

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

Additional Estimates February 2007

Agriculture, Fisheries and Forestry

Question no: WEA 01

Division/Agency: Wheat Export Authority

Topic: Impact of Geneva desk on the growers pool

Hansard page: 20 (14/02/07)

Senator Heffernan asked:

- Would it be possible for you to give to the committee an exercise in determining what amount a recently returned pool actually returned; and
- also the impact that the Geneva Desk and associated activity for the shareholder has on the pool?

Answer:

Pool returns

The WEA does not assess actual pool returns. This is done by AWB(I) and their auditors. The WEA assesses AWB(I) sales price performance against the Wheat Industry Benchmark (WIB) as detailed in page 9 of the growers report 2006.

The AUD 18.50 performance above the WIB, referred to in this report is a gross figure, the net value is AUD 3. This is obtained by deducting a FOB value of AUD 8 and base fee and OPI of AUD 7.50 for the 2004-05 National Pool.

Geneva Desk

AWB(I) has approved the WEA providing the Senate Estimates Committee with a copy of the 'Operational Policies and Procedures of the National Pool' dealing with 'Trading in other origin wheat' by AWB Geneva on a strictly 'Commercial In Confidence' basis. This document is **attached**.

AWB(I) has however requested that it be viewed in the following context:

"The 'Operational Policies and Procedures of the National Pool – Trading in other origin wheat' provides an overview of the approach adopted to ensure the trading of wheat by AWB Geneva on its own account or on behalf of AWB(I) does not:

- displace National Pool wheat; nor
- undermine price premiums obtained by National Pool wheat; nor
- injure or cause detriment to AWB(I) or the National Pool".

[WEA 01 attachment]

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

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Question no: WEA 02

Division/Agency: Wheat Export Authority

Topic: Minutes of AWB(I) board meeting

Hansard page: 26-27 (14/02/07)

Senator Heffernan asked:

Could the Committee have a copy of the minutes relating to the AWB(I) and AWBL Board Meeting which made the decision on the Services Agreement break-free payment.

Answer:

The WEA has sought approval from AWB(I) to release the Minutes to the Committee. AWB(I) has **not** agreed on the basis that the minutes of AWB(I) meetings deal with matters which are highly sensitive and confidential.

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ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question no: WEA 03

Division/Agency: Wheat Export Authority

Topic: AWB(I) – costs reduction

Hansard page: 39 (14/02/07)

Senator O'Brien asked:

Could you provide the details of the cost reductions in the services provided by AWBL to AWB(I)?

Answer:

The WEA sought approval from AWB(I) to release to the Committee information previously provided to the WEA regarding the cost reductions that have brought the base fee down to AUD 39.5 million.

Due to commercial-in-confidence reasons AWB(I) has **not** approved release of this information.

Senate Standing Committee on Rural and Regional Affairs and Transport

ANSWERS TO QUESTIONS ON NOTICE

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Agriculture, Fisheries and Forestry

Question no: WEA 04

Division/Agency: Wheat Export Authority

Topic: 2004 services agreement – default mechanism

Hansard page: 44 (14/02/07)

Senator O'Brien asked:

What are the (other) reasons for default of the Services Agreement by AWB(I)?

Answer:

In May 2006 the Wheat Export Authority (WEA) sought advice from the Australian Government Solicitor (AGS) on what would be defined as 'default' within Clause 14.7 of the Services Agreement between AWB(I) and AWBL.

AGS advice was that the Services Agreement "does not clearly set out what events constitute default, but assumed that where the AWB Services (AWBS) fails to perform its service obligations under the Agreement then AWBS would be in default."