

**Senate Rural Affairs and Transport References Committee**

**INQUIRY INTO OPERATIONAL ISSUES IN EXPORT GRAIN NETWORKS**

**Index of Documents Tabled at Adelaide Hearing  
Tuesday, 30 August 2011**

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**Submission to the Senate Standing Committees on Rural Affairs and Transport**  
**Inquiry into operational issues in export grain networks**  
**Wheat Exports Australia – Opening statement**

**30 August 2011**

I will use the acronym WEA to describe Wheat Exports Australia in my opening statement.

WEA was established on 1 July 2008 under the Wheat Export Marketing Act 2008.

Under the Wheat Export Marketing Act 2008, WEA has two objectives:

- a) to promote the development of a bulk wheat export marketing industry that is efficient, competitive and advances the needs of wheat growers;
- b) to provide a regulatory framework in relation to participants in the bulk wheat export marketing industry.

WEA's role is to accredit fit and proper exporters, monitor those exporters and ensure continuous disclosure of the shipping stem. WEA has no role in storage and handling, transport, publishing statistics, setting receival standards or classifying wheat varieties.

I would like to present the Committee with some updated wheat export statistics.

For the first 10 months of the 2010/11 marketing year to 31 July, Australia exported a total of 15.33 million tonnes of wheat to 50 countries. If this pace of exports continues for the full 2010/11 marketing year wheat exports will exceed 18.30 million tonnes. This is larger than the 2003/04 marketing year which saw 17.87 million tonnes exported to 40 countries under the single desk regime.

Of the 15.33 million tonnes exported to date 13.47 million tonnes or 88% has been exported in bulk to 35 countries by 19 exporters.

1.86 million tonnes or 12% has been exported in containers to 39 countries by 85 exporters.

The 2010/11 marketing year to date has seen a significant lift in export tonnages for most states (except Western Australia) against last year's export tonnages and the five year average.

The greatest increase in exports has been from South Australia where for the 10 months to 31 July 4.57 million tonnes of bulk wheat has been exported compared to 1.77 for 2009/10 marketing year.

Currently, there are 26 exporters accredited by WEA under the Wheat Export Accreditation Scheme. Nineteen of these exporters are actively exporting. The scheme has been in operation for 3 years and to date no single exporter has dominated the bulk wheat export market. For the 10 months of the 2010/11 marketing year to date the two largest exporters have accounted for 31.2% of bulk wheat exports. The top nine exporters have accounted for 88.5% or 11.9 million tonnes.

Such a rapid increase in the number of accredited exporters has been an outstanding feature of the deregulation of the bulk wheat export industry.

There are currently three accredited exporters who operate, or have an associated entity which operates a port terminal service requiring an ACCC access undertaking. GrainCorp Operations Limited has had its access undertaking accepted by the ACCC until 30 September 2014. Viterra Operations Limited and Co-operative Bulk Handling Limited have access undertakings in place to 30 September 2011 and they are now negotiating replacement undertakings.

There are also two other port terminal services not requiring an ACCC access undertaking, as the accredited exporter does not control or influence the control of the operation or management of these facilities. They are:

1. Melbourne Terminal Operations Pty Ltd is the provider of port terminal services at the Port of Melbourne.
2. Queensland Bulk Terminals Pty Ltd at Brisbane port owned by Wilmar Gavilon Pty Ltd.

Louis Dreyfus Commodities Australia Pty Ltd is exporting bulk wheat from Newcastle's K2 berth using a ship loader owned by P&O Automotive and General Stevedoring Pty Ltd. This arrangement was considered by WEA and determined not to be a port terminal service due to the non-exclusive agreement between Louis Dreyfus Commodities Australia Pty Ltd and P&O Automotive and General Stevedoring Pty Ltd.

For each bulk wheat export terminal, WEA downloads and analyses the shipping stem on a daily basis and monitors compliance of the accredited exporter or associated entity with the continuous disclosure rules.

WEA has undertaken four shipping stem audits since March 2009. The auditors made a number of recommendations which were implemented by the port terminal operator. This has led to better systems and processes by port terminal service providers, helped to minimise monopolistic behaviour and aid in providing fair and reasonable access for all accredited exporters.

For the 2010/11 marketing year each of the port terminal service providers or associated marketing arms have executed a minimum of 99% of the tonnage they nominated on the shipping stem.

WEA notes with interest that the marketing arms of the port terminal service providers have in general seen a deterioration in their share of the bulk wheat export market for the ports they own. Viterra Ltd in 2008/09 had 37% of South Australian bulk wheat exports compared to 24% for the 10 months of this 2010/11 marketing year. CBH Grain Pty Ltd has been relatively constant at 38% to 39%. GrainCorp Operations Limited achieved 38% in 2009/10 and 31% for the 10 months of this 2010/11 marketing year.

THANK YOU





# 2010.11

post harvest  
review

working group report



# Letter from Rob Kerin

June 2011

As the chair of the 2011 Viterra Post Harvest Review, it was my pleasure to lead a working group comprised of Dave Lewis from Primary Industries and Resources, South Australia (PIRSA) as the Minister's departmental representative, Peter White as President of the South Australian Farmers' Federation, and Viterra senior personnel, Dean McQueen, Don Drombolis, Damian Fitzgerald, Paul Tierney, Marc Cooney and Bill Vandeppeer.

Viterra annually conducts internal harvest reviews, however, this review extended beyond an internal assessment of harvest operations in 2010/11. The review assessed Viterra's South Australian operations during harvest in 2010/11, taking into account environmental factors, including the impact of widespread rain in late November and early December, and record volumes of production. The working group's findings and recommendations are in this report.



The 2010/11 harvest presented unique challenges. We saw record crops, with PIRSA's final estimate in March 2011 at 10.34 million tonnes. In addition, there were widespread rain events in both November and December which resulted in weather-damaged grain. The inward elevation capacity across the Viterra storage and handling network has been tested over the last decade with significant increases in harvesting and carting capacity of growers, which was evident during the 2010/11 harvest.

The grains industry itself is experiencing a time of change, with new entrants to the market in both storage and marketing, the increase in on-farm storage, the introduction of bunkers as permanent storage, new out loading facilities such as Outer Harbor, and the deregulation of both the barley and wheat export markets. During this period of change, it is important we continue to learn, and through this Post Harvest Review process, we have learnt from the 2010/11 harvest. It is now the responsibility of Viterra to ensure that positive change is implemented in a planned and strategic way.

The working group addressed key areas that influence the efficient operation of Viterra's South Australian grain handling and storage network including communication, information provision, classification, storage, safety, harvest forecasting and site operating hours. The full terms of reference are listed inside this report.

The working group consulted extensively across South Australia with key stakeholders, including growers, grower groups, carriers, industry bodies and internal Viterra audiences. As part of the consultation process, the Viterra 2010/11 Post Harvest Review Grower Questionnaire was sent via mail and email to all growers who had delivered into the Viterra network – more than 5,000 growers. Of this, more than 1,100 replies were received. In addition, more than ten written submissions were received. Full details of the working group process are detailed in Section 2 of this report.

Nine regional meetings were held, which were attended by growers, carriers and independent agronomists, along with meetings with the South Australian Farmers Federation (SAFF) Grains Council, Advisory Board of Agriculture, and South Australian Road Transport Association (SARTA), and five internal meetings with Viterra employees covering operations, quality and communications. In addition, I met independently with key stakeholders such as local representatives, MPs, members of silo committees and individual growers.

The circumstances of the 2010/11 harvest were unique and presented new challenges; however, the recommendations in this report are designed to help improve the efficient operation of the Viterra network in coming years in order to better serve South Australian growers.

The working group would like to thank all involved for their cooperation and assistance in this review. We acknowledge the frustrations felt by growers and other stakeholders during harvest, and appreciate that many growers, carriers, independent agronomists, industry groups and representatives, and employees have been constructive throughout this process. There is no doubt the farming community want the system improved and this has also been the working group's focus – to improve for the future.

As chair, I have been encouraged by Viterra's early action in purchasing 78 falling number machines, its initiative to recruit 200 permanent employees and the establishment of a dedicated grain classification training unit. These actions demonstrate Viterra is not content to be idle in waiting for this report but instead is willing and eager to work with growers and the industry to improve its services for coming harvests. The timing of these actions was an acknowledgement that immediate action is needed to implement change before the next harvest.

My discussions with Viterra through this process have made me confident that positive and long overdue change will be implemented. While I'm confident much of this change will be enacted before the 2011/12 harvest, I acknowledge a number of the recommendations put forward by the working group require committed, long-term investments, which may extend over the next decade. I am confident the changes this Post Harvest Review will bring about will ensure Viterra's own internal reviews will be sufficient in the future to implement required and ongoing changes.

Rob Kerin  
Chair, Post Harvest Review working group



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# Terms of reference

Viterra announced the establishment of a Post Harvest Review on February 2, with the process designed to support Viterra's ongoing commitment to listen, respond to feedback and implement new initiatives to benefit growers.

On February 7, Viterra announced the appointment of Rob Kerin as the independent chair of the Post Harvest Review working group. As former Minister for Primary Industries and a former Premier of SA, and in his current position as chairman of Regional Development SA, Mr Kerin's intimate understanding of the rural landscape in the State was key to his appointment.

Also at this time, Viterra announced the inclusion of PIRSA on the working group, with this position filled by Dave Lewis, Manager, Grain Industry Development.

Further to this, Viterra announced on February 22 the involvement of the South Australian Farmers' Federation President Peter White.

The working group's terms of references, announced publicly on 3 March 2011, were as follows:

## Context

This Review will assess Viterra's South Australian operations in the context of the State's grain harvest in 2010/11, exploring the impact of widespread rain in early December and record volumes of production.

## Scope of the review

A working group has been appointed by Viterra to manage the Review and is responsible for:

- Reviewing Viterra's operations in connection to the South Australian grain harvest in 2010/11.
- Consulting widely with growers and other key stakeholders, to learn from the collective experience of the grains industry during the 2010/11 grain harvest.
- Formulating recommendations to improve Viterra's service delivery, communication and methods of consultation with growers and stakeholders in the future.
- Consider industry-wide recommendations if appropriate.

The working group will give consideration to issues that influence the efficient operation of Viterra's South Australian grain handling and storage network, including but not limited to:

- Communication to growers and carriers during and prior to harvest.
- Information provision for the benefit of growers, including warehouse and quality data disclosure during 2010/11.
- Available storage capacity, including the number of segregations made available during harvest.
- Grain classification, including sampling, assessment techniques (visual and objective), standards and classifier training.
- Site opening hours and service delivery to growers and carriers.

