



## DECEMBER 2015

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## Pro-competitive Bill: Historic Line in the Sand Preserves Cane Farmers' rights

The Sugar Industry (Real Choice in Marketing) Amendment Bill 2015, passed through the Queensland Parliament on Wednesday 2 December 2015.



Shane Knuth and Rob Katter



Billy Gordon



Deb Frecklington

The Sugar Industry (Real Choice in Marketing) Amendment Bill 2015, passed through the Queensland Parliament on Wednesday 2 December 2015. The Bill was introduced into the Queensland Parliament by Mr Shane Knuth MP, member for Dalrymple and passed with amendments from Mr Knuth and Mrs Deb Frecklington, Member for Nanango (LNP) and Shadow Minister for Agriculture, Fisheries and Forestry. The supporting vote of Mr Billy Gordon, member for Cook was the critical vote to pass this essential legislation.

Greater than four thousand cane farmers in Queensland have relied on the passage of this Bill in order to:

- Prevent farmers from being discriminated against by powerful global sugar millers and traders;
- Balance the regional monopoly power of sugar millers who dictate the terms of contract to farmers;
- Enable farmers to continue to have a choice of marketer for their share of the raw sugar (GEI sugar);
- Implement a dispute resolution system, which can be accessed by either party, in order to agree on fair terms and conditions for cane supply contracts.

The industry as we know it has been built on the foundation that farmers are paid for the sugar that is in their sugarcane; and which is marketed by

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# Chairman's Comment

***The Sugar Industry (Real Choice in Marketing) Amendment Bill 2015* passed through the Queensland Parliament on Wednesday 2nd December 2015.**



**Don Murdy**  
Chairman

The Bill secures farmers' rights over their GEI share of the raw sugar and prevents the mills from turning back the clock 100 years. The Bill is pro-competitive legislation, which allows choice of marketer for farmers. It will allow the industry to focus on profitability and productivity for the longer-term instead of being distracted by unhelpful conflict. It also allows QSL to map out a clear path for its future as a competitive supplier of marketing and pricing services.

The Bill will amend the *Sugar Industry Act 1999* when it is signed by Queensland's Governor, His Excellency the Honourable Paul de Jersey AC, estimated before the close of 2015.

The Bill allows farmers and millers to come to a commercial agreement on matters of marketing and cane supply. The new provisions will only become activated when agreement cannot be reached. The Bill is balanced and fair in that either party may trigger the dispute resolution mechanism, which guarantees equal market power between farmers and millers.

The legislation in summary:

- Allows farmers and millers to come to a commercial agreement;
- Links the price of sugarcane to the price of sugar, unless otherwise agreed;
- Enables farmers to choose who will market their grower economic interest (GEI) sugar;
- Provides for a pre-contractual dispute resolution process, including arbitration to deal with deadlocks;
- Provides for non-discrimination, regardless of who farmers choose as the marketer of their GEI sugar.

The 2016 season will be business as usual under the existing Raw Sugar Supply Agreements (RSSA) between mills and QSL.

For the 2017 season, farmers supplying the mills leaving QSL will need to negotiate new cane supply agreements. The local collectives will commence this in the coming months and farmers are welcome to contact their Bargaining Representatives or ACFA Brisbane.

Under the act, when a farmer elects to assign their GEI sugar to QSL or other marketer, their mill will be required to have an agreement with the marketer of choice. The ACFA is keen to work with industry stakeholders in order to work through the detail and develop the practical arrangements and documentation to implement the legislation.

I wish you all a safe and happy Christmas and a prosperous 2016.

**Don Murday**  
Chairman

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**Stephen Ryan**  
ACFA General Manager

the jointly-owned marketing company, Queensland Sugar Limited (QSL). This system of marketing gives farmers the confidence to continue to supply sugar mills with sugarcane.

The Bill is necessary and very fair because it:

- Allows choice, so that farmers can choose between their mill and the farmers' marketer of choice;
- Freely allows farmers and millers to find agreement on matters of contention, without automatically needing to use the dispute resolution system;
- Takes effect, only if and when mills cannot effectively negotiate appropriate supply agreements with growers.

The job ahead is for farmers and millers to focus on putting fair and reasonable contracts in place in order to allow farmers to price their GEI sugar.

The communities of sugar regions rely on the business confidence of farmers and the Bill paves the way to remove the damaging uncertainty that has been a pall over these towns.

Mills can get on with crushing cane and the workers' jobs will be more secure because farmers will grow and supply the cane which is essential to the viability of sugar mills.

Throughout this conflict, mills have been able to manage their own risk through forward pricing but farmers have been held in limbo unless they signed 'take it or leave it' proposals from mills, which is not acceptable.

The industry marketer, Queensland Sugar Limited (QSL) has also been held in a state of uncertainty and we need to move on so that farmers can access their own marketer, QSL.

**By Stephen Ryan**

## Why was the KAP Bill so controversial?

**The David and Goliath contest between farmers and millers quickly became a proxy war for a government determined not to finish the year with a loss, in parliament.**

On the eve of the vote, the Courier Mail reflected what was at stake with the headline, 'Palaszczuk Government faces second defeat over sugar Bill'.<sup>1</sup> This played out under the foil of trade and foreign investment.

Despite the politics, the reality of the situation was clearly described in the speech of the Labor member for Mirani Jim Pearce who said that although he would vote against the bill he held grave concerns for farmers who must deal with multinational companies. His concerns were rooted in the behaviour of global entities in the Qld mining industry and the parallel between the plight of the worker and the farmer.

As members would know, I come from the coal industry and I have a good understanding of how the multinationals work when they come into this country. I would hate to think that a multinational that takes over the sugar industry may treat the sugar farmers in the same way as the multinationals treat mine workers in Central Queensland. They have no respect for anybody, they care only about the bottom line ...

With regard to the bill before the House, I am concerned most for the growers. I have publicly stated that I would prefer to give them what they want. As long-term industry stakeholders, growers know what is



## GENERAL MANAGER'S COMMENT

best for themselves. I have said that we should be able to say to the industry, 'Okay, you know what you want. Take it, but do not come back and blame anybody else. It will be your decision.' As I have just said, I support them in the concerns they have about Wilmar. Wilmar is one of the biggest multinationals in the world.

My position with regard to this legislation is that I am deeply concerned about what will happen to canegrowers once Wilmar gets a firm footing in the industry.

This puts me in the situation where, quite frankly, I am really concerned about what I might do to the industry and the future of farmers by not supporting the bill before the House<sup>2</sup>.

### Is the Bill reregulation?

It is concerning that the default assumption when Government is requested to address market imbalance and implement fairness and competition, is to assume farmers are seeking a handout or to reregulate and to act in an anticompetitive manner. **The legal settings which encourage competition and prevent abuses of market power are the expected norm in developed nations.** Few people would support the abolition of Australia's competition laws in order to openly pit the weak against the strong, yet that is what cane farmers have been subject to.

Despite the false attribution of reregulation, the Bill actually completes the deregulation of 2005 by providing a pro-competitive framework, which the Commonwealth competition framework contemplates but has proven much slower to implement. The Bill address the lopsidedness of monopsony power and preserves the existing marketing channels for growers' sugar. What's wrong with that? Mills argue that it is not necessary for growers to continue to direct their own share of the sugar. If mills are so assertive that the growers' share of the sugar is unimportant why are they prepared to go to such lengths to break from a century of mutuality in order to take it by force?

The reason that we have enjoyed a century of relative peace is because of the recognition by Government that mills have market power and it is the responsibly of Government to keep that market power in check.

The imbalance and the power of the regional monopoly enjoyed by each mill was first recognised in Australia in the early years of the 20th century when a 1912 Royal Commission expressed its concern about the imbalance in market power in the industry and the mill owner's ability to 'squeeze the primary producer'.<sup>3</sup>

The Commission clearly recognised this imbalance, as did the recent enquiries by the Australian Senate and the House of Representatives Taskforce. The 1912 commission noted:

But the growers as a class do not, in our opinion, receive their fair share of the profits of the industry as a whole.

