



General Managers Report by Steven Lee

Dear Growers,

Welcome to the 2013 season. The year started as one to remember; mostly for the wrong reasons.

Storm Impact

We were hit by two storm cells of power and duration that had to be seen to be believed, plus record breaking rainfall and floods. It's a great testimony to the perseverance of our growers to get on with the job after events like these, particularly those who suffered significant storm damage.



The full impact of the storms on crop size will never be known, but based on grower surveys and the AMS crop estimate, we are expecting a crop size of 39,000t ; similar to 2012.

Some growers expect to be up, others down and some had little or no damage, while others saw significant crop loss.

The good news (if there is any), was the forecast for the 2013 crop was on the high side, circa 43,000t. Following on from disappointing crops in 2008-2011 we seem to be back on track for reasonable yields.

The quality of deliveries as you would expect has been variable. Many growers have taken up our special test service to

An example of January storm damage in Northern NSW

help with the decision to harvest or mulch crop on the ground.

Some were surprised to see acceptable levels of usable kernel whilst for some it confirmed their suspicions the crop just wasn't mature when the storms struck.

In any case having some certainty about the quality of nuts is essential at any stage of your harvest.

Additional payment on 2012 crop

Despite the weather MPC helped brighten everyone's start to the year with a \$0.15/kg additional payment on

all consignments for the 2012 season paid in March. A pleasing result reflecting the strength of our processing efficiencies and professional marketing through MMI.

Changes to our receival system in 2012 were well accepted, and combined with our no penalty payment system, saw many growers take advantage of opportunities to reduce costs on-farm and improve their volume delivered.

Uptake was initially slow as growers approached the system with caution. Many growers split loads, sorting some and not others. But most were pleasantly surprised, if not amazed at how little difference sorting NIS had on their consignment quality.

In this issue

General Managers Report	1	For Sale	3
Tribute John Wilkie	2	Automated Dehusking—	4
Marketing Report	3		



The impact of this flowed through to reduced costs for sorting on-farm and less volume lost. The reduction in sorting time allowed growers to reallocate effort to more profitable activities such as harvesting.

As growers became more comfortable with the new process, uptake increased during the season. One large grower calculated they saved 10 -15c per kg through their shed and reduced on-farm losses through sorting by 90%.

Quality control is key

The clear message here is about controlling quality at every step in the supply chain. At the factory we achieve this through complex process control at all work centres. Whilst it isn't as simple on farm; as your orchard is a living ecosystem — the same principles apply.

Growers can control quality while nuts are still on the tree by controlling pests and diseases and harvesting frequently and storing correctly prior to delivery to the factory. This allows you to maximize the quantity of sound NIS you deliver.

Remember it costs the same to grow a reject nut as it does to grow one that contains sound kernel, the only difference being the grower only gets paid for the sound one. Each reject nut is a lost opportunity, lost income and lost profit. There can't be a greater incentive to try your best.

Despite the wet weather and harvest difficulties, the factory commenced cracking in the first week of April. Deliveries are ramping up with almost 900t delivered last week alone.

Factory drying system upgrade

If you deliver to the factory you may have noticed a colour change to the factory walls near the Receptions area. The shiny new insulated panel walls are part of our final stage drying room modifications completed during the off-season. The room is fully insulated to prevent heat loss and operates using an energy efficient heating system with controls monitoring the air's relative humidity. It allows drying with pinpoint accuracy and low operating cost.

An added benefit is that drying at low temperatures results in longer shelf life and better quality kernel reaching consumers. It's all about moving product from the field to a vacuum

packed carton quickly and in the gentlest way possible.

The low temperature drying system is an addition to a grower delivery and processing system that sets MPC apart.

Over recent years we've invested in infrastructure to reduce on-farm costs to meet what the market demands – great tasting kernel every time.

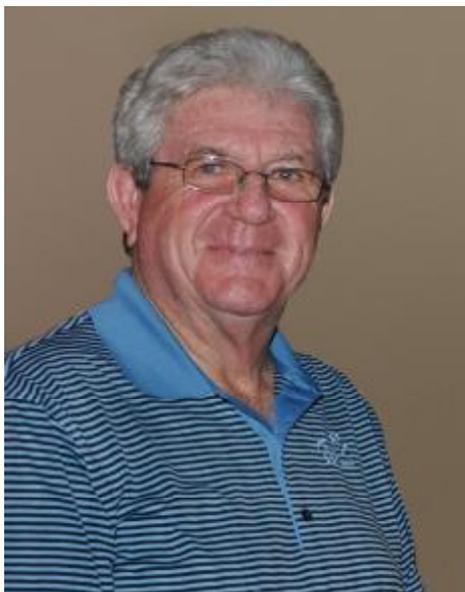
The demand for kernel remains firm although the strength of the Australian dollar is diminishing returns from some export markets. It is possible that there may be a shortage of kernel towards the end of the season. See Larry's MMI report for more kernel market details.

