

GRAINMatters



EDITION 73 - MARCH 2023

UPCOMING EVENTS

- [Trade Rules & Dispute Resolution — 19 April \(Zoom\)](#)
- [Understanding Grain Markets — 27 April \(Melbourne\)](#)
- [Trade Rules & Contracts — 4 May \(Melbourne\)](#)
- [Grain Export Execution & Risk Management — 17-18 May \(Melbourne & Zoom\)](#)
- [Australian Grain Storage & Protection Conference — 7-8 June 2023 \(Melbourne\)](#)

In this Issue:

- | | |
|--|---|
| • <u>Goyders Line</u> | • <u>ePhyto Delays – Electronic Bills of Lading</u> |
| • <u>Falling Numbers – Under Scrutiny</u> | • <u>The Visual Recognition Bible is being updated in 2023</u> |
| • <u>Update -The need to Fumigate - Protocol / Mandatory Import Country Fumigations</u> | • <u>World Trade Organisation – Sanitary and Phytosanitary Measures</u> |
| • <u>TGD No. 19 - Broker / Agent Operating Standards</u> | • <u>A Wonderful Learning Opportunity for Non-Traders</u> |
| • <u>A chance to be part of history – National Working Party on Grain Protection 50th year</u> | • <u>Upcoming workshops</u> |



Dear GTA Members,

GTA, some of its members and other industry representatives enjoyed a great week in early March reconnecting and building value with our customers in Asia at the AGIC Asia conferences held in Ho Chi Minh City, Vietnam on the 7th of March 2023 and in Manila, Philippines on the 9th of March 2023.

I had the honour of opening both conferences and warmly welcomed delegates on behalf of the Australian grain industry, conference partners -AEGIC and HFW and sponsors. It is important as suppliers of grain to come together with our customers, to meet and to understand what is important to them and to be able to provide confidence and surety in

Australian grain and the supply chain that delivers it. These conferences have an important role in promoting and supporting the networking, understanding and the camaraderie of the people we do business with.

AGIC Asia provided an impressive line-up of local and Australian speakers that provided some instructive and interesting insights. As part of AGIC Asia, GTA also led Australian industry delegations in Roundtable sessions involving local Government agencies and the trade, to strengthen industry relationships and support the development of mutual trading interests. The Roundtables have increased opportunities for trade facilitation, market access and promotion resulting in improved development of trade policy and communication between respective Asian and Australian industries, at both a commercial and technical level.

I am pleased to announce that the Senator the Hon Murray Watt, on 10 March 2023 approved the awarding of a grant to GTA under the ATMAC program to extend the AGIC Asia conference rollout further in 2023. GTA is in conference planning mode and will soon announce where the AGIC Asia caravan will next visit in 2023.



Government funding and budgets are a hot topic now within the Department of Agriculture, Fisheries and Forestry (DAFF) and at the Grain and Plant Export Industry Consultative Committee (GPPEICC). You may not be aware that unlike some other Government departments a portion of DAFF funding comes from charging cost recovery fees to cover its activities. As a result, grain exporters are charged fees on a user pays/cost recovered basis for the DAFF government services that are utilised when exporting grain.

This form of regulatory charging has been a long-standing practice for Government as the export regulatory activity is provided to clearly identifiable organisations (i.e. grain exporters) that participate in the plant export supply chain. DAFF's website explains "that if it were not for the business activities of these groups, the regulatory activities would not be required".

In short, grain exporters pay for the industry's access to export markets.

Given the grain industry has seen some of the best seasons of production and consequently exports the grain 2021/22 export cost recovery (ECR) program had exceeded budget by \$4.6m (153 %) and based on the large export program for 2022/23 a similar operating surplus is expected to be collected from grain exporters, i.e. GTA members. The export program in 2023/24 FY is also likely to remain strong due to large carryover stocks and production from the 2023 season.

So, there have been excess funds collected from grain exporters, i.e. GTA members. However, **publicly reported budgetary issues across DAFF's portfolio** has resulted in a range of unilateral cost saving measures being introduced across DAFF including restrictions on travel and training, re-prioritising projects and a reduction in contract workforce numbers. These measures effectively reduce services to GTA members and can result in increased risk and cost in the supply chain as DAFF reduce services and available staff to meet export and import requirements. So, while the grain exporters have overpaid for services since 2021/22 our service levels are facing reductions.

GTA has raised this issue with the Minister of Agriculture noting concerns that funds collected from grain exporters are not being adequately accounted for and note the risk potential for grain exporters to end up funding other government activity.

