

What is in store for agriculture under a re-elected Coalition Government?



Water, renewable energy and drought assistance were three issues debated during the lengthy six week election campaign.

John Howard will enter his fourth term as the Prime Minister of Australia, with the Coalition increasing its majority in the House of Representatives and significantly improving its numbers in the Senate.

So what does a re-elected Coalition Government have in store for agriculture?

During the election campaign, Federal Agriculture Minister Warren Truss announced the Howard Government's "Investing in our Farming Future" policy which committed a re-elected coalition to:

- * \$15 million to create a new Industry Partnerships Program;
- * \$12 million for a new Food Processing in Regional Australia initiative;
- * A Fair Farm-Gate Pricing plan including a mandated Code of Conduct to govern the commercial relationships between fruit and vegetable growers and the wholesale markets;
- * An Exporting Australian

Agriculture to Emerging Markets initiative to capitalise on Free Trade Agreements and emerging market opportunities;

- * Maintain and enhance the Increased Quarantine Intervention programme;
- * \$26 million over four years to provide additional forward defence against exotic disease and boost internal biosecurity;
- * \$20 million over four years to assist livestock industries to implement national livestock identification and tracing systems;
- * Biosecurity Australia to be established as a prescribed agency, giving it financial independence from Australian Government departments;
- * \$2 billion for the National Water fund.

The Government also stated its intention to streamline drought assistance, with a focus on drought-preparedness.

"The Coalition remains committed to drought policy reform - having committed more than \$1 billion to help farmers - to help farmers through the

current difficulties," Mr Truss said.

"The Coalition has agreed to all the recommendations of the Productivity Commission's report into the impacts of laws and regulations covering native vegetation and biodiversity and will seek to replicate the agreement achieved on water during the last term.

"The Prime Minister will place the PC report on the agenda for the next meeting of the Council of Australian Governments and ask the States and Territories to support the Commission's recommendations to improve vegetation management," he said.

Inside: ACFA's "Showcasing Innovation" Conference in Townsville.

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The muddy waters surrounding grower assets.

By ACFA Chairman Ross Walker.

Election.

The Federation Coalition has been returned with an increased majority for another three years. It will be of utmost importance that all of the sugar package funding is utilised, unlike previous assistance where a significant proportion has not. The government must look immediately at renewable policy settings which can bring enormous benefits to this industry and regional Australia.

PIBR Act 1999.

At the time of writing, a Bill to amend to Primary Industry Bodies Reform Act 1999 was presented to Queensland Parliament by Minister for Primary Industries and Fisheries Henry Palaszczuk.

This Act deals with the transfer of local assets currently held in individual trusts to a locally owned and controlled company.

Under the current Act, the assets had to be transferred to a local company where all farmers would be members and retain ownership in the assets. This is equitable and fair.

The proposed amendments will now allow politics to muddy the waters and

this is exactly what will occur.

Canegrowers are proposing their newly formed local companies now take control of the local trust assets.

The strings attached are as follows and I use the Proserpine Co-operative model as an example:

1. To retain ownership in these assets it will now be compulsory to pay membership fees to Canegrowers Brisbane. They have found a new way to re-introduce compulsory levies as part of their quest to resist being commercial and survive based on their own performance. Local Companies will get far more value out of Canegrowers Brisbane by not guaranteeing them a levy. Guaranteeing someone an existence will never achieve best results. Hasn't this industry learnt this basic lesson yet? There are many other commercial approaches available.

2. Canegrowers Brisbane will collect membership levies on behalf of the Co-operative. If the local structure is incapable of running its own affairs then it does not deserve the support of local farmers.

The government states one of the reasons the Act is being amended is because Canegrowers members are supporting

by fees the Trusts. What proof does the government have of this – none!

The Trusts are totally separate entities to Canegrowers Brisbane and members should be up in arms about this.

The Trusts should not be subsidised by Canegrowers' members and should not have to be subsidised if they were being managed correctly. They should have been rented out commercially and have no debt. I would urge farmers to request a copy of Trust accounts in your area.

Other amendments include reducing the percentage vote required to transfer the assets from 75% to a two-thirds majority.

In addition, if the Trusts Assets are not transferred by 30th June 2005, they will become the property of Canegrowers Brisbane.

ACFA's proposal to the Minister was to simply reduce the voting percentage to 50% to transfer and have the Act as it is.

ACFA is disappointed the State government has not acted in the best interests of farmers, instead yielding to repeated representation from Canegrowers who want to hijack the process.

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Artificial sweetener boosts sugar firm.

UK-based firm Tate and Lyle has said that trading since its last update on 28 July 2004 has continued to go well, helped by strong growth of its Splenda sweetener.

The Company said that Splenda had seen exceptional growth.

"Over the five months to August 2004, profit before tax and exceptional items has exceeded both our budgetary expectations and the corresponding period of the prior year," the Company said.

"Our sugar operations in the UK, Portugal and Canada all performed at or above plan levels. There has not been any new information or clarification on the proposal for reform of the EU sugar regime which was tabled by the European Commission in July. Our lobbying to ensure fair treatment for the cane refiners continues."

Source: www.just-food.com

\$3.8 million grant for BSES Ltd.

Queensland Minister for Primary

Industries Henry Palaszczuk has announced the annual \$3.8 million grant to BSES Limited for sugar research, development and extension.

Mr Palaszczuk said that the Queensland Government had committed to making an annual grant to BSES Ltd for the three-year period following its incorporation last year.

The grant will be paid on a quarterly basis and will help fund BSES Ltd's work including plant improvement, crop management, mechanisation enhancements, products and process improvements and analytical support.

