

## GRAIN HANDLING INDUSTRY – motion – March 9, 2011

**Mr PEDERICK (Hammond) (11:02):** I move:

That this house establish a select committee to investigate the grain handling industry, and in particular—

- (a) the capacity of the market to ensure a vigorous and competitive marketplace for grain growers;
- (b) grain classification and standards, and whether internationally approved grain testing options should be available to growers on request;
- (c) service delivery, including human resources, operating hours and storage capacity of grain handling points;
- (d) export and shipping arrangements, including port access and associated costs;
- (e) grain quality management, including receiving and out-turn;
- (f) open and transparent information on all grains, including stock disclosures;
- (g) adequacy of road and transport infrastructure for the grain industry; and
- (h) any other related matter.

Before I commence speaking—

**Mr Williams:** You have commenced speaking.

**Mr PEDERICK:** Well, I have commenced speaking to the motion, but I would just like to indicate to the house my interest in grain growing. My family has been growing grain in South Australia since 1840. I have held grain shares, but I do not believe I have any shares in my name as I speak. My father does have a limited number of grain shares, so I just lay that out for the house's information.

It became very apparent to me during harvest from the number of calls from grain growers and truck operators that there were major problems with the way receivals were classified during harvest. Yes, we did have a difficult harvest, but we have had difficult harvests before. I myself endured a difficult harvest in 1992, when we had rain during harvest and we had shot or sprouted grain. This is where grain starts to grow in the head. Thankfully, South Australia did not have the same problems as New South Wales where, after many years of drought, massive amounts of rain fell on the crops, and the sprouting I saw in the photos was just tremendous.

There certainly were issues, and everyone knows that as soon as there is shot grain and too much rain during a harvest people will be losing money, essentially. Shot wheat especially cannot be used for good bread making. Viterra, which owns probably 95 to 98 per cent of the storage facilities throughout South Australia, made a decision not to use what is called a falling number machine.

A falling number machine is a grain quality test which measures the degree of weather damage in wheat and is based on the unique ability of alpha amylase (an enzyme released during seed germination) to liquefy a starch gel. The strength of the enzyme is measured by a falling number defined as the time in seconds required to stir plus the time it takes to allow the stirrer to fall a measured distance through a hot aqueous flour or meal gel undergoing liquefaction. The falling number test is an alternative to visual assessment for sprouted grains and always overrides the official grain assessment. While I am talking about falling number tests, Grain Trade Australia in its recommendations for classification states:

If 1 per cent or more sprouted grains are present (more than three grains per 300) conduct a Falling Number test on that load and classify accordingly...It should be noted that a Falling Number result always overrides the sprouted grain tolerance for each wheat delivery. Where a Falling Number result is reported, report result to the nearest second.

Falling number is a test that goes over 300 seconds or five minutes, and, yes, it does take a bit of time, but it certainly can give us as accurate a measurement as we can get at this stage of the quality of grain.

Visual assessment, which is what Viterra chose to use during harvest because they had the excuse of saving time, is just not accurate. When I met with Viterra representatives, they said farmers were looking at buying their own falling number machine—they might get a \$10,000 Chinese machine—and they asked whether it would be calibrated or not. I said that you could have 400 or 500 eyes across the state as classifiers and none of those sets of eyes are calibrated with each other. This is the whole issue. Relying just on visual assessment alone caused much grief and much angst throughout this harvest.

It all depends on an individual's perception when they do the 300 grain test in a tray on the visual assessment, and all in the name of so-called saving time. I have received reports directly and in my office that grain growers from the Riverland were driving down to the grain flow site at Pinnaroo because they were using falling numbers and making \$130 a tonne. That is serious money. That is serious money for a B-double load of grain; it would be about \$5,000 a load.

There were many instances of this across the state. We had farmers at Cowell who brought in their own falling number machine—I think they sourced that through CBH in Western Australia—so that they could have a good look at what they were getting and whether it was worth taking their grain to Crystal Brook. We had EP Grain using a falling number machine, and it managed to secure at least 100,000 tonnes of grain, I believe.

So, there is a whole range of issues relating to falling numbers. Viterra decided not to use them on site. They were running what is called a 1,000 tonne average, but that average was coming way out above classification in reports made to me, especially from the Pinnaroo site.