Also raised with the Minister is DAFF's inability to provide meaningful financial reports to industry (via the GPPEICC) raising concerns the surplus grain cost recovery funds are at risk of being absorbed by a disproportionate reallocation of DAFF's in-direct cost base, i.e., grain exporters will in effect be taxed to cross subsidise other agricultural sectors and the government itself, contravening the "user pays" principle of the cost recovery mechanism.

GTA will continue to monitor and advocate on this issue in the interests of its grain exporting members.

To a different topic, GTA's Board and management met in late February for a day of strategic planning. This was a great opportunity to consider how GTA can add value to members and generally improve the culture and efficiency of the grain industry and facilitate the trade of grain. Several exciting initiatives were agreed on and will be progressed during 2023.

Andrew Goyder
Chair—Grain Trade Australia



FALLING NUMBERS – UNDER SCRUTINY

Falling Number machines have been termed the 'Daleks' of the grain industry as their deployment signals a time of fear and concern amongst industry. Given the recent run of weather impacted harvests and grain quality, Falling Number machines are coming under scrutiny.



Some background: Grain exposed to excessive rainfall just prior to harvesting may result in germination or sprouting of the seed in the mother plant. If germination commences this creates an increase in the grain of an enzyme - alpha-amylase and will impact the grain quality and its processing characteristics. Wheat that has sprouted will result in a poor flour and barley that has commenced the germination process prior to harvesting will result in grain that will have poor commercial germination and malting quality.

When grain commences the germination/sprouting process the covering of the grain germ may be visibly split. During the grain receival and grain assessment process **grain will be assessed for sprouting**. There is a Nil tolerance for sprouted grain in prime grades when a visual assessment is used to classify the grain.

For the cereals including wheat and barley there is machine technology including Falling Number machines that can be used to measure the changes in the properties of the grain caused by the alpha-amylase activity. The Falling Number test does not

directly measure amylase enzyme activity, but measures change in the physical properties of the starch portion of the grain caused by these enzymes.

Industry should understand the use of a Falling Number test provides an **opportunity to upgrade sprouted grain** from feed to a milling or malting grade when the starch properties of the grain are still measured by the Falling Number machine as being strong.

Tests using Falling Number machines are the internationally recognised method to measure damage from sprouting and may be included in contracts for domestic and international sales.

Commentary on Falling Number Machines

With the recent harvests being impacted by rain events there has been a **lot of commentary regarding Falling Number machines** used at grain receival sites and a perceived **lack of consistency and accuracy**.

Falling Number machines under laboratory conditions will deliver minor variation across tests of the same sample, these variations may be amplified in the field if grain receivers do not ensure their **procedures support the optimal use** of the Falling Number machines in the field.

It should be noted Falling Number tests are likely to be more prone to sampling errors than other quality tests performed on a truckload of grain because of variations of the **level of sprouted grain within the paddock and within the truckload**. Testing has proven that sprouted and non-sprouted grain cannot be blended evenly leading to natural variation in the testing results.

Therefore it is important to ensure any sample is representative and thoroughly mixed when conducting Falling Number tests.

[GTA's Technical Guideline Document No. 3](#) describes a number of procedures, including operator training and technique, general cleanliness of the testing area, purity of water, temperature and other environmental factors that need to be followed.

Grain receivers and operators of Falling Number machines need to be aware and trained in these procedures to ensure their *Daleks* are under control.



UPDATE –THE NEED TO FUMIGATE – PROTOCOL / MANDATORY IMPORT COUNTRY FUMIGATIONS

As previously, and recently discussed in Grain Matters, the grain industry uses a range of strategies to protect stored grain against insect attack and to kill insects including the [Fumigation Protocol](#). In the prior Grain Matters, the issue of Mandatory Fumigations for some importing countries was raised and that GTA is discussing the issues raised in GTA member Submissions with the DAFF to consider the practical and environmental perspectives.

