

# NewsInGrain

ISSUE 10, NOVEMBER 2012

## CHAIRMAN'S REPORT TO MEMBERS 2012 AGM



**Volatile markets**, cross sector **cooperation** and an **ever changing regulatory environment** best describe the 2011/2012 year for GTA and the grain industry in general.

There is no better example of how all these factors came into focus than the record breaking grain export shipping program conducted by the Australian grain industry in recent years. This record of achievement, following deregulation of the wheat export market is proud testimony to the combined efforts by both producers and the post farm gate supply chain.

With regard to the regulatory environment, the Government, acting on the recommendations of the Productivity Commission, introduced the **Wheat Export Marketing Amendment Bill 2012**. GTA is involved in key aspects of this legislation and I will refer to these shortly.

However, GTA recognises that past successes, only provide a foundation for further industry growth and development.

Each year GTA publishes its **Strategic Direction**.

For 2012 it has been prepared for members and others with an interest in the Australian grains industry and details the short to medium strategies together with GTA's longer term vision for the Australian grain supply chain.

We remain committed to our core activity being the review and implementation of grain standards, contracts and trade rules each year to ensure they reflect the contemporary nature of the grain trading environment in Australian. However, members and key stakeholders look for GTA to provide additional activities and services as the industry continues to evolve.

I would like to briefly detail some of the major initiatives we will be pursuing over the next year.

Critically, the long term funding of various industry development functions needs to be resolved and GTA recently released an industry discussion paper titled **Funding Post Farm-Gate Grain Industry Development Functions**. The key functions that we believe need long term industry funding and support include:

1. **Wheat variety classification**, which is conducted by Wheat Quality Australia, a joint venture between GTA and GRDC.
2. **Trade and market access activities** to ensure existing markets are maintained and access to new markets encouraged.
3. **National Working Party on Grain Protection (NWPGP)** which is the industry body responsible for providing management and leadership in the areas of post harvest storage, chemical use, market requirements and chemical regulations. The reputation of Australian grain would be substantially diminished without the combined industry efforts of the NWPGP.
4. **Development of the Australian Grain Industry Code of Practice**. It is the intention of GTA to make the Code a mandatory requirement for GTA membership in the 2013/2014 year.
5. **Port Access Code of Conduct**, a key requirement of the Wheat Export Marketing Act.

The submissions received by GTA were overwhelming in support of these initiatives and GTA will pursue long term funding arrangements in consultation with industry.

Another issue, which has been widely debated across the industry, is the need for a "peak grains industry organisation." Proponents deem that such an organisation, even in an informal structure, would enable discussion and consolidation of industry views. To further explore this need, GTA will convene the **Australian Grain Industry Forum (AGIF)**. The forum will be a twice-yearly industry roundtable to discuss/debate issues topical to the Australian grain industry.

We are particularly proud of our commitment to support the career development of professional staff in the Australian grains industry. As part of the **GTA Professional Development Program**, we will, over the next 12 months, review all 7 courses it

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now offers with the intention of providing a Diploma in Grain Marketing. In the last financial year, we conducted over 36 courses across Australia with 573 individual registrations participating.

At the conclusion of this AGM I will retire as Chairman of GTA. I have been privileged to hold this

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# Grain Futures Industry Working Group

GTA is tasked with “the facilitation of trade”. An integral component of this task is management of price and the associated role of futures contracts. It is in the interests of GTA members to encourage development and / or promotion of a liquid grain futures contract(s) domiciled in Australia.

GTA has formed a Board sub-committee called the Grains Futures Industry Working Group (GFIWG)

The GFIWG was established to develop and promote grain futures contracts that are domiciled on Australian exchanges, with the ultimate vision to make Australia the global price discovery point for white milling wheat.

The GFIWG is made up of consists of the following industry participants.

Lloyd George	Ag Scientia
Mitchell Morison	Cargill
Josh Martin	Cargill
Brett Cooper	FC Stone
Stuart Richardson	McDonald Pelz
Bryce Banfield	CBH
Klaus Pamminger	GrainCorp
Dougal Hunter	ASX

The Working Groups Terms of Reference includes but is not limited to:

- Review the current Australian based futures contracts to ensure they reflect the contemporary needs of the Australian grain industry.
- Provide recommendations to futures providers to ensure their contracts are contemporary in nature.
- Engage with potential proponents of Australian based grain futures contracts as required.
- Engage with ASIC as the industry regulator to ensure the legislative and futures exchange rules regarding insolvency of a broker are appropriate and widely understood.
- Advise GTA and its members on education activities in relation to grain futures.

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## CHAIRMAN’S REPORT TO MEMBERS 2012 AGM

position since early 2009 and have had the pleasure of working with a great group of dedicated and professional directors and staff. In particular I thank Geoff Honey our CEO who has made my task easier with the enthusiasm, knowledge and commitment that he brings to that role. It has been exciting to be part of the changing environment, and to be part of GTA, as it evolves into a post farm gate leadership role that will continue to shape the future of this industry and drive change for the benefit of facilitating trade. The organisation has a sound future – it is financially strong, has a clear vision of its role and membership base and adds value across the supply chain. This growth and development has continued over a number of years, accelerating more recently with the changed regulatory conditions, and set to further expand in the years ahead. The position of Australia and our ability to provide grain to a world with increasing demand for food will continue to mean increasing importance for the role that GTA needs to play.

These are challenges for the future, and your Board has been mindful of the need to have in place a succession plan as I step down from the Chairman’s role. Two months ago we appointed **Peter Reading** to the Board as a Director with Special Qualifications.

