



Grain
Producers SA
23 April 2012

Mr Stephen Palethorpe
Committee Secretary
Senate Rural and Regional Affairs and Transport Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600
Australia
(Email: rrat.sen@aph.gov.au)

Dear Mr Palethorpe,

RE: Wheat Export Marketing Amendment Bill 2012

Grain Producers SA Ltd (GPSA) strongly recommends the retention of Wheat Exports Australia (WEA) to oversee the grains industry in Australia.

GPSA does not consider that the grain marketing industry in Australia has matured sufficiently since the deregulation of export wheat marketing in 2008, to enable a self-regulating code of conduct that will protect grain producer interests.

Submissions made by GPSA and other industry bodies, to both federal and state inquiries into grain handling, clearly indicate an unequitable situation exists between bulk handling companies (BHC's) and grain producers and other industry participants.

There is strong evidence to support the continuing need for WEA to maintain the "light touch" approach to the accrediting all grain exporters including bulk and non-bulk grain exports.

The powers of WEA need to be enhanced to cover all grains that are exported from Australia. These grains include but not limited to; wheat, barley, canola, oats, lupins, pulses and legumes.

Other amendments to the Wheat Export Marketing Amendment Bill 2012 must cover the following information;

- *Unequal access to wheat stocks information.*
Upcountry wheat stocks information is not currently published in sufficient detail nor in a consistent and timely manner to be useful to industry. Industry requires detailed and timely information to facilitate accurate pricing and competitive tendering for international contracts. This results in a significant marketing advantage to the associated accredited exporter of the bulk handling company (BHC) as most 'up-country' storage is provided by BHC.
- *Mandatory objective testing of grain receivables and control of export standards*
An export quality certification program is needed such as that in the USA. The industry is using objective testing to as large a degree as is possible given the type of equipment available at receipt, however this is not guaranteed at outturn. There is considerable money being spent on new testing methods by GRDC and others to enable full objective testing but this is simply not available yet. Similar to the USA,

management of the integrity of wheat exported is crucial for overseas buyer confidence.

- *Management of the shipping stem.*

A specialized independent body would offer a more nimble supervising role of the shipping stem than what the ACCC offer. Based on substantial feedback from exporters, and echoed in submissions to the senate committee, WEA is of the view, in order for industry to capture all the benefits of a deregulated market, the supply chain needs to be transparent and equitable to all players in the market. This includes uniform and transparent booking of shipping slots and the publication of comprehensive port capacity tables. Removal of the access test will be conditional upon a non-prescribed voluntary code of conduct being developed and implemented prior to 30 September 2014 for port terminal operators that export bulk wheat

- *Port access frustration by Bulk Handlers.*

Port access is an essential service on which exporters are completely dependent to facilitate trade. Any restriction or inability for exporters to secure shipping slots on a fair and equitable basis will discourage them from participating in the export market, thereby reducing competition in the industry.

- *Fees and Charges of Bulk Handlers*

BHC's control or own almost all supply chain channels to port in each of their geographical regions. BHC's encourage use of bundled services within the vertically integrated businesses, supported in part not by competition but by creating barriers to entry through fees and charges.

- *Roles and Powers of the ACCC*

The movement towards deregulation of the bulk wheat export industry generates substantial concerns that three regional monopolies will be effectively developed. Further, that the current regulatory powers of the ACCC are not sufficient to provide confidence that the risk of developing these three regional monopolies will be controlled.

WEA would be funded through the existing Wheat Export Charge, renamed Grain Export Charge to cover all grains. The charge should be raised to 30 cents per tonne paid by the exporters, which is inevitably passed back to growers. This would ensure there is no cost to Government to run such a body. Also 30 cents per tonne is a small price to pay, as the charge is less than 1% of the pipeline margin of \$35 per tonne generated by the South Australian BHC in the calendar year 2011.

Yours Sincerely

Garry Hansen
Chairman Grain Producers SA Ltd