

## ACFA Conference: Getting the Most out of Your Cane Farm



Diversification and Innovation will be the feature of ACFA's next conference to be held in Townsville in October.

Farm Management practices, diversification options and future sugar cane technologies are the central themes of the Australian Cane Farmers Association's next conference to be held in Townsville on the 27th October 2004.

The conference, entitled "Showcasing Innovation getting the most out of your cane farm" will give farmers the opportunity to hear about benchmarking in agribusiness from different perspectives, be updated on the latest research on bioplastics and explore diversification options such as aquaculture and agroforestry.

The conference will incorporate a range of speakers from industry, farming and academic backgrounds.

Speakers on the day include:

\* David Hanlon, Resource Consulting Services, will discuss what top performing businesses are doing and how it can be applied to the sugar industry;

\* Robert Drewitt, Suncorp, will discuss benchmarking from a banks perspective, giving insight into what lenders think of farm management practices;

\* Dr Stevens Brumbley, BSES, will discuss technologies relating to the future of bioplastics produced from sugar cane;

\* Bob Bolling, Cape York Forest Management, will look at Agroforestry on spare land as a diversification option for cane farmers;

\* More speakers are to be announced.

Where: The conference is being held at the Townsville RSL Club, 139 Charters Towers Rd, Hermit Park.

Date: On October 27th.

Time: Registration will commence at 8.30am.

Cost: The cost for ACFA members is \$10 and for non-members is \$30 which includes lunch, morning and afternoon tea.

RSVP: Please RSVP by 21st October if you are interested in attending.

The sugar industry is currently in a period of dramatic change. Don't miss out on this opportunity to see what others are doing.

All are welcome!

To subscribe to The Australian Cane Farmer and Australian Sugarcane, phone 07 3229 4005, or email info@acfa.com.au



## The Federal Election: Who will answer the call of rural Australia?

By ACFA Chairman Ross Walker.

### The Federal Election.

The industry has done it tough in the three years since the last Federal election.

Although ACFA has lobbied hard to achieve a fair and just outcome for the industry, it is my belief that the industry did not use its political clout during the last three years to bring about the best possible outcomes.

The hardships facing the industry were recognised in April this year after sugar was left out of the Free Trade Agreement with the United States.

The Sugar Industry Reform Program (SIRP) 2004 was announced but it was a "bridge too short".

The package provided much needed short term cash support but could be greatly improved with modified eligibility criteria.

The Federal election has been called for October 9.

The important point for politicians to grasp in the upcoming election is that regional and rural Australia will be looking for policies conducive to

profitable agricultural industries.

Farmers must grapple with the question of who they think would be most fit to answer this call.

### SIRP 2004.

I am concerned there are many eligible farmers not accessing the support available under the SIRP 2004.

All farmers should be contacting Centrelink to assess their eligibility.

### Industry Groups Announced.

The Industry Oversight Group (IOG) and the Regional Advisory Groups (RAGS) have now been established.

The Federal Government has allocated \$75 million over three years for regional and community projects with \$15 million to be allocated in year one.

The first draft or progress report of the regional plans must be submitted to the IOG by September 17. Submissions for first round regional and community projects funding to RAGS closes by October 22.

The time frame is very short and it is vital that regional submissions are completed and presented immediately. Contact your local Sugar Executive Officer or DAFFA for guidelines and application forms.

### Environmental Audit of the Sugar Industry.

An environment report on the industry, commissioned by the former Industry Guidance group (IGG) has now been released.

The report recognises that it's hard for farmers to be green when they're in the red.

The report states that the way forward must consist of an industry strategy that is embodied in an Environmental Assurance Framework; an umbrella to incorporate local management plans, existing best management practices and initiatives.

The report states that a plan, real leadership, recognition and accountability are required, and suggests that sustainable practices will occur more readily when all sectors of the industry work together.

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## Victorian Premier seeks State MRET system.

Victorian Premier Steve Bracks has written to all state Premiers and Territory Chief Ministers, urging them to consider the development of a state-based scheme to increase the Mandatory Renewable Energy Target (MRET).

Mr Bracks said the a state scheme would help to drive greater growth in the renewable energy sector.

The move is also a direct challenge to the Federal Government's energy policy which ruled out any increase to the target.

## More assistance for industries affected by reef rezoning.

Minister for the Environment Senator Ian Campbell and Minister for Fisheries, Forestry and Conservation Senator Ian Macdonald have announced changes to the Structural Adjustment Package for people and businesses affected by the rezoning of the Great Barrier Reef.

Senator Campbell said that the changes were in response to feedback the Government had received from the fishing industry, other members of Government, the Queensland Seafood Industry Association and individual businesses.

He also said that the changes were being made to ensure that people affected by the rezoning would be treated fairly and equitably under the package.

The changes include: increasing the cap on Business Restructuring Assistance from \$200,000 to \$500,000 for larger businesses where there is a strong case; businesses need only prove they have experienced a negative impact from the rezoning to qualify for assistance, not a 'significant negative impact'; Employee Assistance will be available to all fishing vessel crew and to all employees of other businesses who lose their job as a result of the rezoning; and businesses involved in the recreational fishing industry are now able to apply for Business Restructuring and Business Exit assistance.

## Taskforce to address WA cane toad threat.

Federal Minister for the Environment, Senator Ian Campbell, has called on the WA Government to join forces to stop the dreaded cane toad from invading the state.

"Our generation has to do its utmost to stop these pests spreading into Western Australia," Senator Campbell said.

"The obvious point of entry is the Kimberley and that's where we will concentrate our defences."

Senator Campbell said that a joint taskforce, including leading scientists, would address the issue of an invasion by strengthening border patrols; finding ways to traps toads in rivers and creeks and identifying locations to where floodwaters would wash eggs; issuing travellers with cane toad awareness kits; developing a quick detection system; undertaking eradication campaigns; and accelerating development of biological/genetic controls.

"I am confident the WA government will join the Australian Government in this urgent work to halt the march of the cane toad into the Kimberley," he said.

## Foreign land ownership report tabled.

The annual report on the Administration of the Foreign Ownership of Land Register Act 1988 was tabled in Queensland parliament mid-August.

Natural Resources Minister Stephen Robertson said that as at the 30th June 2004, 127 countries had acquired land in Queensland, totalling 1,243,924 hectares at a value of more than \$597 million.

The United Kingdom rates the highest in all three categories, having acquired 4,163 separate parcels of land during the 2003-2004 period, totaling 433,579 hectares worth \$152 million.

