

Ms Jeanette Radcliffe  
Committee Secretary  
Senate Rural and Regional Affairs and Transport Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2601  
Email: [rrat.sen@aph.gov.au](mailto:rrat.sen@aph.gov.au)



Dear Ms Radcliffe:

**Re: Submission to the Senate Inquiry into the *Wheat Export Marketing Bill 2008***

The Grains Council of Australia Limited (GCA) appreciates the opportunity to make a submission to the Senate Rural and Regional Affairs and Transport Committee inquiry into the *Wheat Export Marketing Bill 2008* and *Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008*.

Recent events in the grains industry necessitate that a pragmatic acceptance that wheat marketing arrangements must change. GCA is therefore prepared to support the introduction of an accreditation scheme for multiple wheat exporters. We acknowledge that the draft legislation will see the introduction of the Labor policy of accreditation of bulk wheat exporters, which was articulated prior to the 2007 Federal election.

Please find attached to this letter the following documents, which comprise GCA's submission to this inquiry:

1. A copy of the GCA submission to the Wheat Industry Expert Group's discussion paper (dated 27 March 2008);
2. A copy of the GCA submission to the Government on the two wheat Bills (dated 3 April 2008); and
3. A copy of the Statement made by Mr Jamie Smith to the public hearing on 27 March 2008, which was distributed in hardcopy to the Senators present on the day of the hearing.

Should you have any questions arising from this submission, or would like to seek further clarification about any point made within this paper, then please contact GCA on 02 6273 3000 or [gca@grainscouncil.com](mailto:gca@grainscouncil.com).

Yours sincerely

A handwritten signature in black ink that reads "Murray Jones". The signature is written in a cursive, flowing style.

Mr Murray Jones  
**Chairman**

4 April 2008

## **Submission by Grains Council of Australia Limited**

*in response to*

## **The Wheat Industry Expert Group's Discussion Paper**



# **1. Background**

The Grains Council of Australia (GCA) is the peak representative body for Australian wheat growers. The members of GCA include the grains sections of the Victorian Farmers Federation, South Australian Farmers Federation and AgForce Grains, and associate membership from the Tasmanian Farmers and Graziers Association.

### **1.1. GCA's Wheat Export Policy**

Historically, GCA has supported intervention by Government in the export marketing of wheat, most recently in the form of the Wheat Marketing Act.

GCA continues to support the restriction, via regulation, of wheat exporting to an organisation or process described in legislation, rather than through a fully deregulated process.

The following policy principles were developed at the GCA Policy Council meeting held over 4-6 February 2008. These principles were developed in consideration of the new Labor Federal Government policy position on bulk wheat export marketing.

With the Labor Government preparing to introduce a system of accreditation of multiple bulk exporters of Australian wheat the following principles are designed to maintain important elements for wheat growers that are provided through an orderly marketing system.

These policy principles relate both to the legislative instruments being established for the accreditation of bulk wheat exporters, and issues of relevance that would be classed as 'industry good functions'. The policy principles include:

1. A direct and official linkage must be reinstated in legislation between the regulator of wheat exports and growers through the GCA.
2. Licenses granted to exporters should be issued to any exporter who meets the criteria set for that license. Non-compliance with the license should result in that license being revoked.
3. Maximisation of security of payment to market participants.

4. Maximisation of net returns to market participants through the development of efficiencies in the supply chain and development of an advantageous market position for Australian wheat by maximizing competition in the market at all points in the supply chain.
5. Minimum standard trading terms should be adopted by the industry including truth in pricing and minimum standard payment schedules.
6. All pool products should immediately be classified as financial products and come under Financial Services Legislation to improve the position of growers as unsecured creditors.
7. Compulsory stocks, sales and exports reporting needs to occur on a monthly basis.
8. There is a need in the wheat market for industry development activities to be undertaken and managed by independent organisations.

GCA acknowledges that the terms of reference for the Wheat Industry Expert Group (IEG) relate to the identification of essential industry development functions, and the options for their delivery and funding under the new wheat marketing arrangements being implemented by the Federal Government. Therefore, the focus of this submission is limited to GCA's policy principles 5, 7 and 8. GCA's submission aims to address each of the identified industry good functions, and the preliminary recommendations detailed within the IEG's discussion paper released in March 2008.