Peter has had a long career in agriculture most recently as Managing Director of the Grain Pool WA and then for the last 7 years as Managing Director of GRDC. It is the intention of the GTA Board when they meet immediately following this AGM to elect Peter as the new Chairman of GTA. Let me take the liberty of congratulating him in advance, as he is ideally qualified for the position.

A further, and critical change to our Board composition, is the decision of, **Chris Kelly** to retire after 12 years of service to the Board of the National Agricultural Commodities Marketing Association better known as NACMA which then changed its name to Grain Trade Australia. Chris was the driving force behind the substantial structural changes to NACMA that resulted in a new Constitution allowing organisations to become individual members and importantly ensuring it was conducted in a commercial and professional manner. These changes laid the foundation for the strong financial base of GTA and importantly its recognition within the Australian and now global grain industry. On behalf of the Board, staff and members of the wider grains industry I would formally like to acknowledge Chris’s contribution.

Board members ensure that GTA operates within sound financial and governance policies with strategic objectives which are aligned to the needs of members and industry. However, the GTA Technical Committees ensure that the strategies are realised. This is further backed up by the GTA Arbitrators who ensure that the development and review of the commercial processes, be they a standard or contract are underpinned by a legally robust arbitration process. To the Committee members and arbitrators, the Board and members owe you a vote of thanks. I would like to particularly acknowledge **Bob Watters** a grain producer from Victoria and one of our most experienced arbitrators who only recently retired from the Arbitration Panel after 12 years of service. I would like to formally acknowledge Bob’s willingness to serve his industry in this capacity.

Finally, I thank the Board, CEO and staff for their support and wish them every success in another exciting year of growth and achievement.

**Tom Keene**  
**Chairman**  
23 October 2012

# DISPUTE RESOLUTION

**GTA has dispute resolution processes in place for all grain-related transactions, be they for grain contracts, technology licences, financial products or storage agreements.**

GTA works to resolve disputes by peer review, through its Dispute Resolution Service (DRS). The DRS is designed to save time and expense while providing an efficient, fair and equitable means to settle disputes related to commercial transactions.

Disputes will be referred to GTA arbitration where;

- The relevant contract incorporates the GTA Dispute Resolution Rules; or
- The parties reach a separate or “ad hoc” agreement to refer a dispute to GTA Arbitration.

While the arbitration process is by definition arbitrary, arbitration awards have a similar status and effect to judgments of the courts and accordingly the process by which an award is obtained must be subject to procedural and legal rigour.

The GTA Dispute Resolution Rules and process seek to achieve the appropriate balance between arbitrary (fast and low cost) and rigorous (reasoned, reliable and legally compliant).

	2010/11	2011/12
<b>No. of Arbitrations Commenced</b>	6	8
<b>No. of arbitrations settled</b>	26	13
<b>Awards released</b>	14	8
<b>Commercially settled prior to hearing</b>	12	5
<b>Active arbitrations as at 30 June</b>	22	5

All (non-International) arbitrations conducted in Australia are subject to the provisions of the *Commercial Arbitration Act (Act)* applicable in each State. The GTA Dispute Resolution Rules are expressed to be subject to the NSW Act.

The concepts of natural justice and procedural fairness are central to all arbitration. These concepts are perhaps intentionally imprecise and include:

- A party's right to know the case that is being put against it;
- Avoidance of bias (inc the apprehension of bias) by arbitrators or administrators;
- Right to an oral hearing; and
- Decision based on submissions and/or evidence.

The combined effect of the GTA Dispute Resolution Rules with the Act provides a procedural

framework to ensure that the procedural fairness is observed.

Despite the significant demands made on arbitrators there is no mandatory form of qualification required. Traditionally arbitrators have been “commercial industry participants” engaged in the industry the subject of the arbitration.

It is consistent with the concept of party autonomy that the parties are largely able to choose who will determine their dispute. An Award is likely to be more “palatable” where a party (even if unsuccessful) has had a role in the selection of the Tribunal.

The GTA Dispute Resolution system is possibly unique in Australia: that is, an industry solution provided by the industry. It is genuinely a peer review system.

## Australian Grain Industry Code of Practice

**GTA developed the Australian Grain Industry Code of Conduct in 2009 following a request from the Minister for Agriculture, Forestry & Fisheries.**

Following evolving market conditions and a desire to demonstrate self regulation within the grain industry, GTA members and the broader industry have indicated that the Code of Conduct needs to be more prescriptive with defined processes and procedures. This policy change has necessitated a name change for the Code. The Code will now be called the Australian Grain Industry Code of Practice.

The Code will detail practices to ensure Australian grain and grain products meet domestic or export customer requirements. Customer requirements

include those stipulated in contracts and regulatory requirements on the domestic and export markets.

This Code is intended to cover all industry participants along the Australian grain supply chain and be applicable to all grain and grain products.

GTA recognise that a Code of Practice is a critical instrument for industry self regulation and will support adherence to the requirements of the Code by all industry participants. The Code will reference many of the existing industry best practice documents, such as quality assurance systems, storage and transport practices as well as sampling and testing regimes.

GTA has prepared a draft Code which is open for public comment until 30 October 2012. Key features of the Code include:

- The Code being a mandatory requirement for GTA membership in FY14;

- Inclusion of the code in to the GTA constitution; and
- Formation of a complaints mechanism.

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

- Additional Technical Guideline Documents providing more detailed information to industry on specific activities required to be conducted; and
- Generic forms outlining data to be collected for various activities.

It is GTA's intention to seek Federal Government endorsement of the Code.

