

Annual Report 2005-06



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	Trent Potter – Canola Association of Australia
Clint Munro – Treasurer	Peter Brodie – Northern Australia Soybean Industry Association (representing the soybean industry)
Charles Aldersey – representing the refiner sector	Rob Proud & Rob Dickie – Oilseeds WA
Robert Green – representing the crushing sector	
Michael O’Hare – representing the production sector	
Simon Clancy – representing the export sector	
Nick Goddard – representing the consumer marketing sector	

Acknowledgements

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

Meadow Lea Foods	Bartter Enterprises
Peerless Foods	Ridley Agriproducts
Unilever Australasia	Milmaster
Cargill Australia	Grain Pool WA
Riverland Oilseeds	GrainCorp
MSM Milling	Louis Dreyfus
Atlantic Pacific Foods	ABB Grain
Alba Edible Oils	AWB Limited
Cootamundra Oilseeds	

Presidents Report

Warren Burden

In my report to the members last year I said that (subject to weather) the industry had a very positive outlook. It is very disappointing and indeed frustrating to again witness a severe water deficit in Australia which will again see a dramatic decline in oilseed production with canola production of around 750,000 mt. being the lowest since 1996 and lower than the last drought affected crop of 2003. Of real concern is the disproportionate drop in canola production compared to wheat.

We live on the driest continent on earth, some may say a desert and the big issue for all of us is the availability and conservation of our water resource.

During the past year we have been successful in forging a closer working relationship with the Grains Research and Development Corporation with agreement reached on a three year implementation programme for key aspects of our 4th strategic plan. This programme is being jointly funded by GRDC and AOF, as was the appointment of the oilseeds industry development officer. The Oilseed Agronomy Project has been funded for three years with one year of funding for the Market Signals Project.

The AOF played a pivotal role in having State Governments legislate for acceptable levels of adventitious presence in canola seed of approved GM events. The AOF continues to play an active role in the issues around the possible introduction of GM canola seed into the Australian supply chain. This activity will need to continue in the lead up to review of the various state moratoria. The AOF is seen as the most appropriate organisation to provide bipartisan and balanced information around this issue. A sub-committee was formed to further develop AOF activities and plans and funds were allocated to this end.

A canola breeding workshop was facilitated by the AOF in July which was commissioned by GRDC.

The Executive Director attended the Canola Council of Canada (CCC) conference, and along with the Treasurer, the IASC conference in San Francisco. Agreement on a Global Canola Alliance was reached between the CCC, US Canola Association and AOF

with the intent of bringing in the European industry at a later date.

A complete revision of the Schools Kit was also completed during the year with joint funding from AOF, Unilever, Peerless Foods and Goodman Fielder.

Major investments have been made, and are planned, for the production of bio-diesel in Australia and the AOF has engaged with this new consumer of oilseeds to ensure that we remain abreast of developments and the future implications for our industry.

The Standards Committee continued their invaluable work during the year with a high level of participation by members under the chairmanship of Neil Barker. Of the many issues addressed, the FOSFA method was adopted for oil content test and the chlorophyll in oil test changed to the COPA method. Another issue was the abnormally high free fatty acid (FFA) levels in last year's canola crop, which it would seem was caused by insect damage, namely Rutherglen bug. My thanks to Neil and the Committee.

My sincere thanks to our Executive Director, Rosemary Richards in appreciation for her work during the year and I am pleased that she has agreed to stay with us for another two years to see through the further implementation of our Strategic Plan. Our Treasurer, Clint Munro has seen that we continue in a sound financial position as well as overseeing the preparation of a three year budget. My thanks also to Jon Slee as Vice President for his contribution.

The AOF will be hosting the World Safflower Conference in 2008 and the International Scientific Fats Conference in 2009. Despite the travails of the weather I am confident that if we push forward positively with our main objective of increasing oilseed production the resultant benefits will accrue to all of us involved in this important industry.

ODF Report

Rosemary Richards – Executive Director

Highlights

- Establishment of the Global Canola Alliance bringing together the Australian, Canadian and US canola industries to promote the canola brand on the world stage
- Partnership with GRDC to implement key elements of the AOF 2010 Strategic Plan relating to building production and improving market signals
- Continued awareness of the healthy oil message and shift to Australian grown soft oils
- A respectable 1.4 million tonnes in canola production despite dry seasonal conditions for the fourth year running.

Australian Oilseeds Federation

It is pleasing to report that implementation of the first year of the AOF 2010 Strategic Plan is well underway.

The extensive industry review process undertaken for the development of the 2010 Strategic Plan has proven both vital and fruitful. It has ensured that AOF has continued to be well placed in fulfilling its important role of industry support and development. It has ensured the Federation has remained a relevant and valued contributor during 2006 and will continue to do so in the coming years.

In this regard, our optimism has been encouraging given the rapid emergence, during 2005/06, of many of the opportunities identified in the plan including the growing awareness and demand for healthier oils and the growth in the global biodiesel industry.

The 2005/06 financial year also saw AOF lift its profile considerably – across the oilseed industry, throughout the broader community and in international forums – as a direct outcome of the priorities identified in the AOF 2010 strategic plan. This has included the positioning and reinforcement of AOF's role, in domestic and global arenas, as the peak industry body for the Australian oilseeds value chain, embracing consumers of food, feed, health and industrial products.

With the ongoing support of the Oilseeds Development Fund (ODF), AOF continued to deliver industry development and support services across the Australian oilseed industry. Its leadership and coordination function proved a catalyst for promoting industry growth and innovation. As a result AOF has been able to actively pursue implementation of the goals outlined in the plan including:

- Developing a stronger and more recognised industry voice
- Encouraging and supporting innovation
- Programs of market and product development
- Increasing grower capacity
- Supporting the development of industry capacity and influence.

