

Annual Report 2004-05



Australian Oilseeds Federation



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AOF Officer Bearers

Warren Burden – President
 Jon Slee – Vice President
 Clint Munro – Treasurer
 Rosemary Richards – Executive Director

AOF Executive

Warren Burden – President	Denis M’Gee – representing the stockfeed sector
Jon Slee – Vice President	Janet MacDonald – Australian Oilseed Products Group
Clint Munro – Treasurer	Trent Potter – Canola Association of Australia
Charles Aldersey – representing the refiner sector	Peter Brodie – Northern Australia Soybean Industry Association
Tony Day – representing the crushing sector	Rob Proud – Oilseeds WA
Michael O’Hare – representing the production sector	
Simon Clancy – representing the export sector	

Acknowledgements

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

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Unilever Australasia	Grain Pool of WA
Cargill Australia	GrainCorp Limited
Riverland Oilseed Processors	Louis Dreyfus
Atlantic Pacific Foods	ABB Grain Ltd
Peerless Foods	AWB Ltd
Ridley Agriproducts	Noble Grain
Barter Enterprises	

Presidents Report

Warren Burden

Again, for the second year Australian oilseed growing conditions have been less than ideal with a canola crop of around 1.3 million tonnes expected or around half a million tonnes lower than we could have seen with more benign weather.

On a more positive note we have seen an encouraging increase in the production of high oleic or mono sunflower this year with an early crop of 70,000 tonnes anticipated.

This co-incidentally fits with one of major thrusts of our 4th strategic plan, to meet consumer demand for higher value added product.

The AOF released its 4th Strategic plan in July and continues to set the benchmark for the Australian grains industry in the forward planning process.

This plan was put together following intensive industry consultation and flags significant growth opportunities which could grow the industry by \$800 million to \$3.3 billion over the next 5 to 10 years.

The plan indicates the need to lift crop production to provide economies of scale, supply chain efficiencies and create market confidence. Consumer demand for healthier products will underpin this growth.

During the year the Standards Committee continued their sterling work under the Chairmanship of Neil Barker and addressed many issues including the lifting of the minimum protein levels for canola meal from 34% to 36% and the chlorophyll levels in canola oil. My thanks to Neil and the Committee.

Our Executive Director, Rosemary Richards has been kept busy during the year and, in particular over the past two months, working with the industry and government on a response to the possibility of GM material in commercial canola grain. It is interesting to note that the AOF was recognised in this matter as the peak industry body. Rosemary also did a great job in bringing the Strategic Plan to finalisation and contributed a great deal of input to its final form.

We finished the year in a sound financial position. A pleasing development has been the agreement of seed exporters to contribute to the Oilseeds Development fund by way of a levy. Rosemary's report

provides detail on the ODF projects initiated and executed in 2005. A couple of stand outs were the Nature's Finest launch and the promotion of Australian canola meal in Pakistan.

Two Supply Chain Training Programmes were held during the year and have proven to be highly regarded with applications exceeding available places.

During the year Rosemary and I attended the IASC conference in Mumbai and the AOF became a signatory to the Level Playing Field initiative.

Looking ahead, the industry has a very positive outlook (subject to weather) with the AOF planning to be actively engaged in implementing the Strategic Plan particularly in the areas of market promotion and value adding activities.

To this end we need to more actively engage the Stockfeed Industry and form a close working partnership with the Grains Research and Development Corporation. The issues around transgenic canola are still to be resolved, with the AOF being the organisation best able to promote an intelligent and bipartisan debate on the longer term implications of various policy directions.

The NSW Act governing gene technology was to expire on the 3rd March 2006, but has been extended by the Minister until 2008. You may have read recently ABARE's report on the potential economic losses to Australia of the continuance of the current moratoriums on the growing of genetically modified crops (as high as \$5.8 bill by 2015).

We have also agreed in principle to change the structure of the organisation by incorporating the various oilseed commodity groups into three geographic regions to align with the GRDC's regional panels. Looking further ahead the AOF will be hosting the 2008 World Safflower Conference and the 2009 International Scientific Fats Conference.

To paraphrase Chairman Mao the Australian Oilseeds Industry is about to take a Great Leap forward.

ODF Report

Rosemary Richards – Executive Director

Highlights

- Development of AOF Strategic Plan 2010 – Creating Value through Diversity, Innovation and Excellence
- Industry growth potential identified from \$2.5 billion annually to \$3.3 billion
- 2004-05 production over 2.5 million tonnes of oilseeds despite difficult seasonal and market conditions
- Continuing health associated shift from saturated animal fats to mono and poly unsaturated vegetable oils
- Creation and electronic distribution of four editions of AOF News
- Nature's Finest food industry promotion campaign.

The Australian Oilseeds Federation

The 2004-05 financial year saw the Australian Oilseeds Federation (AOF) successfully complete its 35th year of operation in its role as the peak industry body for the Australian oilseeds value chain in both domestic and global arenas.

With the support of the Oilseeds Development Fund (ODF), AOF delivered industry development and support services across the Australian oilseed industry including producers, processors, marketers, service providers, researchers and consumers of food, feed, health and industrial products.

An important function of AOF is to provide leadership and coordination for the industry as a catalyst for promoting industry growth and innovation. This was not more evident than in the year past when, in cooperation with industry, AOF formulated the new Australian Oilseeds Industry Strategic Plan 2010.

The plan will enable AOF to continue on the successes of the past with a focus on influencing market preference through value add in production, quality and reliability.

Strategic Plan

During the past year, our industry, led by AOF, set about the major task of reviewing the industry and developing the new AOF strategic plan and it is pleasing to report that the industry responded with enthusiasm.

