



Newsletter

New Zealand Grain & Seed Trade Association Inc.

June 2011

Page 1

Contents

Scholarship 2011 Winner
Conference 2011
CBAFF conference comment
Contracts with farmers
ASF News
Soil in Seed Tolerance
Forage & Turf Section Report
Grains Business Group Report
LU Seed Research Centre Laboratory Opening

President: David Melhuish
03 372 0807

Vice President John Duncan
03 318 8514

Chair: Forage & Turf Section
Brent Stirling
03 347 7950

Chair: Vegetable Seed Section
Mark Johnson
04 972 1613

Chair: Grains Section
Barry McCarter
09 307 0000

General Councillors:
John Duncan 03 318 8514
George Gerard 03 372 0892
Chris Green 03 308 1265

Executive Director:
Ann Harper 03 341 6059

Administration:
Tricia Radford 03 341 5427

NZGSTA Scholarship 2011 Winner



Emma Bell receiving her award at Massey University

Emma reports that she is currently enjoying her studies, is taking 6 papers this semester and particularly likes Arable Production & Technology. The course also has their own sheep on a 6 ha farmlet and uses this to study Pasture Production and Management. Competition is strong among the students to have the heaviest lamb at the end of the year.

Emma still has her eyes open to career opportunities and hopes to become involved in the plants side of agriculture, either through arable and seed production or pasture/animal production.

Conference 2011

The NZGSTA Conference will be held on Wednesday 30 November and Thursday 1 December 2011, in Tauranga. Registration forms will be sent out in July. Expect the usual high standard of social events and conference subject matter, plus the opportunity to network with other members of the Association.

From the CBAFF conference May 2011 via PMAC

NZGSTA:

P.O. Box 8605, Christchurch, NZ 8440
Email: ann.harper@seedindustry.co.nz

Phone 03 341 6059

Presentations at the conference covered the following areas:

- New developments within customs especially work that is underway to develop a trade single window that will streamline export documentation for exporters and facilitate electronic transfer of documentation to our markets. These developments will ensure New Zealand has one of the best export systems in the world. For those involved in international trade it will reduce the number of documents that must be lodged, allow traders to view in real time the clearance status of their product and provide access to data across the supply chain to assist with logistical planning.
- The International freight transport services enquiry being undertaken by the Productivity commission which is looking at what must be done to improve International freight to facilitate trade. The final report from this enquiry must be released by April 2012. Regular updates will be available through the productivity commission web site.

Contracts with Farmers

NZGSTA members are reminded that contracts with farmers should clearly state all conditions of sale.

Lately the issue of pallet charging has been a topic of discussion and this is a matter that should be covered in a contract.

Federated Farmers have commented publicly on what they consider to be unfair contracts, with reference to under delivered grain contracts. They recommend negotiation take place between the contracting parties and suggest that the nature of previous dealings a farmer might have had with a merchant be a guideline to the negotiations.

It is important that both parties understand the contract so that when it is enforced there are no surprises. It

might pay members to review contracts to make sure there are no ambiguities in them.

ASF NEWS

The Australian Seed Federation has a new CEO – Mr Bill Fuller

The ASF Conference will be held in Melbourne from 21 – 24 August 2011. As usual the ASF extends a welcome to members of the NZGSTA to attend, and registration forms can be downloaded from their website at

www.asf.asn.au

Soil in Seed Tolerance

NZGSTA commissioned an analysis of the level of soil found in Huia and Nui in the years 2005 and 2010 and compared the percentage of lines that were greater than 0.1% with the FOB value of Huia and Nui exported to the EU in the same years.

We were able to demonstrate to MAF that there was a considerable economic impact in maintaining a 0.1% level of soil in seed for the EU. MAF have agreed with our analysis and invited NZGSTA to make a submission to increase the tolerance level to 0.3%. At this level only 2 samples of Huia and 4 samples of Nui failed to achieve 0.3%.

NZGSTA have made that submission and we expect it will go to the September SQMA meeting for industry consultation.

Section Reports

Forage & Turf Section Report May 2011

General comments & reports from the market:

There has been a good demand for prompt and forward Nui, with the main inquiry coming out of Europe, to help fill a short fall in perennial ryegrass seed in this market.

There has been a strong market in NZ for proprietary seed this past autumn, although the season has come to a quick halt, due the cold wet weather conditions in mid-late April.

The Australian pasture seed market has been hit by continuing wet weather throughout Victoria this season, which has affected seed sales, with less pasture renewal. With more moisture around this season in Victoria, the market has seen a strong increase in perennials being sown this year compared to annuals.

International markets:

Reports out of Europe

- European grass seed companies are having very good sales in 2010, with large quantities of forage and turf seeds being sold on the domestic market and export market, particularly in the North West European Countries, as well as a significant growth in sales in Central and Eastern Europe being observed
- With a declining inventory of grass seed and a reduction in new crop contract area, the 2011 harvest is expected to be about 145,000 tonnes. The 2010 crop yielded about 160,000 tonnes of grass seed and the long term average of European consumption is about 210,000 tonnes per year.
- Strong cereal process and a forecasted rise in cereal production sowings.

