

Contact Us

GRAINS COMMITTEE

Richard Clark (Chair)
rm_baclark@bigpond.com

Hugh Roberts
robertsh@nswfarmers.org.au

Bruce Atkinson
atkinson@mcmmedia.com.au

John Ridley
benarid@bigpond.com

Wayne Dunford
lynton@activ8.net.au

Mark Hoskinson
mhh1@bigpond.com

Alan Brown
browna@nswfarmers.org.au

Mark McKay
winnabri@bigpond.com

Mark Swift
swiftyandtreem@bigpond.com

NSW FARMERS' ASSOCIATION STAFF

Ben Mason
T: 02 8251 1827
masonb@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



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Letter from the Chairman of the Grains Committee

Dear Grain Grower Members

This last month has been very busy again with the first round of the Research Advisory Committee meetings at West Wyalong, Wagga, Nyngan, Coonabarabran, Moree and Warwick. The Association held a series of grain

marketing meetings in Lockhart, West Wyalong, Trangie and Narrabri and Grain Growers Association held their 50th anniversary celebrations in Narrabri. Also last month the Association's Executive Council held a meeting in Tamworth and the NSW Grain Freight Taskforce meetings were held in Junee, Parkes and Moree. Summaries of these activities are discussed in more detail below.

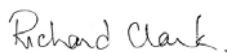
It was great to see the first major rain event pass through the very dry south west earlier in the month and hopefully it is a change of recent patterns. I'm told it was patchy but a good change to the endless dry days.

Urea prices are starting to climb again following a small bounce in the international price. Some stocks still held in Australia were imported at the high prices last year and we will be watching to see if our very uncompetitive fertilizer market is again manipulated to drive prices artificially high. Members who find they can't get supply or a fixed price should let the Association know to help us with any future competition policy submissions.

Very shortly we will be meeting with GRDC to discuss future paths for research and development and we will also be meeting with other farm groups through Grains Council of Australia to discuss the future of a single national voice on grains policy issues.

Enjoy this Grains Update and don't hesitate to contact your team at NSW Farmers' Association for your grains related issues.

Kind regards



Richard Clark

Chairman – NSW Farmers' Association Grains Committee

Post Harvest Grain Meetings

The Association's Grains Committee held four post harvest grain meetings during February in order to gather information about how the new wheat marketing arrangements have affected growers and the industry. Issues regarding marketing, negotiating contracts, storage and handling strategies, extra information required by growers and skills required prior to the next harvest were discussed at the meetings. The meetings were held at Lockhart, West Wyalong, Trangie and Narrabri and attendances at each meeting were approximately 40, 50, 30, and 30 respectively. The outcomes from the meetings were considered by the Grains Committee at their meeting in Tamworth on Monday 2 March.

The key points raised by Members at the post harvest meetings were as follows:

- Lack of price transparency;
- Loss of matrix pricing arrangement (Golden Rewards);
- Not enough time to prepare for market transition;
- The lack of trust in the trade due to the loss of grower direction;
- Prices are no longer easily accessible at harvest, not listed on the board anymore;



- The ports have not handled the rush of export wheat the market has demanded of it since the 2008/2009 wheat harvest;
- Ports are not capable of handling the trucks and the rest of the system is not capable of supporting the trains, necessary for the export task;
- An Industry Code of Conduct is required;
- Shorter terms of payment are required, 14 days should be standard;
- GTA's location differential need to be revisited and better understood;
- Growers want the Federal Government to offer marketing information updates;
- The Association needs to pursue grain/financial post delivery insurance;
- Differing test results at different receival sites are a concern;
- Freight rates have become too high in some parts of the State due to no longer having subsidised freight offered by the national pool and freight is becoming more expensive as branch lines decline;
- There is no longer a national logistics coordinator; and
- The industry has too many receival standards and not enough receival infrastructure (ie: 14 categories of milling wheat required for Moree alone and not enough storage segregation or infrastructure).

Resolutions were passed at three of the four post harvest meetings regarding the need for the Association to clearly indicate to the Federal Government the grower dissatisfaction following the introduction of a liberalised export wheat market. These resolutions were considered by the Grains Committee at their March meeting and after discussion by Executive Council, the following motion was passed.

That the Association write to the Hon Tony Burke Minister for Agriculture, the Hon Malcolm Turnbull, Leader of the Opposition and the Hon Warren Truss, Leader of the National Party, outlining the sentiment of the Association's post harvest grain meetings.

That the Association seek a meeting with the Hon Tony Burke Minister for Agriculture to outline in detail the views of the membership at the meetings.

Including the Draft AUSWHEAT plan to the Minister.

