

annual report 2003-04



Australian Oilseeds Federation



AOF Officer Bearers

President	Allan McCallum
Vice President	Jon Slee
Treasurer	Warren Burden
Public Officer	Rosemary Richards
Executive Director	Rosemary Richards

The Executive comprises:

Allan McCallum, Chairman	Michael O'Hare, representing the production sector	Trent Potter, Canola Association of Australia
Warren Burden, Treasurer	Simon Clancy, representing the export sector	Peter Brodie, North Australia Soybean Industry Association
Julie McMinn, representing the refiner sector	Gavyn Anderson, representing the stockfeed sector	Jon Slee, Oilseeds WA
Tony Day, representing the crushing sector	Ken Eyles/Janet MacDonald, AOPG	

Acknowledgements

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GARDNER SMITH PTY LTD	PEERLESS HOLDINGS	RIDLEY AGRIPRODUCTS
BARTTER ENTERPRISES	MILLMASTER	GRAIN POOL OF WA
GRAINCORP	LOUIS DREYFUS	NOBLE GRAIN

The Australian Oilseeds Federation

The Australian Oilseeds Federation is the oilseed industry's peak industry body.

It is active in helping promote Australian grown oils that are great tasting and natural ingredient in a wide range of foods.

The AOF plays an important role in encouraging innovation in the industry to continually produce new and better ingredients for the food industry based on the products produced by our vibrant local oilseed industry.

The Australian Oilseeds Federation (AOF) was established in 1970 and has representation from all sectors of the industry. AOF provides leadership and coordination for the oilseed industry and has been the catalyst for promoting industry growth and innovation.

The AOF is a not for profit industry association that provides services to the entire Australian oilseed industry including producers, processors, marketers, service providers, researchers and consumers.

AOF's core activities are working to improve market access, building demand for Australian oils and conducting industry development activities to deliver competitive advantage for the industry.

Australia is a small producer of oilseeds by world standards but has a reputation as a high quality supplier of seed and oil. Australia is the third largest exporter of canola seed and a significant exporter of cottonseed.

The domestic market is very important to the industry which has over \$1 billion invested in processing capability to produce high quality oils and spreads to service the Australian food industry. The AOF and the industry actively promote the high quality of Australian product which features versatility, enjoyment and value for money, with a particular focus on the important nutritional role vegetable oils play in a balanced diet.

The AOF **vision** is for an Australian oilseed industry that is:

- World competitive and viable producer, processor and marketer of quality oilseeds and products
- Satisfies demands of domestic and export customers
- World leader in innovation based on investment in research, development and extension
- Efficient at all levels of the value chain

Oilseeds Development Fund Report

Rosemary Richards

Industry Performance

The 2003/04 year saw a return to more positive seasonal conditions and overall oilseed production recovered from 1.28 million tonnes to 2.17 million tonnes. This remains significantly below the peak of 3.6 million tonnes in 1999/00. Canola production recovered to 1.6 million tonnes and soybean production was almost 75,000 tonnes. Sunflower production remained disappointing. (Refer table A1 Industry Statistics).

While the improved production outlook did see canola and cottonseed exports recover, imports of oils and meal remain high. In particular, soy meal and palm kernel meal imports reached record levels for the past five years, as did sunflower oil imports. Olive oil imports continue to grow. (Refer table A3).

Food usage of oils and fats was around 540,000 in 2003, with the hard fats (palm, tallow and butter) continuing to dominate. (Refer Figure A2).

Within the food sector, the shift from saturated animal fats to polyunsaturated vegetable oils associated with health is continuing. The soft oils accounted for around 240,000 tonnes with canola dominating, accounting for almost 50% of all soft oil usage. Within the soft oil usage segment, the fastest growing components were olive and the specialty oils.

The consumption of olive oil in Australia has been growing at around 8% per annum, however, this does appear to have levelled out. There has been continued strong growth in mono sun oil usage, with this forecast to continue, although growth is constrained by its cost and supply reliability.

Butter had been winning some share back with a positioning on taste and indulgence, but has now levelled off. Blends are continuing to grow strongly. Butter and blends now represent 37% by value of the yellow spreads market (34% by volume).

Margarine consumption has been declining since 1992 by around 2.5% per annum, with the exception of olive oil based and cholesterol lowering spreads. Furthermore, the oil content of margarine has been reducing as consumers move towards reduced fat products.

