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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
swiftyandtreen@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



Letter from the Chairman of the Grains Committee

Dear Grain Grower Members

With sowing slowly coming to completion through much of the State the crops have got off to a good start in many areas and at least not too late in most areas.

Whilst some input costs have come down considerably this season it has still been a very expensive winter fallow preparation and is shaping up to be an expensive year for many. Grain prices have fluctuated widely and are well off the top of the market for this year's crop.

All this volatility emphasises the difficulty for growers to manage the prices of their fertiliser, fuel, herbicide and finally grain to deliver a profitable outcome. This is a year round job and can't be left until sowing or harvest.

One of the hottest issues for the NSW Grains industry this year has been the conditions of grain branch lines, the future of the train sets which they need, and who will operate them. This month the NSW Government, through the Hon. David Campbell MP, Minister for Transport announced that GrainCorp had been given the ownership and management of the 18 branch line locomotives and 180 wagons.

Many industry stakeholders have been worried about the future of the branch lines if we didn't find someone to operate the light weight trains capable of running on our poorly maintained branch lines. So the commitment to continued operation and upgrading of locomotives is a very good outcome for the NSW grains industry and will underpin the investment by GrainCorp and others in storage facilities along those lines. Obviously there will also be some considerable concern about so much concentration of logistics assets in the hands of one company.

Kind regards

Richard Clark

Richard Clark

Chairman – NSW Farmers' Association Grains Committee



Grains Committee Meeting with the Hon Tony Burke MP

The Grains Committee met with the Hon. Tony Burke MP, Minister for Agriculture, Fisheries and Forestry in Canberra on 15 June 2009. This meeting was the result of a motion passed at Executive Council March 2009:

“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.”

There were a number of points raised at the post harvest grains meetings which were conveyed to the Minister, these points included:

- Firstly there is some considerable distress with the new wheat marketing arrangements and this distress has led to calls for the reintroduction of some form of single desk. This information was accompanied by a copy of the Auswheat Plan.
- Secondly this same distress was reflected in a wide range of issues surrounding market information and the current lack of transparency in many segments of the value chain. This was further reflected in the negative sentiment from some Members regarding issues such as; the slow adaptation to the new wheat marketing arrangements, logistics, storage and a general distrust of grain traders.



Grains Council of Australia calls the end of an era

Murray Jones, Chairman of Grains Council Australia (‘GCA’) announced in a public statement on Friday 12 June 2009 that a decision has been made by the Board of GCA to wind up the company from 1 July 2009. The Association understands that the decision was made on the basis that the amount of funding in the reserves does not warrant continuation of the company into the next financial year, unless a last minute white knight can be found to fund a rescue package for the industry peak body. The GCA is understood to have incurred a financial loss of about \$356,000 for the past 11

months. With \$289,000 remaining in its bank account, the GCA appears to be heading towards another deficit by September 2009. Most of the GCA’s expenses are derived from organising flights and accommodation for GCA Members to attend meetings and other engagements, and payment of a full time executive officer.¹

Meetings have been held between some State Farmers Organisation Presidents and the grain leaders from those states and the Association is currently hopeful that a solution can be found that delivers a sustainable national voice for the grains industry.

Above Rail Branch Line Operations



On 29 May 2009, it was announced that an arrangement between the NSW State Government and GrainCorp involving the transfer at no cost of 18 ‘48 class’ locomotives and 180 wagons to GrainCorp. These trains will be used to consolidate grain from silos on the branch lines into sub-terminals, for transfer to main-line trains to the Newcastle and Port Kembla port terminals. As part of the arrangement, GrainCorp will be obliged to service grain storage sites managed by other grain handlers on these branch lines. GrainCorp are also committed to fund a program of essential maintenance and upgrading that will ensure the ‘48 class’ locomotive fleet continues to run reliably.

¹ As reported in Farm Weekly 12/6/09



Inland Rail Review

The results of the latest study into the proposed Inland Rail between Melbourne and Brisbane were announced on 7 May 2009. The Australian Rail Track Corporation ('ARTC') estimates that the cost to build the line will be between \$2.8 billion and \$3.6 billion, depending on the route chosen.

The costing and economic viability studies are consistent with the previous Coalition Government's findings.

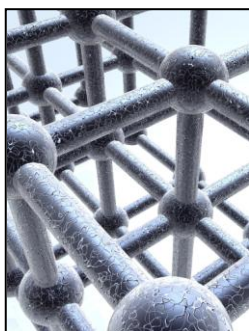
It is considered to be essential that the travelling time for Melbourne to Brisbane be less than 24 hours, so that the Inland Rail can deliver the maximum benefit to freight movers and compete with road transport. For that reason, the project cost is likely to

be near the high end of ARTC estimates.

The Association is concerned that the first stage report conducted by the ARTC which found the Inland Rail would not make money immediately should not be used as an excuse by the Federal Labor Government to abandon the project.

Such a rail link has the ability to dramatically reduce the pressures of urban sprawl by boosting rural and regional communities, encouraging new business opportunities and jobs in these areas and improving the lifestyles of many Australians.

This western rail link is a vital infrastructure investment for rural and regional Australia, and something the Association has long advocated for. The Association is awaiting the outcome of the ARTC study and the Government's response with interest.



