

# GRAINMatters



EDITION 59, SEPTEMBER 2021

## UPCOMING EVENTS

**20 October 2021** Grain Finance & Risk Management

**27-28 October 2021** Grain Merchandising

## COVID-19

GTA have established a COVID-19 page on our website, as information source for Members.

In response to member demand, GTA has set up COVID-19 Safety Guidelines.

[Access COVID-19 page here](#)

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## AGIC—RECONNECTED

The Australian grain industry has reconnected with an information-packed and entertaining two days at the Australian Grains Industry Conference (AGIC) on the **6<sup>th</sup> and 7<sup>th</sup> of September 2021**.

Originally planned as a 'hybrid conference', with an in-person event in Melbourne, the latest round of pandemic outbreaks saw AGIC move again to a 100% virtual format.

“And, whilst the excitement of getting together in person is again delayed, or rather **heightened for 2022**, the feedback is AGIC Australia has delivered again. Delegates joined AGIC Australia from across the globe, keen to connect and discuss the topical issues with colleagues, potential customers and suppliers.

### The Industry Experts

Like previous years, AGIC produced an impressive line-up of local and international experts, including:

- **The Hon. Dan Tehan**, Minister for Trade, Tourism and Investment
- **The Hon. David Littleproud**, Minister for Agriculture and Northern Australia, Deputy Leader of the National Party
- **Joe Lardy, Research Analyst**, CHS Global Research, USA
- **Adelaide Timbrell**, Senior Economist, ANZ Research
- **Nick Hazell, CEO**, v2food
- **Robert Spurway, CEO**, GrainCorp Limited
- **Rob Rogers, CEO**, Allied Pinnacle
- **Kieren Perkins**, Olympic Champion
- **Professor the Honourable Bob Carr, Former Australian Foreign Minister & NSW Premier, Industry Professor**, Institute for Sustainable Futures
- **Mick Keogh, Deputy Chair**, ACCC

### Just some of the insights included:

Minister Tehan's opening address stated the agricultural industry, and in particular the grain sector, should be congratulated on rebounding from the impacts of drought and to continue to develop and grow what is a world-leading grains sector in this country.

The Hon. Bob Carr spoke on the relationship between diplomacy, politics and trade. The discussion looked at how to “get the politics out of the trade” and approaches to the current trade disruptions that may be a lost opportunity for Australian industries, for growth and economic potential as China continues to grow.



## AGIC - RECONNECTED CONT.

ACCC Deputy Chair, Mr Mick Keogh, outlined that from a competition perspective, the industry is growing up and exhibiting maturity since deregulation. The grains sector has been on a competition journey since the 1990s as well as a sector growth and innovation journey. This has led to a more agile industry with positive trends including the introduction of competition in additional exporting facilities. Mr Keogh outlined the ACCCs views on the recommendations of the Wheat Port Code review.



Market conditions and forecasts were enthusiastically absorbed by delegates interested in the global outlook for commodities. Market analysts reported the short-term market appears positive for Australian grain, some expectations of the impacts of high global freight and container prices pressuring the market in the medium term. Similarly, the long-term forecast for agriculture and especially plant-based foods is extremely buoyant and positive.

AGIC has again provided the opportunity to connect and communicate as an industry, and as a community.

## INTERNATIONAL FREIGHT SUPPLY CHAIN—MINISTERIAL ROUND TABLE

In the last Grain Matters we reported GTA has been meeting with a number (23) of trade focussed industry organisations (the Trade Group) to consider and to discuss opportunities to improve the efficiency of Australia's import and export trade.

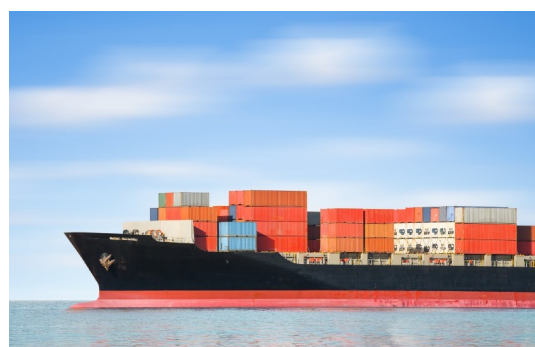
An outcome of the discussion resolved the development of a Terms of Reference for an industry and government **review of shipping arrangements**. A summary of the review that is being sought is to:

- *examine the efficiency and dependability of the air and **maritime logistics system** (including air and sea freight, container terminal operators and stevedoring, and landside freight providers) to deliver the required services for Australia.*

The importance of efficient freight to the economy of Australia and the objectives of this Group has been recognised by Government with Trade Minister Tehan coordinating a **Ministerial Round Table** to hear directly from the Trade Group.