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**The Draft Code of Practice and further details relating to submissions are available on the GTA website. [www.graintrade.org.au](http://www.graintrade.org.au)**



# GTA TRADE RULES – review

**Grain Trade Australia (GTA) review of the Trade Rules has been finalised and became effective on the 1 October 2012.**

The GTA Trade Rules were originally developed in 1998 and limited changes have been made to ensure they remain contemporary.

The Rules have served the trade well over the years. From time to time, largely as a result of arbitrations, GTA has received feedback from lawyers who are often looking at the Rules for the first time.

The general effect of their comments was that the rules were not sufficiently formal, as you would expect from a contract (of which they become part). For example, the Rules contained statements such as “good practice”.

While terms such as this can be a useful guide for the Trade, it is probably not appropriate that it be incorporated into a contract. Furthermore the Rules lacked a meaningful and concise definition section.

The intention of the Trade Rules review was not to change the effect of the Rules, nor to change the way they operate. The review was only intended to separate out those parts of the Rules which shouldn't be incorporated into a contract; take out those parts which aren't being used and probably won't be used, and add a definition section.

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For more information regarding the review process or to view the new GTA Trade Rules see Member Updates No. 03 and 18 of 12 on the GTA website.

# WorkCover Grain Handling & Storage Safety

**WorkCover NSW has commenced a project to improve safety for the grain handling and storage industry in South West NSW.**

The project is part of WorkCover NSW's flagship work health and safety program, *Focus on Industry*, which works with the NSW community to improve safety in the State's highest risk industries. Grain handling and storage safety is a regional priority for WorkCover's South West Hub. The South West Hub includes 11 local government areas in the Riverina, Murray and Central West. Major cities and towns include Albury, Griffith, Wagga, Deniliquin and Orange.

As part of the project WorkCover has conducted a survey of the grain handling and storage industry in South West NSW to identify key safety issues and held a series of industry forums to discuss the findings and possible barriers to improving safety. WorkCover inspectors are also visiting 20 sites throughout Griffith, Orange, Albury and Wagga to

compare the risks that have been identified with what farmers and farm workers are experiencing on the ground.

General Manager of WorkCover NSW's Work Health and Safety Division, John Watson, said the project's aim is to make the grain handling and storage industry more productive, healthy and safe for farmers and rural workers.

“The grain handling and storage industry is a large and segmented industry which includes farms, the transport industry, storage and processing of grain and extends to the handling of the product at ports.

“Falls from heights, grain augers, working with chemicals and working in confined spaces are some of the major risks within the industry.

“While there are a number of actions farmers and rural workers can already take to manage risks when handling, storing and transporting grain, by working closely with industry we aim to develop sustainable improvements to safety, injury management, return to work and workers compensation so that the industry is much safer and more productive.”

## Incorporation of GTA Trade & Dispute Resolution Rules

**The GTA Trade Rules and Dispute Resolution Rules are only as good as the contract which incorporates them. If you don't incorporate them properly, you may not be able to rely on them.**

To properly incorporate GTA Trade Rules into your contract the following should be expressly stated:

*“This contract expressly incorporates the GTA Trade Rules in force at the time of this contract and the Dispute Resolution Rules in force at the commencement of the arbitration.”*

GTA recommends you use the latest Trade Rules and Contracts as available on the GTA website.

### Managing Your Contracts

Remember to send a written contract confirmation for any new contracts, as well as any variations to the contract, this can be by email, fax, or post (keep a copy for your records and a proof of sending).

Try and have the contract signed by your counterparty.

The best way to ensure that you can take any disputes to GTA arbitration is to incorporate an express arbitration agreement to resolve disputes by GTA arbitration.

The following clause is an example of what should appear in your contract terms and conditions:

*“Any dispute, controversy or claim arising out of, relating to or in connection with this contract, including any question regarding its existence, validity or termination, shall be resolved by arbitration in accordance with the GTA Dispute Resolution Rules in force at the time of the arbitration.”*

All other terms as per GTA is not sufficient to incorporate the GTA Trade and Dispute Resolution Rules. To put it beyond doubt, use the sample clauses above and/or see your solicitor.

# National Working Party on Grain Protection

**The National Working Party on Grain Protection (NWPGP) is the cross industry body responsible for providing management and leadership to the Australian grain industry in the areas of post harvest storage, chemical use, market requirements and chemical regulations.**

The reputation of Australian grain would be substantially diminished without the combined industry efforts of the NWPGP.

The NWPGP continues to refine and promote the Phosphine Resistance Management Strategy to prolong its life for use in grain storage. The Australian Grains Industry Post Harvest Chemical Usage Recommendations and Outturn Tolerances document details the chemicals that are permitted for use post-harvest and applicable Maximum Residue Limits (MRLs) for grain outturned to Australian domestic or export markets.

The number of chemicals available for use for insect control remains under threat from a continued lowering of international MRLs, a lack of alternative chemicals and alternative control strategies being developed & adopted, insect resistance, and more importantly for all in the supply chain, the continued misuse of these chemicals and/or supplying product to markets in violation of chemical MRLs. Industry needs to fully understand the implications of the misuse of chemicals such as phosphine and the threat this makes to the long term viability of our industry.

One of the many solutions to be implemented is an agreed best practice management approach to grain storage, chemical use and outturn of product to market – GTA has been asked by the NWPGP to develop a “Code of Practice” relating to these issues that individual companies can sign up to and demonstrate they are industry leaders.

Following the conference held in May 2012, the NWPGP is looking at expanding its current roles to include:

1. Ongoing education and more effective communication with industry on best practice management of grain storage and insect control;
2. Wider industry involvement along the supply chain in NWPGP activities;
3. A greater focus on meeting market requirements relating to chemical use;
4. Lead and direct the resolution of agreed outcomes from the 2012 meetings with an emphasis on industry activities to continue to meet market requirement and prolong the life of the fumigant phosphine;
5. Provision to industry of various update on chemical related matters including market outturn tolerances;
6. Focal point for industry members seeking further reference and advice on market chemical, insect and storage related matters.