Consolidated Nuts of Australia

The CNA factory in Bundaberg is up and running. With a full year of production under their belts Shane Johnson and his team are all set for 2013 with processing lines fine-tuned and new sorting technology helping improve efficiencies.

Tribute to John Wilkie

12/1/1943-5/2/2013



It is with great sadness we reflect on the passing of John H. Wilkie.

Many would be aware John had a long association with Agrimac Macadamias, and in the early years he was heavily involved in the establishment of MPC and macadamia industry on the North Coast.

It all began in the 1980's when John took MPC's founder Phil Zadro on a tour of

the North Coast to examine potential horticultural pursuits, showing Phil his first macadamias.

The rest is history and this early association between Phil and John saw John become a founding director of MPC - serving from 1984 to 1992. During this time John served as Chairman of the board and provided valuable input into the development of the company.

Working in macadamias for more than 35 years John was heavily involved in the setup of many macadamia farms.

Never one to be idle John also consulted to agricultural associations and governments throughout the world.

In 1981 John and a couple of others introduced macadamia trees to China. He worked tirelessly in the ongoing establishment of plantations, development of Chinese nurseries and processing facilities.

In 2008 John was awarded a Gold Friendship Medal by the Chinese Government in the Great Hall of the People as recognition of his work with macadamias.

John's involvement in the early years of the industry and of MPC helped forge a path for a vibrant and strong industry on the NSW North Coast.

John's family should be extremely proud of his achievements and we offer our sincerest prayers and thoughts at this difficult time.

Approved Supplier Training Course

MPC will conduct in-house training for growers who have not completed training in the Macadamia Industry Approved Supplier Program (MIASP).

Tentative date for this free course is Friday 16th August at MPC and the course should take half a day to complete.

The course presents practical information on food safety in the macadamia orchard. It covers post harvest handling and MIASP recording requirements.

It forms part of the basic on-farm records required to accurately complete the MPC Food Safety Reports (*i.e. Pre Season Report, MPC Delivery Report and MPC Self*

Audit), essential for compliance with MPC's Quality System.

To register your interest please contact Tracey at reception@mpcmacs.com.au Or phone: 02 6624 3900.

Marketing Report

By Larry McHugh

Strong market

The market for macadamia kernel around the world continues strongly with the recent small price decrease resulting in considerable renewed interest in the product.

At present all styles are selling well and we expect the vast majority of whole kernel will be committed to sales within the next month. It is likely most other styles will be in short supply later in the year.

World crop

The world NIS crop for 2013 is looking similar to the 2012 crop. The South African crop is slightly up from last year, the Australian crop slightly down, Hawaii is down and Kenya will be up.

Influence of NIS sales

The sale of NIS into China is still a strong market influence with NIS sales out of South Africa increasing considerably this year.

I have heard estimates that as much as half of the South African crop will be sold as NIS. This increase coupled with a small increase in Australian NIS sales is reducing the available kernel in the market and stabilising prices.

Whilst the Chinese NIS market is positive for our industry, it is vital we continue to build a strong kernel market throughout the world. This will help ensure we have a robust industry able to deal with major issues that can occur in individual markets resulting in large reductions in sales and sudden supply excesses in world markets. These extremes have recently been experienced in the Pecan industry when China virtually stopped buying Pecan NIS and world prices went into freefall.

Regional roundup in brief

China

The market for macadamia kernel into China is growing rapidly with many signs this market will be a very large kernel consumer within the next few years.

Japan

The Japanese Yen has recently weakened considerably which has put more pressure on prices into that market but at present demand is still strong with several new products looking like launching this year.

Other Asian countries

Many other Asian countries including Taiwan, Thailand and Korea are also experiencing year on year growth as a result of the Australian industry concentrating on market development in our region.

Europe

In 2012 consumption in Europe decreased markedly on the back of continued European financial problems. In 2013 we are seeing recovery with stronger sales into all sectors and growth in some new regions.

USA

The USA market is still strong and there are new products planned to be launched this year. Total consumption in the USA is still on the rise despite higher prices they are experiencing.

Australia

The Australian market remains steady and the industry is currently developing plans to further develop our domestic market.

The future is bright

The global outlook is good news and gives us great confidence that MMI will continue to expand the global market as world production increases giving us the ability to keep stable pricing into the future.

Farm Chemical Users Refresher Course

MPC is conducting the Farm Chemical Users Refresher Course for 2013 at MPC on 14th of November. It's for certificate holders whose certificate expires in 2013. Training is provided by TAFE NSW and the half day course costs \$125.00 payable to TAFE. The course Starts at 8.30am with a 12.30pm finish. Essential to book by Thurs 31 October, providing name and postal address so course materials can be sent to you.

For bookings please contact Tracey at reception@mpcmacs.com.au Or phone: 02 6624 3900.

For further information contact Jim Patch on 02 6624 3900 or 0427 243 900

MPC Group Buying

Coastline Bearings are offering MPC shareholders in the Coffs Harbour area a 10% discount for bearings and materials from their store at 1 Cook Drive, Coffs Harbour. Phone 02 6651 8492

For Sale

10 x Used Wooden Field Bins in sound condition with opening door.

