Ref 1

Options aren't always useful

GRAIN TRADING

Smart marketing

By Malcolm Bartholomaeus

AFTER last year's large losses on wheat swaps, there has been renewed interest in the use of put options to manage wheat prices.

The idea is appealing but is unlikely to live up to expectations this year.

When we sell using a swap we lock in the underlying futures price.

If wheat prices then lift, as they did last year, we begin to accumulate losses on our swaps because we have to buy them back at a higher price than we sold them for.

This is a desirable outcome because it means the value of our physical wheat has increased, and as long as we have not got more than 100 per cent swap coverage, we are better off.

Conversely, many growers want to make profits on their swaps, which in turn will lower the overall value of their wheat crop because the part of their crop which is not covered by swaps is exposed to the drop in the market.

When we buy a put option we are merely reserving the right to sell a swap.

If the market does rise, as it did last year in spectacular fashion, we do not exercise the option to sell, and so avoid the losses that having sold a swap would incur.

This is appealing because we are protected if the market falls, but do not have the swap losses if the market rallies.

We actually still get the higher prices if we are

The problem is put options cost.

This week the price was about $55 a tonne.

So instead of running the risk of losing $55/t with a swap trade, we guarantee losing $55/t if we use an option.

Most growers would baulk at the idea of losing $55/t on swaps, but that is what using put options implies.

The $55/t is about US135 cents a bushel.

To be ahead of using swaps, the market has to lift by US135c/bu, or to about US1025c/bu by year's end.

This is a massive price that would exceed our previous highest end of November US futures price (US859c/bu last year) by US165c/bu.

It can happen, but nobody thinks it has much chance.

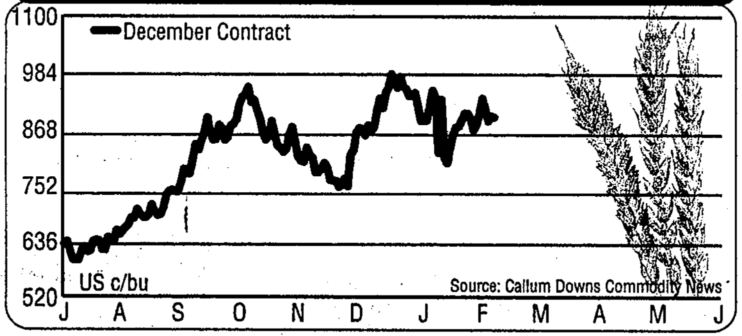
It is more likely US futures will end the year in the range of US600c/bu to US700c/bu, or their second highest level ever for our harvest period.

If you use swaps at the moment you will be locking in a price close to $381/t net of charges, delivered port basis.

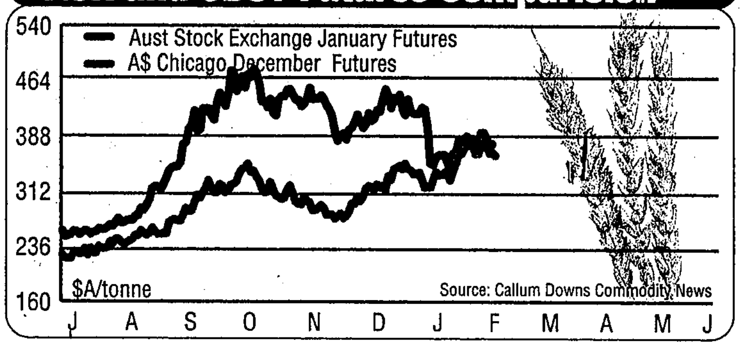
If you use put options and the market remains unchanged, or falls, your most likely price will be $340/t.

If the market races to US1100c/bu by the end of the year, those with wheat swaps

CBOT Wheat Futures



ASX and CBOT Futures Comparision



However, with global wheat production set to lift by 40 million tonnes this year, such an outcome is not regarded as likely.

To get to prices of that magnitude there is going to have to be a third year in a row where global wheat production falls short of expectations, or a scenario where crude oil prices move to such high levels, the demand for biofuels drags all

Right now a put option strategy does not look attractive against using wheat swaps.