Thailand hosts major biofuels conference.

Asia's largest biofuels conference, *The Pacific Ethanol & Biodiesel Conference & Expo II: Developing an Ethanol and Biodiesel Industry* will be held in Bangkok in December this year.

The conference will address the growing interest in biofuels now emerging in and around Asia.

Experts in ethanol and biodiesel production, engineering and marketing will discuss topics including

energy legislation and government incentives for biofuels, construction of commercial ethanol and biodiesel plants, cellulosic biotechnology, biomass conversion, trading ethanol on the commodity markets and other issues relating to developing an ethanol industry.

More information is available on www.pacificethanol.com.

EU sugar plans high priority: New Commissioner.

The European Union (EU) Agriculture Commissioner designate Mariann Fischer Boel has nominated reform of the EU's sugar regime her top priority when she assumes office in November.

During a European Parliament questionnaire Fischer Boel, of Denmark, said "Sugar is one the last major sectors that needs reform. I will give it my highest priority."

She is set to replace current EU Commissioner for Agriculture, Fisheries and Rural Affairs Franz Fischler whose five year term will end in October.

ACFA Calendar

21st October	QSL Board Meeting and AGM	Brisbane
22nd October	STL AGM	Brisbane
22nd October	First round of Regional Sugar Projects closes	
26th October	ACFA Board Meeting	Townsville
27th October	ACFA Conference	Townsville
8th-10th November	SRDC Board Meeting	Bundaberg
15th November	QSL Board Meeting	Brisbane

Key Sugar Reform Program dates

January 2005 - Payments under the second instalment of the Sustainability Grants

30 June 2005 - Cut off for Re-establishment Grant worth \$100,000
- Cut off for the first year Grower Restructuring Grant.

30 June 2006 - Cut off for Re-establishment Grant worth \$75,000
- Cut off for the second year Grower Restructuring Grant.

30 June 2007 - Cut off for Re-establishment Grant worth \$50,000.

Important information for all farmers: Grower Assets.

The issue of the grower trust assets has returned; only this time democracy and fair play have been dealt a contemptuous blow.

What are the trusts?

In January 2000, the assets of the former Queensland Cane Growers Council (QCGC) were dealt with in two ways:

*The Brisbane assets of the council were given to the public company, Queensland Canegrowers Organisation Limited (QCGO) and,

*The local assets were placed into separate trusts: trusts for the executive assets and trusts for the Mill Suppliers Committee (MSC) assets. The trusts in each district are separate from the trusts in every other district. The trustee is QCGO Brisbane; therefore all local Canegrowers offices are not "local" at all but rather, branches and operating structures of QCGO Brisbane.

What rights do farmers currently have under the trusts?

Since January 2000, a group of 75% or more farmers in a region can change the trustee or terminate the trusts pertaining to their area. All that is required is a simple poll of growers (signatures at a meeting), a letter of notification to the Minister for Primary Industries and Fisheries and the assets are in the hands of the local farmers with no QCGO Brisbane strings attached.

The one proviso is that the assets have to be used for the benefit of all local growers and no individual growers.

Has anyone exercised this right?

In 2000, the Kalamia growers did the above: they now control their own MSC assets and as such are free to affiliate with other organisations or not. The Moreton farmers terminated their trust and distributed the proceeds of sale of the trust property among the growers.

How has the trustee's management of the trusts affected farmers?

The QCGO argues that up to 7% of growers have not contributed to their MSC and so as their members have propped up the MSC, their members should control the trust property. But the question of why some farmers do not support them is ignored!

It also implies that the trust property is attached in some way to the MSC - it is not.

Statutory MSC were not forced upon QCGO. The role of statutory MSC is an

elected position, an opportunity for those who wish to hold it. If those MSC serves, do not support its policies or actions and so choose not to fund it, this is their democratic right and should be a lesson in transparency, accountability and service with integrity on the part of the MSC elect.

Furthermore, there is no reason why the trust property should be subsidised by anyone. The trust property is mostly commercially rented buildings, which when managed competently, i.e. rented at proper commercial rates, and should be profitable as it is for any other commercial property in Australia.

The trustee is also the tenant of the trust property and therefore potentially in a position of serious conflict of interest.

What changes will be made?

Primary Industry Bodies Reform Amendment Bill 2004 effects some important changes.

If farmers take no action, on 1 July 2005 the trust property will belong to QCGO Brisbane.

Clause 46B (2), states that, providing certain minor conditions are met, the trusts will be terminated (46B(2)(a)); "all of the trust property is taken to have been transferred to the replacement corporation absolutely..." (46B(2)(b)).

The replacement corporation is defined as QCGO Brisbane.

Why are the changes being made?

The Primary Industry Bodies Reform Act 1999 (PIBRA) was enacted to effect the transfer of the assets of the statutory bodies to replacement corporations. This has largely been done and the Government is looking to repeal the PIBRA. As an interim provision the Government is amending the PIBRA in order to deal with the statutory trusts.

What if I do nothing?

If all farmers in your district do nothing, QCGO will end up owning the trust property that your farm paid for, or; a local entity monopolising farmers' services and communication with governments at all levels will make decisions impacting your farming business. To have a say you will have to join and fund this local entity and QCGO Brisbane.

This is simply another version of compulsory membership and compulsory

levies via the application of market power.

What is the policy of the ACFA?

The ACFA has consistently asked the Qld Government to amend the PIBRA to reduce the majority to change the trustee or terminate the trusts to a simple majority (50%). This would provide a "level playing field" so that the power of veto is no longer vested in a minority.

