



GRAINS COMMITTEE 2010/2011

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Dear Grain Grower Members,

The Association continues to work hard on your behalf on these issues and many more to help your business operate in a tough environment. Hopefully now the drought has gone and with one harvest off and the potential for a more promising harvest this year we may regain some of the Members we lost during the drought.

As Committee Chair I welcome feedback from Members on any Grains issue. My email and those of the Committee and staff are contained to the left in this letter. Annual Conference is fast approaching and I would like to remind you that motions for conference are closing soon so please if you have any motions submit them through your Branch so they can be included.

There have been some reports of loads of grain being rejected due to weevil infestation. Growers and transport operators need to be careful to avoid this occurring. It is also important to ensure that trucks are cleaned inside and out after carrying infested grain, as the following loads, even if not infested can be rejected if there are insects remaining on the outside of the truck.

All the best for sowing the upcoming winter crop.

Kind regards

Mark Hoskinson
Chairman – NSW Farmers' Association Grains Committee

ACCC submission – AWB - Cargill

The Association has made a submission to the recent ACCC review of the proposed acquisition of the AWB Commodity Management Business by Cargill. The Association is opposed to the proposed acquisition. The ACCC however announced on 17 March that it would not block the sale.

As competitors within the market for grain trading, storage and handling, transport and logistics and port terminal services (the market), The Association believes that Cargill Australia and AWB Commodity Management Business are a significant market constraint to each other. For a full copy of the Association's submission to the ACCC please go to the following link
[http://www.nswfarmers.org.au/_data/assets/pdf_file/0015/70215/1005_ACCC_Review - Proposed acquisition by Cargill of AWB.pdf](http://www.nswfarmers.org.au/_data/assets/pdf_file/0015/70215/1005_ACCC_Review_-_Proposed_acquisition_by_Cargill_of_AWB.pdf)



Meeting with Foreign Investment Review Board

The Association has met with the Foreign Investment Review Board regarding the proposed acquisition of the AWB Commodity Management Business by Cargill in Canberra on Thursday 14 April.

Bearing in mind the fact that AWB is already foreign owned, the Association is concerned that the ACCC placed no conditions of sale upon the sale of AWB Commodity Management Business to Cargill.

If the sale is not prohibited by the Treasurer, The Association has sought for the Foreign Investment Review Board to recommend the Federal Treasurer to impose the following conditions upon the sale;

1. Protection and maintenance of Pools, providing quality segregations and reward for quality;
2. Open access to GrainFlow receival sites for other grain buyers;
3. Port access for other exporters (in the event that the AWB interest in the joint venture in Melbourne Port Terminal is approved by port operator Sumitomo to be passed onto Cargill);
4. Transparent freight rates to be developed by Cargill to provide a clear signal to growers (in addition to the GTA Location Differentials – which are NOT freight rates); and
5. To retain the AWB brand and maintain the wheat quality segregations within the AWB brand.

Research Advisory Committees

The Association's Research Advisory Committee (RAC) co-ordinator Bob Freebairn has completed the recent round of RAC meetings, held twice per year.

There was good attendance at all of the meetings and the priority issues papers are currently being prepared to provide to the GRDC. The RAC website is under construction. The website will

display meeting times, locations, meeting minutes and priority issues papers. Profiles and contact details for RAC members will also be made available on the website.

Primary Industries Standing Committee National Grains RD&E Strategy

The Association has provided input into the Primary Industries Standing Committee National Grains RD&E Strategy. The Strategy aligns GRDC, State Agencies, Universities and Grower Groups in specific areas of research to avoid duplication of activities. It also aligns the above stakeholders into levels of participation, as either a "Major", "Support" or "Link" contributor.

For context, in April 2005, the Primary Industries Ministerial Council (PIMC) endorsed a concept of national research with regional development and local extension, recognising that research (both strategic and applied) can be provided from a distance, with regional adaptive development and local extension also critical to ensure cost-effective innovation across the industry.

There are 5 National Centres of Excellence proposed including the Waite Campus - Adelaide, Agribio – Melbourne, CSIRO Black Mountain, Canberra, the Australian Export Grain Innovation Centre - Perth and the Queensland Alliance for Agriculture and Food Innovation at The University of Queensland - Brisbane are the five nominated National Centres of Research Capability.

The National Research Programs will be supported and delivered through five National Centres of Research Capability, the universities, the Regional Networks, and other research providers. As the growth in Total Productivity Factor of the grains industry begins the decline slightly after 3 decades of exceptional productivity improvements, the Strategy will be instrumental to ensure that productivity growth improves.

National harmonisation of agvet chemical regulation

The Primary Industries Ministerial Council (PIMC) has charged the Product Safety and Integrity Committee (PSIC) with delivering a detailed regulatory model for a single national framework for agricultural and veterinary (agvet) chemicals. PIMC is to present this regulatory model, along with any necessary intergovernmental agreements and a funding model to the Council of Australian Governments (COAG) by June 2011.