■ **Malcolm Bartholomaeus is a registered representative of Peter G. Moloney and Associates, Melbourne, and Callum Downs Commodity News, Clare, South Australia.**

● This article does not take into account the financial circumstances of any particular person. You should assess whether the information in this article is

High grain prices set to continue

AUSTRALIAN Crop Forecasters (ACF) is predicting volatile grain markets in the first half of 2008 as demand for grain for food, feed and fuel (biofuels) all compete for limited land and water resources – which will keep prices at current high levels.

However, ACF warns the situation could change quickly as harvest gets underway in the northern hemisphere.

"If the northern hemisphere crop progresses well between now and mid-year, then we may see lower global prices in the second half of 2008, but this will be of little relief to local grain users if there are relatively minor stocks left to price in Australia," said Ron Storey, author of the report.

Chairman of the Grain Growers Association (GGA), Dan Mangelsdorf, said graingrowers on the eastern seaboard were cautiously optimistic about the coming season.

"Producers across the world are responding to strong price signals to increase production, and global markets are factoring increased supplies into their planning for 2008," Mr Mangelsdorf said.

"GGA has recently completed a significant survey of graingrowers in eastern Australia, and results show our members are gearing up for a big season, and are currently preparing their farming land, with hopes of a profitable crop so as to start rebuilding after the past five years of drought.

"Access to market information of the type available from ACF will help our members make smart, informed decisions for the season ahead."

The full crop report, available to GGA members via the website, predicts that with world grain stocks finely balanced, any price movement could be positive for eastern Australian graingrowers in the first half of 2008.

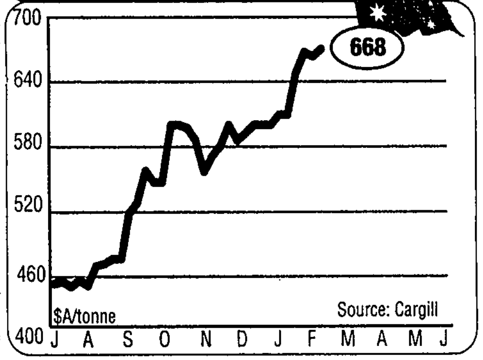
■ **Members should visit**

Ref 2

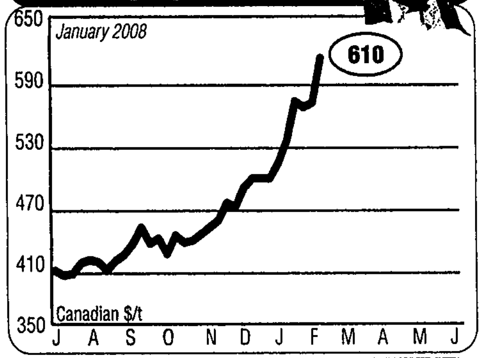
Grain Marketing

Exports – E.G. To ASIA. will keep Prices For Feed Grain High.

Canola Cash Price



Winnipeg Canola Price



Canola Prices

February 5

Prices in $/tonne (GST-exclusive)

Demand strong for exports

SOME of the earliest sorghum was sown in August on the Moree plains.

Crops had access to water for a couple of critical irrigations and, after spraying, were taken off last week.

They are in storage and ready to service existing contracts or new ones.

Merchants are keen to move this sorghum quickly to make room for more sorghum that will be ready later this month or in March.

Where sorghum has been booked for delivery to poultry producers in Victoria in the second half of February, merchants are trying to make arrangements to truck it in the first half of the month.

However, rain during the weekend may have changed things.

There won't be any more sorghum harvesting until rain in the cropping areas stops, and the grain moisture comes back to 13.5 per cent.

Weather forecasts suggest heavy rain in the sorghum areas for the next two weeks.

Sorghum will probably move down to $280 a tonne Sydney once the main sorghum harvest is in progress in March.

They have already moved to this level for Brisbane delivery in the second half of February.

The price for prompt delivered sorghum has eased, but only by $20/t for Sydney, to $325/t.

Most stockfeed manufacturers are allowing for wheat to be continued in poultry rations in case the promised sorghum is delayed by rain.

Summer rain through the coastal and inland grazing areas has produced good feed and the grain demand for sheep and cattle is low.

The demand for feed barley is similarly lower for grazing stock.