We have argued that due to the former statutory significance of the QCGO and its active role in "muddying the waters", on this issue farmers are generally unaware of their rights and do not know who to believe. In 2002, ACFA asked the Government to write to all farmers explaining the facts and the government's intention; however this good work was yet again spoiled by misinformation.

Local farmer companies need to be owned by and controlled by all local farmers, independent of outside influences, especially Brisbane base lobby groups such as QCGO Brisbane. The trusts provide an opportunity for local farmers to enter into ventures with their mill/s and/or third parties, improving farmers' opportunities in decision making and participation revenue from value adding.

ACFA argues that currently, dissenting farmers do not contribute locally because they do not wish to support QCGO Brisbane - a trend which is increasing. Under the ACFA proposal; almost 100% membership would be achieved.

Farmers are happy to support organisations of their choice but not if that means being forced to join and fund third parties.

What can I do?

You will need to work quickly with your fellow farmers before it is too late.

How does this affect my supply contact for 2005?

From 1 Jan 2005 all farmers must have a supply contract with their mill.

You should know that:

* You do not have to appoint an authorised bargaining representative but you may.

* You do not have to belong to your local Canegrowers or QCGO to supply your mill; enter into a contract or a collective; or participate in bonus or quality schemes.

If you are confused or require further information, contact ACFA or DPI.

ABARE forecasts record commodity exports.

ABARE has forecast a 16 per cent increase in Australia's commodity exports in 2004-2005, to a record value of \$96 billion.

ABARE's executive director Dr Brian Fisher said that the increase mainly reflected higher minerals and energy prices on world markets and increased export shipments in response to global economic growth.

The September edition of Australian Commodities predicts an increase in the value of Australia's mineral and energy exports of 23 per cent to \$65.1 billion in 2004-2005.

The Australian Commodities also forecasts an increase in earnings from farm exports of 3.2 per cent to \$26.9 billion.

Although crop exports are expected to rise by 8.6 per cent, total crop production is forecast to fall slightly as an expected increase in production of sugar, cotton and wine is likely to be offset by an expected decrease in production of grains and oilseeds.

Dr Fisher said that world grain prices have generally been weaker because of expected higher world grain production, in particular, in the European Union, the United States and Canada.

Call for input into Coastal Plan.

Queensland Minister for the Environment Desley Boyle, has called for input from locals into the Mackay-Whitsunday Coastal Management Plan currently being developed.

The plan is being developed to guide the implementation of the State Coastal Management Plan in the local government areas of Whitsunday, Mackay and Sarina.

"We already have a state wide policy for coastal protection and management, but we need input from the community to ensure the regional plan addresses the local coastal management needs," Ms Boyle said.

Ms Boyle said local input was important as the people living in the area would best know which places along the coast need extra protection.

"There may be popular fishing spots or culturally-sensitive areas that need special management, erosion-prone areas that need rehabilitation or places where the water quality could be improved."

Written submissions are due by close of business on 26 November 2004 and should be forwarded to the Principal Coastal Planner, Environment Protection Agency, PO Box 3130, Rockhampton Shopping Fair, 4701

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Loan Scheme Reactivated.

The Queensland Government has reactivated its Drought Carry-On Finance Scheme to assist drought-affected primary producers meet general expenses, Primary Industries Minister Henry Palaszczuk has announced.

Mr Palaszczuk said that the finance scheme would help farmers to meet general operating expenses such as fodder, freight, fuel, machinery repairs, rates or de-silting farm dams.

"Loans of up to \$100,000 are available at a concessional rate with no fees or charges under the scheme, and the complementary Drought Recovery Scheme," Mr Palaszczuk said.

"The Drought Recovery Scheme has

continued to operate, but the Drought Carry-On Finance scheme ended as scheduled on 30 June this year subject to a review.

"I am pleased to say we have considered the performance of the scheme and have decided to reactivate the scheme at least until 30 June next year," he said.

However, Shadow Minister for Primary Industries and Fisheries Mike Horan has labelled the decision a "desperate attempt" to take the heat off the Beattie Government's failure to adequately assist Queensland farmers during the worst drought in living memory.

"When the Drought Carry On loans scheme was launched in February 2003, the

Minister said 50,000 properties in 111 shires throughout Queensland would be eligible for assistance but in the 16 months the scheme operated only 102 farmers were able to get financial help," Mr Horan said.

"The Drought Carry On Scheme is like so many of Labor's rural assistance programs - a scheme that allows the Beattie Government to claim it is doing something but which costs virtually nothing and helps virtually no one."

Both the Drought Carry On Scheme and the Drought Recovery Scheme are administered by the Queensland Rural Adjustment Authority.

Sugar single desk under attack.

Federal Member for Dawson De-Anne Kelly has claimed to have uncovered a Queensland Government plan to strip Queensland Sugar Ltd of its statutory rights to operate the single desk for sugar exports.

Mrs Kelly said that she found the information in a five-page ministerial statement which reads, "The industry will establish a working group to develop voluntary marketing arrangements as soon as possible".

"The objective of this working group is to work towards a new system of marketing arrangements prior to the requirement for review in 2006," Mrs Kelly said.

"The review to which they refer was flagged in 1996 by the Sugar Industry Review Working Party, which recommended there should be no further reviews of the single desk for ten years."

In response, Queensland Minister for Primary Industries Henry Palaszczuk said that Howard's coalition government has demonstrated disunity regarding the future of export single desk selling arrangements.

Mr Palaszczuk said that National Party

Senator Ron Boswell indicated in an address to the Queensland National Party Conference in July that there had been Coalition in-fighting over the future of the sugar single desk.

"When the single desk on sugar, wheat and rice comes up for debate as it does regularly, the Nationals have held because those industries have told us it is essential, despite laissez faire free traders like Ross Cameron in the Libs," Senator Boswell was quoted.