Specifically, the Strategic Plan has provided the focus for the industry to work together on pursuing the growth opportunities before it including:

- A shift to healthier oils within the Australian domestic market – both in traditional markets and through the introduction of new high stability variants
- Strong export demand from Japan, Europe and Pakistan for Australian seed
- Rapid development of the biodiesel industry.

The goal of growing the industry to \$3.3 billion by 2015 has provided a strong base for industry activity. The plan has enabled AOF to continue on the successes of the past with a focus on influencing market preference through value add in production, quality and reliability.

Priorities for the industry and AOF throughout the past year and going forward include:

- Increasing the industry's access to research investment
- Facilitating access to best agronomic practice advice for farmers
- Expanding the market for oilseeds by promoting the benefits for food and industrial uses
- Enhancing Australia's position in international markets including promotion of the industry, seeking a level playing field in trade and forming international partnerships.

ODF Report continued

With this as a basis, AOF will continue to put in motion programs geared towards market preference through value add in production and quality and reliability as the platform to realising increased value, growth and production.

Industry Performance

Disappointingly however, the 2004/05 growing season again delivered limited crop production due to a continuation of the dry conditions of the previous four years. Another late break reduced Australia's winter crop prospects, but fortunately a kinder finish to the season helped offset this somewhat, and the canola industry finished with a respectable 1.4 million tonnes, although this is still well below the industry's potential.

The summer season crops of sunflower, soybeans and cotton had an excellent start, but a hot dry finish that resulted in poor yields and lower quality marred the year.

The results once again highlight the ongoing need for a dedicated focus on building crop production and importance of the GRDC partnership, which is both a vital and necessary part of addressing this problem.

The smaller crop saw canola exports down to around 1 million tonnes, while cottonseed exports were up on the previous year to just short of 230,000 tonnes.

The crop size saw imports of oils remain firm. Sun oil imports were down slightly on the previous year, but other soft oil imports remained at similar levels. Palm oil and soybean meal continue to dominate imports at around 100,000 and 300,000 tonnes respectively.

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

The focus globally on trans fatty acids (TFA) has been a driver, with legislative changes in a number of countries bringing this issue to the attention of food companies. This is expected to result 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.

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

Reassuringly the longer-term outlook for our industry remains positive. The increase in global vegetable oil demand in 2005/06 was 8.1 million tonnes of which biofuels accounted for 3.7 million tonnes.

Globally, the biodiesel market is expanding rapidly and the industry has experienced a strengthening in world oil prices as a result. Emerging biodiesel demand is expected to continue to dominate market growth and provide price support during 2006/07.

Looking forward the prospects for growth are positive. A recent RaboBank report on the global oilseed complex forecast food demand alone to generate a 14% or 13 million tonne increase in vegetable oil demand by 2010. A similar increase of 12 million tonnes from the biodiesel sector was forecast, providing a combined increase in demand of 27% or 25 million tonnes in total.

It is critical that Australia's industry is positioned to capture these food and non-food opportunities.

2005/06 Activities

International Activities

AOF continued to play an active role on the international stage through its involvement with the International Association of Seed Crushers (IASC) and development of the Global Canola Alliance.

International Association of Seed Crushers

The IASC Congress was held in San Francisco during June, which was attended by the AOF Treasurer and Executive Director.

During the Congress the IASC global trade study was released. Presented by Dr James Fry LMC International Ltd, UK in his paper 'Liberalisation of the Global Market for Oilseeds, Oils and Meals, the study looked at the impacts of a free trade environment for the oilseeds sector. The study identified the consequences of liberalisation alone, away from any of the effects of population and income growth and the economic growth of developing economies. It concluded that

the largest beneficiaries from liberalization would be consumers in low-income countries who would enjoy major gains in their consumption of both meals and oils, and yet, would not have to increase their spending on oil and meal purchases. From an Australian perspective, the interesting outcome is the potential for growth in canola if the biodiesel growth continues and provides support for the higher oil oilseeds. The model examines the impact of the current premium of canola oil to soy being maintained and illustrates that both Canada and Australia would significantly increase their canola production if this scenario continued.

Trade continues to be a major issue for the IASC members and the lack of progress in the WTO talks is disappointing.

The level playing field initiative continues as a key platform for the oilseed sector to work towards removal of trade barriers. However, it is recognised that little progress within the formal negotiations is likely on the oilseed sectoral initiative until the current negotiations on modalities relating to the pillars are complete.

The IASC Congress also saw issues of sustainability given greater prominence with the positive progress of the Sustainable Palm Oil Round Table and the formal initiation of the Sustainable Soy Round Table.

Global alliance

International co-operation between the Australian, Canadian and US industries moved forward significantly during the year, with meetings between the parties occurring in March and June 2006.

Discussions centered on common objectives and how to co-operate for the benefit of each nation's canola industries such as collectively promoting opportunities for canola globally. It also included such topics as trade, breeding objectives and priorities, biodiesel and biotechnology.

One outcome of the cooperation initiative may see Canada, the US and Australia begin promoting the canola brand in the same way around the world. Other actions could include each country promoting the same health messages associated with canola to their customers and taking consistent messages to trading partners such as China during bilateral trade talks.

Discussion also included opportunities for technical support and cooperation to jointly improve the positioning of canola and expand demand for canola. A key focus of the cooperation initiative will be joint R&D activities in relation to canola oil and protein meal. In particular, improving the value and penetration of canola meal is an important joint objective.

Grower capability

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

During the year AOF continued with its plan to make a considerable investment over the next three years to improve the productivity of canola, soybean and sunflower growers through a broad based oilseed agronomy initiative. The industry has also moved forward on investing in the development of new canola types including canola juncea, which will enable the crop to expand into more arid areas.