That the Association extend the invitation to the Hon Tony Burke Minister for Agriculture to meet the Grains Committee. That the Association extend the invitation to the Hon Tony Burke to meet with growers at a suitable location in the grain belt.

which requested a meeting with the Federal Minister for Agriculture Hon Tony Burke in order to advise him of the sentiment from the meetings. The Association has therefore written to Minister Burke whilst also writing to the Leader of the Opposition and the Leader of The Nationals.



Report on Grains Committee Meeting

The Association's Grains Committee held a face to face meeting in Tamworth on Monday 2 March 2009

- The Grains Committee received an update from Tom McCue of GRDC on some the technical workshops which GRDC are currently undertaking.
- James Clark, Chair North Region Panel GRDC addressed the Committee on a report regarding the next 20 years of research, development and extension as part of the national strategy.

- Robert Freebairn, NSW Research Advisory Committees Coordinator provided an overview on the recent South East and South West Research Advisory Committee (RAC) meetings.
- Nick Austin, NSW Department of Primary Industries provided a presentation on the future of research in NSW agriculture in terms of food security, biosecurity, climate change and water.

NSW Grain Freight Review

The Association continues to be represented on the NSW Grain Freight Taskforce by the Chair of the Grains Committee and Senior Vice-President. The Taskforce has been established in order to review the grain transport network in NSW. The review is Chaired by the former Deputy Chair of the National Transport Commission, Des Powell. The Taskforce is expected to report to the Federal Government by May 2009. The purpose of the review is to examine grain freight supply chains and the most sustainable, long-term solution for moving grain efficiently from the farmer to the customer, as well as the current and future grain supply, market demand, impact of regulatory reform and the capacity of supply chain infrastructure. The Association has lodged a submission to the Grain Freight Review and the Association assisted with the arrangements for the regional forums that were held throughout NSW in March.



Grain Trade Australia Review of the Grain Standards 2009/10 Season

The Grains Committee has considered the review of the grain standards for the 2009/10 season which Grain Trade Australia is undertaking. The Association's over arching position with regards to grain receival standards is that they should be supported by objective science, objective measurement and solid market research. Much of this work has been undertaken by Grain Growers Association and BRI Australia, who in turn have

invited the Association along with the Grains Council of Australia, to review and contribute to their submission. The Grains Committee has supported the positions put forward by Grain Growers Association and BRI Australia.

Grain Research Advisory Committees Coordinator

The Association has secured the Grains Research and Development Corporation ('GRDC') management contracts for all 6 NSW Research Advisory Committees ('RAC') up until 2011. In order to service these Committees the Association has appointed Robert (Bob) Freebairn to the position of RAC Coordinator. Mr Freebairn has extensive experience in grains research and extension programs having worked for the NSW Department of Primary Industries for 40 years. The duties which Mr Freebairn will undertake in this role are as follows:

- Provide secretariat support including all aspects of organising meetings such as information gathering, minutes, venues, agendas and reporting;
- Act as a liaison between the Northern and Southern Regional Panels, RAC Members, NSW Department of Primary Industries, CSIRO and universities; and
- Assist and facilitate the 6 RACs in NSW by arranging meetings and visits for the purpose of identifying and prioritising current and emerging issues affecting the production of grains and preparing an annual Priorities Issues Paper.

To date the RAC have held 4 meetings in the South and Central NSW with 2 Northern meetings.

2009 Canola Trading Standards



Recently the Australian Oilseeds Federation and Grain Trade Australia advised their members of the 2009 Canola Seed Trading Standards. The new standards have been developed to accommodate market requirements in response to the introduction of GM canola.

The two standards are as follows:

CS01 Canola, which includes all canola and includes Roundup Ready® canola and CS01-A non-GM Canola, same quality and trade parameters as Canola with the additional requirement for an adventitious presence of OGTR approved events at 0.9%.

For the 2009 canola harvest, grain handlers will provide storage for both Canola (CS01) and non-GM canola (CS01-A) although not all sites will necessarily receive both grades. Please contact your preferred grain handler for more information on bulk receival sites. Growers will be required, using vendor declaration forms, to specify whether the canola is either CS01 or CS01-A when they deliver grain to bulk handlers and sell their grain to buyers. For further information, please contact the Australian Oilseeds Federation or Grain Trade Australia.

Genetic Modification

At the 2008 NSW Farmers' Association Annual Conference the following two motions were passed regarding genetic modification.

G13 - That the Association lobby both State and Federal Governments to protect non-GM canola growers from costs arising from cross contamination, liability, segregation, and any other detrimental issues that will occur with the commencement of growing GM canola and other GM food crops grown on a commercial scale within Australia.

G14 - That the Association support full transparent labelling of GM ingredients in all imported and domestic products including livestock.