- Awareness of on-site safety procedures and protocols for all visitors to Viterra sites.
- Harvest forecasting.
- Any other factors that may have impacted upon service delivery to growers during 2010/11 harvest.

## Consultation

In conducting its Review, the working group will consult widely with key industry stakeholders, including growers and their representative groups, industry bodies, companies and government agencies.

It is anticipated that Viterra's regional network of silo committee chairs will contribute local knowledge and experience into this process, ensuring the working group gains a thorough understanding of harvest operations across the state.

Individual growers will have the opportunity to provide input directly to the review through responding to the Viterra 2010/11 Grower Questionnaire. This document will be distributed to all South Australian active growers registered with the National Grower Register during the 2010/11 marketing year. It will be sent via post during March 2011 with a four week period to respond.

The working group accepted written submissions from interested parties via:

**Email** harvest.review@viterra.com

**Mail** Viterra Post Harvest Review  
PO Box 1169  
ADELAIDE SA 5001

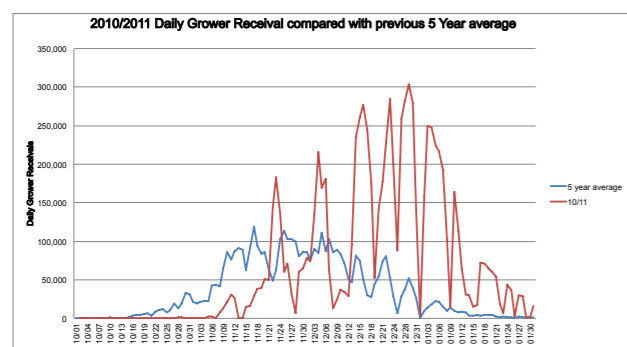
The working group consulted extensively across South Australia.

- Grower meetings were held at:
  - o Auburn
  - o Gladstone
  - o Maitland
  - o Bordertown
  - o Tailem Bend
  - o Loxton
  - o Cleve
  - o Streaky Bay
  - o Tumby Bay
- Key external stakeholders, including:
  - o South Australian Road Transport Association
  - o Viterra Grower Communications Group
  - o The South Australian Farmers' Federation
  - o Advisory Board of Agriculture
- As part of the consultation process, the Viterra 2010/11 Post Harvest Review Grower Questionnaire was sent via mail and email to all growers who had delivered into the Viterra network – more than 5,000 growers.
- Of this, more than 1,100 replies were received.
- Internal Viterra stakeholders, including:
  - o Viterra Service Centre
  - o Viterra Quality Control
  - o Regional storage and handling employees
  - o Regional sales employees
- In addition, more than ten written submissions were received.



# 2010/11 harvest – in perspective

South Australia's 2010/11 harvest was one of record crop production, record receivals and unique challenges. The PIRSA March 2011 crop estimate was 10.34 million tonnes. This is the largest crop ever produced in South Australia and exceeds the previous record crop in 2001 by 10%. The five-year average crop production is 5.62 million tonnes.



**Figure 1** 2010/11 DAILY GROWER RECEIVALS COMPARED TO FIVE-YEAR AVERAGE Source: Viterra

This harvest, Viterra recorded six of the top ten receival days in the history of bulk-handling in South Australia. On seven occasions, daily grower deliveries were in excess of 250,000 tonnes state-wide, which has never been achieved in a harvest before. In one day alone, more than 300,000 tonnes was received into the system, the second biggest day in the history of bulk handling in the State. From mid-December to mid-January, more than 5 million tonnes was received into the system – more than the entire average crop Viterra would receive in one year.

Some key statistics from the 2010/11 harvest:

- There were 326,928 individual loads of grain
- 6,829 individual trading entities delivered grain to a Viterra site
- On seven days, grower receivals exceeded 250,000 tonnes – more than 9,800 trucks per day

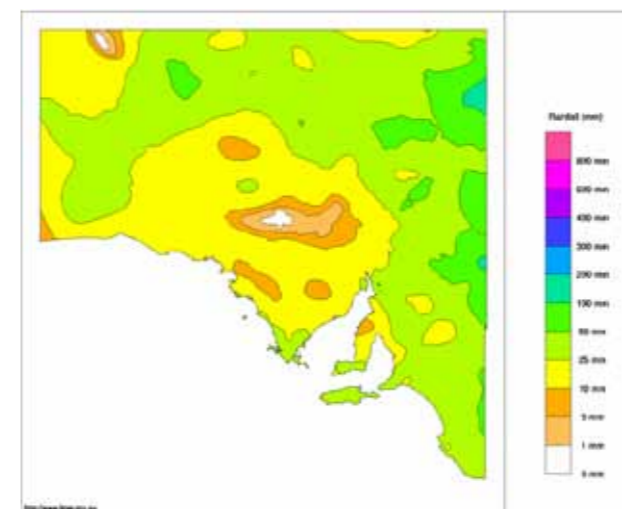
- 29 Viterra sites set daily receival records
- 18 sites set harvest receival records
- 76 segregations were offered across the State
- 2.0 million tonnes was received prior to the major rainfall event on December 8 –20% of the PIRSA estimate
- Approximately 5.5 million tonnes of grain was received between mid-December and mid-January

The 2010/11 seasonal conditions were most favourable and had forecasters constantly reassessing the size of the crop. Preparations began well in advance of the harvest. The escalating crop forecasts were monitored by Viterra and the broader industry; however, once harvest commenced, growers across the state began reporting even higher yields than anticipated. Results from the Viterra 2010/11 Post Harvest Review Grower Questionnaire show that for more than half of growers (or 58%) the 2010/11 crop exceeded their expectations. And of these, 75% reported an increase in yields of more than 10% of what they expected.

One of the greatest challenges of harvest followed the widespread summer rain, which fell during late November, particularly on 24 and 26 November; and early December. On December 8, just before the peak of harvest, heavy rain fell across agricultural regions throughout South Australia. For example, Saddleworth received more than 70 mm of rain, Wallaroo more than 50 mm while Taillem Bend received more than 30mm.

The rain interrupted harvest operations in a number of ways. It delayed the start of harvest in some regions, prompted a stop-start harvest in others, and affected grain quality, in some cases significantly. All of these factors contributed to the complexity around classification procedures and receival timeframes.

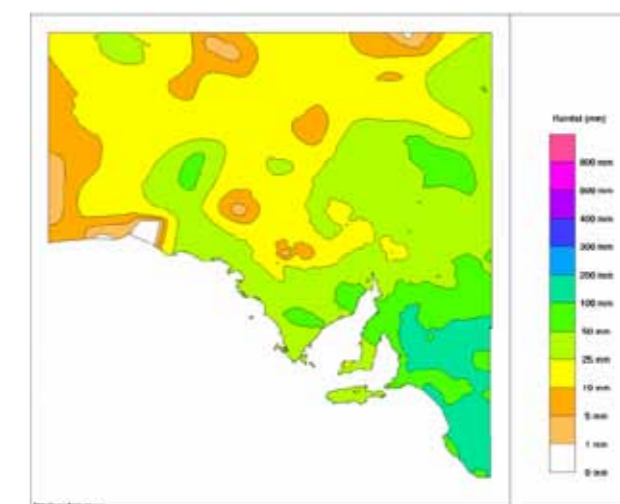
As a result of La Niña weather conditions, Australia experienced its third wettest year on record in 2010, with particularly large rainfalls in November and December affecting harvest conditions. According to the Bureau of Meteorology, rainfall totals were above average in parts of the southeast and along coastal areas in November. Pinnaroo had its highest November total rainfall on record, with a total of 94mm, compared to its average of 26.2mm. Rainfall totals ranged from 5 to 30mm across the agricultural districts, increasing to near 50mm in the Mount Lofty Ranges, Murray Valley and the Lower Southeast. Some locations in parts of the southeast received between 60 to 90 mm of rain.



**Figure 2** SOUTH AUSTRALIAN RAINFALL TOTALS, NOVEMBER 2010 Source: Australian Bureau of Meteorology

December continued to be a wet month. Large areas of southern and eastern SA had well above average rainfall with totals two to five times the average for the month. December rainfall totals over most of Eyre Peninsula, Kangaroo Island, the Mid North and Upper North, and much of Yorke Peninsula were in the 30-60mm range. The remainder of the South Australian agricultural areas had significantly above average

rainfall, typically in the top 10% of December totals on record, reaching record levels at many locations. Totals associated with this were typically in the 80 to 160mm range. Riverton received a total monthly rainfall of 197mm, Pinnaroo 93.5mm, 137.8mm in Keith, and 139.3mm at Naracoorte. Most of this rainfall occurred in a widespread thunderstorm and rain event around 7 and 8 December, just before the peak of harvest.



**Figure 3** SOUTH AUSTRALIAN RAINFALL TOTALS, DECEMBER 2010. Source: Australian Bureau of Meteorology

It is important that as an industry, we acknowledge last year's harvest was unique and unprecedented and it has presented all participants with suggestions for how we can learn and improve for future years.

# Findings and recommendations

# Communication to growers and carriers during and prior to harvest

## Background

Viterra annually offers growers a number of communication tools to access information before and during harvest. The Post Harvest Review examined the communication methods Viterra used during harvest. In particular, the review identified that stakeholders found Viterra communicated relatively well through the use of the SMS system and the Viterra Service Centre.

The working group is aware that Viterra mails a Harvest Pack to approximately 34,000 growers nationally, including information on storage and handling, grain marketing products, employee contact details, and all relevant terms and conditions. Other communication tools widely accessed during the 2010/11 harvest included the Viterra website, the ezigrain website, the SMS system, site message boards, and the Viterra Service Centre.

In addition to these tools, Viterra has a weekly column in the Stock Journal. During the 2010/11 harvest, Viterra also communicated with growers through ABC radio's Country Hour program, with regular updates provided by Country Operations Manager, Andrew Hannon.

The Viterra 2010/11 Post Harvest Review Grower Questionnaire results highlighted that throughout the 2010/11 harvest, growers were most satisfied with the staff, the SMS service and the opening hours. Growers would like these aspects to be retained for future harvests. Results from the Viterra 2010/11 Post Harvest Review Grower Questionnaire included 140 positive comments about staff, 133 comments about the SMS service, and 121 positive mentions of the opening hours.

## Viterra Service Centre

The working group observed that growers made regular use of the Viterra Service Centre during the 2010/11 harvest. Service Centre operators received telephone enquiries relating to daily prices, site operating hours, receival standards, grain contracts, on-farm pick-up, pool and warehousing queries, storage and handling charges, weigh note amendments, billing and assistance with the ezigrain website.