Major agronomic initiative

With the objective of lifting oilseed productivity and improving the level and consistency of production, the Australian Oilseeds Federation (AOF) launched a major agronomic initiative. Jointly funded by the Grains Research and Development Corporation (GRDC), it aims to improve competitiveness of the Australian canola industry as a leading supplier of premium oil, meal and food products and also to place it in the position to expand market share.

This comes as a result of the 2010 Strategic plan which identified that consistent and improved quality and supply will do much to assist in positioning Australian canola seed as 'premium canola' and in expanding exports.

The new three-year project is to provide much needed support for oilseed growers and involves the canola industry and northern soybean and sunflower industries and endeavours to consider ways the industry can be supported so it produces consistent quality crops, irrespective of weather and price factors.

ODF Report continued

The project is the most significant investment in oilseed-specific agronomy that the industry has seen, and focuses on improving the skill levels of advisors and growers so that they can more reliably produce oilseeds under our current 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.

Oilseeds Industry Development Officer

The Oilseeds Industry Development Officer for southern NSW and Victoria is an ongoing project jointly funded by AOF and GRDC. 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.

Throughout the year the IDO, Felicity Pritchard, has been very active with weekly oilseed columns, publications such as Oilseed Outcomes and the virtual canola crop site which, displays current photos of a canola crop taken at weekly intervals. This is supported by a description of the crops progress, condition and current growing conditions. It enables the Australian canola industry to source up-to-date visual images and information of the growth and development of the current canola crop.

Nature's Finest

Nature's Finest is focused on promoting Australian oils as natural, healthy and tasty. While the industry



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

The 'Natures Finest' education and awareness campaign continued to seek opportunities to promote the health benefits and advantages of Australian soft oils to consumers to help them distinguish between the 'good and bad fats' and make informed purchasing choices.

Key activities in the past 12 months included a canola oil promotion as part of the Culinary Olympics during Fine Food Week. The AOF canola oil promotion was undertaken during August 2005. This featured canola oil and spreads, was designed to inform consumers of the positive health benefits of canola oil. Very positive results were achieved in media coverage following the distribution of gift packs containing canola soap and moisturiser and appealing serving suggestions and recipes for canola oil. The AOF schools kit was also revitalized and will be released at the 2006 AOF Forum.

Export program

The focus during 2005/06 was on promoting the advantages of Australia's soft oils. AOF released a brochure to assist exporters in marketing Australian oilseeds and products. This highlighted:

- *'Australia's soft oil advantage'* promoting Australian oilseeds as being in high demand, domestically and overseas, as a commodity and high value-add products
- *'Australia's healthy oil advantage'* promoting Australian oils as preferred by the health conscious, home cooks and food industries alike because of its healthy nutrition profile, good taste and versatility
- *'Australia's supply chain advantage'* highlighting that international buyers seek out Australian oilseeds because they can depend on the reliable and efficient chain of production, processing and distribution.

The other major activity has been preparation for hosting a delegation of crushers from Pakistan who are to visit Australia in November 2006.

Improving Protein Meal

The Strategic Plan highlighted that domestically, the industry stands to benefit from increasing the penetration of higher value canola meal (and other locally produced meals) in feed rations and improving the relative value of canola meal. Lifting the value of canola meal to 75% of the soy value would add a further \$8 million to the value of the local canola industry.

Consequently, the Protein Meal Committee initiated the Protein Meal Benchmarking Project in 2005/06 with the support of the AOF crusher members and the Pork CRC. The project aims to supply higher quality and more consistent canola meal for use by the Australian intensive livestock industry.

This will develop a profile of the industry's protein products and technical data sheets for the industry. It includes identifying ways of improving the consistency and quality of protein meals through better management of crushing parameters.

Communications and knowledge sharing

Importantly, the 2010 Strategic Plan prioritises the need to develop a more cohesive industry voice.

The instrument for this is effective communications that enables the industry to share knowledge and work towards common goals across a range of key areas. Implicit in this is ensuring AOF maintains and develops a credible and recognised voice as an industry leader both locally and globally.

As the peak industry body, AOF continued to represent the industry on policy and strategy development with government, consumers and internationally. In pursuit of this, AOF proactively raised its profile on issues of lobbying, education, health, quality and marketing.

During the year AOF's program of assisting the industry's development saw resources dedicated to informing the industry of the latest developments and furthering appreciation of the value of soft oils in the market place. In this proactive role, AOF created and facilitated many valued communications and industry networking opportunities.

This was noted by good attendance and participation at conferences and forums domestically including over 100 people at the AOF Forum 2005 and typically 30 or more people to AOF general meetings.

ODF Report continued

The strong message from the Forum is 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 2005-06 including Agriculture Australia 2005 and the March 2006 Sunflower Conference 'Meeting the Research Challenge'.

Member communications, engagement and support continued as a core activity for the secretariat. AOF continued the production of 'AOFNews', with four editions of the electronic newsletter being distributed to members. Particular emphasis was placed on the latest in market information, agronomic and market research and domestic and international industry development updates.

Importantly, the *Monthly Crop Report* continued to be valued as a source of market intelligence about Australian crop plantings, crop conditions and production forecasts. Both publications will continue as recognised channels of industry communications.

Supply chain program

Vital to the ongoing development of the oilseeds industry in Australia is attracting young people to the industry. Courses run through the Supply Chain Training Program in September 2005 and April 2006 offered professional development for new people and people already in the industry. They continued to create opportunities to further the understanding of the business at all parts of the supply chain and provided opportunity for leadership development and to build professional networks.

Biotechnology

It has been well documented that the Australian oilseeds industry faces opportunities across food and industrial markets. However, to successfully and competitively target these opportunities, the industry needs to continually enhance production capability, develop identity preservation/traceability systems and develop new functional features for processors and customers.