But we take it that Australian statesmanship should seek to prevent

as well as to ameliorate – to deal with evils as they arise without waiting for them to reach a stage when any remedy must involve far-reaching social and industrial dislocation.<sup>4</sup>

Clearly, according to the Commission, governments have a responsibility to act in order to prevent a 'train wreck'.

### **A century of mutually creating and sharing value has served us well.**

Mills are generally not prepared to offer farmers a paid in full farm gate price for various reasons. The cost of funding the total payment within a short period of time would be a serious strain on a mill's balance sheets and they have made it clear that farmers would be expected to pay a significant amount of the finance cost.

As it stands, farmers currently carry the risk for their GEI sugar and that suits the mills. **It follows that if farmers should bear the risk for the GEI sugar then they should direct the marketing and pricing of their GEI.**

### No expropriation

The bill enables either a miller or a grower to trigger the dispute resolution provisions, **which guarantees growers and millers equal bargaining power.** Why are mills against having equal market power?

GEI does not threaten the balance sheets of mills because it's not their funds. GEI payments attributable to growers will pass through to the growers as for the current system where, unfortunately, growers are unsecured creditors. This aspect of our business will remain unchanged.

The long-held premise of marketing arrangements in the Qld industry is that **farmers transfer title of the cane only on the premise that title in GEI transfers to the marketer.** Under the Bill, this will not change unless a farmer and a mill agree on another arrangement.

### What does the Bill change?

Prior to Bill and under the current system, mills have the discretion to leave QSL. This is still the case under the legislation with respect to a mills' MEI sugar; however the Bill places the discretion with the farmer to have the option to direct their GEI sugar to the marketer of their choice. If a farmer chooses to remain with QSL for their GEI sugar, the mill is required to have an agreement with QSL to facilitate the transfer of the title of that GEI sugar to the marketer as per the current RSSA.

This has been done in order to even up the imbalance of market power, which has been in favour of mills; to address the lack of competition for marketing services for GEI sugar; to remove mills as gatekeeper, reconnecting farmers with the supply chain in which they are part owners.

### Future investment

Sugar mills are bought and sold as going concerns. Under the Bill, the cane will still be grown, the mills will still crush it. Farmers will continue to maintain and invest in their farms and millers will need to maintain and invest in their mills, in order to maintain them as going concerns. If mill investment is requisite upon them gaining control of GEI sugar, then that would be a clear indication of what would have been in store for farmers has this Bill not been passed.

There has been a major focus by Government on how much the milling companies have invested in our industry and almost no acknowledgement on the larger investment by farmers. Some questions that the industry needs to contemplate are:

- If farmers do not have confidence to invest in their businesses and the industry contracts in size, where will mills get their cane supply?
- What will become of regional towns and economies and jobs?
- Why would the next generation and others enter the industry? These are the real threat to milling jobs.

The flip side is this: all farmers have asked for is to preserve the status quo, in order to regain trust and commit to what mills want most – a solid, reliable cane supply. Not too much ask is it?

<sup>1</sup> 'Palaszczuk Government faces second defeat over sugar Bill', Courier Mail, 3 December 2015.

<http://www.couriermail.com.au/news/queensland/queensland-government/palaszczuk-government-faces-second-defeat-over-sugar-bill/news-story/5d560cd7e9ffd8b1babd5e05539b06cc>

<sup>2</sup> Queensland Parliament Hansard, 2 December 2015, pp.3120-3121

<sup>3</sup> Brown, W.J., Hinchcliffe, A., Anderson, R.M.M., and Shannon, M.R. (1912), Report of the Royal Commission on the Sugar Industry, Government Printer, Melbourne, 2 December.

<sup>4</sup> Ibid.

## Revisiting the deregulation of raw sugar marketing

In 2000, the National Competition Council (NCC) reported:

The Single Desk system was kept because the Review found that it resulted in higher export prices for growers, and stabilised and secured their incomes. In particular, the ability to pool revenues from total sugar sales was considered important for stabilising the incomes of all sugar farmers.<sup>5</sup>

The intent of the Sugar Industry Reform Act 2005 which implemented the Voluntary Marketing Arrangements (VMA) is clear in that it was not contemplated that mills would each go their separate way:

It is recognised that, in moving to a new marketing system, the key to success is for all parties to work towards delivering greater flexibility and enhanced outcomes whilst continuing the benefits and synergies of presenting a **coordinated face to Queensland's bulk raw sugar customers**. The peak industry bodies have committed to working with Queensland Sugar Limited to assist it to remain the preferred marketer.<sup>6</sup>

<sup>5</sup> Securing The Future Of Australian Agriculture Sugar. National Competition Council, Community Information 2000.

<sup>6</sup> Sugar Industry Amendment Bill 2005 Explanatory Notes, p. 2.

# The Sugar Industry Reform Program 2004 (SIRP): was it about deregulation?

**During this debate, the SIRP has been put about as compensation for deregulation – this is misleading.**

The SIRP was an adjustment package more specifically about transitioning the industry to operate in a deregulated market, which is totally exposed to a highly regulated and subsidised international environment. The SIRP was about the challenge of surviving within a \$250 per tonne sugar price after Australian sugar had been excluded from the US-Australia FTA, forcing our producers to continue to be fully exposed to the highly subsidised and corrupted world price. So while the deregulation was at the insistence of the Qld Government, our competitors enjoyed and still enjoy the heavy assistance of their own Governments, in one form or another.

The report describes the SIRP:

### Objectives of SIRP 2004

The government's two primary objectives for implementing SIRP 2004 were:

- alleviate the immediate financial hardship of millers and growers
- reform the industry structure through rationalisation and diversification, to make it competitive and sustainable.

To meet these objectives, SIRP 2004 comprised two main funding components: welfare and reform. The uptake and distribution data for these components are used in this evaluation to indicate how effectively the program was implemented.

The two primary objectives are reflected in more detail in the Statement of Intent agreed to by the Australian Government and sugar industry stakeholders, and in the Industry Oversight Group (IOG) Strategic Vision.

The IOG's Strategic Vision for reform of the sugar industry is summarised as:

- (a) Integrating systems of production at the regional level
- (b) Improvements in long-term costs
- (c) Achieving economies of scale
- (d) Diversification and value-adding
- (e) Capacity building.

The Statement of Intent can be summarised as seeking six main outcomes, which have assisted in structuring the findings of this report:

- Industry has ownership of the reform process
- Options under SIRP 2004 are clearly communicated to industry
- Broad uptake of programs by industry participants
- The sugar industry engages in rationalisation and restructure
- Planning around the value chain is taken up at a regional level
- The sugar industry increases innovation and diversification.<sup>7</sup>

At the time CSR had the following to say:

CSR supports the government's focus on diversifying the industry's revenue sources away from the volatile world sugar market to other activities, such as ethanol production and renewable energy generation. As a major participant in the industry, CSR believes it can play a constructive role in diversifying the industry's revenue sources.<sup>8</sup>

Then Prime Minister John Howard was clear about the intent of the SIRP:

The Prime Minister and other senior ministers travelled to sugar regions in March to meet cane farmers and their families, millers and harvesters to hear first hand of the hardship facing hardworking Australians in the sugar industry and their communities and regions.

The Sugar Industry Reform Programme 2004 is a package of

measures that recognises the immediate difficulties caused by a corrupt world market and provides assistance to help the industry through a period of transition, rationalisation and diversification.

The programme also includes \$75 million for competitive regional and community projects to assist the industry to restructure, revitalise and diversify - including assistance for rationalisation of transport and harvesting systems; investment into alternative uses for sugarcane; diversification into alternative crops and other income streams such as cogeneration, ethanol and other new products; and cane farm aggregation.

