



**Guide to the
GTA GRAIN TRADING
STANDARDS
2016/17 SEASON**

A Project of
GRAIN TRADE AUSTRALIA

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DISCLAIMER

Grain Trade Australia (GTA) believes that the material contained in this Manual (and all associated documents referred to in this Manual) are correct at time of printing.

GTA does not represent or warrant that the Manual is free from errors or deletions that may have a material impact on readers' commercial activities.

Users of this GTA Manual should obtain their own independent advice as to the applicability of this information to their needs.

Users of this Manual do so on the basis that (to the extent lawfully possible) they assume all responsibility for any resulting direct or indirect loss, damage or consequences.

Nothing contained in this Manual should be construed as advice.



Standards Setting Processes

Introduction

Grain Trade Australia, previously NACMA, was formed in 1991 to facilitate trade across the Australian grain industry. The grain industry was deregulating and there was increasing involvement of private trading operations alongside the existing statutory boards.

This increase in commercial activity was hampered by the lack of clarity on the varying grain standards that each State had developed. Questions arose as to the appropriate grain standard and contract terms.

GTA developed Grain Trading Standards (Standards) as its first priority and then in 1999 GTA released the GTA Trade Rules.

The Australian Oilseeds Federation produces the Oilseeds Standards with Pulse Australia producing the Pulse Standards for use across the country. GTA produces Cereal Standards for use by industry.

Various other Standards relating to other commodities are produced by the major participants in that industry where there is no industry organisation relevant to that commodity.

The Standards are reviewed annually by the GTA Standards Committee and circulated to industry for comment on at least two separate occasions before they are adopted in the coming season.

The intention of Standards is to create a “level playing field” with regard to the quality of grain being traded which facilitates transparency in pricing and the quality of the Australian crop, benefiting producers and traders alike.

Unfortunately there are often different interpretations of the meaning of the Standards, due to varying reasons such as a lack of training and mis-interpretation.

It is critical that anyone who becomes a party to a contract that refers to GTA Standards has a clear understanding of what the Standards mean in practical and theoretical terms and how to apply those Standards.

Users of this Grain Standards Manual (Manual) should have a thorough understanding of the Standards and their implications on commercial trading activities.

All industry and users of this Manual are encouraged to actively participate in their industry and advise GTA of any issues of concern with Standards or any suggested changes to those Standards.

One word of warning: Standards are dynamic due to the ongoing changes to commercial arrangements within the grains industry. Whilst the information in this Manual and all associated documents referred to in this Manual is current at the time of publication, these Standards are reviewed annually. Additionally, due to the changeover of seasons from old to new seasons grain, new Standards may apply to grain traded even though the grain was harvested and stored in a previous season.

Whilst the information in this Manual is current at time of publication, you will need to monitor the GTA Member Updates and the GTA website to ensure that you are aware of the changes to the Standards and importantly you will need to determine how these changes impact on your trading arrangements.

All the best in ensuring the quality of Australian grain in one of the most competitive trading environments in the world!



GTA Standards Committee

The GTA Standards Committee (Committee) is a committee under GTA responsible for generation of all Standards and related issues.

The Committee is charged with the following activities:

- Review of and recommendations for updates of commodity Standards in cooperation with Pulse Australia, Australian Oilseeds Federation and other industry participants
- Review of issues relating to quality assurance and recommendations for action by GTA
- Development of protocols for accreditation of laboratories involved in testing to support GTA contracts
- Development of industry Codes of Practice

Other related activities include:

- Advise on the effective adoption and implementation of the GTA Standards by individuals and by relevant sectors of the industry
- Foster communication between the GTA Board, Management and the Standards Committee on industry matters that relate to GTA Standards
- Report and make recommendations to industry on all matters of relevance addressed by the Standards Committee

Upon development of the Standards, recommendations are made to the GTA Board for adoption.

The members of the Committee come from a range of industry organisations and membership is reviewed annually according to GTA policy.

Purpose & Intent of Standards

Standards describe the particular qualities and characteristics of particular grades of various grain commodities with reference to common characteristics (such as protein, moisture and screenings).

The use of agreed or defined Standards facilitates contracting by giving parties to contracts common reference points on which to base negotiations.

GTA Standards are principally intended to be Trade Standards e.g., for use in domestic contracts between Trade and Trade; Trade and Producer, and Trade and End-User.

It is important to bear in mind that use of GTA Standards is voluntary and GTA does not (and cannot) mandate the use of its Standards in contracts or elsewhere. The parties remain free to contract on any terms they wish (including in relation to quality and specifications) even if the contract is otherwise subject to the GTA Trade Rules.

It is hoped that the GTA Standards reflect a broad-based industry consensus in relation to quality and specifications.

