

Australian Grain Industry Conference 2014

GTA Chairman's Opening Address

The Minister for Agriculture, The Honourable Barnaby Joyce and fellow members of the Australian grain industry.

Good morning, and on behalf of the Chairmen of the other host organisations, Rob Wilson, Chairman of the Australian Oilseeds Federation and Peter Wilson, Chairman of Pulse Australia, I would like to welcome you to the 2014 Australian Grains Industry Conference.

In particular I wish to extend a very warm welcome to our 76 overseas visitors who have come from 20 countries including; South Africa, the Middle East, the Sub Continent and Pacific rim countries including 40 delegates from China.

The attendance of our overseas visitors highlights the increasing recognition of the conference as a significant event for the Australian and global grain industry.

I would also like to acknowledge and thank the various sponsors for their support that plays a critical role in the ongoing success of the conference.

The Australian grain industry continues to evolve and rationalise across the supply chain from producers, through logistics, grain traders and domestic and international end-users. These changes continue to be driven by a number of factors including climate variability, technology, demographics, the regulatory environment and movements in domestic and international grain markets.

Recently, GTA placed a submission to the **Agricultural Competiveness White Paper**, an initiative of the Minister which addressed several of these important areas. I would like to highlight some of the issues that we believe affect the grain industry and are impacted on by actions of the Federal Government.

One of the greatest opportunities to expand grain output is through the development and use of technology, including biotechnology. The Minister's recent support that the biotechnology debate needs to be science based is to be congratulated, particularly given the quality of our Australian researchers in these areas.

The research being supported by the Grains Research and Development Corporation and private plant breeding companies should hopefully help facilitate a path to market for these improved technologies.

The Australian grain industry, when viewed across the supply chain, is a very significant employer. However, we are a high labour cost country and together with significant regulatory issues, the process of hiring and managing employees imposes a relatively heavy cost and administrative burden on employers.

Further, some aspects of the grain supply chain are relatively seasonal. The current industrial relations system makes it expensive for firms to cost effectively hire labour for those peak periods without permanently impacting their cost base on a year round basis.

The Australian grain industry encourages the Government to adopt initiatives which can sensibly and sustainably reduce the direct and indirect costs of labour, afford greater flexibility in hiring and encourage productivity so as to continue to improve the competitiveness of the Australian grain industry.

Delivery of a quality product helps ensure that Australian grain continues to compete effectively on domestic and world markets. This together with our natural freight advantage into Asian markets provides a significant competitive advantage. However, it would be foolish to expect this situation to continue unchallenged.

Grain Trade Australia recognised the cross supply chain challenges to ensuring delivery to customers of a quality product and, following broad consultation with industry, developed the **Australian Grain Industry Code of Practice which was launched in July 2013 and is now** mandatory for GTA members.

Our members have been overwhelmingly positive about this move, recognising that by being pro-active, the industry is helping to ensure end users, both domestic and export, can continue to buy with confidence.

It is noteworthy that Australia is the only grain exporting nation that has such a Code.

The regulation of the wheat export task has been the subject of substantial activity in recent years. The possibility that access undertakings would be replaced by an industry agreed Code as recommended by the Productivity Commission was short lived. The industry Code, which was supported by exporters and port terminal operators, was replaced in November 2012 with a mandatory **Port Access Code of Conduct** that will be administered by the Australian Competition and Consumer Commission.

Minister, the export sector would encourage you to consider the key principles developed within the Code Development Advisory Committee when drafting the final Code which must be legislated by 30 September this year.

One of the concerns expressed upon the deregulation of the wheat export market related to the possibility of reduced **investment in port infrastructure**. However, investments are being made. In addition to the port facilities that existed in 2008, new or redeveloped grain export facilities are in place or are planned for the Port of Brisbane, Newcastle, Port Kembla, Adelaide, Albany and Bunbury.

Associated with the Port Access Code of Conduct has been the work of the **Wheat Industry Advisory Task Force**. GTA certainly welcomes the recommendations which place the burden on industry self-regulation.

A key recommendation still outstanding from the Task Force is the use of the **surplus funds held in the Wheat Industry Special Account**, estimated to be around \$2.5 to \$3 million. The **Australian Grain Industry Discussion Group**, a consortium of cross sector grain trade and grower organisations convened by

Grain Trade Australia, recently advocated to the Government that the funds should be held in an **industry trust fund in perpetuity** to fund industry good projects. Minister, the industry would encourage support for this recommendation that has the potential to benefit all supply chain participants.

The Australian production sector sets a huge logistics task for the post farm gate sector each year with exports consistently around 60% of total production and there is no larger cost that directly impacts on farm gate returns than the cost of grain **transport to port**.