The result of which is a Strategic Industry Plan with a positive outlook that highlights the emergence of new markets and opportunities, and a path to see our industry capture a number of significant growth opportunities.

The Oilseeds Development Fund was put to good use during the Plan's development, enabling us to conduct extensive industry consultations. These were key to assisting AOF channel the focus of the new strategic plan and capture the perceptions and knowledge base of the Australian industry against a background of developments in global and domestic food and feed sectors.

As a valuable resource, the Strategic Plan will enable the industry to continue working together to cooperatively grow its value from \$2.5 billion annually to \$3.3 billion by 2015.

Looking forward, the AOF is now placed to put in motion programs that will grow industry value through creating diversity, encouraging innovation and achieving excellence. Programs geared towards market preference through value add in production, quality and reliability as the platform to realising increased value, growth and production.

Industry Performance

Limited crop production and shifts in market demand for oils during 2004-05 brought into to sharp focus the need to urgently implement new investment and R&D programs.

In the wake of a late break for the winter crop and a poor finish for the summer crop, it was reassuring to see the 2004-05 production still come in at over 2.5 million tonnes of oilseeds. This is a testament to the industry's resilience, but still disappointingly below the 1999-00 production peak of 3.6 million tonnes.

As the season unfolded, canola production came in better than expected at just over 1.5 million tonnes

ODF Report continued

while the sunflower crop began the season on a positive note and early planted crops yielded good results for growers.

The later part of the season was not as kind and the full potential of the industry was not reached.

Sunflower production finished at just over 60,000 tonnes and the challenge to get production to levels that can consistently meet domestic demand and deliver an export surplus to take advantage of premium markets offshore remained apparent. The soybean harvest was also affected by the dry finish and produced a disappointing 54,000 tonnes.

Canola and cottonseed exports recovered but imports of oils and meal remained high; in particular, sunflower oil and olive oil imports. In response to Australia's large and growing intensive livestock industry, an increasing proportion of protein meal demand was met by imported soy meal.

Encouragingly, the health associated shift in food sector preference from saturated animal fats to poly and mono unsaturated vegetable oils continued. This provided some evidence of increased awareness and a shift to healthier oils.

Hard fats (palm, tallow and butter) continue to dominate food usage of oils and fat consumption, which was at around 540,000 tonnes in 2004-05. Soft oils accounted for around 240,000 tonnes of this, with canola accounting for almost 50% of all soft oil used.

The food manufacturing (commercial) and food service sectors continue to show the greatest growth, reflected in an increase in market share to 70% of total use.

Of significance is the continued growth of 'invisible' fat consumption (fat eaten outside of the home). While this sector continues to favour cost competitive products such as palm oil and tallow, there have been some important and positive shifts for the industry towards healthier oils. As a result, this sector is becoming increasingly visible.

This trend reflects developments internationally. Around the world, the shift to either placing limits on the use of trans fatty acids (TFA) or mandating labelling requirements for TFA in foods, has seen significant shifts in the oils and fats used. These legislative changes, combined with increasing

consumer awareness continued to see consumption move away from foods containing trans fatty acids and the food industry change product formulations.

This has resulted in a substantial increase in demand for high stability oils such as high oleic – low linolenic canola, mid and high oleic sunflower and low linolenic soybean. These products reduce or avoid the need for hydrogenation and have a better health profile.

This highlights the findings of the strategic planning process, which calculated that domestically produced soft oils could replace 50,000+ tonnes of hard fats (palm oil and tallow) by 2010.

2004-05 Activities

Nature's Finest Campaign

While the industry continues to face a major challenge in promoting awareness of the 'good oils', there is evidence that health is starting to drive changes in consumption patterns.

The 'Natures Finest' education and awareness campaign capitalised on this trend by promoting the health benefits and advantages for consumers to help them distinguish between the '*good and bad fats*' and make informed purchasing choices.

Nature's Finest promoted Australian oils as natural, healthy and tasty. The program was targeted at the food services sector and the food media, as major sources of informed opinion and gatekeepers to promoting the healthy, natural and functional features of Australian grown oils.

The Nature's Finest program was initiated in 2003-2004 with the Australian Oils Kit incorporating a brochure and product samples. The kit was launched in September 2004 and was highly successful, achieving coverage in a number of leading Australian women's, food and health magazines as well as contact by dietitians and food service operators.

Key promotion activities in the last 12 months included the addition of two new information leaflets on nutritional aspects and the 'Canola Oil' promotion. The impact of this is just starting to be seen in the media and should increase over the time, through more informed articles by journalists.

Communications Program

Continuing effective communication is an essential component in the AOF's program of assisting the industry's development. A considerable amount of resources were dedicated to keeping the industry up to date on the latest developments and promoting the value of soft oils in the market place as detailed previously.

A proactive program of knowledge sharing and promotions involved working closely with the industry, both nationally and internationally.

AOF's role as an informed source of knowledge and information was enhanced, with good attendance and participation at conferences and forums domestically. These included over 100 people at the AOF Forum 2004 and typically 30 or more people to AOF general meetings. Industry conferences supported during 2004-05 were:

- Agriculture Australia
- Grains West
- International Sunflower Conference
- 13th Australian Soybean Conference.

Communications directly with members and the industry continued as a core activity for the secretariat. A wide range of enquiry was received with regard to information, assistance and comment by consumers and food manufacturers.

AOF's website continued to be enhanced with the further development of the member's only section for resource documents enhancing its role as an integral part of the program. A dedicated section for Oilseeds WA was added to the website during 2004-05.