This is affecting the demand and, hence, production of sheep and cattle pellets.

Feed barley of FB2 category or the top end of FB3 is low.

This commodity does not compare favourably with sorghum in terms of energy or price per unit of energy.

It is trading at $300/t Sydney basis, down $20/t on last week.

There is a very active market for wheat to service the container trade out of Botany Bay.

Prime Hard wheat is mainly being packed for Brisbane, but Australian Premium White (APW) for the container trade is making $460/t on a delivered Sydney basis.

Stockfeed wheat either of General Purpose (GP) minimum category or Australian Hard 2 (AUH2), is making $450/t delivered Sydney.

Strong export wheat demand is driving the container business.

Container exports are running at 100,000t a month.

This is having a significant impact on the supply of wheat in eastern Australia for 2008.

Sorghum is going to be the main feed grain for the rest of 2008 in NSW and Queensland.

On the prices in our table this week, stockfeed wheat is trading at a premium of $125/t to sorghum.

Once the sorghum harvest gathers pace, the margin will widen further.

Already some holders of wheat supply contracts are exploring ways of exiting these contracts and using sorghum as an alternative.

Triticale growers are pricing their commodity against wheat, but there are not many takers.

Triticale is a favoured grain for dairy cows in winter, and the commodity is limited.

There is good demand on the Indian subcontinent for human consumption pulses.

Chickpeas are making $600/t delivered Sydney and field peas only $100/t less.

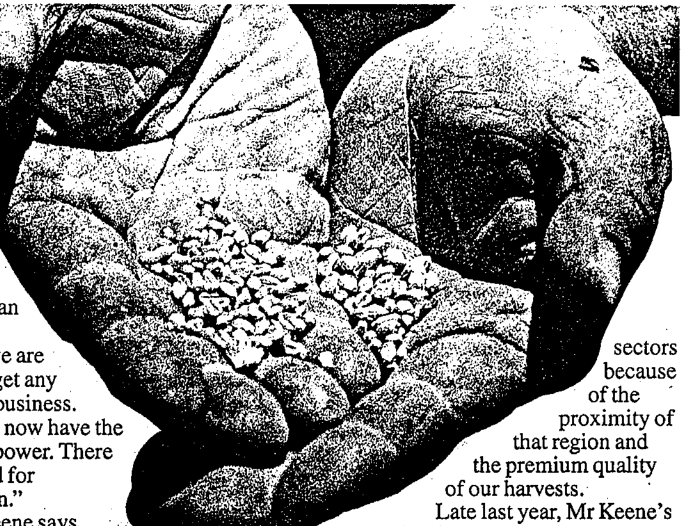
Best Performers: creating wealth in rural Australia — SPECIAL REPORT

Keene on export choices

No Cheap Grain in Short Term – if EVER. — Denis Moore

by VERNON GRAHAM

Tom Keene, GrainCorp's managing director, says growers don't need statutory regulations to control grain companies.



TOM KEENE, the soon-to-retire managing director of GrainCorp, believes the Australian grains industry is about to enter an exciting new era of growth and profitability.

Like many others in the rural sector, he is convinced a combination of demand from booming Asian economies and the increased use of grains for biofuels will provide a platform for a sustained hike in world grain prices.

"The strong grain prices are largely being driven by demand (not by a short-term supply shortage) and while nobody knows for sure, the indications are that they (higher prices) will be around for some time," Mr Keene says.

Add to this the looming deregulation of bulk wheat exports – thanks to AWB Ltd's monumental stuff-up in Iraq – and the potential for genetic modification to significantly upgrade the performance of Australian crops, and Mr Keene says the $10 billion annual grains industry has all the ingredients for a bonanza.

While Mr Keene won't lament the death of wheat's export single desk, he isn't loudly cheering its demise, either. That simply isn't part of his understated personality. This 60-year-old son of a soldier-settler farmer from Bellata, in north-west NSW, has spent more than four decades in the grains industry and has been a key player, particularly in more recent times, in the removal of the sector's straitjacket of Federal and State government-imposed marketing regulations in favour of fully deregulated selling systems. Well, almost. The last to fall is wheat's export single desk. Mr Keene believes AWB Ltd's corruption of the UN-sanctioned Iraqi oil-for-food scheme by winning wheat sales with bribes simply hastened the end of the single desk.