The Service Centre, which offers a free call number, operated extended hours during harvest, opening from 7am to 7pm Monday to Friday, 8am to 5pm Saturday and 9am to 5pm Sunday, from the 20th November to the 7th February. The only two days the Service Centre was closed were Christmas Day and New Years Day. From early February, opening hours were reduced to 7.30am to 6.30pm Monday to Friday and closed Saturdays and Sundays. These hours have gradually been reduced as the demand decreases; however, the Service Centre is open year-round from 8am to 5pm Monday to Friday.

The Service Centre responded to 10,600 calls during December 2010, an increase from the previous December when 6,500 calls were responded to. In January 2010, 13,000 calls were answered, as opposed to 4,300 in January the previous year. Callers not answered within 60 seconds were invited to leave a message and these calls were returned. Between October and February, the average speed of answer of an inbound call was 22 seconds. The number of calls reflects the size of the harvest and the accompanying complexity it brought. The working group would like to acknowledge the challenges the Service Centre employees dealt with, and the group understands that the training and support systems in place were well-utilised.

## SMS system

SMSs were sent regularly advising growers of site operating hours and segregation availability. More than one million text messages were sent in the period October to February. Generally, feedback received by the working group on the SMS system was very positive and revealed it was a widely used and valued service during harvest.

There were pockets of the State where mobile reception is poor and this reduced the efficiency of the SMS system.

There was feedback about the accuracy of information provided about a small number of sites. Investigation of this issue clearly showed it to be a matter of poor provision of information from those sites to the Service Centre, who are responsible for sending out the SMSs. Viterra has already indicated it will work directly with those involved to improve these services.

Several sites used the SMS to provide more detailed information, particularly segregation availability, and this was appreciated by growers and carriers. In future, this could be expanded to other sites.

Overall, respondents to the Viterra 2010/11 Post Harvest Review Grower Questionnaire indicated they would like to receive harvest information from Viterra via SMS, ezigrain and email.

## Ezigrain

Growers at working group meetings indicated ezigrain was a valuable tool and widely used, but they had suggestions on how it could be improved. Ezigrain is an internet-based platform that enables growers to access information including reports on their deliveries, grain in warehouse, warehouse advances, transfers and weather. Other information available on ezigrain and regularly updated during harvest includes receival classification standards, storage allocation and site availability, site operating hours, quality policies (i.e. weather damage, dark tipping, sticks and stones etc) and daily cash and pool prices.

Growers noted in their questionnaire responses that the ezigrain website is superior to competitor interfaces; however, feedback indicated it needs to be more regularly updated and detailed. Growers did note that information regarding site operating hours and available segregations did not always reflect that received via SMS. In addition, classification specifications for all grades and the segregations at every site needed to be easily accessible on ezigrain. The working group acknowledges, however, the difficulties in keeping this information up to date, particularly during the peak periods of harvest when conditions are changing rapidly.

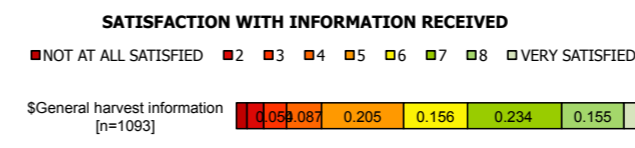


Figure 4 SATISFACTION WITH INFORMATION RECEIVED Source: Viterra 2010/11 Post Harvest Review Grower Questionnaire



## Consistency/accuracy of information

Growers provided feedback that there were occasional discrepancies in the information received via SMS and that displayed on ezigrain or at local sites. It was also noted that some carriers were not subscribed to the SMS service and so did not receive the notifications about operating hours. It was identified that a pre-harvest effort should be made to encourage further uptake of the SMS system, in particular to ensure carriers are registered for this service.

The working group believes by ensuring the consistency and coordination of this information, the service level to growers and couriers would be improved.

## Silo committees

There are currently a number of silo committees set up across the State, mainly located around Viterra's strategic sites. These committees, which represent key strategic sites/regions and are formed predominantly of a mix of growers and carriers, offer Viterra an opportunity to obtain useful feedback on a range of topics including harvest forecasting, site operating hours and segregations.

The effectiveness and relevance of silo committees was raised as a topic during the Post Harvest Review. These were managed with varying degrees of efficiency and coordination. There appeared in some areas to be a correlation between the active and well-run silo committees and improved customer satisfaction and better communication between growers and Viterra, which was reflected in operating hours that better suited local growers. However, this was not an absolute rule.

Local growers at Tumby Bay and Roseworthy have shown the initiative and established new silo committees since the end of harvest with the support of local Viterra employees.

The role of the silo committee needs to be more clearly defined. As users of the system, silo committees can provide useful information to the company in an advisory role, with Viterra then responsible for decision making. The silo committees can provide feedback specifically on segregations, opening hours, traffic management, and other local issues as necessary. In addition, the

working group believes that carriers should continue to be represented on silo committees to ensure their feedback is equally received. Viterra needs to clearly define the role of silo committees and communicate this effectively to those growers involved.

During the Review it was reinforced how well silo committees understand the operation of the sites. Through the silo committees, there is the opportunity for consultation regarding maintenance planning and future capital improvement. However, the working group acknowledges the final decisions need to remain with Viterra management.

## RECOMMENDATIONS

1. The working group recommends Viterra continues to provide information via its various communication mediums - ezigrain, the Service Centre and the SMS system - and further develop these tools where necessary to ensure the coordination of information through all communication channels. In addition, it is recommended Viterra endeavours to provide more detailed and accurate information where possible, and ensures site management understand the need for the provision of accurate information to the Service Centre.
2. The working group recommends Viterra encourages further uptake of the SMS system, particularly by carriers.
3. The working group acknowledges the important role and contribution of silo committees and recommends Viterra reaffirms its commitment to the silo committee structure. This includes supporting those silo committees already in existence and where necessary, re-establishing silo committees. In addition, it is recommended the involvement of carriers on these committees be encouraged.

# Information provision for the benefit of growers, including warehouse and quality data disclosure during 2010/11

## Findings

In June 2010, Viterra made an announcement about an increased level of information that would be made public with respect to commodities managed through its grain network. In this announcement, Viterra re-introduced the capability for growers to choose to have the details of their grain stored in warehouse disclosed to other grain marketers through an "opt-in" service. This system was publicised through the media when announced and growers were provided with the opt-in form in the Viterra Harvest Pack.

The working group acknowledges that warehousing remains a highly valuable tool for growers. It provides the ability to defer and maximise marketing decisions. Despite the capability to disclose warehouse information, the working group notes that only a small number of growers have elected to have this information released.

The Viterra 2010/11 Post Harvest Review Grower Questionnaire highlighted that 67% of respondents knew they could provide such information, however, the working group believes more can be done to promote further uptake of this service. This would promote further openness and transparency for growers and marketers alike.

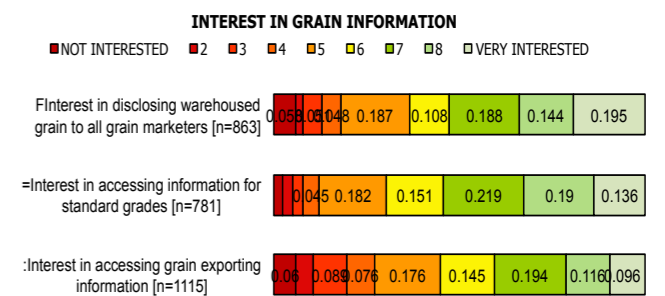


Figure 5 INTEREST IN GRAIN INFORMATION Source: Viterra 2010/11 Post Harvest Review Grower Questionnaire

## RECOMMENDATIONS

4. The working group acknowledges the information Viterra has made publicly available and recommends Viterra investigate further ways of raising awareness among growers on the detail of information that is publicly available.
5. The working group recommends Viterra investigate the further disclosure of information to the market, including the frequency of reporting.

# Available storage capacity, including the number of segregations made available during harvest

## Findings

Viterra has acknowledged to the working group that while the 2010/11 harvest pushed the storage and handling network to its limit, it is important that as an industry, we learn from this harvest and identify what needs to be improved to be able to handle such a crop and, in the process, create greater efficiencies for future seasons.

Viterra's storage and handling network in South Australia is an integrated network of 106 grain receival sites and eight grain export terminals located throughout the State.

For the 2010/11 harvest, new bunkers were constructed at nine sites. The working group received feedback that growers felt construction of some of the bunkers could have been completed earlier in the season; however, this was the biggest expansion of storage capacity for many years.

There was some grower frustration at the decision not to operate some smaller sites at Cambrai, Copeville, Galga and Wilmington; however as the capacity of these minor sites amounts to approximately 23,000 tonnes, the working group believes this would have had minimal impact in achieving additional capacity needed for the 2010/11 harvest. There was consistent acknowledgement from growers at working group meetings that the smaller, less efficient sites are incompatible with the pace of modern harvesting, but a general sentiment was that any such closures will be far more acceptable if growers can see capital improvements at the larger sites.

Last year's record crop saw numerous grower receival records set. The peak of deliveries occurred between mid-December and mid-January. During this four week period, Viterra received approximately 5.5 million tonnes, which is more than the average annual receival total. PIRSA's final estimate for the 2010 season crop production, given in March 2011, was 10.34 million tonnes.

The huge crop tested the entire storage and handling network, which has highlighted shortcomings in the system. This has been confirmed by feedback received from stakeholders through the Post Harvest Review process.

## Segregations

Viterra has the task of accommodating the various commodities grown through the implementation of segregations at all sites. The segregation plan is released at the beginning of harvest and undergoes continuous modification throughout the harvest period, depending on weather conditions and changing quality requirements.

The working group received feedback during the consultation process about the delay in introducing segregations at various sites across the State, particularly for industrial malting barley grades, such as Flagship Industrial Malting grade (FMIN). The concern from growers was that this was a lost opportunity for growers to capture higher prices for their malting barley, which had not met malting specifications and instead had been graded as feed, rather than being classified

in the middle range as FMIN. The working group acknowledges that growers in early harvesting areas can miss out on segregations which are opened later as a result of changes in market demand. In addition, the working group understands this is a difficult area for Viterra who need to balance the needs of growers with the demands of marketers and the industry as a whole, and this difficult problem is not easily solved. However, the working group believes that better communication around segregation plans needs to be made early in the year, as well as providing regular updates throughout harvest as these segregations change.

The feedback received across the State was that generally segregations were sufficient and adequately managed when considering the size of the harvest. The working group received constructive suggestions as to how this could be better managed. In several areas, suggestions were made that smaller sites be deemed commodity specific. Such decisions could increase efficiency at the larger strategic sites. By utilising the smaller sites in this way, the strategic sites could have limited segregations in order to operate more efficiently, especially during peak periods.