AOF continued to work cooperatively with other sectors of the industry, and supported the development of and/or published a number of reports including:

- Quality of Australian Canola publication
- Australian Soybean Grower's Manual
- Soybean grower's guides including the Insect Management Guide for all soybean growing regions and the North Coast Soybean Guide.

As a key component of AOF's knowledge sharing activities, AOF continued the production of 'AOF News', an electronic newsletter distributed to members. The latest in health research, crop field

trials, responses to media issues such as macula degeneration, international and domestic conference presentation summaries, market outlooks from traders, grower testimonials and general industry information and events were covered in the newsletter. Four editions of the newsletter were produced and distributed and reassuringly, feedback from recipients has been very positive.

The *Monthly Crop Report* continued as a valuable industry information source covering crop plantings, crop conditions and production forecasts.

Both the *Monthly Crop Report* and the *AOF News* provide major channels of communications with the broader industry and we anticipate continuing the newsletters as a valuable industry service.

IASC

AOF continued to play an active role on the international stage through its involvement with the IASC. AOF is a member of the Management Committee and IASC Council.

The IASC Congress was held in Mumbai in January, which was attended by the AOF President and Executive Director as well as some of our members. Issues covered during the Congress sessions included:

- the aggressive growth of the South American soybean industry through the presentation of Vision 2020 Soya by Carlo Lovatelli Bunge Brazil/ABIOVE
- the opportunities for the industry from trade reforms, continued globalisation and consolidation, increasing demands for food and bio-fuels and technical innovation
- the emerging importance of sustainability, in particular, in the palm and soy industries
- developments in bio-diesel with the mandatory use regulations in Europe starting to have an impact on global canola prices and this is expected to increase as usage is scaled up. With bio-diesel initiatives being adopted in Brazil and other countries, this is expected to have an increasing impact on the industry.

The *IASC Congress 2006* will be hosted by NOPA in San Francisco at the Ritz-Carlton Hotel from 11-15 June 2006.

ODF Report continued

In terms of the IASC Council, key issues for the year have been:

- **IASC Trade Policy** – A key initiative for 2005 was the commissioning of a global trade study to quantify the impacts of a free trade environment for the oilseeds sector. The study has been funded by the IASC members including Australia and the global consulting group LMC contracted to undertake the project. The aim of the study is to develop an information base to validate the IASC trade policy in order to assist in developing support and solutions for the IASC policy amongst all member countries; in influencing WTO negotiations; and to raise the profile and credibility of the IASC.

While AOF has continued to reiterate the position that sectoral initiatives must complement rather than substitute for major reform in agriculture via WTO outcomes, the Federation has adopted a more proactive role in international discussions and during the year agreed to become a signatory to the LPF Initiative. Discussions on a Level Playing Field (LPF) for oilseeds began about 11 years ago, with the US, Argentina, Brazil, EU, Canada and now Australia as signatories. The LPF is seen as complementary to the WTO negotiating process.

- **TFA's/Nutrition** – The IASC has highlighted nutrition as a key issue for the oilseeds industry globally and this is likely to become a more important part of the agenda. Clearly for North America and the palm industry, TFA's are a key issue and attention is focused on this. The IASC has agreed that labelling should be science based and that the oils industry should promote the principle of sound science as the basis of labelling and not focus on the strengths and weaknesses of individual products.
- **Sustainability** – The issues around sustainability are taking a more prominent stage with the positive progress of the Sustainable Palm Oil Round Table and the development of the Sustainable Soy Round Table. The models and processes being developed through the sustainability roundtables have important lessons for Australia in relation to handling issues like GM, speciality products and new technologies in a structured and constructive manner.
- **IASC Structure** – Discussion on the IASC structure and role continues. The working committee comprising Mr Robert Broeska COPA, Mr M R Chandran MOPA, Mr Pascal Cogels Fediol and Ms Rosemary Richards AOF is to develop a proposal for consideration at the next Council meeting in Geneva in November 2005.



Industry Development Officer

Following extensive efforts by AOF, an Oilseeds Industry Development Officer, jointly funded by AOF and GRDC, has been appointed for southern NSW and Victoria. The role of this position is 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, in coordination with the oilseed industry groups, support and communication to assist in expanding the industry will follow.

The appointment is for three years and is being managed by the Irrigated Cropping Forum (ICF).

Export Program

The 2004-05 export program was focused on Pakistan and included the sponsoring of Dr Tony Edwards, a leading Australian nutritionist, to present at the All Pakistan Solvent Extractors Association conference held in Lahore during late February.

Pakistan has emerged as a major market for Australian canola, accounting for around 20% of exports in recent years and the objective is to grow the total market for canola and to establish Australia as a preferred supplier against other origins.

Tony spoke about the usage of canola meal in Australia and how this has changed, highlighting the opportunities for increased use in Pakistan. He noted that canola meal should be of considerable interest for Pakistan as a flexible alternative to imported soy and is superior to local rapeseed meals.

Protein Meal Committee

The Canola Meal Review, undertaken in 2003-04 which culminated in a report '*Canola Meal, Limitations and Opportunities*', found that there is a need to improve the value of canola meal and create increased awareness amongst meal users.

This would assist in developing better recognition of the value of canola meal, which was required to increase local processing of seed. This was reinforced during the strategic planning process.

As a result, a Protein Meal Committee was established to progress the implementation of recommendations from the Review to continue the

delivery some of the outcomes identified.

This has involved the creation of a project to develop information on the profile of the industry's protein products, developing technical data sheets for the industry and identifying ways of improving the consistency and quality of protein meals through managing crushing parameters.