It would have been scrapped sooner or later, he says, because growers no longer need it.

"What we had in 1960s and 1970s (grain marketing largely controlled by statutory boards) was right for that time. I believe in today's environment that farmers need to be able to exercise their right of choice (in marketing)," Mr Keene says.

He says modern communications and faster and better delivery of market information means that farmers no longer need a government-owned "big brother" to handle and market their grain. But they will still control the commercial grain companies, including GrainCorp, that have evolved from the statutory bodies through the power of their marketing choice.

He says GrainCorp, for example, will be eager to build on its existing export grain business when bulk wheat exports are opened to competition, but its success in that new business will depend on whether growers choose to sell wheat to the company.

"We can no longer assume we are going to get any farmer's business.

"They now have the ultimate power. There is no need for legislation."

Mr Keene says deregulation of wheat exports may also make Australia's high-quality grain more attractive to importers, because some may now be seeking supplies elsewhere (eg, Canada and the US), simply because they don't want to rely on just one Australian supplier (AWB Ltd).

Mr Keene says he believes Australia must adopt GM grain crops to help farmers combat global warming, which he says will reshape our climate over time. More drought-tolerant wheats are a must.

"The (GM) science has been proven and (some of) our competitors now have GM crops."

The Australian export grain industry should target emerging markets in Asia, he says, not the biofuel and ethanol sectors because of the proximity of that region and the premium quality of our harvests.

Late last year, Mr Keene's contribution to the grains sector was recognised when he won the 2007 NAB Agribusiness Leader of the Year award.

He joined the Premium Wheat-growers Association in late 1966 and stayed with the organisation through various name charges, mergers and corporatisation until it evolved into the publicly-listed GrainCorp, a modern Sydney-based $700 million agrifood company that employs 850 full-time staff.

Under his stewardship GrainCorp has developed extensive grain handling and storage infrastructure in the eastern States while also diversifying into domestic and international grain trading, farm inputs, transport, finance and flour milling. ☐

A

Rec 4

Australia's ham scam even makes news in the US trade press

Woolworths owned Safeway stores pulled a controversial leg ham product off the shelves in Australia after the local pork industry cried foul over the way it was labeled, according to the *ABC*, trade publishing sources in the US reported.

The product consisted of Canadian pig meat wrapped around the bone of an Australian pig and was marketed as pre-sliced, bone-in ham.

Australian Pork Limited, which represents pork producers, said the product would have led customers to wrongly believe they were buying Australian pork because there are bans on bone-in imports.

KR Castlemaine, which makes the hams, denied consumers would have been concerned, but Safeway said it could be perceived as misleading for customers, even though there were no issues with the ham's quality, safety or labeling.

It's a pity that our usually innovative industry made headlines with practices that have ultimately benefitted no one involved in what was basically an ill advised marketing scam.

It obviously doesn't help Australian producers, it certainly hasn't helped consumers, who took the trouble to try and buy Australian by buying ham 'bone-in' and ended up with imported product.

It hasn't helped the Safeway stores who have been involved with a time consuming and costly process at a time when they should have been flat out trying to sell ham, not taking it off the shelves.

The originators of the idea have attracted international as well as national negative publicity for their brand and the whole incident probably hasn't helped the image of Canadian products either.

If there is any good news to the whole sorry saga it's that Woolworths did the right thing and acted to rectify the situation and though this dubious marketing scheme was legal in the strictest sense of current labelling requirements, the company acted responsibly in the interests of consumers.

The incident also clearly demonstrates that Australian consumers need better labelling laws to protect their preference for Australian produce.

Finally for the Australian pig industry it clearly demonstrates the idiocy of our current pig meat import regulations that have allowed such a ludicrous situation to occur in the first place!

The Pork Journal NOV/DEC 2007

B Ref 5

Smallgoods firm accused of labelling foreign pork as Australian

Kelly Burke Consumer Affairs Reporter
February 20, 2008

THE country's largest supplier of smallgoods is under investigation over an alleged pork substitution racket.

