

NewsInGrain

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Australian Grain Industry Code of Practice for the Management of Grain

A quality product is one that has the ability to perform in service and is suitable for its intended purpose, i.e. it is predictable and will perform as intended.

Delivery of a quality product to an end user, domestic or export will ensure that Australian grain is recognised as a premium product able to compete on world markets based on its intrinsic properties. Also, Australia enjoys a natural freight advantage into Asian markets.

Therefore, into our largest regional export market the combination of a quality product plus a freight advantage is a formidable combination.

However, it would be pure folly to expect this situation to continue unchallenged.

To Australia's historical competitors, i.e. Canada and the USA can now be added grain from Black Sea ports. Australia has a natural freight advantage, over Black Sea grain, into Asian markets however this "advantage" can be eroded should freight rates fall and the quality of product emanating from the Black Sea will only do one thing, improve. And as for Canada and the USA, quality improvement is embedded in their processes.

Therefore, it follows, that quality improvement must drive the behaviour of everyone involved in the Australian grain industry. For instance:

- What processes can the producer implement to ensure they deliver a "quality" product?
- Could a prior load in a trailer compromise delivery of a "quality" product.
- The rigor around the sampling & testing at point of receipt determine the grade of a load and ensure segregations are appropriate to ensure out turn of a "quality" product.
- Trading standards attached to the grain contract detail the customer requirements, detail a quality product.

The above are examples of the actions that are required across the Australian supply chain that ensure the ultimate end user receives product that suits their needs.

Grain Trade Australia recognised the cross supply chain challenges to ensure delivery to customers of a quality product and determined the need to develop the **Australian Grain Industry Code of Practice (Code)**.



The Australian Grain Industry Code of Practice

- Details best practice used across the Australian grain industry.
- Details in one document the:
 - quality systems embedded in the Australian grain supply chain.
 - ensures customers of Australian grain receive a quality product.
- Will be mandatory for GTA members from 1 July 2014.

The purpose of the Code is to describe practices that the grain industry use to ensure Australian grain and grain products meet domestic or export customer requirements. Customer requirements include those stipulated in contracts and regulatory requirements at the Australian State, Territory and Federal levels and international and overseas country level. There are also a range of industry standards that are covered under the Code.

The Code focuses on those common standards, operating procedures and documented processes. The Code assumes that all participants in the grain supply chain have in place established practices that ensure compliance with this Code.

By following the Code, all sectors related to the grain industry, governments, researchers and consumers will gain confidence that processes exist in Australia to successfully produce, store

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and supply grain that meets the expectations of the entire grain supply chain.

The grain industry is committed to self-regulation. This Code assists that purpose by providing a process that is transparent and which outlines minimum requirements of all involved in the Australian grain supply chain.

The Code of Practice has been developed to provide further guidance to industry and confidence to customers that the grain industry is committed to meeting its obligations of providing grain according to industry-recommended criteria as defined in this Code and according to those mandatory regulatory requirements.

Scope of this Code

This Code is intended to cover all participants of the Australian grain industry. It has been developed to be applicable to all grain and grain products and applies to all stages along the supply chain. The Code has been designed to promote the use of best management practice by industry participants. This means:

- Mandatory compliance with all regulations as required by law; and
- Recommended compliance with accepted industry practices as documented in the Code.

>>> *Continued on page 2*



Australia's preeminent and longest running grains industry conference takes place from 28 to 29 July in Melbourne, Australia. The Australian Grains Industry Conference (AGIC) is Australian owned and run by the industry for the industry.

AGIC provides a one-stop opportunity to hear the latest developments in the industry, meet with clients and catch up with friends and colleagues. It is the must attend event on the grains industry calendar and once again will tackle the big issues influencing the Australian and global grain industries.

With over 900 delegates and over 40 exhibitors, AGIC offers unparalleled networking opportunities with delegates, speakers and trade exhibitors.

AGIC 2014 is the best opportunity for anyone interested in the Australian or global grains industry to hear the latest news, outlook and trends shaping the industry's future. The Conference is the opportunity to reach decision-makers in the Australian grains industry; hear the latest outlook; debate industry issues; and network with old and new colleagues.

The Australian Grains Industry Conference is hosted by Grain Trade Australia, Australian Oilseeds Federation & Pulse Australia.

Australian Grain Industry Code of Practice for the Management of Grain *(continued from page 1)*

Quality Assurance systems

Industry recognises the value of formal Quality Assurance systems. While these have been implemented by some sectors of the industry, their widespread adoption has not occurred. Implementation of this Code may assist adoption of Quality Assurance systems at all stages of the supply chain.