The food manufacturing (commercial) and food service sectors continue to show the greatest growth. This is reflected in the fact that the commercial and food service sector has increased its share to 70% of total usage. This is a result of consumers seeking to eat less fat which is impacting the retail sector, while 'invisible' fat consumption i.e. fat eaten out of the home is growing. This invisible sector favours the cost competitive products such as palm oil and tallow

There is some evidence of increased awareness and a shift to healthier oils in this sector. While cost and supply unreliability are limiting penetration, the demand to use healthier oils is definitely evident in this sector and it is hoped that programs like the AOF's Nature's Finest promotion will assist this (see page 5).

AOF Activities

AOF is funded through membership fees and the Oilseed Development Fund (ODF). The ODF is a voluntary fund, established in 1994, to support the development of the Australian oilseeds industry. The ODF comprises levies contributed by crushing, refining, stockfeed and export sectors.

Since the development of its first strategic plan in 1993 and the subsequent establishment of the Oilseed Development Fund, AOF has undertaken an active program of industry development. The AOF is currently implementing its third strategic plan - Growth through Cooperation.

Nature's Finest



This program is targeting the food service sector and the food media to promote the healthy, natural and functional features of Australian grown oils.

The health benefits and concerns of fat consumption have been a topic of debate and promotion over a number of years. Consumers generally recognise that there is a need for some fat in the diet; that there are good fats and bad fats; and that consumption of saturated fat should be reduced. However, there is a great deal of confusion about the differences and benefits between poly and mono unsaturated fats and other issues such as trans fatty acids and also about what oils contain what fats in what quantities. The messages are complex and confused, often because of different groups pushing their own positions.

Nature's Finest program is about improving consumer understanding about health and nutrition features of various oil types and how to consume more of the good oils; and increasing awareness amongst the food industry (chefs and food writers) of the Australian oils industry and the quality of products produced.

Nature's Finest seeks to promote Australian oils as natural, healthy and tasty. Specific objectives of the program are to:

- Improve consumer understanding about health and nutrition features of oils
- §Increase awareness amongst the food industry (chefs and food writers) of Australian oils
- Enhance the profile of domestically produced oils
- §Eliminate old perceptions i.e. oils are natural
- Create a new modern image for Australian oils
- Develop a new approach to using oils i.e. match oils to applications to maximise flavour and functionality
- Build consumer knowledge - "eat healthy in and out of the home"

The program has seen a promotional kit developed incorporating a brochure and product samples. In addition to the kits, information leaflets on a range of topics is available on the website.

Supply Chain Program

AOF continued the Supply Chain Training Program in 2003/04 running a further two very successful courses. This program has continued to deliver benefits in attracting young people to the industry and enhancing their participation in AOF and the industry more broadly. The program is aimed at developing leadership skills and promoting professional development of participants from across the supply chain by providing an understanding of the business at all parts of the supply chain.

For AOF the benefits include:

- An increased pool of talented young people who may be interested in being involved in industry activities and AOF in the future
- Understanding of the industry's vision and commitment to working together to achieve common goals by a wider range of people

Fresh ideas and input into industry activities

Biotechnology

Biotechnology issues again were a major activity for AOF in 2003/04, with the major focus on coordinating the developing of a proposal for Coexistence Trials in NSW and Victoria.

AOF's objectives in relation to the biotechnology issues are to:

- Monitor issues relating to the introduction of GM crops and keep the industry informed
- Develop and distribute balanced and factual information to assist the industry in understanding the implications associated with GM crops
- Represent the industries interests

AOF, in conjunction with the industry, spent considerable effort in developing proposals for Coexistence Trials in NSW and Victoria and subsequent presentation to and meetings with the NSW Agriculture Advisory Council on GM Technology regarding the proposal. The GM Canola Trial Management Strategy presented an appropriate balance between protection of the current supply chain and ability to test coexistence measures.

In the event, the NSW and Victorian governments ruled out any coexistence trial although they will allow small area technology trials to proceed. Currently, there are moratoriums in all States other than Queensland.

There was a considerable amount of work put into developing the GM Canola Trial Management Strategy by the supply chain partners involved in the proposed trials and this should provide a solid basis for any future trial.

Going forward, AOF's activities will focus on:

- Maintaining a watching brief and continuing general education activities
- Encouraging a coordinated state government approach to issues of market acceptance, adventitious presence, liability
- Promoting a unified and evidence based approach to assessments and approvals
- Encouraging bodies like GRDC to promote the debate on GM issue to provide greater certainty for future developments

Communication

AOF's website continues to be an integral part of the AOF communication activities and continues to receive a high number of visits. This was enhanced in 2003/04 with the development of a member's only section for resource documents.