## ACFA Calendar

9th October	Federal Election	
21st October	QSL Board Meeting and AGM	Brisbane
22nd October	STL AGM	Brisbane
22nd October	First round of Regional Sugar Projects closes	
27th October	ACFA Conference	Townsville

**ACFA would like to congratulate Gavin Lerch, ACFA Bundaberg Branch Secretary, and his wife Hayley, on the birth of their son Byron on the 11th September 2004.**

**Best wishes to Gavin, Hayley and Byron!**

# Election update

## Election of trust announced for October 9.

John Howard has ended months of speculation by announcing October 9 as the date for the next federal election.

Mr Howard declared that the central theme of the election would be trust.

"Who do you trust to keep the economy strong and protect family living standards? Who do you trust to keep interest rates low? Who do you trust to lead the fights on Australia's behalf against international terrorism?" Mr Howard said.

"We can be trusted more to deliver a strong economy and to keep living standards safe and to keep interest rates low," he said.

"Labor in the past has always presided over high interest rates, big spending, big budget deficits," he said.

Federal Opposition leader Mark Latham agreed that the election would come down to who the voters trusted.



the longest in twenty years.

The party leaders may consider trust to be the key issue in this election, but political strategists would argue that marginal seats will be the key.

According to political writers, John Howard can lose seven seats and still maintain government, whereas Mark Latham must gain 12 seats to be certain of a win.

"This election is about two things overall - Building a ladder of opportunity and restoring trust in our national government," Mr Latham said.

"(The Howard Government) is a Government that has acted deceitfully for too long," he said.

"It is a Government that deserves to lose the support of the Australian people on the 9th of October, election day," he said.

The announcement of the election date launched a six week election campaign -

And there is a real prospect that both sides will win and lose seats with regional electorates expected to be some of the most hotly contested areas.

Labor's holdings in Queensland are at a historic low and will be looking to the regional areas of the state to boost its chance of winning.

Demographic change has also put the Nationals-held seats of Richmond and Page in northern NSW under pressure.

## A breakdown of the key issues.

### Health.

#### Coalition:

- \* advocates the Medicare Safety Net - in which 80 per cent of medical expenses are met after low income families' bills reach \$300 and incentives to doctors to bulk bill concession card holders and people over 65 in outer metropolitan and rural areas;
- \* Plan to increase the 30 % rebate for private health insurance to 35% for 65-69 year olds and to 40% for those over 70.

#### Labor:

- \* has promised not to touch private health care insurance rebate;
- \* has pledged to restore bulk billing to 80% and establish a national reform commission.

### National Security.

#### Coalition:

- \* says Latham is 'anti-American';
- \* Uses Iraq as an example of the tough decisions the coalition is willing to make regarding the war on terror;
- \* has conducted Free Trade Negotiations

with a number of countries.

#### Labor:

- \* says Howard is too close with Bush, undermining our relationship with Asia;
- \* argues that Howard has made Australia less safe;
- \* would strengthen Australia's relationship with Asia.

### Environment.

#### Coalition:

- \* pledges to meet the targets set under the Kyoto Protocol but would not sign the agreement. However, has indicated that it would act towards forging a global agreement for emissions reductions of the order recommended by the Intergovernmental Panel on Climate Change;
- \* the preservation of areas such as the Great Barrier Reef;
- \* a flow of 500 gegalitres down the Murray River;
- \* Funding for low emission technology, regardless of fuel source.

#### Labor:

- \* would sign the Kyoto Protocol, accepting the stated targets;
- \* increase the flow down the Murray to 1500 gegalitres;
- \* maintains its commitment to its Forestry Plan for woodlands in Tasmania.

### Education.

#### Coalition:

- \* \$31.3 billion on schools over the next four years;
- \* Universities will be able to increase HECS fees by 25% from next year and offer a loans scheme of up to \$50,000 for students to access full-fee places.

#### Labor:

- \* \$2.3 billion Aim Higher Program for Universities to deliver 20,000 more places;
- \* reverse the 25% HECS increase and ban full-fee places;
- \* introduction of the Learn or Earn program in 2006 to give all 15-18 year olds support to either study at school, TAFE, University or be in a job or apprenticeship program.

Source: *The Australian* (30th August 2004)

## Ethyl the ethanol express comes to town!

The Ethanol Roadshow traveled throughout Queensland sugar regions at the end of August, providing information to cane farmers about ethanol and its future potential in Australia, and trying to dispel misinformation about ethanol to consumers.

An initiative of the Brazilian and Queensland government, the Ethanol Roadshow kicked off in Brisbane on 16 August, and traveled through Queensland sugar regions for ten days, holding seminars in Bundaberg, Mackay, Townsville and Cairns.

Key speakers of the seminars included a group of specialist delegates representing the Brazilian ethanol industry who were leaders in ethanol production and manufacturing.

Queensland Premier Peter Beattie launched the Road Show and said a partnership between Australia and Brazil would be of great benefit to Australian cane farmers and local communities.

"Brazil has shown the world that ethanol is a viable and desirable product," Mr Beattie said.

"An alliance between Queensland and Brazil in building up a local ethanol industry would be a tremendous benefit to our sugar cane farmers and their local communities".

The Minister for State Development and Innovation Tony McGrady echoed Mr Beattie's sentiments saying that Australia needs to move away from a reliance on sugar production.

"In Australia, our focus is on raw and refined sugar production while everything else is an add-on," Mr McGrady said.

"This has got to change."

"With China, the European Union and Japan all looking to import ethanol, there is tremendous potential to develop a strong export base,"

However, ACFA Chairman Mr Walker has warned the Queensland Government that it should not be looking at the fledgling Australian ethanol industry as primarily an export industry.

"We first need to establish a profitable

domestic ethanol industry," Mr Walker said.

Mr Walker said however, that he applauds the Queensland and Brazilian government for having the drive to get such an event up and running.

"It is heartening to see the Brazilian government's commitment to their ethanol industry and an ethanol industry in Australia for that matter."

"The Brazilian cane farming business model has proved very successful and profitable in its own country, and could be very useful if and when the Australian ethanol industry is expanded."

Mr Walker also said that farmers in the United States had been successful in diversifying into ethanol.

"Farmer owned co-operatives involved in building ethanol plants in Minnesota have had great success, thanks to their state mandate," he said.

Mr Walker says that it is now essential for the Beattie Government to follow up its publicly expressed commitment to the sugar industry by mandating an ethanol blend in Queensland.

## Regional Advisory Groups announced!

Australian Agriculture Minister Warren Truss has announced the membership of all seven of the sugar industry's new Regional Advisory Groups.

