



Grains Council of Australia

Submission

To

The Senate and Rural and Regional Affairs and
Transport Legislation Committee

On

Wheat Marketing Amendment Bill 2002

3 March 2003

Background

The Grains Council of Australia (GCA) is the peak policy body of the Australian grains industry, representing some 50,000 grain growers Australia wide. The Council is a major commodity member of the National Farmers' Federation (representing over 120,000 Australian farmers) and is a non-government, grower funded federation of farmer organisations from Australia's five main economic and social welfare of Australian grain growers. This included the provision of input to government on issues affecting grain growers' profitability and international competitiveness.

In acknowledging the GCA as the peak grains industry body the GCA nominates two, of the five members of the WEA to the Minister for Agriculture, Fisheries and Forestry Australia.

Further, the Guidelines issues by the Minister and Section 15 of the Wheat Marketing Act require the WEA to consult with the GCA and to report on its operations.

In addition the GCA is a member of the WEA convened Consultative Group. This Group had its genesis in the Government's response in April 2001 to the National Competition Review (NCP) of the Wheat Marketing Act.

The Minister requested that a group comprising WEA, AWB Ltd, AFFA, and GCA representatives be established to determine and provide advice options for revised export consent arrangements and performance monitoring of AWB International and 2004 Review indicators. This group, subsequently call the Technical Working Group (TWG) made recommendations which were considered by the WEA Board.

The TWG took into consideration invited contributions from the industry representative bodies including the Australian Grain Exporters Association, Durum Wheat Growers Association Inc, Flour Millers Council of Australia and an Industry Working Group facilitated by NACMA.

Following consideration of the TWG's Report by the WEA Board announcements were made in September 2001 regarding the development of a set of performance indicators which would enable WEA to measure and assess the performance of AWB(I) and on improved consent arrangements for exports of wheat that are bagged or containerised.

Following the conclusion of the work of the TWG the Consultative Group was formed with the same membership as the TWG with the role of providing a forum for group members to discuss matters pertinent to the role and functions of the WEA under the Act.

Wheat Marketing Amendment Bill

The primary purpose of the Wheat Marketing Amendment Bill is to provide a longer term funding mechanism to meet the operating costs of the WEA. Other, minor, changes to improve the operational efficiency of the WEA are also provided for in the Bill.

The GCA believes that the Committee should focus on the intent of the Bill which, was to provide funding for WEA's operations and not on other aspects which have been the subject of media comment and include WEA's own performance and a review of the single desk.

The latter point raises a lack of understanding of WEA's role. One of WEA's functions is to monitor AWB(I)'s performance and to report on this and the benefits to growers by 2004. The WEA's review of AWB(I) is not about whether or not there should be a single desk for wheat exports. Nor is the WEA's review to incorporate NCP principles.

The WEA's monitoring of AWB(I)'s performance against indicators and the report to the Minister on its findings will form the basis of the review. In other words the two reports to date are building blocks towards the 2004 Review, they cannot be considered in isolation. Similarly it is inappropriate for any one to assess the WEA on work in progress.

Recommendation 1

The consideration of the Senate Rural and Regional Affairs and Transport Legislation Committee should be confined to the – of the wheat Marketing Amendment Bill 2002.

GCA Position of Funding of WEA

With an average level of exports for the past five years of nearly \$4 billion the production and marketing of Australian wheat is an export focussed industry. The GCA believes that the industry makes a major contribution to the economic well being of the nation in general and to regional economics in particular. A large share of the success of the industry and the substantial benefits to regional Australia are attributable to the single desk marketing arrangements.

The distribution of the benefits of the single desk arrangements are not confined to just the growers of wheat for export. The beneficiaries are all wheat growers and rural communities.

It is thus that GCA believes that the funding of the WEA should be in part Government and in part production based, regardless of whether the grain is exported or consumed domestically.

The timing of the introduction of a levy/charge should be such that the levy/charge applies to all the wheat of the whole season. To do otherwise will not only be inequitable but would, lead to the level of the levy/charge being higher than it would otherwise be. Thus exacerbating the inequity.

Further the GCA believes that fees to cover the cost of administering the export consents system should be introduced at the earliest possible date. The GCA has seen as an imperative the introduction of such fees and has raised the matter on numerous occasions over the last two years.

The costs associated with the administration of the export consents system is a substantial part of the WEA's budget. GCA believe that the charges should reflect the true costs and not be at a token level. Otherwise we will have the situation where the growers exporting bulk wheat are cross subsidising those using the consents system.

Recommendations

- 2. *The Federal Government should part fund the operations of the WEA.***
- 3. *Grower contributions to the funding of the WEA should cover grain supplied to both the domestic and export markets.***
- 4. *The introduction of a levy/charge is to apply to all the wheat of a whole season to avoid inequity.***
- 5. *Fees for export consents should be introduced at the earliest possible date and should be at a level to cover the costs of their administration.***

As the national body representing wheat grower's interests – a matter recognised by the requirement for WEA to report and consult with the GCA as well as the provision for Gca to nominate two WEA members – the GCA would, under new funding arrangements expect to have an input into the budget and levy/charge setting process of the WEA.

It is GCA's expectation that this would occur through the already established consultative process and that it would be a formalised requirement of that process.

Matters that will need to be covered by that process will include development and agreement on an annual budget; setting of the annual levy/charge which will be

dependent on production forecasts; the determination of a reserves policy, and; the monitoring of reserves.

Recommendation 6

There will be a formalised requirement that the already established GCA/WEA consultative process will cover the budget and levy/charge setting process.