

SE news

HD **WA Grain Group** heads to Singapore for conference

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THE WA Grain **Group** (WAGG) took up the opportunity to attend the inaugural Australian Grain Conference in Singapore on March 10.

The idea of the conference was to showcase the Australian grain industry to the world.

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The increasing demand for grain in Asia meant Singapore was the ideal location to bring all of industry together in one room.

It is widely acknowledged that farmers have copped the best with deregulation of the grains industry but once the product leaves the farm gate it will take a number of years for the rest of industry to adapt.

The challenge of the increasing supply chain costs and the message of what customers want will remain big issues for farmers.

These issues will need to be addressed by government, bulk handlers and researches before Australia can receive the full benefits of the Asian dining boom.

International grain customers want the farmer to be profitable with a more efficient and cost effective supply chain.

This is not happening in the Albany port zone where supply chain issues are impacting grower returns.

Australian grain is in high demand in the Asian region due to its reliable quality parameters, high extraction, low screenings and superior white noodle colour enabling its use in a broad range of products.

It was acknowledged that the availability of grain due to our inflexible shipping stems meant that when Australia can't supply flour mills have to source grain from other origins.

An ANZ report due out in the next few weeks will highlight Australian lack of competitiveness in the supply chain saying that Australia needs to spend 12 **Billion** dollars by 2030 to enable supply chain costs to be cheaper in 2030 than today.

Australia needs to increase train axle loadings, bigger trains, less upcountry receival sites, increase truck capacity and maximise ship loading times.

Huge amounts of available capital in agrifunds world wide could go some way towards solving this problem but it's hard for them to invest in Australia.

Greg Harvey from Interflour which is 50 per cent owned by CBH was the highlight talk of the conference. The economic growth in Asia has seen the expansion of the middle class with high expectations this growth will continue.

As wealth improves noodles, cakes and flour based sweets are now standard everyday items with **bread** the fastest growing item.

The increasing amount of flour mills in Indonesia alone is amazing.

These mills have been built ahead of demand which has meant tighter margins which means they are looking for other markets as they battle for market share.

Interflour is looking to triple capacity and will look for other investments in other parts of Asia.

Last year Interflour purchased a flourmill in Turkey and work has commenced on a malt facility in Vietnam.

Greg Harvey suggested farmers should grow a high yielding feed or Australian Standard White (ASW) quality wheat that can satisfy the 2 minute noodle market to help it compete with the black sea wheat that is currently used in this product.

Interflour was the first **company** to bring black sea wheat into Indonesia opening the door for other flourmills to do the same.

This wheat goes into the 2 minute noodle flour which has tight margins but gives the mill bulk efficiency.

WAGG members have been trialling a feed wheat what has a substantial yield improvement over current varieties and been liaising with researchers and government departments for 2 years in the endeavour to increase returns for growers.

Also Greg Harvey said an Australian Hard (AH) wheat with better water absorption and extensibility to compete with the American and Canadian wheats would be beneficial for WA wheat growers. We have a variety called Bonnie Rock which could fill this market. Its disappointing that these messages haven't come back to WA wheat growers from Interflour via CBH considering Interflour is part owned by CBH and CBH have had people on standard committees and GRDC.

Interflour have been on the front foot promoting flour fortification. Improving iron levels in flour helps children develop psychically and mentally as well as adding folic acid saving an estimated 38000 birth defects a year.

This is a worthwhile initiative but does reduce profit margins and ability to compete against other mills.

China's appetite for feed grains was highlighted as they are at every conference.

There is a growing need for feed grains for their livestock industry to supply its growing middle class as their diet is changing to more meat based products.

China now needs 190 **million** ton of feed grain with its demand for barley and sorghum increasing because its going into the pig feed ration.

Going around Singapore if the food has come from Australia it is labelled and **sold** as safe and at a premium price.

Even McDonalds promoted Australian beef in their burgers.

In the markets Australian fruit was everywhere and at prices the same as Australia. Restaurants had steak at over \$100 AUD with three lamb chops \$105.

WAGG sponsored for the conference attendance fees.

The eight WAGG members were the only farmers at the conference, which gave us the opportunity to talk to traders, millers, lawyers, quality assurance, research and futures brokers from 15 different countries.

If anyone wants to go to a grains conference contact WAGG especially young farmers as they are informative and helpful for your **business**. The next conference is in Melbourne on the 28th July 2014.

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