The ultimate aim is the supply of higher quality and more consistent canola meal for use by the Australian intensive livestock industry.

Supply Chain Program

Industry education and development continued as a valuable part of the AOF's functions and another very successful course was run through the Supply Chain Training Program during March 2005.

By providing an understanding of the business at all parts of the supply chain, the program continued to assist in attracting young people to the industry, developing leadership skills, building professional networks within the industry and promoting the professional development of participants in general.

Biotechnology

Plantings of genetically modified (GM) crops globally continued to grow rapidly, with over 80 million hectares planted in 2004. The adoption of GM technology has been most widespread in the production of maize, soybean, canola and cotton.

However for AOF biotechnology issues took a bit of a back seat in 2004/05, as the proposed coexistence trial was not supported. The implementation of state based moratoria highlights the need for a coordinated grains industry approach supported by education and communication addressing the human health issues, consumer and grower benefits and consumer fears.

While outside the reporting period, AOF's watching brief had effect during July 2005, when an occurrence of GM material in Australian canola was identified. AOF has taken a lead role in helping industry deal with this issue.

Encouraging a coordinated state government approach to issues of market acceptance, adventitious presence and promoting a unified and evidence based approach to assessments and approvals, are important ongoing features of the program.

ODF Report continued

Grower Support Packages

- Sunflowers – The Tools for Success:
A Benchmarking Project is yet to be completed and has been extended for further 12 months.
- Canola Manual – To be completed during 2005/06.

End Use Project

The AOF initiated the End Use Project in 2001 to improve the understanding of end use requirements for seed, oil and meal. The program this year has again taken stock of the where the industry is and has involved a wider range of customers in the process. Separate activities have been undertaken with the relevant end user groups – meal, oil and seed. This has reviewed quality performance, identified current and future requirements and agreed priority areas.

The feedback from these activities will be written up into a document for breeders, end users and others in the industry. The key elements of the publication – Guiding Principles for Meeting Market Demands – will be presented at the AOF Forum by Dr Rod Mailer.

Test Check Program

The AOF continued coordinating the Test Check Program, which enables laboratories to adjust the application of test methods to improve their results in relation to other laboratories. As a voluntary proficiency test for canola and sunflower testing laboratories the test is open for any Australian or NZ laboratory to take part at a small cost. Results are placed on the AOF website where they can be accessed to enable laboratories to compare themselves against the leading oilseed laboratories in Australia.

AGICC

AOF is a member of the AQIS Grains Industry Consultative Committee which had another active year in dealing with biosecurity and trade market access issues and quarantine matters.

Looking forward to 2005-06

AOF will continue its proactive support of the industry throughout the coming year. Our activities will be aligned with the new program areas identified in the Strategic plan, namely:

- Market and product development
- Grower capacity
- Innovation
- Industry capacity
- Industry representation.

AOF Standards Committee Report

Neil Barker – Chairman

The following is a summary of the changes implemented by the AOF Standards committee over the last twelve months. A list of the key issues currently under active consideration but yet to be fully resolved is also included.

Changes Implemented

Soybean Standards

A rationalisation of soybean standards from 5 grades to 3 grades was introduced in January 2005. Initially, there were 5 standards for soybeans – 2 listed by the AOF and 3 by NACMA. These have now been combined into 3 standards, namely:

Soybeans (for crushing) – CSO 9

Edible Milling Grade Soybeans – CSG 71

Edible Manufacturing Grade Soybeans – CSG 72.

The main differences between the edible grades (CSG 71-72) are that the manufacturing grade specifies minimum standards for protein, seed retention and germination whereas the milling grade does not. Almost all other parameters are identical. For the crushing grade (CSO 9), there are specifications only for oil, impurities, moisture, broken seed and damaged seed. The weed seed list for CSO 9 also differs from CSG 71-72 and resolution of this issue is discussed in more detail below.

Field Insects

Tolerances for field insects in oilseeds have now been introduced based on size as follows:

Large insects – 10 per half litre (Rutherglen Bugs, Ladybirds, Grasshoppers, Woodbugs).

Small insects – 100 per half litre (Aphids, Mites).



AOF Standards Committee Report continued

Items Currently Under Consideration

Oil Content Reference Method

Industry laboratories in Western Australia and many other international bodies use the FOSFA (ISO) Method, whereas in eastern Australia, the AOF and most other industry laboratories have adopted the AOCS method. Differences of up to 0.5% have been identified between the two methods. This may have trade implications for the industry. As a consequence, the AOF is reviewing its recommended reference method with a view to adopting the international method, subject to further investigations.

Weed Seed Tolerances

Currently, weed seed lists for oilseeds and for cereals differ markedly. The AOF objective is to have the same or similar categories to simplify classification, but to assign differing tolerances to reflect the nature of the commodity. The AOF is awaiting revision of the current AWB list (due in the next 12 months) before revising its own list for the 2006-2007 harvest, so that uniformity in groupings can be established.

Rapid Determination of Impurities

Currently, field test methodologies differ between CBH Ltd, ABB Grain Ltd AWB Ltd and GrainCorp Operations Ltd with regard to sample size, screens used and hardware utilised. The AOF's preferred position is to have a uniform test for rapid determination of impurities in bulk oilseed deliveries across the country. Negotiations have begun between the major bulk handlers to standardise the procedure.

Correlation Between Chlorophyll in Oil and in Seed

Trials are planned to determine the relationship between chlorophyll in seed and in oil, to determine at what level it becomes a problem in the oil, and to study the effects of oil hydrogenation. These relationships do not appear to be fully understood at present.

