

Oilseed Sellers' Checklist

1. Before agreeing a contract

- ✓ Grow for a market
- ✓ Check assurance scheme requirements
- ✓ Manage price volatility

Avoiding the most common problems associated with oilseed sales contracts

2. Agreeing the contract

- ✓ Check the price offered or calculation method
- ✓ Understand the adjustments scale
- ✓ Discuss possible destinations for the crop
- ✓ Consider asking for special clauses
- ✓ Exchange contact numbers
- ✓ Ensure you receive the written confirmation promptly

3. Delivering the contract

- ✓ Keep a representative sample of each load
- ✓ Check lorries for cleanliness
- ✓ Get a receipt for every load despatched

Produced by AHDB Cereals & Oilseeds, on behalf of the Cereals Liaison Group

1. Before agreeing the contract

Grow for a market.

There are a number of different types of oilseed rape, including double low, high oleic/low linolenic (HOLL) and high erucic acid rape (HEAR), and a range of food and non-food markets. The contract type may affect the value, movement requirements and delivery destination.

If growing for a fuel or energy market, ensure the crop and land on which it has been grown meet the requirements of the Renewable Energy Directive (RED) Sustainability Criteria, often covered by UK farm assurance standards.

Moisture, admixture and oil content are the key components of contractual requirements. The FOSFA 26a contract specification is clear and unequivocal: provided the seed falls within the contractual specifications on delivery, it will be accepted without reference to the seller.

The crop must have been produced from a variety which was registered with a glucosinolate level of 18 μmol (micromoles) or lower. The crushers require that the crop is grown from certified seeds or, for open-pollinated varieties, from first generation farm-saved seed. Hybrid varieties are excluded from the farm-saved seed exemption under plant variety rights legislation. BSPB publishes an annually updated list of varieties meeting the glucosinolate specification at www.bspb.co.uk/news.php



Check assurance scheme requirements.

Crop assurance is now required on the vast majority of crop sales. As such, it is important to remain aware of the standards as they evolve.

Manage price volatility.

Combinable crop markets remain volatile, so it is important to have flexible marketing plans in place and to develop a long-term business strategy to manage the impacts. There is no 'one size fits all' approach to crop marketing, so it is important to weigh up all the options, for example, averaging, pools, target/stop-loss prices and minimum price contracts. Longer term, ensuring that the business is cost-competitive and resilient, for example, building cash reserves in the good times, is key to surviving volatility.

Avoid cross-contamination.

If you are growing different types of oilseed, the identity of each type must be preserved and any mixing or cross-contamination avoided. 'Volunteer' plants can persist for many years. Each type has a different end use and requires pure rapeseed of the contracted type. Testing for cross-contamination takes place after delivery and processing, so if a problem is identified it is likely that a considerable tonnage may have been affected, with significant costs.



2. Agreeing the contract

A contract is made when both parties agree to a transaction.

It is essential to establish all terms before finalising the deal. Any term can be negotiated but be aware that introducing more demanding terms may transfer risk, affecting the price.

The FOSFA 26a Contract sets out the rights and obligations of buyers and sellers. Buyers are obliged to make available the terms and conditions on which the contract is made. Additionally, NFU and NFUS members can view the FOSFA 26a Contract at www.nfuonline or www.nfus.org.uk

Check the contract basics.

- What contract is to be used?
- Are there any special terms or conditions in addition to the base contract? Are you willing to accept them?
- Are all the terms clearly stated?

Certainty is essential; do not be left in doubt.

Decide on a market tonnage or area contract.

Some contracts are available for a given crop area rather than risking a commitment to a fixed quantity. In this case, the field OS number(s) should be specified, otherwise a seller will be contractually liable to a minimum tonnage even if the crop fails or the quantity is greatly reduced.

Check the price offered or calculation method.

- When will you be paid?
- Can you negotiate pre-payment or early payment?
- What are the penalties for sub-standard delivery?
- Are there any special terms and conditions proposed by the buyer?

All items applying to the price of a contract are negotiable. If you feel strongly about them, you should ask for changes to the contract terms.

Discuss the possible destinations for your crop before making the deal.

