

Breakthrough in world trade talks.

The outlook is a little brighter for Australian cane farmers following two recent decisions made during World Trade Organisation negotiations in Geneva.

World sugar prices are expected to rise following a WTO ruling early this month, that sugar subsidies employed by countries in the European Union are in breach of world trade rules and are partly responsible for the corrupt world sugar market.

The WTO's draft ruling, based on a complaint filed by Australia, Brazil and Thailand, could bring about the removal of as much as 4 million tonnes of EU sugar from the 40 million tonne global traded market.

Federal Minister for Trade Mark Vaile told parliament that the removal of EU dumping from the world market, valued at around \$705 million, would result in an increase in the world price for sugar in the longer term and therefore an increase in the income of Australia's sugar farmers.

This WTO decision followed hot on the heels of a breakthrough agreement which revived the Doha round of trade negotiations.

All 147 members of the WTO agreed to a framework which commits members to a target date of December 2005 to implement substantial cuts to farm subsidies and other market distorting measures.

The agreement provides for a 20 percent cut in subsidies in the first year of the agreement with total subsidies not to exceed 5 percent of total farm production. It also calls for a review of food aid and state-run export boards.

Mr Vaile, who was in Geneva for the



Farm subsidies in other countries which have long damaged the Australian sugar industry have been addressed at the recent round of trade negotiations in Geneva. It is hoped that the agreement to cut domestic support will weed out inefficient producers and improve Australia's market access.

negotiations welcomed the agreement, saying that there could be huge benefits for Australian farmers.

"The framework breaks new ground by locking in a historic commitment by WTO members to eliminate agricultural export subsidies which have had a tremendously damaging impact on Australian farm exports," he said.

However, concerns have been raised pertaining to a clause in the framework that allows countries to maintain their protective measures on 'politically sensitive' products.

National Farmers Federation President Peter Corish said that the clause could provide rich protectionist countries with a loophole, allowing them to continue to deny other countries access to their lucrative markets.

Opposition trade spokesman Stephen Conroy agreed, saying that the loophole may mean countries can pick and choose which products they will continue to protect with high tariffs and quotas.

"Many of the products chosen will be those which Australia is most efficient in producing such as sugar, beef and dairy products," he said.

Queensland Primary Industries Minister Henry Palaszczuk has also raised concerns regarding the future of single desk exporting of sugar following the decision to review state 'monopoly trading enterprises' to assess whether they 'constitute unfair government support'.

"As the export sugar single desk is enshrined in the Queensland legislation, I will be seeking clarification of the study, including its terms of reference."

It is expected that negotiators will spend at least a year working out the details of the agreement.

Inside: A summary of the Doha round of world trade negotiations, pg4.

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Chairman's Comment



Hands off Single Desk * By ACFA Chairman Ross Walker

WTO agreement.

Cane farmers may well find that the devil is in the detail of the recent WTO draft agreement.

The framework provides for an assessment of state 'monopoly trading enterprises', such as the Queensland sugar industry's single desk, to examine whether they constitute unfair government support.

It is imperative that the government does not trade away the sugar industry's single desk.

Much of the world's traded sugar is controlled by large corporations whose market power is much greater than Queensland's single desk. These large corporations would not come under scrutiny and would probably like to see the removal of the single desk.

But this would be detrimental to the Australian industry as these companies would beat down prices for Australian farmers.

ACFA has sent a stern warning to government that the single desk system must be retained.

ACFA has, on the other hand, tentatively welcomed the proposed cuts to export subsidies under the framework, and the expected positive affect it should eventually have on world prices.

However, there also needs to be clarification as to whether Australia will gain any further access to previously impenetrable markets, as any increase in world prices would be meaningless without an extension of market access.

WTO decision on EU subsidies.

The Australia, Brazil and Thailand challenge through the WTO and the recent preliminary ruling against the European Union's sugar export subsidies has certainly been a long time coming.

The removal of EU dumping on the world sugar market should only have a positive, and most welcome, effect on the world price.

This is certainly a major step forward and an excellent starting point for some true reform of the corrupted world sugar industry to take place.

Industry Oversight Group.

The composition of the IOG must be a concern as the membership has little industry representation and reform and future direction is going to be set by non-equity or non-stakeholder participants.

It is essential that the Industry Oversight Group understand the industry's diversification potential and options available, and ensure it is achieved.

At this time it is important that the development of the industry's diversification options remains a key focus so that risk is spread over a number of income streams.

The current temporary price increase should not be interpreted as a mandate for inertia, but rather a minor reprieve to allow us to once again find prosperity.

This process is possibly the last opportunity for major sections of the Australian sugar industry and the IOG must get it right this time.

It is also essential that the Regional Guidance Groups have the necessary expertise and broad representation to objectively evaluate regional plans.

The regional focus taken within the context of a whole of industry approach must optimise each sector of the industry.

This is a stark contrast to previous reforms which addressed mainly industry wide change from a uniform perspective.

National Competition Policy.

There has been a recent debate on the future of NCP, sparked by the states and especially

the NSW Carr Labor Government.

To date, Nation Competition Policy (NCP) has had a devastating affect on some of our agricultural industries.

There appear to be a number of assumptions which have contributed to the carnage. For example, the presumptions that:-

* Competition is always for the greater good and produces no social or economic disadvantage.

* Small enterprises and groups of enterprises can successfully participate against large enterprises.

* Government intervention in markets is unnecessary and undesirable.

* Outcomes of review are correct or justifiable because the public have opportunity to contribute.

An essential element of NCP, the public interest test, has failed agriculture and needs revising. Moreover, the best result for Australians is not always buying the cheapest possible product.

There is probably no Australian generated good or service that cannot be imported more cheaply, but at what cost? At what erosion of infrastructure; at what foreclosure on an industries potential to embrace technology and gain in efficiency and productivity; at what cost to self sufficiency; at what cost to human health and at what cost to economic, social and environmental well being?