Mr Truss said that the Groups would play a key role in implementing the Australian Government's \$444 million Sugar Industry Reform Program by helping to identify local challenges and developing responses that reflect the special needs of their respective communities.

"The group(s) will also work closely with the Industry Oversight Group to help identify the priorities for wider reform and develop a strategic vision

for the Australian sugar industry," he said.

Mr Truss also said that the group would play an important role in assessing proposals for funding under the SIRP's three year, \$75 million Regional and Community Projects component.

"The funding will back local projects that encourage restructuring and enhance industry sustainability, as well as help sugar-dependent communities better plan for the future," he said.

The first round of applications for the Regional and Community Projects closes on 22nd October 2004.

Queensland applicants should contact their local Sugar Executive Officer for application forms and guidelines. NSW and Western Australian applicants should contact the Australian Government Department of Agriculture, Fisheries and Forestry on 1800 098 071, by emailing [sugarprojects@daff.gov.au](mailto:sugarprojects@daff.gov.au) or by visiting [www.daff.gov.au](http://www.daff.gov.au).

If you'd like more information on the members of your Regional Advisory Group, visit the ACFA website at [www.acfa.com.au](http://www.acfa.com.au).

ACFA Chairman Ross Walker was chosen to be a grower representative on the Regional Advisory Group in the Central District.

## Nats introduce ethanol Bill.

Leader of the Queensland Opposition Lawrence Springborg introduced a Private Members Bill in Parliament in late August to require all petrol sold in Queensland to contain up to 10 per cent ethanol.

Mr Springborg said that the legislation, if passed, would ensure the development of a new industry in rural areas throughout Queensland, create jobs, improve air quality in cities and allow Queensland to become the ethanol production capital of Australia.

Mr Springborg also said that the ethanol industry needed meaningful action and not theatrics to get off the ground.

"Painted buses travelling up and down the Queensland coast and stickers on government cars won't ensure that an ethanol industry develops in Queensland, but a state ethanol mandate will. This is about being responsible not shifting responsibility. This is about doing something meaningful not theatrical."

"And experience overseas has shown that an ethanol industry will only happen when a government has the vision and commitment to get behind it and make it happen by introducing a mandate," he said.

Queensland Premier Peter Beattie told the Courier Mail that the Bill was a

political stunt, and said that a state mandate would force petrol prices up by as much as 10c a litre.

Mr Beattie said that he would continue to focus on trying to create an ethanol export industry, get more government cars to use ethanol, promote the benefits of ethanol and try to get more service stations to install a bowser dedicated to ethanol blended fuels.

"What we've got to do is use a partnership with Brazil and Queensland to build up the ethanol capacity (of Queensland producers) to slowly start being able to provide it for exports then greater use here," he said.

### The policy objectives of the bill are to:

- Amend the Liquid Fuel Supply Act 1984, to require all petrol sold in Queensland to contain a minimum 10 percent ethanol blend;
- Stimulate the development of, and investment in, a fuel ethanol industry in Queensland, based on sugarcane and grain;
- Stimulate regional and rural development through the creation of an alternative market for sugarcane and grain and through job creation;
- Reduce greenhouse gas emission (the addition of ethanol to conventional petrol increases its octane rating)
- Reduce Queensland's reliance on foreign oil imports and therefore Queensland motorists' exposure to the vagaries of the global oil market.

Source: Liquid Fuel Supply Amendment Bill 2004 - Explanatory Notes.

## An alcohol free state?

Australian Canefarmers Association Chairman Ross Walker has complimented the Queensland opposition for re-introducing a private members bill, to amend the Liquid Fuel Supply Act.

Mr Walker said that Queensland is an obvious choice to lead Australia in renewable energy.

"Queensland has an enormous opportunity to lead Australia into renewable energy industries based on its vast biomass resources.

"Although it is ultimately desirable to mandate a national blend of 10% ethanol in petrol; leadership must begin with the smart state.

"The USA is progressing towards a national mandate, but all of their success stories have been as a result of state mandates and state incentives.

"The result of USA ethanol programs is cleaner fuel, resulting in cleaner air and improved public health," he said.

Mr Walker said that Premier Beattie's suggestion that Australia should initially focus on an export ethanol industry is misguided.

"The sugar industry is in difficulty as a result of state and federal government programs to expand as a world exporter. This was always a high risk strategy as producers cannot influence corrupt world export prices and the value of the Australian dollar. We must not repeat this mistake!

"A successful ethanol industry is a domestic ethanol industry that exports its surpluses but doesn't rely on them."

Mr Walker said he was shocked and disappointed at Premier Beattie's assertion that an ethanol blend would raise the price of fuel.

"This is totally false: the present price of crude oil alone is about AU42¢/Litre, translating into fuel prices around \$1.00/Litre.

"The truth is that if oil companies do not put excessive margins on the Australian ethanol they blend in petrol, an ethanol blend could actually lower the fuel price.

"Let's take a cue from the mission statement of the USA Governors' Ethanol Coalition: "To increase ethanol use, decrease imports, and improve the environment and economy."

## Environmental Audit of Sugar Industry Released.

An independent assessment of the Australian sugar industry's environmental performance was released by Federal Agriculture Minister Warren Truss on August 31.

The report, entitled 'Independent Environmental Audit of the Sugar Industry' was produced by the Centre for Environmental Solutions (C4ES) and was commissioned by the Department of Agriculture, Fisheries and Forestry on behalf of the Sugar Industry Guidance Group.

Mr Truss said that the report provides a timely and comprehensive assessment of the industry's environmental performance.

"The industry has been under considerable pressure to lift its environmental performance, largely because of its high visibility and close proximity to world heritage rainforests and the Great barrier Reef," Mr Truss said.

Some of the audit's findings include:

\*The sugar industry deserves more credit than it has received for improved environmental management practices over the past decade;

\* both cane farmers and industry stakeholders want change that can deliver the necessary actions to increase profitability and manage the environmental risks associated with the industry;

\* Harvesters and millers performance and management practices may be the key to gains in both productivity and improved environmental outcomes;

\* the report recommends the implementation of an Environmental Assurance Framework (EAF) that would link all industry sectors through an Environmental Policy that would address environmental risks, impacts, targets, objectives and commitment at an industry, state, regional and farm level.



Mr Truss said that the report will be used to help inform discussions on natural resource management and best practice issues, particularly in relation to areas close to World Heritage listed areas.

"It should also help inform the efforts of the Industry Oversight Group and regional Advisory Groups ... as they look to develop and refine their priorities for reform," he said.

