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Contact Us

GRAINS COMMITTEE

John Ridley (Chair)
benarid@bigpond.com

Stuart Gall (Deputy Chair)
galls@nswfarmers.org.au

Bruce Atkinson
atkinson@mcmedia.com.au

Richard Clark
rm_baclark@bigpond.com

Wayne Dunford
lynton@activ8.net.au

Mark Hoskinson
markhelen@bigpond.com

Jock Munro
the_brae@bigpond.com

Hugh Roberts
robertsh@nswfarmers.org.au

NSW FARMERS' ASSOCIATION STAFF

David Moffitt
T: 02 8251 1887
moffittd@nswfarmers.org.au

Sean Flanery
T: 02 8251 1805
flanerys@nswfarmers.org.au

T: 02 8251 1700
F: 02 8251 1752
Level 25, 66 Goulburn Street,
Sydney NSW 2000

Wheat Export Marketing Act 2008

The *Wheat Export Marketing Bill 2008* was passed by Federal Parliament on 23 June 2008 and this saw the commencement of a new bulk wheat export marketing system from 1 July 2008. Under the new arrangements Wheat Exports Australia will administer a new wheat export accreditation scheme, with the power to grant, vary, suspend or cancel that accreditation. Applicants operating bulk grain port terminals must provide access to other exporters, by entering arrangements to be overseen by the Australian Competition and Consumer Commission from October 2009. A Productivity Commission review will now commence before 1 January 2010 and report no later than 30 June 2010, following a Senate amendment to bring the review date forward by 12 months. The Association believes the Act has the potential to create an imbalance of power in favour of non grower sectors of the value chain.

The Federal Government has agreed to provide funding of up to \$9.37 million over three years to assist with the transition to the new marketing arrangements and this funding will be allocated as follows:

- \$1.15 million for information sessions for growers and customers;
- \$2.52 million for collection and publication of market data;
- \$5 million seed funding for Wheat Exports Australia; and
- \$600,000 in technical market support grants for new exporters and assistance to the National Agricultural Commodities Marketing Association to develop an industry Code of Conduct.

The Association has undertaken a number of activities in relation to wheat marketing in order to progress the Association's policies regarding this important issue. Some of these activities include: Rallies (Parkes, Narrandera and Canberra), Member forums and meetings (Moree, Condobolin, Parkes, Young, Narrandera and Narrabri), meetings with and letters to Federal Ministers and Members of Parliament, media releases and media interviews, Grains Committee meetings and teleconferences, survey of Members, submissions to the Wheat Export Marketing Consultative Committee, Senate Committee Inquiry and Wheat Industry Expert Group as well as having a key role in the formation and strong ongoing involvement in the Wheat Export Marketing Alliance.

Wheat Industry Expert Group Report on Industry Development Functions

The Federal Government has released a report from the independent Wheat Industry Expert Group ('WIEG') regarding the delivery and funding of industry development functions for wheat export marketing which commenced from 1 July 2008. The WIEG report states that the industry has the capacity to deliver most of its key development functions. A summary of the WIEG recommendations include:

- That the Government should collect and distribute information to growers on the production and marketing of wheat;
- The Australian Bureau of Statistics and Australian Bureau of Agricultural and Resource Economics should collect and distribute key information such as the production, export and availability of wheat; and
- The National Agricultural Commodities Marketing Association should set wheat receival standards and the Grains Research and Development Corporation should take on responsibility for the establishment and operation of a wheat variety classification panel.

