

Annual Operating Plan

2016-2017

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Our Vision

Viable and sustainable grain producers in South Australia

Our Mission

To ensure a viable and sustainable grains industry in South Australia for grain producers through leadership, advocacy and communication

Our Values

Integrity through Transparency and Accountability

Consultative through approachability, communicating

Desire for outcomes that are fact based, proactive and considered

Preface

Grain Producers SA (GPSA) is the Peak Industry Body for the South Australian grain producers. It is unique in that it is a non-political body that represents all grain producers to government, the community and industry including, grain marketers, exporters, storage and handlers, researchers and farm input suppliers.

GPSA's objectives are to improve the profitability and sustainability of South Australian grain producers through:

- Representing the views of South Australian grain producers to government, industry and the community on grains issues;
- Working with an effective state farming organisation and other commodity groups to represent South Australian grain producers on cross commodity issues;
- Working with government and industry to develop policies around creating and maintaining an efficient, accessible and cost effective supply chain;
- Working with government, industry and institutions to improve the technical and business skills of South Australian grain producers
- Working with Research, Development and Extension organisations to identify and disseminate research priorities in grain production, handling and management
- Supporting an effective national representative organisation to work with government around national initiatives to support the grains industry
- Providing a program to include and develop young farmers to be prepared to take on leadership roles within the South Australian grains industry.

Policy

A Board of Directors is elected by grain producers from across the grain growing regions of South Australia, which provides direction and vision. Directors are elected for a two-year term by South Australian grain producers. They bring skills and knowledge from many areas of interest including crop production, crop research, crop merchandising, marketing, storage and transport and logistics.

The Board meets approximately eight times each year and rotates these meetings around the grain producing regions of the state when possible.

Policy is decided by the Board, after considering input from across all sectors of industry, through close involvement with grain producers, grain production groups, grains sector groups and the conduct of regular regional and state industry forums.

Corporate Structure

GPSA is a company limited by guarantee. Membership of GPSA is open to all South Australian grain producers. Grain producers who have contributed to the Primary Industry Funding Scheme Grains 2012 Scheme (PIFS Grain) receive free membership to GPSA.

Board of Directors

GPSA's non-executive Directors are:

- Garry Hansen, Chair
- Wade Dabinett, Deputy Chair
- Stephen Ball
- Andrew Goode, Independent Director (appointed 1 January 2016)
- David Malpas
- Peter Polkinghorne
- Brett Roberts
- Max Wilksch

There are provisions within the constitution of GPSA for the Board to appoint up to one additional independent Director. The constitution of GPSA can be found at www.grainproducerssa.com.au.

Mr Darren Arney is the Chief Executive Officer of GPSA.

Board committees

The GPSA Board has the following sub-committees:

- Audit & Finance Committee;
- Agricultural Security & Priority Committee
- Research, Development & Extension Committee
- Transport & Supply Chain Committee

Audit & Finance Committee

GPSA recognises that exemplary corporate governance and diligent monitoring of its compliance with its legal obligations are vitally important to the fulfilment of its mission, and it maintains an Audit & Finance Committee.

The objective of the Audit & Finance Committee is to provide independent assurance and assistance to the Board on GPSA's risk, control and compliance framework, and its external accountability responsibilities.

Mr David Malpas chairs the Audit & Finance Committee and Mr Garry Hansen and GPSA CEO Mr Darren Arney are members.

Agricultural Security & Priority Committee

Chaired by Mr Max Wilksch, the ASAP committee aims to:

- Advocate for the right to farm by making informed recommendations for the Board of GPSA to consider;
- As directed by the GPSA Board, respond to grain growers requests to support the argument that they have a right to be able to continue to farm into the future, and

- Provide relevant and timely information to the Board of GPSA on issues relating to security of production and the right to farm whilst recognising that a blanket “one size fits all” policy approach may not be practicable.
- Provide a point of contact within GPSA for grain growers affected by competing land use conflicts.
- Provide the framework for the production, collection, and dissemination of data and information regarding the priority of agricultural production and the right to sustainable and viable farming,
- Advocate for protecting the value of farm assets and the health and wellbeing of farmers.