The deregulation brought about by NCP has resulted in fewer farmers and lower prices at the farm gate. No-one needs reminding of the dairy industry, where returns to the farmer have diminished to the benefit of those further along the value chain.

A NCP should enhance Australia through the enhancement of Australian industry there should be no casualties.

The productivity commission is due to release a discussion draft in September 2004; draft public hearings are scheduled for November 2004 with a final report submitted to Government by 23 January 2005.

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Innisfail blackout during cabinet meeting.

A blackout which occurred during a cabinet meeting in Innisfail has highlighted Queensland's power crisis.

Johnstone Shire Council mayor Neil Clarke said that about 500 people were affected by the blackout in the main commercial area of the town, caused by the failure of a transformer installed only the week before by Ergon Energy.

The *Australian Financial Review* reported that Queensland Premier Peter Beattie had hoped to use the community cabinet meeting to move on from a scathing independent report released late July which blamed a lack of maintenance for last summer's series of power failures.

A spokesman for Mr Beattie said that the blackout did not disrupt the cabinet meeting which was held in the Johnstone Shire Council chambers because it had a back-up generator.

Industry Oversight Group announced.

Members of the sugar Industry Oversight Group have been announced by Agriculture Minister Warren Truss.

The group, established under the Federal Government's Sugar Industry Reform Program 2004, will be chaired by former Queensland Sugar Ltd Chair, Bruce Vaughan.

The groups other members are: Aviars

Blums -, Principal Advisor to Aldoga Aluminium Smelters Board of Directors; Alf Cristaudo, Chair of Queensland Cane Growers Organisation; Geoff Mitchell, Chair of the Australian Sugar Milling Council; Vivienne Quinn, Board Member with the Heritage Building Society and Dr Roly Nieper, a consultant specialising in primary industries and rural communities.

Burdekin region trials cotton.

A new program has begun in the Burdekin with a small number of farmers trialing cotton.

Queensland Cotton chief executive Richard Haire told the *Courier Mail* that although it was early days, everyone is positive about the trial.

"We don't want it to be seen any bigger than it really is. It hasn't got the potential to double cotton production in this country."

"But for us it could be a new area that opens up," Mr Haire said.

Although cotton is usually planted in the Spring and harvested in Autumn, it is being trialed in Queensland as a winter crop, with the first few hundred bales to be harvested later this year.

Mr Haire told the *Courier Mail* that the big problem was likely to be insects rather than humidity.

Thinking outside the square.

Last month the *Australian CaneFarmer*

reported that cane farmers in the Moreton region were to receive a copy of a Queensland Government-produced document entitled 'Thinking Outside the Square: making decisions in times of change.'

The document is now available on the Department of Primary Industries website to be viewed by the public.

A copy can be downloaded at www.dpi.qld.gov.au/canegrowers

Applications open for Rural Women's awards.

Applications are now open for the 2005 Rural Industries Research and Development Corporation's (RIRDC) Rural Women's Award.

Winners will be selected from each State and the NT to receive a bursary of \$15,000. A Development Award of \$5,000 will be awarded to each runner up.

To qualify for the award, potential applicants need to demonstrate a personal commitment to sustainable agriculture and to the role of rural women; the ability to provide leadership and share skills and knowledge; and the potential to achieve and deliver benefits to agriculture.

Applications close on World Rural Women's Days - 15th October 2004, and are available from state departments of primary industries, agriculture and natural resources, ABC regional radio stations or from www.ruralwomensaward.gov.au.

ACFA Calendar

23rd August	Ethanol Road show	Cairns.
20th September	QSL Board Meeting	Brisbane
28th September	QFF Meeting	

Did you know that ACFA has:

- * Crop and General Insurance
- * Pays services
- * Weekly news bulletins
- * Current news and issues as well as links to other industry organisations on our website www.acfa.com.au

Ethanol Road Show comes to town!

The Ethanol, Brazil Success Road Show and Seminar Series will travel throughout Queensland during mid-August with the aim of creating greater awareness of the Queensland ethanol industry, and changing public perceptions on ethanol blended fuels.

The road show will feature representatives from the Brazilian government, industry and local experts and will showcase a range of issues including production and equipment, new growing methods and distribution.

Queensland Minister for State Development and Innovation Tony McGrady said that the road show is an initiative that would help Queensland share Brazil's successful experience in ethanol production.

"All gasoline sold in Brazil contains at least 25% ethanol and the latest flexi-fuel cars manufactured there can run on up to 100% ethanol," he said.

"Joint venture opportunities will also be discussed with local millers, cane growers, fuel and motor dealership representatives, as well as local council and government representatives," he said.

The road show will also feature Ethyl, a brightly painted promotional bus and two Queensland Government vehicles, all of which will be fueled with E10.

"We want to promote greater understanding of Ethanol as a viable fossil fuel alternative and raise community awareness around E10 fueled cars and the petrol stations that are already supplying E10 to Queensland customers," Mr McGrady said.

The road show and seminar series was launched on August 16 in Brisbane by Premier Peter Beattie with Brazilian Minister for Agriculture, Fisheries and Supply Mr Roberto Rodrigues as guest speaker.

The road show was then scheduled to visit Bundaberg on August 17, Mackay on August 19, Townsville on August 20 and Cairns on August 23.

A Summary of the Doha Round of Trade Negotiations.

* The Doha Round of world trade talks commenced in November 2001 when World Trade Organisation members met in Doha, Qatar, to develop a framework of trade rules that would be fairer to developing countries and to discuss opening world markets to agricultural and manufactured goods.

* Follow up talks were held in Cancun, Mexico, in September 2003. However, these talks were unsuccessful as rich and poor countries could not agree, particularly on agricultural issues.

* The poor countries claimed that:

* Rich countries were protecting their producers through subsidies which enabled them to become more competitive and increase their production.