The issues raised in the GTA member Submissions include:

- *Mandatory fumigation prior to inspection is not always practical as it may require fumigation of entire storages (e.g., 10k tonne bunker) for small shipments. This restricts operational practices and further receipts into the fumigated storage.*
- *Fumigations to meet the timing of container export orders reduce the type of fumigants that can be applied and inadvertently promote the use Methyl bromide (MB). Some importing countries also stipulate the requirement or option to use MB. MB is a Class 1 ozone depleting substance. Fumigating the containers post inspection will use less MB compared to fumigating part filled storages and /or fumigating more grain than is required for the shipment.*

These issues were discussed between GTA and DAFF at a meeting in Canberra in early March 2023. The **outcome and direction** from the meeting are:

- DAFF must adhere to its regulations, and they must be confident that industry and DAFF have met the requirements of the International Plant Protection Convention (IPPC).
- DAFF will introduce a method to support fumigation in containers **in some circumstances** through the establishment of an '[Approved Arrangement](#)' that is to be entered into by the Packing company/fumigation company.
- Approved Arrangements were originally established for importers to manage biosecurity risk without constant DAFF supervision.
- To qualify requires access to a concrete hardstand on which to fumigate the containers. Containers must also be pressure tested prior to fumigation and are to be sealed with tarpaulins during the fumigation.

It has been agreed to form a Working Group between DAFF and GTA to discuss this option and to better understand the detail so further communications can be provided to industry. This is to be completed and arrangements firmly in place by July 2023. Please contact GTA if more information is required.



TGD NO. 19 – BROKER / AGENT OPERATING STANDARDS

Technical Guideline Documents (TGDs) are the focus of the regular Grain Matters spotlight on the supporting documents to the Australian Grain Industry Code of Practice (Code). There are 22 TGDs that support and supplement the Code and assist implementation of each listed activity in the Code. The TGDs are very important reference materials for industry.

TGD 19 refers to industry best practice for organisations operating as Brokers or Agents in the Australian Grain Industry.

A Broker is:

- a. an **independent** person, firm or electronic trading platform engaged or used by others, at least partially on a commission basis, to facilitate contracts under instructions from buyers and sellers, relative to goods to which it does not have actual or constructive possession. The Broker's independence is a critical and distinguishing factor.
- b. an Agent means a person who is not a Broker and who is authorised to act on behalf of a Principal.

An important distinction between these parties is a Broker can only act on specific instructions from the Principal/s whereas an Agent has some power to negotiate on behalf of the party they are authorised to act on behalf of.

Both Brokers and Agents can issue a contract confirmation between Principals of a transaction. The difference between a Broker Note and an Agent Note is:

- a. A Broker Note is issued as confirmation of a contract issued by a Broker who has acted under impartial instructions by both Principals.
- b. An Agent Note is a contract confirmation issued by an Agent who has acted on behalf of a Principal.

[GTA Trades Rule 3.1](#) defines the powers of a Broker.

General Principles of this TGD advocate that a Broker or Agent should:

- Act in the best interests of the client
- Provide guidance on market prices/conditions
- Provide accurate information regarding particular transaction details
- Respects the client's confidentiality
- Be professional, efficient and responsive in all dealings
- Take every step necessary to ensure transactions are complete and accurate

WELCOME TO OUR NEW MEMBERS

We would like to extend a very warm welcome to the following new members who have recently joined Grain Trade Australia:

- Agvise (WA) Pty Ltd
- Boortmalt Asia Pacific Pty Ltd
- Ultimate Global Trading Pty Ltd

We are pleased that these businesses have chosen to become part of GTA and contribute to GTA's mission to "facilitate trade".

Please email admin@graintrade.org.au for any member enquiries or ideas!

A CHANCE TO BE PART OF HISTORY – NATIONAL WORKING PARTY ON GRAIN PROTECTION 50TH YEAR

Some auspicious events occurred way back in 1973:

- Federal voting age was lowered from 21 to 18
- Sydney Opera House was officially opened
- ACDC performed their first major gig
- The White Australia policy was removed and
- The **National Working Party on Grain Protection (NWPGP) was formed.**

So, the NWPGP is celebrating its 50th Birthday – a wonderful achievement.

Back in 1973 the NWPGP's original role was to report on major market and insect control issues. This included looking at replacements for the contact pesticide malathion and to develop research and conduct field trials on alternative chemicals for insect control.

Today, the NWPGP is the body responsible for providing management and leadership to the entire grain industry in the areas of:

- post-harvest grain storage and hygiene, and chemical use,
- outturn tolerances,
- international and domestic market requirements and chemical regulations.

The NWPGP coordinates and provides the Australian government with industry views on chemicals in use on grain and associated products, as they relate to market access domestically and for exported commodities.

The NWPGP initially included just the State-based Bulk Handling Companies, the Australian Wheat Board, government and researchers. In recent years, it has evolved to include all sectors of the supply chain, recognising the role that all stakeholders have in ensuring the safe and effective use of chemicals and supply of grain that meets both market and regulatory requirements.

