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28<sup>th</sup> March 2008  
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## SUBMISSION ON FERTILIZER COSTS.

Escalating costs are putting farmers under severe financial stress and I would like to point out that farmers are in the position of **not being able to pass on these costs.** Farmers, particularly in the Sugar Industry have been absorbing costs for the last 10 years and are at the point of no return. They have to plant their product and put it in the ground where it stays for at least five years until the rotation arrives for the cane to be replanted.

There is no other product today that has the same risk as Sugar Cane. All other crops are annual crops.

Costs absorbed have been fuel, rates going up 6% last year and another 6% this year, fertilizers, chemicals, harvesting etc. **All of the costs for every single item in farming has been absorbed by farmers** who are facing low world prices on a corrupt World market and the corrupt NY 11. They are also faced with climbing interest rates. All farmers take great risks the moment they plant their crops. All money is spent hoping that in the long run there will be an income at the end of the day.

Farmers in the Sugar Industry wait for 2 years to get that money back. All money has to be paid up front with a lot of companies only giving 21 days to pay accounts.

In the Herbert River District this year farmers worked all of last year for no income. With money borrowed from the banks farmers have only been meeting their interest costs with some farmers not being able to do so. **FARMERS WORKED ALL YEAR FOR NOTHING** and in fact have put money into their farms to keep on going and are totally sick of it.

Farmers in this country are the new poor. There is no Money for repairs, buying new equipment, spraying crops, fertilizing properly. **IN THE HERBERT DISTRICT AT THE END OF THE 2007 YEAR FARMERS OWED ONE FERTILIZER COMPANY \$3million dollars.** At the time of writing this submission the current amount owing is \$2.3million Dollars. As sugar payments are being paid to farmers monthly, farmers are using this money to pay of their fertilizer debts.

Farmers are selling their prime agricultural land to MIS schemes at low land prices because they can no longer cope. MIS timber groups have capitalized on a situation that should never have occurred if farmers were earning a decent living.

**TIMBER IS A MEDIOCRE INDUSTRY AND WILL NOT EARN AN INCOME FOR 20 YEARS.** Farmers were paying revenue every year until they were hit with Deregulation and National Competition Policy. **IT IS A NATIONAL DISGRACE.**

Fertilizer prices are now going through the roof and farmers are wondering if it will be worthwhile to work at all or even try to plant this year.

How many submissions are required? We have been writing submissions to both State and Federal Governments for the last 10 years with no one listening but telling us that we would not be disadvantaged by Deregulation, Free Trade etc. Governments have a duty of care to see that all of the people are listened to not totally neglected to the point of no return. Primary Industries seem to be of no consequence. The question regional Australia needs to have answered is whether Australia wants farmers or not? Farmers cannot keep on working for little or no return.

We have lost a generation of young farmers off the land. Young people are not going to struggle like their parents. Australia will end up with no farmers at all if governments don't start listening.

Farmers have been told to be more efficient, they will have to in the future take care of drought situations etc. The question that needs to be raised is how do you do that if you no longer have spare money because of 10 years of little or no returns of putting your spare money into your farm to survive? How do you care for your land if you don't have spare money? Farmers spend a lot of money on soil improvement etc. Keeping their soil in top condition. Well the money has all gone, the income has all gone farmers are paupers.

Attached are the new fertilizer prices as of March 2008. We Have been told that DAP may rise to \$2,000.00 per tonne by June 2008.

Farmers are telling me that they are sick of working to give everyone an income except themselves and are no longer prepared to do so.

This did not provide any income or any bank repayments.

. Production was down because (a) There was unseasonal wet weather (b) Poor performance by the miller in the previous year where growers were not able to get the crop off until the end of December, mill breakdowns and non delivery of bins losing fine days. This resulted in poor cane growth because the crop was not harvested in the optimal time. Yet again there was no income and no bank repayments. Only interest payments have been met. We personally have been living off diesel fuel rebate and a rental property producing \$12,000.00 for the year.

The forward selling price for sugar for the 2006 season was \$29.28(not including GST).

