

August 2010

Dear Grain Grower Members,

With the seasonal conditions improving and grain prices moving up to better levels, 2010 is shaping up to be a much kinder year to NSW grain growers. We still have a long way to go before the money is finally in the Bank and we still have the locust threat to contend with.

The Committee will be meeting in the last week of August. The last 12 months has been extremely busy for the Committee and the way issues are coming up the next 12 may be even busier.

With a harvest just around the corner and with forward grain sales well underway it is timely to advise Members to be careful when signing contracts. It is essential to understand what you are signing or agreeing to on the phone. A phone agreement is binding even without signing a contract. My advice is to read the contract first and if you do not understand any of the detail seek advice before committing yourself. Free Legal Access Service is available if you are a Member of NSW Farmers.

Kind regards



Mark Hoskinson

**Chairman – NSW Farmers' Association Grains Committee**

## Contact Us

### GRAINS COMMITTEE 2010/2011

**Mark Hoskinson (Chair)**  
[mhh1@bigpond.com](mailto:mhh1@bigpond.com)

**Peter Cannon (Deputy Chair)**  
[petercannon@hotmail.com](mailto:petercannon@hotmail.com)

**Mark Swift**  
[markswift@gmail.com](mailto:markswift@gmail.com)

**Rod Hatty**  
[rodhatty@harboursat.com.au](mailto:rodhatty@harboursat.com.au)

**Martin Honner**  
[mhonner@activ8.net.au](mailto:mhonner@activ8.net.au)

**Jock Munro**  
[the\\_brae@bigpond.com](mailto:the_brae@bigpond.com)

**Ross Durham**  
[radurham@skymesh.com.au](mailto:radurham@skymesh.com.au)

**Rob Eassie**  
[robeassie@hotmail.com](mailto:robeassie@hotmail.com)

**Jason Hunt (Young Farmer)**  
[jrfhunt@hotmail.com](mailto:jrfhunt@hotmail.com)

### NSW FARMERS' ASSOCIATION STAFF

**Ben Mason**  
Policy Manager  
Cropping and Business,  
Economics and Trade  
T: 02 8251 1827  
[masonb@nswfarmers.org.au](mailto:masonb@nswfarmers.org.au)

**T: 02 8251 1700**  
**F: 02 8251 1750**  
Level 25, 66 Goulburn  
Street, Sydney NSW  
2000

Member Service Centre  
1300 794 000

### Australian Grains Industry Conference

The Association has attended the Grain Trade Australia Common Interest Forum on Monday 26 July and the Australian Grains Industry Conference in Melbourne on Tuesday 27 and Wednesday 28 July. The Association discussed issues of concern at the Common Interest Forum including location differentials, receival standards and the bulk transport code of conduct. Other issues discussed at the Conference included the general global outlook for grains, adapting to social change, meeting grains demand in Asia, meeting changing quality demands, export logistics and how the AQIS reform will benefit the grains industry. Full proceedings can be accessed via the link <http://www.ausgrainsconf.com>

### AWB – GrainCorp merger

AWB Limited and GrainCorp Limited announced a proposed merger on Friday 30 July 2010. The Association's Grains Committee has held a teleconference to discuss the issue. The merger to go ahead must achieve a 75% vote from AWB shareholders in a September meeting and pass regulatory approval from the Australian Competition and Consumer Commission (ACCC). The Association will be providing a submission to the ACCC. Submissions are due by 3 September 2010. Growers must be assured that this merger does not cause monopolistic price gouging in areas of freight costs, storage and handling fees, as well as access to ports.

### Research Advisory Committee Chairs Meeting

The Chairmen of the Association's NSW Grains Industry Research Advisory Committees (RAC) met with representatives from the GRDC Northern Panel and the Grains Committee in Trangie and Dubbo on Tuesday 3 and Wednesday 4 August 2010 to discuss the Priority Issues for each of the six RACs in NSW. The National Grains RD&E Framework consultation draft document was also discussed. A copy of the document is available on the Association's website [www.nswfarmers.org.au](http://www.nswfarmers.org.au) for comment.

### **RTA Grain Auger Meeting**

The Association organised a meeting with the Roads and Traffic Authority and grain auger distributors in Dubbo on Thursday 15 July to develop an action plan for the upcoming harvest with respect to oversize grain augers being able to be effectively transported on the road. Currently specific permits for the transport of grain augers longer than 19 metres (63 foot) are only issued by the RTA according to certain route, distance and swept path data. Plans have been put in place to issue permits to distributors to allow them to transport auger combinations longer than 63 foot to the Ag-Quip Field Days in Gunnedah. This will be used as a trial run for the RTA to then develop interim permits from 1 September for grain augers between 63-95 foot to be delivered by distributors in time for the harvest season.

