

Annual Report 2006-07



Australian Oilseeds Federation





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AOF Office Bearers

Robert Green – President
 Trent Potter – Vice President
 Clint Munro – Treasurer
 Rosemary Richards – Executive Director

AOF Executive

Robert Green - President
 Trent Potter - Vice President
 Clint Munro - Treasurer
 Charles Aldersey - representing the refiner sector
 Jon Slee - representing the crushing sector
 Michael O'Hare - representing the production sector
 Simon Clancy - representing the export sector

Nick Goddard - representing the consumer marketing sector
 Denis M'Gee - representing the stockfeed sector
 Robert Wilson - representing the canola industry
 Peter Brodie - representing the soybean industry
 Scott Gibson - representing the sunflower industry
 Rob Dickie - representing Oilseeds WA

Acknowledgements

The Australian Oilseeds Federation sincerely thanks the contributors to the Oilseed Development Fund for their ongoing support:

Meadow Lea Foods
 Peerless Foods
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 Alba Edible Oils
 Cootamundra Oilseeds

Bartter Enterprises
 Ridley Agriproducts
 Milmaster
 Grain Pool WA
 GrainCorp
 Louis Dreyfus
 ABB Grain
 AWB Limited

Presidents Report

Robert Green, AOF President

Challenging Times

After such a promising start to the season we are again faced with declining canola production, wild market gyrations and major market risk for farmers, processors and end users alike. Where final production for 2007 finishes is anyone's guess at the moment.

However dry conditions in Australia are only one part of the equation. The distortions or, as many may say the opportunities presented by biofuels are having a major impact on global oilseeds and oilseed product prices. We have Chicago Oil Futures trading at levels one normally expects to see during droughts in the US or South America. The fight for production area will continue while mandates remain in place. The distortions this causes for some of our oilseed crops, for example; Sunflower cannot be underestimated.

The global village concept is another challenge facing our industry. Processing facilities in the key exporting countries continue to increase in size, fixed and variable costs continue to fall. Whilst Australia has some protection afforded by freight, the industry cannot become complacent and needs to continue to focus on efficiencies and value creation.

Despite all of these challenges the AOF continues to be recognised as an Industry leader in terms of its focus on all matters affecting the oilseeds industry in Australia as well, it serves as a blueprint as to how an industry should and can work together.

It has been a very busy year for the AOF as we focus on delivering against the objectives of the Strategic Plan. Excellent progress has been made in all areas. The broad programme objectives are:

- Presenting a stronger and more credible voice.
- Encouraging market and product development
- Innovations
- Increased grower involvement
- Industry capacity and technical support

The continued support of the members to the ODF plus the support of the GRDC and the Pork CRC in difficult times has meant we can continue to execute agendas and these plans.

One of the highlights of the year is the Ag Australia Conference, this again was superbly managed by the organising committee, of which Rosemary Richards, our Executive Director was a key member. Not only does Rosemary do a wonderful job in managing the AOF affairs, she spends a considerable amount of her own time on task forces and committees. I thank Rosemary most sincerely for her valued contribution. I would also like to thank the Executive for their support and involvement in making AOF a success.

ODF Report

Rosemary Richards, Executive Director

Highlights

- Continued enhancement of AOF's position as the industry's voice, with increasing recognition from within the industry, government and the broader stakeholder base. Major activities included:
 - The AOF/ GRDC Better Oilseeds agronomic initiative providing education and information activities for growers and agronomists
 - Launch of the new AOF schools kit which has received strong support from schools across Australia
 - Active contributions to the review of State moratoria on GM canola and the Single Vision Grains Australia GM project
 - Launch of the new AOF website
 - Launch of the Australian Canola Meal Guide which provides the first nutritional data on Australian canola
 - Establishment of the Canola Quality Objectives Group and Biodiesel Working Group
 - Strengthening of the Global Canola Cooperation Alliance
- Strengthening of the partnership with R&D bodies - GRDC and the Pork CRC
- Continued strengthening of the relationship between the commodity groups and AOF
 - ASA, CAA and RSGA became committees of AOF

- Establishment of the National Soybean Committee that has brought together the three regional soybean associations
- A refreshed and expanded Canola News. This will be followed by the launch of Soy News in 2007/08



Australian Oilseeds Federation

With the ongoing support of the Oilseeds Development Fund (ODF) and partnership funding from the GRDC and the Pork CRC, AOF continued to deliver industry development and support services across the Australian oilseed industry.

Set against a background of rapid change in the world oilseed market and one of the worst Australian growing seasons on record, AOF remained focused on the industry's goals and long term prosperity through the implementation of the AOF 2010 Strategic Plan.

ODF Report continued

The AOF continued its vital role as a strong industry voice and assisting the industry to respond effectively to the challenging and rapidly changing industry environment.

And while the unfavourable seasonal conditions limited the industry's ability to exploit the opportunities unfolding in the global and domestic oilseed markets during the past year, AOF successfully streamlined a number of activities, thereby enabling key outcomes to be achieved more efficiently. This occurred in a number of important areas:

- Grower capability
- Nature's Finest
- Protein Meal
- Export Market
- Industry Relationships
- Biotechnology
- Biodiesel
- Communications and knowledge building (training, publications and conferences)

Industry performance - A year of pronounced ebb and flow

While the longer-term outlook for the industry continues to remain positive, the poor seasonal conditions resulted in very disappointing production levels for canola, soybeans and sunflowers, particularly on the east coast.