The Australian Oilseed News is one of the AOF's major ways of communicating with the broader industry. Communication with members and the industry remains a core activity for the secretariat. A wide range of enquiries are received for information, assistance and comment.

Payment for Quality

The industry's bonification arrangements continued to be a major topic for discussion amongst the industry in 2003/04. A proposal by the export sector and parts of the domestic sector for a cap on the bonification arrangements was discussed by the industry, but not proceeded with. Despite this, it was recognised that there were a number of issues in relation to the industry's current payment arrangements that did need to be reviewed and a Payment for Quality Working Group will develop options for the industry.

Canola Meal Review

This project involved a survey of the limitations affecting quality and use of canola meal produced in Australia. It found that inaccurate perceptions, attitudes and poor communication were factors limiting stock feed markets.

The survey was conducted by Dr Rodney Mailer, Principal Research Scientist, NSW Department of Primary Industries and found that there was good market potential for canola meal. Despite the increase in production in recent years, growth in the use of canola meal in Australia has outstripped supply which is being filled by imported soybean and palm kernel meal. Protein meal use increased to around 900,000 tonnes in 2002/03, largely due to the highest level of soybean meal imports in many years. In total, soybean meal imports increased by 45% on the previous year to around 370,000 tonnes.

The report found that in order to increase local processing of seed, there is a need to improve the value of canola meal and identify export opportunities for the oil. Improving the value of the meal will result from industry education and accessible, accurate data.

Canola is considered a better meal at the same price in many instances with a good amino acid profile, mid protein, mid fibre, and ME and DE better than most others.

The report identified the need to develop better recognition of the value of canola meal and to identify limitations to the quality and use of canola meal produced in Australia. The findings also help to set priorities for a more substantial investment into protein meal and identify possible sources of funding for research or development.

Other Projects Underway

- Industrial Oils Report
- Development of an IPM Brochure for soybeans
- Soybean Crop Management Notes and Growers Manual
- Sunflowers - Tools for Success: A Benchmarking Project
- Pectin from Sunflowers
- Canola Manual

Summary of Projects and Benefits

Project	Cost \$	Benefit Falls						
		West Coast	East Coast	Canola	Sunflowers	Soybeans	Pre farm gate/ on farm	Post farm
Communication	\$10,000	✓	✓	✓	✓	✓	✓	✓
Supply chain	\$10,000	✓	✓	✓	✓	✓	✓	✓
Biotechnology	\$50,000	✓	✓	✓			✓	✓
Payment of quality	In secretariat cost	✓	✓	✓			✓	✓
Canola meal	\$10,000	✓	✓	✓			✓	✓
IASC	\$10,000	✓	✓	✓	✓	✓	✓	✓
Standards	In secretariat cost	✓	✓	✓	✓	✓	✓	✓
Nature's Finest	\$40,000	✓	✓	✓	✓	✓	✓	✓
CAA Forums	\$5,000		✓	✓			✓	
Canadian Poultry Expert visit	\$5,000	✓	✓	✓				✓
Quality of Australian Canola	\$10,000	✓	✓	✓			✓	✓
End Use Project	\$1,000	✓	✓	✓	✓	✓	✓	✓
Industrial Oils Report	Included in IRC	✓	✓	✓	✓	✓	✓	✓
IPM Brochure for soybeans	\$5,250		✓			✓	✓	
Soybean Crop Management Notes	\$4,000		✓			✓	✓	
Tools for Success: Sunflowers	\$12,000		✓		✓		✓	
Canola Manual	\$15,000		✓	✓			✓	
Export Program	\$10,000	✓	✓	✓			✓	✓
Test Check	Cost recovered from participants	✓	✓	✓	✓	✓	✓	✓
Information Resource Centre (IRC)	\$5,000	✓	✓	✓	✓	✓	✓	✓

Gary Kong/Annie Pfeffer

Overview

The ASA has held four General meetings, one Executive meeting and an Annual General Meeting over the past 12 months. In its Strategic Plan 2001, the ASA identified a number of areas that are central to the future development of industry including:

- Oilseed price and marketing
- Sunflower promotion to growers
- Consumer awareness
- Oil quality
- Industrial and other uses of sunflower
- Disposal of sunmeal

Whilst these continue to be important issues for the current and future potential of the sunflower industry, the Association has focussed on sunflower promotion in this past year following the feedback received from growers and industry at the last conference. In traditional vegetable oil markets, sunflower suffers from supply problems, distance of production areas from processors and end-users and price competition for both oil and meal relative to other oilseed crops. Building grower confidence in the crop is perceived as the first step in improving continuity of supply but we acknowledge that along with weather factors, price plays a major part in motivating growers' cropping choices. We have therefore 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.

