



a new era in seed technology

australian agricultural
CROP TECHNOLOGIES

SEED INCREASE CONTRACTS

FUNCTION: Is to provide a seed Increase contract in a format for a grower to grow new pre-release and released varieties of seed under a contract that provides:

- premiums above commodity prices
- an independent qualified agronomist who assesses & reports on the crop
- A quality assurance program that the grower works through with the agronomist to deliver high quality seed.

APPLICATION:

1. The first step of the Quality Assurance program (QA) and the contract is based on the specific paddock being planted to pass a QA 1 assessment undertaken by the independent Agronomist (IA)
2. After the first step is completed and the paddock passes and is accepted to go under a seed increase contract .The grower then enters into a commercial seed increase contract with the Australian Agricultural Crop Technologies (AACT) .This Contract :
 - Is hectare based
 - Has a Guaranteed Minimum Price (GMP) based on Production Costs(Floor Price)
 - Has linked steps to the Quality Assurance program that if passed premiums are paid to the grower over and above the commodity price.
 - Has flexibility that allow the grower to take advantage of any rises in the commodity prices to be applied to the contract through the price fixing option
 - The grower has the option but not the right to regain LOW cost seed as long as the variety has been released commercially
 - Premium payments associated with the Quality Assurance are set each year
3. When planted, the crop is checked by the IA and a QA report is completed. This can form the basis of the first QA premium payment for crop establishment on a per hectare basis or alternatively the crop can fail BUT will be still under contract. Failure is due to poor establishment or lack of weed control
4. At flowering the crop is checked by the IA again .At this point the crop or part portion of the paddock can fail the QA due to any weed contamination or outcrossing, but will still remain under contract.
5. Pre- Senesce the crop is again checked by the IA the paddock can fail the QA due to any prohibited weed seed or outcrossing, but will still remain under contract. This is the basis of the second QA premium payment on a per hectare basis.
6. The grower is responsible for ensuring cleaning down and decontamination of all harvesting, conveying and transport equipment including trucks before harvest of the seed.

7. The seed crop production is delivered into AACT's approved warehouse .Each Load must be accompanied by a QA declaration from the grower (QA6) .At the receival point it is sampled and tested for purity.
8. A composite sample is dispatched to an independent seed testing laboratory where it is tested for disease, germination, vigour and prohibited weeds. This is the last stage of the QA process and forms the last premium payment.
9. Payment is structured on a basis of 80% of the total , this occurs 30 days from delivery or price fixing if unfixed before the last fixed price date nominated in the contract (usually mid December). This first payment includes the first two premiums of the QA .The remaining 20 %of the payment is made no longer than 120 days from the first payment and includes the final QA payment. This allows for all the testing, cleaning and final grading reports for clean seed volumes.
10. Price fixing within the term of the contract is a flexible feature of the contract. The contract has a floor price or a Guaranteed Minimum Price which is reviewed and set on production costs annually. The grower has the right through out the life of the contract and up to the last Fixed price date nominated in the contract (usually mid December) to fix a portion (Tonnes) of the area (Paddock) at the daily market price which is posted on AACT's website – www.aacrotech.com from mid October.
11. In the event that the grower does not fix a price for part portion or all of the crop .Then AACT takes the average HARVEST price as posted on the website as the average price paid. As long as this price is not below the guaranteed minimum price of the contract then this price becomes the price paid to all unfixed portions of deliveries made under the contract.

TERMINOLOGY

AACT = Australian Agricultural Crop Technologies

QA = Quality Assurance

IA =Independent Agronomist as appointed by AACT

GMP = Guaranteed Minimum Price