A further \$40 million will be provided for growers to restructure and improve on-farm operations and efficiency, and \$27 million for business planning, counselling and re-training assistance.<sup>9</sup>

This was clearly not a simplistic compensation for Qld's deregulation.

### Regional and Community Projects (RCPs)

A Commonwealth report on the impacts of the Sugar Industry Reform Program notes:

The objective of the RCPs was to provide grants at a regional level to stimulate medium to long-term restructuring of the sugar industry. The focus of the projects was to promote cross-sectoral partnerships and whole-of-system solutions.

Funding of \$75.05 million was originally allocated over three financial years, with \$56.4 million utilised in total. Grants were provided to 73 projects in total, with an average project value of \$728 963.<sup>10</sup>

Most of this funding went to mills, however as the sugar price eventually cycled up again, the emphasis on diversion waned and in 2015, the industry is as dependent on raw sugar, with the need to spread risk, as ever. The opportunities for diversification into biofuels and cogeneration of electricity depend, as they did in 2004, on government regulation and policy, in order to create demand and confidence.

Clearly then, in 2004, the Commonwealth Government was more focused on sustainability through diversification and rationalisation, while the Queensland Government was more focused on deregulation.

<sup>7</sup> Thompson Et al. A report on the impacts of the Sugar Industry Reform Program (SIRP): 2004 to 2008, pp. ii - iii.

<sup>8</sup> CSR media release, 'CSR welcomes sugar industry reform program', 2004.

<sup>9</sup> Prime Minister John Howard, 'Sugar Industry Reform Programme', media release, 29 April 2004.

<sup>10</sup> Thompson Et al. A report on the impacts of the Sugar Industry Reform Program (SIRP): 2004 to 2008, p. 21.



Rob Katter

## Rural Debt

On 19 October the Queensland Government announced the establishment of a Rural Debt and Drought Taskforce to help identify and recommend solutions to address the debt issues faced by Queensland's primary producers. This follows a \$52.1 million drought package announced in July 2015.

The Taskforce is chaired by the Member for Mount Isa, Rob Katter and includes an MP from the Government, Opposition, mayors, representatives from the agricultural sector and economists.

As part of this process Queensland Rural Adjustment Authority (QRAA) will undertake a new Rural Debt Survey similar to the survey they conducted in 2011, with the cooperation of financial institutions to identify areas of particular concern.

On 18 November, Treasurer Curtis Pitt convened a State Government rural debt banking roundtable. Senior executives from Australia's major banks were represented on the roundtable along with the Australian Bankers' Association, the Queensland Rural Adjustment Authority (QRAA) and Queensland Treasury Corporation.



All lenders recognised that there is a problem with rural debt in Queensland.

The roundtable also discussed the opportunities, which exist to grow Queensland agriculture and agricultural exports – particularly into Asia.

The Treasurer said that the banks indicated a willingness to share data to get a clearer picture on the size, scope and characteristics of debt in regional Queensland. This data would be incorporated into a rural debt survey to establish the extent of drought-related rural debt in Queensland.

The Treasurer recognised that farming businesses are different to other commercial enterprises and had different financing requirements.

Mr Pitt will be writing to Australian Prudential Regulatory Authority (APRA) about the unique seasonal and intergenerational nature of farming, to argue the case for the unique requirements of farmers to be taken into account.

On 9 December, The Palaszczuk Government's Rural Debt and Drought Taskforce held its first public hearing, giving those most affected a chance to tell the Government firsthand the impact of the drought and their debt levels.

A total of 14 meetings will be held around Queensland through to the end of January. A closed session will follow each public forum where people can talk about their submissions or other matters in private with members of the Taskforce.

The taskforce will consider key issues and various policy options in the development of recommendations to the Queensland Government, including:

- the nature and extent of financial problems faced by agriculture associated enterprises, local government and supporting communities in Queensland
- identify the cause of problems and contribution of established policy to their magnitude
- the extent of such problems and effect on regional stability
- what strategies might be adopted and initiatives undertaken to rectify such problems
- the impacts that such strategies and initiatives might have
- policy options available to the State Government to coordinate effective remediation
- the nature and desirability of some select actions
- the adequacy of existing financial system to fund policy solutions.

## Qld Biofuels mandate

**On 1 December, the Queensland Parliament passed legislation requiring fuel sellers to meet targets for the sale of ethanolblended petrol and biobased diesel.**

The *Liquid Fuel Supply (Ethanol and Other Biofuels Mandate) Amendment Act 2015* is designed to help Queensland transition to a clean energy economy, grow the biofuels and bio-manufacturing sectors and boost jobs across the industry, especially in regional Queensland. The Bill includes an initial three per cent ethanol mandate for petrol and a half a per cent biobased diesel mandate with both due to start on 1 January 2017.

In practical terms, the mandate will require E10 to make up 30 per cent of regular petrol sales in Queensland in 2017. Regular unleaded petrol will still be available for those who can't or don't want to use ethanol fuels.

A joint Deloitte Access Economics/QUT study predicts biorefining in all its forms could contribute more than \$1.8 billion in gross state product to Queensland and create up to 6,640 jobs over the next 20 years.

Minister Mark Bailey said the Queensland Government would undertake a comprehensive public education campaign ahead of the mandate's planned commencement. A fuel sellers' register will be established to allow the Government to track the sales of biofuels and monitor the performance of fuel sellers in meeting the minimum sales requirements.





**BURDEKIN GROWER:**  
Russell Jordan's crop is flood irrigated. Automation makes sure he doesn't waste any water as sensors tell the system when the water flow has reached a certain point of the paddock and the valve is closed.

## Smart phone keeps tabs on irrigation system

**RUSSELL** Jordan is never too out of touch with his Burdekin farm.

Even if he's hundreds of kilometres away, he can turn his irrigation on and off with a few taps at his phone.

And his cane blocks can tell him when they need a drink.

Russell has had automated flood irrigation on his Giru farm since 2009.

"That trial was only on the first two blocks of the farm, but it worked so well I've now made it fit this whole farm," Russell says.

### Funding assists

Through a Rural Water Use Efficiency – Irrigation Futures funding round, he's spent \$4,000 adding more in-ground AquaSpy sensors.

Via a transmission post, they relay radio signals to a control box which talks to AquaLink software on his home computer.

It means that very little water is wasted to run off the farm, no unnecessary electricity is used in pumping and no time or fuel is wasted driving around checking water.

Zero runoff also means no water, silt, fertiliser or anything else leaves his paddocks.

If nothing is running off, there's zero impact on the water quality of the creeks nearby and the downstream marine environment.

"The most important part of this whole system is the sensors down the bottom end of the paddock telling the system that it's time to either change valves or

turn the pump off and send me an SMS," Russell explains.

"I used to drive around and watch for the water to be visible at the bottom end. Now the sensors will shut the system off before I've seen water.

"At first I was worried, but if I come back in two hours the flow's made it right through."

The other big advantage Russell says is that the automatic shutdown can happen in the early hours of the morning without him having to wake up.

"If at 3 or 4 o'clock in the morning it detects water, it will shut down or it will switch to the next set without me! That's another saving I can see," Russell smiles.

Early on in the trial, Russell had a SIRMOD model run to work out how fast the irrigation was seeping into his soil.

In addition, lysimeters, like cups with a vacuum tube, are buried in his soil at 1.5 metres to monitor how much water seeps past the root zone of his sugarcane plants.

The results help guide him in knowing how much irrigation to schedule to ensure it just gets to the cane's root zone and no further.

The moisture probes and sensors are gathered up for harvest so they don't get damaged and then re-installed afterwards.

The story Smart phone allows for smarter irrigation first appeared on North Queensland Register.