Like so many before it, the past season has been unkind to dryland summer crops and sunflower production has suffered from dry conditions and competition with sorghum prices.

Extreme conditions in the Central Highlands of Queensland and the appearance of a mystery disorder that affected many crops has cast some uncertainty over sunflowers for some growers. The Association will therefore 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, but has 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.

Production 2003-2004

Total sunflower production was estimated at 39,390 tonnes from plantings totalling 49,200 hectares across the major growing regions. This amount is considerably below intrinsic demand of around 120,000 tonnes of seed. As mentioned, poor seasonal conditions contributed to the low level of planting, but it must be acknowledged that greater confidence in grain sorghum from both a price and agronomic standpoint has had considerable influence on growers' cropping choices. Demand for grain sorghum has been steadily increasing due to growth in animal feedlot industries and competes strongly with sunflower, particularly in SE Queensland where there is a concentration of feedlot industries.

Nonetheless, in traditional sunflower areas such as Central Queensland, it is rainfall at the right time that largely determines sunflower plantings and unfortunately, these factors have not been aligned for a number of years. Many of the crops in CQ this year were grown without any in-crop rainfall and the thinning of plant-stands due to the mystery disorder became a moisture-conserving advantage for some growers.

Location	Monounsaturates		Polyunsaturates	
	Hectares	Tonnes	Hectares	Tonnes
Moree	8,500	8,500	700	840
Liverpool Plains	3,500	3,500	3,500	3,500
Border Region	5,000	3,500	1000	2,000
Darling Downs	1,000	1,300	1000	1500
Central Queensland	10,000	5000	15,000	9,750
Total	28,000	21,800	21,200	17,590

Projects

Sunflower Promotion: Following discussions at the Sunflower Conference in June 2003, the GRDC provided funding of \$21,000 towards promotion of sunflower in the major growing regions. Pre-season grower and consultant meetings were held in Moree and the Darling Downs, and radio interviews, press releases and advertising campaigns were targeted in the Queensland-NSW border regions and the Central Highlands. Although support at meetings was encouraging, it is difficult to gauge the impact of these activities on production given the poor seasonal conditions. Nonetheless, follow-ups of these activities are planned for the coming season.

New Black Sunflower Pack: As part of its promotional activities, the Association revised the Big Black Sunflower Pack produced in 1997, upgrading existing information and adding new sections - such as information on seed treatments and decision-making tools such as the Whopper Cropper computer model devised by QDPIF. The new pack will be launched in the coming season with each grower receiving a complementary copy of the pack. The new pack has also replaced the old pack on the AOF website.

Oil Awareness: Another component of our promotional activities has been to engage consultant Bill Shrapnel as our official spokesperson on nutrition matters. A one-year media strategy has been developed in conjunction with Bill 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.

Sunflower Benchmarking: The AOF approved a grant of \$18,000 (incl GST) to NSW Ag District Agronomists, Loretta Serafin and Stephanie Belfield, to “benchmark” crops this season and next, in order to develop a set of “Best Management Practices” for sunflower. Information will be collated and analysed to produce a publication for growers and consultants. The ASA has supported this project and recently sponsored Loretta to attend the International Sunflower Conference in Fargo, ND, USA where she and Stephanie (sponsored by AOF) took the opportunity to tour US crops and collect benchmarking data for comparison with Australian grower practices.

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 have not been obtained and so, 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.

Soybean Industry Report

Peter Brodie

The Soybean Industry has had a positive year in 2003 with many opportunities for the expansion of the crop as well as a larger crop than expected.

Production

The phone hook ups that Rosemary Richards organised throughout the year has made it very successful in monitoring production. Due to the lack of irrigation water, the Riverina area was badly affected.

