GRAIN TRADE AUSTRALIA

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11th August 2017

RE: Indonesia CRA

Dear Sir/Madam

I am writing in regards to DAWR email from 14/7/17. In response to the issues and questions raised in the correspondence, Grain Trade Australia (GTA) would like to offer the following information and comments.

1) **Supply Chain Systems and Processes -** Attached below is a description of the systems and processes used by the Australian Grains Industry to manage grain quality and supply chain to meet customer requirements. We trust this information will provide sufficient information DAWR require for the Indonesia CRA.
2) **Production Data** - we would refer you to ABS statistics as the official and most comprehensive dataset. These statistics are broken down at both state level and ABS statistical region level.
3) **Template information** – we can confirm the same information applies to wheat, broad bean, sorghum, oats, barley, rye, maize, soybeans.
4) **Provision of Farm Specific Information** – GTA would strongly oppose this information be provided. In our view it would create a high risk precedent for other destination countries and is essentially impossible to provide as there are over 30,000 farms and grain in the supply chain is generally comingled (or stored in common position), which may or may not be provided to Indonesia. No register of farms growing grain is held nationally and updated for provision to Indonesian authorities or any other country.
5) **Commodities for Exclusion** – We would agree that trade in cowpeas is unlikely to warrant inclusion in the CRA negotiations.

Please do not hesitate to contact myself or Gerard McMullen, GTA's Grain Quality Consultant, should you require further information.

Yours faithfully,

Pat O'Shannassy
CEO

Australian Grain Industry Management of Grain to meet Customer Requirements

1. General Processes

There are a range of activities undertaken when participating in the supply of grain to customers.

These arguably may be distilled down to seven key elements:

• Commitment to be a part of a sustainable long term and profitable industry

• Control of suppliers of products and services

• Control of production and other activities for an enterprise operating along the supply chain

• Knowledge of product through inspection, sampling and testing

• Documentation controls and record keeping

• Product identification and traceability, and

• Compliance with regulations and industry standards

Overarching these categories is the Australian Grain Industry Code of Practice that describes practices that the grain industry use to ensure Australian grain and grain products meet domestic or export customer requirements. Australia is the only major country in the world to have developed an industry Code of Practice.

2. Existing Processes

While the grain industry is complex, involving many stakeholders, a key theme is the promotion of industry common good and the desire for self-regulation. Some of the processes and players involved are outlined below:

3. Pre-Production

This sector operates in the supply chain before grain is commercial grown by producers. Technology providers produce grains or material with traits designed to meet market requirements. Potential material is trialled in a range of environments under programs such as National Variety Trials. If judged suitable, the material is developed and seed is eventually made available for commercial sale.

A range of promotional material extolling the virtues of each variety, and the opportunities to maximise its quality, are provided with each variety.

Prior to release of this seed for commercial production, organisations such as Wheat Quality Australia and Barley Australia may require grain to be assessed under their classification guidelines in order to verify the quality of the grain for the marketplace. Strict classification rules exist that ensure new varieties released will meet the needs of the customer.

The Australian Seed Federation has a range of controls over the quality of seed produced, labelled and sold commercially. Companies selling such material generally do so under various legislative controls and may use Plant Breeder's Rights to obtain revenue for their efforts.

4. Grain Production

Producers undertake a range of on-farm activities to maximise the quality and quantity of grain produced. Seed is selected and graded to maximise the potential of the grain sown. The growing of

the crop is managed to minimise contamination, maximise crop yield and quality. Regulations set by various government departments covering a range of activities must be complied with, such as chemical application to the growing crop through Australian Pesticides and Veterinary Medicines Authority (APVMA) governance.

A range of agronomic practices are implemented. Third party providers' knowledge and equipment may assist. Much of this agronomic information is provided through activities of organisations such as the Grains Research and Development Corporation (GRDC), grower groups or State Departments of Primary Industries. A significant benefit to all involved in the pre-farm gate sector arises from co-ordination of a research strategy by the GRDC. (While the range of activities conducted by the GRDC focuses on on-farm grain production, some research, extension and communication is also invaluable to the post-farm gate sector).