Mr Palaszczuk said he queried why the Federal Coalition was 'regularly' debating the issue of single desk trading, and believes that it may only be a matter of time before Liberal MPs persevered on the matter.

"I am also very worried about Federal Trade Minister Mark Vaile's agreement at the latest round of World Trade Organisation talks for a study to be conducted into state trading enterprises such as Queensland Sugar Limited.

"I have argued this is an unnecessary study that can only undermine the single desk selling arrangements we have in place and which trading rivals such as the United States want removed," he said.

Legislation amended to protect crops.

State Parliament has unanimously passed amendments to the Plant Protection Act 1989 in the wake of the citrus canker disease outbreak in July this year.

The key amendments will:

- * guarantee the state government has the legislative support necessary to carry out treatment of destruction within a pest quarantine area;
- * ensure that landowners of properties infested with the most serious pests and diseases cannot seek judicial review by way of injunctions or court hearings in order to prevent eradication and other emergency response activities;
- * provide improved pest and disease surveillance powers to inspectors; and
- * allow inspectors to access relevant movement records, wherever located, to trace the movements of potentially pest infested plant matter.

In addition, the maximum penalty for failing to comply with the provisions for the control of introduction of pests, control over spread of pest infestations, obstruction of an inspector and contravention of a direction given by an inspector has been doubled to \$150,000.

Showcasing Innovation: Getting the most out of your cane farm.

At ACFA's October conference last year, farmers were asked to complete a survey which asked them if there were any topics they would like addressed at a future ACFA Conference.

Many farmers responded that they would like more information on how to get more from their farm.

"Showcasing Innovation: Getting the most out of your cane farm" is ACFA's response and it is now only days away!

All farmers and industry stakeholders are invited to take up this opportunity to explore the latest in sugar industry innovation, farm management practices and diversification options ; all in the name of helping farmers achieve the best possible outcomes from their land.

The Conference is being held at the Townsville RSL Club on the 27th October.

Speaking on benchmarking in agribusiness will be David Hanlon from

Resource Consulting Services (RCS), who will discuss what top performing businesses are doing and how it can be applied to the sugar industry. Robert Drewitt from Suncorp who will follow with a bank's perspective on farm management practices.

Diversification options for cane farmers will also be addressed with Bob Bolling from Cape York Forest Management discussing agroforestry on spare land and Peter Sutherland from BSES Ltd presenting on legumes as a rotational crop. Aquaculture will also be discussed by a representative from the Department of Primary Industries.

Dr Stevens Brumbley from BSES Ltd will be the final speaker on the day, discussing research relating to the future of bioplastics produced from sugar cane.

Dr Brumbley's presentation will be followed by social drinks and the opportunity for attendees to visit Innovation Displays provided by our conference sponsors and other

participating organisations.

The Innovation Displays will also be open during morning and afternoon tea.

This will give attendees the opportunity to speak one-on-one with experts in their given fields and to see first hand different products and services on offer.

ACFA hopes that all interested farmers take up this invaluable opportunity.

The subsidised cost for ACFA members is \$10 while the cost for non-members is \$30. This includes, lunch, morning and afternoon tea, entrance to the conference and innovation displays and drinks.

The conference is being held at the Townsville RSL Club with registration to commence at 8.30am.

Please contact ACFA on 1800 500 025 or email info@acfa.com.au as soon as possible if you are interested in attending.

Hope to see you there!

ACFA would like to thank all our conference sponsors for their participation and contribution to the event.



Agriculture in Advanced Economics (The USA)

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

1 Introduction

The USA farm policy is a Reformist Strategy ; and as such accepts the need to redistribute income. Consequently, increasing agricultural output is not always the primary objective. Family farming and co-operatives in conflict with large corporations generally characterize the reformist strategy. In the field of political economics, the reformist strategy would sit comfortably with modern Liberalism (not to be confused with Neo-Liberalism)

The legal framework of US farm policy is The Farm Security and Rural Investment Act of 2002 commonly referred to as the US Farm Bill. It is an Omnibus Act that ranges across broad areas of policy from social welfare, farm policy and international trade in agriculture. The US Farm Bill is WTO compliant and uses all available avenues to deliver support to agriculture.

2 US Agriculture

Rural policy is approached from an entirely different perspective to Australia. Important background research has identified basic information necessary to structure a coherent rural policy.

- * Rural production comprises less than one percent of GDP;
- * Rural production underpins around 16 % of GDP;
- * Domestic consumption of food increases approximately equal to population growth;
- * The rural work force constitutes one percent of the national labour force;
- * \$1 of overall rural exports generates \$1.39 in supporting economic activity;
- * \$1 of unprocessed rural commodities generates \$1.11 of supporting activity;
- * \$1 of processed rural product generates \$1.56 in supporting economic activity;
- * Expenditure on food as a percentage of disposable income has declined from 22.5% in 1949 to around 11.5% in 1999.

Agriculture is recognized as an essential component of the total American food and fiber system. Given its contribution to the wider economy, US farm policy focuses upon agriculture and the national interest. This is a macroeconomic view of agriculture as opposed to Australia's microeconomic mentality of an industry "shaping up or shipping out".