Dispute Resolution and Laboratory Accreditation

Currently, criteria for dispute resolution and laboratory accreditation exist for oil content disputes but not for other tests. These are now being developed based on the test check program for other key parameters.



Australian Sunflower Association Inc Report

Annie Pfeffer – President

Overview

The ASA has held three General meetings, two Executive meetings, a strategic planning workshop, and an Annual General Meeting over the past 12 months. Many of the members of the ASA working party were also involved in a presentation to farmers in Emerald in December and also in a workshop in Emerald in July to establish an R&D project aimed at overcoming a mystery disorder.

The Strategic Planning workshop which was held in Toowoomba was part of the Australian Oilseeds Industry Review 2015 and Australian Oilseeds Federation (AOF) Plan 2010. The key issues/actions that were identified for the Sunflower Industry were:

- Increased production through increased extension support, industry development officer, development of a crop checking/BMP to rebuild grower confidence and profile.
- Improved pest management systems and tools.
- Improved disease resistance and rust resistance.
- Funding of new product development/identification of opportunities
- Increased R&D into fundamental aspects of sunflower agronomy such as optimum row spacing, nutrition and irrigation management.

The Australian Sunflower Association is committed to its involvement in the Australian Oilseeds Federation and in the priorities for the AOF which include:

- a stronger and more credible voice;
- market and product development;
- innovation;
- grower capacity and
- industry capacity/technical support.

The focus for the Association in the past year has been on strategic planning and the continued promotion and development of the industry. A key issue that has affected this promotion has been the disorder that has baffled researchers within the industry over the last 18 months.

Two meetings have been held in Emerald in Central Qld. The first was to reassure growers that this was not a disease. The second was to map a way forward to determine its cause and prove this through scientific replication. World wide scientific data and advice still leads us to believe it is the result of hormonal (chemical) affect, however to date, it has not been replicated in a controlled trial.

This issue has severely hindered grower confidence, particularly in the Central Queensland district, which along with the dry weather has impacted on the initial planting and resultant yields. This will again be an area where the Association will spend considerable time and resources in the year to come.

Growers in Northern NSW however have been buoyed by improved pricing contracts at the end of 2004 that led to an increased area and tonnage. Looking to the 2005-2006 season, the prospects are extremely good for Northern NSW with rains in July preventing the planting of winter crops and the decision by growers to plant sunflowers in late August, early September along with reasonable price signals.

We have continued to pursue financial support for projects aimed at alternative uses for sunflower with the belief that these uses could expand the market for sunflower products and/or lead to improved margins for growers.

The Association will continue to be proactive in promoting sunflowers to growers, particularly in the Central Highlands and Northern NSW, building confidence in order to retain existing growers and where possible, recruiting new growers to the industry.

The Association maintains a secure financial position due to long-term investments, and is again committed to spending a large proportion of this money on promotional activities in the coming year. The ASA continues to work in close association with the AOF and welcomes the support it receives from its members.

Australian Sunflower Association Inc Report continued

Production 2004-2005

The final estimates for the 2004-05 sunflower crop are shown below. Overall the season was disappointing. Production is expected to finish at just over 61,000 tonnes, with about 75% of the crop monounsaturated type.

	Area Planted (hectares)	Production (tonnes)
Queensland	16,810	14,000
NSW	28,520	47,120
Total	45,330	61,120

Source: Industry Estimates, 10/06/05.

Central Queensland had a disappointing season, with yields of only around 0.5t/ha achieved. The Southern Downs crops were also impacted by the dry conditions. Yields in northern NSW and the Liverpool Plains were very good.

During the second half of 2004, the ASA, the AOF and GRDC collaborated to allow Annie Pfeffer, Gary Kong, Loretta Serafin and Stephanie Belfield to attend the 16 International Sunflower Association conference in Fargo, North Dakota. Alan Scott and Chris Lambrides also travelled to attend on behalf of their organisations. Loretta, Stephanie, Gary and Chris presented papers at the conference. Annie joined Loretta and Stephanie after the conference to benchmark crops to the West of Fargo and enjoyed the hospitality of the National Sunflower Association President Mike and Pam Clements.

Over the last year we have also seen changes in supply chain participants. It is disappointing that Pioneer Hybrid are no longer an integral part of the industry. On the other side, Lefroy have strengthened their position with breeder Greg Wallwork continuing his association with the industry. At the other end of the chain, long time supporters of sunflowers Unilever have exited the refining business, although are still the marketers of margarine and spread products. Peerless Food, based in Melbourne, will be packing Unilever products on contract and will have an expanded role in the oil business. It will be important for the sunflower industry to establish linkages with Peerless Foods.

Projects

Sunflower Promotion: In following on from the promotion in the last couple of years, the ASA ventured in Central Queensland in December 2004 to attempt to reassure growers after significant issues arose with production in the prior season. Around 70 growers attended a meeting in Emerald and had an opportunity to review information and discuss their views on the future of the sunflower industry and its role in their enterprise. Unfortunately, they were less than optimistic, particularly while there is no conclusive data on the cause of this disorder. Less than favourable climatic conditions also inhibit the expansion of the industry.

New Black Sunflower Pack: The New pack was launched during the year and many growers will have received a copy. A copy can also be viewed on the AOF website.

Oil Awareness: A one-year media strategy had been developed in conjunction with Bill Shrapnel to raise consumer awareness by targeting specific health aspects of sunflower oil nutrition. This strategy will, wherever possible, work in with the parallel campaign being undertaken by the AOF. Bill has developed some media articles that have been forwarded on to the marketing group in Pacific Seeds to assist in the distribution.

