

# AWB

LIMITED

2 June 2000

I refer to your letter dated 18 April 2000 to AWB's Chief Executive, Andrew Lindberg. In your letter you invited AWB to make a submission to the Committee to identify drivers of, and impediments to, successful value adding in Australia.

AWB Limited (AWB) has sole responsibility through AWB (International) Limited for exporting wheat out of Australia. In undertaking this task, AWB focuses on moving wheat from a homogeneous bulk commodity, to a branded product, designed to meet specific customer needs. The success of this branding and value adding strategy is evidenced in AWB's continued strong sales into a distorted world wheat market.

Over the last ten years, the world's wheat trade has remained relatively static at around 100 million tonnes. In this time, Australian wheat production has increased from an average of around 12-14 million tonnes per annum, to 22-24 million tonnes per annum. This means that the export task has increased from around 10 million tonnes per annum to around 18 million tonnes per annum. This additional tonnage has been placed into a static market, showing a strong increase in Australia's market share. This success has come through branding and value adding to promote the quality and reliability of Australian wheat and AWB.

The Committee may be aware that the single desk system of marketing is currently under review as part of the Government's commitment to National Competition Policy. As part of the review process, AWB will be making a full submission to the independent review committee. Our submission will set out in detail how AWB has pursued value adding strategies for Australia's wheat crop and how the value generated is returned directly to the wheat farmers of Australia.

Rather than repeat the exercise here, we would like to refer the Committee to AWB's submission when it is complete. Submissions are due on 17 July and we will make our submission on this date. Following this, our submission will be posted to our website ([www.singledesk.awb.com.au](http://www.singledesk.awb.com.au)), where the Committee will be able to examine it and gain further information about AWB's approach to wheat marketing as Australia's value added, integrated grains marketer.

I trust that this will assist the committee in their investigations.

Yours sincerely

**Andrew McConville**  
Manager Government Relations

**AWB LIMITED** ACN 081 890 459  
Ceres House 528 Lonsdale Street Melbourne Vic 3000 GPO Box 4562 Melbourne Vic 3001 Australia  
Telephone 03 9209 2000 Facsimile 03 9670 2782

*The Australian Grains Marketer*