A seller may seek to exclude a specific delivery point or to limit the radial distance to which their goods are delivered but such provisions can lead to a lower contract price. As a seller, you need to be aware of any separate final receiver's terms. Discuss this issue in detail or obtain a copy of them before you sell.

Understand the adjustments scale.

An 'adjustments' scale for oil content, moisture content and admixture is included in the contract. The seller should know the details of that scale, which should be in the confirmation. Full details are available in the FOSFA 26a contract. Contract terms state a maximum of 2% free fatty acids (FFA). Any adjustments will be by mutual agreement.

Consider asking for special clauses to be inserted to suit your own situation and have them stated in the confirmation note.

The negotiation phase is more important than simply agreeing price, quality and delivery period. Every grower should consider their situation and ask for specific requirements to be considered in 'special clauses' in the contract (eg no weekend collections, or any access restrictions).

Ensure that you and your buyer have all possible contact numbers.

Nominate a specific person to deal with problems in your absence.

Ensure you receive the written confirmation promptly.

Check that all of the terms (price, quality, variety, quantity, delivery period, payment terms and any special conditions) are as agreed. If they are not, tell the buyer immediately, otherwise your silence will be taken as acceptance. Obtain an amended confirmation before parting with any goods.

3. Delivering the contract

Double-check the load.

If you grow different types of oilseed (eg conventional, HEAR and/or HOLL), ensure the correct material is being loaded. Cross-contamination can incur significant costs.

Keep a sealed, representative sample of each load taken.

Label samples with vehicle details (registration and trailer number), farm name, store and bin name/number, date and time, and variety.

Store samples in airtight containers in a cool, dry place safe from rodent attack.

Retain the appropriate samples until payment has been received for the load.

These samples will not be contractual for the purposes of the determination of quality or condition at the delivery point but they may help if problems arise.

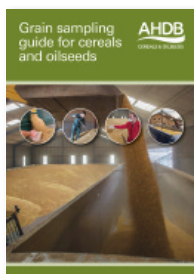
Check lorries for cleanliness prior to signing the passport.

Ensure contaminants, such as clay and bituminous products aren't accidentally loaded with the seed – for example, by scooping up fragments of tar with the grain bucket.

Get a receipt for every load you despatch.

The receipt should show the nature of the goods loaded, the approximate weight, the vehicle registration and trailer number, the name of the haulage company, the date and time, and the contract number. In addition, the driver should print their name clearly and sign.

See: *Grain sampling guide (AHDB Cereals & Oilseeds)*



Practical points

Drying

Driers should be well maintained. Operating driers poorly may lead to hydrocarbon contamination of the seed and resultant quality claims. Over-drying can result in an increase in free fatty acid content. The lowest acceptable moisture content for prolonged storage is 6% and the ideal is 7.5–8%.

Storage

Do not store oilseeds on floors treated with bitumen, as this may lead to hydrocarbon contamination.

Clean and disinfect the store between harvests to reduce the likelihood of mites or mould in stored goods. The use of actellic dressing on stored oilseeds is NOT permitted. Inert diatomaceous earth may be used to treat mites but this material can pose a problem to crushing machinery, so check with the buyer before using it.

Clay pigeons

Clay pigeons contain pitch, which can cause serious hydrocarbon contamination of rapeseed crops.

- Do not store clay pigeons in a grain store or transport them within a trailer or grain bucket used to carry rapeseed
- Do not shoot clay pigeons over a standing oilseed rape crop past its yellow bud stage or after 31 March, whichever is later

If you suspect your crop has been contaminated, you are strongly advised to have it analysed before it leaves your farm.

Green seeds

Crushers may reject seed lots that contain more than 4% immature (green) seed. To check, crush the seed and examine the cotyledons inside, which should be yellow. Seed coat colour is not a reliable indicator.

Claims and rejections

If a claim/rejection arises, the seller may dispute the first analysis results and claim the right to request a retest within two months of the delivery date. The cost of the independent analysis is to be borne by the buyer, provided that the retest result varies from the original by more than 0.8% in oil or moisture content and 0.4% in admixture. If the retest result varies by this figure or less, the cost is to be borne by the party requesting the analysis. Regardless of who pays, the retest result is final and is what you are ultimately paid on. Obtaining the results of the retest can take a considerable time and they are binding on both parties.

Summer 2016

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