* Rich countries dumped their produce on poorer nations at low prices, undermining local farmers.

* The agreement in Geneva saw key WTO members including the US, the EU, Brazil and Japan agree to eliminate export subsidies (at a date to be determined), to limit other subsidies and to lower tariff barriers.

* Other provisions include a clause for the continued protection of 'politically sensitive' products, an agreement that customs procedures should be simplified and tighter rules should apply to state aid for rural development.

* Further negotiations will commence at the next WTO ministerial meeting in Hong Kong in September.

The fast and furious compete at annual championship.



The annual Australian Hand Cutting Championships were held in Dalbeg, North Queensland on July 18. The day featured a tug o'war and cut, top and load competition but the highlight was the hand cutting championship. The eight competitors were required to cut through 1.5 tonnes of cane with Jeffrey Bradshaw (seated centre) the eventual winner after completing the task in 11 minutes 42 seconds.

Photo courtesy of John Powell, Caneharvesters.

Making Waste Work.

Cairns Waste Management Group (CWMG), owners and operators of the Bedminster Composting Facility have been working with local farmers to establish environmentally sustainable farm practices through the use of waste-derived compost.

The Bedminster technology replicates and accelerates nature's own decomposing process to produce an organic and nutrient rich compost from organic waste.

As with any organic matter, when added to the soil the compost increases the nutrients available to plants and microbes, improves soil structure and increases its ability to retain water. The compost also reduces the need for chemical base fertilisers and eliminates associated environmental impacts.

Such improvements have been experienced by local farmers in Gordonvale, Mossman and the Tablelands who have been trailing the product since May last year and are very happy with results to date.

"The cane in the compost lodged quicker and much earlier in the season" said one Tablelands farmer.

"My soil has never had water retention like this before" said another Gordonvale cane farmer.



John Walker, CWMG evaluates cane growth.

"We are very proud of the trials to date, more than 24 000 tonnes of compost has been applied to cane farms in the region" said Environmental and Quality Manager, Sarah Miller.

"After years of intensive farming many of

the local soils have been depleted of their natural organic content. Traditionally this was managed by irrigating more and adding more fertilisers. We feel this (compost application) is a more sustainable practice, the addition of the organic matter helps to bind nutrients in the soil and we are solving a waste problem at the same time," she said.

Both CWMG and the farmers are eagerly awaiting the harvesting results to assess improvement to yield and CCS.



If you have any question about the Bedminster system please call Sarah or John on 07 40409504.

Bioplastics: growing as a cane diversification option.

Until recently, the high costs associated with biodegradable plastics meant that they had limited penetration into the Australian markets of conventional commodity polymers.

However, with the advent of new, more affordable biodegradable plastics, it has been predicted that by 2005 many biodegradable plastics will be cost competitive with conventional plastics, both in Europe and North America.

Biodegradable plastics have an expanding range of potential applications, and driven by the growing use of plastics in packaging and the perception that bioplastics are 'environmentally friendly', their use is predicted to increase.

Why use sugar cane as a source for biodegradable plastics?

Sugarcane is viewed as a highly feasible biomass source due to its vigorous growth, high efficient carbon fixation, and its ability to store a large amount of carbon. It is also Australia's largest biomass crop.

The biodegradable plastics of specific interest to the sugar cane industry are:

- Polyhydroxyalkanoates (PHAs) aliphatic polyesters naturally produced via a microbial process on sugar-based medium, where they act as carbon and energy storage material in bacteria.

- Poly-hydroxybutyrate co polyhydroxyhexanoates (PHBHs) are one of the newest types of naturally produced biodegradable plastics. The PHBH resin is sourced from carbon sources such as sucrose, fatty acids or molasses via a fermentation process.

PHBHs are currently being marketed under the NODAX brand name. At

ACFA's recent 'Fuelling the Future' conference, BSES Research and Development Manager Ross Gilmour discussed the environmental benefits of NODAX.

Mr Gilmour said that the aerobic (with air) degradation of NODAX is 78% after 45 days. Trials of NODAX in anaerobic (without air) conditions revealed that NODAX would disintegrate after 7 days in a septic system, biodegrades at the same rate as other materials such as paper in landfills, and at a rate of 40% after 40 days under water.

Mr Gilmour also said that potential applications of NODAX ranged from shopping bags to agricultural mulch, film to medical protective clothing.

More information on NODAX is available at www.nodax.com.

EC drought assistance undergoes reform.

A meeting held in Melbourne in late July saw state and territory agriculture ministers agree to develop a simpler and more responsive approach to Exceptional Circumstances drought support provisions.

Federal Agriculture Minister Warren Truss said that the new approach will simplify the EC application and assessment process. This will be achieved by removing the requirement for the application to establish that a majority of producers in the application area have experienced a severe downturn in income as a result of the drought.

"The requirement in the application would be replaced with an assessment of the impacts on production and a range of event factors such as rainfall, temperature, soil moisture and remote sensing information," Mr Truss said.

"This proposal would reduce the burden on farmers to provide State agencies with their income details as part of the EC application and assessment process.

"For the most part, EC applications would then be assessed using common data that is more readily available and

nationally agreed," Mr Truss said.

"The result will be faster access to EC support for eligible farmers and their families, helping reduce stress and uncertainty in rural communities battling severe drought."

Mr Truss assured farmers that the Australian Government will continue its commitment to assist families affected by drought with welfare and business assistance.



At the meeting, the Primary Industries Standing Committee was also asked to undertake further investigation on how governments should play a greater role in helping farmers to better prepare for drought.

"Farmers are often unfairly portrayed as not being prepared for drought," Mr Truss said. "The Australian Government will use the next AAA Program Evaluation - Rural Producer Survey, due for early 2005, to get a better idea of how farmers could be better prepared."