State	Area Planted (Ha's)	Production (Tonnes)
Queensland	15100	32725
NSW	17765	40140
Victoria	546	819
Total	33411	73684

Markets

There is an increasing demand from Asian countries especially Japan for our edible soybeans. Quality is paramount and Non GMO is especially important to these countries. The main demand is for Tofu and Soymilk and protein variety and the size of the bean are the important criteria. The edible market is increasing in Australia and this season over half Australian production were supplied to the edible trade.

For the first time, organic soybeans were overproduced and many farmers found it difficult to obtain a premium for their crop.

There were a number of delegations from Japan and our associations assisted in promoting our industry.

Grain in Cane

The downturn in the sugarcane industry has provided an enormous opportunity for the expansion of soybeans. Soybeans are an excellent rotation crop with sugar as well as providing a cash flow to the farmers.

Our associations have been involved in developing the industry through farmer days and field days. These have occurred from the Northern Rivers of NSW to the Burdekin Valley in North Queensland and in most cases up to 100 farmers have attended.

Through our association support funding was provided for an agronomist to work with Cane in Grain in the Bundaberg area.

AOF Support

The Soybean Industry is very appreciative of the financial support which is helping in the expansion of the industry.

Project funded:

1. Insect Pest Management Guide. Hugh Brier is updating the brochure.
2. Soybean Management Guide. This is being jointly developed by NSW and QLD and Natalie Moore, Don McCaffery and Greg Mills are involved in producing the guide.

The AOF Edible Soybean Standard has been modified and accepted as the standard. There were two changes in relation to screen size and foreign matter.

Bruchid Beetle

This year for the first time Bruchids were found in the crop and these insects caused a major problem in the export of soybeans. Bruchids have previously been identified in mungbeans and cowpeas. They are found in the field and bore holes in the seed and if not fumigated they can devastate the seed.

Grafton Research Station

The NSW Government has made a serious decision to close a number of Agricultural Research Stations. Grafton Research Station is one chosen to close and this station has been very important in the breeding and development of soybeans in coastal areas. Peter Desborough and Natalie Moor have been involved in breeding weather tolerant varieties suitable for the coast.

Our associations have been strongly supporting the continuation of this research station and have lobbied strongly with the Government.

Soybean Conference

The Riverina Association are organising the bi-annual conference at Barooga in March.



Canola Association of Australia Report

Trent Potter

Publications

Several publications have been produced by the CAA during 2004. These include a Fact sheet about the *sylvestris* blackleg breakdown and the CAA Blackleg ratings for 2004. Several publications are close to release, including a blackleg disease management guide and also a fact sheet on fungicides for blackleg control in canola.

Website

Our website now has several publications on it, including all newsletters, area and production monthly reports and the publication "Canola in Australia - the first thirty years" that was produced for the International Rapeseed Congress in 1999.

Canola manual

The CAA and NSW Department of Primary Industries have come to an agreement about the form and content of the canola manual and experts have been approached to write sections. The first drafts are due by the end of September and will be edited into a consistent format. The aim is to have this manual available to farmers in time for seeding preparation in early 2005.

Canola forums

Two canola production forums were conducted at Narrandera and Forbes in NSW in late August 2004. These provided a wealth of information to the farmers and consultants who attended and the CAA thanks the speakers who provided this information. The papers that were presented are to be also put on the CAA website.

Production teleconferences

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

Discussions with GRDC

In December 2003 the CAA and AOF held a meeting with many panel members and staff of GRDC. This was a very useful exercise and all organisations are planning to make this an annual event as it allows a better understanding of all issues in the canola industry from research through to end users. A further meeting is also planned in the near future for discussions with GRDC, CAA and AOF at a higher level to enable all participants to develop research issues for possible future funding.

GRDC updates

The CAA was represented at GRDC updates at Wagga Wagga, Bendigo and Adelaide to discuss the situation with the breakdown of the *sylvestris* resistance in canola varieties.

Newsletter

The CAA newsletter continues to be produced, thanks to Liz Walker 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.

Jon Slee/John Duff

Oilseeds WA enters Stage II

Oilseeds WA continues to grow and has effectively entered its second stage of development since deciding to be more proactive in 2001. With the commencement of our second GRDC funded Project "Growing Western Canola Technology" Oilseeds WA is well placed to perform the following roles in WA.

Facilitator of technical advice across industry

Coordinator for current oilseed issues

Promotion of the local industry

The relationship with AOF has been further built upon and the expectation is that this will continue to grow and provide further benefits.