Biotechnology is considered a tool that may assist the industry in capturing these opportunities. Globally plantings of genetically modified (GM) crops continued

to grow rapidly to over 90 million hectares in 2005 compared with 80 million the previous year. The adoption of GM technology has been most widespread in the production of corn, soybean, canola and cotton.

In 2003, the Australia's Federal Regulator for Gene Technology, approved for general release both Bayer's InVigor canola and Monsanto's Roundup Ready canola. However, during the final phase of the granting of federal regulatory approval, the various state governments, with the exception of Queensland, moved to introduce moratoria reflecting consumer concerns and the lack of a unified industry position.

With the state moratoriums variously up for review in 2008, AOF will need to be involved in the debate that will occur in the coming year.

The approach to biotechnology within the grains industry to date has been fragmented. It is generally agreed that there is a need for a National Coexistence Framework, which can address market and supply chain issues in a structured manner. Single Vision Grains Australia has offered to assist the industry in facilitating the development and implementation of a sustainable platform for the introduction and adoption of a national market access framework for GM crops within the Australian grains industry supply chain. AOF is participating in the Single Vision process.

In addition, during the past year, AOF took a leadership role in addressing the incidence of GM canola in an export shipment and has continued to provide information on the issue through Fast Facts publication, newsletters and contributed articles.

Looking forward to 2005/06

AOF will continue its proactive support of the industry throughout the year ahead. Our activities will be focused around the priorities identified and continuing the work detailed in this report.

Naturally we hope that despite the dry conditions that are unfolding during the 2006/07 season at the time of writing, we will see better growing conditions and a return to former plantings with increased productivity and profitability for growers.

Committee Reports



AOF Standards Committee Report

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 Manual during the previous twelve months.

- The AOF recommended method for testing chlorophyll in canola oil has been changed from AOCS Ak 2-92 to AOCS Cc 13d-55, which is the more internationally accepted method. In addition, price discounts for chlorophyll in export and domestic canola have now been applied up to levels of 50 ppm. At levels exceeding 50 ppm, consignments are subject to rejection.
- The AOF recommended method for testing oil content has also been changed to the more internationally acceptable FOSFA method, and is detailed in the manual as AOF 4-1.24a for oilseeds other than sunflower, and AOF 4-1.24b for sunflower.
- Required standards of testing accuracy in the AOF Test Check program have been established for a range of quality testing parameters, to enable complying laboratories to be identified by individuals or companies seeking to resolve quality complaints.
- The minimum test weight standard of 62 kg/hl for canola has now been clarified so that loads presented for delivery below this limit are rejectable.
- The nil tolerance for peanut material in the AOF soybean standards has been modified to include only peanuts in the form of kernel or peanut shell.
- The oil content minimum for safflower for crushing purposes has been changed from 34% to 38% to more realistically reflect the oil contents existing in most deliveries.
- Development of separate standards for high oleic (mono) and high linoleic (poly) sunflower and safflower both for seeds and for oil.

The following issues are still under consideration by the committee.

- Establishing a better understanding of the relationship between chlorophyll in canola seed and in oil, and the development of a receipt point test for chlorophyll using existing NIR technology.
- Developing a common GM declaration to be used by the oilseeds industry for consignments received both off farm and through the trade.
- Establishing a better understanding of the development of free fatty acids in canola seed prior to harvesting and delivery. This project arose because of the detection of elevated FFA levels in 2005-06 canola in south eastern Australia shortly after the harvest had been completed.



Australian Sunflower Association Inc Report

Annie Pfeffer – President

Overview

The ASA has held our 15th Triennial Conference as well as two General meetings, two Executive meetings, and an Annual General Meeting over the past 12 months.

The focus for the Association in the past year has been on preparation and presentation of our conference as well as accessing funding for the Oilseeds Agronomy Project and the Sunflower Disorder and the continued promotion and development of the industry.

The Strategic Direction continues as in the past year:

- Increase production through increased extension support, industry development officer, development of crop checking/best management practices (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
- industry capacity/technical support.

Good contracts saw a strong plant in July/August of 2005 in Northern NSW and hence, the prospects of a record crop. This, however, was tempered with high temperatures at flowering and seed set as well as an influx of Rutherglen bugs that impacted severely on quantity and quality of seed produced.

Central Queensland plant was again affected by a lack of rain as well as grower confidence. There were small plantings on the Downs.

The beginnings of the sunflower season have seen the beginnings of planting, but in much lower numbers than previous years. The price is rising and our hope will be that this attracts more hectares to be planted as the year progresses. Central Qld holds more prospects this year with a good winter plant and some answers to our mystery "Tobacco Streak Virus".

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.

As indicated in the Strategic Plan, the ASA seeks to merge with the AOF and the Canola Association of Australia and welcomes the support it receives from its members.

15th Triennial Conference – Gunnedah

The recent Australian Sunflower Association conference achieved some major goals in the clear identification of strengths and weaknesses in the Australian industry as well as providing an opportunity for the industry to meet together as a united organisation.

The sunflower industry has gone through significant changes in the last 3 years since the previous conference including a swing back to including sunflowers in northern cropping rotations, the loss of a major Australian player in breeding and the birth of new companies in sunflowers. In addition, there has been an expansion in the opportunities for growers to sell their products to different buyers.

Thanks to Sponsors for their continued support.

A special thank you to all those involved in the organisation of the conference. There were many who contributed many hours in the preparation of presentations and in field demonstrations.

There were significant outcomes from the conference which included:

- Demonstration that Australian sunflower production is extremely small when compared with the world production and indeed the average production in the United States of between 2 and 3 million acres, thus emphasising the importance on the growth and expansion of the Australian Sunflower industry being related to meeting domestic needs for sunflower and diversifying the end use for sunflowers in Australia.