At the time of presenting the AOF 2005/06 report last year, we were still hopeful of better seasonal growing conditions in 2006/07 and a return to former planting levels with increased productivity and profitability for growers. The price outlook at the time was also a positive factor.

However, the favourable growing conditions did not eventuate and the short term consequence of such low domestic production was a significant rise in imports. Along with increased oil and meal imports, canola seed was also imported to meet domestic crush requirements on the east coast. Palm oil and soybean meal continue to dominate imports at around 120,000 and 400,000 tonnes respectively.

Exports were likewise constrained and, in the case of canola, restricted to a small tonnage from WA to key export markets like Japan, as well as some intrastate trade to east coast crushers.

The smaller drought affected crops, imports of low cost packaged product and lack of availability of specialty oil types added considerable pressure to the manufacturing or value-adding sector.

Encouragingly, another year of strong growth in global vegetable oil demand during 2006/07 (up 7.5 million tonnes) continued to support a positive longer term outlook for Australia. Biofuels accounted for 3.2 million tonnes, as globally the biodiesel market continued to expand and underpin oil prices.

Looking forward, further demand growth for vegetable oils in total is expected to follow population growth and the increasing affluence in developing countries. For canola oil, demand growth is expected to come through the demand for healthier oils in the developed countries and the wealthier sectors of developing markets.

Additionally, the increasing awareness of good fats and bad fats saw growing interest in healthier oils from the food manufacturing and food service sectors. This has benefited Australia's healthy natural soft oils.

The concern around trans fats provided the opportunity to promote high stability oils such as high oleic – low linolenic canola and mid and high oleic sunflower. These products reduce or avoid the need for hydrogenation and have an improved health profile. The global focus on trans fatty acids (TFA) received substantial encouragement from the USA's labelling legislation that came into force in January 2006. Locally in Australia, the Federal Government established a Roundtable on Trans Fats, with a focus on the quick serve sector. AOF has been invited to be a member of this Roundtable.

Developments during the year suggest that the Australian oilseeds industry remains very resilient and that it has an exciting future. For growers, options for canola have expanded over recent years with new releases of herbicide tolerant and conventional hybrids including the recent release of juncea canola.

Going forward, future opportunity is expected to come from specialty varieties, in particular, high stability canola. While representing only a small part of the Australian crop today, there is enormous potential for these canola varieties to replace less healthy oils in the frying market and in export markets. Progress towards the release of new herbicide tolerant hybrids and open pollinated varieties are other positive examples for the future of Australia's canola industry.

At the time of writing the moratoria on GM canola are being reviewed in South Australia, Victoria and NSW, which may see GM canola become an option for Australian growers.

Looking past the gloom of recent growing seasons and continuing dry conditions, the Australian oilseed industry has a bright future. Demand for vegetable oils is strong and medium term market factors are supporting prices of the premium oils such as canola, sunflower and safflower. On the back of this strong demand and ongoing investment across the value chain, the future for the industry remains optimistic.

2006/07 Activities

Grower capability

The AOF's strategic plan targets an increase of \$800 million of additional value creation in the period to 2010. A key focus of this is to increase the size of the industry by improving productivity and expanding production options.

The year's poor production levels are a stark reminder of the vital and ongoing need for a dedicated focus on building crop production and the importance of the GRDC partnership to enable the delivery of much needed agronomic support services to growers.

Better Oilseeds

The AOF / GRDC agronomy project commenced in July 2007. This broad based oilseed agronomy initiative reflects a considerable investment over the next three years to improve the productivity of canola, soybean and sunflower growers. The initiative has been branded 'Better Oilseeds'.

ODF Report continued



The three-year project will provide much needed support for oilseed growers. It focuses on improving the skill levels of advisors and growers so that they can more reliably produce oilseeds under difficult climatic conditions and take advantage of more favourable weather patterns when they return. The key project activities include:

- Capturing all existing knowledge and creating a 'one stop shop' for oilseed information
- Raising the bar on oilseed productivity by promoting best practices adopted by leading growers and advisers
- Addressing common problems and issues through demonstration field sites
- Conducting regular forums and field days to engage advisors and growers in thinking about what the possibilities are for their clients and farms
- Highlighting identifiable ways that growers can improve grain quality and make the industry more competitive.

Activities undertaken in 2006/07 included a major survey of growers and advisers to generate a set of base data on which to base ongoing activities.

Other milestones involved the development of the 'Agronomy Centre' website. The site has been designed and is ready for information to be uploaded with canola to be the first crop information on the site.

Two very successful soybean field demonstration sites saw around 300 growers visit them. Due to timing, during 2006/07, demonstration sites were limited to summer crops only. Work also commenced on case studies which will focus on oilseed agronomy from growers who consistently produce the best crops.

The AOF thanks GRDC for its partnership and ongoing support in this project.

Industry Development Officer

The Oilseeds Industry Development Officer for southern NSW and Victoria (Felicity Pritchard) is an ongoing project jointly funded by AOF and GRDC. The role is to highlight and expand the commercial and agronomic benefits of oilseeds in the region with a focus on canola and soybeans.

To enable this, Felicity produced a wide range of extension materials during the year. This included:

- media releases ("Oilseed News")
- technical articles
- articles for the Canola News
- radio interviews
- presentations at farming systems field days and
- GRDC Update workshops and to groups of commercial agronomists growers and final year university students and oilseed industry representatives.

She also prepared three conference papers and worked with the national oilseed agronomy (Better Oilseeds) project to produce five posters for canola extension purposes.