Highlights in 2004 so far

1. **"Blackleg: The Eyre Apparent"** - Canola Grower Workshops delivered in March 2004

This resulted in better informed growers and assisted to establish a profile for Oilseeds WA in the regions. We also established our own data base of leading growers and gained knowledge of how such an event can provide value to the industry.

The workshops and preceding communications from CAA on the important issue of *syvestris* gene resistance breakdown were significant to the industry and a good example of the benefits of national cooperation.

2. Representatives of Oilseeds WA met with the state Minister's Office in April to discuss the current review of Atrazine, Black leg and other issues. The meeting established ongoing contact, proved credentials and made the Ministers Office more aware of our issues.
3. **2003 Demonstration Trials Program** was again a great success with all the major canola seed supplier participating in the program. The program is done in a "real" farm environment where current available canola varieties are planted in replicated large plots. The sites are used for field walks during the season so that growers can see how the different varieties perform across the production year and they can use this information combined with the harvest yield and quality results to make their variety selections for the following season. The results are published and presented at the annual crop updates which gives them exposure to a large audience of agronomists, consultants and leading growers. The 2003 program was kindly supported by the Oilseed Development Fund (ODF).
4. In June GRDC approved funding for the **"Growing Western Canola Technology"**. The project commenced on July 1 with a review of existing grower packages available in WA, a trials / demonstration program at nine sites throughout WA and a review of current research projects and issues in WA.
5. **A second Pod to Plate Tour 2004** was run on the 30th of September. The tour attracted representatives from around the Canola Supply chain and visited the State Biotechnology Centre at Murdoch University, the Metropolitan Grain Centre (CBH) and the Port of Fremantle. It concluded with a meal of fish and chips cooked in Canola Oil at Kailis "Fish Market Café" in Fremantle. This bi-annual event incorporates the philosophies of the AOF supply chain course in expanding the industry knowledge of new developments that have occurred in all sectors of the demand chain. The tour is used to promote and inform the leaders of the agricultural industry in the important role that oilseeds have in Western Australia.

6. **Our second General Meeting** for 2004 was held on August 27. There was a healthy discussion on current production limiting issues during the Forum session and we were pleased to be able to hear Rosemary Richards summing up the national scene and advising on current issues.

7. The second **Grains West Expo 2005** is well into development with the aim of building on all we learned from 2004 and further promoting the whole grains industry in WA, SFMA WA, NACMA WA and Oilseeds WA have again joined forces to develop and run the event. The dates are 19th and 20th of July 2005.

8. In the last quarter of 2003 Oilseeds WA members developed a **Research Strategy** based on past and current projects and a think tank held in September 2003. Part of the strategy is being implemented through the new GRDC project. Further development of this strategy is planned.

Oilseeds WA would like to thank the AOF and GRDC for their ongoing support of the Western Australian industry

Standards & QA Committee Report

Neil Barker

Achievements

Adoption of AOF Cottonseed and Edible Soybean Standards

AOF Cottonseed and Edible Soybean Standards have now been established and have been included in the AOF Standards Manual.

Adoption of Oilseed Meal Standards

AOF Standards were established for Pressed Cottonseed Meal - Hi Pro, Pressed Cottonseed Meal and Full Fat Cottonseed Meal, and these now appear in the AOF Standards Manual.

Adoption of Retest and Dispute Procedures

New and detailed procedures for classification dispute settlement-harvest deliveries, and trade dispute settlement - consignment deliveries, were formulated, and are now included in the AOF Standards Manual for oilseeds, and oilseed meals.

Test Check Program

A total of 13 laboratories are now participating in the AOF test check program. This compares with 14 participating laboratories at the same time last year.

Bonification and Minimum Protein Specification

A guideline for industry and breeders has been established for protein meal in canola at 40% or above at 10% moisture, and an equivalent standard for seed at 42% oil content. Protein in canola is now being recorded for all deliveries into major bulk handling companies including AusBulk, GrainCorp and AWB Grainflow.

Issues under Consideration

Chlorophyll in Canola

Whilst chlorophyll in canola continues to present problems for processors, there is still no accurate and readily available receival point test available for bulk handlers to screen canola for this parameter. NIR instruments which are widely used by industry at present to measure oil and moisture are capable of performing the test, but must be fitted with costly add-on modules for this to occur. It was agreed however that this test would be gradually phased in over time as funds became available, and existing NIR calibrations could be further refined.

