

Chapter 1

Introduction

Origins of the inquiry

1.1 On 8 December 2004, the Senate referred the following matter to the committee for inquiry and report by 16 June 2005:

Compensation arrangements for wheat growers after the writing off of the Iraq wheat debt, with particular reference to:

- (i) how decisions were made; and
- (ii) the impact on wheat growers.

Conduct of the inquiry

1.2 The committee advertised the inquiry in *The Australian* on 15 December 2004, 2 February 2005 and 16 February 2005.

1.3 The relevant farmers' organisations and government departments were also invited to make submissions. The committee received five submissions.

1.4 The committee held two public hearings, in Perth on 22 February 2005 and Canberra on 23 February 2005. Evidence was provided by organisations including the Western Australian Farmers' Federation, the Pastoralists and Graziers' Association of Western Australia and AWB Ltd, and the Department of Foreign Affairs and Trade.¹ A complete list of those that appeared before the committee to give evidence is contained in Appendix 2.

1.5 Submissions and transcripts of the public hearings are available through http://www.aph.gov.au/senate/committee/rrat_ctte/index.htm.

Scope of the report

1.6 This report examines the extent and cause of Iraq's debt to Australian wheat growers, the arguments for and against federal government compensation for affected growers and the adequacy of communication pertaining to the debt.²

1.7 Chapter Two of the report outlines the circumstances surrounding Iraq's wheat debt, resulting from a default on payments for wheat supplied prior to the imposition

1 The Department of Agriculture Fisheries and Forestry also appeared with the Department of Foreign Affairs and Trade. Both provided a joint submission to the Committee.

2 An ex-gratia compensation payment was paid by the federal government in 1991 and 1992. This is discussed from paragraph 2.21 of the report.

of United Nations (UN) economic sanctions on Iraq in August 1990. The committee examines the extent of the debt, the insurance cover held by AWB Ltd, the Commonwealth's ex-gratia payment to growers for losses incurred as a result of the imposition of sanctions and finally, the decision to forgive 80 per cent of Iraq's debt to Australia through the Paris Club.

1.8 Chapter Three discusses the compensation claims of two farmers' organisations following the Paris Club's debt forgiveness, investigating the moral claims of wheat growers to a full repayment of the uninsured portion of the Iraq debt. This chapter also considers the administrative burden associated with distributing any repayments to affected growers.

1.9 Chapter Four examines the possible inadequacy of communication with, and information provided to, growers affected by Iraq's default. These issues specifically relate to growers' representatives raising expectations of repayments and a lack of consultation with growers over the Paris Club debt forgiveness agreement.

1.10 The committee makes its conclusions and recommendations in Chapter Five.