GTA will continue to offer administrative assistance to activities of the NWPGP.

## WHEAT QUALITY AUSTRALIA

**Wheat Quality Australia (WQA), a not for profit company limited by guarantee, was established by the Grain Trade Australia and Grains Research and Development Corporation (GRDC) and commenced operations on 1 January 2011. It is responsible for classifying wheat varieties in line with market needs. This is achieved by determining the quality requirements of the market and assessing variety performance against those requirements.**

Wheat Quality Australia has established the Wheat Classification Council (WCC) to provide the link between wheat varieties and market requirements. This involves the annual and longer term review of the Wheat Master List and to provide policy and guidance to the WQA Board in the development of a long term business case on its activities.

GRDC and industry have assured funding until 30 June 2013. In the intervening period WQA will continue to develop its long term objectives, industry support, communication of benefits and a sustainable funding model.

Key achievements to date include:

- The Varietal Classification Panel (VCP), composed of cereal scientists, is responsible for the detailed analysis and classification of wheat varieties, with 120 applications reviewed since the commencement of operations to 30 June 2012.
- Reviewed the technical requirements of the Classification system.
- Provided information about the purpose and outputs of the Wheat Variety Classification system to industry stakeholders.
- Developed systems to ensure the ongoing rigour and transparency of data provided for classification.

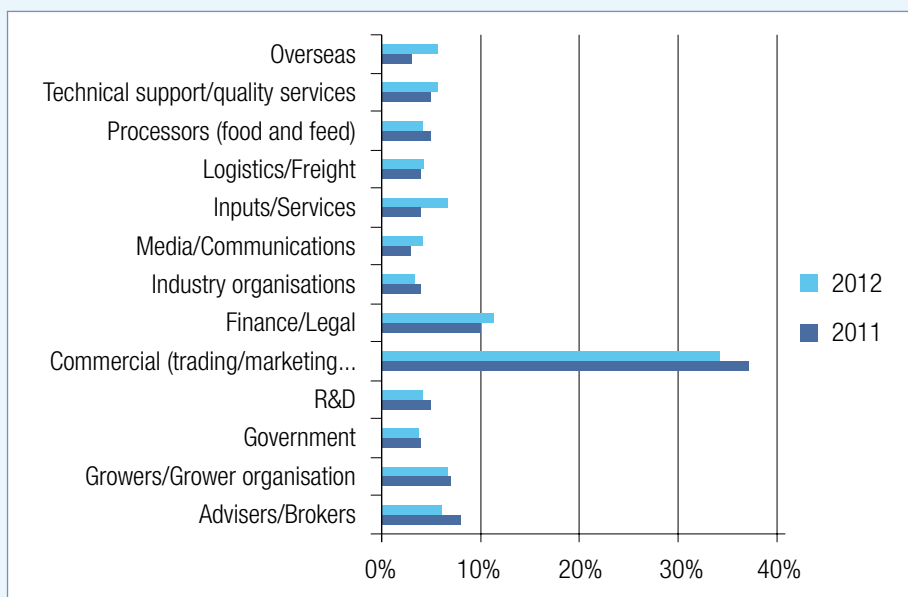
### WQA Board

The Constitution of WQA was recently changed to allow additional Directors to be appointed from the GTA and GRDC members. At an Extraordinary General Meeting held on 28 September 2012 to approve the new Constitution, the GTA nominee, Geoff Honey retired and Caroline Rhodes from Viterro, Scott McClure, an independent grain industry consultant and Ms Nicole Birrell were appointed to the Board.

# Australian Grains Industry Conference 2012



**The 2012 Australian Grains Industry Conference hosted 940 individuals participating across the various conference events. There were around 700 participating in the technical sessions and 780 attended the conference dinner, with 600 people attending the welcome drinks.**



The Conference has continued to build its attendances each year from around 220 in 1999 to the current level of over 900.

Delegates represented a large part of the commercial grain industry supply chain, growers and grower organisations, government, research and technical services, the finance and legal sector and 60 international delegates from countries including the United States, Canada, Vietnam, India, Singapore, Egypt, the United Arab Emirates, France and Indonesia.

The chart above shows the mix of delegates compared to the previous year.

The conference has clearly established itself as the grain industry event of the year and is now a highly sought after venue for industry participants to come to in order to network with colleagues and hear high quality experts speak on key areas of interest and impact for their businesses. It is also growing as a key venue for exhibitors to access a targeted customer base.

## GTA Weed Seed Review Industry Consultation Paper

GTA Standards Committee has developed a consultation paper outlining a proposed review of the current GTA weed seed categories and tolerances. This review is designed to simplify the classification and identification process.

Currently the GTA Standards include a range of weed seed categories, in some cases up to 15 direct weed seed categories and 3 associated categories. Different commodities have variations to the categories, the weed seeds listed in each category and tolerances that apply. This makes the classification process, including understanding of the Standards and correct implementation of the classification process difficult.

A number of separate tolerances and test methods exist for quality parameters closely associated with

weed seeds (such as Foreign Material, weed seed pods, unmillable material). Additionally, a range of activities must be done to assess each of these different quality parameters.

The GTA Standards Committee has considered a range of review topics with the intention to develop revised Standards in relation to weed seeds and associated contaminants. To date industry submissions have generally agreed with the review and sought input into the changes following further development by the Committee.