Australian Sunflower Association Inc Report continued

- Also the need to focus on more niche uses for sunflowers in the world for example the long seeded confectionary type which the Japanese market is seeking. The confectionary breeding programs of the University of Queensland and LeFroy seeds have demonstrated that the Chinese market has a much higher demand for non oil sunflower products, primarily as a snack food and Australia is in a position to supply the market during their “off” season.
- Demonstration of the vast opportunity which exists for value adding to sunflower products as shown by Dr Philip Stahlman from the current products available to American consumers. These included sun chips, sun butter (as an alternative to peanut butter and its potential allergies), sunflower seeds in a variety of flavours or roasting options and chocolate coated sunflower kernels.
- Worldwide obesity is an increasing problem and there is increasing emphasis on healthy oils that are stable, thus the increasing demand for monounsaturated sunflowers which produce high oleic oil. This trend is likely to continue.
- Dr Peter Clifton outlined that whilst monounsaturated and polyunsaturated sunflowers are healthier options than other oils and saturated fats, that really health benefits are ultimately gained from exercise and the combined healthy lifestyle not from oils alone.
- The 2005/06 early plant sunflower season had unusually high populations of rutherghlen bug causing yield, oil content and quality damage. This season and the presentation provided by Dr David Murray, QDPI & F Senior Entomologist, highlighted the need for the sunflower industry to look towards more selective options for the control of rutherghlen bugs and heliothis. As an industry, we need to form an insect resistance management strategy to help us coexist with other grain and fibre industries.
- Nitrogen management is an important issue in sunflowers. Increasing the amount of nitrogen supplied to crops increases the biomass production and the ability of a plant to intercept radiation. It is important to balance the nitrogen – soil water scales so all the moisture is not used up in the vegetative stage producing excessive biomass due to unnecessarily high nitrogen rates.
- Agronomy of sunflowers in many ways needs re-addressing, particularly in regards to crop architecture and the increasing interest in sunflowers on wider row spacings and on a skip row configuration.
- Dr Victor Sadras showed work which demonstrated there was no yield loss from moving from 70cm to 140cm row spacing and the compensatory ability of sunflowers is related to their ability to “lean” outside of the rows to reduce their interrow competition for light and nutrients. This will have particular applications for allowing sunflowers to expand into the more western areas where moisture between the rows may be saved for later in the season or for following crops.
- In addition the work by Loretta Serafin and Stephanie Belfield is highlighting the gaps in research around water use of sunflowers in Australia and the importance of nitrogen budgeting and water budgeting to reduce the risk of uneconomic results from growing sunflowers.

Projects

Tobacco Streak Virus: The cause of Central Queensland’s mystery sunflower disorder is no longer a mystery after Department of Primary Industries and Fisheries researchers identified Tobacco Steak Virus (TSV) in infected plant tissue.

Following a marked escalation of the disorder in 2004 that severely impacted crop growth, an 18-month Grains Research and Development Corporation and DPI&F-funded investigative project began in January this year.

This early breakthrough in identifying TSV will go a long way toward restoring much-needed industry confidence in growing sunflowers in Central Queensland.

The project has been guided by a steering committee comprising DPI&F scientists specialising in pathology, virology, agronomy, entomology and weeds as well as Central region agronomic consultants, industry representatives and DPI&F extension officers.

Sunflower Benchmarking: The AOF refunded NSW DPI District Agronomists, Loretta Serafin and Stephanie Belfield's sunflower benchmarking project titled "Sunflowers in Northern NSW and Southern Qld – Tools for Success". The project to date has benchmarked 120 paddocks. Included in this were 23 growers who entered the David Bailey Goodman Fielder Sunola Growers Award. The winner of which was Hugh Ball from "Oodnadatta Farms".

Congratulations Hugh. Thanks to Loretta and Stephanie for the work involved. 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. Funding to continue the business case is currently being sought.

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. Currently we are seeking support and hope to have a new group formed by the end of October to progress this for 2009-10.

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.

2007 – Onwards and upwards

With a merger into the AOF, we see that we can focus on more on the ground activities and support for the industry rather than being constrained by the paperwork involved in supporting a separate organisation. We look forward to times ahead.

Thanks to all for their continuing support.



The Canola Association of Australia Report

Trent Potter – President

Canola production in Australia has been severely affected by the dry season in 2006 over the whole country and the late break in NSW and Victoria. At present it looks as if production will be below 770,000 tonnes, but may even drop further if more rain has not fallen from the time of writing this report. Hopefully all is not doom and gloom as several innovations have the potential to improve the uptake of better agronomic practices by farmers to result in increased yields of higher quality canola.

Oilseeds industry development officer

AOF and GRDC have funded this project through the Irrigated Cropping Forum 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. The AOF is represented on the management committee by both Trent Potter and Mike O'Hare.

AOF/GRDC funded Oilseeds agronomy project

This project, funded by AOF and GRDC is to be 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.

Publications

The CAA has developed the fact sheet entitled Burning Canola Stubble may not Control Blackleg. Thanks to Steve Marcroft 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 2006 blackleg resistance ratings fact sheet which is used by farmers and industry and is now very necessary with so many new canola varieties being released each year.

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.

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. This year we have made a great effort to get stories from farmers who can show the benefits of canola in their rotations and also give information about the agronomic practices they use.

NVT and canola

One issue that the CAA is very concerned about is the testing of canola varieties for only one year before release. This year has shown how difficult this will make variety choice for farmers with up to 20 varieties possibly to be commercialised and many NVT trials badly affected by seasonal conditions.



Oilseeds WA Report

Jon Slee – President John Duff – Executive Officer

This past year has been a good year for Oilseeds WA. The highlights have been the completion and distribution of the “Growing Western Canola” package and a detailed biodiesel feasibility study and workshop program.

We ran a controversial ‘Issues and Markets’ forum at the AGM. The forum included discussions on commercialisation of new varieties, who pays for plant breeding, EPR/royalties and world market outlooks. Pulse WA and the Australian Seeds Federation joined with us to run the forum.