GTA's Chair Andrew Goyder attended the Ministerial Round Table and outlined the impact the recent increases in freight rates and port charges with little notification is a major barrier for the trade of grain.

The Government and Minister Tehan captured the messages of the Trade Group and is considering its position.



# THE IMPORTANCE OF STOCK ENTITLEMENT

Protecting the value of your grain stocks is critical to any business in the grain supply chain. Your ownership and entitlement to grain is critically important. This has even been recognised in the Governments Wheat Port Code review. As part of the Wheat Port Access Code (Port Code), a three-year statutory review was undertaken by the Department of Agriculture Water and the Environment (DAWE) in 2017/18. The DAWE report made 12 Recommendations for the Minister to consider. [review-wheat-port-access-code-conduct-report.pdf](http://www.agriculture.gov.au/review-wheat-port-access-code-conduct-report.pdf) ([agriculture.gov.au](http://www.agriculture.gov.au))

DAWE made a number of recommendations with a specific Recommendation requiring action by GTA.

## Recommendation 12

*That Grain Trade Australia take the lead in engaging with open-access up-country storage operators and third-party exporters to establish and/or confirm industry standards and expectations in relation to the reconciliation of freight differentials and other costs arising from site swaps.*

*If, despite action by industry, new evidence emerges of a port terminal service provider using its market power to intentionally and unreasonably restrict fair and transparent access to grain for export through operation of its up-country storage and handling network, the **need for intervention, including regulation, should be considered.***

A GTA member Working Group, DAWE and the Grower associations Grain Growers (GGL) and Grain Producers Australia (GPA) have been considering the aspects of Recommendation 12 in particular stock entitlements.

To assist industry, including growers, better understand the different arrangements that exist in various storage networks [a GTA Fact Sheet – Stored Grain Entitlement has been developed.](#)

The Fact Sheet outlines what a grain entitlement means within different systems and the important role **grain entitlement stock swaps** have in creating productivity and logistics efficiency within the grain supply chain.

It is important for any business having grain stock entitlements in a commercial storage network to take the time to understand the grain entitlement **terms and conditions** of the storage provider so as to assess the level of risk in storing grain within the network.

The process of reviewing and discussing this Recommendation 12 with DAWE and the grower associations together with the presentation at AGIC from ACCC Deputy Commissioner Mick Keogh has highlighted that whilst the grain industry have progressed and matured in our process and procedures including GTA's industry Code of Practice, we must be ever vigilant and careful of complacency. Areas to be aware of and to continue to focus on include:

1. [Unfair Contract Terms Law](#)
2. Appropriate storage agreement terms and conditions for clients
3. Industry awareness and education of trade practices and industry processes
4. Good business practices and communication

The industry must continue its growth and maintain its progress in its self-regulatory framework or potentially face the imposition of regulatory intervention including penalties in the future.

[The GTA Fact Sheet – Stored Grain Entitlement is here](#)



## TAIWAN - MRL VIOLATIONS ARE A RISK TO INDUSTRY

The Australian grain industry is heavily reliant on export markets, and it is imperative the industry respects the import requirements of the countries that import Australian grain.

A key requirement is to comply with the importing country chemical Maximum Residue Limits (MRLs). The supply of grain requires industry wide management to ensure we continue to meet regulatory requirements for MRLs both domestically and internationally.

As reported in GTA [Member Update 21 of 21](#) consignments of Australian sorghum and mung beans to Taiwan have been detected with **glyphosate residues above the respective MRL**.

These violations are of concern to industry and are likely to require explanation and more significantly may lead to restrictions and even suspension of imports from Australia.

All grain supply chain participants are reminded of obligations under [the Australian grain Code of Practice](#) with additional information available in [TGD No. 15 Managing Chemical Violations](#) helping to ensure we maintain access to our important export markets



## FUMIGATION AND ITS IMPACT OF SUPPLY CHAIN & CONTRACTUAL EFFICIENCY

At two meetings in 2021 the GTA Commerce Committee having received Submissions from GTA members has discussed the impact fumigation practices can have on the efficiency of the supply chain and the execution of contracts.