The GTA Standards may also be adopted as Receival Standards or Outturn Standards by Storage Providers. Once again this is optional and not controlled by GTA.

As outlined in the grain industry Code of Practice for the Management of grain along the Supply Chain, section 2.7.1:

“GTA grade standards (e.g., referring to CS number) will only be used where the final grain out-turned meets all specifications of that standard including objective quality parameters, relevant Varietal Master Lists and varietal purity, and all rules associated with those grades are complied with...”



Therefore when industry refers to GTA standards but variations exist, those variations must be highlighted.

The Standards that apply to grain are developed for each commodity based on a range of factors. These include but are not limited to:

- Customer contract
- Importing country Government regulations for quality or quarantine
- Relevant food safety laws
- Requirement to improve quality of grain supplies
- Competitor grades and quality
- Available quality of grain given restrictions of varieties, growing and harvesting conditions, pest and disease resistance of the crop
- International protocols such as those developed by Cartagena and the Codex Alimentarius Commission
- Ability of the storage system to segregate or commingle grain
- Land protection & Quarantine laws

It should also be understood that these are Australian industry Standards. While they take into account specific overseas country quarantine restrictions (such as prohibited weed seeds, disease status or contaminant levels) or the requirements of the Export Control Act (1982) and its subordinate legislation, the Standards may not meet the requirements of the importing country. Individual commodity traders are responsible for ensuring that specific country requirements and those pertaining to compliance with the Export Control Act (1982) are included as additional specifications on the contract. For additional information on specific country requirements, or other information on export certification issues, refer to the importing country Quarantine Authority and the Department of Agriculture and Water Resources Plant Export Operations MICO database at: <http://micor.agriculture.gov.au/Pages/default.aspx> Within each grain type there may be a number of different Standards reflecting the various grades for that commodity, such as No.1 milling, No.2 milling, Feed. Not all grain types have the same range of grades.

There are generally two types of grain quality set within commodity Standards, being Milling grades or Feed/off-grades:

- Milling grades are generally higher priced grades producing grain suitable for the high quality end of the market. Frequently the grain or processed product is destined for the human consumption market.
- Feed or off-grades are traditionally created as a poorer quality segregation due to a defect or contamination issue associated with a milling grade. However while these grades may be created, feed users may require a higher quality than these feed or off-grades. In some cases many of the quality specifications are equal to the main milling grade. Thus Feed grades can either be comprised of grain that did not meet the milling grade specifications, or are grades destined for the stockfeed or other industrial use industries. Increasingly Feed grade grains are being bred or designed specifically to create a quality suited for the feed market.

Thus different uses of grain create market forces that create different prices based on the end use of the grain. In some scenarios the feed grade may be a higher price than the milling grade.

As outlined above, the Standards are set by grain type (commodity) or within grain types there may be separate grades based on quality or varieties. All Standards are based on a range of quality parameters, be they physical properties, defective characteristics or on contaminants present in the grain.

Standards should be applied to all commodities delivered in an applicable season. There are set dates that are applied by GTA when the season switches over and the new season Standards are to apply to all deliveries.



Care should be exercised when contracting across seasons. Though in many cases there may be no difference, your contract should make clear whether you expect to deliver grain of the Standard when the contract was made or grain of the Standard when the grain is delivered.

Buyers of grain should be aware that industry sectors may request old season grain to be reclassified as per the new season Standards and thus be deemed new seasons grain. All GTA standards are published for application as of 1 August each year.

For some commodities, the Standard to apply at receipt does not apply at outturn of the grain to the marketplace. The differences may be related to the inability to maintain the quality during storage or the potential for contamination of the grain during the storage and transport process. For many of the pulse crops such as faba beans there is a Receipt Standard and an Export Standard due to the tendency of these grains to split during storage/handling and thus have a higher defective grain count on outturn than at Receipt.

Whatever Standards are applied either at Receipt or Export, the tolerances for each quality parameter have been set based on experience of the market forces at play. It is important that the Standards are complied with to ensure not only that growers are paid correctly, but also to enable successful marketing of that commodity.

Objectives of GTA Setting Standards

GTA has several objectives when developing Standards on behalf of industry. These include:

- Industry inclusive – formulation and use of Standards with input from all sectors of the industry including plant breeders, producers, storage providers, domestic consumers, traders and exporters
- Dissemination of Standards – provide a mechanism for all sectors of the industry to have free and ready access to the Standards
- Simplification – formulation of Standards which are easy to interpret and to apply
- Commonality across grains – provision of Standards which can be applied across all sectors of the industry
- Meet needs of commercial trade – provision of Standards which meet the changing requirements of the trade, including changing customer requirements, State and Commonwealth regulatory requirements
- Maximize objective testing – provide Standards which facilitate adoption of new technologies

Procedure for Standards Development

The Standards are developed each year and apply for the full 12 month period. In specific cases, other industry associations may develop Standards and in these instances, the Standards are simply published by GTA.