**By Neroli Roocke**



# Sugarcane Industry Case Study — Reduced Runoff, Lower cost / higher productivity with irrigation upgrade linked to web based soil moisture management tool

**How Mark and Brian Pressler (Hill End Farms Pty Ltd) improved irrigation efficiency, reduced runoff and increased farm productivity.**

Mark and Brian Pressler from Kalkie near Bundaberg were previously irrigating with water winches affected by wind and not getting around the farm quickly enough to keep up with the crop's moisture demand. These issues lead to parts of the farm being over irrigated and other parts being under irrigated. The over irrigated sections of the farm became prone to erosion and deep drainage encouraging the loss of nutrients sediment and chemicals. The under irrigated sections had the potential to not use the applied fertiliser due to poor cane growth making nutrients prone to loss during rainfall events.

The purchase of a lateral move low pressure irrigation system replaced the two water winch systems, providing a more precise volume of water applied to the soil in a manner that was more responsive to the crop requirements. It also used less electrical energy due to a more efficient irrigation motor and water supply network.

To ensure the correct volume of water was being applied to the soil during each irrigation the Presslers utilised information provided by an infield soil moisture monitoring (EnviroScan®) tool on the farm. This monitoring equipment had been purchased utilising funding from a previous Reef Program grant.

### The Problem

Mark and Brian were using two water winches to irrigate 47ha over a 12 to 14 day cycle to apply about 50mm regardless of wind conditions. This meant that peak crop demand during summer (6 mm/day) was generally not being met and the farm suffered from variable growth in response to variable soil moisture levels. This variability was created by the wind and created opportunities for runoff to occur.

### The Solution

They decided to upgrade their irrigation infrastructure and invested in a low pressure lateral move system. This provided a more efficient irrigation system that is not greatly affected by wind when compared to water winches.

The previously funded EnviroScan moisture monitoring probe is linked to the Bundaberg CANEGROWERS Ltd web site to ensure that other growers are also able to access the information and grow the best possible crop while minimising the risk of water loss from the farm during and after rain and irrigation events.



## The Benefits

### Monitoring to manage irrigation schedules

Mark and Brian have been able to manage their irrigation to ensure that the 2015 crop was not restricted by stress at any time during the main growth period from November to May. The accompanying graph from their EnviroScan illustrates this outcome.

The graph also illustrates that there was minimal deep drainage occurring on the farm during the monitoring period. While it is hard to demonstrate reduced runoff occurring using the EnviroScan unit, the rapid drain down that occurs as demonstrated by the graph means that the amount of runoff from irrigation events to potentially carry sediment, nutrients and chemicals is limited.

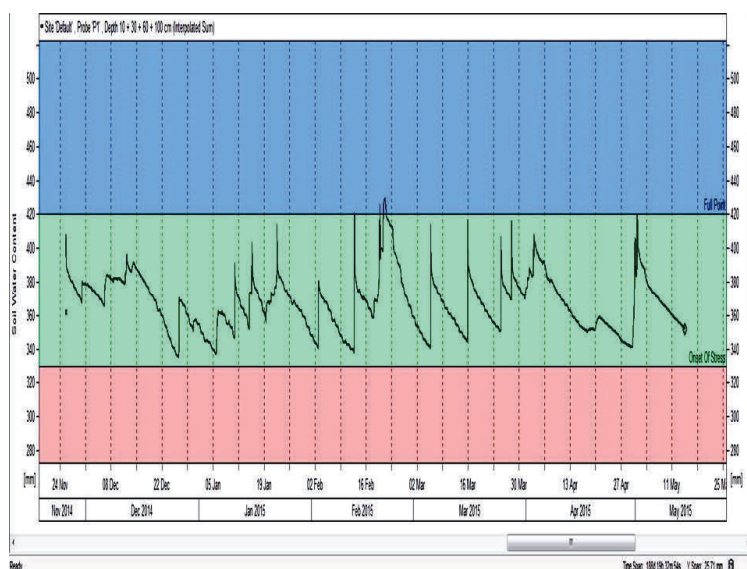
The lateral move irrigator has the potential to irrigate the whole farm in four (4) days while crop demand generally means that it is an eight (8) day irrigation cycle. This means that if heavy rain is forecast irrigation can be delayed, however if it fails to eventuate the farm can be irrigated quickly with little lost productivity. The ability to delay irrigation enables the soil profile to be drier enabling better rainfall infiltration reducing runoff that may potentially carry sediment, nutrients and chemicals. This improves the quality of the water that runs off the property and into the Burnett River.

### Productivity Gain

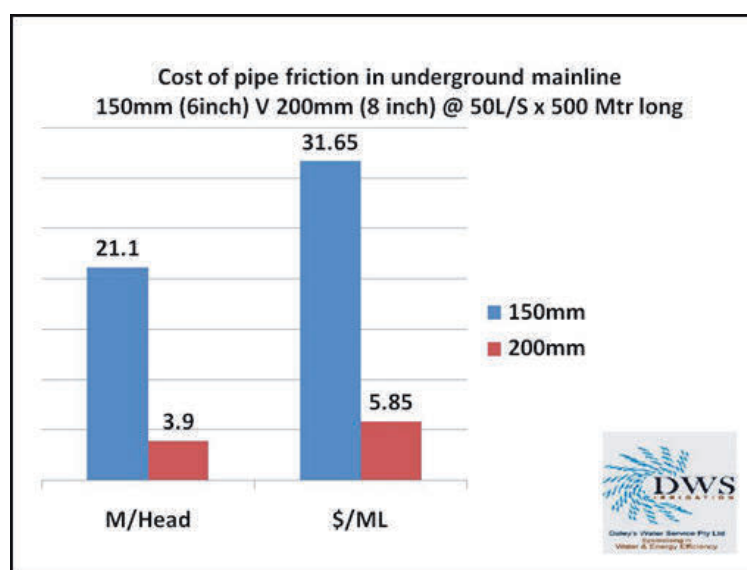
The 2015 crop estimate is 130 tc/ha which is about 20% more than previous similar seasons. When using tariff 66 this demonstrates a saving of the lateral move irrigator over the old winch system of \$19,329/year. When combined with the estimated productivity gain the income benefit of the new system net of electricity is \$51,290/year.

### Energy efficiency

The installation of the lateral move, a new 200mm underground mainline that replaced the old 150mm mainline and a new 30 kW motor coupled to a low pressure high flow pump completed the project. The benefit of this comprehensive upgrade (e.g. low pressure irrigation system + matching mainline and pumping equipment) is a 60-70% reduction in energy \$/ML pumped.



	Winch	Lateral
<b>ENERGY COST COMPARISON</b>		
<b>Tariff 62</b>		
Peak 7.00am – 9.00pm weekdays (\$/ML)	205	65
Off peak – all other days and time (\$/ML)	75	23
Annual service fee (c/day)	69.791	69.791
<b>Tariff 65</b>		
Peak 7.00/8.00am – 7.00/8.00pm all days (\$/ML)	164	52
Off peak – all other times (\$/ML)	90	29
Annual service fee (c/day)	69.791	69.791
<b>Tariff 66</b>		
All times (\$/ML)	86	27
Annual fixed charge (\$/year/ pump)	4036	2521
Annual service fee (c/day)	153.81	153.81





# Far north Queensland canegrowers transform a drain into a reef water filter

**BABINDA growers Ray and Rosemary Vicarioli have transformed a deep, dangerous and eroded drain to ensure the water running from their cane paddocks is as clean and clear as possible before it flows into a natural creek and down towards the ocean.**

It's not glamorous work but it's the kind of project farmers are tackling to do their bit to safeguard the future of the Great Barrier Reef.

With an average annual rainfall of around 4,000mm a year, managing water is a big part of farming in the foothills of Mount Bartle Frere in far north Queensland.

Over time, flowing water had scoured a two-metre wide and two-metre deep channel carrying runoff from Ray and Rosemary's farm, as well as neighbouring banana and cane farms.

Supported by a grant from the Australian Government Reef Programme, the couple spent two weeks of solid work re-forming the 120m long drain.