The Association has requested from the RTA for Permits to be in place by the start of the harvest season (1 October) to allow for the movement of grain augers by farmers between 63-95 foot. This will hopefully give farmers the option of:

- a) a point to point permit; and
- b) a permit that allows travel to a number of farms on a regular basis during harvest season.

The Association will continue to work with the grain auger distributors and the RTA on the finer details of the above short term action plan and what will need to change for the long term.



### **Bulk Grain Transport Code of Practice**

The Association has renewed its Memorandum of Understanding with the Livestock and Bulk Carriers Association (LBCA) for a further three years. A joint initiative of the LBCA with Grain Trade Australia has been the development of a Bulk Freight Contract and a Bulk Freight Code of Practice. The Australian grain industry is heavily reliant on land transport for its viability. Transport is a critical component of the grain supply chain. Getting grain to market quickly and safely, whether this be local storage, grain processor, packing facility or export terminal, is in the interests of farmers,

grain users, grain handlers and grain transporters. Both the Bulk Freight Contract and a Bulk Freight Code of Practice can be accessed via the following link <http://www.graintrade.org.au/contracts>

### **Council of Australian Governments (COAG) Road Pricing Reform**

COAG is investigating the feasibility of alternative forms of pricing for road infrastructure access for heavy vehicles. These alternatives more closely relate prices to the actual usage of the road network by each vehicle as well as potentially providing a better link between road agency revenue and road expenditure. The Discussion Paper focuses on estimating road costs, outlining options for heavy vehicle pricing, describing the methodology for how prices will be developed and detailing the economic assessment framework that will be used to compare options. The economic assessment will be primarily based on understanding the impact that different pricing options have on road use behaviour. The Association will be providing a submission to the discussion paper by 14 September 2010.

### **AQIS Grain Export Reform**

The Association has met with consultants from the AQIS Grains Industry Ministerial Taskforce on Grain Export Reform. The objective of the reform is to ensure that the increasing demands on the integrity of AQIS certification are met without reducing the competitiveness of the industry. Under the existing legislation the operators of registered export facilities are required to:

- maintain the facilities in a hygienic condition (such that cross infestation or contamination risks are mitigated);
- prepare the product for export so that it is free from live insect pests, is within tolerances for noxious contaminants and otherwise meets the phytosanitary requirements of the importing country; and
- is loaded into a transport unit (container or ship) that is free of pests and infestible residues.

The 75 full time AQIS staff and 30 contracted staff across 22 port terminals nationally need to be operating as efficiently and effectively as possible. Grain growers as price takers need an efficient and effective quarantine and inspection system both to maintain the clean green status of our domestic industry and our export reputation globally and to ensure that undue costs are not passed onto growers.



### **Senate Inquiry into Food Production (Fertiliser Prices)**

The Association has attended the public hearing of the Senate Inquiry into Food Production, conducted by the Senate Select Committee on Agricultural and Related Industries. The Association was invited to address fertiliser prices as a specific component of the inquiry. The previous inquiry into pricing and supply arrangements in the Australian and global fertiliser market issued a number of recommendation in its final report in August 2009, such as

legislation aimed to enhanced product labelling and price collection and publishing by ABARE. The response to these recommendations has been minimal by Government.

According to the Food and Agriculture Organisation of the United Nations, there was a global surplus of total fertiliser stocks of 9 million tonnes in 2007/08, 10.7 million tonnes in 2008/09, 14 million tonnes in 2009/10, and forecast surpluses of 19 million tonnes in 2010/11 and 24.7 million tonnes in 2011/12. The forecast total area sown to winter crop in NSW for 2010 has remained unchanged from the 4.9 million hectares sown in 2009, with the only change being growers moving from wheat (8% decrease) to alternative pulse and oilseed crops due to the price outlook for wheat.



### **Wheat Export Marketing Arrangements**

The Association has lodged a submission responding to the Productivity Commission - Wheat Export Marketing Arrangements Draft Inquiry Report on Tuesday 4 May 2010. The Association believes ongoing accreditation of bulk wheat exporters by WEA or a similar independent body is essential to at least give growers some assurance they are dealing with a fit and proper company to export bulk wheat from Australia. WEA is also essential to maintain Australia's competitive advantage as a provider of high quality wheat. The reputation of Australian wheat is worth far more than the cost of the Wheat Export Charge of 22 cents per tonne.

The Wheat Export Marketing Act 2008 should in fact go further to include the extension of powers for WEA to require it to benchmark the performance of all accredited exporters and publish export information in the interest of market transparency. This information would be independent and not prone to manipulation of any kind by the industry.