American farm policy provides comprehensive support to agriculture across four levels i.e. community, farm income, export production, and regional development. Nonetheless, rural America has problems similar to rural Australia. This is about policy structure and inappropriate targeting rather than policy objectives and direction

3 Communities

Farm support at community level is delivered through food consumption programs directed towards low-income groups.. Examples of programs are as follows:

- * Food stamp program (FSP) are provided for targeted low-income groups. Some \$ 17B US is expended annually on food stamps in the US;
- * (WIC) targets low income nursing mothers and infant children under 5 years of age. Some \$4BUS is expended annually;

* National School Lunch Program's (NSLP) are aimed at the nutritional needs of disadvantaged children in the school system: \$6.2B annually;

* Low income and disadvantaged Americans are served also by a range of private sector emergency food assistance.

Although these food support programs are directed to social welfare needs of American society, they indirectly support US agriculture by increasing domestic consumption.

4 Farm Sector

In the US, a property with \$1000 (US) in agricultural sales is recognized as a farm. For policy purposes, classification by income is considered not very satisfactory. Compare this with Australia's definition of a farm as one producing \$15975 (US) of production.

US policy recognizes three classes of farms using both sales and primary occupation:

- * Commercial farms comprise 8% of farms and produce 68% of total output;
- * Intermediate farms comprise 30 % of farms and produce 24% of total output;
- * Rural residence farms comprise 62 % of farms and produce 8% of total output.

"This is a macroeconomic view of agriculture as opposed to Australia's microeconomic mentality of an industry 'shaping up or shipping out.'"

Commercial farms are highly efficient profitable producers of food and fibre. The majority of their income is farm generated. Federal support programs seek to lower input and marketing costs, and environmental compliance. Other support programs are directed to expanding market opportunities and risk management assistance. A system of decoupled income support covers approximately 20% of total US farm production; and, flows mainly to the commercial farm group.

Intermediate farms comprise mainly beginning farmers and those approaching retirement. This group is heavily dependent upon off farm income. Price support programs for commercial farmers often encourage increased production that results in lower prices adversely affecting farm income for intermediate farmers. Efficiency is a problem across the intermediate farm group.

Assistance to intermediate farmers range across education programs aimed at information delivery, management skills, and natural resource diversity.. Policy development is currently looking at block grants to States to deliver cost efficiencies to specific regions and farms.

Because intermediate farmers control some 45% of farmland, they are viewed environmentally as stewards of the land. Their compliance with environmental requirements is important. Support programs are in place for this purpose. Intermediate farmers tap into programs specifically for their groups; and as well, can access commercial farm programs.

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Rural residence farms have low or negative farm income. Off farm employment is necessary for some whilst others rely on retirement incomes to subsidize farm lifestyles. Traditional farm support

programs offer little scope to assist this group. They are more dependent upon policies that influence wage rates, interest rates, employment levels and tax policies. Because resident farms control 2.9% of farmland, they are considered important in rural policy. Support can be designed however around tax policies, employment generation, national environmental programs and rural development programs.

Support to the US farm sector is structured through programs ranging across decoupled income, commodity price support, supply constraint, environmental and conservation objectives.

5 Exports

Because domestic food consumption in the US increases in line with population (0.96 decade to 2000), agriculture is very dependent upon export markets. Exports comprise 25% of total farm sales. Like Australia, some commodities are highly dependent upon international markets (e.g. Wheat 45%, Soybeans 34%, Almonds 66% and Sunflower oil 63%).

Export assistance to agriculture is provided through:

- * Agricultural attaches in 130 countries primarily concerned with trade promotion;
- * Market Access Program targeting consumer promotion and trade servicing for value added and processed products;
- * Foreign market development program involved with market research and long term impediments to trade;
- * Guaranteed trade finance through credit facility access for developing and middle income countries;
- * Export subsidies (EEP);
- * Food aid.

The US domestic food and fibre system is protected where necessary from international competition by border constraints comprising tariffs and quotas.

Programs that directly subsidize production and influence production decisions comprise the US's WTO Aggregate Measure of Support (AMS). WTO exempt payments are used in addition to AMS to provide decoupled income support for covered crop programs, environmental and conservation objectives, nutritional food aid and drought relief.

6 Regional Developments

Farming is no longer the primary industrial base of most rural communities in America. Contemporary rural America is dominated by a diversity of industrial activity encompassing manufacturing, services, and other non-farming industries. In regions still dependent upon traditional agriculture, mining and forestry, declining employment and income levels have adversely affected population distributions. Conversely, regions that have diversified to embrace non-agricultural industries are flourishing.

Rural communities and regions are encouraged to structure economic development strategies. Local government is assisted to reallocate resources both human and financial to tap into

appropriate government programs. Modification of existing Empowerment Zones/Enterprise Communities programs appear necessary to effectively apply Federal and regional resources.

Growth is necessary to lift income and educational levels in declining rural communities. The traditional policy approach of offering tax breaks to attract industry to regions is regarded as no longer sufficient. New approaches are required to deliver training and technical assistance to clusters of firms. Provision of start up and equity capital appear important issues to foster new business development and growth in established regional businesses.

Wage rate variance between rural and urban workers reflects education and skills differentials. Traditionally, rural industrial bases were structured upon a reliable pool of low cost workers. In today's world, modern industry is more attracted to rural areas possessing educated and skilled labour. Education and worker training are critical in attracting high performance and knowledge based industries to declining regions.

With appropriately skilled labour, rural regions can look to capitalize upon both their existing natural resource base and new emerging technology dependent industries. Value added agriculture offers an obvious direction along with recreation and tourism based industries. Environmental service industries applied to existing resource endowments for water filtration and carbon sequestration offer positive options also. Biomass energy production based upon ethanol and bio-diesel to power transport and electricity requirements are exciting agricultural resource based emerging industries.

Industrial hemp production has potential for manufactured plastic production applicable to the automotive industry; but is not mentioned in the USDA policy document.

