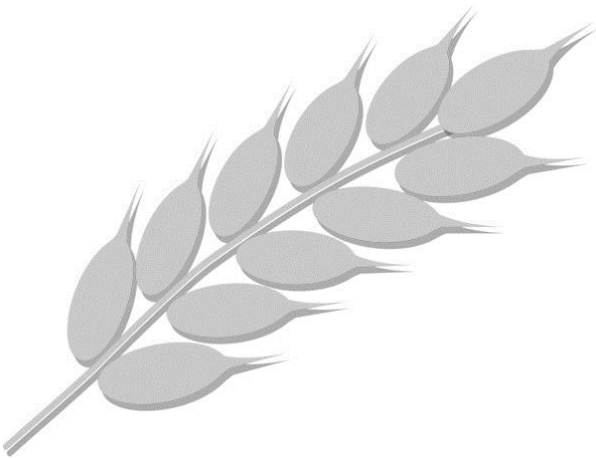


Grain
Producers SA



**Presented to Annual General Meeting
21 March 2013**

Grain Producers SA Ltd

Annual Report

2012

Table of Contents

Our Vision	3
Our Mission	3
Our Values	3
Corporate Structure	3
Board of Directors	3
Chief Executive Officer	3
CEO's Report	4
Funding.....	4
Key Outcomes.....	4
Communication	5
Operations.....	5
In the Future.....	5
Financial Reporting.....	6
Budget 2013/2014 and Profit & Loss and Balance Sheet 2011/2012	6
Audited Financial Statements	8
Board Meetings	8
Membership	8
Survey Results.....	9
Appendix A	11
Project Listing and Summaries	11

Grain Producers SA Ltd
PO Box 745
NAIRNE SA 5252
ABN: 43 154 897 533

Phone: 08 8388 0684
Fax: 08 8388 0745

www.grainproducerssa.com.au

Our Vision

Viable and sustainable grain producers in South Australia

Our Mission

*To ensure a viable and sustainable grains industry in South Australia for
grain producers through leadership, advocacy and communication*

Our Values

Integrity through Transparency and Accountability

Consultative through approachability, communicating

Desire for outcomes that are fact based, proactive and considered

Corporate Structure

Board of Directors

GPSA's non-executive Directors are:

Garry Hansen, Chair
Gary Flohr
Peter Polkinghorne
Mr Brett Roberts

Malcolm Sargent
Mr Mark Schilling
Mr Max Wilksch

There are provisions within the constitution of GPSA for the Board to appoint up to two independent Directors.

Chief Executive Officer

Darren Arney is the Chief Executive Officer of GPSA.

CEO's Report

Grain Producers SA Ltd (GPSA) has successfully completed its first year of operations as the autonomous representative body representing South Australian grain producers.

Funding

Funding of GPSA operations and projects to date has been from residual funds collected under the Wheat Marketing Act 1989 often referred to as the SAFF Grains Levy. Thanks must be expressed to the growers who lent money to GPSA to ensure an adequate level of capital in the first few months of operations until the WMA funds became available to GPSA.

Through consultation with growers, government and industry, the Primary Industry Funding Scheme Grains Regulations (PIFS Grain) was established in March 2013. I would like to acknowledge the support and effort from within Primary Industries SA and the Government that assisted in establishing a robust and significant resource base to fund projects and operations of GPSA.

Through consultation with growers and industry the contribution rate for PIFS Grain was increased from five cents per tonne to 20 cents per tonne for the 2012/13 harvest, providing a sustainable and secure source of funding to represent South Australian grain producers both locally and nationally.