Primo Meats Group is being investigated by NSW authorities over claims that subsidised pigmeat imported from Denmark and Canada is being re-labelled as Australian.

A spokesman for the Minister for Primary Industries, Ian Macdonald, has confirmed an investigation into Primo's practices involving imported pigmeat is under way.

"The NSW Food Authority is aware of the issue, the company has voluntarily withdrawn some products and the investigation is continuing," the spokesman said.

When approached by the *Herald* last week, however, Primo's owner and managing director, Paul Lederer, denied the existence of any investigation. "I'm the CEO, I should know what is going on. I'll say it again, I'm not under investigation, nor is the company," he said.

The *Herald* subsequently received two letters from Primo's lawyer, John Landerer, the first threatening legal action, and claiming that Primo had been the victim of "purveyors of ... false and sinister information".

The second letter, received yesterday, confirmed that Primo was co-operating with food authorities over an unprecedented country-of-origin issue, but the meat in question represented "a minuscule part of the company's total business".

Mr Landerer said that should the allegations be substantiated, Primo was not ruling out the possibility of human error, and that such an error posed neither a health threat to the public, nor presented any financial benefit to the company.

The company did not respond to questions over its dealings with its largest customer, Coles.

A Coles spokesman told the *Herald* last week: "We have been made aware of the claims, and we are very concerned about them."

The investigation comes as the Productivity Commission prepares to deliver its final report into an inquiry into imported pigmeat next month.

Since 2002, pork imports have increased by 48 per cent, while in the last financial year alone, domestic processed pork production dropped 26 per cent.

According to Australian Pork Limited, the national representative body for pig producers, the total local pigmeat industry is now losing $2.59 million a week.

The commission's preliminary findings concluded that the rapidly declining health of the local pork industry was due to higher feed prices, not cheap imports. But pork producers are arguing that increased feed prices are a worldwide phenomenon, and the market is being distorted by heavy subsidies and indirect financial incentives the US, Canadian and Danish governments pay their pig farmers.

Primo, a family-owned company, employs about 3000 people and has plants and abattoirs in NSW, Victoria, Queensland and South Australia.

Ref 6

WA pork producers want fair trade not free trade

WA Pork Producers' Association (WAPPA) has called on the Australian Government to broaden the scope of the 'Productivity Commission Safeguards Inquiry into the Import of Pigmeat'.

It wants it to examine the annual level of direct and indirect subsidies received by producers in Denmark, Canada and the USA, the three major importing countries.

WAPPA President and Cuballing producer, Graeme Dent predicted the subsequent findings might encourage the Government to implement the same level of support for Australian pork producers.

The OECD estimated EU support in 2003 to EU pigmeat producers at $A0.41/kg.

"WA producers should not be penalised on farmgate price due to the price squeeze created by imports that are subject to substantial subsidies through producer support schemes," he said.

Also, WAPPA, in its submission to the Productivity Commission, asked that only pork produced under internationally recognised on-farm quality assurance programs that comply with Australia's food safety standards, be allowed to enter Australia.

"Such measures would maintain imports for processors at a sustainable level, while creating a positive environment for the industry to invest in the new infrastructure and technology so necessary to improve economic efficiency and growth.

"With most producers losing money, WAPPA asserts the industry is not sustainable in the current trading environment."

WAPPA detailed actual case studies of three WA production units:

1. Loss of $19.25 per pig @ avg wt of 70kg. Piggery has outdoor farrowing unit. Pigs grown out in straw based eco-shelters and conventional finishing sheds.

2. Loss of $13.41 per pig @ avg wt of 70kg. Piggery is 250 sow farrow-to-finish. Pigs grown out in straw based eco-shelters.

3. Loss of $10.76 per pig @ avg wt of 71kg. Piggery is diversified, with indoor/outdoor farrowing. Pigs grown out in straw based eco-shelters and conventional finishing sheds.

Mr Dent said that pigmeat imports into Australia, as a percentage of domestic consumption, had risen from 18% in 2002/03 to 34% in 2006/07.

"This surge, along with higher grain costs created by global and eastern Australian demand, has constrained the potential for prices paid to producers to rise sufficiently for producers to grow their businesses and be profitable."