Additional feedback was that the opening hours of sites located near the strategic sites have their operating hours reviewed to better reflect those of the strategic site. This does not necessarily mean that the hours are the same, but that they are better aligned.

Overall, respondents to the Viterra 2010/11 Post Harvest Review Grower Questionnaire were relatively satisfied with the grain segregation, with approximately half (or 53%) giving a score of 6 or higher out of 9.

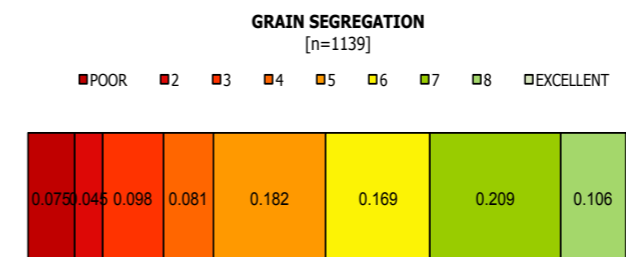


Figure 6 GRAIN SEGREGATION Source: Viterra 2010/11 Post Harvest Review Grower Questionnaire

## Infrastructure and maintenance

The working group sees the maintenance and upgrading of technology and infrastructure at Viterra sites as key to the company being able to offer high-quality services to growers and carriers. This is not limited to the physical structures – silos, sheds or bunkers – but also to roads, weighbridges, sampling huts, and the equipment used on sites such as front-end loaders and drive-over hoppers.

The working group acknowledges that improvements in agronomy resulting in higher yielding varieties as well as the speed and capacity of harvesting equipment has led to growers being able to produce more and harvest crops quicker.

It was discussed by many growers at meetings that this issue is a legacy of under investment in infrastructure and maintenance over a long period of time. We received feedback across the State of a long history of under-investment in sheds, elevator capacity and the full range of facilities. It was acknowledged that not all issues could be resolved immediately, but growers want to see strategic planning and expenditure on the infrastructure to improve turnaround times and service, and this has been acknowledged by Viterra. In addition, the working group received feedback that the maintenance of site equipment should be completed before harvest, with a few reports of maintenance of some equipment happening too late.

The quality of internal roads and issues with dust at sites was discussed at several meetings. Feedback also highlighted a need for improved driver facilities at sites.

Results from the Viterra 2010/11 Post Harvest Review Grower Questionnaire highlighted turnaround times and intake equipment as the third major area of concern for growers, following classification and inexperienced staff. According to the Viterra 2010/11 Post Harvest Review Grower Questionnaire, the average satisfaction score of growers for turnaround times was 4.9 out of 9 across the three sites they primarily delivered to. For intake equipment, this average was 5.3 out of 9. This issue has not received adequate attention in the last decade.

## RECOMMENDATIONS

6. The working group recommends Viterra establishes and communicates its segregation plan as early as possible, using all available communication methods, including liaison with silo committees, to ensure strong grower understanding and awareness.
7. The working group recommends there be further discussion between Viterra and growers in regards to the use of smaller sites for specific commodities.
8. The working group recommends Viterra takes a strategic long-term approach to infrastructure and capital expenditure planning. There needs to be a clear focus in this planning process on addressing and eliminating the bottlenecks at key sites.
9. The working group recommends Viterra reviews its maintenance operations and makes best endeavours to ensure sites are well prepared before harvest.
10. The working group recommends Viterra considers what actions need to be taken to address the site specific maintenance issues raised by growers with the working group during its proceedings.
11. The working group recommends Viterra reviews the suitability of on-site buildings for general amenity and safety to improve service provision to growers.

# Grain classification, including sampling, assessment techniques (visual and objective), standards and classifier training

## Findings

Grain classification was the biggest issue during the 2010/11 harvest. South Australia experienced almost a 'perfect storm' last season with a record crop; widespread rain across the State throughout November and in early December, with more rain forecast; and only a limited number of falling number machines. The unseasonal rain and large crop provided logistical difficulties which were compounded by weather damaged grain and challenges in balancing

visual classification as opposed to the use of falling numbers machines.

The majority of respondents to the Viterra 2010/11 Post Harvest Review Grower Questionnaire were dissatisfied with the grain classification procedure introduced following the record widespread rain event in December. Half, or 51%, gave a rating of 1-3 out of 9 and almost two thirds, 60%, gave a rating of 1-4. However, 28% gave a high rating of 6 or higher.

SATISFACTION WITH GRAIN CLASSIFICATION PROCEDURE  
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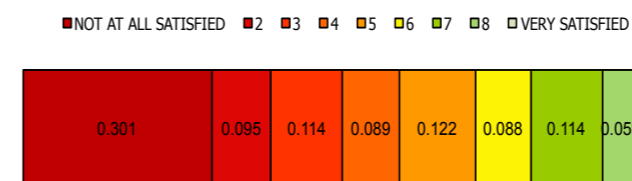


Figure 7 SATISFACTION WITH GRAIN CLASSIFICATION PROCEDURE  
Source: Viterra 2010/11 Post Harvest Review Grower Questionnaire

This gives a clear message that the grain classification training and management used in 2010/11 and in previous seasons requires significantly more support and should better reflect the value of the crop classified.

## Visual assessment and falling number machines

Through the Post Harvest Review process, the most common complaint received was of growers not having the option to have grain that had been visually assessed and downgraded, re-classified through a falling number test. While growers agreed it would be excessive to have every load tested, they felt Viterra's service would be improved by providing that option.

Following the widespread rain late in November and the record rain event on 7/8 December, Viterra implemented a wet weather strategy for the assessment of sprouted grain, which is more prevalent in a wet harvest. Under this strategy, all wheat deliveries to Viterra sites were classified using a visual assessment for sprouted grains, supported by the use of a falling number machine. Other quality defects occurring during a wet harvest such as fungal staining and field fungi were visually assessed as in previous years and per the GTA standards. For every 1000 tonnes, a composite sample of the applicable grade was tested on a falling number machine. This result was then used to form a correlation back to the percentage of visual sprouting that was used to determine the limits for each grade to ensure receivals met minimum grade specifications for falling number.

Information on falling number and visual sprouting limits by grade was displayed at each site and was available through the Service Centre. Growers were not able to test individual loads or samples of grain at any Viterra sites. This was a decision made by Viterra taking into consideration the large harvest and the time taken to

test loads on the falling number machine, which can be up to 15-20 minutes for the complete process including preparation, testing and cleaning the equipment. The decision was based on the belief that this testing would have created unacceptable delays to grower receivals and longer turnaround times, particularly with more rain forecast at the time the strategy was implemented. However, feedback was received that at some sites the delay would not have resulted from the speed of classification but rather delays with unloading.

Malt barley samples were tested by a Rapid Visco Analyser (RVA) or falling number machine where possible. However, visual assessments occurred at sites where these machines were not available. Loads were classified as malt if no sprouted grain was detected and all other specifications were met for the malt grades. However, if the machines were not available and shot grain was visually detected, growers could either take their grain to a site with the machine, or have their load classified as feed. There were fewer issues with barley sprouting classification with the use of RVA or falling number machines, and availability of segregations was more of a concern for barley growers.

Viterra has recently announced it will purchase 78 new falling number machines for use at sites across the State. This is a welcome initiative and will ensure many of the issues that occurred last harvest, and which were conveyed repeatedly to the working group during the review process, will be addressed as a matter of priority.

## Inconsistency in visual classification for sprouted grain

A further complaint about the revised classification procedure was the inconsistency in the visual classification for sprouted grain between sites, and even between classifiers at the same site. This created considerable tension at a number of sites, and put both staff and growers in stressful situations. It also meant that some growers and carriers elected to have their loads re-tested either by re-joining the line-up or taking that load to an alternate site.



At several meetings it was raised that the more experienced Viterra employees were more consistent than first time employees. It was also raised that some classifiers commenced too late in the season to allow time for them to “settle in” and there were concerns raised about the recruitment and training of classifiers.

Further feedback was received that there was confusion between mould and weather damage to peas and that there was inconsistency in classification and receipt of these peas between sites. In addition, the classification of lentils was an issue in some areas. The delays in identification and the subsequent decision on acceptance of rain-affected lentils became an industry-wide issue.

At several meetings, the question was asked if there was any other technology available for the objective, technical classification of grain. The working group and growers were advised there has been extensive investment in developing technology which can assess grain for issues such as dark tipping and pink staining.

Currently the analytical instrument company FOSS is working on a machine called EyeFOSS™ which aims to objectively classify grain. The commercialisation and adoption of this machine is still in development; however Viterra indicated they are following these developments and engaging in discussion with the manufacturers. It should be noted, however, that if the EyeFOSS™ machine does become available, it will not replace the falling number machine as a test to determine the suitability of sprouted grain for milling purposes.

Viterra announced in late May the introduction of a dedicated grain classification training unit within the company’s quality and technical services group, which will be responsible for providing classification training to regional employees. This unit will include new quality control field officers who will be responsible for training Viterra’s grain classifiers in grain assessment techniques and the use of classification equipment, including the new falling number machines. They will provide ongoing support especially during peak periods at harvest. The working group understands this internal training team will allow Viterra to retain expertise on grain classification in-house. It is hoped the majority of issues seen last year around inconsistent grain classification can be resolved through this new training mechanism.

## Training and personnel requirements

The Post Harvest Review process identified opportunities to improve the training and support of classification staff, considering the value of the commodity being handled. The working group received feedback that this has been an issue for many years, and believes a re-evaluation of grain classification training across the industry would assist to resolve issues around inconsistencies, experience and the recruitment and retention of skilled classifiers.

The consultation process highlighted the strong need from growers for consistency. Growers highlighted in the Viterra 2010/11 Post Harvest Review Grower Questionnaire that the 2010/11 procedure for grain classification was inconsistent. At least 102 comments were received suggesting there be better training of employees. There is no doubt consistency can be improved by retaining more experienced employees, better training of new employees, and better support mechanisms for employees during harvest. Due to lower unemployment across South Australia and the lack of available workforce in regional areas, it has become more difficult to retain existing and recruit new employees.

The working group recognises the value a grain classification certificate through a registered training organisation would provide, to increase the credibility of the classification process.

The establishment of a new grain classification training unit is a significant step in the right direction. In addition, Viterra’s decision to recruit 200 permanent employees means the company will be able to retain many experienced and proven current casual employees, as well as attract new employees.

## Commodity transfers

The 2010/11 harvest was an extraordinary year which resulted in an increased number of commodity transfers – where grain is shifted from one site to another due to a lack of available segregation or space.