Copies of the report can be downloaded from the Department of Agriculture's website at [www.daff.gov.au/sugaraudit](http://www.daff.gov.au/sugaraudit).

## Final Words on the USFTA.

The Free Trade Agreement with the US has finally been passed by the Australian parliament after a lengthy journey which saw the sugar industry left out of negotiations.

However, the following excerpts from Hansard on the 24th June 2004 demonstrate that sugar was a major issue in Parliamentary debates on the issue:

"The government is fond of touting this trade agreement as a free trade agreement. It is clear that it is not. The agreement is not comprehensive because a major rural industry the sugar industry, with production valued at \$1.3 billion and exports of around \$1 billion has been left off the table completely by the Howard government as a result of political pressure by the US sugar lobby and the American President."

- Gavan O'Connor, Shadow Minister for Agriculture and Fisheries.

"I think we need to understand that these bilateral deals are not cost free and that indeed it would be better if we had success at the multilateral level and were able to reduce barriers to trade in an international way rather than seeking to do one-off special deals which undermine trade relations with other countries and undermine international and multilateral trade negotiations."

- Kelvin Thomson, Member for Wills.

"Australia's sugar access remains unchanged at 87,000 tonnes per annum. Our sugar producers got nothing from the deal, even though the government promised it would not sign a deal that locked sugar out... This is a loss for Australia, not a gain."

- Michael Organ, Member for Cunningham.

"They have a package (sugar growers) in which a whole lot of money has been

transferred in order to get people out of the sugar industry."

- Anthony Albanese, Member for Grayndler.

"As the government we had to make the decision as to whether we walked away and did not pocket the opportunity for so many other industries be they agriculture, manufacturing or services or we went ahead to take advantage of those opportunities and open the door for future generations to move into this major market in the world. Of course, in the end, after consideration, we took that decision."

- Mark Vaile, Minister for Trade.

In January this year Mr Vaile said "our objective is a comprehensive outcome right across all sectors, particularly in agriculture, and by comprehensive we mean that we need to cover the critical areas of sugar, beef and dairy and that means as we've always said that sugar must be part of the deal."

## QLD Government Releases Energy Fact Sheet.

Queensland's energy crisis was again under the spotlight in late August.

Queensland Premier Peter Beattie appointed a stand-alone Minister for Energy, John Mickel, to ensure the government had someone who could concentrate solely on dealing with the improvement of the state's electricity distribution system.

Mr Beattie also announced a further \$200 million funding for the state owned power companies, on top of the \$2.5 billion allocated under the last state budget.

These announcements followed the release of an electricity fact sheet released by the government, which responded to an independent review of the Queensland's electricity distribution system.

The fact sheet can be downloaded at [www.thepremier.qld.gov.au](http://www.thepremier.qld.gov.au)

Some brief points from the fact sheet. An independent review panel was commissioned by the Queensland Government in March 2004 to review the Queensland electricity distribution

system following concerns raised during the storm season this year.

Some of the panels finding included:  
\* ENERGEX had been too focused on financial outcomes at the expense of adequately investing in, and maintaining, its network to deliver reliable supply;  
\* ENERGEX had not spent sufficient money on preventative maintenance, such as vegetation management and cross-arm inspections;  
\* Ergon Energy had been too slow to react to capital expenditure needs within its area. As a result, its capital expenditure had not been adequate to cater for current demand and future growth;  
\* ENERGEX's reliability was worse than the equivalent distributors in other states, although its reliability performance in the Brisbane CBD was very good;  
\* Ergon Energy's reliability was at the worst performing end of Australian distributors;

·However, the panel did note that ENERGEX and Ergon Energy face unique challenges in supplying Queensland customers given the vast distances, sparse population and exceptional load growth that parts of the state have experienced in recent years.

The Government's response: Cabinet has agreed to implement all of the 44 recommendations under the report. Government, ENERGEX and Ergon Energy have developed a comprehensive Implementation Plan which contains key elements to be delivered over the next 12 months.

These elements include:  
\* ENERGEX and Ergon Energy have developed Summer Preparedness Plans with the aim of minimising outages during summer storm and peak load periods. These plans commit the businesses to increase vegetation management, target capital expenditure to improve key parts of the distribution systems and to develop more effective customer communication strategies;  
\* New mandatory minimum service standards will be introduced;  
\* An independent audit will occur in November this year to ensure that the appropriate steps have been taken.

*(Recent announcements notwithstanding, there is much unused potential in cogeneration from bagasse. Not enough is being done - ed..)*

### World Energy Congress hears why consumers must change electricity habits.

The challenge of maintaining affordable energy whilst slowing the growth of carbon emissions was the theme which dominated the 19th World Energy Congress held in Sydney in early September.

Delegates who attended the conference discussed short term solutions to the energy dilemma such as 'clean coal' technology, long term solutions such as clean energy from hydrogen and nuclear

fusion and the potential for energy from renewable resources such as wind and solar power and non-fossil fuels such as biomass.

Paul Broad, Managing Director of Energy Australia told the conference yesterday that while each of the above options will be required to contribute in some way to the energy supply, the proportions will vary from country to country.

Mr Broad said that Australia's future would be tied to coal and natural gas but renewable energy would have an important 'role at the margins'.

Mr Broad also said that consumers will have to change their habits in order to avoid increasing electricity prices.

"We have lived on the luxury of very low energy costs for most of the last three generations," Mr Board said.

"We have done that by underpricing the environment in our price equation. Those days are coming to an end. Prices are on the move now..."

"Like anything else, if you underprice it you tend to undervalue it, and you then tend to over-consume it.

"We can change the pattern of energy use dramatically by changing demand and giving the right signals.

"Once we have changed that attitude and changed that thinking, then I think bills won't go up by much," he said.



## Economic Stewardship: the debate rages on.

By Ben Rees E.Econ.M.Litt(econ)

Week two of the 2004 election has taken on the hallmarks of the “fist full of dollars” election from 78/79 elections. A cynical auction with taxation benefits is well under way in an effort to purchase votes. What has been lost in the media frenzy is that there is another important side to management of the public purse and that is the composition and level of public expenditure. The major parties have all committed themselves to a political objective of maintaining a budget surplus. Indeed Labor has gone on to promise freezing revenue and expenditure as a proportion to GDP. This politicization of economic management contains major traps.

The origin of politicizing the budget surplus lies in structural change over the 1980's and 1990's. Structural change was imposed upon the Australian economy to reduce the level of government in the Australian economy. At the time, the major political battleground was the problem of the twin deficits i.e. domestic Budget deficit and current account deficit. As Social Security has always been the major ticket item on the expenditure side of the Budget, it became the prime target of emerging market economists driving public opinion for balanced budgets and smaller government.