WAPPA urged the Australian Government to accept responsibility for creating the current industry environment and to work with industry to create an equitable balance in trade between the industry's major competitors.

In 1994, the Government accepted a bound tariff rate of zero for imports of pigmeat under the WTO Agreement on Agriculture, effective from January 1, 1995.

"When governments make such decisions on behalf of industry, without consultation or consideration of the future impact on investment and competitiveness, they must recognise the social and economic consequences and take responsibility," Mr Dent said.

"Therefore, it's now the responsibility of the Australian Government to work to create an equitable balance in trade between the industry's major competitors."

The Land 7/2/08.

Best Performers: creating wealth in rural Australia — SPECIAL REPORT

CANADAS. Pork & Cattle Exporters Got EXTRA 1 Billion Dollars For EXPORTING

Mostyn to beef up its meat

by TRAVIS KING

THE Craig Mostyn Group is poised to become a much larger player in Western Australia's meat sector, with plans awaiting approval for a $30 million state-of-the-art beef and sheep abattoir next to its pork processing plant near Perth.

Craig Mostyn was founded in NSW in 1923 by Robert Mostyn and started life as a trader of just about every commodity. During its 85-year history the company has grown into one of Australia's largest privately-owned agribusinesses.

The company has four divisions – meat and livestock, recycling, seafood and trading – which are administered from offices in every State.

Craig Mostyn notched turnover of more than $300m last year, with the meat and livestock division now the company's top earner. A contraction and consolidation process three years ago has left the company relatively debt-free and ready to pounce should new opportunities arise down the track.

HERE'S THE BEEF ...

WA-based private company with offices in all States.

And according to chief executive officer, David Lock, opportunities within the fresh food and protein sectors are virtually endless, both at home and abroad.

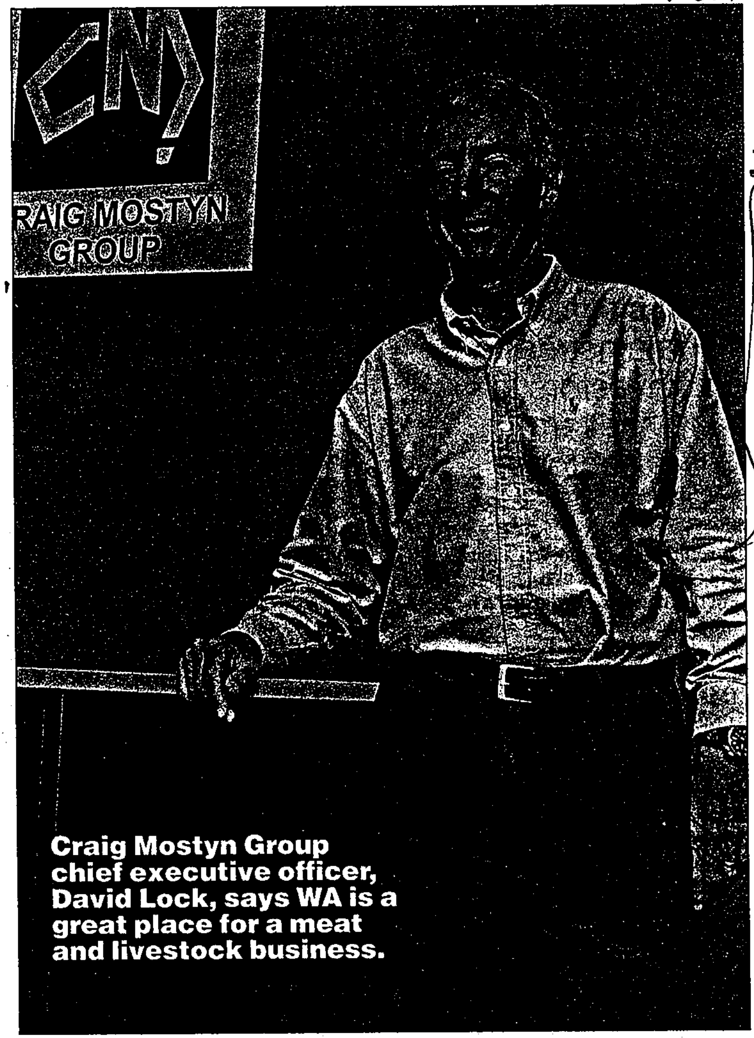
Two years ago, the company moved its head office from Sydney to Perth and is happy with the relocation across the Nullarbor.