The Primary Industries Ministerial Council will meet again in October 2004 to ensure all issues, including funding for the new measures, are dealt with promptly.

Energy Sector expected to grow.

ABARE has forecasted that the renewable energy industry, including biomass, will grow strongly in the next 15 years.

Australia's primary energy consumption is anticipated to grow at an average of 2.2 percent a year until 2020, with demand to be greater in Queensland, Western Australia and the Northern Territory, due to an expansion in energy intensive minerals and gas processing industries.

ABARE said that electricity generation in Australia is forecast to grow by 2.4 percent a year, with black coal expected to account for well over 50 percent of the electricity fuel mix. Natural gas is also projected to continue to grow strongly.

ABARE has predicted that most of the growth will take place in the next five to eight years, and that Australia's dependence on imported fuels will increase dramatically during the next two decades.

Sugar cane fuelled power plant for Childers.

Ergon Energy is to build a \$23 million plant fuelled by sugar cane residue at the Isis central Sugar Mill.

Queensland Premier Peter Beattie said that the plant would produce enough electricity annually to power 7,000 homes as well as improve the reliability of electricity supply to the Childers area.

Mr Beattie said that the plant would help reduce greenhouse gas emissions by about 50,000 tonnes a year; equivalent to taking 10,000 cars off the road.

"Importantly, this project will provide an additional revenue stream for local cane growers who own the mill and will help safeguard them against fluctuations that can be experienced in the sugar industry," Mr Beattie said.

Queensland Energy Minister Stephen Robertson said the power plant will use excess steam produced through the combustion bagasse at the Isis Mill to drive its power turbine.

"The plant is expected to generate about 65,000 megawatts of electricity in a season, with 30% used to run the sugar mill, and the remainder exported to the electricity grid," he said.

Mr Robertson also said that on top of the \$23 million investment in the plant, Ergon Energy would also spend a further \$6 million upgrading the Childers-zone electricity substation.

Isis Central Sugar Mill General Manager Mark Hochen said that the project would provide employment security for mill employees as well as creating jobs during the construction phase and for any out-of-season cogeneration.

"As the local cane growers own the mill, they will benefit directly from the project through mill profit distributions," Mr Hochen said.

Construction of the 25 megawatt cogeneration plant will begin almost immediately and is expected to be fully operational by May 2006.

More local news and events on ACFA Website.

The ACFA website (www.acfa.com.au) has a range of information useful to cane farmers including workplace health and safety updates, climate reports and current news stories.

Various sections of the website have recently been redeveloped in order to maximise the services that this medium provides to members. The ACFA Branch pages are one such area of the website.

The branch pages have been redeveloped in order to provide farmers with more information on what has happened and what is happening in their local area.

By clicking on your branch page you will have access to the following:

- * The contact details for all the ACFA representatives in your area
- * Local News
- * Up-and-coming events on the Local Calendar
- * Links to other websites that relate to your region.
- * Find out what is happening in other areas by accessing all of the Branch pages.



The ACFA Branch pages can be accessed by logging in to the website and clicking on 'ACFA Branches' under 'About ACFA' on the right hand navigation panel. If you are unsure of your log in details, please contact ACFA on 1800 500 025.

Members are welcome to contribute any local information, stories or events for the Branch pages by emailing info@acfa.com.au.

Other areas of interest:

- * Sugar News - news stories relating to the sugar industry and agriculture in general as well as ACFA media releases are added to the Sugar News section of the website daily;
- * Hot Issues - this section of the website incorporates information briefs on a number of issues including ethanol,

trade agreements and transport safety;

- * Events calendar - keep up-to-date by checking the events calendar for details of sugar industry events.
- * Weather and Climate information
- * Sugar links - links to other important sugar industry websites.

ACFA Activities

During the past few weeks, ACFA Chairman Ross Walker and General Manager Stephen Ryan have attended meetings with the following:

- * John Alcorn, Central District Sugar Officer;
- * Eddie Westcott, Chair of Mackay Sugar;
- * John Palmer, Pioneer Valley Water Board;
- * Noel Spillman, Spillman's Accountants to discuss financial aspects of the Federal Government's sugar industry assistance package; and
- * attended 2 days of negotiation meetings.

ACFA is also continuing with our three-fold approach to sugar industry reform: Ethanol/Bioplastics/Cogeneration.

A number of compilations have been completed on each of these diversification options and, as more information comes to light, ACFA will continue to review the economics, opportunity for grower equity and risks associated with each of them.

Reminder to ACFA Members.

ACFA would like to remind members to complete and return a Collective Agreements Survey if they have not already done so.

The survey was distributed with the July edition of the *Australian CaneFarmer* but can also be downloaded from the ACFA website at www.acfa.com.au.

ACFA would also like to thank the great number of members who have taken the time to complete the survey and return it to our office.

However, it is important that we receive many more in order to obtain the most representative data.

ACFA has already participated in discussions with a number of mills regarding negotiation contracts and will be progressing the issue further.

Although there is not expected to be too many changes during the first year of the new legislation, ACFA will still be looking for mutually beneficial ways to create value, through diversification and cost saving.

Cane grubs and ECOLOCK

Two years ago, an article entitled 'Ecolock helps battle cane grubs' featured in the *Australian CaneFarmer*, unveiling a new fertiliser protectant called 'Ecolock'.

Ecolock was primarily developed as a product to prevent nutrients and chemicals leaching and foliage wash-off even under heavy rains and irrigation.

Trials of Ecolock revealed that not only was the product successful in achieving this aim, but that several other benefits could be attributed to its use.

Trials of Ecolock began in the northern Queensland areas of Innisfail, Mourilyan and Silkwood in September 2001 and have continued to this day, with farmers reporting increased tonnage, grey back cane grub eradication and large savings on their fertiliser bills.

Following its success, Queensland-based company, Scriptfert Australia, has continued to develop Ecolock, with its Bioclasp technology and unique micro protection.