For more information on the Weed Seed Review, or to become involved with the review refer to the [Weed Seed Review Industry Consultation Paper](#) on the [GTA website](#)

## NEW GTA MEMBERS

GTA WOULD LIKE TO WELCOME TO THE MEMBERSHIP THE FOLLOWING ORGANISATIONS IN THE 2012/2013 FINANCIAL YEAR.

Applicant Name	Membership Category
R V Broadbent & Sons	Level C
AgLink – CMS	Broker – Sole Operator
Cogeser (Australia) Pty Ltd	Broker – Sole Operator
Planfarm Marketing Pty Ltd	Corporate – Small
Fellows Nominees	Level C
Phoenix Commodities (Australia) Pty Ltd	Level C
Deckert Group Pty Ltd	Level C
Wimmera Mallee Grain Services	Broker – Medium





# Port Access Voluntary Code of Conduct for Australian Bulk Wheat Shipments

**The Australian Government has announced its policy transition the wheat export market to full deregulation, in accordance with amendments to the Wheat Export Marketing Act 2008 to be introduced to Parliament in 2012. From 1 October 2014, it is anticipated, the market will be fully deregulated and access to port terminal services will be governed by a voluntary industry code of conduct (the Code) and general competition law.**

To oversee the development of this Code, a Code Development Committee (the CDC) has been established which will report to the Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig. All major industry stakeholders are represented on the Committee and by an independent Chairman, Mr Tom Keene. GTA is providing secretariat support.

Membership of the CDC is comprised of representatives of key stakeholders, and includes nominees appointed on behalf of the following organisations:

- Established port owners – CBH, GrainCorp, Viterro and ABA (Emerald)
- Major users – Australian Grain Exporters Association (AGEA)

- Production – Grain Producers Australia (GPA)
  - Production – National Farmers' Federation (NFF)
- Representatives of Department of Agriculture, Fisheries and Forestry (DAFF) and the Australian Competition and Consumer Commission (ACCC) are invited to attend Committee meetings as observers and provide advice where necessary.

The CDC will be required to consult widely and undertake a thorough examination of the issues raised by stakeholders in formulating the Code, which will be released for public comment prior to finalisation. All submissions will be publicly available on the GTA website.

## Context

The Wheat Export Marketing Act 2008 established an 'Access Test' relating to the provision of port terminal services to accredited bulk wheat exporters. The requirement for port terminal operators to pass the Access Test as a condition for exporting bulk wheat will remain in place until 30 September 2014.

The CDC will be responsible for the development of a non-prescribed voluntary code of conduct for all grain export terminals. The Code should meet the needs of both growers and exporters, be consistent with ACCC guidelines for developing effective voluntary codes of conduct and include continuous disclosure rules.

The Australian Government has signalled in its policy that abolishment of the Access Test in 2014 will be conditional on the Code being implemented by 30 September 2014.

## Scope of the Code

The scope of the Code will include the following matters relating to port terminal access: and

Cover all bulk port terminals involved with the shipment of bulk wheat;

1. Obligations on port terminal operators not to discriminate or hinder access in the provision of port terminal services to third parties;
2. Obligation to publish port loading protocols for managing demand for port terminal services;
3. Obligation on port terminal operators to provide port terminal services on standard terms and prices to third parties and provide third parties with a framework to negotiate non-standard terms and prices and the requirement to publish a shipping schedule in accordance with the 'continuous disclosure' obligations of the Access Test and other information;

The Code will not specify the commercial terms required to be contained in port loading protocols or the standard terms and prices. Dispute resolution will be limited to the compliance with the Code and not relate to matters of a commercial or operational nature which shall be governed by each party's respective contractual relationship.

# GTA Snapshot of 2011 – 2012

## Strategic Direction

### Publication of

- ✓ GTA Strategic Direction 2011
- ✓ Funding Post Farm-Gate Grain Industry Development Functions.

## Vital signs

### Financial Performance

- ✓ Profit(Loss) of \$41,038
- ✓ Equity of \$727,744
- ✓ GTA operating within cash reserves policy.

### Membership

- ✓ Increased from 246 at July 2011 to 250 at 30 June 2012

## Trade facilitation – products and services

### Commerce Committee

- ✓ Review of the GTA Trade Rules
- ✓ Review of the GTA No. 3 Grower Contract
- ✓ Review of the GTA No. 4 DCT Contract
- ✓ Review of the GTA Commodity Vendor Declaration
- ✓ Development of a GTA Charter Party Agreement
- ✓ Development of a GTA Brokers Note

### Standards Committee

- ✓ Developed Grain Standards for 2012/2013
- ✓ Release of Maize Standards booklet complementing the Wheat, Barley, Oats, Cereal Rye and Triticale Standards booklets

- ✓ Review of the Weed Seed Standards for industry consultation and trial before implementation in 2013/2014
- ✓ Further developed the Visual Standards Reference Guide to include wheat, barley, sorghum, oats, chick peas and maize

### Transport Storage & Ports Committee

- ✓ Developed Location Differentials for 2012/2013
- ✓ Review of the Location Differential development methodology

### Trade & Market Access Committee

- ✓ Reviewed the GTA Industry position paper on Biosafety Protocol (BSP) for the Department of Foreign Affairs and Trade (DFAT)
- ✓ Developed a GTA policy statement for Low Level Presence
- ✓ Developed a GTA policy statement for Genetically Modified grain

### Dispute Resolution Service

- ✓ Completed 15 arbitrations
- ✓ Panel of 85 arbitrators

### GTA Professional Development Program

- ✓ Professional Development recognised as a core GTA activity
- ✓ Over 550 participants attended a GTA PDP course or workshop
- ✓ Completion of the GTA Professional Development Program Strategy
- ✓ Increase in courses offered from 3 to 8
- ✓ 36 Courses nation wide