Together they laid 24 big pipes to take most of the water flowing down the gully.

These were covered with sand before narrower seepage pipes were laid over the top to take water from the adjacent cane fields.

Then the channel was filled with layers of gravel, sand and dirt – which all work to filter sediment from the water as it seeps through. The top has been planted with grass to prevent future erosion.

A final, rocky silt trap catches any surface water that remains before the junction of the drain and Menzies Creek.

"If there's any silt coming through the pipes it'll be caught in the last bit behind a log before the water goes into the creek," Ray says.



**FAR NORTH QLD: Babinda growers Ray and Rosemary Vicarioli on their property in the foothills of Mount Bartle Frere.**

The project extends work Ray did with his father further up the hill some years ago and builds on revegetation the family has done along the creeks which flow through their farm – the tree planting is now a habitat for wildlife and birds.

Paddock contouring designed to minimise water velocity and Ray's commitment to minimal tillage farming methods and cutting his cane green (with the leaves left on the paddock as a mulch blanket) also contribute to keeping soil and nutrients on the property.

"When the rain comes down, it comes pretty quickly. We can get three or four inches (75-100mm) in an hour and if you get an accumulation of water, it picks up speed and causes erosion," Ray says.

"I've tried over the years, and spent a lot of money, to rebuild headlands to control each paddock's water within itself. "I think that silt control and containment and relevant earthwork projects are very important because silt has been targeted for pesticide and nutrient run off in waterways."

Further downhill and along the tree-lined creek, Ray has built up a 50cm levy bank. His aim is to filter any water flowing from the lower cane blocks towards the creek.

"Any runoff from the paddocks basically sits there and slowly seeps through," he explains.

"Trash blanketing too does a great job of holding the water back so very little silt is getting through now."

**By Neroli Roocke**



Aaron Linton credits his drip tape irrigation system with improving his farm's cane tonnage.

# Burdekin cane farmer sold on drip system

Aaron Linton knows a thing or two about water. The Burdekin cane farmer not only relies on irrigation to grow his crop, he recently won the 2015 Taser Nationals off Townsville sailing with his haul-out driver, Jamie Jochheim, as crewman.

The pair did their fitness training around the farm at Kirknie and took to the water when they could around the demands of 100 hectare property.

Aaron and his wife, Amy, decided on the land upstream from the Clare Weir to raise their family. They bought the property in 2010 and Aaron has put a lot of labour and capital in to transforming what was a rundown farm into a modern and viable enterprise.

"When we took it on it was producing 3500 to 4000 tonnes of cane, now we're up to around 9000 and I'm pretty sure we can get better," Aaron said.

"The key changes have been weed control and getting the planting right but the biggest improver of our yield has been the drip system installed on 42 hectares."

The computer-controlled drip tape irrigation system has been in operation for three years and a detailed assessment is now being undertaken to determine if the boost in tonnage and water use efficiency gains deliver an overall farm efficiency dividend when compared with the furrow irrigation systems most commonly seen in the Burdekin region.

Aaron has his computer linked up to all of his irrigation sets, the pump and variable speed controller for saving energy. It means he can monitor the farm anywhere in the world using a smartphone.

The farm is divided into two main sections with blocks on one side under furrow irrigation using water pumped from the Burdekin River.

Once paddocks are flooded, runoff is channelled into a recycling pit which supplies water to the pump station driving the trickle tape system on the opposite side of the road.

A fertiliser tank allows nutrient to be added to the water which goes directly to the roots of the plants under drip irrigation. A system of valves, linked to the pumping shed via radio control, manages the flow of water and nutrient to the cane.

It's a system that not only provides substantial gains in water use efficiency, but eliminates nutrient runoff from the farm. The absence of moisture at ground level also minimises weed germination, meaning less need for herbicides.

The \$250,000 system was made possible with partial funding from the Australian Government Reef Program.

It is already delivering strong environmental dividends for a farmer who, as a champion yachtsman, understands better than most the importance of protecting the Great Barrier Reef catchment.

By Neroli Roocke





## Foreign millers acting like spoilt brats

**FOREIGN-owned millers such as Wilmar and Mitr Phol need to stop throwing temper tantrums and get on with business.**

Wilmar is saying it will not sign any further agreements for next year's crop and Mitr Phol has announced that it will cease all new investment across its Australian sugar business.

Both foreign millers are reacting to the passing of legislation in State Parliament to ensure growers have choice over who markets their sugar.

These foreign-owned millers are behaving like two-year-olds chucking a tantrum because the parliament hasn't done what they wanted.

Their actions are threatening the stability of the industry and the thousands of jobs it supports.

If the foreign millers don't like the new rules, which merely protect growers' right to marketing choice, they should put a For Sale sign out the front of their mills and let those mills go to the highest bidder.

Then we can get on with the job of effectively producing sugar in the region.

People should realise that effectively nothing has changed.

Prior to the passing of the bill in State Parliament, sugar was marketed through Queensland Sugar Limited or the mills.

After the passing of this bill, sugar will be marketed through QSL or the mills.

Yet these foreign-owned millers want to have everything their own way, and let's remember that our State Labor Government wanted to kowtow to their demands as well.

It's high time for them to accept the verdict, stop acting like brats, and get on with proving their claims that they can get better marketing returns for growers.

## State Labor need to 'cop it sweet' on sugar deal

**DECEMBER 03, 2015: THE sugar industry owes a debt of gratitude to the Liberal National Party, Katter's Australian Party and independent state MPs who stood up for a grower's right to a say over who markets their sugar in the Queensland Parliament last night.**

Though the Palaszczuk Labor Government now intends to seek Federal intervention on a deal which backs growers rather than foreign millers, they have little chance of succeeding.

I particularly congratulate the LNP Shadow Minister for Agriculture Deb Frecklington and Katter Australia Party MP Shane Knuth on their considerable efforts to secure this amendment to the Sugar Act which will ensure that growers have a real choice over who markets their sugar.

This has been a protracted battle with foreign-owned millers who want to take that right away from growers.





Considering the seriousness of the issue, it's very disappointing to see that the Member for Mirani Jim Pearce, who represents one of the largest sugar growing electorates in the state, failed to stand up for his constituents.

He voted against this despite all the arguments he gave in favour of the bill during his speech.

Mr Pearce and the Palaszczuk Labor Government are siding with the foreign miller in their call for the ACCC and the Federal Government to intervene and override this legislation.

It's bizarre that the Queensland Labor Government wants this to go to the ACCC when the very thing the LNP, the Katter Party and the independent MP who voted for this bill are trying to fix here is anti-competitive conduct by the mills.

How can offering choice be construed as anti-competitive?

Mr Christensen said the Federal Coalition would only override state legislation if it was inconsistent with Federal competition laws or our trade obligations with Singapore.

He also said that Federal intervention was not in the government's best interests.

This does not breach our Singaporean free trade agreement at all.

The Singapore FTA contains clear provisions to allow government to make its own laws when it comes to anti-competitive conduct.

The Federal Coalition leadership knows that this is an absolute no-go area for some Queensland Federal MPs, myself included.

Federal intervention would result in more people sitting on the crossbenches.



**NSW Sugar Milling Co-operative chief executive Chris Connors is overseeing the sale of property interests at its Broadwater, Condong and Harwood mill sites in order to raise capital to reduce current debt levels**

## Sunshine Sugar responds to Broadwater Mill fine

**THE issue of a fine regarding a spillage that occurred in September at the Broadwater Mill has prompted a reply from Sunshine Sugar's chief executive officer Chris Connors.**

"The solution that was spilt was only a 5% caustic mix in with 1,000 litres of water and then immediately diluted into 8,000 litres of cooling water," he said in a media release.

"The EPA acknowledged in the discussions that we had on this issue, that there was no environmental impact because the spill was minimal and significantly diluted."

Mr Connors said the spill had such little impact, if the mill hadn't reported it 'the world would have been none the wiser'.