Scriptfert's Marketing Operations Manager Phil Walesby said the product had come a long way since its initial trials.

"We have found that Ecolock has the ability to blend with a number of registered chemical controls, whilst enhancing the chemical's effectiveness," Mr Walesby said.

"The Bioclasp technology reduces losses through leaching, wash off and evaporation and, being a bioactive nutrient provider, it not only supplies a range of trace elements but also feeds and enhances the soils microbial populations," he said.

"For example, after 8 months in the ground in a blend with Lorsban (Chlorpyrifos), and interestingly where the soil was analysed for active residues of organo phosphates which we know stay around for a long time, there were no traces to be found of these nasties but instead a noticeable increase in levels of organic carbon."

"The yield and CCS were up on the previous year and notably there was no grub damage, which had been a yearly occurrence in the particular blocks," he said.

Recently, a Silkwood Ecolock client, who had been using the product from its early trialling days, reported that his farm's cane output had increased by 80% (2000 tonnes) last season due

to the elimination of grey back cane grub infestations and by being able to get full use of his land.

"The farmer said he'd had a grub problem every season. Sure, the weather could have been partially responsible, but still there was no grub damage and this was in sandy soil," Mr Walesby said.

Mr Walesby said that there had been independent research carried out by two of Australia's leading research laboratories which proved the effectiveness of the Bioclasp technology. The test results showed retention of up to 93% N, 98% P, 100% K and 90% Ca in plant available form under extreme leaching pressures.

"In today's climate we have to be able to be economically sustainable but at the same time we also have to think about the environment and that's where these products come in," he said.

Mr Walesby said that now, with the current harvest well under way, the reports coming in weekly are all confirming the success of past trialling.

Ecolock: A farmers perspective.

The Despot's Silkwood farm had been prone to grub infestation for a number of years prior to the family's decision to use Ecolock, two years ago.

According to Anthony Despot, since that decision was made, their expenditure on grub protection has shrunk to \$35 an acre: a combination of Ecolock, Lorsban and Regent for bora.

Mr Despot said that the equivalent cost of other products on the market can work out to be over \$100 an acre.

"It certainly makes farming much more economical," he said. "We only have one third of the cost for crop protectant."

Mr Despot also said that the tonnage from the 185-acre Silkwood farm had increased significantly over the two years, and is now producing around 5000 tonnes.

Furthermore, Mr Despot said that he would not hesitate to consider using Scriptfert's pre-emergent product, Ecofert.

More information on Ecofert PE on page 9.



Feature: Ecolock

Ecofert PE: A Breakthrough Pre-Emergence Plant Booster.

Scriptfert Australia's new product, Ecofert PE, uses cutting edge Bioclasp technology to form an organic barrier around seed, billets or root stock, in order to reduce nutrient loss through leaching fixation and volatilization.



Ecofert PE supplies a bank of up to 16 essential elements, increasing the soil's population of beneficial micro-organisms to create an ideal environment for germination and vigorous sustainable growth.

Ecofert PE also provides a long and active growth stimulation period, strengthening root formation and sending them deeper to survive adverse weather conditions and to increase yield.

Farmers using Ecofert PE have reported as much as a

99.9% strike rate.

It can be blended with insecticides and fungicides to save the extra cost of application.

Photos: left: Cane billet root formation after 7 days using Ecofert PE; right top: Untreated cane plant; right below: cane plant of the same variety treated with Ecofert PE.

Photos from previous page: (from top to bottom) Grub infestation in cane crop; close-up of cane grub; and the Despot's 10th ratoon crop which is applied with Ecolock.

Photos courtesy of Scriptfert Australia.



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Tree Clearing Legislation: An evaluation.

* by Ben Rees B.Econ.M.Litt(econ.)

There are two major areas where the Vegetation management Legislation will prove unworkable over the medium to long term i.e maintenance of farm productivity and fire risk.

For many years the Dept. of Primary Industries has encouraged the use of fire to maintain farm productivity through control of woody weed encroachment and maintenance of the nutritional value of pastures. Under this Legislation management of woody weed encroachment is not a legitimate thinning procedure. Thinning of vegetation is restricted to maintenance or habitat improvement for biodiversity purposes. If a thinning permit is wanted, then, a \$380 thinning permit must be obtained. A fire permit can be obtained; but it is basically an alternative option to mechanical firebreak establishment.

“The potential for this legislation to fail over time is substantial.”

Because natural woody weed encroachment is not a legislated reason for a thinning permit, farm productivity will decline as increasing woody weed infestation chokes out natural grasses. With age, natural grasses lose their nutritional value over time and require burning to regenerate, lift both protein levels and palatability.

Real commodity price decline will combine with declining productivity to more rapidly erode farm viability. Unless strategic burning is permitted, over the medium term farmers will be forced to abandon farms. Pressure will fall upon public expenditure to provide rural adjustment of affected properties and farmers. Current rural adjustment instruments will be unsuited to the type of adjustment required to hold rural industries and communities together.

As real commodity prices fall, over cleared land must become more intensively

farmed. Improved technology and management techniques will be the only avenues to offset declining real commodity prices. In reality, productivity improvements through management techniques and technological improvements are slow to eventuate. Intensification of soil mining is a more likely short-term phenomena.

Over time the food requirements of an increasing population will ensure growing demand for commodities both domestically and internationally. By freezing cleared land at 2004 levels actual farm returns might become a secondary consideration in determining land values. Scarcity of cleared country could well generate a market or premium for cleared land itself. In other words, land markets would become markets where cleared land was traded for capital gains rather than investment returns from production. Current empirical evidence of booming property prices suggests that this might be already a feature of property values anticipating implementation of vegetation management legislation.

Over the long term, Australia's cheap food policy must come under threat as corporate ownership of highly priced land consolidates along with a modern day squatocracy. Increasing concentration of ownership and control of cleared land encourages vertical integration of the production process. The capture of profits from farm output at the retail level where market power is maximized becomes a logical alternative. The potential for this legislation to fail over time is substantial.

