



1<sup>st</sup> May 2012

Committee Secretary  
Senate Standing Committees on Rural and Regional Affairs and Transport  
PO Box 6100  
Parliament House  
Canberra ACT 2600  
Australia

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Dear Sir,

The Pastoralists and Graziers Association of WA (Inc) (PGA) is a non-profit industry organization established in 1907, which represents the interests of primary producers throughout Western Australia. The PGA Western Graingrowers Committee (WGG) specifically represents the interests of PGA grain growing members who on average produce a significant percentage of the Western Australian grain harvest per annum.

The PGA welcomed the introduction of the *Wheat Export Marketing Act (Cth) 2008 (Act)* that came into effect on 1 July 2008 and enabled the Australian wheat industry to begin the transition from a regulated environment under the single desk to an open and contestable market in a managed and orderly manner.

The abolition of the single desk has led to improved productivity and created new global export markets for Australian growers. As a result the majority of growers are now comfortably operating in a competitive market, and as such many of the transitional arrangements established under the Act are no longer required as an ongoing measure.

As such the PGA is supportive of the Government's decision to abolish the Wheat Export Accreditation Scheme (Scheme), administered by Wheat Exports Australia (WEA) and primarily funded by the Wheat Export Charge (WEC) on 30 September 2012. Abolishing the scheme will ensure that the benefits to industry provided by accreditation during the transition to full deregulation are not undermined in the longer term by the direct and indirect costs of continuing with a scheme that has served its purpose. These costs include the WEC and the administrative and regulatory burden of accreditation, as well as the unnecessary regulation on efficiency and competition in the wheat industry.

The PGA is also supportive of the Government's decision to retain the port access test for bulk handlers until 30 September 2014 following the introduction of a non prescribed voluntary code of conduct.

Retaining the access test until 2014 will give the industry sufficient time, and appropriate incentives, to adjust to the new trading environment. It will also allow for full deregulation of the wheat export market from 1 October 2014, with all aspects of the industry subject to general competition law administered by the Australian Competition and Consumer Commission.

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This will bring the wheat export market into line with other agricultural commodity markets and promote further competition through every part of the wheat export industry leading to increased productivity and profitability. An open and unhindered market will lead to more buyers competing for wheat, thus allowing for growers to obtain market value for their product, and facilitate further marketing innovation, and reduce costs throughout the supply chain.

## **SPECIFIC COMMENTS ON AMENDMENTS**

### **Schedule 1 – Amendments relating to the Wheat Export Accreditation Scheme**

The PGA supports the amendments to the Wheat Export Marketing Act 2008, which repeals those sections of the Act that specifically relate to the Wheat Export Accreditation Scheme and the Access Test.

### **Schedule 2 – Amendments to Wheat Exports Australia**

The PGA supports the amendments to the Wheat Export Marketing Act 2008, which repeals those sections of the Act that specifically relate to Wheat Exports Australia.

### **Schedule 3 – Repeal of the *Wheat Export Marketing Act 2008***

The PGA does not support the repeal of the entire *Wheat Export Marketing Act 2008* commencing on 1 October 2014 providing that the Minister has approved an industry code of conduct.

Of concern is the repeal of the Act would include the removal of remove Section 86A which ensures that state and territory laws do not interfere with the storing, handling or transporting of grain by a person or corporation under a service contract. For example subsection 86A(8) states:

*Nothing in any prescribed State or Territory enactment prevents a corporation storing, handling or transporting grain for a purpose referred to in the definition of a service contract in subsection (1).*

The PGA is concerned that the removal of this Section following the repeal of the Act would, particularly in Western Australia, permit state governments from enacting regulation on the transport of grain from road transport to rail transport, thus increasing the costs for producers. This could also allow for Bulk Handlers to use existing State regulation to protect monopoly interests, despite agreeing to an industry code of conduct.

As such, the PGA feels that provisions to ensure the retention of Section 86A needs to be established before the Act is repealed.

Yours faithfully

~~John~~ Snooke  
Chairman  
PGA Western Graingrowers