Tolerances for Field Insects

The committee has not been able to reach agreement on the most appropriate definitions to apply for field insects in canola or to the tolerances which should apply. These insects are frequent contaminants in harvest deliveries into centralised bulk handling systems. Recent proposals include definitions based both on size and on species. This matter will be considered further in 2004.

Canola Quality Brassica juncea

An AOF working group has now been formed to examine the issues relating to the introduction and adoption of this commodity into the Australian Oilseeds industry. Australian commercial trials are now planned for 2005 to confirm the products safety, its suitability for processing, confirmation of quality, and field assessment, following approval/inclusion from a number of other institutions including Codex Alimentarius Commission, USDA FDA, and Canadian health authorities.

Code of Practice for Transport and Storage of Oilseeds and Products

Further reviews of this code of practice are now under way, and recommendations on alterations required will be formulated in the near future.

International Association of Seed Crushers Report

Allan McCallum

The IASC continues to evolve under the leadership of President John Goodwin as it seeks input from its members in defining its role moving forward.

The AOF has responded to the request for input and lodged a paper for discussion that looks at Future Options for the IASC. The philosophy behind our submission is similar to that behind AOF - that cooperation amongst industry sectors/countries will build a stronger global industry. We believe that the IASC can be a source of information, build global cooperation on threats and opportunities, support national organisations and promote oils and fats.

While our proposal comes from a broader industry background than just a crushing sector, I would be confident that the outcomes agreed with other member countries will ensure IASC remains relevant.

Twenty-three members representing fifteen countries attended the IASC meetings held in Palm Springs in March 2004.

IASC Congress Mumbai 2005

Planning for the Congress is well advanced, however there was some uncertainty with Government speakers in the lead up to the Indian election. The Congress will be held on the 17 - 20 January 2005 at the Oberoi Hotel. A key emphasis will be on trade and future developments with the organisers hoping to attract a key note speaker on a "Vision 2020" analysis that would look at 2020 under a current scenario and 2020 following a successful WTO outcome.

Registration fees would be in line with Rio de Janeiro with a reduced fee for local participants. This is aimed at encouraging a strong local contingent.

IASC Congress 2006

NOPA have agreed to host the 2006 Congress in San Francisco. It will be held at the Ritz-Carlton Hotel from 11-15 June 2006.

Sustainability

Ian McIntosh from Anglia Oils reported on the latest developments with the Palm Oil Round Table. It is proposed to elect a council consisting of 16 members representing: refiners/processors, food manufacturers, retailers, financial industry, plantations, NGO's/environmental and development. The secretariat will be based in Malaysia.

The question of sustainability is not going to go away and it does open up an opportunity for IASC to play a role in these round tables and protecting the interests of it's members. A policy statement is being drafted for consideration at the next meeting.

A meeting to setup a Round Table on soya will be held shortly in London with the first meeting likely to be in Argentina or Brazil.

IASC Trade Policy

In response to an AOF memo that highlighted that sectoral initiatives must complement rather than substitute for major reform in agriculture via WTO outcomes all council members were urged to encourage their Government to pursue WTO reforms. Various delegates expressed some optimism of a resumption of discussions regarding WTO over the Northern Hemisphere summer.

While you have to admire the patience and persistence of these countries at the forefront for change it is important that AOF and like-minded groups support this process at all opportunities.

Statutes

The statutes were updated in a number of administrative areas with one major change being decision of the council being carried by a 75% vote. While this clarifies the decision-making process it doesn't overcome the difficulties associated with decisions that impact differently across the membership.

New Members

The Mexican Association, ANIAME, was admitted as a member. ANIAME has 50 members with 10 of these members representing 80% of production. The Association has a good relationship with the Government and acted as advisor on the NAFTA agreement.

Retirement

I announced that I would no longer be attending IASC Council or management meetings and suggested to the President that Rosemary Richards would add value to the management committee. The President has agreed and invited Rosemary to join the committee.