## Industry support services conducted by GTA

### National Working Party on Grain Protection

- ✓ Record attendance and introduction of sponsorship
- ✓ Continued administrative support to activities of the NWPGP and sub-committees
- ✓ Support in planning and hosting of the May 2012 two day annual meeting
- ✓ Lead and direct the resolution of agreed outcomes from the 2011 meetings with an emphasis on industry activities to continue to meet market requirement and prolong the life of the fumigant phosphine
- ✓ Provision to industry of various updates on chemical related matters including market outturn tolerances
- ✓ Focal point for industry members seeking further reference and advice on market chemical, insect and storage related matters

### Submissions

- ✓ ASX Grain Futures & Options Industry Consultation
- ✓ Proposed Amendment to Food Safety Assessment Amendment – Korea
- ✓ Revised Korean Consolidated Notice on the Trans boundary Movement of LMOs
- ✓ Senate Standing Committee on Rural Affairs and Transport
- ✓ Select Committee Inquiry on the Grain Handling Industry

### Australian Grain Industry Code of Practice

- ✓ Reviewed and updated to reflect the emerging market environment



## Industry support products offered by GTA

### Conference/Forums

- ✓ Conference convenor for the 2011 Australian Grains Industry Conference – 830 participants
- ✓ GTA Advisory & Compliance Workshop
- ✓ Hosted the two day NWPGP Annual Forum in Melbourne

### Service functions to industry

- ✓ Convened the Port Access Code of Conduct Development Committee
- ✓ Review of Australian Grain Industry Code of Practice
- ✓ Established Grain Futures – Industry Working Group

### Advocacy

- ✓ Chaired working group and published business plan for the International Grain Trade Coalition
- ✓ Dept of Foreign Affairs & Trade – trade & market access
- ✓ Dept of Agriculture, Fisheries & Forestry (DAFF) – domestic issues
- ✓ DAFF Biosecurity – Grains Industry Consultative Committee



# GTA PROFESSIONAL DEVELOPMENT PROGRAM

### Courses/workshops conducted in 2011/12

Grain Trade Australia aims to deliver professional development programs to “grow our own” and ensuring that the trade facilitation processes developed by GTA are well understood throughout all sectors of the value chain, from producers to trade intermediaries to end users.

Courses/workshops	Locations	Registrations
GTA Trade Rules and Contracts	Qld, NSW, Vic, SA, WA.	118
GTA Grain Standards	Qld, NSW, Vic, SA, Tas.	86
Grain Merchandising	NSW, SA, WA.	48
Understanding Grain Markets (Trade)	NSW	56
Understanding Grain Markets (Growers)	Vic, WA.	18
Grain Accounting	Qld, NSW, Vic, SA, WA.	69
GTA Dispute Resolution and Arbitration	NSW, Vic, SA	50
Export Contracts and Documentation	NSW, Vic	28
Advisory and Compliance Workshop	Vic	59
Assessment		38
<b>TOTAL</b>		<b>573</b>

The key elements of last year's Strategy have now been completed however the development of the Diploma qualification continues. Completion of this qualification is anticipated by mid 2013.

The following courses will remain the core subjects for the new qualification. Development of additional courses will be required in order to offer electives as part of the program.

1. GTA Grain Standards
2. GTA Trade Rules & Contracts
3. GTA Dispute Resolution & Arbitration
4. Understanding Grain Markets
5. Grain Merchandising
6. Grain Accounting
7. Export Contracts & Documentation

GTA will continue to promote these courses to ensure a common understanding across the industry on grain commercial processes/ activities.

### Professional Certificate in Grain Trading (Grain Trade Australia)

Individuals who pass the assessment for the three key modules being GTA Trade Rules & Contracts, Grain Standards and Grain Merchandising are entitled to receive the Professional Certificate in Grain Trading (Grain Trade Australia). This year there were four industry personnel who eligible for this qualification.

### In-House training

An increasing number of GTA members availed themselves of the opportunity to conduct in-house training on any or all of the GTA courses during 2011/2012. Whilst the terms of this type of delivery

are conditional, the two major benefits are that it allows the course presenter to tailor the training to a specific need of the organisation and it facilitates a larger number of personnel attending as it eliminates the need for those staff to be off-site. In-House course numbers have been growing by approximately 20% per year.



# Trade & Market Access

**The following activities are currently being considered by the GTA Trade & Market Access Committee in conjunction with the International Grain Trade Coalition (IGTC). Representations have been made to the Australian Government on a number of these issues.**

## Global Low Level Presence Policy

This was an initiative of the Canadian Government. With the exponential growth in GM events globally, it is critical that countries adopt a LLP policy to ensure trade is not exposed to trace amounts of unapproved GM events in the country of import.

The EU policy of zero tolerance is a trade inhibitor and when copied by other countries will affect world trade. A bulk or container shipment of Australian conventionally bred grain could be adversely impacted, if trace amounts of an unapproved GM event were detected in the Australian grain, such as an event being residue from a previous cargo.

It is critical that all countries adopt a policy that allows trace amounts of an unapproved event in the country of import. Interestingly, there is a global tolerance for arsenic via CODEX.

The latest meeting on this issue was held in Argentina in September and GTA corresponded with the Australian delegation from DAFF on this matter to give an Australian grain industry perspective.

## International Plant Protection Convention – development of an international phytosanitary standard

IPPC have decided to proceed with the development of an international phytosanitary standard. This action is being driven by NGO's and principally European and African countries. Current phytosanitary guidelines established by

the IPPC are effective and all the major exporting and importing countries have adopted these for their trading requirements. Developments of new standards have the potential to inhibit trade.