Information regarding the Association's activities in relation to both of motions is provided below:

Association Actions - G13

- Advised both the NSW Department of Primary Industries and the Federal Department of Agriculture Fisheries and Forestry of the policy.
- Close monitoring of as well as the provision of in principle support for the Birchip Cropping Group's "Real Time" research project.
- A meeting was held with AgriFood Awareness Australia regarding GM harvesting.
- A meeting has been held with the Insurance Council of Australia in order to discuss the development of an insurance policy to protect growers from liabilities brought about from GM production negligence.
- The District Council/s which forwarded the motion to Annual Conference have been asked by the Grains Committee to outline where they believe the costs may occur as well as information on patent law in terms of the difference between GM and Non GM seeds.
- The Association's webpage has been updated.
- The Association has written to the Insurance Council of Australia to outline the need to

establish insurance policies which protect growers from liabilities brought about from possible GM production negligence.

Association Actions - G14

- Written to Molonglo District Council in order to seek clarification on the motion and additional contact has occurred.
- The Association has advised the National Farmers Federation of the policy.
- Meeting held with Molonglo District Council in order to clarify the wording of the motion.

Grains Motions**March Executive Council Meeting**

The Association's Executive Council held a meeting in Tamworth during early March and the following grains motions were passed. The Grains Committee will be working to progress each of these motions in the coming months.

GM Food Crop

That the Association give to our Members a full report in writing, the actions and implementations of the two motions passed at Annual Conference 2008. The two motions are G13 and G14. These two motions are GM FOOD CROP motions.

**Wheat Marketing**

That the Association write to the Hon Tony Burke Minister for Agriculture, the Hon Malcolm Turnbull, Leader of the Opposition and the Hon Warren Truss, Leader of the National Party, outlining the sentiment of the Association's post harvest grain meetings.

That the Association seek a meeting with the Hon Tony Burke Minister for Agriculture to outline in detail the views of the membership at the meetings including the Draft AUSWHEAT plan to the Minister.

That the Association extend the invitation to the Hon Tony Burke Minister for Agriculture to meet the Grains Committee.

That the Association extend the invitation to the Hon Tony Burke to meet with growers at a suitable location in the grain belt.

Rust

Seek approval from Executive Council for the Association to write to all growers groups, expressing our alarm at the increase in area of MS (moderately susceptible) wheats. Contact GRDC and ask that wheats that have a rust threshold below MR (moderate resistance) be removed from growers lists.

Grains Industry Code of Practice

That the Association support the development of a grains industry code of practice which includes at least: production, marketing, transport and handling modules.



The following articles have been written by people who are external to the Association and therefore the views contained in the articles may not necessarily represent the views of the Association.

Market Review and Outlook

by Brett Stevenson, Market Check

With some anxiety about how the new deregulated wheat market would operate, grain farmers in eastern Australia commenced harvesting the 2008 crop. The National Pool had provided a mechanism for growers to extract 50-60% of the value of their wheat at harvest, and so, the concern was that if the cash market failed there would be no back up cash flow. Adding to this anxiety was world's worst credit crisis experienced since 1929. Harvest itself also proved challenging. Many areas of magnificent crop, in NSW in particular, received rain at harvest. The result of which was many more quality segregations than normal. One site in northern NSW had 18 different segregations.

It is pleasing to report the market has operated better, than expected, under these circumstances. Wheat prices at harvest did come under heavy grower selling for cash which led to prices in Australia reaching discounts to prices of wheat in other countries (basis) not seen since the 2005 crop. However, prices

increased after harvest providing an opportunity, for those who had held, to sell at a premium to the harvest price. As grower selling eased so too did the heavy discount to prices of wheat in other countries (basis). Growers able to hedge their warehoused or stored grain benefited from the improving basis, much as the National Pool benefited from its risk management activities over the past 69 years.

The mixture of container and bulk exporters provided distribution for the many wet harvest qualities produced. One of the most profound has been AH9, a high protein, low falling number, grade created for this harvest. The cash price of this grade pushed \$140 - 150t at harvest, however, as container exporters have found markets the price has rallied to \$190 - 200t. This has occurred in a market place where international prices are now lower than they were at harvest.

The pace of exports from Australia has been nothing short of extraordinary. From 1st January to 13th February 2.2 million tonnes of wheat were exported. If this pace were maintained the export of Australia's 2008 crop would be complete by July 2009 (seven months). A result of all grain exported and growers paid 100%, within 8 months of harvest, (given the National Pools lasted 12 to 18 months) is way beyond the expectations of those growers filled with anxiety prior to harvest.

We now face the 2009 crop and all the marketing challenges they bring.