Technical Guideline Documents

As this Code is further developed and reviewed over time, GTA will develop:

- Technical Guideline Documents providing detailed information to industry on specific activities. These documents will assist implementation of activities as outlined in this Code; and
- Generic forms outlining data to be collected for various activities, to support those Technical Guideline Documents.

Industry is encouraged to provide input into topics for inclusion and development of Technical Guideline Documents.

GTA members and adherence to the Code

It is the intention of the GTA Board, that membership of GTA from 1 July 2014 will require members to adhere to the Code.

In conclusion

The Australian Grain Industry Code of Practice

- Was developed as a result of a call from GTA members, the broader grains industry and government;
- Is a detailed description of the activities across the Australian grain supply chain that ensure the Australian grain industry delivers a quality product.
- Enables end users, domestic and export, to buy with confidence understanding the quality systems in behind the Australian industry; and
- Will encourage all industry participants to continually improve their processes.

Resulting in a more profitable grain industry for all participants who have invested, time, hard work and financial resources.

IT'S A FAMILY THING – PAST AND PRESENT PRESIDENTS OF THE MERCHANT ASSOCIATIONS



From AGIC 2013 – past Presidents of Grain NSW (formerly RMSA) – Chris and Matt Kelly



At the December Meeting of the Queensland Agricultural Merchants – December 2013
Geoff Deacon, Terry Deacon, Merv May (also GTA Life Member), Rod Wolski, Chris Wolski (current President)

Trade and Market Access Update

Draft specification for International Standards for Phytosanitary Measures (ISPM) – International movement of grain

The International Plant Protection Convention (IPPC) is in the process of developing a standard for the international movement of grain. The original specification called for the inclusion of quality and traceability, two issues which were roundly opposed by GTA via submissions to the Australian Department of Agriculture.

The draft specification released last November did not contain reference to quality and traceability so there is every indication at this stage, that the final specification will be satisfactory to Australian export needs.

Dr Bart Rossell from the Australian Department of Agriculture is a member of the IPPC Standards Committee.

GTA submissions to the Australian Government on this issue are on the GTA website.

Chemical contamination of grain from fungicide treated seed or fertiliser

The issue of chemical contamination of grain from certain fungicides applied to seed or fertiliser has become a concern for the industry.

Where these fungicides come into contact with grain the Minimum Residue Limits (MRL) for that chemical may be exceeded in a domestic or export market.

In Victoria during 2013, there were occurrences where container exports to Taiwan exceeded MRLs. The chemical was traced to the fungicide used to coat fertiliser.

Growers were delivering grain to port; trucks were back loaded with fertiliser, with the trucks subsequently being turned around with another load of grain.

GRDC has developed a Fact Sheet to educate grain growers on the issue and was circulated as part of Member Update 3 of 14 – Grain Marketing and Pesticide Residues.

GTA members are encouraged to:

1. Forward the GRDC Fact Sheet- Grain Marketing and Pesticide Residues to your clients / members;
2. Include articles on the issue in newsletters; and
3. Include the topic in grower presentations.

GTA WEBSITE STATISTICS (FULL YEAR)

| Website hits | 2010 | 2013 | % variance |
|--------------------------------------|--------|--------|------------|
| Unique visitors (first time viewers) | 15630 | 38458 | 146% |
| Number of visits | 35971 | 83325 | 132% |
| Pages | 169079 | 229997 | 36% |

| Top 5 pages viewed | 2010 | 2013 | % variance |
|------------------------------|-------|-------|------------|
| Commodity Standards | 15025 | 24914 | 66% |
| Location Differential Tables | 10045 | 12380 | 23% |
| Storage and Handling | 6735 | 8046 | 19% |
| Contracts | 4885 | 8302 | 70% |
| Trade Rules | 4127 | 6832 | 66% |

| Top 10 Countries viewing GTA website | |
|--------------------------------------|---------------|
| 2010 | 2013 |
| Australia | Australia |
| United States | United States |
| Japan | China |
| Singapore | Japan |
| Hong Kong | Germany |
| Germany | Russia |
| Great Britain | Singapore |
| Canada | Italy |
| China | Great Britain |
| Netherlands | Netherlands |

WHAT ARE GTA LOCATION DIFFERENTIALS?

First up, Location Differentials are not freight rates or freight differentials!

For starters

- GTA Location Differentials (LDs) are widely used by the Australian grain industry to price "port based" contracts in particular the *GTA Contract No 2 Grain and Oilseeds in Bulk – Basis Track* commonly known as the "Track Contract".
- The majority of grain produced in Australia will, at some stage, be priced and transacted on a "port based" contract, which refers to the GTA LDs.