In 1978/79 the domestic deficit was 3.4% of GDP. The current account deficit was 3.7%. The perceived solution to the twin deficit problem was a balanced domestic Budget. It was argued by industry, media commentators, politicians and academics that the twin deficit problem was a consequence of excessive domestic government expenditure. The theoretical solution was to wind back the level of Government in the economy. By 1980/81, the Budget deficit had been reduced to less than 1% of GDP; but the current account remained stubbornly in deficit at 4.2% of GDP. Further expenditure cuts were demanded. By 2002/03, revenue was 23.2% of GDP exceeding expenditure (22.4%) leaving an operating surplus of around 0.75% of GDP. However, the current account deficit in 2002/03 remained at 5.5% of GDP. Nonetheless, despite the failure of the twin deficit theorem of the 1980's, structural change has been hailed as a political and economic success.

Political success has been achieved simply by cutting back the size of government in the Australian economy from an expenditure of 28.5% in 1978/79 to 22.4% in 2002/03. Success has been achieved at the cost of service delivery across health, education and defence as well as necessary infrastructure investment and maintenance. Nonetheless, these real world consequences of structural change are conveniently ignored in this election campaign as the major parties fight for votes on the grounds of sound economic management.

What emerges are the major wind back of government expenditure as a percentage of GDP; and, an increase in social security expenditure as a percentage of GDP. The additional 1.4% of GDP flowing to Social Security represents \$10.5B of 2002/03 expenditure or approximately 87% of total expenditure on education for 2002/03. What this analysis suggests is that

there has been some fancy footwork involved in achieving an 8% decline in unemployment whilst Social Welfare expenditure has risen by 51%. In other words, how can we have falling unemployment and yet have historically high Social Security expenditure? This in itself should be an election issue

The two major expenditure items of Social Welfare and Health have increased their share of GDP by 18% and 32% respectively as a percentage of GDP since the 1980's. Meanwhile Education has declined by 35.6% and defence by 34.8%. With political parties making these areas of expenditure the battlegrounds of this election campaign, the electorate has a right to know how it will be delivered. A close examination of these election promises is required. Expenditure options are constrained by ballooning Social security outlays and commitments to freezing expenditure levels and the maintenance of a Budget surplus. A more realistic outcome is an ongoing decline in service provision and infrastructure run down.

Labor's tax package solution to the Social security problem is providing an incentive for the unemployed to offer for work. The Conservatives Tax and benefit programs aims to hold older workers in the workforce rather than retire. Increased supply of workers appears to be the strategy offered to overcome the Social Security impost on public expenditure. The major weakness in this supply side strategy is that total job vacancies for June 2004 of 132200 could only absorb 23% of 569000 unemployed (RBA Bulletin, August 2004).

The discussion on economic management by the media in this election has been trite and superficial. It is time some commentator started to move beyond this second “ fist full of dollars” theme and gave some insightful information to the electorate. In the 1980's, Social Security expenditure was considered excessive at around 8% of GDP. Why in 2003/04 Social Security expenditure at 9.4% of GDP is of no concern beggar's belief. At 42% of total Expenditure in 2003/04, Social Security can no longer be swept under the carpet if election promises to lift expenditure on health education, and defense are to be honored. Supply side economic solutions to the problem of unemployment should then become an important election issue.

Year	Total Exp.	Social Security	Education	Health	Defence	Unemployment.
78/79	28.5%	8%	2.5%	2.95%	2.7%	6.3%
88/89	23.56%	6.82%	1.71%	3.1%	2.1%	6.6%
98/99	23.64%	8.6%	1.63%	3.92%	1.88%	7.6%
02/03	22.44%	9.45%	1.61%	3.9%	1.76%	5.8%

Source: Compiled from RBA Bulletins.

## SRDC to fund innovative groups of growers.

Do you want to develop the most profitable and sustainable sugar cane farming system in Australia?

SRDC is looking for groups of growers who are willing to develop, test and adopt improved cane farming practices.

The Review Panel who reviewed the SRDC and BSES Ltd jointly-funded extension program recommended that groups of growers should become more involved in undertaking their own research and extension.

Farmers in other industries are successfully running farming systems research programs, with support from researchers.

These programs are now paying dividends to the participating farmers and their communities.

Farmers are the best people to improve farming systems because they, more than anybody, understand the complexity of their farming system.

Researchers may have a great understanding of some aspects, for example pest management, but may not fully understand the impacts of changed practices on the whole farming operation.

Successful examples of grain farmers leading the research are to be found in southern Australia, where groups like Birchip Cropping Group, Southern Farming Systems, Mallee Sustainable Farming and the like now have several hundred members, employ their own staff, undertake their own research and publish their own newsletters.

If you have a successful grower-group or wish to set one up, to take charge of your own research and development program, consider applying for support from SRDC.

SRDC is keen to fund activities leading to the achievement of specific targets or outcomes in grower groups that lead to

more sustainable sugarcane farming systems.

Funds may be available for a group to coordinate activities, undertake research, explore different ways of setting up a farming systems group or other activities.

Grain and grazing groups elsewhere have formed incorporated companies, registered charities and other business structures to undertake research, development and extension.

There is no fixed model but SRDC is keen to consider proposals from grower groups, in its coming competitive funding round.

SRDC will accept proposals for innovative ideas by 30 September 2004 with funding to commence from July 2005. See:

[www.srdc.gov.au/2005\\_Call\\_for\\_Proposals.html](http://www.srdc.gov.au/2005_Call_for_Proposals.html)

All proposals must be submitted electronically using forms available at ([www.srdc.gov.au](http://www.srdc.gov.au)) via the home page main menu or via this overview page: [www.srdc.gov.au/funding/funding.html](http://www.srdc.gov.au/funding/funding.html).

SRDC Program Managers Les Robertson and Tracy Henderson are available to discuss your innovative ideas and to assist you in submitting a funding proposal:

By phone: (07) 3210 0495 or via email: [lrobertson@srdc.gov.au](mailto:lrobertson@srdc.gov.au)  
[thenderson@srdc.gov.au](mailto:thenderson@srdc.gov.au)

**Other funding available:**  
**2005 Rural Women's Award - Applications close October 15.**  
Visit [www.ruralwomensaward.gov.au](http://www.ruralwomensaward.gov.au)

**Young People's Corporate Governance Scholarship - Applications close September 29.**  
Visit:  
[www.daff.gov.au/industryleadership](http://www.daff.gov.au/industryleadership).

