

## FACT SHEET

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# Trading Standards

## The process of setting GTA Trading Standards

Whilst there are many organisations vying for the grain producers' grain either to store, trade or both, when it comes to Grain Trading Standards it is critical that there is a uniform approach by all grain industry participants to ensure the quality and therefore the price competitiveness of the Australian crop is not compromised.

GTA developed Grain Trading Standards (Standards) as its first priority when it was formed in 1991. These Standards are reviewed and updated each year and this activity continues to be a core function of GTA.

GTA Trading Standards are critical to facilitating trade and are an integral part of the grain industry self-regulatory framework provided by GTA products and services. The purpose of Trading Standards is to ensure that all grain market participants have clarity as to exactly what is being bought and sold.

GTA produces the wheat, coarse grain and pulse Standards whilst the Australian Oilseeds Federation (AOF) produces the Oilseeds Standards. The Birdseed Standards are set by Queensland Agricultural Merchants (QAM).

The GTA Standards are reviewed annually by the GTA Trading Standards Committee and presented to members and industry for comment in draft form before they are adopted for the forthcoming season.

It is critical that anyone who becomes a party to a contract referring to GTA Trading Standards has a clear understanding of how to apply the Standards.

### **GTA TRADING STANDARDS COMMITTEE**

The GTA Trading Standards Committee (Committee) is the Technical Committee under GTA responsible for generation of all

### Standards and related issues.

The Committee is charged with the following activities:

- Review of and recommendations for updates of commodity Standards in cooperation with the AOF and other industry participants.
- Review of issues relating to quality assurance and recommendations on action for GTA.
- Development of industry Codes of Practice.
- Development of the Visual Recognition Standards Guide (VRSG) for use by industry.

Other related activities include:

- Advise on the effective adoption and implementation of the GTA Standards by individuals and by the relevant sectors of the industry.
- Foster communication between the GTA Board, Management and the Trading Standards Committee on industry matters that relate to GTA Standards.
- Report and make recommendations to the industry on all matters of relevance addressed by the Trading Standards Committee i.e. chemical and other food safety matters.



Upon finalisation of Standards by the Committee, recommendations are made to the GTA Board for adoption. Committee members come from a range of industry organisations and membership is reviewed annually.

### **PURPOSE & INTENT**

Standards are developed for each commodity based on a range of factors.

These include but are not limited to:

- Customer contract
- Importing country Government regulations for quality or quarantine
- Relevant food safety laws
- Requirement to improve quality of grain supplies.
- Competitor grades and quality
- Available quality of grain given restrictions of varieties, growing and harvesting conditions, pest and disease resistance of the

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- Available quality of grain given restrictions of varieties, growing and harvesting conditions and pest and disease resistance of the crop
- International protocols and standards such as those developed by Cartagena and Codex Alimentarius Commission
- Ability of the storage system to segregate or commingle grain.
- Land protection and quarantine laws

The primary intent of the Standards is as **Trading** Standards, however they could also be used as Receival Standards. This is a commercial decision made by the storage operator.

Within each grain type there may be a number of different Standards reflecting the various grades for that commodity, such as No.1 milling, No.2 milling, Feed. Not all grain types have the same range of grades.

There are generally two types of grain quality set within commodity Standards, being milling grades and feed/off-grades.

Milling grades are generally higher priced grades producing grain suitable for the high-quality end of the market. Frequently the grain or processed product is destined for the human consumption market.

Feed or off-grades are traditionally created as poorer quality segregation due to a defect or contamination issue associated with a milling grade.

However while these grades may be created, feed users may require a higher quality than these off-grades. In some cases many of the quality specifications are equal to the main milling grade.

Thus feed grades can either be comprised of grain that did not meet the milling grade specifications, or are grades destined for the stockfeed or other industrial use industries. Increasingly feed grade grains are being bred or designed specifically to create a quality suited for the feed market.

Thus different uses of grain produce market forces that create different prices based on the end use of the grain. In some scenarios the feed grade may be a higher price than the milling grade.

As outlined above, the Standards are set by grain type (commodity) or within grain types there may be separate grades based on quality or varieties. All Standards are

based on a range of quality parameters, be they physical properties, defective characteristics or on contaminants present in the grain.

Standards are applied to all commodities received for that applicable season and dates are set when the season switches over and the new season Standards are to apply.

Buyers should be aware that industry sectors may request old season grain to be reclassified as per the new season Standards and thus be deemed new seasons grain. In general, the following dates apply:

- Winter crop – 1 August
- Summer Crop – 1 October

For some commodities, the Standard at receival does not apply at outturn of the grain to the marketplace. The differences may relate to the inability to maintain the quality during storage or the potential for contamination during the storage and transport process.

