

**United Wheat Growers
Chairman's Annual Report
5/06/22**

Looking back on the harvest of 2022 is something most growers would choose not to do. Weeks of overcast humid conditions and large amounts of rain in all grain growing regions except Southland and parts of South Otago, left many growers with below average to poor harvest results, both from a quality and yield perspective. These conditions have left many in the arable industry feeling very vulnerable with returns under pressure from very high inflationary issues, something we are all struggling to control. So, when harvest results are poor, we as growers became increasingly aware of our costs and low margins.

Last year, Grower Contracts for 2022 deliveries were below expectation, particularly for milling varieties, this saw a reduced planting of these. The result of this, combined with the lower yields from the poor growing and harvesting season, grain has been in short supply, particularly quality lines of milling wheat. So free grain has been in good demand and achieving high values, a welcome relief for those who have free grain available.

Milling wheat was by far the worst effected from the wet harvest, with large percentages of wheat samples falling outside of contract specifications. This has resulted in Milling companies falling short of product. Further compounded by the reduced planting of milling varieties last year. As a result, mills have been scrambling for quality lines of free wheat, however still unable to fill South Island demand, therefore needing to fulfil their requirements from grain imported from Australia. While this was a very poor and disappointing result, from an industry perspective, it does create opportunity going forward. For several years UWG has worked with Federated Farmers and FAR to promote the use of New Zealand produced grain in both the milling and stock feed industries. This year's harvest results, linked with the global issues such as the poor-quality milling wheat results in Australia, global shipping logistic issues and costs, global grain stocks and the effect of the Russia/Ukraine war has added to this shortage. All these issues have combined to raise awareness of product supply and availability, particularly for milling wheat.

The result, I think, is a brighter outlook for wheat growers, while production costs have increased significantly in the last 18 months, we are now seeing values for grain never seen before. While the cost of running our businesses will certainly be higher, we expect, so too, will be our net return.

UWG will continue to support the promotion of NZ wheat consumption. The wheat industry is very well supported with the varieties available to us, the agronomic skills of both our growers and advisers who support us, along with the land and infrastructure we have invested in. We know we can supply quality product as good or better than from elsewhere in the world, increasingly we are seeing markets recognise this, it is perfect timing to further promote our produce. This new awareness of food security has raised the profile of the grain industry, we are working hard to ensure we gain the profile and market advantages the industry deserves.

Wheat Competition

Last year's event was a huge success, so the wheat industry is continuing with our competition. Saying this, for the awards presentation there is a big change. The wider arable industry is combining to create a National Arable Awards Ceremony. The aim is to recognise and reward success and excellence within the industry and promote this to both the wider agriculture sector and the New Zealand public. UWG has combined our competition and efforts to support the work of Federated Farmers, FAR and NZGSTA to create the Annual Arable Awards, we see this as a great way to raise our profile and promote all aspects of the Arable Industry.

A huge thankyou to all the sponsors that generously support UWG and now the wider arable sector.

Insurance

The past season, while being very challenging weather wise to grow and harvest good yielding quality wheat, it has been a very good one from an insurance claim perspective. The scheme enjoyed its second lowest claim year ever.

This is favourable for the scheme when we negotiate the Insurance Levy with Farmers Mutual for the 2023 harvest. FMG are open with us on the scheme's long-term performance, this information gives a rolling average to guide negotiations.

Other factors are also addressed, such as growers increased costs, for this reason we worked hard with FMG to not lift the Levy we pay, however recognising the increased growing cost, we are pleased to have raised the value of cover for our wheat crop.

Biosecurity

Keeping our borders tight is crucial to maintaining our farming futures, however we cannot close them, the reality is there is always some risk, for this reason UWG remains a member Seed & Grain Readiness & Response, SGRR. We partner with The Flour Millers Association, FAR, Federated Farmers and NZGSTA.

SGRR has a Government Industry Agreement, GIA, for Biosecurity issues linked to all arable crops. SGRR's importance was apparent on more than one occasion during the year as MPI involved SGRR at early stages of incursions. The most concerning to the wheat industry was from black grass identified in linseed. While not in wheat crops, certainly on arable farms, something that was able to be removed prior to seeding and remains under surveillance, preventing a possible disaster for arable farmers.

Industry Involvement

UWG continues our other industry involvement with AIMI, also holding a position on AFIC, we administer QAgainz for the Grain Industry and the Directors are members of the Taskforce that runs it.

Opportunities to increase domestic feed and milling wheat consumption are strong right now. There are challenges, particularly given much of that opportunity is in the North Island. To capture this opportunity requires good industry cooperation, we continue working with Federated Farmers Arable and FAR to look for ways to move South Island wheat north and encourage more production in the North Island.

To the Electoral Committee, thank you for the support. While we have not called on you for much insurance assessing this year, I am grateful to know you are there ready, this remains an important part of the insurance scheme.

You are our contact with growers in your area, offering support when needed and being the eyes and ears for our industry. Also, most importantly keeping the Directors informed with any concerns, issues, or comments from growers.

Thank you to the team at Brown Glassford, especially to Chelsea, the work you do to support the directors is fantastic, your ability and enthusiasm, combined with the quick and positive way you get things done is really appreciated.

Steve, Michael, and Guy, I very much value and enjoy the work we do together, thank you all for your support and I look forward to us working together again over the next year.

Brian Leadley
Chairman