What are location differentials?

A Location Differential is the "value" attributed to a specific up-country grain bulk storage and handling facility to an export port terminal facility by the GTA Commerce Committee for the purpose of valuing up-country grain on a 'port basis'. The up country grain bulk storage and handling facility must be operated by a GTA Member.

Why doesn't GTA produce freight rates?

The price of freight is market driven and subject to continual change depending on amongst other things:

- Tonnage to be moved versus the available freight capacity. In big crop years freight capacity could be in deficit, the market driven response – freight will be higher. The converse will also apply.
- How far forward did you book the freight? Generally speaking, the further forward a booking is made the greater the discount to a spot price. Freight providers, like airline companies, like to get forward bookings as an indication of future cash flow. This is not always the case and for various reasons you may see an inverse in the freight market, in the same way that future grain prices could be higher than current values.

- How much tonnage is being booked?
An organisation moving 100,000 tonnes against an agreed, disciplined freight program will get their freight at a better rate than an organisation moving 1,000 tonnes with no freight program.
- Is the grain being moved on rail or road? If rail, how many stops are required to fill the train, i.e. one stop or multiple stops down the line?
- Time of year. The freight program is greatest just after harvest as organisations move grain to port.
- Site efficiency

Any or all of the above can impact on freight rates at any one time. The freight market is a free market and acts accordingly. There is nothing constant about the freight market except continually changing rates.

It is the market's role (not GTA's) to deal with the difference between a Location Differential and a freight rate at a particular site.

Determination of Location Differentials as at 1 January 2014

- The GTA Commerce Committee is responsible for development and ongoing review of the values used as the GTA LD's.
- GTA will not change the current methodology (method of calculation) or the value of the GTA Location Differentials (LDs) for a period of no less than three [3] years, subject to any significant changes in the market, which will be determined by the Commerce Committee.
- GTA will provide industry with 18 months lead time from the publication of any significant changes to the methodology used to calculate the GTA LDs.
- GTA will provide industry with 18 month warning of any changes to the LDs as a result of Point 3 above.

Determination of Natural Terminal Port (NTP)

- For the determination of the Natural Terminal Port for a site, rail transportation to a port takes precedence over road transportation to that same port.
- Where a port and tributary up country rail site are connected by rail, the Natural Terminal Port for that site will be the port with the lowest Location Differential.
- Where an up country site has only road access, the Natural Terminal Port for that site, will be the port with the lowest Location Differential.

Determination of Rail Site

- A grain storage site is defined as a 'rail site' where grain can be physically loaded to a train for transportation by rail. Where a site does not meet all the following criteria, it cannot be classified as a 'rail site', and thus shall be classified as a 'road site';
 - be capable of receiving a train service via an operational line and/or siding,
 - have operational infrastructure capable of loading a train, and
 - the owner/operator of the site must provide rail out loading services to the market.
- For the avoidance of doubt, the location of a grain storage site adjacent to a rail line does not automatically classify it as a 'rail site'.

Special Note

- GTA Location Differentials come into effect on 1 October each year.
- Contracts are written based on the LDs as published as at that date.
- Sites will not be added after 1 October.
- Drafts are published so you need to review the sites in which you have a commercial interest as a principal, a trader or producer.
- Industry has opportunity to get it right to ensure location differentials are allocated to reflect market requirements.

GTA PHOTO COMPETITION IS ON AGAIN

Following the success of the 2012 and 2013 Photo Competitions, the competition is being held again in 2014. GTA is looking for interesting photos with a strong focus on grain.

The top 10 entries will be selected and displayed at the Australian Grains Industry Conference in Melbourne.

The winning photo will receive a prize so start collecting your photos now to be in the running.



The 2013 winning photo – by Andrew Goyder

GTA WELCOMES NEW OPERATIONS MANAGER

Jodie Dean has been appointed as the new GTA Operations Manager. In her new role, she is primarily responsible for the management of the GTA Technical Committees and Dispute Resolution process.



For the past 3 years, Jodie was the Senior Manager, Agricultural Development with the Royal Agricultural Society of NSW where she led industry partnership initiatives and oversaw a range of education, agricultural and youth development programs.

Prior to that, Jodie spent 5 years with Central West Farming Systems (CWFS), based in Condobolin NSW, in an extension role and ultimately as the Chief Executive Officer.

CWFS is a grower driven organisation that partners with government and the private sector to deliver applied research, development and extension programs to the region.

Aligned to those positions, she was also on the Grains Research & Development Corporation (GRDC) Regional Advisory Committee (2009-2010). She currently sits on the Australian Bureau of Meteorology NSW Agricultural Consultative Committee.