About End Point Royalties

As part of the National End Point Royalties ('EPR') Framework, Members of the breeding community, including breeding organisations, the Grains Research and Development Corporation ('GRDC') and the seed industry have developed with industry a standardised agreement to license new varieties to growers. The aim of standardising this agreement is to avoid confusion and reduce the number of different contracts currently being used to license proprietary varieties to growers. The standardised agreements will increasingly be used by breeding organisations and their commercial agents to license new varieties in the future. Replicate copies of the standardised agreement are on the GRDC website and information about the

Industry Standard Plant Breeder's Rights ('PBR') Licence Agreement can be found in the PBR Fact Sheet. It is most important that growers realise that different companies controlling the use of PBR in new varieties can use different terms and conditions. Some key terms and conditions are contained in the schedules to PBR licence agreements.

For each variety that a grower purchases, the grower needs to check the terms and conditions of the agreement being used to license the PBR to the grower, including the schedule to the agreement. If the Industry Standard PBR Licence Agreement is being used, growers should in time become familiar with the terms and conditions in the main body of this agreement because these terms and conditions will remain constant. However, the terms and conditions in the schedules will still vary from company to company and possibly from variety to variety.



Australian Competition and Consumer Commission – Port Terminal Services Access Undertakings

The Association has lodged a submission with the Australian Competition and Consumer Commission ('ACCC') regarding their review of Port Terminal Services Access Undertakings. This review is in accordance with legislative requirements under the Wheat Export Marketing Act 2008. Further to this on 27 May 2009 the Senior Vice President and Chair of the Grains Committee, Richard Clark held a video link meeting with officers from the ACCC regarding their review of Port Terminal Services Access Undertakings.

ABARE Grains Financial Report

According to a recent Australian Bureau of Agricultural and Resource Economics ('ABARE') report, *Australian grains: Financial performance of grains producing farms, 2006-07 to 2008-09*, Australian grain

farmers experienced substantial growth in their financial performance during 2007-08, following lower farm incomes and profitability in 2006-07. The ABARE report stated that In 2007-08 an improvement in seasonal conditions led to higher yields for grains and increased production which caused the average farm cash income of grains farms to more than double to \$121,700 per farm. The rise in incomes during 2007-08 was especially large for high and very high cropping intensity farms (farms which generate more than 50 per cent of their receipts from crop sales).

UPCOMING EVENTS

Grains Industry Common Interest Forum 2009

Grain Trade Australia ('GTA') is hosting an entire grains industry forum to discuss some of the key emerging issues within the industry. The forum will be held at the Crown Promenade in Melbourne on 27 July 2009. Registration is open and program details and registration forms are available on the GTA web site. Some of the key topics tabled to be discussed include; a Review of Wheat Test Weights, End Point Royalties, Grain Transportation, Storage & Handling, Code of Practice for the Road Transportation of Grain, Grain Standards and related functions, and the review of Grain Contracts & Trade Rules, and Arbitration.

GRDC Grower Update

- On Monday 17 August, a GRDC Grains Research Update on 'Business Management Issues for Grain Producers' will be held at the Narromine Aero Club. The Narromine Update will feature leading business consultants and grower case studies to help growers to critically challenge their management.
- Managing people on the family farm will be the key focus of consultants Isobel Knight and Sarah Roche from ProAGtive. ProAGtive specialises in working with family farm businesses and agricultural service providers in succession planning, people management, strategic business planning and effective communication and teamwork within a family farm business.
- Consultant Simon Fritsch will be looking at financial data collected from many growers over many years to examine key issues and benchmarks that set more profitable farming businesses apart. His insights into the key benchmarks for profit, the impact of issues like capital ownership, scale of production and links with farming system profit provide a sound basis to challenge or support current practice.
- Wagga Wagga based consultant John Francis will discuss the in's and out's of leasing as a tool to grow or cut back farming operations.
- Grower case studies will also feature on issues including 'capital investment in farm machinery'.
- Attendance at either Update will cost \$45 per person (\$40 for second person per farm), with RSVP for catering purposes to Erica McKay on 02 9482 4930, email updaten@tpg.com.au.

Australian Barley Technical Symposium

The 14th Australian Barley Technical Symposium is being held from September 13th to 16th 2009 at the Novotel Twin Waters Resort in Queensland. It is a fairly unique grains industry conference, in that it covers all aspects of the barley value chain - from research and production through to the malting/brewing and feed industries. Some of the topics covered at the Symposium include:

- Novel strategies for barley quality
- Barley breeding - the environment and adaptability
- Biotechnology Innovation - fast-tracking for success
- Marketing - optimising the value chain
- Barley, malting, brewing, feed and food future solutions

There will be a broad spectrum of delegates - researchers, grain growers, technical staff, marketers, maltsters, brewers, feed/livestock industry reps, exporters, funding body and government reps, etc.

Grain growers are very welcome to attend. To encourage this, and with support from GRDC, the organisers are offering a \$100 discount on registration to all bona-fide grain growers (credential required is the NGR number). This means that a full grain grower registration would be \$695 up to July 24th and \$795 after that.

The registration and conference details are on the website <http://www.abts.com.au>