Late October 2006 will feature Oilseeds Week WA based around a ‘Beyond Biofuels’ workshop on the 24th and our third ‘Pod to Plate’ Tour on the 25th. In 2007 we will co-host the third ‘Grains West Expo’. We are also considering an international tour. Like the East, WA needs better rainfall in 2007 to lift exports and enthusiasm for the black grain.

Achievements for 2005-06

The GRDC “**Growing Western Canola Technology**” project was completed resulting in:

- A 60 page **Growing Western Canola** Guidelines booklet
- Grower rainfall packages for 2005 and 2006
- 5 Grower case studies
- Research Review
- State benchmarks 2005 and 2006
- Agronomists workshop.

The **demonstration/trial program** was conducted at 13 sites in 2005 and again in 2006. Results were distributed in the grower packages to WAFF, PGA and AAAC consultants and in media releases. The increased involvement of private and company agronomists greatly assisted the program.

Research Review

Our priorities were identified as:

1. Canola meal use for aquaculture, plant nutrition and other uses
2. Implications and opportunity of biodiesel production for the industry
3. Providing more leadership to breeders on desired production traits
4. Providing more advice on specialized oilseeds for emerging markets
5. Continue to source and summarize best agronomic advice in an annual “Growing Western Canola” update and case studies.

Biodiesel

A Feasibility Study was carried out and report prepared. Workshops were run in Perth (Aug), Lake Grace, Kondinin and Merredin (April) and in Esperance during July. The executive summary is available on the AOF website. The project was supported by the Wheatbelt Development Commission.

Grains West Expo 2007 “*Working together to stay the Best*” will be held at the Burswood Casino Convention Centre on Thursday 26th and Friday 27th of July 2007. Welcome to new partner Pulse WA.

Soybean Industry Report

**Peter Brodie –
President NASIA
Don McCaffrey – NSW DPI**

1. National industry highlights

1.1 Oilseed Industry Development

In conjunction with GRDC, the AOF have organised joint funding of \$745,000 over three years to provide agronomy support for the oilseed industry through the contracting of Steve Marcroft and Sue Knights as Project Coordinators for the Oilseed Agronomy Project. NASIA have recently met with both consultants and provided an insight to some of the problems facing the industry.

1.2 Australian Soybean Conference

The AOF showed its support for the soybean industry by agreeing to provide \$5000 to support the next Australian Soybean Conference, which will be held at Bundaberg on March 27th and 28th 2007. This conference is the responsibility of NASIA to organise. A committee have commenced planning for the conference.

An issue for discussion during the conference is to bring together the three regional soybean associations to form an Australian Soybean Association as a national voice for the industry.

2. Regional industry association highlights

2.1. Northern Australian Soybean Industry Association (NASIA)

Production

It was a disappointing year again due to the lack of rainfall and irrigation water with Queensland producing 14 710 mt. The season started well and production estimates were expected to be 30 000 mt. 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 future years.

Variety releases

NASIA's most important function this year has been the release of new varieties and the trial and promotion of these varieties. Last year, Stuart was released as a new edible variety developed for the sugar cane and northern Queensland areas.

This year, the variety Bunya was released by CSIRO (through the GRDC funded National Soybean Improvement Program). Bunya has the best potential in Southern Queensland and the Northern Inland region of New South Wales. The seed producers for this variety are Austgrain, CSD and Philp Brodie Grains. In trials and seed production, the yield from Bunya was impressive.

Two varieties produced by the Qld DPI&F program have been in a number of field trials conducted by Peter Thompson and appear to have potential in coastal sugar areas and the South Burnett. These varieties are identified as DN211 and MANPKN and a decision to release these lines will be made in the future.

Field days

During the year there were a number of successful field days held at Bundaberg / Childers, Darling Downs and Eumundi. At each of these days, the attendance was above our expectations and is a sign that we can expand the industry. These days were well organised by Greg Mills and Peter Thompson with the assistance of industry members and with presentations from specialists within the industry made these days very successful.

Hugh Brier (QDPI&F, Kingaroy) also conducted insect management courses in conjunction with the "Women in Sugar" program that were well attended and provided valuable training for farmers and agronomists in the sugar industry.

2.2 North Coast Oilseed Growers Association (NCOGA) and northern inland NSW

Production

The northern region of NSW (encompassing the North Coast, Northern Inland and Northern Tablelands) remains the largest single soybean producing area in Australia. On the North Coast, around 6 500 ha of soybean was planted in the 2005-2006 season yielding 17 500mt.

Despite severe drought conditions throughout NSW, rainfed crops in the North Coast region performed reasonably well with generally high yields and good grain quality. Protein levels were of concern (see below). Around 80% of the varieties grown are new clear hilum varieties to allow access to a broader range of markets. In this region, soybean remains a vital component of a diverse range of farming systems (winter cereal, sugar cane, beef, and dairy).

Northern Inland NSW produced 11 188mt of soybean grain. The irrigated crop was targeted at the edible market but the long hot summer resulted in water shortages that impacted on yields. Some dry land crops on the Northern Tablelands were baled into good quality hay.

Protein

As growers adopt the new clear hilum varieties to access human consumption markets, attaining the 40% protein level required to access these markets has become a problem in some seasons. The NCOGA debated this issue at its recent AGM and will raise the issue of developing a national standard for testing protein with the AOF. The NCOGA is also preparing a submission to GRDC to request funding for research to better understand the crop management strategies to improve protein levels.

Variety releases

No new varieties were released on the North Coast this season, but several advanced lines are in the final stages of evaluation trials conducted by Dr Natalie Moore at the Grafton Research Station (GRDC funded National Soybean Improvement Program with material from NSW DPI and CSIRO breeding programs).