The increase in commodity transfers and the disruption and frustration on behalf of growers and employees was compounded by the different visual sprouting limits at different sites, the large amounts of grain being delivered into the system, and growers chasing higher classifications. The Viterra policy was not consistently administered and this caused frustration for growers and carriers.

It is important that Viterra, moving into the next harvest, provides more clarity and builds awareness among growers, carriers and employees around the policy and processes for commodity transfers, and ensures the policy is adhered to at all sites.

## Other classification issues

It is noted that Viterra could undertake more work in raising awareness of the market standards and demands for various commodities and grades. Customer requirements and industry set the standards for grain receivals. Viterra plays a role in setting the segregations to meet those industry demands and to create value for grain, however, grower awareness of these factors needs to be further developed.

It was also raised that a peer review between classifiers at larger sites be considered, where there is a process of assessing their classifications to ensure all are classifying similarly. Likewise, it was suggested that rejected loads should be checked by a senior classifier where possible.

Viterra regional employees also raised the question of whether digital imaging technology would aid the identification of some of the rarer grain problems. While they acknowledged current photos are acceptable, they discussed whether more detailed reference images are available or whether there could be an exchange of photos electronically between sites and the laboratory to support the identification and classification process.

From the meetings it was also clear that the role of the Grain Trade Australia (GTA) standards was not well understood or communicated.

## RECOMMENDATIONS

12. The working group recommends that for future harvests, growers have access to falling number testing for sprouted grain, rather than relying on visual assessment as per the 2010/11 harvest. The working group also recommends that a consistent policy for the use of the falling number machines be adopted.
13. The working group recommends appropriate facilities be provided for the installation and consistent operation, including training of employees, of falling number machines at sites.
14. The working group recommends Viterra takes a leadership position in developing a consistent approach with regard to the use of falling number machines and encourages the adoption of similar standards across the industry.
15. The working group recommends Viterra communicates details of the method and frequency of classification equipment testing.
16. The working group recommends Viterra reviews the current management, training and support of classification staff across all sites and effect change to the way this has traditionally been managed. This includes ongoing support of classifiers, particularly during peak periods at harvest.
17. The working group recommends a review of the process for the recruitment, employment, retention and training of classification staff, with the aim of maximising consistency across all sites.
18. The working group recommends Viterra provides more clarity around the commodity transfer process for employees, growers and carriers and ensure that the policy is implemented and adhered to consistently across all sites.
19. The working group recommends Viterra investigates a formal recognition or certification of classification skills.
20. The working group recommends Viterra communicates the grain re-classification procedure to growers.

# Site operating hours and service delivery to growers and carriers

## Findings

During the 2010/11 harvest, Viterra's sites operated extended and flexible hours depending on weather conditions and local demand. Local business centre managers liaised with individual site managers to determine the most suitable hours.

Generally, feedback received via the Post Harvest Review indicated the operating hours were well-managed at a local level and it was preferred that local sites set the hours after discussion with the local silo committee. More than half of the respondents to the Viterra 2010/11 Post Harvest Review Grower Questionnaire were satisfied with the operating hours at each site with approximately half giving a rating of 7 or higher out of 9.

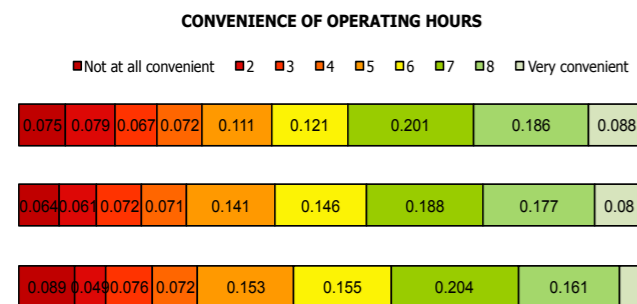


Figure 8 CONVENIENCE OF OPERATING HOURS Source: Viterra 2010/11 Post Harvest Review Grower Questionnaire

Feedback received from some stakeholders suggested the operating hours need to be better aligned to when headers are out harvesting. In contradiction, other feedback suggested that sites should operate relatively long hours on non-reaping days to allow growers to clear on-farm storage. It was also raised that some sites were operating from 7am to 3pm and it was suggested that hours of 9am to 5pm would be more suitable. This variety in views highlights the challenges in setting operating hours and satisfying individual

grower harvesting techniques and differing on-farm infrastructure. Carriers in particular acknowledged the Fatigue Management Laws and the Chain of Responsibility legislation, which outline the required management of driver fatigue. The working group recognises Viterra is in a position to have an influence on the safety of the road transport industry. This needs to be considered when determining opening hours of all sites. Downtime waiting in line at sites is not considered rest time and so carriers are aware of how many hours they can work in a day. However, with new machinery increasing growers' harvesting capability, many carriers felt pressure from growers to keep up with the demand. It is suggested a greater awareness by growers and carriers, as well as Viterra employees, as to the legislation, and what the limitations are, would promote improved understanding and cooperation between all parties. While the working group acknowledges there is an established code of conduct, it believes there is the opportunity for Viterra to revisit this and to raise awareness before the 2011/12 harvest.

One of the other suggestions to be made during the Post Harvest Review process was for more flexible hours during rain events to allow growers to have grain samples moisture tested at sites.

## RECOMMENDATIONS

- The working group recommends silo committees be consulted when Viterra is determining operating hours to ensure two-way communication is timely and effective and the hours best accommodate grower needs, taking into account the need for moisture testing and the ability to clear on-farm storage.

# Awareness of on-site safety procedures and protocols for all visitors to Viterra sites

## Findings

The working group realises that Viterra's safety focus extends beyond the company's employees and encompasses all activities on its sites. With this in mind, Viterra advised growers in September that all visitors to Viterra sites were required to wear Personal Protective Equipment (PPE), including high visibility vests, hard hats, eye protection and enclosed footwear.

The majority of visitors to Viterra sites complied with these regulations and did not find the regulations burdensome; however, there were some complaints initially about the necessity of wearing the PPE. Most growers and carriers understood the need for high visibility clothing. All feedback indicated growers and carriers appreciate that safety is a concern of Viterra and all operators of industrial sites.

## RECOMMENDATIONS

- The working group recommends Viterra continues to be proactive in its approach to safety and maintains a continued focus on the importance of safety for all employees and visitors at all sites.
- The working group recommends Viterra ensures its approach to safety and the wearing of Personal Protective Equipment (PPE) is consistent for all visitors at all sites.
- The working group recommends Viterra helps promote awareness with growers and carriers of their safety responsibilities and requirements.

# Harvest forecasting

## Findings

Before each season, Viterra undertakes extensive research into the seeding intentions and crop forecasts for the State. This includes local customer relationship managers and business centre managers talking to their grower clients, holding silo committee meetings and discussion with grain industry bodies such as SAFF and government agencies such as PIRSA. This planning begins almost immediately after harvest is complete in order to prepare for the upcoming season. Viterra is acutely aware of the need to understand the estimated tonnage and the crops and varieties being planted in order to plan segregation needs and site management.

In 2010/11, it became clear early in the harvest that many growers had underestimated the amount of grain they had grown. The results of the Viterra 2010/11 Post Harvest Review Grower Questionnaire highlight that 42% of growers believe the 2010/11 crop exceeded their expectations by 10-20%. And 20% of growers believe the crop exceeded their expectations by 20-30%. This had an impact on sites, which had based segregations on initial estimates. These were revised and segregations needed to be altered to cope with the increased demand.

Growers acknowledged the importance of companies such as Viterra having access to information about potential yields and the breakdown of crops and varieties. However, growers indicated they would be more willing to provide information on their seeded acreage and varieties if they knew it was collected by an independent body (e.g. PIRSA) and was available to the industry as a whole. This would streamline the process and ensure growers were not asked for the same information from several sources.

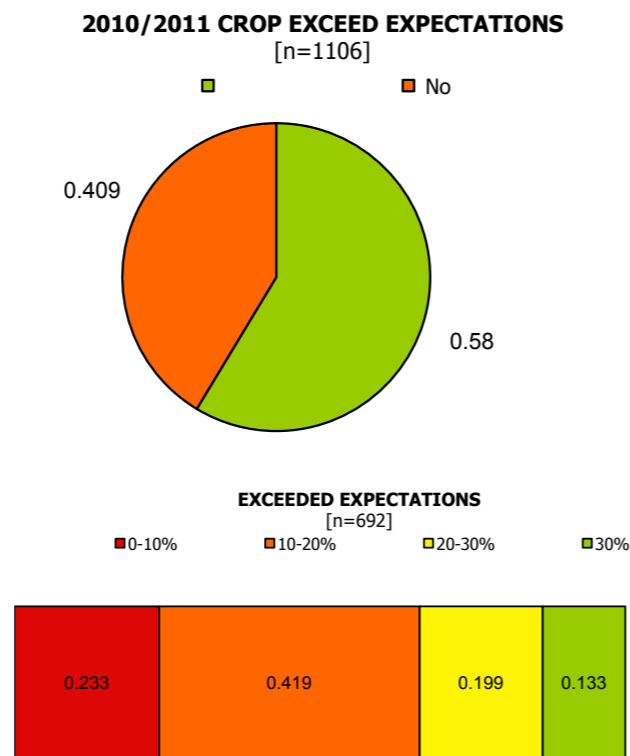


Figure 9 CROP EXCEEDING EXPECTATIONS Source: Viterra 2010/11 Post Harvest Review Grower Questionnaire

## RECOMMENDATIONS

- The working group recommends Viterra works with PIRSA to develop a whole of industry approach to harvest forecasting.

# Any other factors that may have impacted upon service delivery to growers during 2010/11 harvest

The working group would like to acknowledge Viterra employees in the Mid North of the State who have been instrumental in establishing a secondary school grain classification training course. This is a positive and constructive move and will hopefully provide a talented pool of recruits for classification roles. This course has been rolled out to several schools across the State, and the working group would welcome an expansion of the course to more schools in cropping regions. In addition, the working group encourages Viterra to explore opportunities for the course to be given formal recognition through the education system.

## Post harvest deliveries

The number of Post Harvest deliveries increased in the 2010/11 harvest due to the size of the crop and the lateness of the harvest.

The working group received feedback on a number of occasions around the lateness of the season and the impact this had on growers delivering to Viterra sites after the traditional harvest window. Growers advised the working group that segregations and sites closed early in many areas which limited their delivery options, however the working group acknowledges this was a result of the record size of the crop this year.

