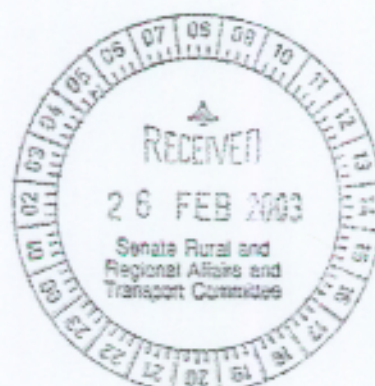


Mr Damian Capp
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The Secretariat
Senate Rural & Regional Affairs
And Transport Committee
Room SG.62 Parliament House
CANBERRA ACT 3560

Dear Sir

Wheat Marketing Amendment Bill 2002

Thankyou for the opportunity to make a submission to this Senate enquiry. I believe that the Wheat Marketing Amendment Bill of 2002 should be broadened to bring forward the review scheduled for 2004 and to make that review more rigorous. This would mean that in independent agency, other than the WEA should conduct such an investigation.

The 2004 review is currently scheduled to simply be a review of the performance of AWB International using its wheat monopoly export privileges. I have had dealings with the WEA on behalf of other wheat growers and I do not believe WEA have the capability or the will to carry out such a broader review such as I propose. They are under the influence of AWB Ltd and the Grains Council of Australia get to recommend to the Minister for Agriculture, some of Board members. The GCA are noted for their single minded support for retention of regulated grain marketing at all costs.

The National Competition Policy review of the Wheat Marketing Act in 2000 actually made a number of recommendations for reform of wheat marketing in Australia that would have seen many of the problems we currently face resolved. The government chose not to act upon its own policy review process which has allowed the AWB Limited group of companies to effectively regulate themselves and their competition. AWB Limited is more powerful now as a private company, listed on the ASX than it ever was as a statutory authority. It is not answerable to the Federal Parliament in any meaningful way.

Amendments to the Wheat Marketing Act will put in place drivers of reform that will solve many of the problems wheat growers are increasingly recognising. There are conflicts of interest between pool participants and AWB companies that provide services to these pools that the Board of AWB Ltd has not been able to manage.

Putting AWB Ltd and AWB International under greater scrutiny is one such reform. AWB International should be made to report to the WEA in greater detail and disclose more information to wheat growers. Currently the annual grower reports from WEA are totally lacking in the detail required for a wheat pooler to assess the performance of AWB I. More detailed and better information is required from AWB I and the WEA. This could be in the form of quarterly reports that assess the pool sales that AWB I has made in comparison to the values being achieved for comparable grades of wheat in North America.

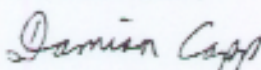
The comparable grades of wheat are well known and the United States Department of Agriculture regularly publishes detailed information regarding pricing of wheat sales in the USA. It would not be hard for the WEA to assess the performance of AWB I if the will existed.

Greater scrutiny of the activities of the AWB group of companies is required. The two recent reports from Accenture, on behalf of the Grain Growers Association and Kronos on behalf of NetCo and United Grower Holdings, identify many of the ways in which the AWB group are extracting money from the grain logistics chain as profits for its own coffers. AWB Australia is also in a privileged position to make a great deal of profit from its domestic grain trading operation. The margins it makes on domestic operations are considerably higher than the standard in grain trading operations. This can be calculated from the disclosure that AWB has to make to the market as part of being an ASX listed company.

The grower reports that WEA have released have not been credible documents. The first report, July 1st 1999 to June 30th 2001 totalled 8 pages. The second report for the period July 1 2001 to June 30th 2002 totalled 16 pages. This means that in a little over three years the WEA has provided growers with a total of 24 pages of analysis and cost something like \$5 million to run during that time. It stretches belief that the Minister now expects growers to pay the bill for this 'service', in the form of a compulsory levy. It is taxation without representation as a wheat grower cannot vote to install or remove a board member of the WEA.

In summary, AWB Ltd is an ASX listed company that is abusing a government bestowed monopoly. This amendment bill is an opportunity for the Senate to make amends and bring AWB Ltd into line.

Yours sincerely



Damian Capp