The advanced clear hilum lines have improvements in seed size, protein, yield and weathering tolerance, which are key traits required to expand coastal soybean production. On-farm trials of potential new varieties are planned for the 2006-2007 season. Several lines with potential for inland and tablelands production areas are also being advanced.

Field days

Around 110 growers attended a very successful soybean field day at Grafton on the 10th of March

this year. Research trials and potential new varieties were covered as well as information on developments in raised bed technology for soybean in sugar cane farming systems.

Industry development

The NCOGA made several submissions to the GRDC and hosted a tour of the GRDC northern panel members to highlight opportunities for expansion of the soybean industry in this region and to discuss research priorities needed to support this expansion.

The Clarence Valley Council nominated the soybean industry in its recently released Economic Development Strategic Plan as a regional industry that could benefit from input from Council by developing manufacturing or processing opportunities in the region. The NCOGA has met with two private operators who are assessing the potential for locating soybean processing plants in this region. The NCOGA are also interested in developing non-food uses (eg. biofuels) for soybean to further expand the industry in this region and offer growers a wider range of markets to supply.

2.3 Riverina Soybean Growers Association (RSGA)

Production

Severe water shortages again limited the southern irrigated crop with only 12 100mt produced. About 4000 ha of mostly clear hilum varieties were grown in Southern NSW and 320 ha in Northern Victoria. Yields were generally good despite the difficult season and good grain quality was reported.

Variety releases

Snowy, the recent release from Andrew James' CSIRO breeding program has performed very well in the Riverina. The Riverina Soybean Growers Association (RSGA) is coordinating the commercialisation of Snowy, which has improved seed size, protein content and tofu making qualities. Recent trial shipments to Japan have received very positive feed back.

The future expansion of our industry will depend on the success of varieties which are more acceptable to the food industry, whilst also supplying the important crushing and oilseed industries.

Statistics

Table 1: Australian Oilseed production

Production					
	2005-06	2004-05	2003-04	2002-03	2001-02
Canola	1,440	1,119	1,622	790	1,608
Sunflowers	95	61	39	22	70
Soybeans	56	54	74	14	72
Cottonseed	800	850	420	450	875
Other	20	7	10	10	15
Total	2,411	2,091	2,165	1,276	2,626

Source: AOF

Table 2: Australian Oilseed area and production by State

	2005-06		5 year average to 2005-06	
	Area '000ha	Production '000t	Area '000ha	Production '000t
Canola				
NSW	145	254	319	448
VIC	225	338	236	326
SA	150	218	158	232
WA	440	630	399	440
Total	960	1,440	1,112	1,446
Sunflowers				
QLD	2	2	30	24
NSW	75	93	22	29
Total	77	95	52	53
Soybeans				
QLD	7	15	9	19
NSW	16	41	17	38
VIC	1	1	1	1
Total	24	57	27	58

Source: AOF

Table 3: Imports and exports by year

Imports ('000 tonnes) financial year		Exports ('000 tonnes) financial year	
Product	2004-05	Product	2004-05
Canola oil	1	Canola seed	1,019
Coconut oil	12	Cottonseed	214
Olive oil	22	Soybeans	7
Palm oil	90	Safflower	6
Soy oil	15	Canola oil	47
Sunflower oil	30	Cottonseed oil	2
Soybean meal	377	Sunflower oil	3

Source: ABARE

Table 4: Canola exports by destination (crop year)

'000 tonnes					
Destination	2004-05	2003-04	2002-03	2001-02	2000-01
Bangladesh	55	113	70	115	183
Europe	0	94	1	62	362
China	40	3	0	384	320
India	6	6	13	25	1
Japan	435	613	428	446	347
Malaysia	211	4	401	12	19
Pakistan	387	299	39	307	182
Other	4	25	–	–	1
Total	927	1,158	551	1,352	1,415

Source: ABS

Table 5: Cottonseed exports by destination (crop year)

'000 tonnes					
Destination	2004-05	2003-04	2002-03	2001-02	2000-01
Japan	154	129	133	163	154
Korea	62	34	17	62	99
US	1	1	3	272	351
Other	13	3	4	4	31
Total	230	167	157	501	636

Source: ABS

Industry Statistics continued

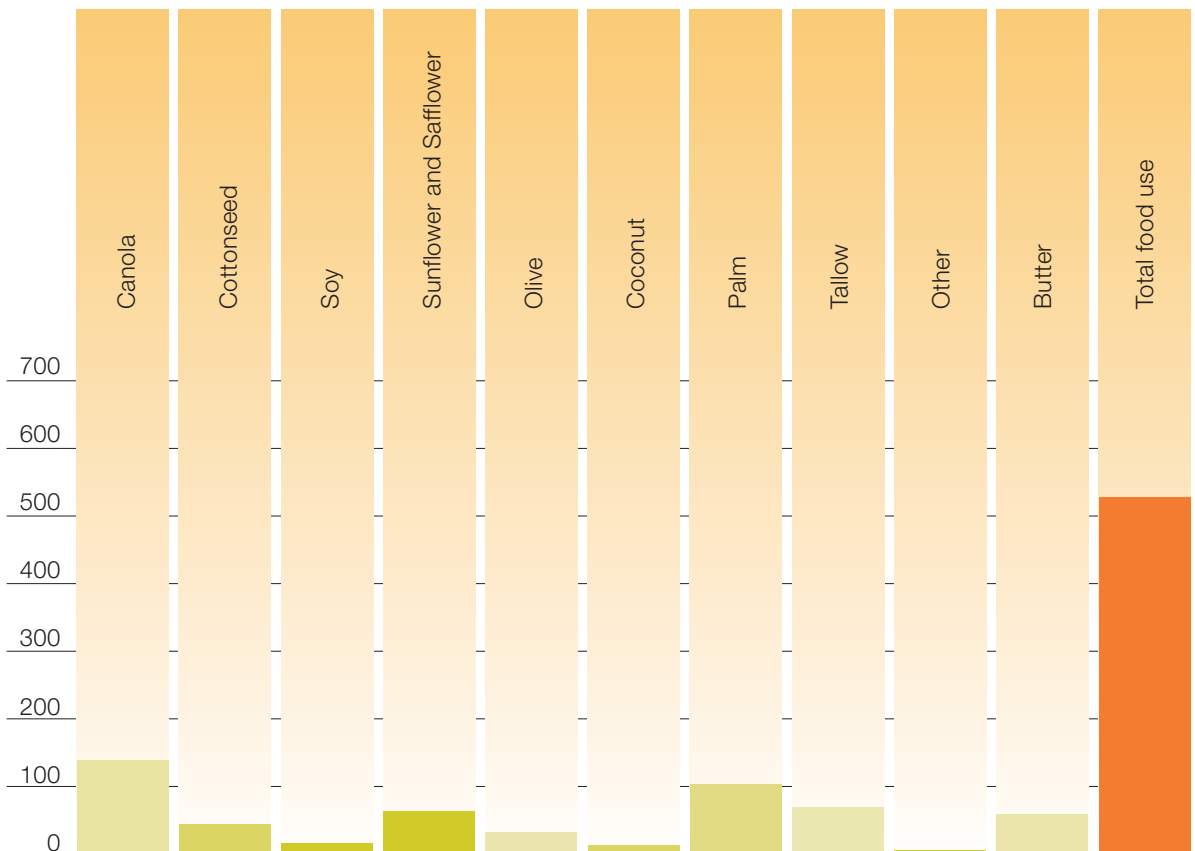
Table 6: Meal usage ('000 tonnes)

