

OPEN LETTER TO GRAIN GROWERS

FROM JOHN HONAN, MANAGING DIRECTOR OF MANILDRA GROUP

Dear Australian Grain growers,

Manildra Group has been granted an import permit by Australia's Department of Agriculture and Water Resources (DAWR) to import high protein Canadian wheat.

For 67 years we have been buying wheat exclusively from local growers in Australia and, like you, we are committed to a sustainable grains industry. We know our national reputation depends on our biosecurity import standards and we are committed to these strict industry safeguards set by DAWR.

We continue to use 100% Australian wheat at our three NSW flour mills, at Gunnedah, Manildra and Narrandera. Our domestic wheat logistics is fully booked through to the end of calendar 2019, with trains drawing supplies across Australia to service these mills.

East Coast grain growers, from whom we traditionally source our high protein wheat, had a very poor harvest in 2017 and 2018. This has left a shortfall of high protein wheat required for our value-added exports, including gluten and starch, produced at our Nowra, NSW plant.

We have safeguarded the future of our plant by importing high protein wheat, and we have an ongoing requirement to continue this through to the end of calendar 2019.

Our preference is to use Australian wheat, and we will continue to buy high protein wheat from local growers, as supply permits.

Manildra Group is the largest buyer of wheat in Australia and larger than most of Australia's export markets including Japan, Korea, Vietnam and Malaysia.

Our demand accounts for more than 50% of the east coast milling market, and more than 70% of the NSW milling market – our presence underpins a strong competitive market for local grain. We purchase Australian wheat every year, including this year.

In response to potential wheat supply following Western Australia's bumper harvest, Western Australia does not have the suitable high protein wheat that is critical to our Nowra plant operations.

Whilst having to take this step to shore up the supply shortfall, Manildra Group continues to support the efforts of grain grower groups to introduce a transparent stock reporting system, to better inform supply and demand decisions by growers and buyers.

Above all, we share the high hopes of our growers and customers for a better grain season in 2019.

Yours sincerely

John Honan

Managing Director, Manildra Group

Manildra Group's state-of-the-art manufacturing facility located in Nowra, NSW.

FACTS

- It is the first time in Manildra Group's 67-year history that exceptional drought circumstances have forced the requirement to import.
- So far for 2019, Manildra Group has purchased over one million tonnes of Australian wheat and will continue to do so as supply, quality and logistics permit.
- Manildra Group employs more than 1,000 people directly, and thousands indirectly, across regional NSW.
- 100% Australian wheat will be used at our Manildra, Gunnedah and Narrandera mills.
- Manildra Group first advised DAWR of its import needs in August 2018, after carry over stocks were critically low and crop prospects across the Eastern Seaboard were failing. This process included consultation with grain grower organisations.
- DAWR has determined all the strict biosecurity standards for the import of high protein wheat and have conducted extensive audits to establish biosecurity protocols at Port Kembla and the Nowra plant.
- Imported high protein wheat will be exclusively processed at the Nowra plant, supplementing our domestic grain supply.
- The imported wheat will be discharged at Port Kembla and transported by rail in sealed containers purposely manufactured for transporting wheat to Nowra.
- The Nowra plant is a fully closed loop system, whereby no product leaves the plant unless it has undergone rigorous heat treatment to meet biosecurity standards.
- Details of the wheat import permit announcement can be found on DAWR's site: <http://www.agriculture.gov.au/about/media-centre/media-releases/single-shipment-bulk-grain-permit-issued>



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