coordinated, efficient and effective service provision in the Mackay district which may involve an amalgamation of existing service providers.

The project runs until March 2009
Ross Walker
ACFA Chairman

Southern Region Report

We are having cool starts these days and we are as dry as Mackay is wet.

Smut is in the news again.

A local farmer has had an inspection within last month and then finds 1200 infections in the block of Q205 himself last week. Call the Isis Town and Country for details on 07 4126 1600.

It is expected that ACFA will hold a meeting in the area once crushing is finished.

Isis mill is averaging about 12.4 CCS early in the season.

Bundy Sugar appear to be progressing well on their side of the district.

Michael Hetherington
ACFA Southern Director

New South Wales Regional Report

The harvest season has now commenced in all three mill sites in New South Wales.

Weather has been quite kind for the start of the harvest with Harwood being the only mill that has had a weather stop.

Harwood mill area is doing exceptionally well in removing the crop, however Broadwater and Condong have been slow to start due to works in both sites being slightly behind schedule.

Broadwater mill commenced crushing whole crop from day one of the season however they encountered feeding problems and have now reverted back to burnt cane until modifications can be finalised.

At time of writing Condong mill had just commenced crushing.

A positive to come out of the whole cane start was that all harvesters were very capable of removing the crop with little effect on throughput.

Wayne Rodgers
New South Wales Director

the Australian Cane Farmer

Your local ACFA

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ACFA services

Publications:
The Australian CaneFarmer - published eleven months per year.
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.

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Australian Cane Farmers

Leading farmers into the future