GTA, via the Trade and Market Access Committee, will correspond with DAFF Biosecurity to ensure that any standard does not affect the manner in which DAFF Biosecurity conducts its activities.

## Agricultural Marketing Information System

The **Action Plan on Food Price Volatility and Agriculture** was adopted by G20 Ministers of Agriculture (including Australia) in June 2011 and its measures include the establishment of an Agricultural Market Information System (AMIS) and its potential use in *"market regulations of agricultural financial markets (read futures) with due account for the activities of G20 and the International Organisation of Securities Commissions"*. (GTA emphasis)

This activity arose from the GFC and rising food prices in third world countries in particular and the grain trade concern is that futures markets will be highlighted for particular attention in some sort of global regulatory practice.

GAFTA and COCERAL attended the meeting of AMIS in Rome in October 2012 and will report to IGTC members.

## Global model contracts and aligned dispute resolution for farmers

G20 member countries, lead by France, are looking at development of global model contracts and aligned dispute resolution for farmers. This issue has been agreed by the Agricultural Ministers of the G20, in Australia's case represented by the Hon Joe Ludwig.

GTA has written to the Minister noting the above action by the G20 and detailing that national trade in all the major grain producing countries is already governed by model contracts developed by the local industry and development of global contracts and global dispute resolution would be a trade inhibitor and be extremely costly to administer.

## Biosecurity Protocol (BSP)

*The following notes were contributed by Dennis Stephens, Convenor for the IGTC and Canada Grains Council.*

The latest meeting of the Parties (countries who have signed the Protocol) was held in Hyderabad, India from 1-6 October 2012. The meeting adopted all the decision documents in a manner acceptable to the International Grain Trade Coalition.

The Biosafety Protocol is facing serious financial challenges. The two Ad Hoc Technical Expert Groups formed during the negotiations- one on Social Economic Considerations, and one on Risk Assessment and Risk Management could not be funded from core funding and must seek special funding. The Protocol's Executive Secretary at the close of the plenary urged Parties to provide voluntary funding for these necessary Protocol activities.

A significant change in political alignments is occurring within the Biosafety Protocol as an increasing number of Parties tackle issues in a much more reasonable manner than in past years. The strong anti biotech rhetoric is gone. The influence of NGOs significantly less.

A delegate who participated actively in the negotiations as a member of the Paraguayan team suggests the change in attitude is being driven by producers who are demanding access from their governments to this technology. It is no longer a new science and producers have seen the benefits. They are making their voices heard to their respective governments.

The new alliances among Paraguay, India, Philippines, China, Japan that began at COP/MOP-5 in Nagoya are broadening to include such countries as Colombia, Mexico, Brazil, New Zealand, Ecuador, Uruguay. Even the EU is moving closer to this rather loose coalition of like minded Parties and participated actively in seeking acceptable solutions. The successes gained at COP/MOP-6 by these emerging alliances may see increased efforts to work together to seek common positions before future COP/MOPs.

Of importance to IGTC, increasingly these countries are gaining a better understanding of the potential trade implications associated with different options and are seeking industry advice when in doubt.



# Comprehensive Review of the GTA DCT Contract No. 4

On 12 March 2012 the GTA Commerce Committee called on industry to review the GTA DCT Contract and submit their recommendations.

On receiving industry recommendations, the GTA Commerce Committee decided it was appropriate to form a specialist industry consultative sub-committee comprising of container exporters. This group consisted of:

Name	Organisation
Geoff Farnsworth	Macpherson & Kelley Lawyers
John Orr	Premium Grain Handlers P/L
Matt Kelly	KM & WM Kelly & Sons
Matt Tabor	Blue Ribbon Seeds
Shane Wall	Pea Growers Co-Operative Ltd

The DCT Review Committee was tasked with the development of a revised GTA DCT contract with reference to the industry submissions. After several consultations the DCT Review Committee provided the Commerce Committee with a revised Contract.

The GTA Commerce Committee called for a second round of industry submissions regarding proposed amendments to the GTA No. 4 DCT Contract.

On receiving no further submissions the Commerce Committee approved the changes, the Contract was given a new GTA format, approved by the GTA Board and placed on the GTA website for use by members.

**The GTA DCT Contract No. 4 is available for Members use on the GTA website.**

*Further information:*  
GTA Member Update No. 02 of 12  
GTA Member Update No. 13 of 12

## GTA Contract No. 3 Contract Confirmation Comprehensive Review

The GTA No. 3 Contract Confirmation has been comprehensively reviewed by the GTA Commerce Committee and is now available on the GTA website for Members use.

On the 16 May 2012 the GTA Commerce Committee posted a Member Update calling for industry submissions in relation to the review of the GTA No. 3 Contract Confirmation.

The Commerce Committee reviewed the industry submissions and made the appropriate changes to the GTA No. 3 as required. The revised Contract was then redistributed to industry for a second round of submissions.

As a result of these submissions the Commerce Committee made further amendments to the Contract before it was given the new GTA format, approved by the GTA Board.

The major amendments to the GTA No. 3 Contract included:

1. New improved interactive format;
2. Inclusion of NGR no.
3. Updated the Retention of Title clause in line with the new Personal Properties Securities Act 2009;
4. Included an Encumbrances clause;
5. Aligned all clauses with the new GTA Trade Rules.



## GTA Visual Recognition Standards Guide

The second edition of the GTA Visual Recognition Standards Guide is available for order now.

The Guide was originally developed by the GTA Standards Committee through comprehensive consultation with the major bulk handling companies, including CBH, Viterro, Cargill and GrainCorp.