Research, Development and Extension Committee

Chaired by Mr Stephen Ball, the RD&E committee aims to:

- Promote Research, Development & Extension in Agriculture and the value it brings to South Australia.
- Evaluate efficacy of RD&E programs conducted in South Australia for all crops.
- Have oversight of SAGIT and its expenditure.
- Coordinate with GPA & GGL on GRDC oversight.
- Evaluate the GRDC bilateral arrangement between GRDC & SARDI.
- Support RD&E into GM and latest technologies.
- Link with other groups involved in RD&E e.g. SABAC, AOF, Pulse-Australia

Transport and Supply Chain Committee

Chaired by Mr Wade Dabinett, the TASC committee aims to:

- Advocate for a more efficient and effective Grain Transport and Supply Chain leading to a reduction of farm gate to ship’s hold costs.;
- Provide relevant and timely information to the Board of GPSA on issues relating to Grain Transport and Supply Chain.
- Provide a point of contact within GPSA for Grain Transport and Supply Chain issues & opportunities.
- Provide the framework for the production, collection, and dissemination of data and information regarding the Grain Transport and Supply Chain.

Management team

GPSA has a small management team that focuses on project work, business matters, compliance, finance, stakeholder relations, communication and administration. This team is led by the Chief Executive Officer and works to implement the Board’s strategic direction and to deliver measurable outputs from GPSA’s investments.

Key office holders are Chief Executive Officer Mr Darren Arney, Business Manager Mrs Belinda Ryan. GPSA also carries out project and policy work through the employment of Policy Officer, Trudy Huczko. Subcontracted professionals, the CEO and Board members also undertake project work.

Governance Framework

GPSA policy work is funded by Regulation established under the *Primary Industry Funding Scheme (Grain Industry Fund) Regulations 2012* (PIFS Grain). The Minister for Agriculture Food and Fisheries is responsible for the management of funds collected under the PIFS Grain. The PIFS 2012-2017 PIFS Grain Management Plan was released by the Minister on 29 October 2012 and provides guidance as to how the funds may be applied. The Management Plan is reviewed annually with industry consultation.

Regulations under the *Primary Industry Funding Schemes Act 1998* (the Act) establish the Grain Industry Fund (Fund) to collect contributions from South Australian grain growers to support grains industry activities.

The *PIFS Grain Regulations 2012* (Regulations) came into effect on 1 March 2012, with the initial rate of 5 cents per tonne of grain to be deducted by the first purchaser of grain from the payment to the grower and forwarded to the Minister for investment in the Fund.

Funding of GPSA and GPSA projects

PIFS Grain was established in March 2012. The contribution rate for PIFS Grain was 20 cents per tonne for the 2012/13 harvest, and will remain at this level for the 2016/17 harvest. This provides a sustainable and secure source of funding to represent South Australian grain producers both locally and nationally.

Any change to the contribution rate is undertaken following consultation with SA grain producers.

Financial Reporting

Auditing and Reporting

GPSA's financial year runs 1 July to 30 June in alignment with the financial year for the PIFS Grains scheme. GPSA reports to grain producers on the spending of monies to its members at the Annual General Meeting (AGM). The last AGM was held on 30 September 2015. The next AGM will be held on 10 August 2016.

GPSA also reports on monies spent of the PIFS Grain fund to the Minister for Agriculture, Food and Fisheries in a Quarterly Report basis. Quarterly reports are submitted to the Minister by 31 October, 31 January and 30 April each year with a detailed annual report to be submitted by 31 July.

As a company limited by guarantee, GPSA lodges a copy of its financial statements annually with the Australian Securities and Investment Commission.

GPSA has appointed Messenger Zerner as auditors.

