

Chairman's Report – Andrew Goyder 2018 Annual General Meeting

23 October 2018

The combined Australian Grains Industry is one of Australia's largest agricultural production and export industries and, as such, is a major contributor to the national economy.

The 2017/18 cropping season produced 37.8 million metric tonnes (mmt) of winter crops and 4.2mmt summer crops, (42mmt combined) with an estimated farm gate value of \$A13.8 billion of grains, oilseeds and pulses. The total 2017/18 grain, oilseed and pulse exports are estimated to be around 30mmt valued at around \$A10.8 billion¹.

The industry is benefiting from growing domestic demand estimated for 2016/17 at 9.5mmt of wheat, canola and pulses and 6.7mmt of coarse grains, combining at 16.3mmt² of domestic disappearance.

Unfortunately, the current cropping season is presenting very significant production challenges particularly in NSW and Queensland and our thoughts are with the affected growers, regional communities and businesses impacted by the continuing drought.

Despite seasonal variances, the grain industry has continued to grow, over the last 10 years and has evolved from a regulated exports environment to what is now an open, competitive and self-regulated market that delivers value along the supply chain.

GTA's core mission is the facilitation of trade. This means, amongst other things, the movement of grain along the supply chain on a commercial basis and the ability for industry participants to manage and appropriately mitigate risk.

GTA's Trade Rules, Trading Standards, standard form Contracts and Dispute Resolution mechanisms are a key part of trade facilitation.

GTA's Dispute Resolution and Arbitration systems instils commercial confidence in our industry. Risk, in various forms, is involved in every commercial transaction and is priced into every commercial transaction. Managing risk is the core business of GTA Members. Having a reputable and efficient dispute resolution process means industry participants – including GTA members, producers and bankers – can have confidence in their contracts. If contract performance is delinquent then there is a recognised process to seek restitution.

This enshrines performance, instils discipline and creates confidence in the market. A market with no confidence in counterparties is a weak market. Increased confidence in the Australian grain market

¹ ABARES June 2018 Agricultural report, http://data.daff.gov.au/data/warehouse/agcomd9abcc004/agcomd9abcc20180619_9saNT/AgCommodities201806_v1.0.0_lr.pdf

² ABARES, June 2018 estimate for 2016/17

reduces risk and increases VALUE across the entire industry. GTA is proud to play its role in delivering value to industry.

I must also acknowledge the role of our Arbitrators, who contribute their time pro-bono and are a critical part of the Dispute Resolution system. It was very gratifying to see that in a recent ACCC report on the Dairy Industry³, the GTA Dispute Resolution System was highlighted to other agricultural industries as a model for them to consider adopting.

GTA's products and services provide the grain industry with an industry driven Self-Regulatory Framework. This benefits industry by providing base operating processes and procedures, flexibility and drives efficiency across the supply chain. It is important to note this Framework has been driven and developed by industry and GTA Members through participation in Technical Committees, Industry Working Groups, consultative committees, Member submissions, Training and Development programs, amongst others.

During 2017/18, GTA has reviewed and updated its Australian Grains Industry Code of Practice⁴. We would like to thank all who took part in this review and note the important work of the Industry Working Group formed for this review. We would also like to thank the Australian Government for providing funding and endorsing the revised Code of Practice.

Australia is the only major exporting nation that has such a Code of Practice that describes the base practices and processes to ensure quality assurance across the supply chain. This is so important for our customers who need to have confidence in the Australian grain they are buying.

GTA's on-line Code Assessment Program has been developed to establish a base level awareness and understanding of the Code, the Transport Code (TCoP) and the Technical Guideline Documents (TGDs) by industry participants and to provide a degree of demonstrable Code accreditation.

The Code Assessment program and its Industry Pathway Programs create an avenue for industry to develop a degree of demonstrable Code of Practice "accreditation", and a means to demonstrate that industry understands the level of performance required in the Code and TGDs.

This is achieved by providing:

- a) **Industry Participants** with the learning and professional development opportunity based on the content of the Code; and
- b) **Industry Employers** (including GTA Members) with a structured program of professional development for their employees; a verifiable means to promote that their employees are competent and understand their obligations under the Codes and are knowledgeable of the issues outlined in the TGDs.

Over the past year GTA has established an Information Technology Advisory Committee (ITAC), to ensure that our industry keeps up with the rapid change in technology, and we are pleased this committee has been well supported by industry and government.

³ACCC Dairy Inquiry, April 2018, <https://www.accc.gov.au/publications/dairy-inquiry-final-report>

⁴ Australian Grains Industry Code of Practice, <http://www.graintrade.org.au/grain-industry-codes>

The ITAC is tasked with ensuring GTA, and the grain industry, seeks to drive efficiency for the entire value chain through technology, at a non-competitive or commercial level, such as standardising industry reference data.

