



SUBMISSION TO THE SENATE INQUIRY ON GRAIN ISSUES

The South Australian Grains Industry Trust (SAGIT) is pleased to make a submission to the Senate Committee Inquiry into Operational Issues in Export Grain Networks.

SAGIT was established in 1991 to administer the voluntary research levy that has been collected from South Australian grain growers for many years. The Trust comprises three farmers elected by the growers, and a nominee of the Minister. It has a part time Executive Manager

Today the Trust applies the funds collected via the levy for research and development into the growing, harvesting, storage, processing and marketing of grain in SA and for the dissemination of technical information to the State's grains industry.

Currently the Trust invests more than \$1.2 million a year in supporting research crucial to the advancement of the SA grain industry with funds coming from a 25c a tonne contribution on all grain delivered by SA grain growers. These funds are often used to leverage contributions from other sources such as GRDC and private sources which effectively increase the investment. Of course the in-kind support from our research providers is also significant – in the current year it is \$1.7 million which is in effect a form of leveraging.

Most of SAGIT's investment has gone into production based projects.

SAGIT is very aware and concerned with the events of the 2010/2011 harvest and the divisions this has caused in the industry.

In order to address these concerns SAGIT, along with SAFF Grains Industry Committee and SA Research and Development Institute was a key player in arranging a Post-Harvest Forum in March 2011. This was attended by the total cross section of industry people with an interest in finding solutions to the problems which occurred in the recent harvest. The Forum contained itself mainly to the technical issues.

The Report of this Forum, including the list of attendees is at Attachment 1.

It is not our intention to repeat what is in the report but rather to highlight three issues which are of particular concern to SAGIT:

- **Information Flow.**

There is an obvious need for a more transparent flow of information on quality and volumes of grain received at various receival sites. This information is required not just by the bulk

handling companies but by the growers, buyers and exporters of grain. It forms the basis of informed decisions as to what to grow, the efficient storage and handling of the product, and in identifying and reliably servicing markets, be they domestic or export.

Of equal importance is the need for grain researchers to have this information. They must know what is happening in the field with regards quality and production issues for various grains, without which they are unaware of the impact on the industry of their work and which issues need further research..

The main issue is that with greater competition and privatization of bulk handling functions, the flow of information has diminished significantly. The claim by the bulk handlers is that the information is their property and is commercial-in-confidence. His claim has never been tested and needs to be. It is not just in the best interests of all players in the industry but Australia's reputation as a reliable supplier of grain. In short, transparency and better flow of information across the chain is a critical factor – achieve this and the commercial parties will respond to sort out much of the rest.

- **Improving and maintaining standards.**

SAGIT supports the need for Grain Trade Australia (GTA), as the industry body in charge of grain receival standards and providing advice on testing methods, to play a stronger lead role in communication and education so that customers at both ends (including producers when they deliver grain, and buyers/exporters when they receive grain) better understand the standards, and how they are measured, so that they can have greater certainty in their contracts.

Inconsistency of classification at silos is a major cause of discontent. It is not a new issue. More needs to be done with communication and training to overcome this inconsistency. Again GTA, who advises on methods of assessment but has no power to enforce them, should play a lead role in ensuring implementation of the standards, consistency in training of silo staff, and achieving better consistency in results.

It was generally agreed that whilst no sector wanted government regulation, the industry itself needed to lift its game in maintaining its own standards across the supply chain. The possibility of independent industry audit and certification is an option if voluntary measures do not work. Such an approach to industry self-regulation needs to be further developed in the interests of all sectors, and the industry as a whole.

- **Research into More Objective Methods of Grain Quality Assessment.**

Currently much of the grain quality assessment at the silo is subjective or visual. It not only provides inconsistent and sometimes unreliable data to all sectors in the chain but is the cause of much distrust and aggravation.

The need for more objective methods of testing is obvious and requires greater investment in research and development by the industry, especially the storage and handling sector. There seems to have been little development in improved methods, and that which had been developed often did not get to market. It should be noted that several of the issues identified in this Forum were also identified following the wet harvest of 1982/3. It seems that not a lot of development of improved assessment methods has occurred in those 30 years.

Whilst some might profit from flexibility of less objective assessment it is not in the best interests of the industry.

It requires an urgent and properly funded program involving all sectors of the industry, including scientists and based on priorities set by the industry itself. In fact it is one of the most urgent R&D needs facing the industry.

SAGIT recommends that a combined bulk handling company – GRDC working group be set up to assess the R&D required to progress and enhance objective quality testing, to contract that research and ensure adoption of the outcomes. While much of this work will have national application, SAGIT would play its part on behalf of its SA grower stakeholders.

The South Australian Grains Industry Research Trust would be pleased to provide follow up information on this or other aspects of the Inquiry if required.

Peter Kuhlmann

Chairman SAGIT