Build up of fire hazard material across the locked up areas has not been thought through. The Rural fire Department has been very vocal about the need to reduce current hazard build up. But, a fire permit restricted to a firebreak function will prove nonsense in summer time fire control. Over time, leaf mould and shedded bark accumulate amongst the vegetation. In the hot months, the fuel build up becomes an inferno if lit. So a legislation that does not recognize this type of hazard has no understanding of bush fire ferocity.

The twenty-meter (cricket pitch) precautionary firebreak will be a nothing in the hot months. Fires build up their own momentum and will jump breaks much wider than a cricket pitch. The risks to

“The whole debate over vegetation management has been confused and characterised by shifting goal posts.”

lives of rural fire brigade members will be increased, as will the homes of people living in communities adjacent to or amongst the coloured areas on the vegetation maps. Conditions are being structured in Queensland under the guise of environmentalism that will expose residents to the horrors of fire experienced in southern states.

The whole debate over vegetation management has been confused and characterized by shifting goal posts. The Federal government was concerned over green house gas emissions. The Queensland Government could not make up its mind amongst green house gas emissions, salinity control, or biodiversity preservation. In the end though, environmental and conservation policy takes precedence over past closer settlement policies.

Rural industries and communities established under past closer settlement policies have been conscripted to underwrite the lifestyle demands of urban Australia. This is now the preferred political solution to directly addressing the urban environmental footprint through levies and taxation at point of consumption. The longer-term question to be answered is whether an unfettered urban environmental footprint can be addressed by this simplistic political solution enshrined in the Vegetation Management Legislation of Queensland?

Aug - Sept Climate

Deeply Negative SOI Values Favour a Drier Harvest Season.

By Roger Stone (QCCA/DPI) & Yvette Everingham (JCU/CSIRO)

SOI Phase: Consistently Negative

* On the 25th July, the 30 day average SOI was minus 10, compared to minus 13 (-13) in June. Assuming that the SOI stays deeply negative during the last week of July, the SOI phase for July should be “Consistently Negative”. This climate outlook has been prepared under this assumption.

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

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

Chances close to 50% (say, between 40 and 60%) indicate that climate forecasting tools are unable to improve upon what you already know about above median rainfall. That is, with no knowledge of climate forecasts above median rainfall is expected 50 % of the time e.g. Proserpine.

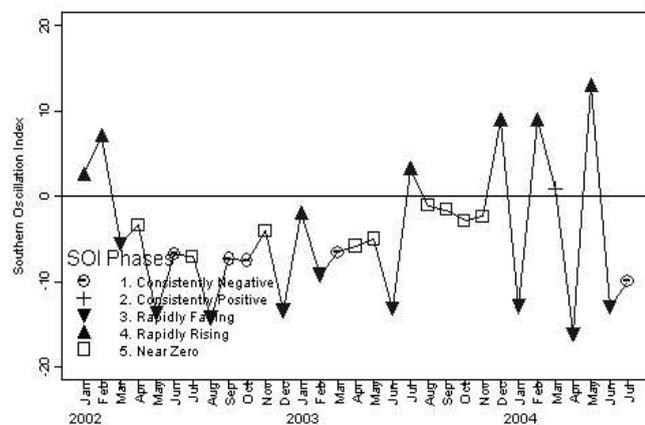


Table 1.

	SOI Value	SOI Phase
End of August 2003	-1.1	“Near Zero”
End of September 2003	-1.6	“Near Zero”
End of October 2003	-2.9	“Near Zero”
End of November 2003	-2.4	“Near Zero”
End of December 2003	+9	“Rapidly Rising”
End of January 2004	-12.9	“Rapidly Falling”
End of February 2004	+9	“Rapidly Rising”
End of March 2004	+0.9	“Consistently Positive”
End of April 2004	-16.2	“Rapidly Falling”
End of May 2004	+13	“Rapidly Rising”
End of June 2004	-13	“Rapidly Falling”
End of July 2004	-10	“Consistently Negative”

Rainfall Outlook:
Table 2

Location	Long-term median Rainfall for Aug-Sept	Chance of exceeding long-term median
South Mossman	65 mm	69%
Tully (Sugar Mill)	210 mm	27%
Ingham (Macknade)	55 mm	35%
Ayr (Kalamia Estate)	13 mm	31%
Proserpine (Letherbrook)	34 mm	46%
Mackay (Farleigh Sugar Mill)	34 mm	31%
Plane Creek (Central Mill)	34 mm	31%
Bundaberg (Fairymead Sugar Mill)	53 mm	21%
Nambour (Bowling Club)	95 mm	35%
Beenleigh (Bowls Club)	86 mm	29%
Harwood Sugar mill	75 mm	17%

Latest Developments:

In the last climate update we mentioned the presence of the large pool of warmer than normal water beneath the surface of the tropical Pacific. During the past month, this pool of warm water has intensified. Furthermore, the SOI has sustained deeply negative values. These types of conditions are common to El Nino years. Other years which have had a consistently negative SOI phase at the end of July include:

1914 1919 1940 1941 1946 1972 1977 1982 1987 1992
1993 1994 1997

Taking on board these climate signals, it comes as no surprise that most sugar locations are showing a much lower chance of reaching their median rainfall figures over the next two months.

For more information about sea surface temperatures and general climate information see <http://www.dnr.qld.gov.au/longpdk/latest/latest.htm> and <http://www.bom.gov.au/climate/ahead>.

Disclaimer:

The seasonal climate forecasting information provided in this document is presented for the purposes of raising awareness of the potential value of seasonal climate forecasting information and should be considered as a guideline only. The user assumes all risk for any liabilities, expenses, losses, damages and costs resulting directly or indirectly from the use of the climatic forecast information.

