

**Terry Redman**  
**Minister for Agriculture and Food**  
**Speech to the Grains West Expo**  
**Hyatt, Perth**  
**Tuesday 18 August 2009**

**CHECK AGAINST DELIVERY**

**Ministerial trip to Canada and USA**

*I recently visited Canada and the USA with a focus on examining GM technology.*

- Their attitude towards GM is very accepting. Great take-up of the technology and most farmers cited improvements in their productivity and therefore their profits.
  
- Met with some growers that were 'anti-GM'. Most were not against the technology as such, but not happy with the cost of seed and the paperwork surrounding the agreements with seed companies.
  
- The average US consumer has great faith in the government regulator (Food and Drug Administration) and believe that if GM can pass the rigorous processes that are in place then it must be safe to eat.
  
- GM wheat still looks like it is ten years away. It looks like GM lupins are also five or more years away.
  
- New agronomic and consumer traits are in the pipeline, but there is some concern that the cost of regulation is so high. As a result only the most valuable traits in the international arena are likely to be commercialised. For example herbicide tolerance options and potentially ones that have human health benefits – traits that could be applied globally.

## **CENTRE FOR GRAIN FOOD INNOVATION**

- Improved productivity and market driven technology is the key to a competitive and sustainable grains industry.
- It's no great revelation to say the cereal industry is the largest agricultural sector in Western Australia and wheat farming is the dominant crop.
- The total value of the grains industry to the economy is \$7.1 billion. You are the fourth largest resource industry after petroleum, iron ore and gold. WA produces more than 40 per cent of Australia's annual grain harvest.
- I think we need to be investing in our strengths – and the grains industry is certainly a high priority for Government.
- **To this end, I am pleased to announce that a collaboration agreement has been signed between the Department of Agriculture and Food, CSIRO and Curtin University to develop new grain food products for our grain buyers.**
- This is all about developing products that maintains WA's competitive advantage in the quality markets. It's also about developing new markets for our grain products.

### **The Centre for Grain Food Innovation**

As part of this collaboration agreement, a new Centre for Grain Food Innovation is being built at South Perth.

The Centre will focus on developing food products with health benefits from wheat and lupins to provide make WA grain a competitive edge in the South East Asian market.

The Centre will work to address the perception around WA wheat and its supposed poor baking performance in the SE Asian market. It will work to increasing the demand for our wheat in their products.

We will formally open the Centre later this year where you will be invited to see the latest equipment and expertise in grain food innovation on display.

This is really exciting stuff and dove-tails nicely into the changes that are underway with the way we approach research and development.

There are changes afoot to Australia's national R & D framework which is designed to reduce duplication and to deliver better value and better outcomes to farmers.

What I am talking about is WA investing in research we are leaders in – and dove-tailing into research from other states on issues where others have greater capacity.

I think it's less important who does the research and more important that it is done by those with the greatest knowledge. I want to ensure that WA has access to world-leading R&D, no matter where it comes from.

We are the leaders in grain, so therefore I see us putting more of our resources into this area of research. And the Centre for Grain Food Innovation is going to be a big part of that.

## **PROVISION OF GRAIN MARKET INFORMATION**

- The availability of market information plays a vital role for industry to develop production and marketing strategies.

There is a lack of consensus within the Western Australian grains industry on the type and frequency of market information that is required for the industry to operate efficiently and effectively.

- Vertically integrated bulk handling companies have access to commercial information (the quantity and quality of grains, the location of grains in the supply chain and details of grain sold to grain marketers) that is not available to other grain traders or growers.
- At a recent Australian Association of Agricultural Consultants conference on grain logistics, ProFarmer managing director Mr Richard Koch called for a more timely release of information and greater level of information on stocks by port zone and grade. He said that growers would be better served by having greater market knowledge.
- In the Countryman [May 14, 2009], it was reported that 89 per cent of growers surveyed by ProFarmer wanted more grain marketing information, however it has also been reported that 3 per cent of growers surveyed by CBH wanted more information released.
- I've written to the Federal Minister Tony Burke and proposed that a national approach to market information be adopted. Minister Burke's response was that a national approach is being considered, however, the cost of collating and publishing the information will need to be covered by industry.
- GIWA is commissioning a report on what market information should be released. I think this is a good initiative from GIWA as it will provide the opportunity for the industry to develop a consensus position.
- The review will be conducted in two stages: stage one is the identification of industry needs and options available; and stage two is an industry forum.
- The objective of the industry forum will be to reach a clearly stated position on the most appropriate strategy to address market

information needs. At the completion of the forum, a report will be completed that covers the outcomes and recommendations. The final report will be submitted to me prior to being distributed to industry participants.