The forward selling price for sugar for the 2007 season is \$24.20 with the final payment to be made in July, which is usually around 50cents. This price hinges on the AUD against the NY dollar and the amount of sugar in your cane. The cane in the Herbert is varied with some farmers cutting 2 units of sugar below mill average. With the above average value of our dollar at the present time this is not a good position to be in. in fact. it reeks of disaster.

In the Herbert River there is only one Miller so farmers have no choice, no price, no bargaining power no value adding and no matter what they do or say to the Miller when it all boils down the Miller is looking after their shareholders. FARMERS ARE TOTAL AT THE MERCY OF THE MILLER.

Carol Mackee  
Director  
Australian Cane farmers Association  
Herbert River District. INGHAM

2007 Season Indicative Sugar Prices - HBT

QSL Discretionary Pool Prices as at 28 March 2008

2007 Season - Pool Price Sensitivity					
Exchange Rate	World Sugar Market Indicator (US c/lb)				
	10	11	12	13	14
	AUD / HPS Sugar				
0.80	273	274	275	276	277
0.85	272	272	274	274	275
0.90	270	271	272	272	273
0.95	269	270	271	271	272

2007 Indicative Advance Payment Program			
	Advance Rates		Indicative Cane Prices 13.84 CCS
	(AUD/t HPS)	Increase (AUD/t HPS)	
Initial ( )	\$ 170		15.70
18-Jul-2007 (+)	\$ 180	\$ 10	16.60
19-Sep-07 (+)	\$ 190	\$ 10	17.50
21-Nov-07 (+)	\$ 200	\$ 10	18.30
19-Dec-07 (+)	\$ 210	\$ 10	19.20
23-Jan-08 (+)	\$ 218	\$ 8	19.90
20-Feb-08 (+)	\$ 226	\$ 8	20.60
19-Mar-08 (+)	\$ 236	\$ 10	21.50
23-Apr-08 (*)	\$ 246	\$ 10	22.40
21-May-08 ( )	\$ 256	\$ 10	23.30
18-Jun-08 ( )	\$ 266	\$ 10	24.20
Jul-08	Final Pool Price		

(\*) = Confirmed (+) = Paid

**PRICING HISTORY**

ISSUED TO: Carol Mackee  
 DATE: 25/03/08  
 ATTENTION: Carol  
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Prices quoted below are the highest recommended retail prices paid within the twelve month period.

YEAR	PRODUCT	ITEM PRICE (\$)	DATE PURCHASED
2006	DAP	667.70	13/03/2006
	UREA	618.20	13/03/2006
	GF 351	638.00	13/03/2006
	GF 542	628.10	13/03/2006
	ROUNDUP CT 450	134.50	01/08/2006
2007	DAP	893.00	13/08/2007
	UREA	695.00	13/08/2007
	GF 351	771.00	13/08/2007
	GF 542	707.30	21/12/2007
	ROUNDUP CT 450	180.55	01/10/2007
2008	DAP	1458.69	15/03/2008
	UREA	777.89	15/03/2008
	GF 351	1131.90	15/03/2008
	GF 542	869.06	15/03/2008
	ROUNDUP CT 450	262.30	19/01/2008

**A man owned a small farm in the south west of WA.**

**The Department of Consumer & Employment Protection heard that he was not paying proper wages to his employees and sent an agent down to interview him.**

**"I need a list of your employees and how much you pay them," demanded the agent.**

**"Well," replied the farmer, "there's my farm hand who's been with me for 3 years.**

**I pay him \$400 a week plus free room and board.**

**The cook has been here for 18 months, and I pay her \$450 per week plus free room and board.**

**Then there's the half-wit who works about 18 hours every day and does about 90% of all the work around here.**

**He makes about \$10 per week, pays his own room and board, and I buy him a bottle of bourbon every Saturday night. He also sleeps with my wife occasionally."**

**"That's the guy I want to talk to - the half-wit," says**

**the agent.**

**"That would be me," replied the farmer.**

There are two halfwits on our farm. The farmer who works for nothing and his wife who does the rest. Including all other work

Including submissions for the last 10 years. We certainly don't drink the bourbon.