Key Outcomes

GPSA has been representing South Australian grain producers both locally and nationally. A number of key projects outcomes for 2012 were:

- The final report to South Australian parliament of the recommendations of the Select Committee on the Grain Handling Industry. The report's recommendations reflect the issues and solutions raised in submissions made by GPSA to the Inquiry.
- The appointment by the Federal parliament of the Wheat Industry Export Taskforce. Terms of reference for the Taskforce are to examine if market failure exists in the grain supply chain and make recommendations if market failure is identified.
- The requirement a mandatory code of conduct for port access for wheat exports to be established as part of the Wheat Export Marketing Amendment Bill 2012 to provide for competitive port terminal access arrangements was established by the Federal parliament.
- Ongoing development of the national Grain Stewardship program, which aims to ensure ongoing and efficient access to crop protection products through the promotion of continued safe use of crop protection products to the user, consumer and community.
- Representation to industry on timely classification and implementation of grain quality standards in time for the 2012/13 harvest. This resulted in a number of wheat varieties being reclassified as from APW to AH for the 2012/13 season.
- The annual reporting of the pool performance by Wheat Exports Australia on the performance of grain pools. The examination of pools as financial products is one of the Terms of Reference of the Wheat Industry Taskforce.

Some of the achievements above were achieved by representation of GPSA policy through Grain Producers Australia at the national level. I would like to acknowledge the professional and diligent work by Grain Producers Australia chairman Pete Mailer for his consultative and persistent approach in representing grain producers.

Communication

GPSA undertakes projects on behalf of South Australian grain producers. Projects are identified through consultation with producers, industry and community.

GPSA uses a range of communication tools and forums to receive and provide information and feedback with grain producers and industry. These communication tools include:

- GPSA Directors;
- Surveys;
- Grower meetings;
- Field days, crop walks and industry functions;
- Print, radio and social media;
- Newsletters and;
- Website and webinars

One of the key aims for 2013 is to develop a communication framework which will enable communication with all grain producers. GPSA is currently developing a database of South Australian grain producers with a contact list of around fifty percent of the grain producers. It is the aim of GPSA to be able to communicate with all grain producers in South Australia.

Operations

Projects are carried out by the staff with guidance and assistance of the Directors of GPSA. I would like to welcome Belinda Ryan who commenced as Business Manager in October 2012 on a permanent part time basis.

GPSA also contracts and hires experts and consultants in developing and implementing policy. GPSA also undertakes work collaboratively with other state farming organisation's grains bodies in the implementation of policy.

GPSA is continuing to improve project implementation and operations. This includes to establishment of improved office facilities and the employment of policy officers located in grain producing regions around South Australia.

I would like to thank my wife Natalie for her support in enabling GPSA to operate its business from our home for the past twelve months.

In the Future

There are 28 high priority projects of the 34 already identified by GPSA that need to be implemented. With the increase in funding under the PIFS Grain scheme, additional resources will be able to be applied in achieving outcomes for grain producers.

I would like to thank the Board of GPSA and South Australian grain producers for their support.

Financial Reporting

Budget 2013/2014 and Profit & Loss and Balance Sheet 2011/2012

The Budget for the 2013/2014 financial year is allocated per the table below. Profit and Loss for the period 22 December 2011 to 22 December 2012 is also presented on the table:

Grain Producers SA Ltd Profit & Loss				
INCOME	ACTUAL 2012	%	BUDGET 2013-2014	%
Wheat Marketing Act (WMA)				
WMA - 50% share of funds	320,463.40			
WMA - Monthly distribution from SAFF	55,000.00			
PIFS Gross Estimated Income at 20 cents by 6mt			1,200,000.00	
PIRSA administration	-		(12,000.00)	
Interest Income	1,866.27			
TOTAL INCOME	377,329.67	100%	1,188,000.00	100%
EXPENDITURE				
Projects				
Project Expenditure detailed on separate table	256,137.70	68%	645,000.00	54%
Operating Costs				
Accounting	4,625.00		7,000.00	
Administration	6,708.10		20,000.00	
Audit	3,900.00		4,000.00	
Bank Fees	568.00		2,500.00	
Insurance	2,646.70		10,000.00	
Legal	6,846.67		10,000.00	
Membership Development & Communications	3,229.12		35,000.00	
Motor Vehicle Expenses	16,182.83		25,000.00	
Rent	-		50,000.00	
Telecommunication and Computer	3,092.80		15,000.00	
Travel: Board	18,337.09		30,000.00	
Travel: Employees	1,152.05		41,500.00	
	67,288.36	18%	250,000.00	21%
Industry Conferences and Meetings				
Advertising	-		10,000.00	
AGIC Conference	-		10,000.00	
AGM	10,829.05		10,000.00	
Grower Forums	-		20,000.00	
	10,829.05	3%	50,000.00	4%
Secretariat *				
Employment Expenses	119,147.39		306,600.00	
*add back projects by secretariat (100%)	(103,000.00)		(306,600.00)	
	16,147.39		-	
Board Costs				
Directors Fees	67,852.50		180,000.00	
Committees	-		30,000.00	
*add back projects by board (80% projects / 20% governance)	(54,282.00)		(168,000.00)	
	13,570.50	4%	42,000.00	11%
Affiliation of Industry Bodies (project partnering costs)				
Cross Commodity Council SA	-		100,000.00	
Grain Producers Australia	-		100,000.00	
*add back projects by affiliated bodies (project no. 32)	-		(200,000.00)	
	-		-	
Contingency Fund				
Contingency Fund**	-	0%	200,000.00	17%
** low production year 1million tonne = \$200k				
TOTAL EXPENDITURE	363,973.00		1,187,000.00	
Reserve Fund	13,356.67	4%	1,000.00	0%

* secretariat is likely to carry out most of the project work

PN = Project Number

Project Expenditure was allocated as follows:

PROJECT EXPENDITURE		Actual 2012	Budget 2013-2014
PN	Project Name		
1	Grain Stewardship program	32,708.66	50,000.00
2	Grain Freight and Logistics Plan	10,477.80	30,000.00
3	Communication and Grower Consultation Framework	47,278.78	50,000.00
4	Legislative Review of Grain Producer Representation	61,976.38	-
6	Crop Improvement	36.36	-
7	Biosecurity	-	20,000.00
8	Grain Receival Standards and Quality Control	10,437.32	20,000.00
9	Customer Requirements and Evaluation	437.32	-
10	Review Market Information Availability	15,000.00	25,000.00
11	Co-ordinate Technical and Market forums	9,009.49	-
12	On farm storage QA systems and Third Party Port Access	9,000.00	-
13	Development of Financial Risk Management Tools	5,000.00	-
14	Review and Evaluation of Grain Marketing Products	10,477.91	30,000.00
15	Increased Competition in Grain Markets in South Australia	8,500.00	35,000.00
16	Occupation Health Safety and Wellbeing	-	10,000.00
17	Natural Resource Management	-	10,000.00
18	Promotion of Agriculture to Customers and Community	8,000.00	20,000.00
19	Impact of Carbon Pricing and Carbon Farming	-	10,000.00
24	Improved access and efficiency of Port Facilities	8,000.00	10,000.00
25	Education and Training	8,000.00	10,000.00
26	Young Farmers and the future	-	10,000.00
28	Pre and Post Harvest Technical Forums	3,564.15	10,000.00
29	Pollination of broadacre crops	-	10,000.00
30	Thevenard Port Terminal Access	8,233.53	20,000.00
31	Farm machinery code of practise update	-	10,000.00
32	Fees for affiliation of relevant industry bodies	-	200,000.00
33	South Australian Barley Advisory Committee	-	20,000.00
34	Dissemination of project outcomes to fund contributors	-	35,000.00
TOTAL EXPENDITURE		256,137.70	645,000.00

Balance Sheet as at 22 December 2012

ASSETS

Current Assets

Cash at Bank - National Australia Bank	43,377.72
Term Deposit - National Australia Bank	10,214.67
Accounts Receivable	22,000.00
Prepaid Expenses	4,498.09
Total Current Assets	80,090.48

Non-Current Assets

Plant & Equipment at Cost	6,389.06
Less Accumulated Depreciation	473.00
Total Non-Current Assets	5,916.06