Issues that have been raised include:

- Perceived risk in the supply chain creating demands for fumigation rather than risk-based fumigation based on sound insect risk practices.
- Import country fumigation requirements being “lost” amongst String Sales creating contractual concerns.

Discussion by the Committee highlighted this is a complex matter and there is a balance required by industry to:

- minimise the incidence of insect resistance to Phosphine;
- avoid contractual requirements driving inappropriate fumigations that may place industry reputation and its employees at risk;

Whilst;

- Meeting industry and contractual requirements of being free of insects when delivered; and
- Some import country requirements of having been fumigated prior to export.

Companies may approach the risk of insect infestations and fumigations differently. An example is some BHCs have procedures at their port terminals of setting dates each year after which grain will not be received if it has not been treated by fumigation or contact pesticide.

Taking a balanced approach the Commerce Committee will progress this analysis of this issue and design the communication program and an education package to provide guidance to GTA Members and the wider grain supply chain.

This process will also consider Australian Standards for Fumigation Protocols and the potential for grain treatment procedures to be included in the design phase of the DAWE/ GTA project to introduce Storage Asset & Management Standards.



## NOMINATE NOW FOR GTA TECHNICAL COMMITTEES

GTA's Technical Committees play a critical and important part in GTA's and industry activities. The Technical Committees are part of GTA's Member driven process and work to develop policy that draws in the expertise in industry to develop policy for the broader benefit of industry and Members.

GTA's Technical Committees include:

- **Commerce Committee** - responsible for development and ongoing review of GTA Trade Rules, contracts, Location Differentials (LDs) and the GTA Dispute Resolution Rules and process.
- **Grain Trading Standards Committee** – responsible for development of wheat and coarse grain trading standards, reference methods and other quality related issues effecting GTA members
- **Transport, Storage & Ports Committee** - tasked with advising the GTA Board and industry on issues related to the logistics of grain movement and Safety, Health & Environment.
- **Trade and Market Access** – monitor and liaise with industry on issues relating to local and international grain environment and policies and develop appropriate responses for the Australian grain industry and to ensure Australia's reputation as a supplier of quality grain is protected and market access is assured and improved.
- **Plant Breeding Innovation Committee** - responsible for making recommendations on the potential effect to commercial activity as a result of plant breeding innovations, escape of unapproved grain events, and the planned intentional release of approved GM grain events.
- **Information Technology Advisory Committee** - tasked with identifying risks, gaps, and opportunities for the grain industry from a data and information technology perspective.
- Membership and participation in one of GTA's Technical Committees provide industry participants a wonderful opportunity from both a personal learning and industry stewardship perspective and we encourage you to seriously considered as a means to progress your understanding of the operations of the industry in a particular field.
- [Nominations are now open for membership of all GTA's Technical Committees.](#)

## ON-LINE TRAINING FOR CoR NOW AVAILABLE—FREE

- From farmers to bulk handlers to exporters, everyone can access now free online Chain of Responsibility (CoR) training, an initiative between GTA and National Heavy Vehicle Regulator (NHVR).
- Significant CoR changes occurred when the laws were updated in 2018.
- Business owners, executives and managers can now be prosecuted for failing to put in place CoR risk management framework, even if a CoR accident or incident has not arisen
- Heavy penalties apply of up to \$3,000,000 for corporations and \$300,000 or 5 years imprisonment for individuals.
- Industry participants, from primary producers all the way through to end user, must understand where they fit into the chain, when they'll be held responsible and what risk management framework they need to have in place.
- The objective of the free online training course is to provide all grain industry participants an easy to access course to help them understand where they fit in and assist them through the process of being compliant.
- Transitioning the training to an online platform from the planned interactive face-to-face
- The purpose of CoR laws is safety; for all grain supply chain participants across the country, we encourage everyone to register for and complete the three 30 minute modules as soon as possible to support the movement of grain on its journey through the supply chain.