The **Inland Rail project** will traverse the grain regions of eastern Australia and offer alternative port access capabilities for both bulk and container exports. This project will substantially impact current or proposed port and up country infrastructure. The Australian Grain Industry Discussion Group is convening a Working Group this Wednesday to consider ways of working with the Government on this and other national programs.

Market access is a critical issue for the grain industry. By and large, market access is either a government to government activity or through government supported third parties such as the UN Food and Agriculture Organisation.

As an exporter of some \$6 billion worth of grain per year, the Australian grain industry appreciates the ongoing support of Australian Government Departments and their Ministers - in particular, in **Foreign Affairs and Trade** and your own portfolio of **Agriculture**.

Within the trade portfolio there have been successes - the Free Trade Agreements with Korea and Japan, whilst the Trans Pacific Partnership is still a work in progress. The **Biosafety Protocol** comes in the trade portfolio and relates to the transboundary movement of living modified organisms. Although the export of GM grain in Australia is in its infancy, this is not the case on a global scale.

However, policies developed in international forums today will apply in the future, impacting on Australian exporters when export of GM grain from Australia becomes more of a common event. It is encouraging that the Australian Government has the foresight to participate in these negotiations and it is pleasing that GTA CEO, Geoff Honey, will lead the International Grain Trade Coalition delegation to the next round of negotiations in Korea in October this year.

Within your portfolio, Minister, the ongoing efforts of **CODEX Australia** and other key government agencies and their interaction with industry via the **National Working Party on Grain Protection helps** ensure that Australian grain is delivered to end users free of grain insects.

A key achievement this year was the reduction in fees and charges relating to the **export phytosanitary inspection and certification programs** conducted by your Department. Another excellent example of industry / government collaboration.

Australian involvement in the **Global Low Level Presence Policy** initiative is to be applauded. It attempts to ward off the possibility of distressed bulk shipments due to detection of trace amounts of an unapproved GM event in the country of

import. Critically, it could be a shipment of conventional Australian wheat that is affected.

I would now like to briefly comment on some of the other key GTA initiatives over the past 12 months;

- GTA is confident of being granted approval shortly to conduct a **Diploma in Grain Management**. The application for approval is with the **Australian Skills Qualification Authority**, an autonomous federal government agency, and on our experience is a prime example of a government agency working with industry for the overall benefit of the grain industry and by implication the Australian economy.
- I am also pleased to announce that GTA has entered into a partnership with Nuffield Australia to sponsor a **Nuffield Fellow** each year. The first recipient will be announced at next year's Conference and, following the one - year Fellowship, will present their report to this Conference.
- At the conference last year I announced a commitment to supply grain to **Foodbank Australia**, the country's largest food relief organisation. We're off to a good start, with more than 1200 tonnes of grain and flour donated over the past year by the industry. But there is more to do with a target to double donations to 2,000 tonnes this year and ultimately 3,000 tonnes annually which would provide 22 million meals to those in need.

Ladies and gentlemen, the industry has undergone huge structural changes - over the last five years. In particular we have seen:

1. record production years and record shipping programs
2. an explosion of grain exports in containers, many into new markets
3. new investments in trading capacity and infrastructure
4. creation of cross sector organisations such as
 - Wheat Quality Australia
 - National Working Party on Grain Protection
 - Australian Grain Industry Discussion Group.
 - Grain Industry Market Access Forum
5. Increased collaborative engagement across the supply chain on Committees such as:
 - the Agricultural Biotechnology Council of Australia
 - the Departments Grain & Plant Products Export Industry Consultative Committee
6. the industry, in collaboration with what was originally called AQIS, conducted a ground breaking review of process, to give Australia an inspection and certification process which is envied by our competitors.
7. the industry coming together at this Conference which has grown from around 250 in 2003 to one where we have over 900 people attending one or all of the functions. The introduction of **AGIC Singapore** this year was an outstanding success and I am pleased to announce that GTA has committed to conduct the Conference in Singapore again next March.

The list is not exhaustive but it demonstrates an industry that is determined to meet the challenges head-on and is increasingly prepared to work collaboratively on cross-sector issues for the broader benefit of the Australian grain industry.

Minister, the Australian grain industry continues to mature. It is rightly proud of its recent history and looks forward to working with you, your Department and associated federal agencies to implement actions or reach determinations that benefit the industry as a whole.

Ladies and gentlemen, I now have pleasure in introducing The Minister for Agriculture, The Honourable Barnaby Joyce to open the Conference.

Please join me in giving him a warm welcome.

Peter Reading

Chairman

28 July 2014