## Cane farm monoculture contributes to yield decline: farmers told.

Cane farmers who attended the recent "Grains Research Updates for Canegrowers" were told that the future of the sugar industry must include some consideration of rotational crops.

The seminars, organised by the Grains Research and Development Corporations (GRDC) and the Sugar Yield Decline Joint Venture, were held in Mackay and Ayr and were attended by more than 130 farmers.

Leader of the Sugar Yield Decline Joint Venture Project Alan Garside said that the sugar industry must stop seeing other crop species as a threat.

Mr Garside said that rotational crops can be very complementary to cane farming, by providing disease breaks and residual soil nitrogen benefits to following cane crops as well as the additional income from the break crop itself.

Mr Garside said that yield decline has been a major concern in the sugar industry for more than 20 years, and may be attributed to a loss of productivity of cane growing soils due to the way the monoculture has been practiced.

"Between 1905 and 1970 there was a steady increase in sugar yield harvested per hectare but cropping systems changed in the 1960s and 1970s, with the introduction of mechanical harvesting and its very heavy machinery, often driven indiscriminately over wet paddocks."

"The industry also expanded onto some of the poorer soils but one of the worst decisions was the removal of assignment restrictions designed to ensure sugar land was rotated regularly with fallow break crops," he said.

The Sugar Yield Decline Joint Venture project nominates minimum tillage, controlled traffic and rotations as potential answers to the soils problems caused by cane farm monocultures.

## Negative SOI Values Continue: 'mixed outlook' remains.

\* Compiled by CSIRO.

SOI Phase: Near Zero

- The monthly average SOI for August was minus 6 (-6) compared to minus 6.4 (-6.4) in July. Therefore SOI phase for August came out as "Near Zero".
- When rainfall chances are close to 50% (say, between 40 and 60%) indicate that climate forecasting tools are unable to improve upon what you already know about above median rainfall. That is, with no knowledge of climate forecasts above median rainfall is expected 50% of the time e.g. South Mossman, Tully, Ingham, Ayr, Proserpine, Bundaberg, Beenleigh, Harwood.
- Probabilities much greater than 50% highlight that there is a moderately high chance of experiencing above median rainfall e.g. Nambour.
- Probabilities much less than 50% highlight that there is a moderately high chance of experiencing below median rainfall e.g. Mackay, Plane Creek.

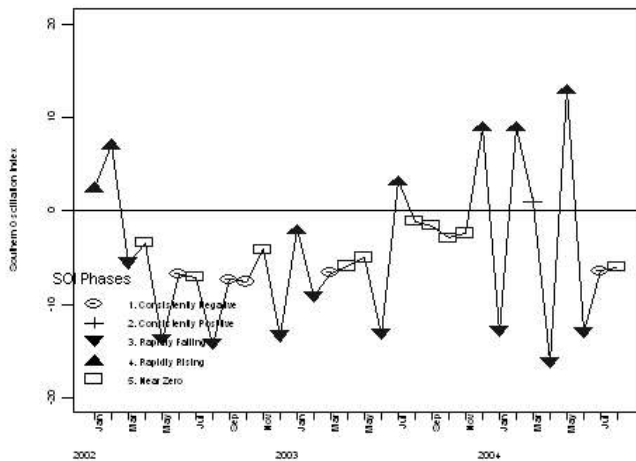


Table 1.

	SOI Value	SOI Phase
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	-6.4	"Consistently Negative"
End of August 2004	-6	"Near Zero"

Rainfall Outlook.

Table 2.

Location	Long-term median rainfall for Sep-Oct	Chance of exceeding long-term median
South Mossman	96mm	43%
Tully (Sugar mill)	182mm	48%
Ingham (Macknade)	56mm	49%
Ayr (Kalamia Estate)	21mm	48%
Proserpine (Letherbrook)	55mm	52%
Mackay (Farleigh Sugar Mill)	50mm	37%
Plane Creek (Central Mill)	70mm	37%
Bundaberg (Fairymead Sugar Mill)	82mm	43%
Nambour (Bowling Club)	140mm	61%
Beenleigh (Bowls Club)	107mm	55%
Harwood Sugar Mill	96mm	58%

Latest Developments:

For the third consecutive month we are witnessing sustained negative SOI values. The trade winds have been weaker than average and the central equatorial Pacific is emerging as an El Niño footprint. The American's [http://www.cpc.ncep.noaa.gov/products/analysis\\_monitoring/enso\\_advisory/](http://www.cpc.ncep.noaa.gov/products/analysis_monitoring/enso_advisory/) are predicting an El Niño of some type to emerge during the next three months. For the sugar industry, collectively these climate signals continue to favour a drier than normal harvest for most locations. The current patterns in sea temperatures are somewhat analogous to years such as 1992 or 1993 when 'borderline' El Niño conditions developed.

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:

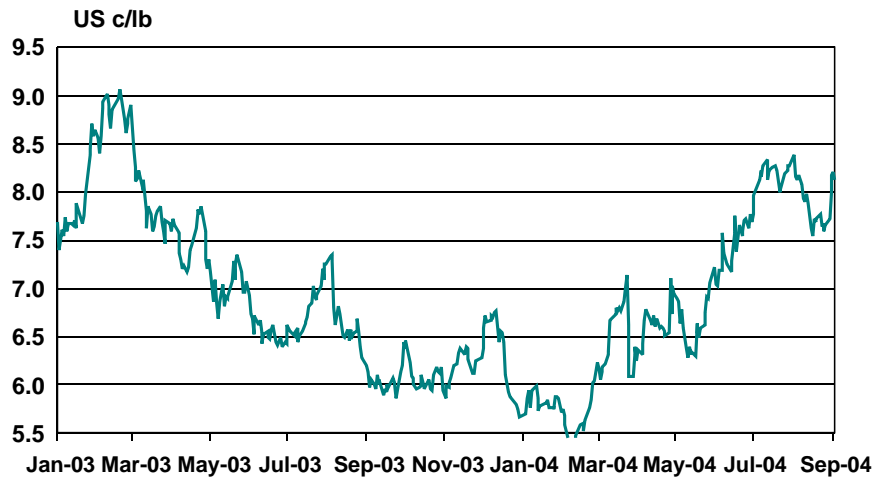
The seasonal climate forecasting information provided in this document is presented for the purposes of raising awareness of the potential value of seasonal climate forecasting information and should be considered as a guideline only. The user assumes all risk for any liabilities, expenses, losses, damages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

## Oct '04 Expiry draws near.

The last few weeks has seen the New York No. 11 raw sugar futures contract weaken as Funds have sold heavily. The liquidation of around 12,000 lots from the prompt Oct'04 position saw it drop to a low of US 7.53 US c/lb on August 17. Selling of the Oct'04, which is due to expire on September 30, has worked to increase its discount to the Mar'05 position, with the spread at around 0.59 US c/lb, or close to USD13.00/mt at the time of writing. The Oct'04 position recovered moderately at the beginning of September, gaining 0.26 US c/lb on August 31 as a result of reasonable trade and local buying, and rumours of an Indian duty reduction. The market then continued to trade positively in the next few sessions following this.