The NWPGP now has members across the entire grain supply chain. These include stakeholders such:

- Crop breeders
- Chemical Registrants
- Commercial chemical service providers & users
- Storage providers
- Growers
- Traders/Marketers
- Grain processors, both for human consumption and stockfeed
- Transport companies
- Research organisations; and
- Government bodies, including regulators.

Don't miss out on the opportunity to celebrate this amazing milestone and join GTA and the industry at the 50th NWPGP conference in Melbourne on the 7th and 8th June 2023 to acknowledge and applaud 50 continuous years of service to the grain industry.

AUSTRALIAN GRAIN STORAGE & PROTECTION CONFERENCE

NWPGP

National Working Party on Grain Protection

Celebrating **50** years



REGISTER TODAY TO SECURE YOUR TICKET!



MEETING MARKET REQUIREMENTS

BROUGHT TO YOU BY THE NATIONAL WORKING PARTY ON GRAIN PROTECTION

7-8 JUNE 2023

727 COLLINS ST, DOCKLANDS VIC



EPHYTO DELAYS – ELECTRONIC BILLS OF LADING

ePhyto is short for 'electronic phytosanitary certificate' and a phytosanitary certificate are issued by DAFF to indicate a consignment of grain conforms and meets import country requirements.

The International Plant Protection Convention (IPPC) is leading a push for all trading countries to adopt ePhyto and move away from paper-based systems.

Australia once a leader and strong supporter of the ePhyto has fallen behind other countries in implementing ePhyto. After extensive lobbying by GTA to ensure DAFF progress ePhyto DAFF announced in January they were anticipating the ePhyto solution to be delivered in two stages:

Stage 1: Approximately March 2023 – Enable electronic phytosanitary certification exchange to trading partners.

Stage 2: Approximately June 2023 – Inclusion of re-export phytosanitary certification to trading partners and enhancements to allow for attachments and digital signatures to be included

On the 1st of March 2023 DAFF announced that the exchange of electronic phytosanitary certificates with Fiji would **commence in April** with Fiji through the IPPC ePhyto hub.

Unfortunately, on the 15th of March 2023 DAFF have had to announce they have uncovered some unforeseen technical complexities leading to an unknown delay with further information will be provided on Wednesday 5th April 2023.

After the initial Government delays to Phyto this further delay is extremely frustrating and will be raised by GTA at the next GPPEICC meeting. It is hoped the recent budget cuts by DAFF are not a contributing factor given the grain industry has overpaid for DAFF services as part of its cost recovery mechanism.

Electronic Bills of Lading (eBLs)

A Bill of Lading is a document that the Carrier of goods issues to the "Shipper" of the goods. It's a document to provide evidence or proof of shipment.

This is extremely important in International Trade as it provides 'title' as to who legally owns the cargo. Moreover, the Bill of Lading acts as evidence of Contract of Carriage, receipt of goods and document of title to the goods.

An eBLs is an electronic version of the Bill of Lading and will dramatically increase the efficiency the import / export process. Upgrading from a completely manual, paper-based process to an electronic interface to capture the information and instantly transfer it to the relevant parties will reduce administration and operational costs for all parties involved. Ultimately, these time and cost savings will reduce the cost of products and shipping, to reduce the final costs for end consumers.

Associations including the Baltic International Maritime Council (BIMCO – who are the largest direct-membership organisation for shipowners, charterers, shipbrokers and agents) are committing to accelerate trade digitalisation and streamline the supply chain in the bulk sector as they see immense benefits including:

- A paperless process
- Instant exchange of information, data and title
- Information accessibility
- Data accuracy & Security
- Eliminate postage cost; and
- Electronic storage, searching and historical records.

The grain industry needs to move towards eBLs and this initiative and opportunity will be discussed at the GTA Information Technology Advisory Committee to understand if the Committee and GTA can jointly make this transition easier for GTA members who export grain.

THE VISUAL RECOGNITION STANDARDS GUIDE IS BEING UPDATED IN 2023

The 2022/23 weather impacted harvest has been described as the peak harvest for the range and difficulty of grain quality issues. Whilst a problem this has also provides the industry an opportunity to update one of its key resources the Visual Recognition Standards Guide (VRSG).

The VRSG is produced to assist grain samplers and assessors of grain in the determination of defective grains and includes pictorial representation of all grains and grain defects.

As a result of the nature of the 2022/23 harvest and the wealth and breadth of defects that were experienced the GTA VRSG Sub-Committee is performing a full review and update of the VRSG and will update the photos of defects to ensure each representation provides the best and clearest example of a defect that is available.