[REGISTER NOW](#)

## DIVERSIFYING MARKETS - FOCUS ON INDIA

- GTA and other groups developed a response to the impact on the grain industry of China imposing tariffs on Australian barley imports and increasing use of non-tariff measures to restrict access for Australian grain. This included proposing a strategy to Government that provides a platform for the grain industry to capture opportunities and **develop a sustainable and diversified market portfolio**.
- The outcome of this project will be to develop a market diversification (demand growth in existing markets and new market access) strategy for the Australian grain industry utilising case studies to demonstrate the tangible outcomes and benefits.
  - ◆ One component of the strategy is to develop a **strategic partnership approach for India**
- This project will develop a collaborative industry initiative in the form of an Australia India Grain Strategic Partnership.
  - ◆ It will bring together Indian and Australian decision makers from government and industry to foster relations and maximise opportunities for collaboration that will support government and industry action to advance shared interests and activities of mutual benefit to both countries.
- The initiative aligns with the Comprehensive Strategic Partnership (CSP) that provides Prime Ministerial endorsement for developing a grain partnership that deepens engagement and elevates Australia's relationship regarding agriculture to a more strategic level, and it can draw on the Indonesia Australia Grain Strategic Partnership as a model.

## DIVERSIFYING MARKETS - FOCUS ON INDIA CONT..

- This will develop a platform for future trade in grain and grain products and include elements based around:
  - Understanding i.e. fostering a contemporary and mutual understanding of each other's industries;
  - Knowledge and capacity building;
  - Interoperability i.e., harmonising standards and removing barriers to trade and investment; and
  - Relationships i.e. Investing in long term and mutually beneficial relationships that facilitate trade.
- The Strategic Partnership will identify activities to deliver mutual benefit for the grain industries in India and Australia.
- GTA is pleased to announce the project is underway and an initial meeting has been held with the Ag Counsellor to India, Austrade Trade Commissioner and other Government representatives to discuss the objectives and to commence the sharing of information.
- Detailed project planning has commenced and will determine the key activities leading to the deliverable of a '**Australia India Grain Strategic Partnership Framework**' by 31 July 2022.



## PROJECTS IN THE PIPELINE

- GTA and its Technical Committees sponsor projects to drive efficiency in the grain supply chain and to support trade.
- There can be numerous projects running simultaneously all at different stages including the '**Australia India Grain Strategic Partnership Framework**'. Some of the current projects that are in the pipeline at different stages include:
  - **Wheat Dockage**
    - To review the current quality parameters within Australian wheat milling grades that make up Dockage and determine if more appropriate measurements should be considered (i.e., a specific Dockage test).
  - Implementation of the new **AWW Wheat Class**
  - Development and introduction of **Storage Asset and Management Standards**
  - Review of **Vacuum Sampling of Road Trucks** to obtain a representative sample
  - **Assessment of Foreign Material in all Cereals**
  - Review of the **GTA Voyage Charter – AusGrain 2015**



## HARVEST PREPARATIONS INCLUDE SAFETY

- GTA and its Members are looking towards a 2021/22 crop that has the potential to be the highest value crop on record.
- Whilst this is fantastic, members need to consider their business processes and practices and to include safety in the workplace as a key part of all harvest preparations and ongoing business.
- GTA reminds its Members the [Australian Grain Code of Practice](#) and its [Technical Guideline Documents](#) are provided as guidance documents and may provide assistance to Members to understand the steps, processes and regulatory requirements associated with exporting grain.
- GTA also provides the [GTA Safety Guideline](#) and reminds members that each business has an obligation to develop a Safety Management System designed around the particular needs and operations of the business.
  - So Stay Safe and have a productive and safe harvest

## UPCOMING EVENTS

### GTA TRAINING & DEVELOPMENT

[Find entire Semester 2 workshop schedule here](#)

**All workshops will be delivered via Zoom**

**20 October 2021** Grain Finance & Risk Management

**27-28 October 2021** Grain Merchandising

**Chain of Responsibility Workshop (CoR)** - Online learning modules (FREE)

[REGISTER NOW](#)

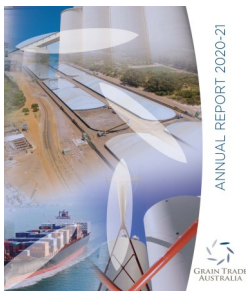
[REGISTER NOW FOR CoR Training](#)



GTA 2021 Annual General Meeting (AGM) will take place on 26 October 2021 at 10:00am AEDT (Sydney time)

Notice of AGM can be found on [GTA website](#)

To register for GTA 2021 AGM, [click here](#).



GTA Annual Report 2020-2021 is now available on [GTA website](#)

Paper copies were posted to each member via post and available upon request