Audited financial statements for GPSA for financial period 1 July 2014 to 30 June 2015 show:

Profit and Loss		Balance Sheet	
Income from PIFS	\$1,200,000	Total Assets	\$418,526
Other Income	18,357	Total Liabilities	\$175,993
Total Income	\$1,218,357	Net Assets	\$242,533
Total Expenditure	\$1,059,912		
Retained Funds	\$158,445		

Fraud and risk management

GPSA's fraud and risk management framework includes processes for project, program and portfolio-level risk management, general compliance and operational risk management and financial risk management, and prudential guidelines for business ventures.

Monitoring performance

GPSA monitors, measures and evaluates its performance to continually improve its effectiveness and efficiency.

Financial control

GPSA maintains accounts and records of transactions and affairs in accordance with the Australian Accounting Standards, and with other legislative requirements.

The Board of GPSA has established the following compliance and reporting schedule for the payment of PIFS grains monies:

Delegated authority (maximum):

- Business Manager, Policy Officers \$2,000
- Chief Executive Officer \$20,000
- Chairman approval required \$50,000
- Board approval required for payments exceeding \$50,000.

Audit process

Independent internal and external audits are applied to finances, risk, fraud, quality and RD&E.

Reporting to stakeholders

GPSA reports regularly to stakeholders, including through formal reporting to GPSA members, South Australian grain producers and the South Australian Government, via publication of annual reports, newsletters, the GPSA website and participation in conferences, forums, workshops and other activities.

Planning and reporting

GPSA's corporate planning and reporting approach includes:

- a Strategic Plan that sets out GPSA's high-level goals, strategies and performance measures for a five-year period, developed in consultation with stakeholders,
- an Annual Operational Plan that outlines the annual budget, resources and research priorities that give effect to the Strategic Plan during a given financial year. It also provides the opportunity for GPSA to respond to external drivers and changing priorities during the life of the Strategic Plan by providing revised emphasis on project theme, and
- an Annual Report that provides information on project activities and their performance in relation to the goals set in the Annual Operational Plan for a given financial year.

Risk Management

GPSA maintains the following level of insurance cover through its insurance agent. Details of policies and cover held as at 11 May 2016:

- Public and Liability Limit \$20,000,000
- Association Liability Limit \$5,000,000
- General Property Cover \$12,333
- Motor Vehicle (agreed value) \$55,439

Insurance cover is reviewed annually and adjusted as required.

Communication

GPSA is in regular communication with its members and industry stakeholders. Forms of communication include:

- Newsletter: monthly via email and post
- Surveys
- 1300 number
- Website
- Advertising in state and regional newspapers
- Regional grower and board meetings

GPSA continues to grow its member database. The total database now stands at 2,003. There are currently 1,270 farm businesses that have signed a GPSA Membership Application form.

Projects 2016-2017

No	Strategy	Action Milestones	Budget Allocation 2016-17
1	Grain Stewardship		\$200,000
	Promote “Growing Australian Grain: Safely managing risk with crop inputs and grain on farm” booklet	Promote to primary producers and stakeholders.	Ongoing
	Gather and disseminate information to improve market access.	Work with AEGIC and GIMAF to promote SA grain overseas.	Ongoing
	Review and highlight safe crop protection product use.	Engage with NRTS on crop protection products and promote the safe use of products.	Annually June
	Ensure continued access to crop protection products.	Contribute to National Working Party on Grain Protection and report back to growers and industry.	Annually June
	Review existing QA and stewardship programs.	Contribute to National Working Party on Pesticide Application and report back to growers and industry.	Ongoing
	Highlight and build upon SA brand premium food and wine from a clean environment.	Work with industry to improve supply chain dynamics and educate growers around safe food handling	Ongoing
		Review storage and handling agreements and develop dispute resolution processes	Ongoing
		Review Industry codes relevant to grain producers including harvest, transport, burning,	Ongoing
		Engage with stakeholders on spray drift legislation and review.	Ongoing
	NHVR	Facilitate flexible transport arrangements for primary producers.	Ongoing
	Seek expert review into the supply chain	Engage high-level consultant to review supply chain.	Ongoing
	ESCOSA supply chain review.	Participate in ESCOSA review.	Ongoing
	Identify impact of road user charge.	Study on impact of road user charge. Associated impact of road/rail	Ongoing