Regional development is supported in the US by a range of programs examples of which are:

- * Co-operative programs;
- * Business and industry loans;
- * Rural Business Enterprise and Opportunity Grants.

7 Conclusion

In direct contrast to Australia's microeconomic approach to rural policy, American agricultural policy is based upon a macro-economic perspective of agriculture integrated into a national food and fiber system. Support is structured across a number of layers to ensure the well being of the national food and fiber system. Despite this America like Australia has inherent problems with a rural sector comprising regions of diverse characteristics and different resource endowments. These problems are being addressed from an informed position based upon the rural sector's contribution to economic activity.

Any changes to US farm policy moving forward are likely to be confined to ongoing changes to the WTO AoA Rules based system; and, domestic policy requirements. It is conceivable in the next farm Bill, however, that US domestic policy could move industries now receiving assistance under price support and supply constraint (AMS) across to the WTO exempt payments system of decoupled income support similar to existing covered crop programs. Australian farmers should not hold their breath.

SRDC Update October 2004:

This edition of SRDC Update reports on consultations with industry people, researchers and the community during SRDC's Regional Workshops in August 2004. Feedback from workshop participants identified many ways for improving industry performance.

Over 200 people with a stake in the sugar industry participated in SRDC regional workshops held in August at eight locations across Queensland, northern NSW and northern WA.

Participants, including growers, harvester operators, millers, researchers, advisors, government and community members, worked together to identify ways of improving the industry.

The workshop discussion centred around SRDC's six key outcomes as detailed in the SRDC Research and Development Plan 2003-2008:

- * an increasing and more reliable cane supply,
- * enhanced revenue and cost efficiency across the value chain,
- * demonstration of environmental sustainability,
- * diversification of the income stream,
- * enhancement of human capacity, and
- * an effective R&D capability.

Dr Russell Muchow, Executive Director of SRDC, stressed that for Research and Development (R&D) to deliver real benefits, we must also ask "what is stopping us from moving forward?"

"To get traction, we must implement new and better ways of doing things across all sectors of the industry. This requires us to focus both on technical improvements and on ways to overcome barriers to change."

With this focus, workshop participants identified new R&D which could lift industry performance. The R&D opportunities identified at the workshops were well aligned with SRDC's funding priorities.

Feedback from the workshop indicated that SRDC's strategic focus for research investment was rated as very appropriate or highly appropriate by 80% of workshop participants.

SRDC Chair Mr Bob Granger also attended all the workshops and stressed that "SRDC is committed to reaching out to our Industry and Government stakeholders to ensure that its funding is best targeted to contribute to a future innovative and sustainable sugar industry."

What did workshop participants say?

SRDC has summarised the responses made by people at the workshops to some of the questions posed.

How do we get farm yields up and costs down?
Enhance timeliness of operations (management)
Increase implementation of improved farming systems based on sound principles and known costs (controlled traffic, minimum till, rotation crops)
Target variety improvement for new farming systems
Improve farm layout and harvesting arrangements
Improve management and business skills
Encourage cost sharing through cooperatives or other means to reduce costs of machinery and inputs
There's lots of information out there it is implementation that is needed now.

What is stopping us moving forward with better farming systems?
Social factors culture, lifestyle, age profile, attitudes, farm size, capacity to change, off-farm employment
Sugar price and lack of resources (eg equipment for new farming system)
Lack of trust in economic information and fear of failure

What would make a better harvest and transport system?
Better coordination and integration of harvesting/transport/mill operations to focus on whole-of-system profitability
Improved communication across the value chain
Better payment systems that link harvesting payment to quality of product and quality of job
Better technology for harvesting systems chopper boxes, multi-row fronts, GPS, monitoring systems to enhance adoption of harvest best practice
Improved farm layout, farm aggregation and timeliness of bin deliveries
Better capital utilisation (harvester rationalisation, cooperatives, transport efficiencies)

What is stopping us moving forward with better harvest and transport systems?
Lack of drivers for change and industry cultural resistance to change
Lack of coordination across the value chain growers, harvester operators and millers are competing for money
Industry scepticism on the extent of sugar loss with mechanical harvesting and the ability to measure losses and improvements
Current payment systems
Lack of understanding of the whole-of-system approach
Lack of communication across the value chain

Working together to target tomorrow's research needs.

Continued from page 10.

Will raw sugar continue to be our main product?
Yes, over the next 10-20 years
Perhaps not in the longer term
Depends on oil price, government policy

What is stopping us moving forward with diversification opportunities?
Market uncertainty
Legislation
Current cane payment system
Lack of whole-of-industry approach to diversification
Lack of marketing and business skills
High cost of R&D

How do we 'grow' our industry people?
Travel to and learn from other regions and industries
Capacity building courses for both young and old
Evaluate and learn from our experiences
Make it a priority to look 'outside the square'
Implement action learning and participatory R&D
Improve business focus and business skills
Improve communication skills of researchers and advisors
Improve knowledge of what 'systems thinking' is

What is stopping us from moving forward to 'grow' industry people?
Current culture of the sugar industry equity, conservatism, structure
Age profile and lack of incentives for young people
Lack of capacity for industry people / structures to change and work together across industry sectors
Negative perception of the Australian sugar industry
Low profitability of the industry at present

Increasing participation.

Dr Muchow said "there was a lot of good thinking by participants at the regional workshops, and many new opportunities and challenges were identified."

"SRDC is keen to work together with growers, harvester operators, millers, researchers and advisors to discuss issues

and fund opportunities to improve the profitability and sustainability of the Australian sugar industry."

"The 'take home' messages from the workshops have implications for SRDC, industry and researchers."

"No one in the industry value chain is immune from change and the need to conduct their business operations in more efficient and effective ways."