Phone Ken Hall on 02 6689 5151 (Dunoon NSW)

Wanted

Used 2 or 3 scroll Bill Farrell chain style dehusker in the Alstonville area. Phone Bob on 02 6628 5607

Automated Dehusking

Field Day Report

By Jim Patch and Kevin Quinlan

MPC's field day highlighting shed automation at Joof & Mariann Alberts orchard at Alstonville was well attended by MPC growers keen to be free from the laborious task of dehusking.

The workshop featured technology to automate dehusking sheds that when coupled with the 'MPC system' (*proven to work well for growers in 2012*) may further reduce on-farm costs.

On the day MPC General Manager Steven Lee provided an overview of the kernel market and marketing efforts to stabilise prices. Steven highlighted changes at the factory, including the new energy efficient NIS drying system drying the first of the 2013 season NIS.

This new system is energy efficient, reducing energy costs associated with drying NIS at the factory.

Joof described his system and how it came into existence at the insistence of his wife, Mariann who runs the dehusking shed. Like all growers, Joof believed there had to be a better way than spend all day at the sorting table.

Before working on a control system for automation, Joof worked out if the system could be automated without stopping due to jams. He tried walking away and leaving the dehusking equipment running itself, but upon return found nuts all over the dehusking shed floor.

When this reoccurred a second time, (and Mariann had to deal with the mess) Joof knew he had to fix the jams first. He found two problems causing frequent jams – both the dehusker and auger which came out of the water sorter. He modified both parts – reducing stoppages dramatically. He then proceeded to find an automation solution.

"In a car you have a kill switch that stops everything – so why not have a kill switch for my shed?" Joof said.

Joof contacted his electrician and "I'm almost embarrassed to tell you how we did it. It 's very simple. My electrician simply wired all the control circuits in



Joof explaining his automated dehusking shed

series for all motors in the dehusking shed – making one on/off switch the master stop controller."

"When any part jams and triggers the motors thermal overload, the entire dehusking system stops. It means we don't come back to a pile of stuff sitting on the ground" he said.

This simple modification overcame the problem of nuts spilling onto the shed floor. The outcome from this simple modification was a re-established harmony in the dehusking shed!

"We now can dump a bin of nuts, start the system running and go off harvesting. Upon return we simply look at the husk pipe to make sure husk is coming out. No husk and we know there's a problem" Joof said.

Now Joof can put seven tonnes of nut-in-husk through the shed daily whilst doing other jobs around the farm. Joof believes his system is only the beginning. "I see this as a simple first step that others can build upon".

Remotely control your machines by SMS

Grant Funnell from Maintronics presented on a device that allows SMS Remote Equipment Monitoring and control called a GSM-AD.

Grant described the GSM-AD as a remote monitoring and control device operating on mobile phone networks such as Telstra or Optus. It allows growers to monitor or control unattended equipment or infrastructure using SMS Text messaging.

For example you can turn a silo fan on even if you're not home. With the controller installed you send a text message to the controller saying "on" and when received, the controller turns the fan on.

Grant said "in Joof's case, he could connect one of these controllers to the power source for his dehusking line, and he could continue working in the orchard, rather than come back to the shed to check that everything is running, knowing that if the dehusking system stopped, he would receive a text message telling him it had stopped".

To use this system you do not require a smart phone or a computer – but it does require mobile reception.

The price for these devices is under \$300.00 each.

Summary

With a well set-up dehusking shed, and using 'MPC's delivery System' it is possible to have a dehusker shed running efficiently unattended for periods of time. It frees your workforce for harvesting and transporting to the dehusking shed.

You still need to monitor the system to ensure nuts are not broken by the dehusker.

The workshop ended with a BBQ and chat. MPC would like to thank Joof and Mariann Alberts for their hospitality hosting MPC growers and showing us all an extremely effective system.

Have you filled in your grower survey yet?



Southern Cross University has partnered with the **Australian Macadamia Society** (AMS), to conduct a **survey of all macadamia growers in the Northern Rivers**. Being better informed of key grower challenges and aspirations will enable the AMS to help you better.

To ensure that this remains the most productive Australian macadamia region well into the future, please take **10 minutes** to complete the survey by clicking on the link below:



To complete the survey go to <http://tiny.cc/dktlvw>

Or if you would like to complete a printed copy of the survey, please contact Tracey at MPC reception on 02 6624 3900

Disclaimer

The contents of this publication are subject to copyright and may not be reproduced in any form without written permission from Macadamia Processing Co. Limited. The publication is intended to provide general information only, and while all care has been taken to ensure that the information contained in this publication is true and accurate, no responsibility or liability is accepted by Macadamia Processing Co. Limited or its staff for any claim which may arise from any person acting in reliance on the information set out in this publication.

Editorial Policy The editorial committee reserves the right to edit, withhold or reject all material.