Felicity continued the "Virtual canola" pages on the AOF website and initiated the "Virtual soybean" pages now also featured on the AOF website. Weekly or fortnightly photos taken of three canola crops in southern Australia and four soybean crops in eastern Australia throughout the growing season ensured the virtual sites presented current examples of crop conditions. This has been reported in newspapers/farming magazines and the AOF Crop Report.

Tools for Success – Sunflower Benchmarking

The report 'Tools for Success – Sunflower Benchmarking', was finalised during the year, drawing together three years of extensive data collection. The goals of the Sunflower Benchmarking project were to benchmark sunflower crops throughout northern NSW and Southern Qld; identify issues which limit the expansion of the industry; and develop a Best Management Practice (BMP) publication on sunflower production.

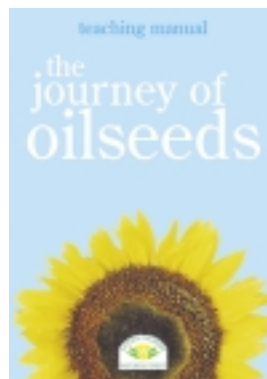
During the three seasons that benchmark data was collected, growers were provided with results of their crops performance in relation to other sunflower crops in their region and the whole project. Field days were held on each of the trial sites to allow growers and agronomists to view the sites.

The Sunflower Benchmarking project results have been communicated to growers through a series of meetings across northern NSW and Queensland. The BMP

publications will be available via the AOF website and the Better Oilseeds project.

Nature's Finest

The 'Nature's Finest' education and awareness campaign continued to promote Australian oils as natural, healthy and tasty. The major activity of the year was the launch of the new AOF schools kit. This was produced for each state and territory and has been extremely well received by schools.

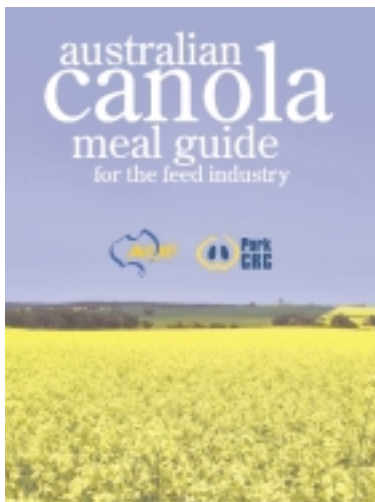


Protein Meal

The Strategic Plan highlighted that domestically the industry stands to benefit from increasing the penetration of canola meal in feed rations and improving the value of canola meal.

Stage one of the Protein Meal project was completed in 2006/07 with the support of the AOF crusher members and the Pork CRC. The output of this stage was the Australian Canola Meal Guide which provides a profile of the industry's protein products and technical data sheets for the industry.

ODF Report continued



The next stage of the project is to identify ways of improving the consistency and quality of protein meals through better management of crushing parameters. The first component of this has commenced and involves the development of NIR calibrations for a range of quality parameters.

The AOF thanks the Pork CRC for its continuing partnership and ongoing support in this project.

Export Market

The export market has faced a difficult year, largely due to the lack of product for export.

During the year, the export sector worked closely with the AOF to develop guidelines regarding use of structural treatments and to successfully lobby for the establishment of an MRL for fenitrothion in Australia. These actions, combined with the strong support and positive action from the Australian government, ensured trade to Japan continued.

Given the dry conditions, the planned visit to Australia by a delegation of crushers from Pakistan was postponed and rescheduled for October 2007.

Industry Relationships

International cooperation between the Australian, Canadian and US industries moved forward during the year, with a meeting between the parties in March 2007. The Global Canola Cooperation Alliance (GCCA) is a partnership between these global canola industries to enhance the competitiveness of the canola industry.

Its purpose is to promote canola with the objective of creating a more competitive and profitable global canola industry and to enhance canola's (seed, oil and meal) share of the global oils and fats market. The alliance partners will cooperate where there are areas of common interest and for the benefit of canola industry customers globally. Initial areas of cooperation include branding and promotion of canola; trade and market access; and research with an initial focus on improving meal quality. Branding of canola globally is a key area of cooperation for the alliance. This includes activities such as promoting the use of the canola name and building customer awareness and understanding of the canola products to build intrinsic demand for canola. Branding canola globally will build on the positive association of "canola" with "best" and enhance the positioning of canola in minds of customers and consumers.

Biotechnology

During the past year, AOF was active as a voice for the industry on the important issue of GM canola. This included providing industry input into the reviews of state moratoria on the commercial production of GM canola in South Australia, Victoria and NSW and also in the Single Vision Grains Australia process, aimed at developing a statement of GM canola supported by the whole grains value chain and documenting the technical aspects of managing market choice.

Innovation has been a key platform on which the Australian oilseeds industry has remained competitive. The industry needs access to all technologies if it is to remain innovative, resilient and flexible to change to meet shifting market requirements.

In its submissions to the state government reviews, AOF supported the removal of the canola regulation on the basis that:

- The industry understands the requirements for market choice
- Appropriate standards and approvals are in place in Australia
- Appropriate standards and approvals are in place in major trading partners
- There are potential benefits in terms of improving competitiveness of the Australian canola industry
- Industry protocols are in place to enable market choice to be delivered

The SVGA process produced two documents that were presented to over 450 delegates at the Agriculture Australia 2007 conference in August 2007. The first document *'Delivering market choice with GM canola'* demonstrated the Australian grains

industry's capacity to use GM canola and deliver market choice.

'Delivering market choice with GM canola' was developed following extensive consultation with key stakeholders across the grains supply chain, and provides a statement of support for GM canola.