PSIC began the process of national harmonisation in 2009. The Association has participated by providing submissions in early 2010 (Draft Discussion Paper: A National Scheme for Assessment, Registration and Control of Use of Agricultural and Veterinary Chemicals) and April 2011 (Consultation Regulation Impact Statement: A National Scheme for Assessment, Registration and Control of Use of Agricultural and Veterinary Chemicals) and through attending stakeholder meetings. The Association also participated in the Training and Licensing Working Group which reported to PSIC.

Complementary to the broader COAG reform process the Minister for Agriculture, Fisheries and Forestry released the Policy Discussion Paper Better Regulation of Agricultural and Veterinary Chemicals seeking stakeholders' views on proposals for improvement of efficiency and effectiveness in assessment, registration, review and compliance in the agvet chemicals sector. The Association provided a submission to the Policy Discussion Paper.

RTA Matters

Harvest Equipment on or west of the Newell

The Association has been successful in getting an exemption to the decision made by the Western Region Traffic Operations Division of the RTA on Friday 3 December to halt the movement of traffic wider than 3.5 m and/or heavier than 80T on or west of the Newell Highway.

This initially stopped the movement of headers and associated harvest equipment. Exemptions were achieved on Monday 6 December for:

- Agricultural machine (header, tractor etc)
- Agricultural implements being towed by an agricultural machine
- Agricultural machine/implement being carried on a heavy vehicle

The Association also worked with the RTA to gain exemptions for silos and field bins. The Association has been successful in gaining an exemption for these items up to 5 metres in width. A case study of a silo distributor in Gilgandra who was affected by this regulation shows that the business avoided lost sales of approximately \$100,000 - \$120,000 during the December – January period, and had an extra \$50,000 – \$60,000 of new orders in that time due to the Association's actions on the issue.

Headers on low loaders

In December The Association gained an exemption from clause 6.5.4 of Part 6 of the *Class 1 Oversize (Load-carrying Vehicle) Notice 2007* during the period from sunrise 23 December 2010 until sunset 3 January 2011 inclusive.

This means that where it was previously illegal to transport a header on a low-loader in the Western Zone east of the Newell Highway between 23 December and 3 January, this practice is now legal.

Free seasonal registration renewal for natural disaster flood areas

After discussions by the Association with the RTA in early January, on January 21 the Roads Minister announced that farmers in flood affected NSW would receive a free registration for seasonally registered heavy vehicles used for harvesting and other farming work. All seasonally registered heavy vehicles located in natural disaster flood areas since 1 November 2010 will be eligible for the free registration extension.

Dual Purpose Grazing Trials

GRDC have provided funding towards dual purpose cereal grazing trials.

Dual purpose crops provide a valuable risk mitigation tool for growers looking to diversify their operations and strong livestock prices have stabilised mixed farmers' incomes during recent volatile grain production seasons.

The Association welcomes the Grains Research and Development Corporation conducting a review on the needs and issues of the whole dual purpose/grazing crop issue on a more national basis.

This will include looking at the various existing work on dual purpose crops by programs such as Grain and Graze and work conducted by various grower groups across the country. The review will look at

ways to centralise a lot of the work already done, and look at ways to improve the process further into the future, such as having a dedicated plant breeder with expertise in all dual purpose cereal crops, such as wheat, barley, triticale and oats, all in the one co-ordinated program.

There are new promising lines currently in the pipeline which include promising dual purpose wheats from the Narrabri based AGT breeding program, CSIRO developed winter wheats, some private company releases, a new generation of dual purpose triticale, and some promising oats left in the pipeline from the old Temora breeding program. In addition some spring wheats should also be assessed in a dual purpose role.

The challenge that GRDC has faced in funding this work is that a lot of the value capture is hard to achieve, as much of the value generated from dual purpose crops ends up in meat and fibre and is not captured in an End Point Royalty charged on the grain delivery.

To this end National Grains Australia (NGA) will be approaching Livestock Research and Development Corporations such as Meat and Livestock Australia and Australian Wool Innovation to encourage co-contribution towards breeding, evaluation and variety trials for dual purpose grazing crops.

Seed Viability

After a wet harvest the Association reminds members that it will be essential to have a germination and seedling vigour test conducted on any seed that may be of dubious quality. For the cost of approximately \$50 it can be money well spent to know whether seed is viable, or if the viability is reduced - to know how much sowing rates need to be increased by to achieve desired plant counts.

Mouse Control

The Association is supporting an application before the APVMA for registration to allow farmers to treat their own seed with Zinc Phosphide to produce their own mouse bait.

Mice numbers throughout the cereal growing areas are rapidly building up to a stage where a widespread mouse plague is likely – possibly much wider spread than last year. Reports of high mice numbers currently come from South Australia, Victoria, NSW and Queensland.