TOTAL ASSETS

86,006.54

LIABILITIES

Current Liabilities

Credit Card - National Australia Bank	2,989.94
Accounts Payable	1,639.29
Accrued Expenses	47,036.10
Provision for Annual Leave	3,984.54
Unsecured Loans - Directors	17,000.00
Total Current Liabilities	72,649.87

TOTAL LIABILITIES

72,649.87

NET ASSETS

13,356.67

MEMBERS FUNDS

Retained Earnings	13,356.67
-------------------	-----------

TOTAL MEMBERS FUNDS

13,356.67

Audited Financial Statements

The Special Purpose Financial Statements for the period 22 December 2011 to 22 December 2012 were audited by Messenger Zerner. A copy of these statements and the associated Audit Report is available to members upon request.

Board Meetings

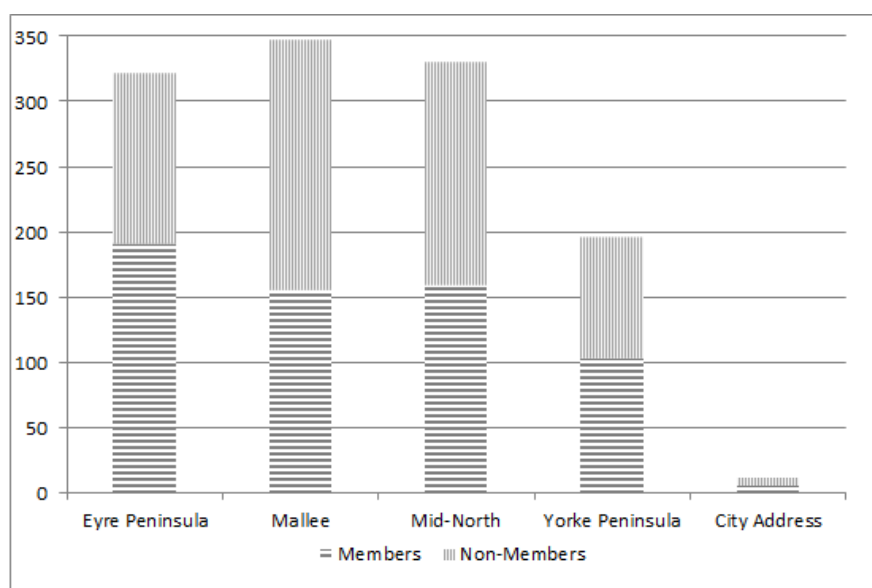
The board met 4 times during the financial year 22 December 2011 to 22 December 2012, directors attending as per the table below. Prior to the legal formation of the Grain Producers SA Ltd entity and its inaugural AGM, a Steering Committee met regularly.

Director		Steering Comm Meetings (pre-22.12.12)	Applicable Meetings	Meetings Attended	Meetings Not Attended
Garry Hansen	(elected 23 March 2012)	N/A	4	4	-
Gary Flohr	(elected 23 March 2012)	N/A	4	4	-
Peter Polkinghorne	(appointed 7 Sept 2012)	N/A	2	2	-
Brett Roberts	(elected 23 March 2012)	N/A	4	4	-
Malcolm Sargent	(elected 23 March 2012)	N/A	4	4	-
Mark Schilling	(elected 23 March 2012)	N/A	4	4	-
Jamie Smith	(elected 23 March 2012) (retired 7 Sept 2012)	4	3	3	-
Max Wilksch	(elected 23 March 2012)		4	4	-
Jeff Arney	(retired 23 March 2012)	4	1	1	-
John Lush	(retired 23 March 2012)	4	1	2	-

