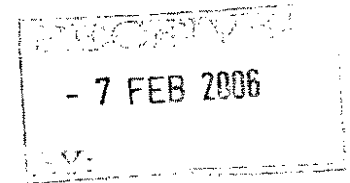


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Australian Government
Wheat Export Authority



7/2/06 - egg to
Klat etc

7 February 2006

Senator Bill Heffernan
Chairman
Senate Rural and Regional Affairs and
Transport Committee
Department of the Senate
Parliament House
Canberra ACT 2600

Dear Senator Heffernan

At the Committee Additional Estimates hearings on 1 November 2005 and in the context of a discussion around the Wheat Export Authority's (WEA) review of AWB(I) contracts I was asked the following question by Senator Siewert:

"were you aware that the AWB had entered into commercial arrangements with the Jordanian trucking company?"

To which at the time I replied "No".

And subsequently in the context of the same question I replied:

"there was no indication of it at all on the documents we saw".

Having considered my responses to the committee I have since conducted a further review and I would like to inform the committee that my answer was factually incomplete. The WEA was made aware in mid 2004 from material in its possession that AWB(I) was supplying wheat into Iraq under an arrangement that included over land transport by a Jordanian trucking company.

Consistent with its function of reporting on the outcomes of the export performance of the national pool and in response to public allegations of AWB(I)/AWB Ltd paying "kick backs" in Iraq the WEA undertook to address the issue in its 2004 performance monitoring activities.

AWB(I) provided WEA access to a sample of 17 contracts for wheat sales to Iraq under the UN oil for food program. WEA staff reviewed these contracts to verify

whether the pool FOB data provided to WEA was consistent with those contracts. The details of the contracts were consistent with data provided by AWB(I) to WEA.

When questioned specifically by WEA staff over the provision of "kickbacks" in Iraq AWB(I) denied any wrong. AWB(I) staff pointed to the unique circumstances of Iraq sales (eg: that sales were to include delivery of wheat over land and payment is not made until the wheat is delivered) to explain why it was necessary to pay a Jordanian trucking company and why prices may appear above global benchmarks.

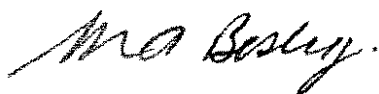
Part of the WEA's 2004 performance monitoring activity included examination of the Corporate Governance procedures within AWB(I) including a review of the AWB(I) *Corporate Code of Ethics and Code of Conduct Policy* that had been approved by its Board. This policy dealt with *agency facilitation payments*. WEA's review found that there were no payments recorded for Iraq wheat sales.

WEA's performance monitoring activities are undertaken from the perspective that WEA is not a regulator of AWB(I)'s performance. Responsibility for the manner in which AWB(I) conducts its business resides with the Board which is governed by a constitution and established corporate governance framework.

The WEA's role is to report retrospectively on the outcomes of AWB(I)'s management of the national pool and the resulting benefits to growers. This is generally a high level assessment undertaken by WEA on an annual basis.

I regret that my answer was not complete.

Yours sincerely

A handwritten signature in cursive script that reads "MA Besley".

MA (Tim) Besley
Chairman