'Delivering market choice with GM canola' is supported by the technical document: 'Principles for process management of grain within the Australian supply chain', which details the protocols, procedures and processes that the grains industry supply chain either has available or can implement to allow the commercialisation of GM canola, and meet marketplace, trade and regulatory requirements.

'Delivering market choice with GM canola' highlights that Australia has a global reputation for delivering quality grain products that meet customer specifications and requirements and has the capacity and flexibility required in today's market.

Canola Quality Objectives Group

A new initiative commenced during the year was the Canola Quality Objectives Group (CQOG). This initiative was made possible with the support of GRDC who provided funding for a one year pilot project.

The CQOG has been established to improve market signals from customers to breeders/ researchers and to document market signals in a way that can be used by researchers and investors in their planning and investment decisions. The CQOG will release its report in October 2006.

ODF Report continued

Biodiesel

AOF established a Biodiesel Working Group in October 2006. The Working Group has developed a discussion paper for consideration by AOF. This will determine ongoing activities.

The draft discussion paper of the AOF Biodiesel Working Group was presented at the AOF July 2007 meeting and has been developed as a tool to assist AOF in determining its role in the biodiesel debate.

Biofuels have been prominent in the headlines and there has been much hype about the opportunity that biofuels present. Around the world, growth has been driven by government support in the form of subsidies, tax relief and mandates. Benefits to the Australian oilseed industry will be a result of the impact that biodiesel demand has on the global oils and fats complex, and the direct participation in the biodiesel industry in Australia.

AOF will be actively involved in the discussion and development around the biodiesel industry to ensure that AOF members' interests are adequately represented.

Communication and knowledge building

As the peak industry body, AOF continued to represent the industry locally on policy and strategy development with government and consumers and also in the international arena.

This was noted by good attendance and participation at conferences and forums domestically including over 100 people at the AOF Forum 2006 and typically 30 or more people to AOF general meetings.

A clear message that came through the AOF Forum is a belief that the Australian oilseeds industry has an exciting future with considerable opportunity for both meal and oil products.

AOF was also a key supporter of industry conferences during 2006/07 including Agriculture Australia 2006 and the March 2007 Australian Soybean Conference.

Member communications, engagement and support continued as a core activity for the secretariat.

AOF continued the production of 'AOF News', with four editions of the electronic newsletter being distributed to members to keep them up to date with AOF activities and industry developments. The Monthly Crop Report continued as a source of market intelligence about Australian crop plantings, crop conditions and production forecasts. Both publications will continue as important and recognised channels of industry communications.

AOF has also taken on the mantle of host for two important international conferences. This includes International Safflower Conference in 2008 and World Congress on Oils and Fats incorporating the ISF Congress in 2009.

Looking forward to 2007/08

AOF will continue its proactive support of the industry throughout the year 2007/08. Our activities will be focused around priorities as they emerge and as identified in the 2010 Strategic plan. This includes continuing the work detailed in this report.

Naturally, we hope for a return to former plantings, better growing conditions and increased productivity and profitability for growers.



Canola Association of Australia Report

Trent Potter, Past-President

In March 2007, at the AGM of the CAA, it was decided to formally join the AOF as a committee rather than continue as the CAA that was only linked to AOF. The aim of this move was to streamline the operations of the CAA and to improve the service to our members, while maintaining the CAA objectives and its support for the canola industry.

During 2006/07 the CAA has been involved in several key issues for the industry:

Oilseeds industry development officer

AOF and GRDC have funded this project and Felicity Pritchard has been appointed as the IDO for southern NSW and Victoria. The position aims to highlight and expand the commercial and agronomic benefits of oilseeds in the region with a focus on canola and soybeans. After identifying the issues constraining the expansion of both canola and soybeans, Felicity is coordinating with the oilseed industry groups and provides support and communication to assist to expand the industry. She has made good headway with several new ideas and has produced a great deal of extension material for farmers and for CAA.

AOF/GRDC funded Better Oilseeds project

This project, funded by AOF and GRDC is coordinated by Steve Marcroft and Sue Knights and it aims to bring about the uptake of better agronomic practices by farmers to result in increased yields of higher quality oilseeds. Several members of the

CAA have been involved in the development of this project and will continue to be members of the coordinating committee. This is a chance to make significant improvements to the industry and the CAA is very keen to see it succeed. A wide range of demonstration sites have been established in 2007, extension material is being produced and a one stop shop website will allow canola growers (and other oilseed producers) to get the best available information.

Publications

The CAA has developed the fact sheet entitled 'Burning canola stubble may not control blackleg'. Thanks to Steve Marcroft and Trent Potter for taking the lead in this



publication and to the CAA committee who added comments to several drafts.

As usual the CAA also published the 2007 blackleg resistance ratings fact sheet that is used by farmers and industry and is now very necessary with so many new canola varieties being released each year. Beginning in 2007, GRDC are now funding 5 blackleg nurseries across Australia to provide, in conjunction with private companies, more data for blackleg resistance ratings.

Production teleconferences

These have continued throughout 2006 with contributions from all states. We greatly appreciate the time that all participants put into this as it helps the whole industry. Current canola production estimates are getting reduced each week we go without major rainfall events but some areas can still respond to rain and with the high prices some farmers can still do well out of canola this year. The major worry is the farmers who signed at lower prices and who may not harvest crops this year.