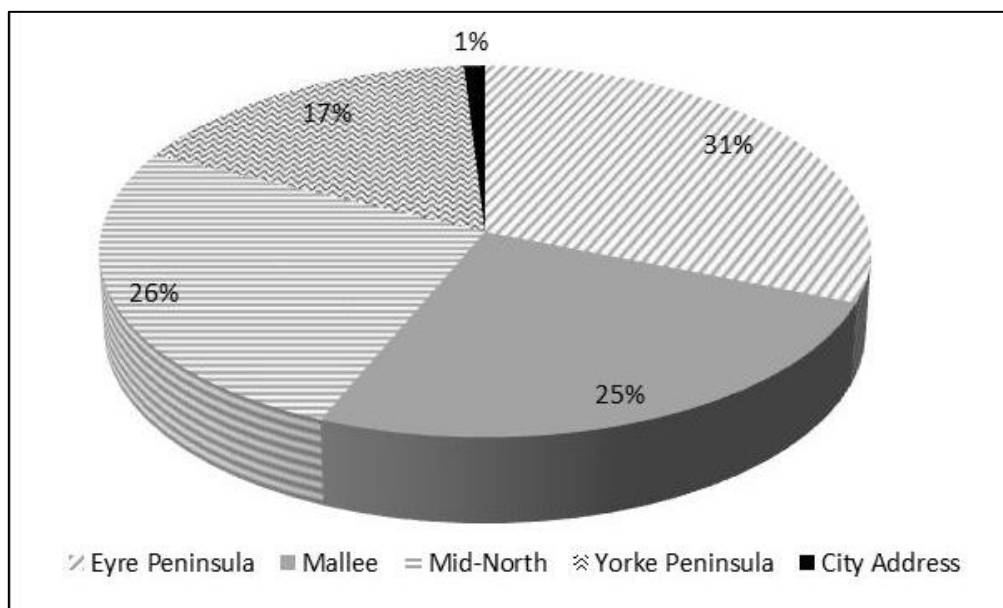
Membership

The GPSA database currently contains the names of 1209 South Australian Grain Producers. Of these 618 have completed an Application for Membership form.

The grower database is broken up across the regions as follows.



The pie graph shows the regional spread of Members:



Survey Results

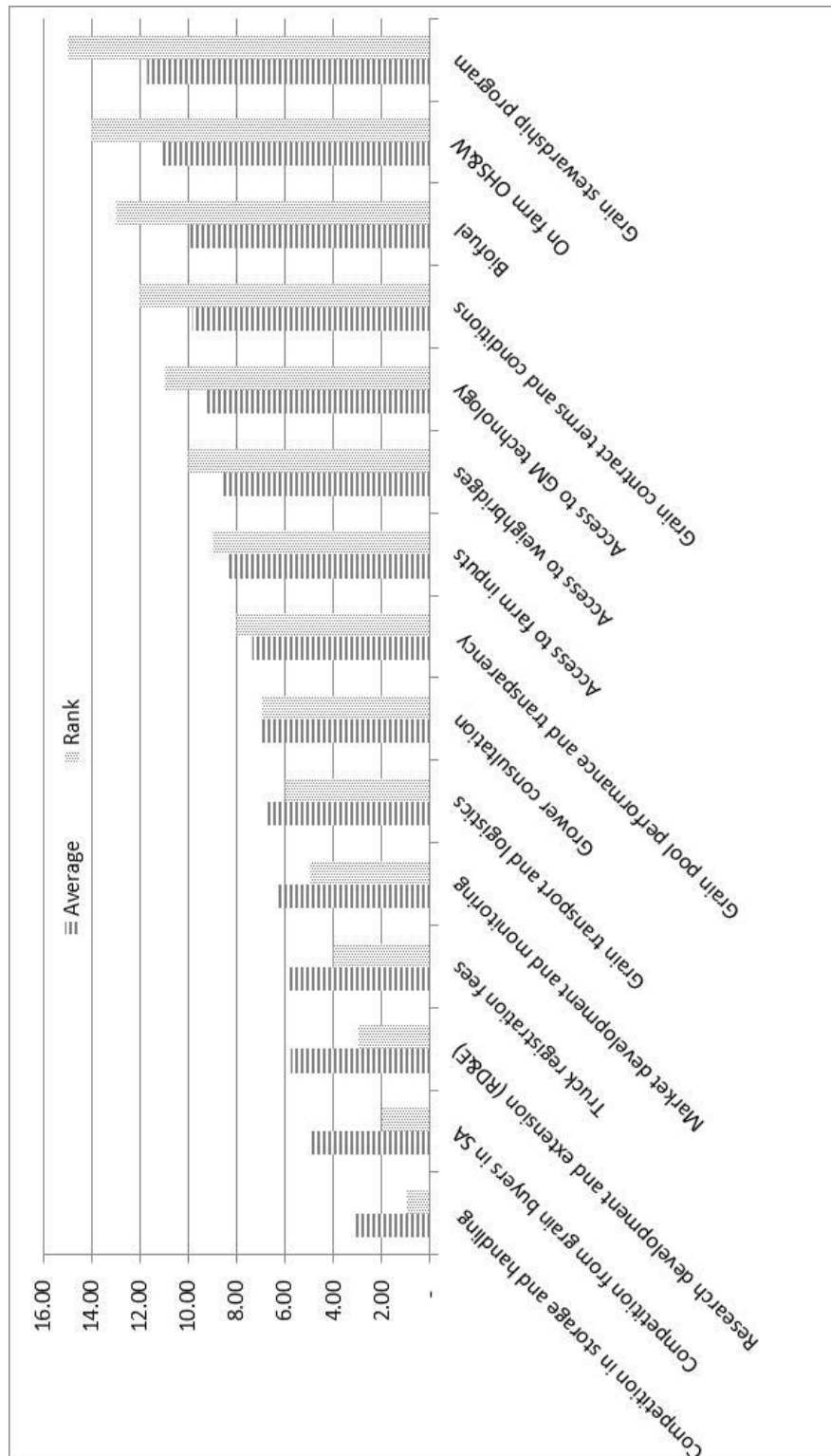
A survey was formulated and distributed to all grain producers on the database and was made available on the GPSA website. The survey was also distributed at field days and grower meetings.