"We take a lot of pride in our continuous improvement programs that are now the operational foundation of our business," he said.

"We are in fact the only 100% Bonsucro (international sustainability) certified sugar producer in the world."

Mr Connors questioned the viability of the fine saying it simply put funds into state government coffers rather than making a difference to the mill's responsibility towards their systems and improvement programs.

"Our view is the fine would have been better spent targeting those continuous improvement outcomes," he said.

# General biosecurity obligation

**New biosecurity laws for Queensland will make managing biosecurity risks everyone's responsibility for biosecurity risks and threats under their control.**

Under the Act, individuals and organisations whose activities pose a biosecurity risk will have greater legal responsibility for managing them. This general biosecurity obligation (GBO) means they must take all reasonable steps to ensure they do not spread a pest, disease or contaminant.

A biosecurity risk exists when you deal with any pest, disease or contaminant, or with something that could carry one of these. This includes moving or keeping a pest, disease, contaminant or animals, plants, soil and equipment that could carry a pest, disease or contaminant.

A biosecurity event is caused by a pest, disease or contaminant that is, or is likely to become, a significant problem for human health, social amenity, the economy or the environment.

This GBO means that you will need to:

- take all reasonable and practical steps to prevent or minimise each biosecurity risk
- minimise the likelihood of the risk causing a biosecurity event and limit the consequences of such an event
- prevent or minimise the adverse effects the risk could have and refrain from doing anything that might exacerbate the adverse effects.
- You will not be expected to know about all the biosecurity risks, but you will be expected to know about those associated with your day-to-day work and your hobbies.

For example:

- If you are a commercial grower, you will be expected to stay informed about the pests and diseases that could affect or be carried by your crops, as well as weeds and pest animals that could be on your property. You will also be expected to manage them appropriately.
- If you are a commercial producer of animals, you will be expected to stay informed about pests and diseases that could affect or be carried by your animals, as well as weeds and pest animals that could be on your property. You will also be expected to manage them appropriately.

- If you are a land owner, you will be expected to stay informed about the weeds and pest animals (such as wild dogs) that could be on your property. You will also be expected to manage them appropriately.
- If you transport agricultural produce, you will be expected to check whether the transportation could spread diseases or pests. If it could, you will be expected to manage this appropriately.
- If you live or work in a highly promoted biosecurity zone (e.g. are a builder or developer in the fire ant biosecurity zone), you will be expected to know what you can and cannot move in to and out of the zone and what other precautions are required.
- If you are a residential gardener, you will not be expected to know about all the biosecurity considerations that might affect plants. However, you will be expected to know the basics about reducing the risks of spreading a pest or disease as well as the problem pests in your local area. Your local government will identify problem pests.

## How can you reduce risks?

In most cases, you can reduce risks by following simple steps:

- Closely inspect pot plants and potting mix before taking them home from a market. They will pose a biosecurity risk if they are carrying fire ants or electric ants or plant pests, weeds or diseases that are not already present in your suburb or region.

- Carefully examine animals before moving them. Moving animals will pose a biosecurity risk if they are carrying pests or diseases that could impact agricultural industries. Check for animal diseases that could be spread through contact with other animals and for weed seeds.
- Manage pests (e.g. weeds and wild dogs) and diseases that could have negative impacts on neighbouring properties.

In some cases, there will be specific provisions for meeting the GBO for a risk because of the likelihood and seriousness of the consequences. These will be included in the new Biosecurity Regulation. They may include arrangements for treating pests, diseases, contaminants and carriers, restrictions on moving them inside or outside a biosecurity zone or a mandatory code of practice for reducing the risk.

The GBO is broader than the prescriptive provisions under the current legislation, but it also allows the new Act to be simpler than the current legislation. In many ways, it is similar to a work health and safety duty of care or a duty of care to an animal under the Animal Care and Protection Act 2001.

Specific provisions are not provided for all situations, as they remove any flexibility for clients to innovate and find better ways of managing risks. Also, it is not practical to prescribe specific requirements for every potential biosecurity threat in every possible circumstance.

Information will be available for many common pests and diseases to provide guidance on reasonable and practical measures that can be taken to meet the GBO.



**Mark Pressler**



**Gerard Puglisi**

## Reef Awards 2015

### The Australian Government Reef Programme Awards 2015

The Reef Programme Awards were presented 1 September 2015 in Caloundra, Queensland.

The awards were made to an individual or enterprise involved in primary production who implements innovative or best management activities to enhance water quality outcomes for the Great Barrier Reef.

#### REEF PROGRAMME SUGARCANE GROWER AWARD

**Winner: Hill End Farms Pty Ltd – Mark and Brian Pressler from Kalkie near Bundaberg**

Hill End Farms identified the risks that their operation was potentially contributing to water quality with the help of Sugar Services agronomists via a Farm Risk Assessment Plan in 2010. This started Mark and Brian Pressler on a five year improvement pathway. The benefits they have measured through practice change are that nutrients are retained within the rooting zone. The lack of runoff also means that there is very little potential for sediment, nutrients and other farm inputs to leave the property. Hill End Farms has completed industry program Smartcane BMP module Irrigation and Drainage Management and have through self-assessment shown that their farming enterprise is above industry standard.

#### Runner Up: Gerard Puglisi from Mossman

As a fourth generation cane farmer, Gerard wants to make sure he manages the land sustainably and keep soil, fertiliser and pesticides on his paddock—and not in the Great Barrier Reef. Thanks to government support, Gerard has been able to do this. And these efforts are starting to pay off, with evidence showing water quality is improving. By reducing his fertilizer run-off, he is helping to prevent more frequent outbreaks of crown of thorns starfish, one of the biggest impacts on the reef. Gerard is proud to be working to protect the Great Barrier Reef.



## Industry Highlights

**29 July**

### **The American sugar industry will not support further opening of the US market to sugar imports**

The American sugar industry will not support any further opening of the United States market to sugar imports.

Sugar and dairy are key issues for the farm sector at the Trans-Pacific Partnership negotiations in Hawaii this week.

**28 July**

### **Sugar mill trials cane tourism to promote sugar industry**

A Queensland sugar mill has opened its doors to the public for a one-off tour in a bid to change the image of the industry.

The tour of the Isis Central Sugar Mill, a farmer-owned co-op, was part of the Childers Festival, and organisers hoped it could be the start of a new era in tourism for the region, dubbed "cane tourism".

**31 July**

### **Mackay Sugar's cogeneration plant achieves highest electricity output since commissioning**

The Racecourse Sugar Mill cogeneration plant has recorded its highest electricity output since beginning operation in 2013.

Now into its third harvest season, the facility in Mackay, North Queensland, produced 5,200 megawatt-hours last week, its best weekly result.

**17 August**

### **New focus for breeding program to deliver optimum cane varieties into the future**

An industry reference group has worked with Sugar Research Australia's (SRA) sugarcane breeding program to ensure that future sugarcane varieties deliver characteristics that will improve grower and miller profitability.

**19 August**

### **Support grows for legislative fix to sugar marketing row**

Close to half of the Queensland Parliament is now ready to vote to secure choice and fairness for sugarcane growers in raw sugar marketing.

**19 August**

### **Queensland Opposition releases draft Bill to resolve sugar marketing dispute between growers and millers**

The Queensland LNP Opposition has released a draft Bill, to amend the state's Sugar Industry Act and resolve the heated dispute between cane growers and milling companies, over how sugar should be marketed.

**24 August**

### **US Navy seeks Australian cane and grain biofuels to help power its fleet**

Could Australian agriculture help to literally fuel the United States Navy's expansion in the Asia-Pacific? That is the question a Queensland researcher is trying to answer, as the US moves towards powering its navy war craft with a biofuel blend by 2020.

**31 August**

### **Cane growers warned to do best management practice program or risk new regulations**

Canegrowers are being warned to complete accreditation in the industry's voluntary best management practice program, or risk it becoming mandatory.