The late season grain delivery procedure came into effect from March 1 in South Australia, with the exception of the lower south east and Victoria where it applied from April 1. For grain delivered after these dates a sample needs to be tested for chemical residues before the grain is received. The testing is important to manage the quality of late grain deliveries and ensure it

meets the needs of destination markets. Further details about the late season grower delivery procedure was made available on the Viterra website, however, the working group believes there is limited awareness and understanding of the late grower deliveries procedure and how it works. The working group believes Viterra needs to do more to increase awareness of this process.

## Traffic management

Throughout the consultation process, it became evident further effort is required to improve the understanding and awareness of the relevant legislation regarding road and traffic safety, particularly Chain of Responsibility legislation. Carriers appeared to be more aware of their requirements and this needs to be strengthened among the grower community.

Feedback received from the working group's consultation with the South Australian Road Transport Association (SARTA) included confusion over the role and responsibilities of local councils with regards to road maintenance and the definition of local roads as commodity routes. The working group believes there needs to be further discussion around these issues with all stakeholders, in order to work towards better regulation, and improved awareness and understanding.

Marshalling of trucks at sites was also a prominent issue. It became clear during the consultation process that this is better managed at some sites because of site layout and staffing levels. Depending on the site, a dedicated staff for marshalling or improved signage could bring about significant improvements. At the



larger sites, it was indicated that if marshalling was done to limit the gradual movement of trucks through line-ups, then it may be possible to assist with driver rest period regulations. Any decisions around this need to take into account safety considerations on a site by site basis.

The working group also received feedback regarding facilities at sites for drivers and the need for improvement at many sites.

### Viterra's storage and handling sites

Questions on the future of ageing and less efficient sites were raised. Although there seemed to be a consensus that growers and carriers understood the reasons for not opening smaller and less efficient sites, in order to improve the network and efficiencies further along the supply chain, they also indicated they would find this easier to accept and understand if they saw investment and improvements at the larger sites. It was also raised that if a site closure is planned, plenty of notice needs to be given to growers to allow them to make appropriate plans for cartage to an alternative site.

### RECOMMENDATIONS

26. The working group recommends Viterra better communicates the post harvest delivery procedure to growers.
27. The working group recommends Viterra helps promote greater understanding and awareness among growers and carriers of the relevant legislation regarding road and traffic safety, particularly Chain of Responsibility legislation and fatigue management.
28. The working group recommends Viterra undertakes a review of its traffic management system at all sites, including better methods of marshalling, particularly at larger sites.
29. The working group recommends Viterra helps coordinate an industry discussion regarding road transport management.
30. The working group recommends Viterra reviews facilities/amenities available for drivers at sites.





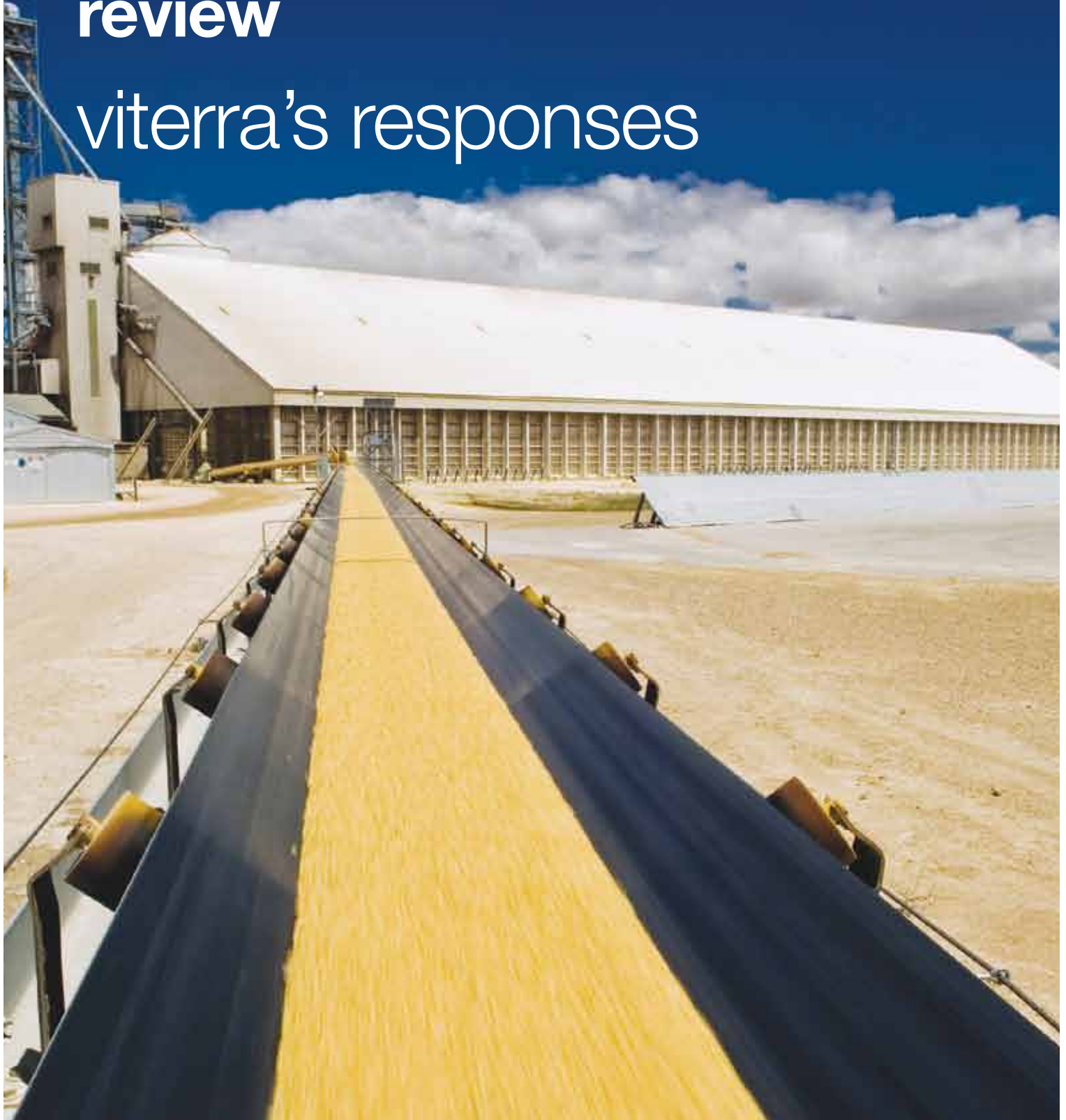




2010.11

post harvest  
review

viterra's responses



# Letter from Rob Gordon

June 2011

Harvest 2010/11 was one of the most abundant harvests South Australia has ever seen. Yields exceeded expectations, crop estimates surpassed prior forecasting and receival records were broken across the State.

While the size of the crop was an exceptional result for many growers and for the South Australian grains industry, issues arose as a result of record production coupled with wet weather. Outcomes of the harvest have provided us with an opportunity to recognise areas of improvement and we initiated the Viterra Post Harvest Review to enable us to capture valuable feedback about harvest operations.



This year, we formalised our post harvest review process, engaging the Hon Rob Kerin to lead the Post Harvest Review working group. The working group consisted of both internal and external participants, who consulted extensively across South Australia with key stakeholders, including growers, grower groups, carriers, industry bodies and internal Viterra audiences. The level of engagement we have observed throughout this process reflects the efforts of the working group, the initiative of respondents and the collective enthusiasm for change.

Since entering the Australian grains industry in 2009, Viterra has been focussed on earning the right to become your partner of choice. We initiated the Post Harvest Review because we are committed to working constructively with all industry participants to seek solutions and improve service delivery. The review process has been a positive experience and has given us the opportunity to address some legacy issues associated with the bulk handling network.

This booklet contains Viterra's responses to the working group's recommendations, outlining our commitment to improving service delivery. We have already implemented a number of improvements, based on feedback from the working group. Our immediate attention to these key areas will enable us to prepare in time for this year's harvest. Such improvements have included investing in 78 new falling number machines, recruiting 200 additional permanent staff within the storage and handling division, and creating a new training unit dedicated to providing classification training to regional employees.

I would like to thank everyone who participated in the Post Harvest Review and who played a role in the development of this report. I would also like to thank and recognise the members of the working group for their efforts conducting this review, particularly the external members, Peter White, President of the South Australian Farmers' Federation and Dave Lewis, Manager Grain Industry Development, Primary Industries and Resources, South Australia (PIRSA).

In particular, I would like to thank Rob Kerin. It has been a privilege to have Rob chair the working group. I believe Rob's experience and reputation, coupled with his passion and respect for the industry, has added significant value to the process. He has exemplified our commitment to partnering with stakeholders and working collaboratively towards positive outcomes.

While we have already made good progress to improve a number of key areas in time for the upcoming harvest, our approach to improving and maintaining service delivery is continuous and long-term. The information we have gained from the Post Harvest Review will enable us to make immediate improvements to our operations now and will inform future investments that will endure for many years to come.

We are determined to earn the right to become your partner of choice. We will continue to listen, respond to feedback and improve harvest operations and service delivery for the benefit of all stakeholders.

A handwritten signature in blue ink that reads "Rob Gordon". The signature is fluid and cursive.

Rob Gordon  
President, South East Asia, Viterra



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# Communication to growers and carriers during and prior to harvest

## WORKING GROUP RECOMMENDATION

1 The working group recommends Viterra continues to provide information via its various communication mediums - ezigrain, the Service Centre and the SMS system - and further develop these tools where necessary to ensure the coordination of information through all communication channels. In addition, it is recommended Viterra endeavours to provide more detailed and accurate information where possible, and ensures site management understand the need for the provision of accurate information to the Service Centre.

## VITERRA'S RESPONSE

Viterra commits to establishing a clear protocol for site managers and group leaders to ensure that communication during harvest is consistent, detailed and timely, across all mediums. This includes but is not limited to site message boards, SMS, the Service Centre and ezigrain. This is especially relevant for information about reduced opening hours and segregation space.

Viterra will also investigate avenues by which these points of reference for growers, carriers and Viterra employees can be simultaneously updated, e.g. including text messaging on ezigrain.

Viterra commits to an increased service offering to all stakeholders by establishing a dedicated online feedback tool called *Your Opinion Matters*, which will enable Viterra to provide a rapid response to queries.

This will not only improve Viterra's customer feedback program but also enable the company to identify opportunities and areas of improvement. *Your Opinion Matters* will extend to all areas of Viterra's business.

## WORKING GROUP RECOMMENDATION

2 The working group recommends Viterra encourages further uptake of the SMS system, particularly by carriers.

## VITERRA'S RESPONSE

Viterra will continue to encourage key stakeholders - growers and carriers - to register for the SMS service.

Viterra will also work with the road transport industry via the South Australian Road Transport Association (SARTA) and their communication network to achieve this goal.