Note that while specific timeframes may exist, significant issues raised by industry and agreed major changes to Standards may require further industry consultation and a lead-time prior to inclusion in Standards.

Capture of Industry Views

- All industry is encouraged to have input into Standards through a feedback form on the GTA website. All submissions are placed on the GTA website unless marked confidential.
- Feedback from industry is welcomed for the entire 12 months



Development of Draft

- The Committee meets in mid to late February following compilation of issues raised to GTA from the previous season
- Following the initial Committee meeting, GTA develops draft Standards for the current season by early – mid March

Provision to Industry

- During development of the draft Standards, any major issues of significance or changes etc are included in an Explanatory Covering Note to the Standards
- Standards, along with the Explanatory Covering Note, are forwarded to key industry stakeholders and also made available on the GTA website
- Industry is encouraged to provide comment by late March to mid-April via the feedback form on the GTA website

Development of Final Standards

- The Committee considers industry feedback in determining any revisions to Standards
- The GTA Standards Committee will consider industry comments and accept or reject points made in the submissions and (if required) release further DRAFT Grain Standards. The Standards Committee present their final recommendation to the GTA Board for their approval.
- Once the Standards have been approved by the Board they are then published on the GTA website with a summary of changes from the previous year and a summary of issues raised by industry from the previous year.
- The Standards are published on the GTA website and become effective from 1 August in that coming season.

Note that for Standards developed by other organisations such as the oilseeds Standards, these are simply presented to the Committee and if they comply with the Terms of Reference of the Committee, are accepted in full without alteration.

GTA Grain Standards - Content

The GTA Standards has 12 Sections, being: review content below based on review of standards published on GTA website.

Section 1 GUIDE TO THE GTA GRAIN STANDARDS

This Section provides a general overview of the reason for Standards, the Standards setting process and role of the GTA Standards Committee and industry in development of Standards.

Section 2 GRAINS

This Section provides the Standards for the following cereals:

- Barley
- Maize
- Oats
- Rye (Cereal)
- Sorghum
- Triticale
- Wheat

For these cereals, Reference Booklets have been developed. While Wheat, Barley, Sorghum, Oats and Maize have separate Booklets, the Booklet is combined for Cereal Rye and Triticale. Included in these Booklets is the following information:

- Definitions for all major quality parameters
- Grain Quality Standards in table format for each grade
- Varietal Classification System information
- Methods of Analysis
- Classification & Associated Procedures
- Reference Materials

Section 3 OILSEEDS

This Section provides the Standards of oilseed grains, vegetable oils and oilseed meals and hulls (vegetable protein) as adopted by the Australian Oilseeds Federation.

Included in these Standards are:

- Definitions of all major terms used in the Standards
- Oilseed grain, oil, meal and hull Quality Standards
- Dispute resolution procedures
- Methods to determine payment for various quality parameters
- Various Codes of Practice relating to storage and transport of oilseeds
- Typical analysis of oils, meals and fats for a range of quality parameters
- Details of the canola Test Check program used to determine laboratory proficiency



Section 4 PULSES

This Section provides the Standards of pulses as adopted by Pulse Australia.

Included in these Standards are:

- Definitions of all major terms used in the Standards
- General procedures for sampling and assessment
- Pulse Grain Quality Standards

Section 5 FODDER

This Section provides the Standards of fodder as adopted by the Australian Fodder Industry Association.

Included in these Standards are:

- Hay and Silage Quality Standards
- Fodder Vendor Declaration Form
- Fodder Sampling Protocol

Section 6 BIRD SEEDS

Specifications for the commodities produced for the bird seed market are recorded in this section.

Included in these Standards are:

- General descriptions of terms of trade
- Bird seed grains Receival and Domestic/Export Quality Standards

Section 7 PROTEINS

Proteins of animal and vegetable origin for livestock feeding are contained in this section.

Included in these Standards are:

- Animal proteins and Meals Quality Standards

Section 8 ORGANICS

This section is devoted to organic and biodynamic produce.

Included in these Standards are:

- General definitions used for organic and biodynamic produce
- Requirements related to production, processing, transport and marketing of organic and biodynamic product

Section 9 BY-PRODUCTS

Included in these Standards are the Quality Standards for by-products such as molasses and meals produced from biscuits.



Section 10 FATS AND OILS

This section deals with commodities of both animal and vegetable origin used in stockfeed manufacture.

Included in these Standards are:

- Oils produced from animal products, various milk powders and tallow/grease Quality Standards

Section 11 PROBLEM IDENTIFICATION

This Section is currently under review and will be updated at a time to be determined.

Section 12 BEST PRACTICE

This Section is currently under review and will be updated at a time to be determined.