Jodie is very excited to be starting with GTA and looks forward to working closely with members and the technical committees.

AROUND THE GTA TECHNICAL COMMITTEES

Commerce Committee

Committee meeting 7 February 2014. Major matters arising/agreed:

- Commence yearly review Location Differentials
- Commence review of No 3 Contract & Charterparty to ensure alignment between the Contracts
- Following a submission from Pentag Nidera to make amendments to the DCT Contract for consideration by the Committee and members
- Following a submission from Advance Trading to make amendments to the Trade Rules.
- Release of a CFR (Containers) Contract – with the Board for approval
- Next meeting 7 April 2014

Standards Committee

Committee meeting 3 February 2014. Major matters arising/agreed:

- Nil tolerance paper released to industry with very limited commentary back to GTA.
- Release of Standards review for 2014 by 28 February 2014
- Numerous subcommittee meetings
- Next meeting – 3 April 2014

Trade and Market Access Committee

Committee meeting 10 February 2014. Major matters arising/agreed:

- Draft specification for ISPM – International movement of grain. Committee developed submissions paper which was forwarded to the DA negotiators for consideration in developing an Australian perspective.
- Chemical contamination of grain from fungicide treated seed or fertiliser. Issue highlighted and Member Update sent out. Further promotion and education issue with growers in particular.
- Formation of GM Grain Working Group as a full GTA technical Committee. The Board had agreed to the formation of this Working Group however it was limited to Wheat. Committee agreed it should be broadened to Grain.
- Next meeting – 17 April 2014

Transport, Storage & Ports Committee

Committee meeting 14 February 2014. Major matters arising/agreed:

- The Committee formed a subcommittee who reviewed the Bulk Freight of Goods Code of Conduct. Amendments were agreed and will be circulated for member comment.
- Next meeting – 15 May 2014



THE AUSTRALIAN GRAINS
INDUSTRY CONFERENCE
SINGAPORE 2014

AGIC SINGAPORE

The inaugural Australian Grains Industry Conference (AGIC) event to be held outside Australia took place at the Marina Bay Sands, Singapore on 10 March 2014.

AGIC Singapore provided an opportunity for customers and marketers of Australian grain to access the latest information on the Australian crop prospects, quality profiles, innovations and trends.

AGIC Singapore was a key event for customers/end users, marketers/

traders, finance sector and other grain industry participants based in the region to hear the latest information on the Australian grain market and network with Australian grain industry participants.

Future AGIC events will be held in other strategic international locations.

WHEAT INDUSTRY ADVISORY TASK FORCE – GTA's position

The major tasks of the Wheat Industry Advisory Task Force (WIATF) are:

1. Provide options and advice on the most appropriate mechanisms to enable the publication of timely and accurate grain stocks information outside of the port zone
2. Examine the provision and oversight of pools as financial products; and
3. Provide options and advice on the most appropriate means of implementing quality standards.

Stocks information

The WIATF released a discussion paper on the provision of stocks information for the wheat industry. Industry participants have varying views on this subject. GTA does not have a view and did not place a submission on the subject to the WIATF.

The subject was extensively debated within the Port Access Code of Conduct Advisory Committee where a consensus position was reached prior to the Code becoming a mandatory prescribed Code administered by the ACCC.

Provision and oversight of pools as financial products

The WIATF has released an industry discussion document regarding whether legislative oversight on grain pools was required.

An "Operating Standard for Grain Pool Providers" is an integral part of the Australian Grain Industry Code of Practice. Key requirements in the Standard include:

- Separation of pool assets and liabilities from other pools and the general trading book;
- Ability of pool participants to measure the pool performance against the strategy and management plan adopted by the Pool Provider
- That the Pool Provider must be able to justify to Pool Participants the Estimated Pool Return (EPR)
- If there is an Adverse Material Change of more than 5% to the EPR this needs to be notified to Pool participants immediately.
- Following closure of a Pool, and within six months of the final payment of a Pool, the Pool Provider will:
 - engage an independent auditor to audit:
 - the accounting records of the Pool;
 - the Pool Provider's compliance with its duties under this Code;

- the Pool Provider's compliance with the terms and conditions of the Pool; and
- publish and deliver the findings of the auditor to Pool Participants.

The above document was:

- Modelled on the requirements that operators of managed investment schemes must follow; and
- Was acknowledged by the WIATF.

GTA, in its submission argued that with the introduction of the Australian Grain Industry Code of Practice, additional regulatory oversight of grain pools is not required. Additional regulatory oversight would:

1. Increase costs to all pool providers, a cost borne by grain producers, and may
2. Reduce competition in this market sector due to organisations making a commercial decision not to engage due to the regulatory requirements.