If any GTA members that use the VRSG have photos in the existing VRSG that they believe need updating/ improving, please let GTA know, and we will endeavour to have this change included in the 2023/24 updated VRSG.

GTA also wishes to acknowledge the support and voluntary work provided by GrainCorp in compiling, collecting, photographing and processing the samples that are used in the VRSG and for preparing the draft document each time.



WORLD TRADE ORGANISATION – SANITARY AND PHYTOSANITARY MEASURES

GTA Director, Simon Tickner presented to the World Trade Organisation (WTO) Sanitary and Phytosanitary (SPS) Measures Committee on the 2nd of March 2023. This was in response to request from Australian Mission to the European Union (EU) & WTO.

The WTO SPS chapter sets out the basic rules for food safety and animal and plant health standards. All countries maintain measures to ensure that food is safe for consumers, and to prevent the spread of pests or diseases among animals and plants. These sanitary and phytosanitary measures can take many forms, such as requiring products to come from a disease-free area, inspection of products, specific treatment or processing of products, setting of allowable maximum levels of pesticide residues or permitted use of only certain additives in food. Sanitary (human and animal health) and phytosanitary (plant health) measures apply to domestically produced food or local animal and plant diseases, as well as to products coming from other countries.

A WTO SPS Committee working group is looking how the SPS Agreement can facilitate global food security and more sustainable food systems, including through sustainable growth and innovation in agricultural production and international trade, and through the use of international standards, guidelines, and recommendations developed by the Codex Alimentarius Commission, the World Organisation for Animal Health and the International Plant Protection Convention as the basis of harmonized SPS measures to protect human, animal or plant life or health.

The Committee sought to hear from producers and exporters around the world about what are the SPS and market challenges they are facing now and what do they see coming in the future. What do they need from regulators to enable sustainable production? What are the enabling regulatory and trade settings? What are some of the barriers to production or trade?

Simon Tickner's presentation was excellent and made several clear points around the local context of Australia's production systems, the importance of access to technology and the impacts of trade barriers. The presentation can be made available upon request to GTA.



A WONDERFUL LEARNING OPPORTUNITY FOR NON-TRADERS



Like all industries the grain trading industry has its own rules, processes, jargon and peculiarities that are baffling for the new entrant into the industry or even for someone who has been in the industry for some time in a non 'coal-face' role.

Based on feedback and to assist GTA members a new workshop has been designed by GTA for anyone that is starting in the grain industry as well as participants from other sectors looking to get a general understanding of the grain industry.

It is a combined and condensed version of four existing GTA core workshops and covers off the basics of:

- Understanding how grain market function
- How does grain merchandising, the process of buying and selling grain actually work.
- What are Trade Rules and how do contracts support trade to function effectively.
- What happens when it all goes wrong and what is the dispute resolution and arbitration process.

Managers should consider this training for your non-trading staff to assist with their understanding of the industry and their career advancement. The next training program presented by Lloyd George is scheduled for 21-22 June 2023 in Melbourne.

[**REGISTER NOW**](#)

UPCOMING WORKSHOPS

April 2023

19 April — **Trade Rules & Dispute Resolution**, presented by Lloyd George via zoom

27 April — **Understanding Grain Markets**, presented by Lloyd George in Melbourne

May 2023

4 May — **Trade Rules & Contracts**, presented by Lloyd George in Melbourne

17-18 May — **Grain Export Execution & Risk Management**, Various presenters in Melbourne and via zoom

June 2023

15 June — **Arbitrator Training**, presented by Geoff Farnsworth via zoom

21-22 June — **Grain Trading for non-traders**, presented by Lloyd George in Melbourne

28-29 June — **Grain Merchandising**, presented by Lloyd George via zoom

[**REGISTER NOW**](#)

Grain Export Execution & Risk Management



GRAIN TRADE AUSTRALIA

Venue: Karstens Melbourne



This **2 day workshop** will help you understand the risks and the complexities of exporting grain and completing International Trade Documentation

2 day face to face workshop

(virtual attendance option is available)

Topics include:

- Formation of Contracts
- Letters of Credit
- Logistics
- Bill of Lading
- Charter Parties
- Dispute Resolution

Speakers include:

- Holding Redlich
- HFW
- McDonald Pelz
- ANZ Bank
- Oldendorff Carriers
- GTA, DAWE

Early Bird Registration \$1,450 inc GST

Virtual Attendance \$1,450 inc GST

Group discounts are available - register online

Full price registration after 5 May - \$1,650 inc GST

**For any inquiries please contact GTA on:
(02) 9235 2155 OR admin@graintrade.org.au**