A copy of the report can be obtained from www.daff.gov.au/wheat

Wheat Exports Australia

The Federal Government has announced the appointment of members to Wheat Exports Australia ('WEA') which is the organisation which will be responsible for administering the new wheat export marketing accreditation scheme. The members of WEA are as follows:

- Chair Ted Woodley, former head of a number of large grain and energy companies, with expertise in business and grain handling, including the NSW Grain Corporation and EnergyAustralia;
- Nicole Birrell, a current member of the Grains Research and Development Corporation and former director of AusBulk, with expertise in commodity trading, foreign exchange trading, finance and regulation;
- Kim Halbert, a grain and livestock producer and director of the Grain Licensing Authority of Western Australia, with expertise in economics, business and regulation;
- Professor Paul Kerin, professor at the Melbourne Business School with experience in economics, public policy and business;
- Sandy Murdoch, former CEO of Ridley AgriProducts with expertise in international trade and marketing, commodity trading, business, grain production and grain handling; and
- Martine Pop, former member of the 2004 Wheat Marketing Review Panel and the Grain Pool of Western Australia with expertise in finance, economics, regulation and law.

Grain Rail Network

Following the NSW Government's announcement that an agreement has been reached between Pacific National Limited ('PNL') and GrainCorp ('GNC') regarding the transportation of grain by rail in NSW, the Association met with the Minister for Transport Hon John Watkins on Wednesday 14 May 2008. The purpose of the meeting was to gain a better understanding of the agreement and to seek clarification on the resolution of the \$70 million in "Broad acre funds".

The "Broad Acre Funds" are part of the discount given to PNL when it bought the NSW grain rail network from the NSW Government. As part of the Government's announcement an additional \$45 million will be directed to country rail infrastructure and this includes \$30 million over the next year to support operations on the country regional network and \$15 million to maintain the branch line network. This funding is in addition to \$115 million ongoing base line funding for the country regional network.

The Association has been able to determine the following information regarding the detail of the 'Broad acre' agreement.

- a) \$40 million will be provided to upgrade up to 30 of its 81 class locomotives for grain haulage use. This will mean that the NSW and Victorian grain freight on standard gauge line will have the commitment of at least ten 81 class grain train sets on track at any one time for the next 5 years (equal to 30 locomotives and 400 wagons), servicing country grain consolidation facilities to port or end users. Eight of these train sets are contracted to GrainCorp, whilst two are available to industry at a spot price. It is still unclear on what arrangements are in place at the end of the five year period,
- b) Pacific National will spend \$30 million on the refurbishment and maintenance of branch line assets for 1 year which will provide six, 48 class train sets (of which at least 4 operating at any one time, consisting of 16 locomotives and 180 wagons). This obligation expires on 30 June 2009 at which time these trains will become the property of the NSW Government.

This date coincides with the expected recommendations from the Federal Government's Grain Rail Task Force. The NSW Government has indicated that their primary aim is to ensure there is adequate grain transport infrastructure in place for this year's harvest which is expected to include a 3 million tonne export harvest. The future of the grain rail infrastructure will then be determined to a large extent by the Federal Grain Rail Taskforce and the Association will therefore be seeking to make a submission to this group.

AWB 'A' Class Shareholder Eligibility

Following queries from Members regarding their eligibility as an AWB 'A' Class Shareholder, the Association has written to AWB in order to seek clarification on this issue, particularly in light of the upcoming AWB Limited ('AWBL') Extraordinary General Meeting ('EGM') which will be held on 21 August 2008. The EGM is proposing to amend the AWB Constitution and in turn the structure of the company. Although some growers haven't delivered grain to AWBL due to extreme drought conditions, over the three years, as prescribed by the Directors of AWBL in accordance with the Constitution, these shareholders are still entitled to a vote under Article 6.4(h) of the Constitution. Under Article 6.4(h) of the Constitution any person is entitled to confirm their status as a wheat grower, and is entitled to one A-Class share which in-turn entitles them to one vote, if they submit a written statutory declaration to the AWBL Company Secretary, 40 days before an 'A' Class meeting.

2008/2009 Crop Reports

The release of the 2008/2009 Australian Crop Report by the Australian Bureau of Agricultural and Resource Economics has confirmed that conditions across the Australian grains belt continue to be variable. The report states that the total area sown to winter crops in Australia is forecast to increase by 9% to 22.3 million hectares in 2008-09. Assuming an improvement in yields, winter crop production is forecast to be approximately 37 million tonnes in 2008-09, 15 million tonnes above the drought affected harvest of the previous year.