The WIATF supported GTA's position and did not recommend legislative oversight for pools.

(Wheat) Quality standards

The Australian grain industry has an enviable reputation for quality which has been gained by the development of a number of industry and government initiatives. These were detailed in the industry discussion paper released by the WIATF.

GTA submitted that regulatory oversight of quality standards is not required as current processes are well understood by all participants in the supply chain, both in Australia and overseas.

Regulatory oversight would increase costs (borne by grain producers) for an unidentified gain.

The WIATF has not published their recommendations on this issue.

GTA submissions

The GTA submissions can be accessed on the:

1. GTA website; or
2. The Wheat Industry Advisory Task Force website.

QUALITY OF AUSTRALIAN GRAIN – GTA'S CONTRIBUTION

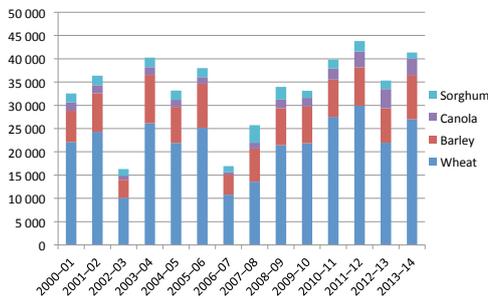
- **GTA Trading Standards developed by GTA Standards Committee:**
 - Yearly review
 - Aligned to customer requirements
- **GTA Trading Standards aligned to GTA standard form contracts – domestic & international recognition**
- **Publication of sampling & testing reference methods for major grain types – nationally recognised**
- **Publication of:**
 - Visual Recognition Standards Guide
 - grain defects
 - Weed Seed Identification Guide
- **Industry training:**
 - Competency standards for sampling & testing
 - national recognition
 - Grain Standards Course
- **Wheat Quality Australia – joint venture with GRDC**
- **National Working Party on Grain Protection (GTA secretariat)**
- **Submissions to:**
 - CODEX Alimentarius Commission
 - international food standards
 - Australian Pesticide & Veterinary Medicines Authority
 - DA Biosecurity on phytosanitary and trade related matters
- **Member:**
 - DA Biosecurity – Grains & Plant Products Export Industry Advisory Committee
 - National Research, Development & Extension Strategy
 - National Measurement Institute
 - Grain Quality Measurement Committee
- **Supporter:**
 - National Residue Survey
 - adherence to domestic and export MRLs
 - Australian Grain Industry Code of Practice (2014) with associated Technical Guideline Documents



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2013/14 CROP REPORT

Australian major grain production (000 tonnes)



Combined wheat, barley, canola and sorghum production in the past four years (2010-11 to 2013-14) averaged more than 40 million tonnes up from 27.5 million in the preceding four year period (2006-07 to 2009-10)

Data provided by AgScientia Pty Ltd

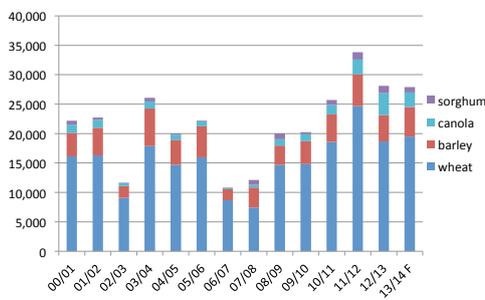
QLD

- Overall quality was good but yields down
- Central quality excellent for wheat and barley
- Southern areas suffered from lack of moisture and some frost & thus tonnage reduced but quality generally good
- 1.6 million tonnes

NSW

- Overall quality good despite some tough growing conditions in northern areas
- Northern/NW areas had a generally poor season, with quality produced relatively good considering
- Southern parts of the State suffered from frost which caused tonnage losses and some downgrading of various commodities, particularly wheat and canola
- 9.3 million tonnes

Australian major grain exports (000 tonnes)



Combined wheat, barley, canola and sorghum exports in the past four years (2010-11 to 2013-14) will average around 29 million tonnes up from 15.8 million in the preceding four year period (2006-07 to 2009-10).

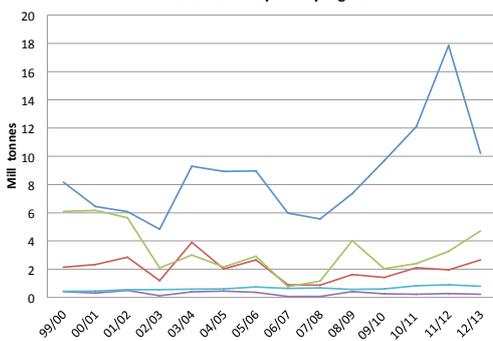
2013/14 exports are based on the current USDA forecast exports.

