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GTA Standards Review 2017/18

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This submission is made by the Stock Feed Manufacturers' Council of Australia (SFMCA) to the 2nd Industry Call for Submissions on 2017/18 GTA Standards. The SFMCA represents both commercial and integrated companies manufacturing animal feeds and supplements for all classes of livestock. Our members manufacture in excess of 6.0MMT of feed annually and combined are the largest domestic users of Australian grain.

Our membership includes six companies with Tasmanian feed manufacturing sites and a seventh company building a new mill.

The SFMCA in this submission provides comment on *5.5 Future Review: Moisture – Tasmania, all Commodities*. The basis of our response comes from feed mills located in Tasmania that have been intimately involved with the weather affected 2016/17 harvest and purchase grain from Tasmanian growers.

The SFMCA strongly opposes any plan to review moisture levels for Tasmanian grains. Our opposition is based on:

- This being a knee jerk response to the 2016/17 harvest year climatic conditions in Tasmania and achieving below 12.5% moisture was difficult if not impossible for some growers.
- Historically Tasmanian growers have been able to deliver grain under the 12.5% moisture standard. Based on feedback from our industry, it is thirteen years since the previous wet harvest in Tasmania and GTA standards should never be changed based on infrequent weather conditions affecting harvest.
- This sets a precedent that is not acceptable to the stockfeed industry. Should GTA introduce a regional standard for Tasmania, there is highly likely and justifiable calls from growers in other regions e.g. Victorian Gippsland and Western Districts, that can also experience years where climatic conditions make harvest difficult. The SFMCA sees any relaxation of the maximum moisture limit for Tasmania as opening the door for other regions to have their own regional standards. This would undermine the quality standards associated internationally with Australian grains.

- Relaxation will undermine the quality of Tasmanian grain from an end users perspective. This will be counterproductive as stock feed purchasers will favour mainland wheat with lower moisture maximum. Tasmanian wheat will be discounted relative to mainland wheat as it can have up to 13.5% moisture.
- Feed mills purchase grain for its nutrient content and an additional 1% moisture dilutes the nutrient content and value of the grain for livestock feeding.
- Concerns are raised regarding potential mould and mycotoxin presence in higher moisture wheat held in storage. Globally, research data on mycotoxin presence is indicating that there is far greater impact on animal performance than previously considered. Any move to relax moisture levels is seen to be a major backward step and will place greater risk on the supply chain and livestock end users.
- Raising moisture from 12.5% to 13.5% increases the potential growth of insects during storage and further undermines the quality of Tasmanian wheat.
- Feed mills with operations in Tasmania have stated they will not accept grain in excess of 12.5% moisture, even if the GTA standard is relaxed. They will instead implement their own trading standard with maximum 12.5% moisture. Thus any proposed Tasmanian GTA standard would become irrelevant to the Tasmanian stockfeed industry.
- There is already ability for the market to adopt contract variations, either opening alternate receival grades or buyers purchasing off grade grain. This happens on a year by year basis for wheat and other grains. Typically contract variations are implemented on a regional basis in direct response to local conditions. Examples of such trading variations for grain outside standards include screenings, test weight and moisture. The market has an inherent system to cope with seasonal problems and this does not result in GTA having to relax standards either in the problem year or in the following years.

In addition SFMCA makes comment in relation to the information supplied in the 2nd round papers:

Tasmania's unique cooler, maritime climate is not recognized in the one-sized national approach. It is difficult for grain to be harvested to meet the 12.5% limit.

SFMCA response: Tasmanian feed mill users confirm that there are not normally problems with Tasmanian grown grains being delivered with excessive moisture. It is only in abnormal years that a problem exists. These abnormal years in fact rarely occur.

An historical precedent exists in Tasmania for moisture content of grain in that before the nationalization of the standards under GTA the Tasmanian Grain Elevator Board would accept grain up to 13.3% moisture.

SFMCA response: We believe this statement to be incorrect. The Tasmanian Grain Elevator Board had a maximum moisture limit the same as the mainland. However during wet harvest years, the Tasmanian Minister for Agriculture had the power to relax the moisture limit. This was only done subject to ministerial approval and only in years when there was a defined need to change the maximum limit.

Tasmanian grown grain is almost universally used for stock feed and is rarely exported. Hence a change would not impact on Australia's reputation of a supplier of dry grain. Growers support the 12.5% limit applying to any grain for export.

SFMCA response: This would however set a precedent for GTA to implement regional standards. Calls from other regions to have their own standards could not be argued against if there was agreement to have a Tasmanian standard.

The SFMCA does not accept the need to change the moisture standard in Tasmania and believe this has to be rejected by GTA.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. C. Spragg', with a stylized flourish at the end.

John Spragg
Executive Officer
Stock Feed Manufacturers' Council of Australia