Industry Statistics

Australian Oilseed Production

Table A1: Australian Oilseed Production ('000 tonnes)

	2003/04F	2002/03	2001/02	2000/01	1999/00
Canola	1,622	790	1608	1681	2402
Sunflowers	39	22	70	72	125
Soybeans	74	14	72	76	102
Cottonseed	420	450	875	1082	980
Other	10	10	15	15	20
Total	2,165	1,276	2,626	2,911	3,609

Source: AOF

Figure A1: Australian Oilseed Production

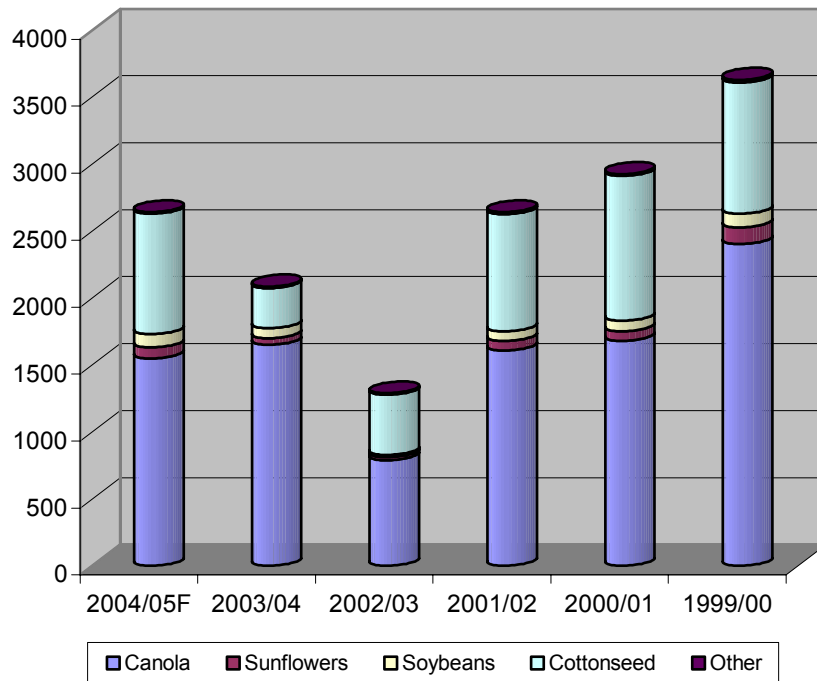


Table A2: Australian Oilseed Area and Production by State

	2003/04		2002/03		2000/01		2001/02		1999/00	
	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	301	282	195	100	320	600	400	700	400	670
VIC	240	420	230	180	220	372	240	400	250	450
SA	180	310	180	180	145	215	130	230	154	280
WA	424	610	400	330	287	421	360	350	530	1000
Total	1145	1622	1005	790	972	1608	1130	1680	1334	2400
Sunflowers										
QLD	30	20	28	16	30	28	46	45	89	88
NSW	19	19	9	6	31	43	22	27	26	37
Total	49	39	37	22	61	71	68	72	115	125
Soybeans										
QLD	15	32	3	5	9	20	11	25	19	40
NSW	16	41	5	9	21	51	24	50	30	57
VIC	1	1	0	0	1	2	1	2	2	5
Total	32	74	8	14	31	72	36	76	51	102

Source: AOF

Australian Oilseed Trade

Table A3: Imports and Exports by Year

Imports ('000 tonnes)

	2002/03	2001/02	2000/01	1999/00	1998/99
Coconut oil	14	14	12	15	15
Olive oil	33	30	27	23	15
Palm oil	113	95	108	117	102
Soy oil	10	6	8	9	14
Sunflower oil	25	15	12	5	9
Soybean meal	374	258	183	54	81

Exports ('000 tonnes)

	2002/03	2001/02	2000/01	1999/00	1998/99
Canola	612	1,296	1,479	1,573	1,355
Cottonseed	256	591	660	453	332

Crop year

Source: ABS

Table A4: Canola Exports by Destination ('000 tonnes)

	2002/03	2001/02	2000/01
Bangladesh	70	152	148
Europe	1	63	362
China	50	334	351
Japan	444	395	376
Pakistan	39	307	224
Other	7	46	18
Total	612	1,296	1,479

Crop year

Source: ABS

Table A5: Cottonseed Exports by Destination ('000 tonnes)

	2002/03	2001/02	2000/01
Japan	132	163	152
Korea	22	87	99
US	99	328	387
Other	3	13	23
Total	256	591	660

Crop year

Source: ABS

Oil and Meal Usage

Table A7: Meal Usage ('000 tonnes)

	2002/03	2001/02	2000/01	1999/00	1998/99
Canola	224	239	172	222	183
Soy*	375	270	195	75	100
Sun	13	4-	42	70	110
Cotton	175	190	285	254	220
Palm kernel *	121	92	20	17	16
Sub-Total	908	791	714	638	629

* includes imports

Source: AOF estimates; ABS

Figure A2: Oil Usage