CAA newsletter

We have tried to get much more information out to farmers and the rest of the industry. I feel that the newsletter has improved markedly with information on many agronomic issues and stories about farmers growing canola. A special thanks is due to members of our communications committee. As of the first newsletter for 2007 we have changed the format and the new improved newsletter is much better than the previous model.

Juncea canola

This year sees juncea canola being grown for the first time with small scale commercial

production. This adds a further low rainfall option for canola growers. We have prepared for this by publicising the production but also through the AOF, obtained permits for the use of herbicides and insecticides on juncea canola.

ARAB, Geraldton, WA

In September, about 90 researchers and extension workers attended the biennial ARAB conference in Geraldton. There was a lot of good information presented that can be used in future CAA newsletters and Better Canola forums etc.

GM canola

In 2008, we may see the end of GM moratoria in the eastern states. It will be very interesting to see if this occurs and how the farming community adopts GM technology.

Canola hay, a bonus from 2006

In south eastern SA and western Victoria, many canola crops were frosted in October 2006. The hay produced by these growers was of very good quality and reached a ready market. If similar events happen in future we now have many farmers who know how to produce canola hay and also many buyers who were very happy with the quality produced.

The next few years look to be very exciting for the canola industry. The new Better Canola project will allow us to establish demonstration sites, conduct seminars, set up a website with all canola information on it and also increase the amount of good information in the media. The aim is to get higher yields of better quality canola and also to encourage more new growers into the industry.

Australian Sunflower Association Annual Report

Scott Gibson, Chairman

The Australian Sunflower Association Inc. was officially dissolved at the 2006 Australian Oilseeds Federation Forum and the new committee is now under the umbrella of the AOF. It was resolved at the final meeting that the AOF Sunflower Committee will be still be known as the Australian Sunflower Association and the committee members for the two year term are: Scott Gibson (Chairman), Annie Pfeffer, Stephanie Belfield, Phil Albury and Charles Aldersey.

The 2006/07 Season

The season was a tough one for all participants of the sunflower chain. The lack of 2006 spring rainfall in northern New South Wales coupled with average price outlook prevented the large planting we saw the previous year. The Darling Downs situation was similar and it was the first time ever that we had no summer crop of any description planted in November or December. Central Queensland was our last hope for any reasonable sunflower production and despite the fact that reasonable prices were on offer, the lack of suitable rainfall and the disease threat resulted in a lower than average planting.

The total production of oilseed sunflower for 2006/07 has been estimated at just over 18,000 mt from 18,000 ha.

The ASA in conjunction with the GRDC/AOF Better Oilseeds Project planted an industry trial at Clermont in central Queensland. This trial was designed to look at all of the main hybrids supplied to the industry by the various seed companies as well as a number of agronomy strips including seed spacing and row spacing, plant population, seed

treatment and TSV control. Unfortunately this trial also succumbed to the dry season and the planned field day and inspection did not go ahead.

The 2007/08 Season to date

There has been a large winter crop plant in the major potential sunflower growing areas. Early indications of the sunflower price were reasonable but so were the prices offered for competing crops such as grain sorghum and corn. This has put a lot of pressure on availability of growers with fields to plant sunflower and with the ongoing drought in many areas of southern Australia, feed prices have risen and this has put further pressure on the competitiveness of the sunflower price.

The Better Oilseeds Project/Industry trials have been arranged again and the first one has been planted near Moree and another is planned for the Liverpool Plains to be planted late September. These trial sites are looking at various agronomic factors including row spacing and plant population and are planted near the NSW DPI sunflower variety trials so they should be an excellent venue for a field day and grower/industry meeting.

Central Queensland will again be the focus for the late plant. The latest ABARE forecast for the 2007/08 sunflower crop is 38,000 tonnes in NSW and 15,000 tonnes in Queensland.

Other Activities

The Australian Sunflower Association has been participating in discussions with the other major summer crop commodity groups with aim to hold a combined Summer Grains

Expo Conference in July 2010. The other organisations involved include The Australian Grain Sorghum Conference Committee, Maize Association of Australia, The Soybean Association and potentially the Mungbean Association. Brondwen McLean from GRDC has also been invited to participate and it is hoped that combining all of these conferences in to one will be a positive one in attracting a large and wide range of delegates and have benefits to sponsors and supporters.

The Australian crushing requirement for sunflower is now virtually all monounsaturated sunflower seed. The requirement for the domestic market is around 35,000 tonnes and there are a number of end users who understand and appreciate the benefits that Australian produced monounsaturated sunflower can offer. Other markets that growers of sunflower are involved in are the supply of seed to the stock feed trade (in particular horse feed), the confectionery market and birdseed.

The ASA committee has had a reasonably quite year as far as meetings go but there have been quite a number of informal meetings and discussions on various aspects of the sunflower industry. It is hoped that in the next twelve months, the committee will work the Better Oilseeds Project to ensure that the relevant trials, field inspections, crop promotion and grower and industry development occurs to enable the industry to appreciate the Australian sunflower industry.

To take the industry forward now a number of issues continue to be identified as the major catalysts. These include:

- Price competitiveness to growers
- Enhanced agronomy packages
- Improved weed control options
- Improved pest management systems including TSV and whitefly control
- New product opportunities

The Australian Sunflower Association is committed to its involvement in the Australian Oilseeds Federation and in the priorities for the AOF to enhance the sunflower industry in Australia through market and product development and innovation; improved grower confidence resulting in higher production and consumer acceptance.