Sunflower Benchmarking: The AOF has agreed to continue funding for NSW DPI District Agronomists, Loretta Serafin and Stephanie Belfield's sunflower benchmarking project titled "Sunflowers in Northern NSW and Southern Qld – Tools for Success" to the value of \$20,000 over 14 months. The project to date has benchmarked 70 paddocks and this extension of funds will allow another 60 paddocks to be benchmarked this season, adding validity to the dataset with a larger sample size over 3 seasons. This information will be collated and analysed to develop a set of Best Management Practice guidelines for sunflower production for growers and consultants.

In addition the project has sought to evaluate the effect of Nitrogen rate and plant population on monounsaturated and polyunsaturated sunflowers through replicated trials. Growers have also been provided with an assessment of their starting and

finishing soil water to encourage more reliable sunflower production.

Low-Methoxy Pectins: Sunflower pith is the only known natural source of low methoxy pectin, a thickening agent used in the food industry. A scoping study funded by the AOF to determine the logistics of harvesting and transporting sunflower trash to processing plants was completed by QDPIF. The study concluded that current machinery could be easily adapted to the sunflower task and that the cost of collection would be relatively inexpensive. Transport costs were modelled on hauling trash from the Darling Downs to the plant at Leeton and although these costs were high relative to the value of the trash, they were thought to be feasible given the high value of the LM pectin product. Funding to continue with the development of industrial processes for the extraction of the LM Pectin has not been obtained and thus, the future of sunflower as a commercial source of LM pectin is in doubt. The Association will, however, continue to explore other opportunities for funding.

Summer Grains Conference: The Association has continued to push for a combined Summer Grains Conference to replace individual crop conferences. By combining forces, there are perceived cost benefits, the possibility of greater grower participation and the prospect of a high quality program with common themes. However, the ASA has had mixed success in gaining support for the idea from the various crop associations. We will continue to promote the concept in the coming year.

R&D: With R&D funding becoming increasingly scarce for sunflower, the number and size of projects that could be funded by GRDC has been under pressure. The ASA has therefore prioritised its support for competing R&D projects to reflect the relative importance of maintaining specific R&D activities over others. It is hoped, that improved seasons and greater production will increase the availability of R&D dollars and alleviate the restrictions imposed on vital research.



The Canola Association of Australia Report

Trent Potter – President

Canola production in 2004 was better than we had initially thought with over 1.5 million tonnes being produced. Production in both NSW and Victoria was higher than had been estimated during the growing season on the teleconferences.

Area sown in 2005 has decreased in NSW and SA due to the late break and the lower price estimates. Production in WA looks good after the early break to the season over there and with most of the production in Victoria being in higher rainfall areas it is thought that area and production may be similar to last year. Overall area looks to be 935,000 hectares to produce just over 1.3 million tonnes.

Oilseeds Industry Development Officer

AOF and GRDC have funded this position for a three year period. Funded through the Irrigated Cropping Forum, Andy Wensing has been appointed as the IDO for southern NSW and Victoria. The position will aim 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, Andy will coordinate with the oilseed industry groups and provide support and communication to assist to expand the industry.

The AOF is represented on the management committee by both myself and Mike O'Hare.

Publications

The CAA has published the Australian Blackleg Management Guide and the fact sheet entitled Fungicide use for blackleg control in Canola. Thanks to Steve Marcroft for taking the lead in these publications and to the CAA committee who added comments to several drafts of both bulletins.

As usual the CAA also published the 2005 blackleg resistance ratings fact sheet.

Links with Oilseeds WA

In October 2004 Neil Wratten and I had discussions with Oilseeds WA about the two organisations. We have much in common and have agreed to confer more frequently about industry issues. Oilseeds WA have also used several of our publications that they see as being equally relevant in WA.

Production Teleconferences

These have continued throughout 2004 and 2005 with contributions from all states. We greatly appreciate the time that all participants put into this as it helps the whole industry.

Newsletter

The CAA newsletter continues to be produced, thanks to Rosemary Richards who keeps us on our toes. We aim to continue to produce information that is relevant to the farmers and consultants who receive the newsletter.



Oilseeds WA Report

Jon Slee – Chairman

John Duff – Executive Officer

In 2004-2005 Oilseeds WA further developed as a body capable of providing advice to assist industry development thanks mainly to the support provided by GRDC.

The main area of advancement has been in support of canola production. GRDC provided funds for a Project titled "Growing Western Canola Technology". GRDC and AOF support have provided capacity to facilitate linkages across the industry.

Strategic Actions in 2004-2005

1. The GRDC "**Growing Western Canola Technology**" project has resulted in:
 - upgraded grower packages for 2005 (2006 in prep)
 - a 50 page canola booklet (in final stage of publication) will be released for industry comment at our upcoming agronomists/leading grower workshop on the 24 October
 - a research review
 - state benchmarks.
2. A **demonstration/trial program** was carried out at 9 sites in 2004. Results were distributed at the Crop Updates and in the grower packages. The 2005 program initially involved 13 sites. Very wet conditions in the southern half of the state has reduced this to 12 with some of the sites affected by water logging.
3. A **Plate to Pod Tour 2004** was run on September 30 with visits to supply chain locations throughout the metropolitan area. The tour was well received by participants. A high light was the inclusion of the Port of Fremantle in the stops.
4. **Grains West Expo 2005** 19th & 20th of July 2005
 - The event was the second in a the series to build the grain industry.
 - CBH Group, GRDC, AOF, COGGO, CSBP, Department of Agriculture, Farm Weekly, Riverland Oilseeds, Hotel Rendezvous and the Australian Grain Institute were all sponsors.