What does all this mean for New Zealand? We hope, a continuing demand/strong market for NZ grown small seeds.

MAF – Import / Export comments:

Further discussion has been had with MAF re the new soil tolerance for export seed level (0.1%), which MAF have now put into place on all exports of seed.

MAF reason for this is if a country doesn't state a soil tolerance, then they will use the NZ import level as a guide.

A number of exporters and Asure Quality are looking through past export tests to see if this is a major issue to the industry. It would more than likely be a greater issue in wet years, where it could have a greater affect on seed being eligible for export.

For a safe grade, we recommend that NZGSTA members should put a soil level maximum on their purchase contracts. The NZGSTA is continuing to investigate this issue.

A Seed Varietal Certification review will be done over the next 2 to 3 years, starting winter 2011. The first step will be done by Asure Quality & MAF working together to set up workshops, with industry people and farmers involvement.

Seed Testing / Certification etc comments:

- There has been 2,800 crop entries received to date, covering over 28,785 hectares. The entries are back by about 900 hectares (28%) on last year, as at the date of this report, with all species being back on entries, with the main one being Grass which is back by about 7,000 hectares.
- There were a total of 2.61 million labels printed last year, with a large number of the labels being printed at the end of the season, which is a result of a lot of seed that was processed at the end of 2010 and carried over into the 2011 season. This year to date there has been about 0.93 million that have been printed, which would be normal. Labels will be printed in Palmerston North from now on, which Asure Quality; have assured the industry that there should be no delays in getting labels with courier system being able to deliver over night in most areas.

Species certified entries:

- Grasses: 2011 – 17,205ha compared to 24,022ha in 2010.
- Legume 2011 – 7,566ha compared to 9,089ha in 2010.
- Brassica 2011 – 1,234ha compared to 1,933ha in 2010.
- Total number of tests in 2011 to date, are 7,671 compared to a total of 6,162 in 2010.
- Endophyte tests have increase again in the period Jan – March compared to last year with 658 tests to date in 2011 compared to 280 endophytes in 2010 for same period as well health tests have had a major increase from 881 in 2010 to 2,253 in 2011.

Asure Quality have put on new staff to handle the increase work load, with now a pool of 9 staff including 3 scientists and 6 technicians working in the endophyte &

health test area. This should result in a faster turnaround on health and endophyte tests, with Asure Quality aiming for a 25 day turn around on grow out test and a 14 day turn around on seed squash tests.

There may be an increase in testing costs from 1st July 2011. The increase in costs will help cover increased testing costs and help fund increased staff numbers, which will allow Asure Quality to offer a better service to the industry.

International situation - USA

Strong demand for U.S. corn has resulted from sharply higher energy and livestock prices, a large decline in foreign wheat production, a small decline in foreign coarse grain production and a continuation of the weak US dollar.

Corn consumption is expected to increase in the ethanol and by-product category while feed and exports are expected to be flat.

Corn price volatility is demonstrated with July futures reaching a peak of about US\$7.90 in early April to decline by over \$1.00 in early May. There are reported on-going concerns relating to the pace of economic recovery, the value of the U.S. dollar, and oil prices. These grain prices are however much firmer than the same time last year.

Estimates of ethanol production continue to be encouraged by high oil relative to ethanol prices which also favour ethanol blending.

The slow start to planting of the current crop has raised issues about both the yield potential and the planted acreage. Prices are now expected to depend more on planting progress in the short term while crop development will be carefully monitored.

International situation – Australia

Agrium announced in early May that Cargill had received clearance from Australia's Foreign Investment Board for Cargill's proposed acquisition of the AWB Commodity Management Business.

It was stated that Agrium would focus on bringing value to growers through their Landmark retail business, while Cargill's expertise in grain handling and international marketing will also deliver value to grain growers.

New Zealand Grain Industry

Maize grain crops are in the initial stages of harvest but wet weather in much of the North Island over the last three weeks has slowed progress. Yields are reported to be average to above average in most growing regions after a relatively warm and moist summer. Quality has been very good to date but there are concerns should the current wet spell persist. Growers, contractors and merchants await a break in the wet weather to allow the combines to start rolling again. There have been some reports of lodging due to strong winds and the wet ground conditions. Less than 50% of the grain crop has been harvested to date.

Recent reports indicate good demand for the new grain crop. There continues to be some substance to the expectation that prices will firm for the next production cycle. However, there needs to be a strong dose of realism in relation to grower expectations in what is still a recovering market. It is nevertheless expected that there will be the need for a good sized local crop to balance supply and price against the international volatility reported above.

Next Meeting of NZGSTA Executive Council

Thursday 20 July 2011

Please advise Ann Harper of any matters you wish to have discussed at the meeting

LU Seed Research Centre Laboratory Opening

20 May, 2011

Address by Garth Carnaby as Independent Chair of the Industry Advisory Board of the LU Seed Research Centre.