Phosphine Detections in ex-farm deliveries

by David Ginns, GrainCorp

GrainCorp is currently receiving significant tonnages of grain fumigated with Phosphine from on-farm storages.

Unfortunately, the level of Phosphine gas detection on receipt at GrainCorp sites has dramatically increased in recent weeks, posing serious health and safety and export market risks.

- In one week, 11 high gas loads detected at Goondiwindi, including one load detected at 900 parts per million (ppm).
- In a period of 3 days, 8 trucks with Phosphine levels more than 3 times safe levels were detected at the Newcastle terminal.
- Drivers have been removing Phosphine tablets from loads and placing them in rubbish bins at the Newcastle terminal, causing dangerous gas levels in these bins.

Incorrect use of Phosphine is not only illegal; it can be dangerous and may lead to insect resistance. Phosphine should only be used strictly in accordance with the label and MSDS directions.

Health can be seriously impaired through consistent exposure to Phosphine gas at levels equal to or above 0.3 ppm.

Transporting grain fumigated with Phosphine where the detectable level of gas is equal to or more than 0.3 ppm is illegal.

All grain fumigated with Phosphine must be correctly ventilated prior to transportation.

If the level of Phosphine in a load is equal to or above 0.3 ppm, the load may be classified as 'Goods too Dangerous to be Transported', and all parties loading and transporting inappropriately fumigated grain may be fined or prosecuted. Phosphine gas levels over 50 ppm are considered to be 'Immediately Dangerous to Life and Health' of farm workers, drivers and members of the public.

Chain of Responsibility legislation requires the Police, Transportation Departments, WorkCover or Emergency Services to be notified if Phosphine is present in loads of grain with Phosphine gas levels above 50 ppm. As an industry, we can't afford to mishandle or incorrectly use grain fumigants, as this may lead to regulations on the use and availability of Phosphine to be changed.

You are responsible for the safe and legal use of Phosphine. Used correctly and in accordance with label instructions by growers, grain handlers and transporters, Phosphine is a safe and effective method of controlling pests of stored grain.



Deliveries to GrainCorp Sites

Where a delivery to a GrainCorp site has a detected Phosphine gas level equal to or above 0.3 ppm, the load will not be received and the transporter will be directed to remove vehicle and load from the GrainCorp site, and remain at least 10 metres from perimeter of any GrainCorp boundary. The transporter and commodity owner is responsible for the load, safety and remedial action.

Safety Incident Reports will be completed for any deliveries where Phosphine gas levels are detected at rates equal to or above 0.3 ppm. A letter will be sent to both grower and transporter informing them of the incident and this information may be passed on to relevant Authorities.

Growers or transporters who repeatedly present loads with Phosphine gas residue levels equal to or above 0.3 ppm may be banned from delivering to GrainCorp sites until GrainCorp is satisfied that appropriate remedial measures have been put in place.

ASX Grain Futures provide Price Transparency

by Dougal Hunter of the ASX.

The request to write this article is very timely as I have just attended the 2009 Grains Industry Forum, hosted by the Grains Council of Australia. The first session was titled "Facilitating Trade – A need for greater transparency". Before attending I decided to be a passive member of the audience and observe the debate unfold. The session was two hours in duration and the words "futures market" were not uttered until the last five minutes.

I guess there are two ways this could be taken. Either I have done a terrific job and everyone knows the benefits of a futures market and therefore did not feel the need to talk about it, or I haven't and no-one knows! The truth, I suspect, lies somewhere in between.

Among other benefits, futures markets provide price transparency.

In May, the ASX Grain Futures market will have been in operation for six years. In this time, in excess of 12 million tonnes of Australian grain and oilseed has traded. Of this, 10 million tonnes has traded in the last three years. The market is growing and provides NSW Farmers with an opportunity to manage and discover price.

It is very pleasing that at the 2008 NSW Farmers Annual Conference, Motion G10 Grain Marketing was passed. The motion was; ***"That the Association vigorously support the use of the Australian Securities Exchange as the major price discovery tool for Australian grain."***

ASX offers grain futures contracts for wheat (APW2), feed barley, canola and sorghum up to three years in advance. It is possible to deliver against all contracts in NSW. A futures contract is a standardised version of forward contract that is traded on a public exchange. The price that trades on the exchange is public information and can be accessed via the ASX website or via a free daily email.

Greater price transparency enables better marketing and risk management practices. If anything, growers are underrepresented when it comes to receiving price and market information directly from ASX. I encourage all NSW Farmers to embrace the information provided by ASX so that the marketing challenge is less of a mystery.

Where can I learn more?

ASX Grain Futures and Options provide growers with price transparency. To find out more; phone (02) 9227 0197, email grainfutures@asx.com.au or visit www.asx.com.au/grainfutures.

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