## WORKING GROUP RECOMMENDATION

3 The working group acknowledges the important role and contribution of silo committees and recommends Viterra reaffirms its commitment to the silo committee structure. This includes supporting those silo committees already in existence and where necessary, re-establishing silo committees. In addition, it is recommended the involvement of carriers on these committees be encouraged.

## VITERRA'S RESPONSE

Viterra acknowledges the operational benefits resulting from consulting with silo committees which represent key strategic sites/regions. Viterra will strengthen the relationship between Viterra operations and the committees by providing a clear charter of how the groups will be structured and consulted, and providing appropriate resourcing as required. This will assist in the efficient management of sites during harvest, and also allow an exchange of information i.e. opening hours or policy changes to ensure the safety of visitors and employees.

# Information provision for the benefit of growers, including warehouse and quality data disclosure during 2010/11

## WORKING GROUP RECOMMENDATION

4 The working group acknowledges the information Viterra has made publicly available and recommends Viterra investigate further ways of raising awareness among growers on the detail of information that is publicly available.

## VITERRA'S RESPONSE

Growers are currently able to "opt in" to have information on their warehoused grain disclosed to registered grain marketers by completing a Warehouse Disclosure Authority Form. In June last year, Viterra committed to providing this information to registered grain marketers on a monthly basis. Recently, Viterra has increased the frequency of this information to provide fortnightly reports. The company now commits to increasing the frequency to provide weekly reports.

In addition, Viterra commits to increasing communication with growers to encourage greater participation of "opting in" to provide warehoused grain data to grain marketers.

## WORKING GROUP RECOMMENDATION

5 The working group recommends Viterra investigate the further disclosure of information to the market, including the frequency of reporting.

## VITERRA'S RESPONSE

Quality site data for standard grades has been publicly available on ezigrain since 1 January 2011. Viterra commits to providing this grower receival data year-round, updated on a daily basis throughout harvest.

Viterra also commits to introducing a weekly harvest report (monthly outside harvest) from November 1, 2011, which provides information on the progress of harvest, including information on grain receivals.



“ Viterra commits to introducing a weekly harvest report including information on grain receivals ”

# Available storage capacity, including the number of segregations made available during harvest

## WORKING GROUP RECOMMENDATIONS

- 6 The working group recommends Viterra establishes and communicates its segregation plan as early as possible, using all available communication methods, including liaison with silo committees, to ensure strong grower understanding and awareness.
- 7 The working group recommends there be further discussion between Viterra and growers in regards to the use of smaller sites for specific commodities.

## VITERRA'S RESPONSE

Viterra commits to publishing a preliminary segregation plan by September 1, 2011, to allow growers to plan their harvest delivery. This segregation plan is subject to change in order to meet seasonal variations.

Viterra commits to consulting with growers at a regional level, i.e. through the silo committees, to achieve efficient site management during harvest. This could involve the larger, more efficient sites handling the predominant wheat and barley segregations, while the smaller sites receive the specialised segregations and commodities including canola and pulses.

## WORKING GROUP RECOMMENDATION

- 8 The working group recommends Viterra takes a strategic long-term approach to infrastructure and capital expenditure planning. There needs to be a clear focus in this planning process on addressing and eliminating the bottlenecks at key sites.

## VITERRA'S RESPONSE

Viterra will develop a five year capital expenditure plan to develop a strategic long-term approach to infrastructure and capital expenditure. Key aspects of the plan will include assessment of elevation capacity, amenities, road works and safety.

## WORKING GROUP RECOMMENDATION

- 9 The working group recommends Viterra reviews its maintenance operations and makes best endeavours to ensure sites are well prepared before harvest.

## VITERRA'S RESPONSE

Viterra takes a long-term view of maintenance and recognises the importance of this for users of our network. With this in mind, there will be an increased focus on maintenance, particularly preventative maintenance, with the development and implementation of long-term strategic maintenance plans.

## WORKING GROUP RECOMMENDATION

- 10 The working group recommends Viterra considers what actions need to be taken to address the site specific maintenance issues raised by growers with the working group during its proceedings.

## VITERRA'S RESPONSE

Through the Post Harvest Review process, certain site specific issues were raised. Viterra is in the process of addressing these issues with regional employees and growers to ensure appropriate action is taken before the 2011/12 harvest.

## WORKING GROUP RECOMMENDATION

- 11 The working group recommends Viterra reviews the suitability of on-site buildings for general amenity and safety.

## VITERRA'S RESPONSE

As part of Viterra's continued commitment to safety, the company will review on-site buildings to ensure they meet safety standards.



“ The purchase of 78 new falling number machines will further improve services to growers ”



## Grain classification, including sampling, assessment techniques (visual and objective), standards and classifier training

### WORKING GROUP RECOMMENDATION

**12** The working group recommends that for future harvests, growers have access to falling number testing for sprouted grain, rather than relying on visual assessment as per the 2010/11 harvest. The working group also recommends that a consistent policy for the use of the falling number machines be adopted.

### VITERRA'S RESPONSE

Viterra announced on May 12 it will purchase 78 new falling number machines, which will further improve services to growers. This will mean Viterra has 120 falling number machines, almost tripling the number of machines owned by the company.

The machines will be supplied by world-leading Perten, a global manufacturer of grain quality control equipment based in Sweden. These will be available for the testing of sprouted grain at all sites that receive wheat.

This investment, valued at more than \$4 million, adds to the \$35 million Viterra has invested in storage, transport, logistics and port infrastructure since establishing in Australia in September 2009.

A policy for the use of the falling number machines will be developed and communicated widely before the 2011/12 harvest.



## WORKING GROUP RECOMMENDATION

**13** The working group recommends appropriate facilities be provided for the installation and consistent operation, including training of employees, of falling number machines at sites.

### VITERRA'S RESPONSE

Falling number machines are laboratory equipment, therefore as part of the installation process Viterra will review its storage network, and where necessary, will make modifications to existing site infrastructure to ensure the new machines perform optimally to deliver accurate results.

Viterra commits to ensuring that falling number machines are installed with all appropriate infrastructure to ensure their accurate operation, including but not limited to, stable benches, clean water, adequate cleaning facilities, and room for other equipment that supports the sample preparation, i.e. shakers.

Viterra announced on May 30 that it will strengthen its grain classification training capacity through the creation of a new unit within the company's quality and technical services group dedicated to providing classification training to regional employees. This will involve the recruitment of six new quality control officers, who will be responsible for training Viterra's grain classifiers in grain assessment techniques and the use of classification equipment, including falling number tests, as well as providing ongoing support especially during peak periods at harvest.

## WORKING GROUP RECOMMENDATION

**14** The working group recommends Viterra takes a leadership position in developing a consistent approach with regard to the use of falling number machines and encourages the adoption of similar standards across the industry.

### VITERRA'S RESPONSE

Access to falling number machines is part of a broader debate around grain classification, which includes training classifiers and encouraging uniform classification standards across the industry. As a member of Grain Trade Australia, Viterra will continue to play an active role in seeking greater industry collaboration and consistency on these issues.

## WORKING GROUP RECOMMENDATION

**15** The working group recommends Viterra communicates details of the method and frequency of classification equipment testing.

### VITERRA'S RESPONSE

Viterra maintains certification to internationally recognised standards for quality and food safety in its grain handling operations, which includes:

ISO 9001, a Quality Management System that focuses on product quality, consistency, continual improvement and meeting domestic or export destination customer requirements; and ISO 22000, a Hazard Analysis Critical Control Points (HACCP) based food safety management system, designed to protect the food supply from biological, chemical and physical hazards through controls such as Good Operating Practices and Critical Control Points.

Viterra annually verifies the operation of falling number units. Viterra also abides by the Grain Trade Australia (GTA) reference methods where documented. Viterra will investigate the appropriate way to display this information.

## WORKING GROUP RECOMMENDATIONS

**16** The working group recommends Viterra reviews the current management, training and support of classification staff across all sites and effect change to the way this has traditionally been managed. This includes ongoing support of classifiers, particularly during peak periods at harvest.

**17** The working group recommends a review of the process for the recruitment, employment, retention and training of classification staff, with the aim of maximising consistency across all sites.

### VITERRA'S RESPONSE

Viterra announced on May 30 that it will strengthen its grain classification training capacity through the creation of a new unit within the company's quality and technical services group dedicated to providing classification training to regional employees. This will involve the recruitment of six new quality control officers, who will be responsible for training Viterra's grain classifiers in grain assessment techniques and the use of classification equipment, including falling number tests, as well as providing ongoing support especially during peak periods at harvest.

Viterra is currently recruiting for more than 200 permanent employees in the storage and handling division, which is a strategy designed to retain existing expertise as well as attracting new talent. This includes permanent full-time and permanent part-time positions across the State.

## WORKING GROUP RECOMMENDATION

**18** The working group recommends Viterra provides more clarity around the commodity transfer process for employees, growers and carriers and ensure that the policy is implemented and adhered to consistently across all sites.

### VITERRA'S RESPONSE

Viterra will provide clear and consistent communication of the commodity transfer process to employees, growers and carriers at all sites, through its available communication methods.

In addition, Viterra will ensure the policy is implemented and adhered to consistently across all sites.

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## WORKING GROUP RECOMMENDATION

**19** The working group recommends Viterra investigates a formal recognition or certification of classification skills.

### VITERRA'S RESPONSE

Viterra will investigate a certification of classification skills program internally and with external industry stakeholders or registered training organisations.