The Association asserted that grain trading entities should have to substantiate to both buyers and growers that they possess insurance (foreclosure insurance) commensurate to their level of exposure within the market place. Legislation also needs to be introduced to protect grower ownership of all grain product until payment is received. The notion that in the future Port Terminal Service Operators would develop a voluntary Code of Conduct to govern port access is in the Association's view unlikely and would within a short period of time lead to major players dominating all aspects of terminal services. The current 'access test' under the Wheat Export Marketing Act 2008 should be retained. The Association's submission is available at [www.nswfarmers.org.au](http://www.nswfarmers.org.au)



### **Wheat Classification Boundaries (APH)**

The Association has written to the Wheat Classification Council supporting the adoption of wheat classification boundaries based upon the proven ability of regions to produce wheat that matches the baking and milling characteristics required of the particular binned segregation, for example Australian Prime Hard (APH).

The Association would support the introduction of additional grade nomenclature to identify the source of the new APH in the protocol that the Wheat Classification Council establishes. The Association believes the use of WAPH (Western Australian Prime Hard) and SAPH (South or Southern Australia) is consistent with the geographic identification of APH currently linked to NSW and Queensland. The use of such nomenclature would protect the current brand integrity, and open the possibility for the new production areas to sell into existing APH markets, using the technical "prime hard" specifications.

The Association expects that any additional production of APH in non-traditional areas must also be accompanied by the identification of additional markets to absorb this production without damage to the markets that NSW and Queensland APH has traditionally been exported to. If no additional markets can be identified then the Association's position is that the existing APH export markets that have been established and developed by NSW and Queensland farmers for many years belong to NSW and Queensland farmers.

The soil types and climatic conditions that are unique to NSW and Queensland form an integral part of producing the high quality, high protein wheat, of the desired colour and protein type which has created the branded nomenclature for the APH brand in NSW and Queensland.



### NSW Grain Freight Review

The NSW Government has released its preliminary response to the recommendations of the NSW Grain Freight Review. The Government has agreed that its funding allocations will allow for the stabilisation of the condition of the North Star to Moree, Walgett to Burren Junction, Merrywinebone to Narrabri, Warren to Nevertire, Tottenham to Bogan Gate, Coonamble to Troy Junction, Lake Cargelligo to Temora, Naradhan to Ungarie and Hillston to Griffith grain branch lines. The funding allocation will ensure that they can be reliably operated, at a minimum, as Class 5 lines. The Association has met with the Minister for Transport, the Hon John Robertson MP on 2 August to discuss the Government's plans to implement the recommendations.

### APVMA Spray Drift reviews (MCPA and 2,4-D)

The Australian Pesticides & Veterinary Medicines Authority (APVMA) is currently systematically assessing and updating labels for currently registered products to mitigate risks arising from spray drift. The Association has prepared submissions for two reviews, covering products containing MCPA or 2,4-D. The Association supports the improvement of label conditions which address spray drift and made the following recommendations in the submissions:

- That the APVMA continue to make products containing MCPA or 2,4-D available for the control of noxious weeds, with appropriate label approvals.
- That the APVMA instruct chemical companies to provide very specific and easy to understand instructions for use on labels so as to manage spray drift.
- That buffer zones be computed through modelling with boom heights appropriate for the application.
- That the APVMA outline how spot spraying will be addressed in the spray drift review of products containing 2,4-D.
- That the APVMA promote best management practices for chemical application and encourage an understanding of spray drift management amongst all users of chemicals.



### National Grain Grower Representation

The Association signed a Memorandum of Understanding with the Western Australian Farmers Federation (Inc.) (WAFarmers) on Monday 19 April aimed at initiating the establishment of National Grains Australia (NGA) as a peak representative body for grain growers in Australia.

NGA has met with the Hon Tony Burke MP, Minister for Agriculture, Fisheries and Forestry on 8 June 2010 to discuss the progression of the NGA model for the representation of grain growers in Australia.

NGA is to be a Company Limited by Guarantee with Membership from State Farming Organisations. Further NGA will have a Policy Council, in whom the sole powers of policy determination will be vested. Voting on the Policy Council will be determined by the proportion of production tonnage from the State of each Member, for the grain in question.

Each State Farming Organisation will receive a single vote within the Board of Directors, with Directors expressly authorised to report to the Member appointing them to the Board of Directors on any matter relating to the NGA, including but not limited to any matter discussed at any meeting of the Directors or disclosed in any document prepared for the Board. The constitution of NGA is now available at [www.nationalgrains.org.au](http://www.nationalgrains.org.au)

On 22-23 June 2010 representatives from NGA undertook meetings with key industry and governmental agencies to establish a working relationship and to ensure that they are aware of the NGA, its constitution, website and incorporation. Over the two days meetings were held with the Shadow Minister for Agriculture, Food Security, Fisheries and Forestry, the Hon John Cobb MP, the Grains Research and Development Corporation, Plant Health Australia, National Residue Survey, Market Access and Biosecurity Grains Industry Consultative Committee, AQIS Grains Industry Consultative Committee and Wheat Exports Australia.

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