First of all, I might start by asking the question of why do we need a Seed Research Centre here at Lincoln at all? The answer is, of course, that here in NZ and particularly here in Canterbury, we have an important seed industry. The seed industry currently contributes around \$5b p.a. to gross output and >\$200m NZ exports. But that's just the direct contribution. Although I might be able to bring a broad science perspective to the Industry Advisory Board's deliberations, I am not a seed expert. What I have learnt in visiting some of the seed companies since becoming chairman of the Industry Advisory Board is that seeds are actually a means of delivering technology to advance the productivity of other much bigger industries. Our \$11b dairy industry runs on grass and the grass is controlled by seed technology. So not only does the NZ seed industry export and create wealth in itself, it gives the whole NZ pastoral sector competitive technological advantage.

The government says it is looking for research intensive industries which create high value jobs. It need look no further than the seed industry.

The seed industry is based on modern genetics with companies needing to fund development programmes for new seeds with seven years or more of investment in commercial product, before their launch. They need expensive investments in farm development facilities every bit as expensive as the pilot plants of manufacturing enterprises.

In more recent times the synergistic effect of plant based endophytes and soil-based *Trichoderma* have become of major importance in seed technology. The new knowledge needed to create commercial advantage in seeds is based on scientific research. This is carried out both in the CRIs, in the case of endophytes, and Lincoln's Bio-Protection Research Centre, in the case of *Trichoderma*. Since the way in which these synergists interact with the genetics is only just now being unravelled by the research, this NZ based research is ground breaking internationally. And yet, if you were to ask the government what they mean by high technology, they are probably not thinking seeds. They are thinking Rakon or F&P Healthcare.

But there is one other big reason why they should also think seeds, and that is that the seed industry is here to stay. While you could take Rakon off shore tomorrow, the seed industry is locked into Canterbury by a unique

combination of soil, climate and deeply embedded industry expertise, 100 years in the making.

So that's why NZ needs a Seed Research Centre. We need to support this critical NZ industry with further points of competitive advantage, so as to enable it to stay ahead of other countries. Through differentiation of what it can offer it will provide higher value employment both within the sector itself, but also through its effect on agriculture, higher wealth creation for all of NZ.

So how did the Centre come about? A few years ago LU did have a Seed Technology Institute but, unfortunately, that became uneconomic and had to be closed. We learnt from that experience that having a lab, a few students and a couple of academics wasn't enough. There's just not enough money in testing and teaching and so on to be viable. So a couple of years ago now, when John Hampton reached a crossroads in his career, he decided he really wanted to devote the next stage of his lifetime's professional contribution to seed research. At the same time, I had been appointed to the role of Entrepreneur in Residence at Lincoln and John and I sat down and began to plan the creation of a new type of entrepreneurial Seed Centre but, this time a Seed Research Centre based largely on externally funded research. This had been the missing ingredient in the earlier model, which failed financially.

John then set about raising serious funding for research. To do this he needed to engage with companies and several major seed companies represented here today got behind John's efforts. This led to success in a very competitive process run by the Foundation for Science, Research and Technology. But it gave John a financial base of \$2m p.a. of external revenue locked in for six years which he could use as the platform on which to create the Centre and facilities we are opening here today.

So the Centre is primarily a research centre. It will have research students and testing capability just as before. It will do fee for service work but, primarily, it is in the business of research and it will need to keep winning external research revenues to survive. Research is a tough business – all revenues are heavily contested. That's why the engagement of seed companies in the Centre has been, is now, and will be in the future, a mission critical aspect for the Centre.

The research focus of the Centre is still evolving. The initial large programmes are focussed on the introduction of new functionality into seeds based on the biocontrol expertise of the Bio-Protection Research Centre and the production of less variable seed of higher vigour, and hence yield. These projects are jointly funded by our existing industry partners and the details of them are confidential. But there are many other areas we could be working on. These areas include:

- Seed quality
- The effect of synergists such as *Trichoderma*/soil-seed interactions using the Biotron
- The blending of seeds
- The processing and cleaning of seeds
- Seed Technology needed in a changing climate
- New types of seed
- Precision drilling

and so on.

There is a lot of governmental funding available, but it requires effort and co-operation with companies to win it.

As I have stated, we have in place an Industry Advisory Board. The industry members of the Board are mainly drawn from those companies who have already helped us win external research contracts from the government. The role of the Board is to help set the strategic direction of the Centre and to coordinate activities such as seed technology education where all the industry players benefit. They are charged with helping LU develop the Centre as a national resource open to all. Details of individual projects are not revealed to the Board as they generally involve co-funding by companies alongside government. The projects are designed to create competitive advantage for the companies in the market.

By calling this meeting today, what we are saying is that we are open for business. We are looking for companies to partner with, and with whom we can advance proposals to government for funding leverage. We want to build our R&D portfolio.

We are delighted to see so many potential partners here today. One of my roles as an independent chair is to ensure fair play and to provide assurance that any ideas you bring to us are respected as your IP and that you may safely talk to us in confidence.

I look forward to meeting some of you whom I haven't previously had the opportunity of talking to. My family has long standing connections to the seed industry and I am enjoying my new association with you. Thanks for coming out today. I will now hand back to John who will elaborate on a few of these points.