



Newsletter

July 2003

President: Stuart Hutton (schutton@kpmg.com.au)

Secretary: Susan Madden (smadden@hassall.com.au)

Newsletter: Alan Dick (citynews.theland@ruralpress.com) and
Andy Royal (aroyal@ozemail.com.au)

Farm Writers' Association of NSW Inc. GPO Box 1108 Sydney NSW 2001
Internet: www.nswfarmwriters.org

GrainCorp's Tom Keene: balancing competition and collaboration

The speaker for our next meeting on July 25, Tom Keene, is in a good position to put the large scale deregulation and rationalisation in the grains industry of the last decade in perspective.

As managing director of GrainCorp Ltd, and before that as general manager of the Prime Wheat Association (PWA), he has been at the centre of the changes.

Members and guests will remember that the PWA bought the then NSW Grain Handling Authority from the NSW Government in 1992 and has built the new company into a broad based agribusiness, with grain storage and handling as its core activity, but with marketing and, as of last year, a flour milling arm in conjunction with Cargill Australia.

GrainCorp and Cargill bought the flour milling operations of food company, Goodman Fielder, and GrainCorp and is in the process of merging with the Queensland based grain handler and marketer, Grainco Australia.

Tom was raised in country NSW, educated in Sydney and gained a Bachelor of Economics degree from the University of New England.

He was appointed general manager of PWA in 1982 and was responsible for the planning and successful negotiations that led to merger with the Hard and Soft Wheat growers Association and the acquisition of GrainCorp.

Since then he has led GrainCorp through public listing on the Australian Stock Exchange in 1998, the merger with



Friday 25 July. Hear the latest on the grains industry from GrainCorp MD, Tom Keene: a champion of market information

Vicgrain in 2000 and the purchase with Cargill of Allied Mills in 2002.

GrainCorp now has 800 full time staff and 10,000 shareholders, a major grain handler, and is now the largest miller of flour for human consumption in Australia.

Tom will outline the progression from the comfortable days of government run monopolies to a business environment characterised by continuous improvement, dynamic business relationships, consolidation and integration.

He believes the most important issue facing the industry now is sensible, informed and appropriately rewarded investment.

While competition plays a big part in this, collaboration is also important, and Tom will describe how GrainCorp is dealing with the challenge of finding the right balance.

The meeting starts, as usual, at 12:00 noon for 12:30pm at the All Seasons Premier Menzies Hotel.

Register early and on-line for Friday 25 July's luncheon seminar with Tom Keene

Corporate 'Members of the Month': Farmoz Pty Ltd and Rabobank

Venue: The **ALL SEASONS PREMIER MENZIES HOTEL** 14 Carrington Street, Sydney.

When: 12:00 noon for 12:30pm: Friday, 25 July, 2003

Cost: \$50 per head, or voucher

Register: On-line before 5:00pm, Tuesday 22 July at www.nswfarmwriters.org. Or through Australian Honey Bee Industry Council's Laurel Pickering: ahbic@honeybee.org.au Phone: 02 9221 0911 or Fax: 02 9221 0922

Late cancellations: Phone Jamie Graham (0418 479 434) or Amy Lawrence (02 8204 3857)

Last meeting: Water policies come under financial fire

Current government irrigation policies and water reforms could have a serious long term downside for irrigators, according to our June speaker, the general manager of the National Australia Bank's Agribusiness Division, Mike Carroll.

He warned that the uncertainty and limited tenure of water entitlements could radically change the financing of irrigation farms and weaken the ability of irrigators to invest in technology to improve water use efficiency.

The problem was that the new legislative regime signalled reviews of water entitlements every 10 years, with the possibility of ministerial intervention at any time.

This could have a direct impact on farm financing.

Mike said that if a farmer and his financier had no certainty of tenure beyond 10 years, then loans being serviced by products grown using a water entitlement would need to be paid out over that period.

This would be a major departure from current farm financing practices, where loans were commonly interest only or principal and interest over 25 years.

It would also significantly increase annual servicing costs.

There would also be a decrease in the scope for flexibility in droughts or during falls in commodity prices.

He estimated the cash flow impact of this change in farm financing would be a 30 per cent reduction in cash surplus on a typical irrigated farm.

This would mean a lot less cash available to the farmer for investments in water efficiency gains.

Mike suggested that reductions in water entitlements without compensation would force farmers to either plant less crop, buy more water or invest strongly in more efficient irrigation technology - all of which would either reduce income or increase expenditure.

He said, however, creating an efficient and secure water market would enable water to be transferred between users without buyer or seller being disadvantaged.

The National Bank, as Australia's largest rural lender, was committed to agribusiness lending and would continue to work through this issue with water reformers and bank customers, Mike said.

Some people have it rough

Committee member, Bev Jordan, attended the International Federation of Agricultural Journalists congress in The Netherlands in June and is staying overseas, we believe, until the end of this year.

Her attendance was funded in part by NSW Farm Writers' and Bev will be submitting a detailed report on the congress later.

She has reported by email that more than 200 delegates attended from 34 countries, and the four-day program was extremely full, with delegates 'flat out' from 7am to well into the night (Yeh! Sure!).

The third and fourth days were devoted to farm and other on-site excursions and delegates were addressed on the third evening by a formidable array of experts on trade.

Bev also noted that the congress had decided that next year's event would be in South Africa. We look forward to her full report. Shortly, we will also be seeking expressions of interest from Farm Writers' stalwarts who would like to 'floy the fleg for Austrorlia in Soyth Efrica'. Check out www.agriwriters.org.za

Bob the Grocer looking for more transparency

At our May meeting, the Retail Grocery Industry Ombudsman, Bob Gaussen, turned out to be a pretty straight talker.

His job is to mediate disputes in that industry and he is targeting some systemic problems as well as facilitating solutions to individual disputes.

One of the major systemic issues he cited was a lack of transparency in transactions at Sydney's Flemington markets and the confusion regarding the 'hybrid' role played by market wholesalers, apparently at whim.

They sometimes act as the seller's agent and sometimes as the purchaser. Either way farmers receive only a global total with no information on batch prices or quality related payments or penalties.

He reported that the mango industry — which accounts for the most disputes referred to the ombudsman of any industry — has developed a draft, industry-specific, code of conduct, with pleasing support from the supermarket chains.

He said while the balance of market power was heavily in favour of the supermarkets, their commitment to the retail industry code of conduct was real.

Bob also expressed his belief that the ombudsman's reach was too wide, covering all participants in the Australian retail grocery industry, except consumers.

The event was hosted by the Corporate Members of the Month, Horticulture Australia and Agrimedia.

Retail Grocery Industry Ombudsman, Bob Gaussen



Super Minister: 29 Aug!

Craig Knowles — NSW's newly appointed 'super' Minister for Infrastructure and Planning and Natural Resources and other things outdoors, including ultimate responsibility for agri issues — will be our special guest for August. Don't miss him!