No	Strategy	Action Milestones	Budget Allocation 2016-17
		combinations and impact of growers running own trucks.	
2	Grain Freight and Logistics Plan		\$200,000
	Review existing freight and logistics freight plan.	Establish Industry roundtable on effective and efficient grain movement.	March annually
	Improve grain transport and logistics within South Australia to reduce transport costs by 10%.	Work with industry stakeholders including Heavy Vehicle Industry Forum.	Ongoing
	Improve allocation of vessel capacity to ensure timely and efficient export of grain.	Review Viterra auction allocation system and new port code of access	October & May annually
	Improve access to grain storage and handling facilities.	Progress recommendations from State Select committee on grain handling.	Ongoing
	Reduce costs and improve efficiency of grain freight and logistics	Work with DPTI PIRSA and other stakeholders to develop grain transport and logistics plan (2016-2017)	Ongoing
		Review proposed new market entrants.	Ongoing
		Review road, rail and shipping arrangements.	Ongoing
		Recommendations to progress 90-day transport project.	Ongoing
NHVR		Facilitate flexible transport arrangements for primary producers.	Ongoing
3	Communication and Grower Consultation Framework		\$50,000
	Develop an effective communication framework for consultation with all grain producers in SA.	Monthly newsletter.	Ongoing
	Regular newsletter communication with grain producers via email and post.	Annual Report.	September annually
	Current website with good functionality and information useful to grain producers.	Attend Field Days and Grower Meetings.	Ongoing
		Communication Program.	Ongoing
		Regular Website updates.	Ongoing

No	Strategy	Action Milestones	Budget Allocation 2016-17
	<p>Make becoming a member simple and attainable.</p> <p>Membership application available via online form or download from website and fax/email to GPSA.</p> <p>Membership forms available from GPSA Directors and Staff Membership forms available at industry forums and meetings.</p>	<p>Media Releases.</p> <p>Evidence of growing membership numbers.</p> <p>Updated database.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>
7	Biosecurity		\$25,000
	Maintain stringent controls around pest and disease incursion in South Australia.	<p>Develop action plan in conjunction with Biosecurity SA.</p> <p>Work with Biosecurity SA at field days and other grower-attended events.</p>	<p>Ongoing</p> <p>Ongoing</p>
10	Review Market Information Availability		\$50,000
	<p>Increase competitor activity by ensuring grains stock information is available to all industry stakeholders in a timely, practical and cost effective manner.</p> <p>Review stock information transparency and stock information services.</p> <p>Review price transparency and pricing services.</p>	<p>Work with GPA and other SFO's to improve stocks information reporting to all market participants.</p> <p>Aid in the evaluation and development of market information services.</p>	<p>April</p> <p>Ongoing</p>
14	Review and Evaluate Grain Marketing Products & Transactions		\$30,000
	<p>Develop a standardised reporting structure of grain marketing products including concise reporting of performance.</p> <p>Ensure accountability of pool operators to grain producers.</p> <p>Review current legislation around grain pools exemption from Australian Financial Services Regulation</p>	<p>Work with industry and government around accurate reporting of marketing products.</p> <p>Work with industry regulators around legislation and compliance of pools and other grain marketing products</p> <p>Assist grain producers in protecting their interest in grain marketing.</p>	<p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