Aussie dollar takes a tumble.

The first half of July saw the New York No.11 Raw Sugar Futures market consistently break life of contract highs on the back of increased offtake in the Black Sea and a firmer technical picture. The prompt Oct'04 contract reached US 8.38 c/lb on July 15 on the back of a stronger London whites market. Fund and local buying also assisted in nudging the March'05 position to US 8.81 c.lb during the same session. The rally was capped on July 21 as producer selling emerged following the Thai Cane and Sugar Board's B Quota auction. Producer and Fund selling continued to weigh on the market resulting in both the Oct'04 and Mar'05 dropping to lows of US 7.79 c/lb and US 8.26 c/lb respectively on July 23. Despite the drop in values, many market participants found the reasonable levels of support on the buy side to be constructive.

The market has strengthened over the last two trading sessions, with Trade, end-user and local buying supporting the nearby months on July 25, and Fund buying further increasing these gains on the 26th. Overall, the market is still trading in an environment of short-term surplus, with the expectation of a more tight supply situation during 2005.

There was an increase in producer pricing following the auction of 192,000mt of Thai B Quota sugar by the Thai Cane and Sugar Board (TCSB) on July 21. Around 133,333mt was on offer for each March-May, May-July and July- September

shipment periods. Thai production is divided into three Quotas. Quota A is refined production set aside purely for domestic consumption, Quota B is raw sugar for export by millers and the TCSB, and Quota C is raw and white sugar sold by mills to the trade for export. Around half of the B Quota is tendered by the TCSB each season at New York No.11 prices, plus premiums. The market always watches the B Quota auction with keen interest due to the fact that Thai millers have to buy back the remaining half of the B Quota at the levels obtained by the TCSB at the tender. As such, the B Quota acts as a benchmark for the level at which Thai

millers are interested in selling around 400,000mt of raw sugar to the trade. Traders told Reuters that they are not expecting the remaining 208,000mt of B Quota to be auctioned until October.

Sugar Analyst Fo Licht has revised world sugar production down by a further 2 million mt to 144.2 million mt for the 2003/04 Sep-Aug season. Fo Licht has accounted for lower production in China, as well as expected declines in the Indian and Thai crops. Licht's expectation of an increase in consumption also points to a particularly tight supply picture in 2004/05.

The Russian domestic price has retracted after rallying strongly a couple of weeks ago. Production of imported raw sugar also seems to be slowing down as factories prepare for the domestic harvest to kick off around mid August. The raw sugar import duty for August'04 has been revised down to USD 194 pmt, compared to USD 206 pmt for October'04.

The AUD has been influenced largely by the US economic situation over the month. In particular, US interest rate increases, as well as payroll and consumer confidence data has been a driver of market sentiment. At the time of writing the AUD had fallen to one-month lows of USD 0.6975 after positive consumer confidence data out of the US kick started a resurgence in the US currency.

NY11 Raw Sugar Futures Prompt Contract Price



AUD/USD Exchange Rate



Use your farm to fund your retirement * Compiled by Count Wealth Accountants

If your retirement income is largely dependent on the sale of your farm, there are a number of important Capital Gains Tax (CGT) concessions available to help you maximise your retirement nest egg...

Noel Spillman from local financial planning firm, Spillmans Accountants, says to make the most of these concessions, it's essential that you plan for your retirement well in advance.

There are four small business CGT concessions that are generally available to farmers with less than \$5 million in net assets when selling active business assets:

The small business 15-year exemption: This provides a total exemption of a capital gain if you have continuously owned the CGT asset for at least 15 years. It is available to business owners who are aged 55 or over and are retiring or permanently incapacitated.

The small business 50% active asset concession: This is generally applied in situations where you are not

eligible for the small business 15-year exemption. It provides a 50% reduction of a capital gain.

The small business retirement exemption: This provides an exemption of capital gains up to a lifetime limit of \$500,000. If you are under 55 years of age, the amount must be paid into a superannuation (or similar) fund to ensure the benefits are used for your retirement.

The small business asset rollovers: This allows you to defer a capital gain if a replacement asset is acquired. The deferred capital gain may later crystallise if the replacement asset is disposed of or if its use changes.

These tax concessions are only available under certain

circumstances. It's also important to be aware that in many cases, more than one concession may apply to the same asset. It is therefore essential to be familiar with each of the CGT concessions and know which option(s) will deliver the best results for your retirement; long-term strategic planning is essential.

Noel Spillman is an Authorised Representative of Count Wealth Accountants, an Australian Financial Services Licensee (No. 227232) and Australia's largest independently owned network of accountants specialising in wealth advice.

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CN|agribusiness, a specialised division of Carter Newell Lawyers together with AON Rural are working with the ACFA to provide tailored legal and commercial advice and risk management advice to the food and agribusiness sector. To assist members in obtaining advice on these issues a toll free line has been set up. This line is manned by Daniel Best, Associate of Carter Newell Lawyers and team leader of CN|agribusiness. Should you require assistance please contact Daniel.

Toll Free Line: 1800 000 198

AON

What's going on in the sugar regions?

Mossman District Report.

Ideal harvesting conditions prevail with the mill reverting back to a full 5 day crush to take advantage of the conditions. Currently 30% cut for a seasonal CCS of 13.0. Unfortunately only cutting 93% of estimate which appears to be a trend in the North.

A draft regional plan has just been compiled with input from growers, millers and MAS and will be mailed to all stakeholders this week.

MAS have done a tremendous job in developing the framework for Farm Business plans. All growers are encouraged to avail themselves of this service.

Don Murday
ACFA Northern Director
10th August 2004.

Innisfail/Tully District Report.

June and July have been wet and this has impacted on crushing operations in the Innisfail area.

Mourilyan Mill commenced its crush on Tuesday, July 6th, despite the wet conditions c.c.s. of 11.1 at Mourilyan and 11.4 at South Johnstone are better than anticipated.