General purpose wheat which needs a falling number of 200 was going into a bunker and coming out on a 1,000 tonne test at times well over 400, so well into good quality milling grade wheat. What happened here is that we had loads of grain going all over the state because not only was visual assessment the only assessment being used but there were also different tolerances of how many per cent of visual grain, how many per cent of sprouted grain, would be used to knock the wheat into another classification. So, there was a stage where the assessment was tougher down at Keith; so all the South-East trucks were coming up, blocking up the system at Taillem Bend, where a lot of my local growers deliver.

There were many, many stories of problems with classification around the state, and I had many discussions with people from Viterra. I must commend Paul Tierney, Corporate Affairs Manager, for always getting back to me and keeping me in the loop, and I kept him in the loop. As I said to Paul the other day, 'If we are not getting hit around the head with an issue, if there was not an issue, we not would not have to act, but we have to act because there is so much angst across the state.'

I think the worst story I heard about a load being shuffled around the state was a load of barley, which got taken into the Gladstone silo, but because of different classification and storage issues it came to Adelaide, and then it went to Ardrossan. At the end of the day, the farmer just got frustrated and went back to his home silo at Gladstone and tipped it off. We need to go through major issues as far as classification is concerned.

We also need to look at the broader issues of the shipping stem, demurrage costs, whether competitors in the system can get their boats in on time, and we need to look at the efficacy of information, the transparency of information. We also need to look at the whole transport arrangements in this state regarding both rail and road and every matter to do with grain, and the readiness, especially of Viterra, this year. They were building bunkers throughout harvest. They had couple of bunkers they were building at Taillem Bend that were not ready until the end of January. They should have been ready at the start of harvest because Taillem Bend is a significant site.

There are many, many issues. I would call on the house in a bipartisan approach to set up this select committee. There are no real politics in this. We need to do this for the farmers of this state, and I urge everyone in this parliament to get on board and to set up this select committee, because it needs to happen. We need to do it for the multibillion dollar grain industry for this state that has enough to put up with, without being unable to deliver grain at the appropriate times and at the appropriate classification.

Just in my closing remarks, this is not just about Viterra; Viterra is the main operator. We also need to look at what the other options are in this state, what other people are doing and what options may be there in the future, and we must also make it far more streamlined so that we do not see this level of angst again in the industry. So, I move this motion today and I hope that everyone can come with me.

*Closing remark*

**Mr PEDERICK (Hammond) (11:40):** I know that many other members on this side of the house could speak on this debate, but they are very keen—as I am sure members are on the other side—to put the vote and, if possible, get this committee going and on the ground.

I would just like to acknowledge the Hon. Robert Brokenshire, who moved a similar motion in the upper house, because we both recognised that a motion of this kind needed to come forward for the farmers of this state. In saying that, I also acknowledge the bipartisanship and goodwill of this house. It is not often that we see goodwill like this in this house, and I acknowledge the minister for agriculture's words today, as well as the contributions of the member for Light and the member for Mawson.

I think that, if it is established today, this committee will do very good work. We will be able to hear from trucking operators, farmers, operators of grain silos and grain traders, as well as any other matter that might be relevant that we may have missed in the reference points. I believe that it will be an involved committee. The main focus will be on the classification and storage problems from last harvest, which will need to be dealt with early in the committee proceedings.

However, there are many other things that we need to debate, as I said in my earlier speech, about transport, infrastructure and other items that, perhaps, the parliament can assist with over time. With those comments, I applaud the bipartisanship of the house today, and I hope that we can get this committee established.

Motion carried.

The house appointed a select committee consisting of Messrs Bignell, Brock, Pederick, Piccolo, Treloar and Whetstone and the mover; the committee to have power to send for persons, papers and records, and to adjourn from place to place; the committee to report on 14 September 2011.

**Mr PEDERICK (Hammond) (11:44):** I move:

That standing order 339 be and remain so far suspended as to enable the select committee to authorise the disclosure or publication as it thinks fit of any evidence presented to the committee prior to such evidence being reported to the house.

**The DEPUTY SPEAKER:** I have counted the house and, as an absolute majority of the whole number of members of the house is not present, ring the bells.

*An absolute majority of the whole number of members being present:*

Motion carried.