

Senate Rural Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2011

Agriculture, Fisheries and Forestry

Question: 52

Division/Agency: APD/WEA – Wheat Exports Australia

Topic: Grain Industry Fees

Proof Hansard Page: 19-20 (21/02/2011)

Senator HEFFERNAN asked:

Senator HEFFERNAN—Competitors cite AWB and EP Grain. ‘When necessarily it has to go to the Viterra system to access the loading belts’—you would understand that—‘it must undergo a full reassessment, incurring another full round of costs.’ Right? So it gets onto their belt, they retest it and charge the grower. ‘There is also the charge to cover shrinkage’—when, in fact, if the product has been stored for any time in AWB, it is already shrunk. ‘This delivers a direct benefit to the virtual monopoly, thus undermining competition.’ My question is: are the costs of redelivery to the predominant operator a significant deterrent to fair competition?

Mr Woods—That is an area of redelivery and delivery to port via other bulk handlers or by growers themselves; it is something that the ACCC monitors and is part of the access undertakings.

Senator HEFFERNAN—What does the current policy say? We are not looking for a yes or no answer. What is the obligation of the current policy in the redelivery?

Mr Woods—The redelivery, in my understanding, is different in every case for bulk handlers.

Senator HEFFERNAN—What is it in South Australia?

Mr Woods—I am not exactly sure of the specifics—

Senator HEFFERNAN—Can you take that on notice?

Mr Woods—We can, but at the moment Viterra have their draft agreement out. The ACCC have published that and asked for questions on it, so they are considering that at the moment and that is their role, not ours.

Answer:

Viterra’s fees and charges are reflected in its ‘Wheat Reference Pricing–Port Terminal Services 2010/11’ document and explanatory notes. Information about shrinkage charges applying to grain delivered to port terminals from outside Viterra’s “Export Select” system is included. Details can be found on Viterra’s website: www.viterra.com.au/port-access-shipping-stem.

All port terminal operators that are also accredited bulk wheat exporters must comply with access undertakings approved by the Australian Competition and Consumer Commission which require them to offer rival exporters fair and transparent access to their export facilities and publish reference prices.

The Australian Competition and Consumer Commission is responsible for monitoring of, and compliance activities associated with the access undertakings.

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Agriculture, Fisheries and Forestry

Question: 53

Division/Agency: APD/WEA – Wheat Exports Australia

Topic: Wheat Industry Exporter Accreditation

Proof Hansard Page: 24 (21/02/2011)

Senator Back asked:

Senator BACK—Of the 18 that were accredited for 2009-10, can you now or on notice give us a breakdown of those that are Australian-based, those that are agents of multinationals?

Mr Woods—We can do that, but there are a number of Australian entities and a number of multinationals.

Senator BACK—On notice you can give us a breakdown?

Answer:

The *Wheat Export Marketing Act 2008* states that a company is not eligible for export accreditation unless the company is registered under Part 2A.2 of the *Corporations Act 2011*. Given this requirement, all accredited exporters have an Australian Company Number and as such, are Australian registered companies.

There are 26 accredited exporters under the Wheat Export Accreditation Scheme. Of these:

- one is a proprietary company wholly owned by an Australian grower co-operative
- two are proprietary companies
- two are public companies traded on the Australian Securities Exchange
- four have been created by joint ventures between Australian and foreign companies
- seventeen are subsidiaries of multinational companies which are registered in Australia.

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Agriculture, Fisheries and Forestry

Question: 54

Division/Agency: APD/WEA – Wheat Exports Australia

Topic: International Wheat Buyers

Proof Hansard Page: Written

Senator Nash asked:

What is Wheat Exports Australia doing to gain more international buyers?

Answer:

Wheat marketing negotiations are a commercial matter between buyers and sellers and not a function of Wheat Exports Australia. Wheat Exports Australia administers the Wheat Export Accreditation Scheme which regulates the export of bulk wheat from Australia.

As part of the wheat industry transitional assistance package announced in June 2008, the Australian Government allocated up to \$600 000 towards the Wheat Export Technical Market Support Grants program to assist new and smaller scale exporters to deliver effective technical market support to international customers. The program is scheduled to finish at the end of the 2010–11 financial year.

Projects funded under the program have targeted niche marketing opportunities in new and existing markets using a range of strategies, including quality assurance and technical and relationship building visits to and from potential customers. Several grantees have arranged or made pilot shipments of wheat to newly established markets and expect to consolidate these into long-term commercial arrangements.

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Agriculture, Fisheries and Forestry

Question: 55

Division/Agency: APD/WEA – Wheat Exports Australia

Topic: Wheat Exports Australia

Proof Hansard Page: Written

Senator Nash asked:

1. Given that the Productivity Commission recommended that Wheat Exports Australia be wound up on September 2011, and that the Wheat Export Charge of 22 cents per tonne on wheat exports be abolished from that date, has any notification been provided by the Department of Agriculture, Fisheries and Forestry, or any other government department, that this recommendation will be put in place?
2. Has the agency made any plans for existing staff with respect to the agency's winding-up?
3. To the agency's knowledge, if Wheat Export Australia is abolished, will there be any levy or charge be placed on wheat exported from Australia?

Answer:

1. The government is considering the Productivity Commission's recommendations and has not provided any notification on future action.
2. Wheat Exports Australia (WEA) has not received any notification from government that it will be wound up. The government has yet to respond to the report recommendations. To plan for the possibility of a change, WEA is working closely with its staff on workforce planning and training and development issues.
3. Revenue generated by the wheat export charge is used solely to fund the operation of Wheat Exports Australia. The future of the wheat export charge will be determined by the government response to the Productivity Commission review of wheat export marketing arrangements.