30 August Sweet spraying for sugar team North Queensland sugar producer, MSF Sugar, has recently added two high capacity, self-propelled Miller Nitro sprayers to its fleet.

**1 Sept**

### **Canegrowers set sights on rice**

North Queensland canegrowers are increasingly setting their sights on adding rice to their rotations and SunRice wants to help them produce 50,000 tonnes annually by 2020.

**4 Sept**

### **Mackay Sugar announces appointment of new CEO**

Mackay Sugar today announced the appointment of Jason Lowry to the position of Chief Executive Officer effective 15 September.

**11 Sept**

### **Federal Industry Minister issues ultimatum to sugar industry to resolve bitter battle over marketing**

The Federal Industry Minister, Ian Macfarlane, has issued an ultimatum to cane growers and milling companies, to break an impasse over sugar marketing arrangements.

**11 Sept**

## **New MOU to strengthen sugarcane breeding in both Australia and Vietnam**

Sugar Research Australia (SRA) and the Sugarcane Research Institute (SRI) of Vietnam have signed an historic Memorandum of Understanding (MOU) that will pave the way for exchange of genetic material between the two countries' plant breeding programs. The 10-year MOU is aimed to allow both countries to improve their sugarcane plant breeding and deliver improved outcomes for growers and millers.

**15 Sept**

## **Researchers trialling new ways to beat soldier fly in Queensland sugarcane**

Cane productivity boards have teamed up with researchers in Queensland to find new ways to combat soldier fly.

The fly is particularly devastating to sugar crops in the Bundaberg, Isis, Maryborough and Mackay growing regions.

**16 Sept**

## **Sarina Sugar Shed buys pre-loved wagons to carry tourists on cane farm tours**

Two pre-loved, tractor-drawn wagons will be refurbished and put to work catering for a growing number of tourists visiting sugar farms in Sarina.

The Sarina Sugar Shed has purchased the wagons, which were once used by Polstone Farm Tours to give tourists a close-up view of the cane industry.

**17 Sept**

## **Growers want sugar hit from ethanol deal**

The state's sugarcane growers have thrown their support behind the emerging ethanol industry but are urging decision makers not to forget them in the process.

**22 Sept**

## **Plastic bottles could be the future of agriculture**

An attempt to use sugarcane for more than just sugar could be the future of agriculture.

Researcher Ian O'Hara spoke at an Australian Technology Network of Universities forum in Brisbane yesterday and said nearly 60% of sugarcane was wasted if it was used only to produce sugar.

**22 Sept**

## **Canegrowers to examine details of the latest report card on health of the Great Barrier Reef**

Canegrowers Queensland has defended its efforts to reduce farm run-off into the Great Barrier Reef, but acknowledged more growers need to adopt best management practices.

**6 Oct**

## **Smartcane BMP program getting job done**

The sugar industry's Smartcane BMP is a better approach for growers who are focused on productivity and profitability as well as sustainability in comparison to the recently announced state government plan to develop a targeted compliance program for reef water quality outcomes according to Canegrowers.

**6 Oct**

## **Trans-Pacific Partnership: Sugar industry gets raw deal from international trade pact, Queensland senator says**

Australia has missed an enormous opportunity to boost the sugar industry in the Trans-Pacific Partnership (TPP), a Queensland Liberal National Party senator says. The sweet commodity was one of many agricultural sticking points in the 12-country trade deal, which slashes trade tariffs for a number of industries.

**12 Oct**

## **Yellow Canopy Syndrome baffles Queensland's sugar cane farmers, industry**

Researchers have no idea how to stop the mysterious sugar cane condition, Yellow Canopy Syndrome, which is spreading across cane-growing regions in north Queensland.

**15 Oct**

## **More cane growers jump on board as Mackay's latest rice crop flourishes**

Just three months after the Mackay region's first commercial rice crop was harvested, a new crop is flourishing with a much bigger set of numbers.

Agronomy business Farmacist now has eight cane growers hosting a rice crop totalling 64 hectares.

**22 Oct**

## **Mackay Sugar's cane supply bolstered with farm acquisition**

Racecourse Projects, comprising Mackay Sugar and Black River Asset Management, has entered into an agreement to acquire the Hylton Park property, in Mackay, for an undisclosed sum.

# INDUSTRY HIGHLIGHTS

Hylton Park is a 3,244 hectare (ha) cattle property that will allow for the development of 900 ha of cane land on the property over the next two years, which will ultimately deliver 65,000 tonnes of additional cane to Mackay Sugar's mills.

**6 Nov**

## **Work continues to uncover cause of YCS**

It was in 2012 that Yellow Canopy Syndrome (YCS) was first detected in several crops of cane in the Mulgrave Mill area, just north of Cairns, close to four years later the cause of the condition is still unknown.

**11 Nov**

## **'Year of the rat' hitting cane crop**

Out-of-control rodent populations are causing millions of dollars' damage to already struggling cane farmers in the Ingham region. Millions of rats are chewing their way through the region's most common cane variety, Q208, using the sugar as a form of nutrients to breed.

**13 Nov**

## **SRA focused on strategic and integrated approach to Yellow Canopy Syndrome**

A meeting in Far North Queensland this week has enlisted a panel of eight expert scientists from Australia and around the world to assist with reviewing Sugar Research Australia's investment into research into Yellow Canopy Syndrome (YCS).

**19 Nov**

## **Sugar industry museum faces closure unless crowdsourcing sweetens exhibits**

A unique far north Queensland museum could be forced to close its doors if it fails to find enough

money to improve exhibits and attract more visitors.

**24 Nov**

## **First Burdekin cane growers sign to Wilmar marketing arrangements as the sugar giant separates from Queensland Sugar Limited.**

Sugar giants Wilmar have signed their first agreements with cane growers across North Queensland to begin marketing their sugar in 2017 after the company announced they were breaking their partnership with Queensland Sugar Limited (QSL) earlier last year.

**2 Dec**

## **Continued right for sugar grower say in marketing confirmed**

Australia's cane growers are pleased that it has been confirmed that they will continue to have a legitimate right to have a say in how their sugar is marketed. A crucial Bill for the State's cane growers passed in the Queensland Parliament today, which will enforce their existing rights.

**2 Dec**

## **Canegrowers welcomes ethanol mandate**

Sugarcane farming group CANEGROWERS has welcomed the passing of legislation which will require almost a third of the regular unleaded petrol sold in Queensland from 2017 to be an ethanol blend.

**3 Dec**

## **Sugar marketing bill passes Queensland Parliament but millers vow to fight it**

Legislation enshrining choice in sugar marketing will become law in Queensland after the Palaszczuk government failed in its bid to torpedo the bill.

**3 Dec**

## **Labor refers 'anti-competitive' sugar bill to ACCC**

A controversial sugar marketing bill passed in Queensland Parliament has been referred to the competition authority after the state government dubbed it anti-competitive.

**4 Dec**

## **Cane growers warned to join Smart Cane BMP or face tough scrutiny from Government over water quality**

Cane growers who are not signed up for the industry's Best Practice Management (BMP) program should expect extra attention from authorities next year.

**7 Dec**

## **Queensland's chocolate industry strengthened by move north**

An Australian chocolate manufacturer's decision to move its processing operations to north Queensland is set to grow Queensland's cocoa industry.

**9 Dec**

## **Tully has a crush on the new year**

The Tully crush will run into the new year for the first time since the early '70s as the local mill processes another record crop. Cane fields throughout the region, renowned as one of Australia's wettest, have thrived in the dry conditions and higher than average yields have boosted the season estimate to 2.87 million tonnes.



# Queensland algae technology expands to cane industry

**Water cleaning technology being trialled in the Queensland prawn industry is set to expand to the cane sector.**

MDB Energy developed the technology which uses algae to absorb the nutrients in fish ponds, expel clean water, and at the same time produce large quantities of edible protein.