The new Guide covers a wide variety of commodity defect definitions and photographic references for wheat, barley, oats, sorghum, maize, chick peas, and canola.

Robert Parkes, Chairman of GTA Standards Committee and General Manager – Quality and Technical for Ridley Agri-Products, said,

“This Guide provides samplers and grain quality assessors with an effective tool to determine defective grain, and every sample stand should have one. The new Guide provides industry with the reference needed to help minimise doubt in the assessment of unacceptable defects.”

**The GTA Visual Reference Standards Guide is available for immediate order and delivery by visiting the GTA website.**

We have come a long way. At COP/MOP-1 for example, only Parties were allowed to speak with little consideration or concern about commercial implications of decisions. At COP/MOP-2 only New Zealand and Brazil stopped an attempt to impose a burdensome regulatory scheme onto the international grain trade. They prevented necessary consensus and to the anger of all other Parties, forced a no decision - the decision on the documentation requirements for transboundary shipments of LMOs for food, feed and for processing was pushed into COP/MOP-3.

At COP/MOP-3 it was Mexico and Paraguay that teamed up to enable the use of “may contain” on shipping documents without having to list specific events that may be in the cargo in shipments between Parties and Non-Parties, again to the anger of all other Parties.

By COP/MOP –6 non-parties such as the United States and Canada were allowed to make interventions and IGTC was recognized to outline possible commercial implications of different shipping documentation options under negotiations.

IGTC will want to work closely with the evolving like minded group discussed above as we continue to seek commercially acceptable solutions within the Biosafety Protocol.

IGTC was represented by Paul Green and Diana Felner from the North American Export Grain Association (NAEGA), Elena Berloni of COCERAL (European grain and feed association) and Ricardo Calderon of APPAMEX (Mexican grain trade association) and Dennis Stephens (Canada Grains Council).

### IGTC Business Plan

IGTC have adopted a new Business Plan, developed by GTA. The plan calls for the creation of a permanent secretariat. The major issue to be resolved is funding which will be resolved by the end of 2012.

As an interim measure, the Canada Grains Council has proposed that trade associations who are current members contribute a portion of the funding (approximately 50%) and the remainder would be forthcoming from CGC who would contract Dennis Stephens to act as the Secretariat for one year.

It is envisaged that with a dedicated focus, Dennis Stephens will be able to garner the requisite level of financial support to enable a more permanent outcome for an IGTC secretariat.





## GTA Commodity Vendor Declaration

The GTA Commerce Committee has reviewed and revised the GTA Grain Commodity Vendor Declaration at the request of industry to include varietal declaration. The revised edition is now available on the GTA website.

GTA has also adhered to industry in maintaining a degree of simplicity to the CVD whilst providing the opportunity to complete the CVD either electronically or manually.

## Australian Grains Industry Post Harvest Chemical Usage Recommendations and Outturn Tolerances 2012/13

The Australian Grains Industry Post Harvest Chemical Usage Recommendations and Outturn Tolerances document is developed each year through the combined efforts of the National Working Party for Grain Protection (NWPGP) and National

Residue Survey (NRS) to provide advice on post-harvest chemicals registered for use in the treatment of stored grain in Australia and the maximum residue limits (MRLs) that apply to those chemicals on grains marketed in Australia and overseas. This document also lists those chemicals registered for use as a structural treatment in Australia.

The Chemical Usage Recommendations and Outturn Tolerances document should be referred to when marketing Australian grain to assist industry in adhering to the maximum residual limits (MRL).

All grain sold within Australia must comply with the Food Standards Australia New Zealand, Food Standards Code and all exported grains must also comply with the Food Standards Code at the time of exportation. In addition, States and Territories have pesticide control-of-use legislation that determines how agricultural chemicals are to be used. Most of the jurisdictions also require chemical treatments to be applied in such a manner that any resultant residue is under the Australian Pesticides and Veterinary Medicines (APVMA) MRLs

In cases where grain commodity/chemical combinations do not have MRLs in either the Food Standards Code or the APVMA MRLs, zero tolerance applies.

Most countries either have set their own MRLs or default to Codex Alimentarius (Codex) residue standards or a combination of both. The NRS has a number of International MRL tables listed on the GTA website

Codex is an international standard setting organisation that encourages the use of world-wide MRLs to facilitate the trade in agricultural commodities. Additionally, Codex MRLs are recognised as the benchmark in international trade by the WTO in

the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement). Codex MRLs may be utilised by WTO in dispute resolutions.

However, not all countries recognise Codex standards. Additionally, some countries are members of regional standard setting groups and others have default limits for chemical/commodity combinations. The default limit is usually set at 0.01 mg/kg.

Some of Australia's overseas markets have traditionally received pesticide residue free (PRF) grain from Australian exporters. The decision to supply PRF grain was originally agreed within the Grains Industry when there were difficulties in determining the pesticide residue requirements of many major markets. Those PRF outturn standards are often set by industry, or major marketing organisations, based on a risk assessment of the importing country requirements. The marketing imperatives may be more stringent than foreign government standards established in the importing country. PRF markets are listed in this document and exporters should be wary of supplying non-PRF grain to those markets listed as PRF.

This document in the main refers to contact insecticides for registered post-harvest grain treatments and grain fumigants. It should be noted that all the compounds listed in this document may be applied providing they are registered for that grain commodity by the APVMA and are used in accordance with applicable labels. All treatments must also be conducted in accordance with State and Territory regulations where applicable. The treatment must also be compatible with permitted residue levels applicable for the market being supplied.

**This document is available to industry through both the NRS and GTA website.**