"That is the challenge, but I am confident that R&D can help us to realise the many opportunities to move forward for a future vibrant Australian sugar industry."

"SRDC encourages your continued participation."

If you weren't at the 2004 SRDC Regional Workshops, and would like to be kept up-to-date with SRDC news and events, please send a contact email address to SRDC (srdc@srdc.gov.au).

For further information on SRDC's R&D investments, check out the Research Projects information at www.srdc.gov.au

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SRDC Update is a bimonthly publication from the Sugar Research and Development Corporation. It aims to provide news about SRDC and progress towards the delivery of research outputs and outcomes for a competitive and sustainable Australian Sugar Industry.

Market reaches US 9.00 c/lb

The soon to be prompt Mar'05 New York No.11 raw sugar futures contract broke through US 9.00 c/lb on the 27th September after trading a range of 8.18 8.79 US c/lb over the month.

Heavy trade and Fund buying following the purchase by the Indian Sugar Exim Corporation of 120,000mt of raw sugar worked to push the market higher, with the resulting flurry of short covering adding further momentum to the rally.

Since then, the market has continued to test these levels, with the prompt contract reaching 19 month highs on the 28th, and continuing to exceed the highs during the subsequent trading session.

The Mar'05 contract has touched highs above US 9.00 c/lb, reaching US 9.10 c/lb during trading on the 29th.

Market participants will now be keen to see whether the narrowing spread between the Oct'04 and Mar'05 contracts attracts any Brazilian sugar to be delivered to the tape when the Oct'04 expires on September 30.

The International Sugar Organisation has released it's first official estimate of 2004/05 supply and demand, forecasting a deficit of 2.8 million Mt. A supply increase of around 1.2 million MT is

NY11 Raw Sugar Futures Prompt Contract Price



expected to be offset by an increase in consumption.

The Indian Sugar Import Export Corporation has purchased 120,000mt of raw sugar for delivery during Oct-Nov at a tender held on the 27th September 2004.

The sugar is expected to be melted during the domestic cane harvest when sufficient volumes of bagasse will be available to power factories.

The sugar will fall under the country's

raw sugar re-export policy, where raw sugar imported has to be re-exported as whites within 24 months.

There has been some speculation that the government may not enforce this regulation as the re-export period will coincide with another small harvest.

A Russian Government panel has altered the 2005 raw sugar import duty, according to the Union of Sugar Producers.

The duty, which was previously calculated using the one month average of the New York No.11 Raw Sugar prompt futures contract two months prior to application, will now be calculated using a three month average.

The Union of Sugar producers are expecting the changes to make the duty structure more balanced.

Higher aluminum and copper prices have worked to lift the AUD above 0.7100. The AUD has also benefited from the weakening of the USD in the wake of high oil prices. The AUD was trading at 0.7173 at the time of writing.

AUD/USD Exchange Rate



Harvest Season Outlook Remains Stable.

* Compiled by CSIRO

SOI Phase: Near Zero

* The monthly average SOI for September was minus 3.2 (-3.2) compared to minus 6.7 (-6.7) in August. Therefore SOI phase for September came out as "Near Zero".

* Probabilities much greater than 50% highlight that there is a moderately high chance of experiencing above median rainfall. No Locations in this table satisfy this condition for Oct-Nov

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

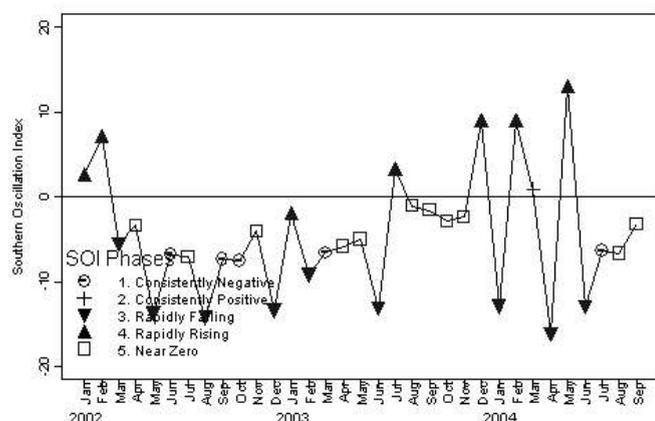


Table 1.

	SOI Value	SOI Phase
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	-6.7	"Near Zero"
End of September 2004	-3.2	"Near Zero"

Rainfall Outlook.

Table 2.

Location	Long term median rainfall for Oct-Nov	Chance of exceeding long term median
South Mossman	161mm	48%
Tully (Sugar Mill)	203mm	50%
Ingham (Macknade)	98mm	42%
Ayr (Kalamia Estate)	54mm	46%
Proserpine (Letherbrook)	108mm	55%
Mackay (Farleigh Sugar Mill)	115mm	42%
Plane Creek (Central Mill)	138mm	35%
Bundaberg (Fairymead sugar mill)	131mm	48%
Nambour (Bowling Club)	207mm	47%
Beenleigh (Bowls Club)	149mm	55%
Harwood sugar mill	140mm	52%

Latest Developments:

The SOI continues to remain slightly negative. The SOI however, is not negative enough to be classified as a consistently negative SOI 'phase' pattern. Hence we are seeing a normal chance of reaching median rainfall for most locations for the two month period from October to November. Interestingly the eastern and equatorial Pacific Ocean remains warmer than normal for this time of year. We are now calling this event a 'borderline El Nino'. There has been a strengthening of the easterly winds since the last climate update, although this may not persist after the next passage of the Madden Julian Oscillation (due in the 1st week of October). As always we will update readers on any new developments in the next climate update.