For many of the pulse crops such as faba beans there is a Receival Standard and an Export Standard due to the tendency of these grains to split during storage and thus have a higher defective grain count on outturn than at receival.

Whatever Standards are applied either at receival, domestic delivery or export, the tolerances for each quality parameter have been set based on experience of market forces. It is important that the Standards are complied with to ensure the successful marketing of that commodity.

## OBJECTIVES OF SETTING TRADING STANDARDS

There are several objectives of GTA in developing Standards on behalf of industry.

These include:

- **Be inclusive** – formulation and use of Standards with input from all sectors of the industry including plant breeders, producers, receival agents, domestic consumers, traders and exporters.
- **Dissemination of Standards** – provide a mechanism for all sectors of the industry to have free and ready access to the Standards.
- **Simplification** – formulation of Standards which are easy to interpret and to apply.
- **Commonality across grains** – provision of Standards which can be applied across all sectors of the industry.



## GTA Technical Guideline Documents

GTA continues to develop its series of Technical Guideline Documents to supplement the Australian Grain Industry Code of Practice, developed by GTA on behalf of the industry.

These cover an array of topics ranging from testing equipment to be used to determine falling number and test weight, grain quality management as it refers to blending of grain and variety contamination and dispute resolution and rejection procedures. These are available to download from the GTA website.



## Grain Storage & Protection

GTA provides administration and secretariat support each year to the National Working Party on Grain Protection (NWPGP).

The NWPGP is the industry forum providing participants with the latest research and developments, in the area of post-harvest storage and hygiene, chemical usage and outturn tolerances, international and domestic market requirements, and chemical regulations.

The NWPGP host an Annual Conference attracting delegates ranging from the production sector, researchers, chemical companies, bulk handling and storage operators and plant and silo manufacturers. Visit the GTA website for more details.



# Key points

- The GTA Standards Committee develops the Grain Trading Standards for wheat, coarse grain & pulses
- GTA Grain Trading Standards are reviewed annually, and proposed changes circulated to industry for comment prior to adoption
- GTA publishes the Standards for oilseeds and birdseed on their website without alternation, as provided by the relevant industry bodies who develop them

- **Meet the needs of commercial trade** – provision of Standards which meet the changing requirements of the trade, including changing customer requirements and State, Commonwealth and international regulatory requirements
- **Maximize objective testing** – provide Standards which facilitate adoption of new technologies

## PROCEDURE FOR STANDARDS DEVELOPMENT

The Standards are developed each year and apply for the full 12-month period once released. In specific cases, other industry associations may develop Standards and, in these instances, the Standards are simply published by GTA from the website.

Note that while specific timeframes may exist, if significant issues are raised by industry and major changes to Standards are agreed, this may require further industry consultation and a lead-time prior to inclusion in the GTA Standards.

### Capture of Industry Views

- All industry is encouraged to have input into Standards

through a feedback form available on the GTA website <http://www.graintrade.org.au/committees>

- Feedback from industry is welcomed at any time.

### Development of Draft

- The Committee meets in mid to late February following the compilation of issues brought to the attention of GTA.
- Following the initial Committee meeting, GTA develops draft Standards for the current season by early – mid March.

### Provision to Industry

- During development of the draft Standards, any major issues of significance or proposed changes are included in a Explanatory Memorandum to the Standards.
- Standards, along with the Explanatory Memorandum, are forwarded to members, key industry stakeholders and also made available on the GTA website.
- Industry is encouraged to provide comment and



submissions by mid-April via the feedback form on the website.

### Development of Final Standards

- The Committee considers industry feedback in determining any revisions to Standards.
- All industry submissions are published on the GTA website.
- Following receipt and review of any final submissions from industry, the Standards are finalised by 31 July for signoff by the GTA Board.
- Revised Standards are placed on the GTA website on 1 August with a summary of changes and issues raised by industry from the previous year.

Note that Standards developed by other organisations such as the oilseeds standards, are presented to the Committee and if they comply with the Terms of Reference of the Committee, are accepted in full without alteration.

## FURTHER INFORMATION

All current Standards, Explanatory Memorandums, industry submissions and other products developed by the GTA Standards Committee are available from the GTA website.

**The Visual Recognition Standards Guide** produced by the Trading Standards Committee can be viewed online or hardcopies can be purchased from GTA via the order form on the website.