"We see WA as an area of significant growth, particularly for our meat and livestock business," Mr Lock says.

"WA's isolation means less disease risk in our livestock production sector, and the State's proximity to Asian countries means logistically we are well placed to distribute to that market."

The company's pork abattoir at Linley Valley, 45 minutes east of Perth, recently received a $4 million upgrade and can now process 14,400 pigs a week, both for itself and external clients. Linley Valley Pork now slaughters 98pc of WA's pigs.

Craig Mostyn has exclusive supply contracts with farmers and also leases two pig farms, which it wants to buy to



Craig Mostyn Group chief executive officer, David Lock, says WA is a great place for a meat and livestock business.

"The company has always had the view we would prefer not to run our own farms, but food production is changing.

"Consumers are becoming better educated and demanding higher-quality product and we found that it was not possible to have a business so dependent on livestock production without owning our own farms."

The company plans to build a $30m

"We don't see any problem environmentally as this facility will be state-of-the-art," he says.

"It will be fully enclosed and based on European models. The facility will be export accredited, but we will operate it as a service works only. We take the capital and operating risk, but will not take the livestock risk.

"We won't start building until we have commitments for (enough)

"We now supply fresh meat and consumer ready products to the WA domestic market mostly, with some product going to Victoria.

"We are looking at using our seafood distribution system to supply other States."

Mr Lock says while the pork industry is facing challenges, things could turn around quite quickly.

"If the Government does not take a strong position on preventing or restricting imported pigmeat, then the Australian pork industry will continue to be severely constrained," he says.

"We have seen imports move from 40pc to 80pc of processed meat and, as of December 1, the European Union provided a subsidy to its pork farmers of 50 cents for every kilogram of pork exported.

"The Australian Government has to make it a level playing field."

Any protein processing business is required to deal with waste effectively, and Craig Mostyn Group has established its own waste recycling business.

"We operate organic waste recycling facilities which consist of a rendering plant, Talloman, and a yellow grease business, Fataway," Mr Lock says.

"We take away abattoir waste and restaurant vegetable waste and turn it into something of value. The tallow sector is now in a high price cycle, due to historically high grain and oilseed prices. We have two very old plants in semi-urban area, and there is a three-year plan to demolish the red meat waste plant and build a state-of-the-art new plant. There are waste treatment plants in Europe in the middle of small cities. They don't smell, and deal with their own water emissions appropriately, and that is the type of facility we are looking to invest in."

Like the meat and livestock division, Craig Mostyn is also taking more control of its seafood distribution supply chain.

The company recently bought a retail distributorship in Queensland and will replicate that model to push its products into the retail sector and do

Reg 7

Ref 8

Pot calling the kettle black

While the US pork industry is outraged by the prospect of the EU reintroducing subsidies to their pork producers, it presumably remains content to buy subsidised feed and benefit from other Federal Government interventions that boost their export competitiveness

The US National Pork Producers Council said it is deeply disturbed by the European Union's decision to reintroduce export subsidies for pork.

"The EU subsidies are a direct blow to US pork producers," said NPPC President Jill Appell, a producer from Altona, Illinois, in a statement.

"Our profitability is increasingly dependent on our exports," he said.

"The EU subsidies undermine the US pork industry's hard-earned export sales and will unfairly shift financial pain to our producers."

NPPC called the action particularly disappointing in light of the political commitment the EU made to end export subsidies on pork and other agricultural products as a part of the World Trade Organization's Doha Round negotiations.

Similarly, the Canadian Pork Council decried the move, noting Canadian producers face the same input cost issues EU producers do.

EU member tates recently approved export refunds on pork and pork products to subsidise its pig industry to compensate for high feed costs.

Northern Farmer Bulletin Ref 9

Let's get a balance ...

Nov 07.

BEEF IT UP

Philip Doyle
Beef cattle management consultant

PORK imports are damaging the local industry already suffering the impact of grain prices.