No	Strategy	Action Milestones	Budget Allocation 2016-17
	Facilitate training of grain producers and industry around different grain marketing tools and products.	Work with industry stakeholders around improved risk management products for grain producers.	Ongoing
	Assist industry in developing new and innovative products to manage price, production and cash flow risks in the selling strategies of grain	Review counter party solvency and capacity to pay and make recommendations to government and industry	October annually
15	Increased Competition in Grain Markets in South Australia		\$100,000
	Foster the development of a competitive supply chain and ensure access equality and access for grain traders in South Australia.	Attend Australian Grains Industry Conference and report to growers and industry stakeholders.	August annually
	Review current access arrangements for third party and grain producer deliveries through the BHC.	Progress recommendations from State Select committee on grain handling.	Ongoing
	Assist grain exporters and merchants in accessing South Australian Grain.	Work with industry to determine and reduce barriers to competition.	Ongoing
	Promote South Australian grain to international national and domestic consumers.	Work with industry bodies in improving understanding of grain markets and the supply chain.	Ongoing
	Ensure export out turn standards for bulk and containerised grain is maintained and enhanced.	Work with industry bodies in improving understanding of grain markets and the supply chain.	Ongoing
16	Worker Health Safety and Wellbeing / Industrial Relations		\$30,000
	Ensure grain producers are aware of, and promote compliance with, WHS policy.	Communicate key legislation items to growers. Website links to relevant information.	Ongoing
	Provide input into improving WHS issues.	Work with PPSA. Engage WHS Consultant to produce policies relevant to grain producers	Ongoing
	Work with industry stakeholders.	Work with SafeWorkSA to promote WHS manual developed for farmers.	Commence July
17	Natural Resource Management		\$30,000
	Provide ongoing support in developing sustainable farming practices.	Provide support to grower representation at NRM.	Ongoing

No	Strategy	Action Milestones	Budget Allocation 2016-17
18	Promotion of Agriculture to Customers and Community		\$50,000
	Promote Agriculture to consumers and the community.	Work with industry partners and stakeholders to promote benefits of ag socially, financially and environmentally via social license project and promotional publication.	Ongoing
23	Grains Research and Development		\$50,000
	Provide grower input into RD&E projects and progress extension of R&D activities.	Represent grain producers as key stakeholders in RD&E funding and outcomes	October and February annually
	Assist in the extension and communication of RD&E projects.	Participate in farmer extension days including updates, crop walks and open days.	Ongoing
	Co-ordinate dissemination of grains RD&E.	Jointly conduct Technical Forums with SAGIT and other industry stakeholders.	March annually
	Ensure good governance around grain producer contributions to RD&E funding.	Provide oversight of SAGIT trustee selection.	Ongoing
24	Improved access and efficiency of Port Facilities		\$50,000
	Develop solutions with industry and government around efficient and cost effective access to grain export port facilities.	Review LTA performance and port access arrangements.	October annually
	Participate in development of alternative port facilities.	Facilitate a review of physical constraints to port access.	Ongoing
	Assist in third party access to port terminals.	Attend meeting of Grains Industry Association SA to promote efficient port access and grain transport.	Ongoing
28	Pre- and Post-Harvest Forums		\$15,000
	Provide a forum to annually review harvest issues and to present solutions and research prior to harvest of the subsequent year.	Conduct grower priorities survey	July
		Conduct post-harvest review survey.	December
	Invite industry stakeholders to attend and present.	Conduct Shed Meetings.	July
30	Thevenard Port Terminal Access		\$50,000
	Improve grain prices received for deliveries in the Thevenard zone.	Develop a feasibility study around upgrading the Thevenard port	Ongoing