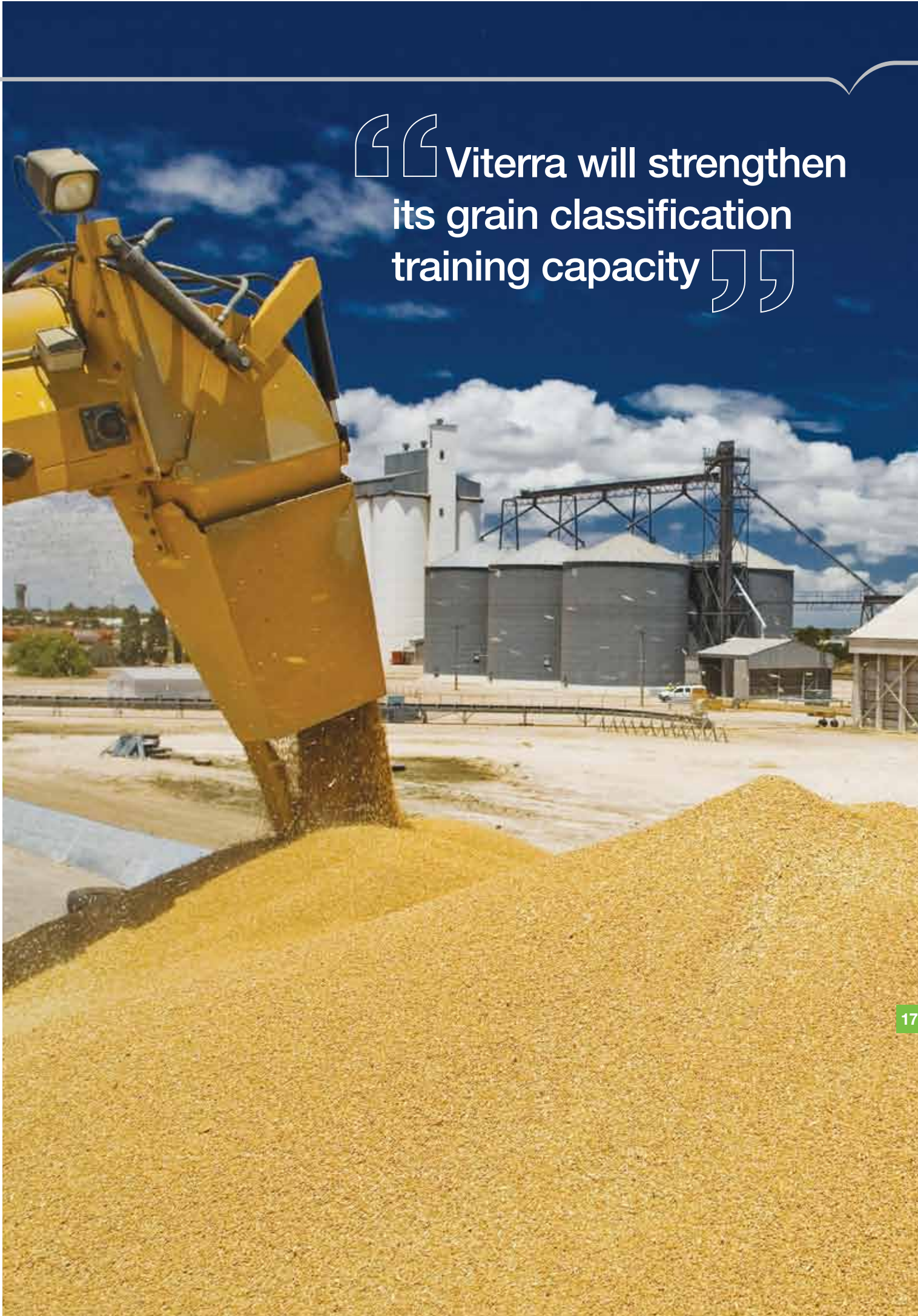
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## WORKING GROUP RECOMMENDATION

**20** The working group recommends Viterra communicates the grain re-classification procedure to growers.

### VITERRA'S RESPONSE

Viterra commits to clearly using available communication methods to create greater understanding among growers and carriers of the process for re-classification.



“ Viterra will strengthen its grain classification training capacity ”



# Site operating hours and service delivery to growers and carriers

## WORKING GROUP RECOMMENDATION

**21** The working group recommends silo committees be consulted when Viterra is determining operating hours to ensure two-way communication is timely and effective and the hours best accommodate grower needs, taking into account the need for moisture testing and the ability to clear on-farm storage.

## VITERRA'S RESPONSE

As part of its re-commitment to silo committees, Viterra will consult at a regional level to achieve efficient site management during harvest. This could include changes to operating hours on windy or high fire danger days, or during or immediately after rain events. Once a decision has been made, Viterra commits to communicating this in a timely and consistent manner.

# Awareness of on-site safety procedures and protocols for all visitors to Viterra sites

## WORKING GROUP RECOMMENDATION

**22** The working group recommends Viterra continues to be proactive in its approach to safety and maintains a continued focus on the importance of safety for all employees and visitors at all sites.

## VITERRA'S RESPONSE

Viterra will continue to have a strong focus on safety and will implement policies and maintain protocols to the highest level of safety for all visitors and employees at sites.

Viterra will review its site safety arrangements with the intention of implementing a system that is industry best practice.



“ There will be an increased focus on maintenance, particularly preventative maintenance ”



## WORKING GROUP RECOMMENDATION

**23** The working group recommends Viterra ensures its approach to safety and the wearing of Personal Protective Equipment (PPE) is consistent for all visitors at all sites.

## VITERRA'S RESPONSE

Viterra commits to the consistent enforcement of the mandatory wearing of Personal Protective Equipment (PPE) for all visitors at all sites.

To assist with meeting safety requirements, Viterra has an agreement to allow growers to purchase PPE from an approved supplier at corporate rates. This will continue for the 2011/12 harvest.

## WORKING GROUP RECOMMENDATION

**24** The working group recommends Viterra helps promote awareness with growers and carriers of their safety responsibilities and requirements.

## VITERRA'S RESPONSE

Viterra commits to clearly communicating with growers and carriers about their legislative responsibilities in regards to safety and fatigue management. This is not only relevant to their interaction on Viterra sites but also extends back to their properties and businesses.

Viterra will work with Safework SA to develop an awareness campaign around the safety responsibilities of growers and carriers.

# Harvest Forecasting

## WORKING GROUP RECOMMENDATION

**25** The working group recommends Viterra works with PIRSA to develop a whole of industry approach to harvest forecasting.

## VITERRA'S RESPONSE

Viterra will investigate ways to ensure the accuracy of pre-harvest crop estimates to assist in the planning of segregations and resource allocation. This could include, but is not limited to, working with silo committees, agronomists, and PIRSA.

“ Viterra will continue to have a strong focus on safety at all sites ”





# Any other factors that may have impacted upon service delivery to growers during 2010/11 harvest

## WORKING GROUP RECOMMENDATION

**26** The working group recommends Viterra better communicates the post harvest delivery procedure to growers.

## VITERRA'S RESPONSE

Viterra commits to using available communication methods to increase understanding of the post harvest delivery protocols.

## WORKING GROUP RECOMMENDATION

**27** The working group recommends Viterra helps promote greater understanding and awareness among growers and carriers of the relevant legislation regarding road and traffic safety, particularly Chain of Responsibility legislation and fatigue management.

## VITERRA'S RESPONSE

Viterra management recognises they are in a position to have a significant influence on the safety of the road transport industry in Australia.

Viterra commits to using its various communication methods to increase awareness of the Chain of Responsibility and safety legislation.

## WORKING GROUP RECOMMENDATION

**28** The working group recommends Viterra undertakes a review of its traffic management system at all sites, including better methods of marshalling, particularly at larger sites.

## VITERRA'S RESPONSE

Viterra commits to developing site specific traffic management plans for all sites in consultation with growers, carriers, local government and State authorities including South Australian Police and Department for Transport, Energy and Infrastructure.

## WORKING GROUP RECOMMENDATION

**29** The working group recommends Viterra helps coordinate an industry discussion regarding road transport management.

## VITERRA'S RESPONSE

Viterra will investigate establishing a forum in which all stakeholders in road transport can work together to achieve industry-wide solutions to managing road transport at harvest. This could include, but is not limited to, South Australian Road Transport Association, Local Government Association, South Australian Police, and Department for Transport, Energy and Infrastructure and other operators of bulk commodity sites.

## WORKING GROUP RECOMMENDATION

**30** The working group recommends Viterra reviews facilities/amenities available for drivers at sites.

## VITERRA'S RESPONSE

Viterra recognises this has been an area of concern and commits to providing and maintaining where possible the basic amenities of shade and drinking water in a safe location in line with traffic management plans. This will be part of Viterra's five-year capital plan.



[www.viterra.com.au](http://www.viterra.com.au)  
Service Centre 1800 018 205







**FOR IMMEDIATE RELEASE**

June 24, 2011

Adelaide, Australia

Listed: TSX:VT: ASX:VTA

**Grain shipments from SA ports continue at record pace**

A record shipping program has seen more grain exported from South Australian ports in the past six months than is normally exported in a year, with more than 4.3 million tonnes of grain shipped between December 2010 and May 2011. The average annual grain export task from South Australia, during the past 10 years, is 4.3 million tonnes.

There is a highly competitive market for South Australian grain with a number of active grain exporters. Fourteen exporters have accounted for the record shipments during this six month period, and more than two thirds of this grain was shipped by exporters other than Viterra. Just three years ago, there was only one single-desk exporter of bulk wheat.

Rob Gordon, Viterra's President South East Asia, said the result highlighted the strength of the South Australian grains industry.

"Since harvest began last year, the shipping program has been very strong with records continuing to be broken," he said.

"Even during harvest we were shipping large amounts of grain, which is noteworthy considering the sheer size of the crop coupled with the unseasonal wet weather late last year."

According to the Australian Bureau of Statistics (ABS) wheat export summary in May 2011, wheat exports out of South Australia were up by more than 100% for December 2010, January and February 2011. Strong grain exports continued from South Australian ports during March, April and May.

"This is indicative of an efficient shipping program and effective shipping stem management which benefits both exporters and growers.

"In May, 32 vessels shipped grain from our ports, and Outer Harbor, our newest port terminal, achieved a new record. Meanwhile, exports from Port Lincoln were the second highest on record in May.

"We have also been working to facilitate movement of the expected crop for next season.

"We look forward to gaining greater certainty for the coming season once our access undertaking is approved by the ACCC, providing clarity for growers and exporters alike," Mr Gordon said.

Viterra expects shipments from South Australia to remain strong given the significant crop in storage, the favourable commodity pricing environment and strong demand.

Since entering the Australian grains industry in 2009, Viterra has invested more than \$35 million in infrastructure designed to improve the efficient operation of South Australia's export supply chain for the benefit of growers, exporters and destination customers.

As a port terminal operator, Viterra's strongest incentive is to maximise throughput. This is how the company obtains a return on its significant investment in South Australian infrastructure, and its commitment to doing so is demonstrated by both the level of its continuing investment and the record tonnages that it has moved through its system.



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**About Viterra**

Viterra provides premium quality ingredients to leading global food manufacturers. Headquartered in Canada, the global agribusiness has extensive operations in Western Canada, North America, Australia and New Zealand. Our growing international presence also extends to offices in Japan, Singapore, China, Switzerland, Italy, Ukraine, Germany and India. Driven by an entrepreneurial spirit, we operate in three distinct businesses: grain handling and marketing, agri-products, and processing. Viterra's expertise, close relationships with producers, and superior logistical assets allow Viterra to consistently meet the needs of the most discerning end-use customers, helping to fulfill the nutritional needs of people around the world.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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