Soybean Industry Report

**Greg Mills –
President NASIA and
Don McCaffery –
Technical Specialist,
NSWDPI**

1. National industry highlights

1.1 Oilseed Industry Development has gained some momentum over the past year. Two major activities have been the oilseed industry survey covering industry development issues and specific needs of the regional soybean industry. A major outcome in Queensland was project funded work in collaboration with Qld DPI&F, the BSES and the Isis Sugar Cooperatives Target 100 group to conduct soybean agronomy trials near Bundaberg. This work was led by Neil Halpin and Judy Plath who did a magnificent job in presenting alternative agronomic approaches to cane trash handling, field establishment and planting configurations which will help to boost local interest in commercial soybean production and expand the role of culinary grade soybean in other cane production areas. The GRDC/AOF Better Oilseeds Project provided funding for on-farm demonstrations in the North Coast region of NSW in association with NSWDPI, BSES, The Harwood Sugar Mill and collaborating growers in the Lower Clarence. The demonstrations successfully highlighted correct plant densities and crop nutrition for soybean production. The demonstrations were included in field tours, and the results presented at shed meetings and in newsletters.

The Better Oilseeds Project also will fund a water use measurement project in the Riverina region of southern NSW in the coming season.

1.2 Australian Soybean Conference

The AOF provided much appreciated support for the 14th Australian Soybean Industry Conference which was held in Bundaberg. This event was specifically targeted in response to the emergent role of coastal sugar production areas in expanding soybeans. The region has moved to producing higher grades of product suitable for domestic and export markets and the conference provided a major focus for the potential of the industry to expand and flourish. Canegrowers at Bundaberg very effectively filled the role of official conference organiser.

The first joint conference incorporating the soybean industry will be the Australian Summer Crops Conference to be held in mid-2010. A committee has been formed to manage this major event incorporating the wider interests of the sorghum, maize, sunflower, soybean and probably the mungbean industries. The major focus will be on R&D outcomes to drive each sector.

1.3 GRDC funded National Soybean Improvement Program

The AOF and members of the National Soybean Committee (NSC) are working very actively with the GRDC, NSW DPI and CSIRO to develop an improved project framework that remains inclusive for industry stakeholders. The industry associations have expressed their clear desire for a commercialisation model to meet producer needs and ensure that there is good access to improved varieties in all regional

production areas. The current project has been provided a one-year extension pending the outcomes of negotiations. The R&D goals remain focused on delivering high culinary quality soybeans which offer specific functional traits in terms of human nutrition and food processing characteristics. DPI&F have significantly withdrawn from any further investment in soybean improvement which is a major blow.

The AOF and the NSC feel confident of developing an acceptable commercialisation model that delivers value to research funders, growers and value adding sectors and continues to support the overall crop improvement investment. The industry is also committed to driving more rapid and wider adoption of improved culinary quality varieties, including aspects of national branding that can deliver higher returns to growers and the value adding sectors in domestic and export markets.

1.4 Representation of the regional soybean associations under AOF

Major progress has been made towards the final representation of the three regional associations under the banner of AOF as the National Soybean Committee. This move has addressed the need for a greater voice and collaboration on industry development issues and funding to the benefit of all regional players. This will allow representation from each association, provide important secretariat services to the industry via the AOF and serve the important agenda of 'one industry, one voice' to drive production expansion, R&D priorities and commercialisation and adoption of new improved culinary quality varieties. A formal announcement regarding the changes was

made at the Bundaberg conference. The usefulness of this collaboration is apparent in the current negotiations with GRDC for funding of the Australian Soybean Breeding program.

2. Regional industry association highlights

2.1. Northern Australian Soybean Industry Association (NASIA)

Production

Overall it was another disappointing year with severe drought impacting the major traditional growing areas of southern Queensland. Along with irrigated cotton and maize, the soybean industry in Queensland continues to suffer the same fate despite the considerable price incentives on offer for higher quality grades of soybeans. The trend seems likely to continue unless substantial rainfall is received in the major irrigation areas. The upside is that whilst cotton prices continue to languish, good summer rains can significantly improve southern Queensland soybean plantings. Coastal production has again been a significant contributor to the Queensland tally and growers in the Bundaberg-Maryborough region continue to make big strides in terms of improving crop agronomy, crop yields and uniformity and most importantly grain quality. Various regional soybean accumulators and marketers have vigorously pursued this expanding production, providing growers with technical advice, assisting with the quality assurance process through vendor declarations and consistently seeking premium markets and prices for growers. Notably coastal regions generated approximately two-thirds of the total Qld crop of 11,525 tonnes. When traditional

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areas kick back into production the numbers are really set to grow.

Positive drivers for soybean this coming season will be price, the favourable yield results from last season, availability of quality planting seed of new varieties, a cyclical downturn in sugar prices, the high cost of fertilizer for other grain crops and the overall demand for soybeans both export and domestic consumption. Inadequate rainfall and limited irrigation supplies will impact everywhere.

The role of soybeans in coastal farming systems has been enhanced via the various support and extension programs offered to the sugar industry and the soybean conference at Bundaberg helped to

consolidate this effort. It is notable that seed supplies to coastal farming areas are also improving as NASIA members endeavour to supply high quality planting seed, and to a large extent displace poor quality farmer traded seed in favour of new improved varieties.