The company initially trialled the water cleaning system at the Pacific Reef prawn farm in North Queensland and last year's testing proved successful with a significant reduction in nutrient run-off.

Those results were the reason why MBD Energy managing director, Andrew Lawson, said there were opportunities to use the algae in the cane industry, which has been under enormous pressure to reduce farm run-off.

He said planning was underway with the State and Federal Governments to develop a five-hectare trial on a Queensland cane farm.

"We've modelled 440 hectares as being the figure that would clean up half the nitrogen in the cane industry, which is a small amount of land when you consider the large mass of farms, but that's a fantastic reduction."

Mr Lawson said there has been interest from cane growers, refineries, and industry representatives but nothing would be promised until the system was proven to work as well it had for prawn farming.

"We'll run this pilot and measure it within an inch of its life but then we'll be able to say, hand-on-heart, this is a system that's worthy of replication."

With demand for protein growing in Asia, especially in India and China, there could be potential to harvest the algae to be sold for food, medicine and fertiliser.

Mr Lawson was hopeful these markets could open up another income stream for prawn and cane farmers.

He said the markets in Asia for edible food algae alone were worth around \$10 billion.

"The markets are pretty large and established so we don't have to go out and create them," Mr Lawson said.

"For us it's [about] trying to make sure we can guarantee supplies, so as we expand these projects it will have significant supply."

**by Lara Webster**



**MBD Energy will trial the use of algae to clean dirty water in the cane sector.**



**Greg Beashel**

## QSL Update

By CEO Greg Beashel

### Is there more to sugar marketing than pricing the ICE11?

There is a lot more that needs to be considered when looking at sugar marketing than simply the ICE11 component of the sugar price. The proposition that growers have some control over how grower economic interest sugar is priced on the ICE11 and therefore do not need to be concerned about marketing arrangements is incorrect as it ignores:

- That the ICE11 price depends on which futures position that sales and pricing are being contracted against. It is the job of the marketer to optimise this and sell and hedge in the shipment periods that deliver the best return.
- That there are a number of significant factors other than the ICE11 price that can influence sugar prices that are directly related to how the marketing program is structured and managed.

The following discussion explains these points further.

*Why can't I just do my pricing against the highest ICE11 contract?*

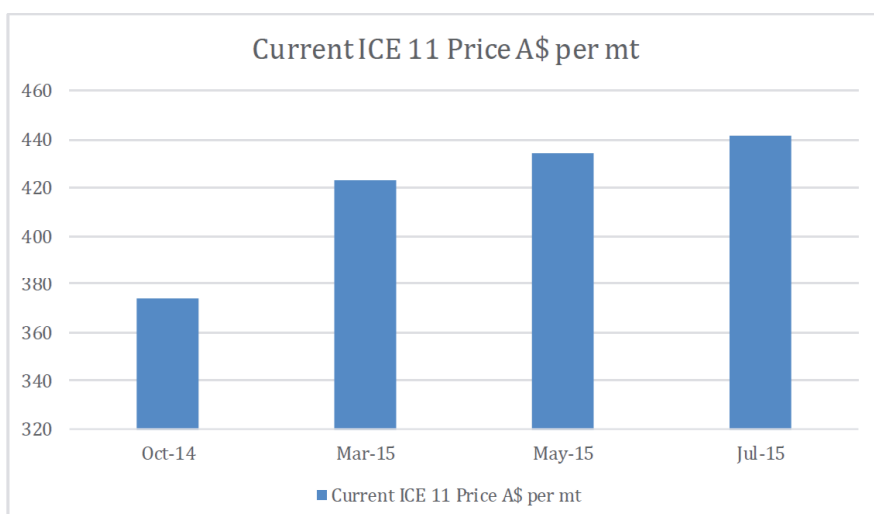
The chart below left shows the current prices of the remaining futures contracts that will be used to hedge the 2014 season crop.

The price differences between the positions are significant and one key aspect of maximising price is to consider futures market prices for each futures position. Marketing is not just a matter of finding the highest-priced futures contract to use for price hedging and making sales against that position. There are many other considerations when determining which ICE11 position to make sales against for sugar prices to be optimized, such as:

- Physical constraints including storage availability. About half of Australia's export raw sugar needs to be sold in season to allow room for the rest of the crop to be stored.
- The different supply, demand and freight dynamics at play in each shipment period that influence the premium above the futures market
- Carrying costs, such as financing – if sugar is sold later it needs to be stored and financed for longer
- Fitting in with when customers want sugar
- Allowing flexibility in the sales program to manage crop changes and market movements.

*What are the other revenues and costs other than the ICE11?*

There are some very significant costs and revenues to be managed other than the ICE11 sugar price. Two of the key non-ICE11 revenues and costs are premiums and freight. I would like to spend some time in future articles



Current as of Monday, 07 December 2015

## QSL Market Update

By Matthew Page, QSL Liquidity Manager

### Market Commentary

#### Sugar

Despite a couple of attempts at both the bottom side and the top side, prices largely remained in their broader recent comfort zone of 14.00/15.50c/lb. Early in the week price activity was soggy as a record net long of over 208,000 contracts weighed heavily on market sentiment. The anticipated sell-off never materialised though, with Monday's low of 14.73c/lb signalling the full extent of market worries before prices ratcheted higher again over the remainder of the week, seemingly comforted by the continuing wet finish in Brazil.

Monday also saw a small jump in spread activity, with March/May pushing out a further 10 points to +50 before closing the week at +45. The funds remain bullish (long) on the upcoming deficit arriving in 2016, while some of the trade remain understandably cautious, hence a market in tug-of-war between rising and falling and a flat price galloping away from the rest of the board.

The Indian export subsidy appears to have been made law now, however the threat of bureaucratic delay which always seems to hang over Indian politics leaves the market less than convinced that it will result in massive exports.

As mentioned, wet weather continues to hamper the tail of the crush in Brazil, with the latest UNICA (Brazilian Sugar Cane Industry Association) report for the second half of November showing the prospect of total sugar production exceeding 30.5 million tonnes to be poor. Equally, the relatively decent performance of the Brazilian Real over the week (down 15 points from 3.90 to 3.70) also buoys the bullish sentiment.



#### Currency

Much to the frustration of the Aussie exporter, the Australian dollar continues to perform well despite a backdrop of creaking commodity prices. Beginning the week around 72 cents, encouraging local GDP and housing starts data helped lift the local unit back to the 73.5-cent level last seen in early October. As expected, the Reserve Bank meeting was a largely uninteresting event, with Governor Glenn Stevens seemingly comfortable with growth and inflation within target bands and happy to wait for the US Federal Reserve hike to see what impact that has on the market.

We anticipate that the currency will remain well supported through to the end of the year, with the expected Fed hike now largely priced into the currency market curve. Resuming the downtrend is not likely to occur until early 2016, largely depending on US Fed rate expectations and prevailing local economic conditions.

This week is somewhat lighter than the last on the data front, with local consumer and business confidence and employment releases as well as US retail sales and Producer Price Index results. We expect fairly range-bound activity this week, with movements outside of 72.5 cents and 74.5 cents unlikely.

This report contains information of a general or summary nature. While all care is taken in the preparation of this report, the reliability, accuracy or completeness of the information provided in the document is not guaranteed. The update on marketing and pricing activity does not constitute financial product or investment advice. QSL does not accept any responsibility to any person for the decisions and actions taken by that person with respect to any of the information contained in this report.



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## ACFA SERVICES

**Publications:** The Australian CaneFarmer. 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](http://www.acfa.com.au)

**Corporate services:** World sugar news; Market information; Political and Local sugar related news; Wage and 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 Queensland and Australia:

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

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

*Articles in The Australian Cane Farmer do not necessarily represent the policies or views of the ACFA.*

**Editor-in-chief:** Stephen Ryan

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