With the Oct'04 expiry looming, focus will now turn to the Mar'05 position. Market participants are already speculating which origins and volume that may be delivered, with the usual mix of Central American sugar again topping the list. There is also significant interest regarding the volume of sugar that will be 'rolled' into the March'05 position. This is of course reliant on available storage finance and capacity. It is expected that a reasonable volume of Centre South Brazilian raw sugar will be stored for first calendar quarter 2005 shipment and priced against the March'05 contract. This will enable the CS Brazilians to take advantage of higher prices available during the forecasted period of deficit in first quarter 2005 which is

NY11 Raw Sugar Futures Prompt Contract Price



currently reflected in the Oct04 March05 spread.

The 2004/05 harvest officially commenced at the beginning of September in the North-East of Brazil. Many in the industry are remarking that the crop has benefited from favourable weather and should reach around 62 million mt of cane.

The Centre South Brazilian harvest is almost 50% complete, with 158 million mt, of the widely forecast 320 million mt, of cane crushed to August 16. The Sao Paulo Agroindustry Union (UNICA)

has noted that the crush is currently 6.85% behind last year, however, dry weather over the coming weeks should see this recovered.

The Russian State Customs Committee has left the raw sugar import duty at USD 180 per mt for October 2004. With the new beet harvest commencing around 2 weeks early there is little incentive for Russian importers to take advantage of the low duties for September and October. The raw sugar import duty is bound by a range of USD 140-270 per mt depending on the level of the New York No.11 market. Russian Sugar Information has revised their earlier estimate of 3 million mt of imports this season to 2,245 million mt. Russian sugar imports reached 4.1 million mt last year.

The Australian Dollar has traded a range of AUD/USD 0.6962-0.7247 over the month, strengthened by weak economic data out of the US. After losing 1 US cent following the announcement of the federal election, the AUD retracted after the announcement of weaker than expected US personal income data.

Much of the focus over the coming month will surround the possibility of an interest rate increase by the Reserve Bank of Australia following the election on October 9.

AUD/USD Exchange Rate



## ACFA Activities.

ACFA Chairman Ross Walker and General Manager Stephen Ryan have participated in the following events over the past few weeks:

\* Regional meetings throughout the Central district to discuss issues such as changes to legislation, changes to cane payment, sugar markets and the federal election with cane farmers;

\* A Japan - Australia economic forum

organised by the Queensland Government;

\* An ethanol forum with representatives from Japan;

\* the Ethanol, Brazil's Success road show and forum;

\* Will soon be in discussions with leading financial institutions to discuss ways forward for the industry;

\* Meetings with major sugar industry organisations including SRDC, CRC for Sugar Industry Innovation through Biotechnology, SRI, QSL and STL;

\* Discussions with Queensland Government officials; and,

\* Meetings with mill managers.

\* Ross Walker has also participated in RAGG meetings.

## ACFA Crop Insurance Rates

ACFA has recently received a number of enquiries regarding our crop insurance rates, therefore we have provided them below. If you have any further enquiries, contact ACFA and we will direct you to the insurance representative in your area.

Estimated Production - tonnes	Premium	GST	Stamp Duty	Total
Up to 5000	\$280.00	\$28.00	\$26.18	\$334.18
Over 5000 up to 6000	\$325.00	\$32.50	\$30.39	\$387.89
Over 6000 up to 7000	\$365.00	\$36.50	\$34.13	\$435.63
Over 7000 up to 8000	\$400.00	\$40.00	\$37.40	\$477.40
Over 8000 up to 9000	\$430.00	\$43.00	\$40.21	\$513.21
Over 9000 up to 10,000	\$460.00	\$46.00	\$43.01	\$549.01
Over 10,000 up to 11,000	\$485.00	\$48.50	\$45.35	\$578.85
Over 11,000 up to 12,000	\$505.00	\$50.50	\$47.22	\$602.72
Over 12,000 up to 13,000	\$520.00	\$52.00	\$48.62	\$620.62
Over 13,000 up to 14,000	\$535.00	\$53.50	\$50.02	\$638.52
Over 14,000 up to 15,000	\$550.00	\$55.00	\$51.43	\$656.43
Over 15,000	\$550.00 plus \$15 per 1,000 tonne or part thereof over 15,000 t plus charges			



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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**



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

### Mossman District Report.

For the week ending 4/09/04, the weekly CCS for both Mossman and Tableland was 14.02.

Mossman mill crushed 36,768 bringing the total for the year to 345,020.

Mulgrave mill has crushed 638,350 tonnes to date with an average CCS of 12.90.

### Innisfail/Tully District Report.

Farming operations are in full swing in the area with farmers taking advantage of a cool, dry August.

After a wet July, harvesting has been going extremely well in the dry conditions and planting is up on last season.



On average, the CCS being reported throughout the area is about ½ a unit better than this time last year, with most mills reporting values between the 12-13 range.

However, increasing fuel and fertiliser costs are putting a damper on farming operations.

John Blanckensee.  
ACFA Northern Director.  
2nd September 2004.

### Burdekin District Report.

Some useful falls of rain were recorded in some areas of the district last weekend. One report near Ayr of 25mm was recorded but most other areas received much less (2-3mm).

The passing of the low trough system today has been disappointing rain-wise, so the harvest continues with high CCS levels being recorded.

Cane grub damage is still occurring, resulting in reduced yields and leaving gaps in ratoons.

Bin numbers are still a problem with many harvesting contractors being held up by late bin deliveries.

Last months Grains Research Updates clashed with the ethanol road show. About 40 farmers attended to hear presentations on the importance of legume fallow crop, marketing, nutrition, weed control, water management and disease management.

Speaking at the seminars, Dr Alan Garside said that "in my opinion the biggest mistake the sugar industry ever made was to remove restrictions on assignment percentages under production."

As at the week ending the 4th September, the total Burdekin tonnes crushed for the year to date stands at 5,318,015 with an average CCS of 14.47.

Kent Fowler  
ACFA Burdekin Branch Chairman  
7th September 2004.