- The program was highly successful with three international and thirty Australian speakers providing advice to the WA Industry.
 - Oilseeds WA (&AOF) were very well promoted at the event. Rosemary was able to advise the WA Industry of the details of the new AOF Plan. Jon Slee is chair of the organising committee. Both Oilseeds WA and AOF had a display. All meals included and promoted grain products including oilseeds products.
5. **NVT EOI** – encouraged by strong industry support an EOI was submitted to GRDC to manage NVT for Canola in WA. The EOI was considered by GRDC to be of high quality, and well thought through but they could not justify the extra expense. This was disappointing but not entirely unexpected. Agritech were awarded the contract. GRDC requested advice from Oilseeds WA on site selection and our involvement in an industry advisory panel. Our capacity to provide this in future is likely to be limited.
 6. **Biodiesel Workshop** – was held on the 3rd of August. It attracted significant interest. The papers are available on the Oilseeds WA page of the AOF website.
 7. Thanks to Rosemary an **Oilseeds WA page** was established on the **AOF website** with events such as Grains West Expo being well published along with reports and media releases.

Soybean Industry Report

Peter Brodie – President Northern Australia Soybean Industry Association

In presenting this report, there are many positive outcomes for the soybean industry for 2004-2005 year. I will outline some of the achievements during the year.

Insect Management Brochure Supported by the AOF

Hugh Brier updated the Insect Management Brochure and 3,000 copies were printed and distributed throughout Australia. This is an excellent brochure and the demand was so great that we have run out and we will have to consider printing another edition.

Australian Soybean Conference Organised by RSGA

In March the RSGA hosted the 13th Australian Soybean Conference in Barooga. Those who attended benefited from the range and quality of speakers and the district field day which included inoculation trails, irrigation innovation and seeing the new variety Snowy growing. Although it was a low key affair, about 85 people attended and there were some very good papers. It was decided by the delegates that the next conference be organised in Bundaberg in March 2007. NASIA are forming a committee to make this a successful conference.

It was also proposed that a peak body be formed to represent the three soybean associations. I was elected to develop this body but unfortunately I have not provided time to organise a meeting.

AOF

The Crop Management folders were presented for release at the conference by our President of the AOF, Warren Burden. Greg Mills, Natalie Moore and Don McCaffery are to be congratulated for their efforts.

The soybean industry through a number of meetings organised by the AOF Strategic Planning group provided important information in establishing the final plan.

Seed Release – Snowy and Stuart

The most important function for NASIA and RSGA this year has been the release of the Stuart and Snowy varieties to the associations. Both varieties have been released by the CSIRO to the industry. We appreciate the support of CSIRO in allowing us the opportunity to produce and market the new cultivators developed by Andrew James and his team. This has involved considerable planning and formation of a system for the successful release of varieties through the associations. To develop the system has been a massive job and through the experience of Brian Algate in the Australian Mungbean Association this would not have happened so quickly.

Funding from GRDC

GRDC are reviewing funding for the research and breeding programs in soybeans and there is a concern that the amount provided will be reduced. This will severely affect our industry. Through the associations and the assistance of AOF, we have been lobbying GRDC members strongly to maintain the funding to continue the breeding program which is vital to the expansion of our soybean industry. Each association has provided a submission and Bob Colton is also providing an independent review.

Production

It was a disappointing year again due to the lack of irrigation water and poor rainfall.

Riverina and Victoria Production – 5,000 tonnes

Given the uncertainty created by water shortages in the 2004-2005 season the RSGA faced the obvious challenges of maintaining interest and momentum given the reduced plantings and uncertainty over early season pricing.

Current allocations for 2005-2006 are more promising and should see a greater area sown to primarily culinary

varieties. As Rice Growers have offered additional water to growers to increase rice production there may be a flow on effect in that late season allocation increases may be used for soybean production.

Mid and North Coast NSW – 18,750 tonnes

The soybean season on the Mid & North Coast of NSW had a mixed year. They started the season with some of the best seasonal conditions they have had for some years. As mid to late January appeared dry, weather started to set in dropping our potential yield from 3.8 tonnes per hectare down to 2.5 tonnes per hectare in some areas. Planting of soybeans increased in the sugarcane areas to a large degree with mainly black hylum soybeans being the predominate plant with a 5.7 tonnes per hectare being the top yield. All growers seemed to have been happy with yields and prices received for the 2004-2005 crop. However saying this there were some issues with low protein levels with some varieties.

North West NSW – 15,000 tonnes

There was an expansion of production in this area due to some flooding of cotton crops and the replanting of these areas with soybeans. The quality out of these areas is very good.

Queensland – 15,600 tonnes

The season started well and production estimates were expected to be 30,000 tonnes. Due to severe drought some crops were baled or ploughed in and production was reduced by half. On a positive side, there was increased interest in the sugar areas and this will expand in the future years.

With the release of the new varieties and the on going interest for our GMO free and high quality beans there are many opportunities for expansion of the industry, especially into countries such as Japan.