## **2. Provision of Industry Good Functions**

GCA acknowledges that the following 'Industry Good Functions' were largely those undertaken by AWB as the holder of the wheat export single desk in the past. Commercial providers currently undertake many of these services and GCA does not believe a new entity is needed to replace these existing providers. However, there is a need for an independent, well-resourced organisation to manage the provision of industry development services that are not currently managed by other providers, or which cannot be transferred to another entity. Therefore it is likely that there will be a number of transitional arrangements with this suggestion, which need to be considered by both the Government and industry.

### **2.1. Industry Strategic Planning**

GCA has been a strong supporter of wider industry strategic planning, as evidenced by its role in initiating and leading, in conjunction with the Grains Research and Development Corporation (GRDC), the development of the *Single Vision* strategic plan in 2004. Although it is recognised that individual companies and service providers within the grains industry will develop and implement their own strategic plans at various times, particularly to position their

organization to provide better services and be more competitive in its operating environment, this does not negate the need for some degree of co-ordinated planning across the wider industry.

GCA supports the preliminary recommendation identified within the discussion paper by the IEG for this particular industry good function. However, GCA disagrees with the IEG's assessment that there are no transitional issues associated with this function, and that there is no role for Government.

GCA still supports the need for wider industry strategic planning across the grains industry, and therefore believes there is a need to consider the issues as the wheat industry moves from a position of regulation to partial deregulation with the new arrangements. Although the outcome from this process is not clearly understood now, there will ultimately be a point in time when this outcome is reached.

Transitional issues and the Government's involvement are outlined in more detail within section 3 of this submission.

## **2.2. Research and Development**

GCA supports the continued investment in research and development by the industry, and in particular through the work of the GRDC. In supporting the work of GRDC, GCA is also supportive of the collection of a grower levy to support the operating costs of GRDC, and the Government's continued support of R&D through its matching contribution.

GCA supports the preliminary recommendation of the IEG in relation to the continued role that GRDC plays in undertaking investment in R&D in the grains industry. GCA also supports GRDC's continued efforts in consulting with the industry in the development of its research priorities, and also the responsibility for consultation with GCA on its strategic directions and budgetary considerations.

Although some commercial entities may also decide to invest in research and development, it is acknowledged that this investment is likely to be specifically geared toward the commercial operations of that company and that no other commercial company in Australia is likely to invest an amount similar to GRDC in public good research for the industry. This is supported by the observations made by the Barley Marketing Working Group in South Australia during its deliberations over the barley marketing arrangements in South Australia<sup>1</sup>.

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<sup>1</sup> SA Barley Marketing Working Group, 2006. Report to the Hon Rory McEwen MP (Minister for Agriculture, Food and Fisheries) and SAFF Grains Council. December.

The final comment to be made in relation to research and development is making provision for the effective collection and distribution of End Point Royalties (EPRs) by new entrants into the bulk export market, and the generation of varietal information at the point of delivery to assist the industry in meeting the compliance issues for EPR collection in both the domestic and export wheat market. EPRs form an important contribution toward the continued investment into new plant variety breeding by the various plant breeding companies. Although not singularly an issue for bulk wheat export markets, GCA wishes to flag that effective collection of EPRs is an issue that needs further consideration.

### **2.3. *Wheat variety classification***

GCA supports the preliminary recommendation that the responsibility of managing the varietal classification process be passed to GRDC as part of their existing work in the area of varieties. It will be important that the process adopted is as inclusive as possible by ensuring there is broad cross-representation on the varietal classification panel. However, prior to finalising this recommendation, GCA would like the IEG to consult with GRDC to form an estimate about the likely costs of running this classification process, and whether the capacity exists for this activity to be funded by GRDC from its existing income streams without an increase in the grower levy. Although an interim arrangement whereby GRDC manages this process may be possibly funded from within existing resource allocations, any long-term provision of this activity by GRDC may require additional resourcing.

It is recommended that a selection panel be appointed to assist in the initial transition to GRDC of this process. This panel would be supported by secretariat services from GRDC, and be responsible for defining the selection process of the classification panel and the terms of reference that it will operate under. This initial selection panel should include representation from:

- GRDC (given their role in managing this process in the future).
- GCA (as a representative of the grain production sector).
- NACMA (as a representative of the trade).
- AWB (as the previous single desk manager, and ideally a representative who had experience in the operation of this service).
- End-user representative.
- DAFF (as a representative of the Government).