### Herbert District Report.

We have just experienced the "Ethanol, Brazil's Success" tour through the north and I was able to attend both the Townville and Cairns meetings.

The majority of the Herbert has experienced light showers this month, with areas down towards the coast recording falls up to six inches!

Growers in the area are still being affected by the reef green zones, as many farmers are fishermen too. The Federal Government's sugar package is still concerning farmers as well.



For the week ending 21st August 2004, Macknade had crushed 646,717 and Victoria had crushed 1,411,845 tonnes, making a total of 2,058,561. CCS for the week was 14.00 and for the year-to-date is currently at 12.82.

Dawn Brown.  
ACFA Herbert Director.  
30th August 2004.

### Central District.

Conditions in the Central District are still extremely dry, although some rain had been predicted for the first week of September.

As far as the crushing is concerned, the seasonal CCS for Plane Creek mill is currently 14.33 with crushing estimates holding.

The CCS for the Mackay Sugar mills is currently around the 13.95 mark for the year to date.

Proserpine is currently holding an average CCS of 14.07 to date.

Kevin Jones.  
ACFA Central Director.  
31st August 2004.

### Southern District.

Maryborough has crushed 425,916 tonnes with an average to date of 13.73 up until 1st September 2004.

The Maryborough estimate has dropped from 940,000 tonnes to 890,000 tonnes due to the dry weather.

The weather was very dry up until the morning of 31st August with all areas around Maryborough



Receiving up to 40mm of welcome rain overnight.

*Continued on page 15*

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

*Continued from page 14.*

Bundaberg also experience some Spring rain with the area receiving 30-55mm. Spring planting is underway throughout the area and will now increase with moisture in the soil.

Crushing has been going smoothly in the Bundaberg and Isis district with no rain fall worth measuring for the five months up until now. The district is just over the half way point with current CCS averaging around 15.0.

Congratulations to the Isis district and mill representatives for their forward thinking in regard to their proposed co-generation plant. A great boost for that region and a win for the environment.

Graham Parker.  
ACFA Southern Director &  
Errol Zunker  
ACFA Bundaberg Branch Chairman.  
1st September 2004.

### New South Wales.

The dry harvest continues with sugar mills well ahead of budget due to the lack of weather stops.

A lot of the young cane is showing severe moisture stress and in some areas is starting to die. Some growers have started to plant, while most will wait for rain.

A recent contribution of 10.8 million dollars from the Federal Government for the co-gen project has been welcomed with open arms. The fact that the Federal Government has made the contribution means they have faith in the industry and the project.

Mill statistics for week ending 29th



August are:-

Harwood  
Cane Crushed - 35,974  
Cane Crushed ytd - 192,475  
CCS - 10.87  
CCS average ytd - 10.37;

Condong  
Cane Crushed - 29,885  
Cane Crushed ytd - 150,196  
CCS - 11.57  
CCS average ytd - 10.84;

Broadwater  
Cane Crushed - 44,028  
Cane Crushed ytd - 282,585  
CCS - 10.93  
CCS average ytd - 10.70.

Wayne Rodgers.  
ACFA New South Wales Director.  
3rd September 2004.

## Your local ACFA

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## ACFA services

*Publications:* The Australian CaneFarmer - Every month.

Australian Sugarcane - the leading R&D publication - Bimonthly  
*Representation:* ACFA has a proven record of fighting for growers where others have either given up or not begun.

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

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

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

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

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

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

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

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## Sweet History.

### Mandatory Use of Ethanol in Queensland.

By Patrick Briody.

Until the mid-1960's, Queensland did not have any oil refining capacity. Petrol and other vehicle fuels were imported into the state either by sea or road from interstate or overseas refineries.

On the other hand, molasses production in the 1920's was so plentiful sugar mills either gave it away or dumped it at sea.

In 1925 The Distillers Company Ltd of the UK was encouraged by the Queensland Government to see if an experimental distillery could be built next to the Plane Creek Mill at Sarina. The Distillers thought that they should take advantage of this opportunity and a separate company, Plane Creek Power Alcohol Co, was formed.

The company has since changed names and ownership and is now known as CSR Distilleries Operations Pty Ltd.

In 1929 Shell entered a joint venture with the distiller to market the ethanol. Ethanol was supplied by the distillery at a fixed price while Shell provided the petrol, blended the two and marketed it.

The Queensland Government enacted The Motor Spirit Vendors Act in 1933 which required every oil company in Queensland to have a licence to sell petrol in the state and the licence would only be granted if a prescribed quantity of ethanol made in Australia was

purchased.

The Act was challenged under Section 92 of the Australian Constitution by the Vacuum Oil Company Proprietary Ltd in a case that ended in the High Court of Australia.

The High Court found that the Act was invalid as it restricted trade between the states.

In response, the Queensland Government amended the 1933 Act and it became the Motor Spirit Vendors Act 1933 to 1934. The result of this legislation was that the Queensland Government could set the percentage of ethanol to be blended with petrol.

Ethanol was blended with petrol in Queensland until 1957. Earlier that year a new and more profitable market became available for the alcohol through CSR Chemicals (CSRC).

CSRC had bought Distillers' share in the distillery and wished to use the alcohol to produce plastics and chemicals.

So that the arrangement could come into place, the Queensland Government suspended the operation of the Act by setting the amounts of ethanol to be bought by the oil companies at nil.

In 1984 the Liquid Fuel Supply Act 1984 was enacted and remains in force today.

An amendment to the Act in 1988 repealed the Motor Spirit Vendors Acts 1933 to 1934 but inserted a clause for ethanol substitution in fuel in the current Act.

Under section 35A of the Act, the Governor in Council can make an order in council directing "every person in Queensland who owns or operates an oil refinery or a seaboard terminal with facilities for the bulk storage of motor spirit to comply with an order in council."

Such an order in council can, under subsection

(b) (i) direct a person to "purchase at the prescribed price a quantity of ethanol manufactured in Queensland equal to a prescribed number of litres of each 100L of motor spirit sold; and

(ii) blend the ethanol so purchased with the motor spirit and in accordance with prescribed directions (if any); and may vary the quantity of ethanol required to be so purchased and blended by reference to the prescribed criteria."

Put simply, the Queensland Government has the power to mandate the use of ethanol to whatever percentage it wants and may set the price to be paid for the ethanol to be blended. All it takes is an order of council!

About the Author: *Patrick Briody* was Author of *Sunshine Sugar - Secrets of Success, the history of the New South Wales Sugar Milling Co-operative Ltd (2003)* and former editor of the *Australian Sugar Journal (1982-1986)*.

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