Grain is harvested keeping in mind quality standards set by the marketplace and the needs of other sectors of industry. Grain may be stored on-farm, delivered direct to the market or commercials storage providers.

Records are kept to identify parcels of grain and to provide relevant information with the grain as required by the marketplace.

5. Grain Receival, Storage and Transport

Grain is received and stored according to individual storage providers operating procedures outlining the range of activities conducted at each premises. Some storage providers implement recognised quality assurance systems such as those complying with the International Standards Organisation (ISO).

Staff are trained to ensure grain is correctly classified.

Equipment used in the sampling and testing process is checked prior to and during use, to comply with regulations such as those set by the National Measurement Institute.

Grain is supplied with a Commodity Vendor Declaration (CVD) form detailing relevant information such as chemical use. Grain is sampled using industry sampling protocols. Grain testing occurs according to methods and standards set by various industry organisations such as the Australian Oilseeds Federation, Pulse Australia and Grain Trade Australia (GTA). Most standards define:

- Varieties to be received by grade
- Quality standards by grade
- Methods and procedures for applying the standards.

During storage, grain is monitored to ensure its quality and integrity is maintained. Grain may be protected from stored grain insect attack using a range of measures including chemical and non-chemical.

The National Working Party on Grain Protection (NWPGP) is a focal point for reference and advice on market requirements and chemical use. It discusses a range of matters to assist industry to safely and effectively store grain. Chemicals are applied to storages and/or grain according to those defined on the registered label by APVMA, and to comply with market limits as documented in the NWPGP document "Australian Grains Industry Post Harvest Chemical Usage Recommendations and Outturn Tolerances 2017/18". Meeting Codex and national regulatory levels is a key focus of that document.

Non-chemical insect and quality control measures may be applied in storage. Again, the GRDC provides a range of reference material for industry to consider. Both chemical and non-chemical strategies occur according to industry best practice and legislation on chemical use. For example the

CRC for National Plant Biosecurity provides advice to industry on prolonging the use of phosphine through their document “Strategy to manage insect resistance in the Australian grain industry”.

Transport Codes of Practice exist for both road and rail – either industry codes or individual company codes. These include a range of measures to ensure the integrity of grain is maintained and grain is not contaminated by prior loads.

6. Grain Outturn, Marketing and Processing

Grain is purchased and marketed according to individual customer contracts or using recognised industry contracts and trade rules such as those set by GTA. Grain is supplied with relevant documentation, showing compliance with quality, food safety and other contractual terms, whether documented in the contract or not. Again, CVDs are used where required.

Grain for export must only be shipped from Department of Agriculture and Water Resources (DAWR) approved Registered Establishments. Prior to loading, all containers or vessel holds must meet DAWR requirements to show the absence of quarantine material such as stored grain insects. Independent inspections may also occur to ensure freedom from material that may compromise the quality of grain loaded.

During loading, grain is inspected by DAWR Authorised Officers to ensure it meets the quarantine requirements of the importing country (such as freedom from particular pests and diseases).

Industry works closely with DAWR Biosecurity and the Trade Marketing Group through organisations such as the Grains Industry Market Access Forum to ensure market requirements for phytosanitary and non-phytosanitary parameters are not unnecessarily restrictive.

All grain outturned must be free of live stored grain insects, as determined by industry in consultation with DAWR and documented in government legislation. Grain is also inspected to ensure compliance with market requirements and industry standards.

Where required, independent service providers are used to sample, test and certify grain outturned. For the majority of exports and for some grain supplied to the domestic market, testing independent of industry is conducted. For example, the National Residue Survey conducts testing for a wide range of chemicals on grain to ensure compliance with regulatory limits set in Australia and overseas.

Once grain is received, end-processors implement a range of systems, including QA systems and codes of practice to produce the end-product prior to consumption.

END.