Current controls available are a manufactured bait with Zinc Phosphide as the active ingredient applied to sterile wheat. The cost of this is \$10/kg and the recommended application rate is 1 kg/ha, so the cost for mouse control is currently \$10 per hectare plus application costs, assuming only one application is required. There are only two manufacturers (a duopoly) in Australia and farmers believe the situation is being exploited. The cost of broad acre mouse control is a major barrier to farmers protecting their crops and the surrounding environment. It costs just the same to protect a 1 tonne per hectare crop as it does a 4 tonne per hectare crop and therefore it is a bigger barrier in the lower yielding and larger cropping farms in regional Australia. Some farmers had to spread mouse bait on their paddocks 4 times to get effective control of mouse populations, blowing out the cost to approx. \$40/ha. Should this be approved, the cost for farmers to protect their crops will be reduced to less than \$1.50 (an 85% cost reduction) per hectare. In a typical 2,000 hectare cropping program this means a saving of \$17,000.

Overseas our competitors have access to the Zinc Phosphide concentrate and they are able to apply this to their own grain and then apply this on farm manufactured bait to their own crops. This has been the case for many years and has been shown to be safe, effective and very low cost. The playing field is not level.

The process of on farm manufacture of the bait is safe and a simple procedure, similar to the mixing and handling of many other agricultural chemicals for which farmers are formally accredited. Normal chemical personal protection procedures are used and a concrete mixer is used, grain and canola oil are mixed and the correct amount of concentrate is tipped into the mixer. There is no dust or vapour. The Zinc Phosphide does not give off gas until it comes in contact with an acid ie the stomach contents of a mouse. Normal safe chemical storage practice is required. Because of the high cost of available registered product farmers unable to afford the manufactured bait resort to unregistered concoctions in an effort to save their crop. There are many undesirable side effects both to human health and the environment from these practices and the availability of Zinc Phosphide for farmers to treat their own grain will eliminate this problem.

CBH Mutual and Yield Shield

Two new weather insurance products have been recently introduced to the market. CBH Mutual and Yieldshield; CBH Mutual is only available to growers in Western Australia that produce wheat or barley. This product insures growers against the cost of production of 60, 50, 40 or 30% of crop value, but does not offer insurance against the entire value of the crop. YieldShield is available across most areas of the State and Country. Yieldshield has developed a model that predicts the rainfall and hence average yield for each crop within each shire at the beginning of a cropping season (for either wheat or sorghum). Throughout the cropping season the actual rainfall is inputted into the model and this simulates the crops growth. At the end of the season if the model's predicted yield is different to the model's final yield this represents a water stress loss that can be insured against. The premium is dependent on the excess chosen and shire location. The Association is seeking that the climate models be made available to members and the number of weather stations be increased across the State.

WA Drought Pilot

The Association is entering a submission to the Review of the WA Drought Pilot. The pilot runs from 1 July 2010 to 30 June 2011 and focuses on preparedness but does not include any business support measures. The Association has outlined a number of concerns with the Pilot:

- An increased focus on preparedness cannot come at the expense of business support for farming businesses struggling with climatic conditions that cannot be reasonably planned for.
- Funding restrictions, overly restrictive eligibility criteria and the near absence of qualitative feedback to stakeholders are key issues.
- The severe drought, short timeframe and impossibility in assessing benefits not yet apparent heavily restrict the ability of the Pilot to contribute to evidence-based policy.
- There should be a stronger focus on how the pilot measures compare to those available in the rest of Australia.

COAG Road Pricing Reform

The Association has made a submission to the COAG Road Reform Plan - Vehicle Pricing Options: Development and Assessment Framework.

The Association is supportive of a fair and equitable system of road and rail pricing that enhances productivity and efficiency throughout the transport sector. The Association welcomes the opportunity to work towards a form of pricing that gives road users better signals about their use of the network, and improved accountability for their allocation of the cost.

The Association has concerns about how a pricing scheme would treat local roads, and that the scheme needs to consider a community service obligation in providing and maintaining access to local roads.

The Government needs to recognise the size and specifics of the operation of the farm heavy vehicle fleet, and clearly understand the impact of the pricing scheme proposal.

The current pricing model also to some degree encourages fewer axles on a vehicle. For example, registration charges typically rise with the number of heavy vehicle axles even though for a given mass transported, a larger number of axles will cause less damage to the road. This has the capability of causing more marginal road damage and a lack of productivity in the transport industry.

Current limitations to the Higher Mass Limit (HML) access in NSW, have had the effect of diverting product from NSW to markets in neighbouring states as a result of more efficient road access options such as HML. The cost of administration of a compliance system needs to be considered in its development.

Cereal Rust Report April 2011

The latest Cereal Rust Report for April 2011 is now available
http://www.nswfarmers.org.au/data/assets/pdf_file/0005/69926/Cereal_Rust_Report_2011_Vol_91_revised.pdf

Grain Trade Australia Professional Development courses

The Grain Trade Australia Professional Development courses are available at the following link

http://www.graintrade.org.au/professional_development