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.

What's going on in the sugar regions?

Mossman District Report.

The combination of extremely dry conditions and rainfall damage is impacting negatively on the current 820,000 tonnes estimate.



561,000 tonnes have been crushed for the year for an average CCS of 13.51.

A weekly tonnage of 38,900 tonnes was crushed for a CCS of 14.11.

The finishing date is the 26th November.

Cocoa growing and processing in the Mossman district moved a step closer with the signing of an MOU between Mossman Central Mill and Cocoa Australia. This diversification initiative has generated much interest and an information meeting will be held in November to gauge grower interest.

Don Murday
ACFA Northern District Director
6th October 2004.

Innisfail/Tully District Report.

The weather throughout the district has been very dry with no rain whatsoever.

The harvest has been progressing comfortably with the CCS slowly rising to the 13-14 range.



A variety of particular note has been Q200 which has registered high CCS returns and excellent tonnage.

A lot of farmers are now concentrating on fertilising ratoons and planting has continued throughout the area. Some rain would be welcome for the young plant.

John Blanckensee
ACFA Northern Director
6th October 2004

Burdekin District Report.

The crushing season rolls on with fine weather and summer-like days. The occasional fog in low lying areas has been noted and the 'mango winds' are here. Hang on to your hat and put plenty of soil on the lay flat plastic fluming.

Inkerman mill lost 7 hours crushing the last week of September due to a seal failure in a pump. A couple more minor break downs have been experienced since.

The Pioneer mill had a fire in a sugar conveyor just after Inkerman mill's breakdown. The Home Hill fire unit and two Ayr units along with the Townsville high lift bucket truck attended.

Home Hill's fire chief was reportedly surprised how fiercely sugar burns.

The burning conveyor belt created a lot of thick black smoke, with the confined space also adding to the difficulties. The damage was reasonably contained to the source area of the fire where a faulty bearing is thought to have been the cause.

Kent Fowler
ACFA Burdekin Branch Chairman
6th October 2004.

Herbert District Report.

The weather in the Herbert has been

fine. Mornings are still cool and foggy but the days are starting to warm up.

Week 15 of crushing saw a total of 226,160 tonnes being crushed, bringing the total tonnes for the season to 2,849,823. The CCS for the week was 14.06 and to date stands at 13.13.



The crushing has had some interruptions due to wet weather, but only in the areas that hug the coast. The mill has broken down on a number of occasions and the loco's have been unreliable.

Farmers are reporting concern about CSR insisting they must plant dual row and become more efficient and productive. Farmers have also noted that the milling assets and performance could be improved.

At the time of print, farmers were anxiously awaiting the election results to see where the environmental axe would fall.

Dawn Brown
ACFA Herbert Director
28th September 2004.

Central District Report.

CCS values across the central district are remaining in the 14-15 units range.

To date, Proserpine Mill has recorded an average CCS of 14.38, Mackay Sugar's average CCS is 14.1 and Plane Creek Mill's is 14.2.

All mills are expecting crushing to wind up in early to mid November.

Kevin Jones.
ACFA Central Queensland Director.
4th October 2004.

Continued on page 15

What's going on in the sugar regions?

Continued from page 14.

Southern District Report.

The weather has turned dry and hot with no rain up until the 2nd October.

The crushing in the Maryborough Sugar Factory has 5 weeks to go.

Crushed to date: 629200 tonnes.
CCS to date: 13.79.
The estimate as at 3rd October:
873,000 tonnes.

Graham Parker.



ACFA Southern Queensland Director
4th October 2004.

New South Wales Report.

The dry harvest conditions have continued with very little time lost due to bad weather.

At the time of print most growers have started planting with expectations of a better price for the 2004 crop.

Mill details as follows:

Harwood
Cane crushed 34,347;
Cane crushed year to date 496,840;



Average CCS 12.95;
Average CCS year to date 11.26.

Broadwater

Cane crushed 45,796;
Cane crushed year to date 653,725;
Average CCS 12.40;
Average CCS year to date 11.31.

Condong

Cane crushed 28,961;
Cane crushed year to date 403,668;
Average CCS 13.53;
Average CCS year to date 12.01.

Wayne Rodgers.

ACFA New South Wales Director.
4th October 2004.

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ACFA services

Publications: The Australian CaneFarmer - Every month.

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- 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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Farm Safety

Cane Farmers make the most of ROPS rebate.

Statistics from the Queensland Department of Workplace Health and Safety have revealed that 44 % of all rebates paid to Queensland farmers for the fitting of Roll-over Protective Structures (ROPS) to tractors, have gone to cane farmers!

The Department of Workplace Health and Safety has so far paid \$240,000 in rebates to farmers and \$34,500 to industry.

Rebates have been paid on the fitting of ROPS to 1098 tractors.

However, farmers who have not yet applied for the rebate are urged to do so as soon as possible as the maximum rebate of \$250 will only be available until 27th April 2005.

From the 27th April 2005 until the 27th April 2006, the rebate will be \$200 and will then drop again to \$150 until the end of the scheme on the 27th April 2007.

The *Workplace Health and Safety Regulation* requires a tractor to be fitted with a ROPS if it:

- * was manufactured from 1st January 1981;
- * is a non-earthmoving and wheeled tractor;
- * weighs between 560kg and 15,000 kg.
- * Any tractor (whenever manufactured) provided by an employer to be operated by an employee must be fitted with a ROPS.

* There are some exceptions and it is recommended that you contact the department if you have any queries.

For more information or a copy of the rebate application form call 1300 369 915 or visit www.whs.qld.gov.au.

Source: www.farmonline.com.au



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