Variety releases

The NASIA managed release of Bunya from CSIRO appears to be successful in terms of reasonable field performance coupled with the price premiums on offer for its higher culinary quality. Bunya offers a truly superior grain quality in both looks and processing quality for food manufacturers and sets a new standard for the regional industry. The next variety release is intended to be the



DPI&F bred ManPKN which offers excellent field performance and wide adaptation, but not the superior culinary properties of Bunya. The performance of this variety has been very favourable in terms of yield and wide adaptation and has performed particularly well for coastal cane growers. Bunya continues to make strides with growers and marketers. Continuing good access to planting seed and active processes to drive market share and displace older and inferior varieties are essential to gain the full benefits of this germplasm. Adherence and commitment to the Registered Seed Producer Scheme administered by NASIA is seen as essential to ensuring the expansion of plantings of new varieties. NASIA continues to assist with pre-release evaluation of new varieties and wider assessment of market acceptability that will ultimately determine price premiums.

Significant moves are in place to introduce a registered quality assurance program to manage the production and accreditation of pure, disease and weed-free planting seed of very high germination. This will help to differentiate the performance of new improved varieties and increase the confidence of growers who have in the past been subjected to seed of inferior quality from minor operators leaving them disillusioned with soybeans as a viable cropping alternative.

Field days

This year's field day program concentrated efforts around the Better Oilseeds Project trial and the DPI&F's regional variety trial sites at Bundaberg. This was held during the national conference. An additional field day was conducted on agronomic practices

and machinery modification to handle cane trash during crop establishment. DPI&F and BSES organized another event to service the current industry expansion occurring in the Bundaberg area.

A major ongoing component of regional industry development is the ramping up of skills in integrated pest management programs and advanced skills in insect scouting. This work is led by Hugh Brier of DPI&F at Kingaroy. The success of the work is being consistently reflected in the overall increase in grain quality at harvest. The adoption of improved IPM techniques has been instrumental in helping to avert any major outbreaks of soybean aphid and silverleaf whitefly. The role of the "Women in Sugar" training program has also been pivotal in capturing the talents of local producers and agronomists in applying IPM.

Value adding industries

It is significant that over the last year, two regional Queensland marketers have invested heavily in processing capacity specifically aimed at higher value food products derived from soybeans. Both players are targeting regional export markets and place a high degree of focus on import replacement. CSD have commissioned a major new plant located at Westbrook close to Toowoomba which is dedicated to soybean processing and capitalising on the 'clean & green' image of Australian production for culinary and specialty natto lines. Philp Brodie Grains have invested in additional capacity and have a major relocation underway to a new and much expanded site on the western side of Toowoomba producing whole beans, flour and kibble. These investments auger well

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for improved returns and higher tonnages for producers of new elite culinary grade soybeans and are likely to draw product from a wider area to service their needs.

2.2. North Coast Oilseed Growers Association (NCOGA)

Production

The North Coast region of NSW produced approximately 23,000 tonnes of soybean from around 9,000 ha planted. Again this season, the reliability of the North Coast region to produce summer (and winter) grain crops has been important to maintain supply as drought in other regions continues to reduce crop areas.

Soybean rotations are increasing in sugar cane farming systems as recommendations from the Sugar Cane Yield Decline Joint Venture program are adopted. Around 75% of cane farms in the Harwood Mill area now include a soybean rotation. Adoption in the other two mill areas (Broadwater and Condong) is also increasing.

Association developments

The NCOGA elected new officer bearers at its AGM on 14th August. The new President is Paul Fleming; Vice President is Stephen Clarke, Secretary is Kerry Handford and Treasurer is Peter Ludlow. The Association also has an eight member executive committee. NCOGA currently has over 130 financial members, representing over 50% of the soybean growers in the region.

Variety releases

No new varieties were released in this region this season. Association members assisted the Australian Soybean Breeding Program with on-farm evaluation of a potential new variety 98053-3.

This variety was planted early with Cowrie and Soya 791 for comparison. Grower feedback on its performance was positive, particularly in relation to early vigour, tolerance to waterlogging, yield and grain quality.

Field days

The NCOGA ran its Soybean Crop Competition this season. NSW DPI Agronomists Bede Clarke and Natalie Moore judged the competition. The standard was very high amongst the 10 crops entered. Barry Doig won the competition with his crop of Soya 791 at Cedar Point. Joint second place was awarded to Owen and John Dorey (Manta, Coraki) and Alister McFarlane (A6785, Woodford Island). Paul Fleming (A6785, Ellangowan) took third place. Crops were judged on 8 criteria: Harvestable yield, likely quality of sample, soil management, fertiliser and nodulation, weed management, insect management, evenness and condition of the crop, and innovation/problems over come. Prizes were donated by local businesses. Press coverage included articles in the Farmer Bulletin, The Land and The Clarence Review, The AOF-GRDC Oilseed Development Project supported on-farm demonstrations on plant density and crop nutrition this season. These were included in a field day run by BSES and the Harwood Mill (Bob Aitken, Natalie Moore). Results were discussed at shed meetings and at field days in the Broadwater (Bede Clarke & Kerry Moore) and Condong (Natalie Moore) mill areas and included in the BSES newsletter. These demonstrations are likely to be the focus of an article for the upcoming national 'Soy News' initiative of AOF.

The NSW Farmers Association held a forum on bio-fuels at Casino on 25 May that was attended by several NCOGA members.

Insect pest management issues and research needs for the North Coast region (with emphasis on soybean) were tabled at the IPM meeting in Toowoomba on 24-25 July by Natalie Moore. Members of GRDC panels and programs were present at the meeting, which was run by Dave Murray, Hugh Brier and their team (QDPI&F). Lack of 'soft' options for podsucking bugs is a major constraint to IPM systems in soybean and is particularly needed to meet quality demands of human consumption markets.