The area planted to wheat is forecast to rise by 13% to a record 14 million hectares and total wheat production is forecast to be around 23.7 million tonnes in 2008-09, well above the previous year's harvest of around 13 million tonnes. The area planted to barley and canola is also forecast to increase in 2008-09 by 2% and 16% respectively and production of barley is forecast to increase to around 8 million tonnes and canola to around 1.7 million tonnes. The total summer crop production in 2007-08 is estimated at 3.5 million tonnes, nearly 60% above the 2006-07 drought affected harvest. Further information regarding the report is available from: http://www.abareconomics.com/interactive/08acr_june/

Plague Locust

The Association is urging Members to keep on the look out for locusts, with numerous sightings across the State forecasting a possible major locust outbreak in parts of the State in spring 2008. Landholders should report to their local Rural Lands Protection Board ('RLPB') any locust activities including sightings of adult locusts or locust egg-beds that they have seen on their property over the last three to four months in order to ensure that the necessary plans are in place to respond to any spring outbreak. There have been reports of locusts swarms in the Southern and Central NSW and these locusts have laid eggs which are expected to hatch in September/October this year. In the event of a high density spring hatching this year, the Association, alongside the Australian Plague Locust Commission, RLPB and NSW Department of Primary Industries, have developed an action plan to prepare for a possible spring outbreak.

ABARE Report on GM Crops

During March 2008 the Australian Bureau of Agricultural and Resource Economics ('ABARE') released a research report titled *'GM crops in emerging economies: impacts on Australian agriculture'*. The report highlights that the uptake of GM oilseeds and wheat could lead to a gain of \$912 million in the Australian economy by 2018 relative to what would otherwise be the case. The report looks at the changing nature of global agricultural markets as a result of GM crop adoption and the success of GM crops in emerging economies and their likely implications for Australia's agricultural exports.

GM Canola

In 2008, a small quantity of GM canola will be grown in NSW and Victoria. Monsanto, which owns the Roundup Ready trait, has licensed three seed companies to incorporate the Roundup Ready trait in their local canola varieties. These companies are Nuseed, Pioneer Hi-Bred Australia and Pacific Seeds. Bayer Crop Science which owns another GM canola variety, InVigor Hybrid, has indicated that it will not have commercial quantities of seed for the 2008 year but will continue with its breeding program which will include trials in South Australia, Victoria and NSW. As 2008 is the first year of growing GM canola commercially in Australia, it will be a pilot year with less than two per cent of the total canola area being grown to GM varieties. It will therefore involve a small number of growers over a small number of hectares.

In 2007 the Australian grains industry came together to develop the "Delivering Market Choice with GM canola" document to demonstrate industry unity and agreement that approved GM canola varieties should proceed to commercialisation. This year will mark the first year that GM canola is grown commercially in Australia and as such, the program is likely to attract considerable attention. In order to maximise the opportunity it will be imperative that the grain industry organisations continue to work as a team to support the first commercial year. To achieve this, a draft Industry Action Plan has been developed which outlines activities to be undertaken by key grains industry organisations, with a particular focus on those companies bringing GM canola to the marketplace.

Review of Enforcement of Plant Breeder's Rights

In response to concerns raised about the enforcement of plant breeder's rights, the Federal Government has requested that the Advisory Council on Intellectual Property ('ACIP') inquire into and report on issues relating to the enforcement of plant breeder's rights in Australia and consider possible strategies to assist Australian plant breeder's rights holders effectively enforce valid rights. The Review includes consideration of whether there may be benefits from extending the jurisdiction of the Federal Magistrates Court to include PBR matters. ACIP has released an issues paper and an options paper regarding their. The Association is currently developing a submission which will be lodged with the ACIP. Further information regarding the review is available from: <http://www.acip.gov.au/reviews.html#pbr>