TRADE, trade, trade! We are an exporting country, but we must get some balance of trade in our economy. So, let's trade, but let's also keep the strictest possible quarantine system for our agricultural food producers.

Can anyone tell me why we are decimating our pork industry by allowing imports of 190,000 tonnes of pig~~meat~~ into this country, mostly from Denmark and Canada.

If it keeps up keeps up the pig industry in Australia will be stuffed. Pork industry spokesmen tell me that, because of the price of grain, producers are losing \$30-\$60 a pig.

Are they getting any help to compete with heavily subsidised pork importation? No, they're not.

How about the horse flu debacle?

Following the deregulation of the dairy industry, see the rise in the price of milk in the supermarket. It's disproportionate to the small rise to those dairymen that remain in the industry and are battling.

Our governments had better start thinking of our producers and their bottom line and their country's future before we become an importer of beef from the America, milk from New Zealand and pork from Scandinavia.

I'm indebted to NSW Farmers and Sclwyn Johnson, the independent member for Leichhardt in Far North Queensland for reminding me of important matters to all Australians, including:.

■ Australia is in a unique position as an island free of serious livestock and plant diseases, such as foot and mouth, in our livestock, fire blight in apples and moko in bananas. Free trade agreements with other nations like the USA and Thailand should allow us to genuinely make restriction claims for quarantine reasons from countries with disease we don't have and don't want.

All countries must understand this.

■ After WWII most industrialised countries held a passion for self-sufficiently regarding food to protect their agriculture from imports from other countries and internal subsidies were set up. This process has developed and continued to this day. An example of this subsidy is that US sugar growers enjoy a government subsidy that amounts to twice the international sugar price. The European community has similar situations with huge subsidies for grain, dairy, beef and horticultural products. The provide subsidies to protect these industries and those involved in them and to protect the industries from competition from imports.

■ We are an exporting country but can anyone tell me why we import almost the same amount of pig meat from Canada and Denmark that we export? The reasoning is that by doing so Canada can balance its trade with Australia by importing our beef. But, what about the pig industry in Australia, which is on its knees?

Pork is the cheapest meat to buy right now and with the price of grain – due to drought and ethanol requirements – up from \$150 and ending to \$500 a tonne it will be 'goodbye pig industry'. Who is going to be proud of that?

■ Beef growers have taken measures to ensure maximum production for the Australian public despite continually getting lower and lower prices relative to just about everything else.

Unlike just about everywhere else, our producers fund systems of trace-back and testing themselves.

■ A real worry is that US beef is entering Australia. It was recently found that some beef coming from the US had originated in Brazil. This makes it even more unwelcome. Neither country has an acceptable trace-back system. We test every animal – the US tests 1 in 10,000.

■ An effective no-risk quarantine guarantee is essential. Look at the Equine Influenza disaster and what it has done to the third largest industry in Australia. Foot and mouth was catastrophic in this large island. Moko, a bacterial diseasen, and the fungal disease, black sigatoka would ruin our whole banana industry while being good for countries wanting to export bananas to us.

■ I remember governments wanted to establish a foot and mouth research centre in Victoria some years ago and intended to bring live F&M material into this centre. Huge resistance from farmers and their organisations stopped it. What happened in the UK a month ago? The wog got out via a drainage system and decimated herds in Southern England. New outbreaks were reported last week.

■ Free trade agreements must not compromise our agricultural industries. Examples are the importation of apples from New Zealand and bananas from the Philippines No one in their right mind should even consider them.

New Zealand must understand we don't want their fire blight. Similarly, we don't want imports from the Phillipines, a known reservoir of banana diseases. We don't have them and we certainly don't want to take any risks. So after Cyclone Larry the price of bananas was prohibitive to consumers. When told why they were up to \$12kg the vast majority of the Australian public accepted the reality of the situation and adjusted their fruit-buying requirements accordingly. Prices have now normalised and our banana industry is intact.

■ Yes, we must trade but not at the expense of our established agricultural industries. We export agricultural products, but why import when the risk too an industry is annihilation through disease?

What is needed on industry boards and in the minds of bureaucrats and politians is the need to protect our agriculture – just like the US and the European community does.

Federal elections are coming up and all those interested in quarantine and protection of agricultural industries should be asking ask about future policies in these matters.