Data provided by AgScientia Pty Ltd

VIC

- Overall quality good especially pulses in the Wimmera
- In some areas frost impacted on yields and quality, especially canola and wheat
- In southern areas there were some delays due to weather late in the season, but had minimal impact on quality
- 7.1 million tonnes

Australian wheat exports by region



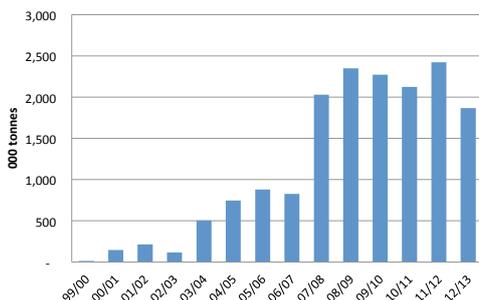
Australian wheat exports to Asian countries has risen sharply in recent years. Australian wheat exports to Asian countries have averaged 12.5 million tonnes in the four years from 2009-10 to 2012-13 compared to less than 7.0 million tonnes in the prior four year period (2005-06 to 2008-09).

Data provided by AgScientia Pty Ltd

SA

- Overall quality very good, as was yield in most areas
- Harvest was earlier than usual in some areas resulting in rapid receivals required
- Minimal delays due to weather and hence quality overall was good
- Some issues with faba bean disease but overall pulse quality was excellent, canola quality also very good
- 8.6 million tonnes

Wheat exports in containers



Large volumes of wheat continue to be exported in containers from Australia. An average of 2.2 million tonnes of wheat has been shipped in containers over the past four marketing years or around 12 per cent of exports.

Data provided by AgScientia Pty Ltd

WA

- Large tonnage received, earlier than usual with many receival records broken
- Quality overall was excellent for virtually all crops
- Some delays due to rain in parts but little impact on quality
- 17.2 million tonnes

* Source - Australian Crop Report February 2014
www.daff.gov.au/abares/pages/publications

GTA PROFESSIONAL DEVELOPMENT PROGRAM

Following the success of the 2013 Professional Development Program (PDP), Semester 1 of the 2014 GTA PDP has now commenced.

GTA's objective is to provide a range of targeted, practical courses designed to meet the expanding educational demands of the grain value chain. From producers to exporters, the GTA PDP courses offer something for everyone, whether you are new to the industry or looking to update and expand your existing skillset.

Semester 1 – Courses, Dates & Locations

| Understanding Grain Markets – Trade | |
|-------------------------------------|---|
| Date | Location |
| 5 Mar | VIC – Melbourne – Cliftons, 440 Collins St |
| 19 Mar | SA – Adelaide – Cliftons, 80 King William St |
| 2 Apr | NSW – Wagga Wagga – Mercure, 1-15 Morgan St |
| 4 Jun | VIC – Horsham – Horsham Golf Club, Golf Course Rd |

| GTA Trade Rules & Contracts # | |
|-------------------------------|--|
| Date | Location |
| 4 Mar | NSW – Wagga Wagga – Mercure, 1-15 Morgan St |
| 1 Apr | SA – Adelaide – Cliftons, 80 King William St |
| 2 Apr | WA – Perth – Cliftons, Parmelia House, 191 St. Georges Tce |
| 16 Apr | VIC – Melbourne – Cliftons, 440 Collins St |
| 1 May | VIC – Horsham – Horsham Golf Club, Golf Course Rd |

| GTA Dispute Resolution Service & Arbitration # | |
|--|---|
| Date | Location |
| 20 Mar | NSW – Sydney – Cliftons, Level 13, 60 Margaret St |
| 2 May | VIC – Melbourne – Cliftons, 440 Collins St, Melbourne |

| Grain Merchandising | |
|---------------------|---|
| Date | Location |
| 28 & 29 May | NSW – Wagga Wagga – Mercure, 1-15 Morgan St |
| 18 & 19 Jun | VIC – Melbourne – Cliftons, 440 Collins St |

| Grain Accounting | |
|------------------|--|
| Date | Location |
| 29 Apr | VIC – Melbourne – Cliftons, 440 Collins St |

| Export Contracts & Documentation | |
|----------------------------------|--|
| Date | Location |
| 5-7 May | VIC – Melbourne – Cliftons, 440 Collins St |

Full details of all the courses available in 2014 are on the GTA website including registration forms, dates and prices as well as a full colour PDF brochure.