This committee is an addition to existing GTA Committees that cover Trading Standards, Commerce, Plant Breeding Innovation, Transport, Storage & Ports, and Trade & Market Access.

In March 2018 GTA led the Australian Grains Industry Conference (AGIC) Asia series in Thailand and China.

Following the Thailand conference, cargoes of Australian Barley were sold into the market, in a process that began with the information and networks established at the AGIC Asia event.

Participation in the AGIC Asia events continues to grow. As part of AGIC Asia series, GTA led Australian industry delegations in Roundtable sessions involving local Government agencies and the trade, to support the development of mutual trading interests. These were very successful and have resulted in some encouraging projects being developed.

GTA has also undertaken considerable work, on behalf of Members, on Trade and Market Access issues such as Non-Tariff Trade Measures (including Phytosanitary issues), Chemical Residues and Grain Assessment Harmonisation. GTA represents its members interests on several industry and government consultative committees and working groups, including the DAWR Industry Consultative Committee, DAWR Industry Working Group on Non-Tariff Measures, DAWR Export Permit Working Group and the ACCC Agricultural Consultative Committee, ABCA.

We have been particularly active in the development of global trade policy initiatives and frameworks through the International Grade Trade Coalition, with particular focus on trade harmonisation, objective and scientific basis for trade policies, MRL policies and innovative plant breeding techniques.

GTA, in conjunction with Grain Growers Limited (GGL) and Grains Industry Market Access Forum (GIMAF), produced a landmark report on the Impact of Non-Tariff Measures on the Australian Grain industry. This report has been used to highlight to Governments and policy makers in Australia, and globally, how NTMs can impact and restrict trade.

GTA presented at several global forums including the Global Symposium on e-Phyto in January 2018, on the Impact of Non-Tariff Measures on the Australian Grains industry, at ABARES Conference in Canberra in March 2018 and the International Grains Council Conference in London in June 2018.

An industry that prides itself on self-regulation must also take responsibility for its professional culture and image. GTA has a strong track record in its Training and Professional Development program including a fully accredited Diploma in Grain Management. To have an accredited, recognised training program for our Industry will place the Australian Grain industry in a strong position for continued growth and to maintain its competitive edge.

GTA worked to raise awareness across the grain industry on the impending changes to Chain of Responsibility legislation. This was done through the release of a Member Update and a series of Chain of Responsibility seminars held at 8 locations across the country, attended by over 150 industry participants.

The grain industry continues to develop and evolve. Recently, **GTA and Australian Grain Exporters Association (AGEA) announced they were joining to create the Australian Grain Exporters Council as a sector council within GTA.**

GTA was approached by AGEA and its members to seek opportunities for efficiency gains across industry and industry representation.

The Sector Council concept was proposed by AGEA and its members and supported by GTA. A Sector Council provides a meeting place for an industry sector, within the governance framework and administration provided by GTA.

I thank and acknowledge the leadership demonstrated by the AGEA Board and it's President Mr. Lyndon Asser.

I would also note the work of the Australian Grains Industry Discussion Group (AGIDG). The AGIDG consists of representative groups being Australian Oilseeds Federation, Grain Producers Australia, Grain Growers Limited, Pulse Australia, Australian Grain Exporters Council and Grain Trade Australia.

The AGIDG has undertaken considerable work in progressing the establishment of an Industry Good Company.

GTA continues to play a key role in industry good activities. We continue to support grain quality initiatives through our membership in Wheat Quality Australia, that is responsible for Australia's Wheat Classification System, which importantly evaluates new wheat varieties in terms of end-product uses.

GTA provides secretariat support to National Working Party on Grain Protection (NWPGP) which provides an annual open forum to address challenges and foster progress on important work on grain storage and chemical residues.

My sincere thanks to the work of the GTA staff, Technical Consultants and all the industry participants who volunteer their time to the work of Technical Committees and Industry Working Groups.

As you are no doubt aware, Peter Reading retired as Chair of GTA after 7 years in the role. On behalf of GTA, I would like to acknowledge Peter's contribution to GTA and the broader grains industry.

I am humbled and honoured that the GTA Board has shown confidence in me to provide leadership to GTA and the grains industry, and I look forward to working with the Board, GTA staff and importantly GTA Members and continuing the focus on delivering value to GTA members and the grains industry.

I would like to thank our members for their ongoing support. GTA knows, and often states, it does not have a right to exist. It must continually earn that right from its members, by providing them with the products and services required to support their business needs.

Yours sincerely,

Andrew Goyder
Chairman