

# INSIGHT

SEPTEMBER 2011

## Welcome

The 2010/11 season and very difficult harvest has been a bittersweet experience for many, including Southern Ag Grain.



The Southern Ag Grain (SAG) business has grown rapidly, reflecting the strong commitment and support of our local and loyal grower customers. We experienced some performance issues with the 2010/11 harvest pool and, uncharacteristically, some payment delays.

I wanted to take this opportunity to reiterate to you our very real commitment to business improvement and to put some of the issues into context.

### Changes at SAG for 2011/12

As a result of some of the challenges associated with the 2010/11 harvest and the harvest pool, we have made a number of personnel changes and significantly enhanced our analysis and trading/marketing resources. This has been a direct consequence of our experience over the last harvest, which will go down as perhaps the most volatile and difficult grain-trading period in recent memory.

The 2010/11 harvest and marketing season has been challenging for growers and marketers alike, and SAG has not been immune from this. I should note that the Express Pool performed very well in difficult circumstances, as have a range of our other products.

We also experienced some late-payment and payment-accuracy issues. In this sense, we were the victims of our own success, with the large volumes at SAG leading to some performance gaps. To put this in context, we have analysed this payment performance against our internal benchmark of 95% accuracy and on-time payment. (Our objective is of course 100%.)

We achieved an overall rating of 89% on-time and accurate. (Out of approximately 3300 SAG payments, totalling over 500,000mt of grain, 359 payments – representing 21,773 tonnes – were paid late or not accurate.)

We appreciate that on-time payment is a critical performance measure, and have made a number of internal adjustments to have this issue improved.

### Extra finance capability

One of the strategies we have employed to improve our performance is to seek additional finance capability. I expect us to soon be in a position to announce significant news on this matter that will be good for SAG and our customers.

SAG has a number of new product initiatives this year. They are designed to make your marketing process easier, while delivering the results you should expect from us, and I encourage you to look closely at them. Of course, favourites such as 3 Windows, Express Pool and EOP will still be available for the many customers who have benefited from these popular products.

2011/12 is looming as another big year for us all, with many opportunities and challenges ahead. As a 50% grower-owned company, SAG is totally committed to improving our performance and seeking outcomes that our grower owners and customers can be proud of.

We look forward to catching up with majority of you at the Henty Field Days in late September.

Yours sincerely



**Mike Chaseling**  
Chairman - Southern Ag Grain

## Express Pool delivers strong returns

Despite one of the most difficult harvests for quality and logistics in recent memory, SAG's 2010/11 Express Pool delivered exceptional outcomes for growers, relative to post-harvest cash markets.

The final returns of \$246.36 for AGP and \$208.11 for Feed Barley 1, which were fully paid out in early August, proved an extremely competitive result in today's market.

Following the success of the inaugural Express Pool over the 2010/11 season, we look forward to rolling out the next prescriptive 2011/12 Express Pool over October. Stay tuned for details!

Simon Wishart, General Manager



## SAG's photo competition returns!



Southern Ag Grain will again be running our Photo Competition this season, with the competition expanding to include more categories and more winners!

This year, we are looking for the best digital photos for each of the following categories:

- + SAG Growers & Their Families
- + The Australian Cropping Enterprise
- + The Southern NSW Rural Landscape

### Enter and win!

Prizes will be awarded for the best photos in each category, along with a major prize for Best Overall Photograph. There will be a mix of prizes up for grabs, including the major prize of a trip to Melbourne to see the 20/20 International Cricket in February 2012.

The Photo Competition will be open for entries from 15 October until 10 January 2012. Check the SAG website for more details closer to the launch date.

## Emerald appoints new CFO

The Emerald family continues to grow, with the appointment of Clifford Ashby as Chief Financial Officer (CFO), a newly created senior role within the Emerald group, which includes SAG.

Mr Ashby will lead Emerald's finance, accounting, merger & acquisition, and administration functions. With more than 25 years of CEO and financial management experience, he has a successful track record of managing companies for sustainable business expansion.

Clifford Ashby will commence his new role at Emerald in early September.

## NEW!

## Multi Milling Grade Wheat Contract

SAG's brand new Multi Milling Grade Wheat contract is for the contracting of Milling Grade wheat only. SAG is offering a special premium price for growers who are able to deliver alternate milling grades of wheat at harvest including APW1, APH1, APH2, H1 & H2. Contact the SAG team for details now!

## LOCK OUT RISK THIS HARVEST!

The Early Order Premium (EOP) enables growers to lock in premiums for wheat, barley and canola committed to the 2011/12 pools whilst reducing risk with a secured cancellation fee.

This year, in the final EOP contracting tranch, SAG will offer growers a \$10 wheat premium, \$8 barley premium and \$12 canola premium. A Maximum Cancellation Fee (MCF), designed to reduce your risk, also applies. The MCF for wheat is \$18, barley \$16, and canola \$23.

The final EOP tranch will be open late September – so contact SAG office ASAP, to lock in your premium and lock out risk this harvest!

## 4TH AND FINAL EARLY ORDER PREMIUM OFFER

## Watch the post for your 2011/12 SAG Harvest Guide

Contact Southern Ag Grain

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