In-house training

GTA also offers customised in-house training, where we come to you. Whether you have a specific need, find it difficult to attend the scheduled sessions or

looking to provide team training within the company we can offer a customised solution. Conditions apply so please contact the GTA Office to discuss the options that are available.

Benefits of In-House training include:

- Reduction in travel and staff costs
- Tailoring of training to meet specific need
- Team building
- Flexibility of delivery (date and time)

Diploma in Grain Management

Since 2007, GTA has been involved in running a 'Certificate in Professional Grain Trading' through NSW TAFE for those involved in grain trading and marketing.

At the end of 2012 this certificate expired and GTA has continued to provide training through its professional development program.

To enhance the likelihood of developing a diploma level accreditation, GTA has engaged a contractor (Rural Skills Australia) to write and develop draft units of competency for submission to the relevant governing bodies. These bodies have developed a training package process that must be adhered to in the preparation of new competencies and qualifications.

GTA will soon submit an application for a nationally recognised "Diploma of Grain Management". This qualification will have many benefits for those working in the industry as it will:

- Provide more career path options
- Establish nationally recognised qualifications in Grain Trading
- Enable "recognition of prior learning" processes to be available for those who have completed previous courses and/or who have extensive industry experience
- Develop a grain trading qualification that can be promoted and delivered in tertiary institutions
- Attract and retain employees in the industry.

As part of the development of this diploma, GTA will consult with members so that they can provide comment and feedback, especially in respect to the technical content of the course materials being proposed.

Consultation with industry is part of the required process and GTA welcomes any feedback or submissions from members relevant to the development of the diploma.

In late March we will be sending out a draft version of the course for consideration and feedback.

It is anticipated that a nationally accredited diploma level qualification will be endorsed in late 2014 and ready for delivery in 2015.

In the meantime, if you have any questions regarding the project please contact the GTA office on **Tel: (02) 9235 2155**

NATIONAL RESIDUE SURVEY

Safeguarding the Australian grain industry from chemical residues

The National Residue Survey (NRS) monitors residues of agricultural and veterinary chemicals and environmental contaminants in Australian food commodities.

Residue monitoring is part of an overall strategy of the Department of Agriculture to minimise chemical residues in agricultural produce. Monitoring can identify potential problems, including inappropriate use of chemicals, and can indicate where follow up action by state or territory regulators is required.

THE NRS CONDUCTS DOMESTIC AND EXPORT PROGRAMS.

DOMESTIC GRAINS

The grains program has been part of NRS random residue programs since the early 1960s, and since 1993 has been funded by a 0.015 per cent ad valorem NRS levy on 21 tradeable grains.

The program covers both export and domestic grain. The key objective of the domestic program is to cover all known grain streams within Australia and comprises a number of sub-programs such as maltsters, stockfeed manufacturers, feedlots, flour millers, oilseed crushers, oat processors and chickpea canners.

SAMPLING

The majority of domestic grain samples are collected at receipt at grain processing sites. The rate of sampling is approximately one sample per 4000 tonnes received/processed.

RESULTS – DOMESTIC

During 2012-13, 806 grain samples were collected from domestic grain establishments. Results from the analysis of the samples showed 97.2 percent compliance with Australian standards.

TRACEBACK

If a sample is found to contain a residue above the relevant Australian Standard, a traceback investigation is undertaken to establish the cause. The responsible state or territory agency then provides advice to the producer to prevent recurrence. In more serious circumstances regulatory action may also be taken.

EXPORT GRAINS

The export grains program covering bulk shipments and container/bag consignment involves collaboration between NRS and grain exporters, marketers and bulk handlers/packers.

| Year – 2012/13 | Bulk Export samples | Container Export samples |
|----------------|---------------------|--------------------------|
| Compliance % | 99.8 | 98.9 |

SPECIAL NOTE:

As part of the Australian Grain Industry Code of Practice, it will be compulsory for GTA members who out turn to domestic or export markets to participate in the NRS. There are no costs associated with the testing and results are confidential.

Further information:

National Residue Survey, Department of Agriculture – <http://www.daff.gov.au/agriculture-food/nrs>

RECENT AWARDS AT ARBITRATION

Arbitration number: 181

Date of Issue: July 2013

Claimant: Grain Buyer

Respondent: Grain Seller

ARBITRATION COMMITTEE (AC)

- Mr. Steve Burt, nominated by the Claimant;
- Mr. Harry Notaras, nominated by the Respondent;
- Mr. Mark Lewis, Chairman appointed by GTA.

CLAIM

At issue in this dispute is the performance and alleged breach of a contract and to unilaterally amend the contract for the sale of cereal rye between the Claimant as Buyer, and the Respondent as Seller.