There were 224 respondents to the GPSA survey covering the following:

- Ranking of GPSA Projects
- Comment and recommendations for SAGIT Levy
- Comment and recommendations for GPSA Levy

The respondents recommended, on average, the SAGIT levy be set at 31.60 cents per tonne. The respondents recommended, on average, the GPSA levy be set at 22.14 cents per tonne. The levy rates for the 2012/2013 season were gazetted at 30 cents per tonne (SAGIT) and 20 cents per tonne (GPSA) by the Minister.

The survey also asked growers to rank a listing of projects identified by GPSA by importance to them. The graph below shows the relative average ranking for each Project (1 – High, 15 – Low):



Appendix A

Project Listing and Summaries

South Australian Grain Industry Proposed Projects 2012 to 2017 and Application of
PIFS Grains Funds to benefit all Grain Producers in South Australia

No	Priority Urg/Imp	Project Name	Project Description	Key Project Manager	Project Partner(s)	Project Timeline	Project Budget
1	H/H	Grain Stewardship Program	Develop a voluntary code of conduct program to ensure responsible use of crop protection, quality assurance and sustainable practises in grain production	GPSA	GPSA, GRDC, SAGIT, APVMA	2020	\$300,000 \$60,000 pa
2	H/H	Grain Freight and Logistics Plan	Review current limitations on grain freight and logistics from farm to delivery point	GPSA	GPSA	2020	\$100,000 \$30,000 pa
3	H/H	Communication and Grower Consultation Framework	Develop an effective communication framework for consultation with all grain producers in SA	GPSA	GPSA	2012	\$80,000 pa
4	M/M	Legislative Review of Grain Producer Representation	Review current state and federal legislation and the appropriateness and adequacy to safeguard grain producer interests	GPSA	GPSA GPA	2012	\$30,000
5	L/M	Adaption of Grain Production Systems to Climate Variability	Develop a framework to undertake risk analysis and strategic development of production and management systems around climate variability	GPSA	GPSA, GRDC SAGIT, PIRSA, SARDI	2017	\$20,000 \$10,000 pa
6	M/M	Crop Improvement	Review market access and customer requirement trends in improving crop profitability and sustainability	GPSA	GPSA , WQA, SABAC PA, BA	2013	\$10,000
7	L/H	Biosecurity	Maintain stringent controls around pest and disease incursion in South Australia	GPSA	GPSA, PHA, DAFF, GRDC, PIRSA	2020	\$20,000 pa
8	M/H	Grain Receival Standards and Quality Control	Ensure appropriate levels of grain quality standards and customer requirements, whilst being mindful of crop operations and risk management	GPSA	GPSA, GTA	2017	\$20,000 pa