- It is anticipated the final report with recommendation will be released to industry in early October.

### **OPPORTUNITIES FOR WA GROWERS**

- Export access for WA grains is vital to our continued success. Our biggest markets are Japan, Indonesia, Saudi Arabia and South Korea.
- My visit to **Saudi Arabia** – identified that Saudis are looking to import significant volume of wheat when they have previously banned wheat imports. 14 per cent protein is traditionally used but given high cost of that specification lower protein is being considered. Education about using this wheat type is required.
- The Department of Agriculture and Food has sent technical experts to Saudi to understand issues better and collaboration is being established to work with the Saudis and educate them about using Australian wheat.
- Adoption of Western diets in **Singapore and Malaysia** – Western Australian wheat is currently used for noodle making in Singapore and Malaysia. With the change to westernised diets the bread product consumption is increasing and noodle consumption is stagnating.
- There is strong preference from processors for Australian wheat as they like the high milling yield and the colour as well as the clean, green aspects of the product when compared to the US wheat they currently use. The Department of Agriculture and Food and CSIRO are developing relationships with mills and

processors in these markets. Both organisation will work together to provide support and training to help millers and processors better understand how flour made from Australian wheat can be used for bread making that meets consumer requirements.

- New opportunities for both growers and traders will present themselves when canola, barley and lupins become deregulated as of 23 October 2009, before harvest, I believe removing the export restrictions on these grains will improve market competition reducing costs for traders and providing growers with more selling options and potentially higher prices

## **GRAIN LOGISTICS**

- I want to talk briefly about the 2008-09 season where the grains industry experienced constraints in getting the harvest from upcountry receival sites into vessels.
- There is evidence that these delays had an impact on some sales of Western Australian wheat with potential buyers looking at alternate overseas suppliers and Australian ports. If similar problems are encountered next season then our reputation as a reliable supplier may be damaged.
- The delays were as a result of a number of issues mainly:
  - A large and delayed harvest along the WA coast, due to weather conditions,
  - Exporters wanting early shipments driven by increased number of cash sales and the need for exporters to recoup the money,
  - Multiple exporters (increased from one to more than 23,
  - Moving large volumes from farm to port, given the good harvest,
  - The timing of receival point fumigation, and
  - CBH had committed more grain than it could get to port.

## **Current situation**

- The congestion within the Shipping Stem is being resolved by industry
- CBH has stated Shipping Capacity Allocation will operate over two periods throughout the year: the Harvest Shipping and the the Annual Shipping Period .
- The purpose of the CBH Shipping Capacity Access Allocation mechanisms is to ensure shipping capacity is allocated on equitable, transparent, commercial and competitive terms, while addressing the identified bottlenecks and operational issues.
- It is intended to trial these business rules in 2009-10 and, if required, further refine them for 2010-11.
- CBH is currently negotiating with industry as to how the auction system will operate. I know some exporters have expressed concern that the proposal being put up by CBH is overly complex and may have the undesired consequence of increasing costs to exporters.
- The rail/road issue comes under the jurisdiction of the Minister for Transport, but clearly has major ramifications for agriculture.
- With Rail, an agreement was reached that will see the newly established Strategic Grain Network Committee (SGNC) take a leading role in examining and providing advice and recommendations on the future of the State's grain rail network and the Government's possible investment in it.
- The newly established committee, made up of industry representatives and headed by leading transport expert, Professor Fred Affleck, has the task of developing a plan to ensure that

Western Australia's grain rail network is best placed to service the sector well into the future.

- The SGNC will provide the Government and the sector with recommendations before the end of 2009.
- There are questions on the capacity of the grain logistics system to deliver grain to port during the peak shipping periods at harvest time.
- GIWA and Australian Association of Agricultural Consultants (WA) Inc have both held very successful forums for growers, providing the opportunity for open debate on the current logistics issues and identified options for a way forward. Both events have been widely praised for creating constructive debate on the issues.

### **Closing point**

- Australian producers are known for their innovation and flexibility.
- Sustained improvements are essential; both at an individual farm level and across the industry, to ensure growers can meet some of the challenges facing the industry (such as – changing climate and fluctuating input and commodity prices). This Expo provides a great opportunity to discuss what may lie ahead.
- By working together we can develop effective relationships and make the right decisions to make the most of new opportunities to promote continued growth of the industry.
- It now gives me great pleasure to declare the Grains West Expo 2009 officially open.
- Thank you