No	Strategy	Action Milestones	Budget Allocation 2016-17
	Identify factors contributing to the price differential between Pt Lincoln and Thevenard.	terminal to improve grain export efficiency and cost effectiveness.	
32	Affiliation with Industry Bodies		\$300,000
	Assist funding of national bodies to promote issues of national influence on grain producers.	Assist in policy development through the national Grain Producers Australia as the Representative Organisation under the PIERD Act.	Ongoing
	Work with national grains industry stakeholders and organisation.	Participate in GPA Grains Policy Council.	Quarterly
	Develop and implement policy on cross commodity issues at state and national level.	Relationship with NFF (via GPA) to further primary producers concerns at a national level. Membership of Primary Producers SA.	Ongoing Annual
33	South Australian Barley Advisory Committee		\$10,000
	Provide secretariat services to SABAC.	Convene April meeting.	April annually
	Convene two meetings per annum bringing together growers, traders, plant breeders and maltsters to discuss matters affecting the Barley industry in SA.	Convene September meeting.	September annually
	Distribute minutes of other barley groups to SABAC.	Minutes of SEBAC and WABAC distributed to SABAC members.	
	Distribute minutes of SABAC meeting to SEBAC and WABAC.	Distribute SABAC minutes to SEBAC and WABAC.	
34	Dissemination of project outcomes to fund contributors		\$20,000
	Dissemination of project outcomes to fund contributors.	Project report to PIRSA.	Quarterly
	Review project progress against milestones annually and report to PIRSA.	Release Annual Report at AGM	September annually
35	Grain Production and Competing / Complementary Land Use		\$125,000
	Scope grain production and alternative land uses and the effects on grain producers and the grain value chain	Work with stakeholders in minimising the impacts of conflicting land use. Educate grain producers in rights and obligations in regards to issues	Ongoing Ongoing

No	Strategy	Action Milestones	Budget Allocation 2016-17
		<p>such as exploration, mining, native vegetation, wind farms, aboriginal heritage, local government and urban development</p> <p>Review and make recommendations on legislation</p>	Ongoing
36	Grain Production and Capital Access		\$25,000
	Provide input to review existing and new and innovative ways to attract capital to grain production	<p>Work with industry and government on business and capital access models to benefit grain producers</p> <p>Facilitate business management education and risk management to enable improved business outcomes</p>	<p>Ongoing</p> <p>Ongoing</p>
37	Capacity Building		\$60,000
	<p>Improve capacity of information and skills to grain producers and the supply chain to build financial outcomes for grain producers.</p> <p>Opportunities for young farmers.</p> <p>Provide educational opportunities.</p> <p>Resilience for grain producers and their community.</p>	<p>Sponsor Adelaide University PhD in Agricultural Economics for the benefit of grain producers</p> <p>Build young farmers program</p> <p>Access to Industry Skills Fund.</p> <p>Facilitate access to services.</p>	<p>Annually</p> <p>Ongoing</p> <p>Ongoing</p> <p>Ongoing</p>

Annual Budget 2016-2017

		Financial Year 2016-2017
Income		
	PIFS Gross Estimated Income	1,600,000
Total Income		1,600,000
PN		
	Projects	
	1 Grain Stewardship program	200,000
	2 Grain Freight and Logistics Plan	200,000
	3 Communication and Grower Consultation Framework	50,000
	7 Biosecurity	25,000
	10 Review Market Information Availability	50,000
	14 Review and Evaluation of Grain Marketing Products	30,000
	15 Increased Competition in Grain Markets in South Australia	100,000
	16 Occupation Health Safety and Wellbeing	30,000
	17 Natural Resource Management	30,000
	18 Promotion of Agriculture to Customers and Community	50,000
	23 Grains Research and Development	50,000
	24 Improved access and efficiency of Port Facilities	50,000
	28 Pre and Post Harvest Forums	15,000
	30 Thevenard Port Terminal Access	50,000
	32 Fees for affiliation of relevant industry bodies	300,000
	33 South Australian Barley Advisory Committee	10,000
	34 Dissemination of project outcomes to fund contributors	20,000
	35 Grain Production and Competing / Complementary Land Use	125,000
	36 Grain Production and Capital Access	25,000
	37 Capacity Building	60,000
		1,470,000
	Other Expenditure	
	Administration	100,000
Total Expenses		1,570,000
Reserve Fund		30,000