Plant and replant for 2005 crop is progressing slowly due to the wet weather.

July was show month for the Innisfail district. Fine cool weather prevailed and this allowed good attendance. The sugar cane exhibit is a popular attraction and congratulations go to all



winners in their respective categories.

John Blanckensee.
ACFA Northern Director.
22th July 2004

Burdekin District Report.

The weather in the Burdekin has been mostly dry with warm days and cool nights. There has also been some occasional fog and light to moderate winds.

At the time of printing, all four Burdekin mills had crushed a total of 3,243,190 tonnes with an average CCS of 13.99

There have been several major derailments in the Invicta mill area which may be due to a bearing design fault, reduced greasing program and long high speed hauls. Increased greasing has temporarily resolved the situation.

Kent Fowler
ACFA Burdekin Branch Chairman
5th August 2004.

Herbert District Report.

The mercury fell to 2 degrees in mid July with many areas reporting frosts.

Planting was brought to a halt by falls of up to 25m last week-end.

The late arrival of bins is causing angst in the harvesting sector.

A "Bio Workshop" was held at BSEB on Tuesday 27th July with presenters including Dr Russell Reeves, Dr Stevens Brumbley and Geoff Cox.

Dawn Brown.
ACFA Herbert
Director.
25th July 2004.



Central District.

Plane Creek: Original estimate of 1.4 million tonne cutting at 102% currently may decrease due to drought and grub damage. Some frost damage also recorded. CCS to date is 14.38. Week 4 crushed 74.965 thousand compared to week 3 which cut 65.80 thousand.

Mackay Sugar: Original estimate of 13.9 million. To date approximately 1.3 million has been cut. CCS is 13.59 and increasing. Frost damaged cane has been given priority.

Proserpine: Original estimate is currently being reviewed. CCS is 13.58. Drought, grub and frost damage has been reported.

Kevin Jones.
ACFA Central Director.
29th July 2004.

Southern District.

The weather is still very dry with cool nights and some cold mornings. As at the week ending 26th July 2004 the Maryborough Sugar Factory has crushed 181,150 tonnes at 13.26 CCS.



The estimate for Maryborough has now dropped to 930,000 tonnes from the expected 960,000.

Bundaberg and Childers are still very dry. Good rain would be very welcome.

There have been reports of CCS as high as 15.00 in the Maryborough area and 17.00 in Bundaberg.

Graham Parker.
ACFA Southern Director.
29th July 2004.

Continued on page 15

What's going on in the sugar regions?

New South Wales.

At the time of print the 2004 season has been excellent for harvesting due to the unseasonal dry weather with the three mills performing exceptionally well with minimum down time.

While the dry weather has been good for harvesting the young cane desperately needs rain to maximise its growth potential.

Harvest figures below for week ending 25 July

Condong

cane crushed - 29885
year to date - 150196;

ccs - 11.57
ccs year to date - 10.84;

Harwood

cane crushed - 35974
year to date - 192475;

ccs - 10.87
ccs year to date - 10.37;

Broadwater

cane crushed - 44028
year to date - 282585;

ccs - 10.93
ccs year to date - 10.70.

Wayne Rodgers.
ACFA New South Wales Director.
29th July 2004.



Information Sheets Available!

ACFA has a number of fact sheets and issue briefs available FREE for members.

Fact Sheets are available on:
* Ethanol * Brazil * Cogeneration
* Bioplastics

More in-depth information is available in our Issue Briefs on the following topics:
* Ethanol * Cogeneration * Great Barrier Reef * Vegetation Management.

We also have general information sheets on Sugar Industry Organisations and Grants available to farmers.

If you would like to obtain a copy of any of the above, call ACFA on 1800 500 025 or email info@acfa.com.au with your request.

Copies will also be made available to non-members for a small fee.

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The status of the sugar subsidies debate in 1980.

The market distorting subsidies employed by countries in the European Union have had damaging affects on the Australian Sugar Industry for decades.

This edition of Sweet History looks at the status of the debate in 1980, following a complaint lodged by Australia to the GATT concerning the EEC (which later became the EU) subsidy system.

The following is an article from the April 1980 edition of the Australian Sugar Journal:

Australia not supported on E.E.C subsidy issue.

Reports from Geneva early in February indicated Australia has lost the next stage in its confrontation with the EEC over the latter's system of heavily subsidising its sugar exports.

It will be remembered that last year Australia complained to the GATT concerning the damaging effects on world trade of EEC sugar policies.

The Governing Council of the General Agreement on Tariffs and Trade adopted without dissent the

GATT panel report that was highly critical of the EEC system.

But, at a council meeting in February only Argentina and Brazil backed Australian criticism of the community for its failure to pay any attention to the panel's finding.

Refuting Australia's charge that subsidised exports have harmed Australian exports to countries outside the community, the EEC representative at GATT, Mr Tran Van Tinh, said there was no quantified proof of such damage. And quantified proof is the key to the question now that the Tokyo Round code on subsidies and countervailing duties is in force.

The new code, which came into effect on January 1, interprets the GATT rules that formed the basis of Australia's original attack.

Now the mere proof of the existence of export subsidies is not enough to justify action. Substantial and material injury must be proved as well.

The original GATT panel found last

October that the community's sugar policy is "a permanent source of uncertainty in world sugar markets." But it refused to go along with Australia's claim that its exports have been directly hurt by the EEC practice of giving refunds to sugar exporters equal to the difference between the sugar price within the community and the low world market price. It noted that the community's refund system has helped to "depress world sugar prices in recent years" and has caused "serious prejudice indirectly to Australia."

But on the crucial question of whether the refunds have helped community sugar exporters to gain an unfair share of the world market the panel failed to reach a definite conclusion.

Source:

"Australian Sugar Journal, Vol. 72 No. 1, April 1980.

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