Industry Statistics

Table 1: Australian Oilseed Production

Production					
	2004-05	2003-04	2002-03	2001-02	2000-01
Canola	1,119	1,622	790	1,608	1,681
Sunflowers	61	39	22	70	72
Soybeans	54	74	14	72	76
Cottonseed	850	420	450	875	1,082
Other	7	10	10	15	15
Total	2,091	2,165	1,276	2,626	2,911

Table 2: Australian Oilseed Area and Production by State

	2004-05		2003-04		2002-03		2001-02		2000-01	
	Area '000ha	Prod'n '000t	Area '000ha	Prod'n '000t	Area '000ha	Prod'n '000t	Area '000ha	Prod'n '000t	Area '000ha	Prod'n '000t
Canola										
NSW	240	395	230	282	220	180	240	372	250	400
VIC	279	420	195	420	320	100	400	600	400	700
SA	180	226	180	310	145	180	130	215	154	230
WA	420	490	400	610	287	330	360	421	530	350
Total	1,119	1,531	1,005	1,622	972	790	1,130	1,608	1,334	1,680
Sunflowers										
QLD	17	14	30	20	28	16	30	28	46	45
NSW	28	47	19	19	9	6	31	43	22	27
Total	45	61	49	39	37	22	61	71	68	72
Soybeans										
QLD	8	16	15	32	3	5	9	20	40	25
NSW	17	38	16	41	5	9	21	51	57	50
VIC	1	1	1	1	0	0	1	2	5	2
Total	26	54	32	74	8	14	31	72	102	76

Table 3: Imports and Exports by Year

Imports ('000 tonnes) Crop Year			Exports ('000 tonnes)		
Product	2003-04	Av 5 years to 03-04	Product	2003-04	Av 5 years to 03-04
Soybeans	44	17	Canola seed	1,158	1,302
Canola oil	10	5	Cottonseed	167	383
Coconut oil	15	14	Soybeans	7	6
Olive oil	31	29	Safflower	4	7
Palm oil	123	118	Canola oil	47	36
Soy oil	11	10	Cottonseed oil	2	1
Sunflower oil	29	21	Soybean oil	2	2
Soybean meal	331	265			

Table 4: Canola Exports by Destination

'000 tonnes				
Destination	2003-04	2002-03	2001-02	2000-01
Bangladesh	113	70	115	183
Europe	94	1	62	362
China	3	0	384	320
India	6	13	25	1
Japan	613	428	446	347
Malaysia	4	401	12	19
Pakistan	299	39	307	182
Other	25	-	-	1
Total	1,158	551	1,352	1,415

Table 5: Cottonseed Exports by Destination

'000 tonnes				
Destination	2003-04	2002-03	2001-02	2000-01
Japan	129	133	163	154
Korea	34	17	62	99
US	1	3	272	351
Other	3	4	4	31
Total	167	157	501	636

Industry Statistics *continued*

Table 6: Meal Usage ('000 tonnes)

Protein Meal Usage in Australia					
000 tonnes	2003-04	2002-03	2001-02	2000-01	1999-00
Canola	225	224	239	172	222
Soy*	350	315	270	195	75
Sun	24	13	4	42	70
Cotton meal	130	175	190	285	254
Total	729	727	699	694	621

* includes imports.

Figure 1: Australia Oil Usage by Type

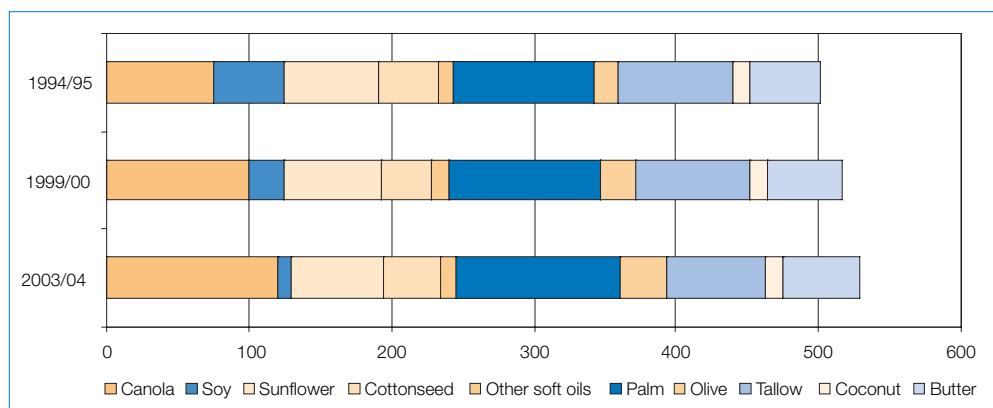
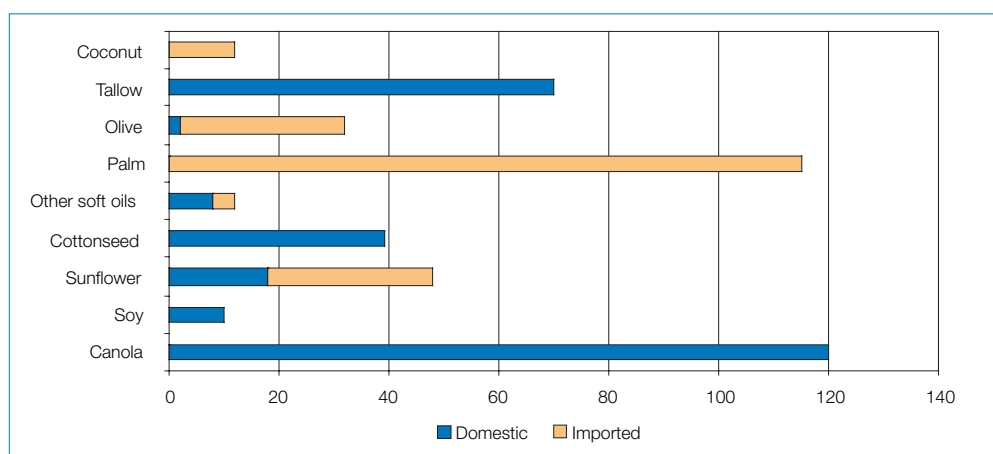


Figure 2: Australia Oil Usage by Source



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