South Australian Grain Industry Proposed Projects 2012 to 2017 and Application of
PIFS Grains Funds to benefit all Grain Producers in South Australia

No	Priority Urg/Imp	Project Name	Project Description	Key Project Manager	Project Partner(s)	Project Timeline	Project Budget
9	M/M	Customer Requirements and Evaluation	Consult, evaluate and determine customer requirements around quality, supply chain efficiency and market access	GPSA	GPSA, WEA, GGL	2014	\$10,000 pa
10	H/H	Review Market Information Availability	Increase competitor activity by ensuring grains stock information is available to all industry stakeholders in a timely, practical and cost effective manner	GPSA	GPSA, GPA, WEA	2012	\$30,000 pa
11	M/L	Co-ordinate Technical and Market forums	Co-ordinate and assist groups to conduct forums to discuss and develop plans around specific grain crops and types	GPSA	GPSA, SABAC, PA	2020	\$15,000 pa
12	L/L	On farm storage QA systems and Third Party Port Access	Improve access direct from farm to port facility through development of a voluntary a QA system	GPSA	GPSA, BHC	2020	\$10,000pa
13	L/M	Development of Financial Risk Management Tools	Develop appropriate financial risk management tools to manage commodity price volatility and reduce financial risk for grain producers	GPSA	GPSA, ASIC, ASX	2015	\$10,000 pa
14	H/H	Review and Evaluation of Grain Marketing Products	Develop a standardised reporting structure of grain marketing products including concise reporting of performance	GPSA	GPSA, ASX	2015	\$30,000 pa
15	H/H	Increased Competition in Grain Markets in South Australia	Foster the development of a competitive supply chain and ensure aces equality and access for grain traders in South Australia	GPSA	GPSA, WEA, ACCC	2014	\$50,000 pa
16	H/H	Occupation Health Safety and Wellbeing	Ensure grain producers are aware and compliant with OHS &W policy. Provide input into improving OHS & W issues.	SAFF	SAFF	2020	\$10,000 pa
17	H/H	Natural Resource Management	Provide ongoing support in developing sustainable farming practises	SAFF	SAFF	2020	\$10,000 pa

South Australian Grain Industry Proposed Projects 2012 to 2017 and Application of
PIFS Grains Funds to benefit all Grain Producers in South Australia