The total amount of damages being claimed \$36,970.70

AWARD

- The Claim was allowed in the amount of A\$36,970.70.
- The Respondent shall indemnify the Claimant in respect of any fees paid by the Claimant to GTA in relation to this arbitration.
- The Respondent shall pay interest at 7.5% from 1 October 2012.

DETAILS

The Claimant says that of the contracted 500mt, the Respondent failed to deliver 284.39 mt. The Claimant had to buy in grain at a higher price, therefore claims the difference.

The Defence is effectively a mitigation argument. The Respondent says that there was fault on both sides. It admits default. It says that this was an even-spread contract under which the Claimant was required to take deliveries of 55mt per month. Given the Respondent failed to make deliveries in January and February, the Claimant should at that stage have terminated the contract for default, but did not. According to the Respondent this was a default

under the terms of the contract and the Respondent should not be required to compensate the Claimant for the higher prices paid at a later point in the year.

The Tribunal did not agree with the Respondent's submission in this regard. This was a 9-month contract for monthly deliveries. Even if there was default in the early months, the Claimant was entitled to keep the contract on foot if wished to do so. Even when the Respondent attempted to terminate or renounce the contract, the Claimant refused to accept that renunciation, and the Respondent continued to perform.

In so far as the quantum of the claim is concerned and the price at which the Claimant bought in product against the Respondent, given the contract remained on foot, the Claimant was under an obligation to act reasonably to mitigate its losses. There is no evidence that the Claimant failed to do so. Simply pointing to the fact that prices may have been lower earlier in the year does not establish that it was unreasonable for the Claimant not to have made larger purchases at that time. There could be any number of reasons why it didn't do so; it may not have needed the additional stocks at that time; it may not have had storage facilities. The question for the Tribunal is not whether the quantum of the claim could in hindsight have been reduced; it is whether the Claimant's conduct at the time it was taken was unreasonable. There is no evidence that it was.

Arbitration number: 183

Date of Issue: October 2013

Claimant: Grain Buyer

Respondent: Grain Seller

ARBITRATION COMMITTEE (AC)

- Mr David Lengren, nominated by the Claimant;
- Mr Neil Warden, nominated by the Respondent;
- Mr Malcolm McMahon, Chairman appointed by GTA.

CLAIM

The dispute between the parties concerns an alleged contract for the sale of 800mt of wheat, SFW1, at a price of \$177/mt, on-farm for delivery 200mt in June and 600mt in July 2012 plus \$2.50 carry for July.

Issues for determination:

- The issue that falls for determination is whether a contract between the parties was in existence and if so did GTA have jurisdiction to hear this dispute.

AWARD

- The Claim was allowed in favour of the Claimant in the amount A\$23,300 plus interest at 8% from 1 September 2012. The Respondent shall indemnify the Claimant in respect of any costs to GTA and legal fees related to this arbitration.

DETAILS

According to the Claimant a contract was evident by a Bid Acceptance Notification transmitted by email and generated by an on-line grain marketing platform, the Claimant agreed to buy and the Respondent to sell 800mt of wheat.

After the generation of the Bid Acceptance Notification, the Claimant attempted to negotiate further terms with the Respondent. That negotiation proved unsuccessful and the contract was subsequently terminated by the Respondent.

The Claimant called the Respondent in default. The Respondent claims there was no contractual agreement and GTA did not have jurisdiction to hear the dispute.

AWARD FINDINGS

The AC found that:

- based on the submissions and annexed documents, a contract came into existence on the terms and conditions evidenced by the on-line platform's Bid Acceptance Notice.

GTA Calendar of Upcoming Events

| Date | Program | Event | Venue |
|--------------------------------------|------------|---|-----------------------------------|
| Monday 05 to Wednesday 07 May 2014 | Three days | Export Contracts & Documentation Course | Vic – Melbourne |
| Tuesday 17 to Wednesday 18 June 2014 | Two days | NWPGP Annual Meeting | Vic – Melbourne – Rydges |
| Monday 28 to Tuesday 29 July 2014 | Two days | Australian Grain Industry Conference | Vic – Melbourne – Crown Melbourne |

NEW GTA MEMBERS

GTA WELCOMES THE FOLLOWING ORGANISATIONS TO THE MEMBERSHIP RANKS FOR THE 2013/2014 FINANCIAL YEAR

| Applicant Name | Membership Category |
|-------------------------------|---------------------|
| Nhill Bulk Handling | Ordinary – Level C |
| Hanlon Enterprises Grain | Ordinary – Level C |
| Redrock Corporation (NSW) P/L | Ordinary – Level C |
| Direct Commodities | Corporate – Small |