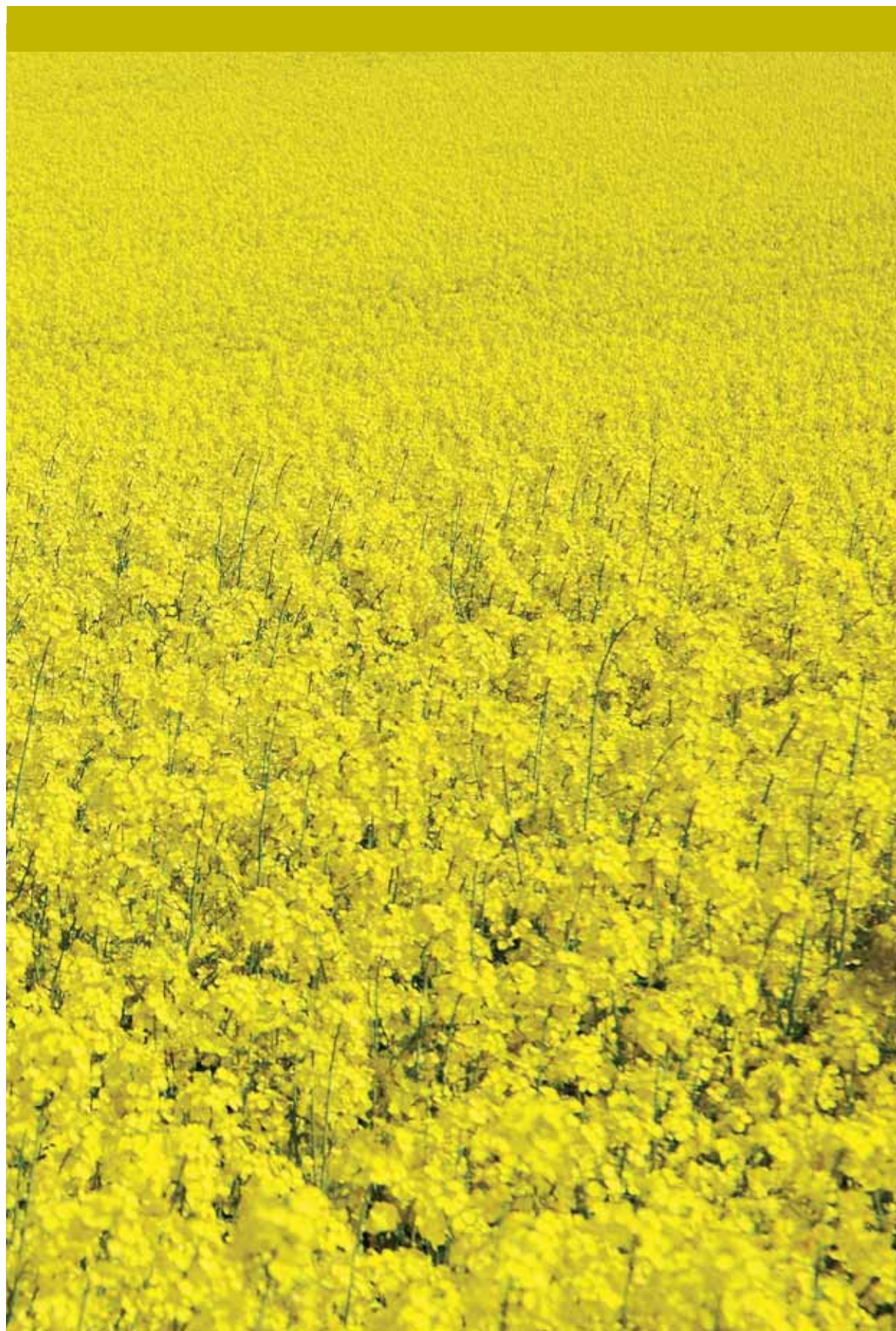
Protein meal usage in Australia		
'000 tonnes	2004-05	5 year average
Canola	270	775
Soy*	330	295
Sun	55	30
Cotton meal	150	185
Total including copra etc	805	740

* Includes imports.

Source: AOF

Figure 1: Oil usage – Food







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