No	Priority Urg/Imp	Project Name	Project Description	Key Project Manager	Project Partner(s)	Project Timeline	Project Budget
18	H/H	Promotion of Agriculture to Customers and Community	Promote Agriculture to consumers and the community	SAFF	SAFF, NFF	2020	\$20,000 pa
19	H/H	Impact of Carbon Pricing and Carbon Farming	Determine the impact of Carbon pricing and carbon farming on land supply and demand for carbon sequestration, and impact on sustainability of grain production and grain prices	GPSA	GPSA, SAFF, DAFF	2016	\$10,000 pa
20	L/L	Grain supply contracts	Work with grain traders and end users to protect the interests of industry stakeholders in developing and using grain contracts	GPSA	GPSA, GTA, GIASA	2020	\$10,000 pa
21	L/L	Input supply contracts	Work with farm input and suppliers to protect the interests of industry stakeholders in developing and using supply contracts	GPSA	GPSA, SAFF	2020	\$5,000 pa
22	M/M	Access, Extension and Application of Grain Production Technology	Ensure grain producers have access to crop technologies that are profitable and sustainable	GPSA	GPSA, GRDC, SAGIT	2020	\$10,000 pa
23	M/H	Grains Research and Development	Provide grower input into R,D & E projects and proper extension of R&D activities	GPSA	GPSA, GRDG, SAGIT	2020	\$40,000 pa
24	H/H	Improved access and efficiency of Port Facilities	Develop solutions with industry and government around efficient and cost effective access to grain export port facilities	GPSA	GPSA, BHC, GPA, ACCC, DAFF	2012	\$10,000
25	H/M	Education and Training	Promote the development of training programs to improve the technical, financial, management and social skills of grain producers	GPSA	GPSA, SAFF, VET	2015	\$10,000 pa
26	H/M	Young Farmers and the future	Develop young famers as leaders in the grains industry	SAFF	SAFF, GPSA, GGL, VET	2020	\$10,000 pa
27	M/M	Bio fuels	Promote the use of grains as a clean green, renewable fuel source	GPSA	GPSA, DAFF, PIRSA	2020	\$10,000 pa

South Australian Grain Industry Proposed Projects 2012 to 2017 and Application of
PIFS Grains Funds to benefit all Grain Producers in South Australia

No	Priority Urg/Imp	Project Name	Project Description	Key Project Manager	Project Partner(s)	Project Timeline	Project Budget
28	H/H	Pre and Post Harvest Technical Forums	Provide a forum to annually review harvest issues and to present solutions and research prior to harvest of the subsequent year	GPSA	GPSA, SAGIT	2020	\$10,000 pa
29	H/H	Pollination of broadacre crops	Develop a program to ensure an ongoing and viable apiary industry to benefit crop pollination	GPSA	GPSA, SAFF, SAGIT	2020	\$10,000 pa
30	H/H	Thevenard Port Terminal Access	Develop a feasibility study around upgrading the Thevenard port terminal to improve grain export efficiency and cost effectiveness	GPSA	GPSA, RDA, Flinders Ports, Local Govt.	2013	20,000 pa
31	H/H	Farm machinery code of practise update	Ensure efficient and effective access of farm machinery access to properties and operations	GPSA	GPSA SAFF	2017	\$10,000 pa
32	H/H	Affiliation with Industry Bodies	Ensure grain producers are represented to government industry and the community on issues relating to general farming practises and community involvement	GPSA	GPSA SAFF, GPA, NFF	Ongoing	\$100,000 pa
33	H/H	South Australian Barley Advisory Committee	Provide secretariat services to SABAC	GPSA	GPSA SABAC	ongoing	\$20,000 pa
34	H/H	Dissemination of project outcomes to fund contributors	Dissemination of project outcomes to fund contributors	GPSA	GPSA	ongoing	\$40,000 pa

South Australian Grain Industry Proposed Projects 2012 to 2017 and Application of PIFS Grains Funds to benefit all Grain Producers in South Australia

Abbreviations

Urg/Imp Project Urgency and Impact High, Med, Low

GPSA Grain Producers SA Ltd

GPA Grain Producers Australia

SAFF South Australian Farmers Federation

GGL Graingrowers Ltd

SAGIT South Australian Grains Industry Trust

WQA Wheat Quality Australia

GRDC Grains Research and Development Corporation

GTA Grain Trade Australia

WEA Wheat Exports Australia

SARDI South Australian Research and Development

WMA Wheat Marketing Act (SA)

APVMA Australian Pesticides and Veterinary Medicines Authority

DAFF Department of Agriculture Forestry and Fisheries

SABAC South Australian Barley Advisor Committee

PA Pulse Australia

BA Barley Australia

NFF National Farmers Federation

PHA Plant Health Australia

GIASA Grains Industry Association of South Australia

ASX Australian Securities Exchange

ASIC Australian Securities and Investment Corporation

ACCC Australian Consumer and Competition Corporation

VET Vocational Education and Training