2.3 Riverina Soybean Growers Group

Production

Production in southern NSW and northern Victoria was severely constrained by irrigation water shortages to the extent that only a few crops were grown in the Murrumbidgee valley. About 250 ha produced 1,000 tonnes, a record average yield, but from a very small area. Grain quality was excellent with large seed size and satisfactory protein levels.

As fuel, water and nitrogen fertiliser costs continue to increase, the relatively lower water use summer legume crops such as soybeans are becoming a more profitable cropping option for growers, especially in double-cropping situations where water productivity can be maximised. Double cropping a winter crop into summer crop stubble has shown this winter (2007) to be the difference between a failed winter crop and a low-cost profitable crop.

Varieties

No new varieties were released last season. The most recent releases Snowy and Djakal make up 100% of the soybean varieties grown in southern NSW.

Snowy has received positive feedback from the marketplace. Its tofu making quality is excellent. The future of the soybean industry in southern NSW is dependent on high yielding, high quality food grade soybeans which earn a premium price..

Agronomy research over the past two years has focused on strategies to maximise soybean profitability in southern NSW. Experiments are examining the interaction of variety, sowing time and plant spatial arrangement in a double-crop farming system. This research is being conducted by Luke Gaynor for his Research Masters Degree.

2.4 Inland northern NSW

Around 1,900 tonnes was produced from 1,100 ha. The drought reduced yields of both dryland and irrigated crops.



Oilseeds WA Report

Rob Proud, Chairman and John Duff, Executive Officer

This past year has been another good year for Oilseeds WA. Highlights occurred more at the end of 2006 than in 2007, which apart from the best yet Grains West Expo has seen a slowing in activity.

Late October 2006 featured Oilseeds Week WA including a 'Beyond Biofuels' workshop on the 24th of October followed by our third 'Pod to Plate' Tour on the 25th. In July 2007 we co-hosted the third 'Grains West Expo'. We also considered an international tour however due to the poor season last year most decided to stay close to home in 2007. We also ran a second grower update in March 2007 and have again conducted the Demonstration and trial program.

Achievements for 2006/2007

The demonstration / trial program was planned for 15 sites in 2007. Results from 2006 were distributed to growers via the Farm Weekly and the crop updates. A Sclerotinia trial funded by the national Better Canola Project is being conducted near Geraldton. This and several other trials including Juncea trials at the Liebe Group were visited by ARAB conference delegates.

A Grower workshop was held on 23 March in Perth with leading speakers including Hon Kim Chance Minister for Agriculture, Rob Sewell Chair Single Vision GM Taskforce, Quenten Knight a leading canola agronomist from Esperance with a new approach to use of varying season length varieties to match soil types. Laurie Phillips spoke on his innovative Phillips Rollerdown for swathing.

Grower Gerard O'Brien provided an excellent case study on why he grows canola. Dave Jeffries from CBH spoke on chemical residue and the need for better grower management.

Beyond Biofuels Workshop on 24th October provided valuable information from Industry leaders regarding factors around biofuels. Many of the factors have since become less favourable to biofuels. This workshop completed our 2006 investigation of biodiesel in WA. This workshop attracted an excellent range of speakers who advised 80 industry leaders and growers at Observation City.

GM policy and media. In September Rob Proud, Jon Slee and John Duff addressed the Minister's committee on GM and provided a follow up media release on the current Oilseeds WA policy. Oilseeds WA attended a Common Interest Forum discussion workshop in July along with other industry groups. A further workshop is planned for Later in September

ARAB conference – Was run in Geraldton by Milton Sanders of CBWA and others from WA. The Executive Officer provided a presentation on the possible impact of biofuels industry on the supply of feed grains for aquaculture

Grains West Expo 2007 "Marketing together to stay the Best" was held at the Burswood Casino Convention Centre on Thursday 26th and Friday 27th of July 2007. Welcome to new partner Pulse WA. The program was exceptionally high quality with quality speakers throughout. Numbers were higher than ever with networking emerging as a real focus for the event.

Standards and QA Group

Neil Barker, Chairman

As a result of consultation among members of the AOF Standards and QA Group, the following changes were made to the AOF Standards during the previous twelve months.

- Reporting levels for all quality parameters have been revised
- The impurities definition and method of determination in canola was clarified so that whilst the reference method using hand separation was retained, an additional procedure was formulated to allow field evaluation using aspiration, where all material separated during aspiration is now considered to be "impurities"
- The list of approved prior loads for the transport of oils and oilseeds was revised to reflect changing international standards.
- Following observed differences in techniques used by some laboratories to determine test weight, it was decided to specify that test weight should now be determined on a dirty seed or "as is" basis only.
- The yellow colour specification was deleted from all bleached and refined oils as the red specification is considered to be the most critical in quality determination



Standards and QA Group continued

A number of other issues were discussed during the year, which did not involve changes to the standards, but were of significant importance to the oilseeds industry in Australia. These included decisions to

- Continue research to determine the cause of elevated free fatty acid levels in freshly harvested canola and to develop a rapid method of determination for bulk loads delivered during the harvest period.
- Adopt common GM declarations for use by the oilseed industry when receiving canola from the grower and when trading canola. These have now been formulated and adopted by NACMA
- Adopt low level maximum residue limits for a range of agricultural chemicals in oilseed commodities through consultation and assistance from the Australian Pesticides and Veterinary chemicals Association. In addition, it was decided to produce and distribute a number of documents promoting the safe and appropriate use of chemicals to ensure compliance with international residue limits.
- Further revise and refine the Test Check program to improve its usefulness by laboratories involved in oilseed analysis.



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