Once this panel has been convened to discuss the establishment of this process it could write to relevant industry groups to nominate a candidate(s) for appointment to specific

categories on the panel, and also determine how this appointment process would be managed in the future.

#### **2.4. *Wheat receival standards***

GCA supports the preliminary recommendation that the setting of wheat receival standards be performed by NACMA through their already established process. It should be noted that every attempt should be made to get broad supply chain input into this process, and that the standards be freely published on the NACMA website and widely communicated through various channels to different sectors of the industry.

#### **2.5. *Information provision***

GCA supports the statements made by the IEG in relation to the importance of the provision of information within the industry, particularly in a partially deregulated market.

The issue of transparency in the provision of supply chain information was identified by the SA Barley Marketing Working Group report released in 2006<sup>2</sup>. This issue has also been the subject of much discussion within the industry, and therefore GCA would like to see the following commercial information being made transparent and the collection of this data made compulsory:

- Production estimates.
- Export sales data (new versus old crop).
- Export shipments (at least month by month actual shipments).
- Full stock level disclosure (report monthly, and weekly during harvest).

The provision of this information has advantages to both the industry, whereby it will assist in more effective hedging programs being made available to the industry as a whole, and also to the Government through a greater understanding of food supplies and movements that will assist in relevant public policy development.

GCA is aware that similar information is made available within the grain industries of our major international competitors (particularly Canada, the USA, and Europe), and so we recommend that in developing the policy relating to the provision of information a desktop analysis be undertaken to gain a greater understanding about the types, format and frequency of information that is available overseas. Based on this analysis the industry should establish a minimum criterion that is on par with best practice in one or more of the competitor industries.

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<sup>2</sup> SA Barley Marketing Working Group, 2006. Report to the Hon Rory McEwen MP (Minister for Agriculture, Food and Fisheries) and SAFF Grains Council. December

Ultimately the most important aspect of this activity is about the quality of the data that is collected, collated, analysed and disseminated. It is the efficiency and integrity of the information provided that is the most important component of this service, rather than about which agency should take the lead on providing this service. It may eventuate that the dissemination of this information is only managed by a Government agency as an interim arrangement, and that if a whole of industry body is established in the future, the role of dissemination and analysis could transfer to this entity.

However, GCA does support the preliminary recommendations made by the IEG in the collection and collation of this information by the ABS, in consultation with other agencies such as ABARE, Customs and Wheat Exports Australia, provided that the above mentioned criterion can be met by this process and that adequate levels of enforcement can be introduced that compels commercial entities to provide this information. GCA also recommends that this information should not be limited to wheat only, and should be expanded to include other coarse grains, oilseeds and pulses, and should not be limited to bulk exports but also include domestic consumption pathways.

GCA also supports the Government's involvement in the transitional arrangements relating to the collection and provision of information, including provision for funding of this service.

Finally, the production of the Australian crop report will be a useful tool to link into any generic promotion of Australian wheat. Each individual exporter will be able to promote their own product, but such a report may have value in providing international customers with an understanding of the profile of the Australian wheat industry. In the interim this report should be developed by a Government agency such as ABARE, with the timing of release to be planned in consultation with industry. Ultimately the dissemination of this information could transfer to a whole of industry body if one is established for the grains industry in the future.

## **2.6. Crop shaping activities**

GCA recognises that crop shaping activities are a reflection of the market signals, and that a competitive marketplace is likely to generate multiple signals. This makes the flow of information critical in the delivery of an efficient supply chain, as highlighted in section 2.5 of this submission. GCA accepts that a competitive market will drive the exporters to seek the required grain quality from the growers in order to meet these market specifications. However, a key component will be the mechanism in which this market information is communicated, and building a framework that will ensure integrity of these market signals is retained.

Some of the identified channels that rely heavily on timely and accurate market signals include:

- Breeding companies and GRDC – both play a major role in the development of new varieties. GRDC is also likely to play a new role in the management of the variety classification program.
- NACMA, particularly in the establishment and development of receival standards.
- Growers, to ensure the right varieties are being produced. This is likely to occur commercially between commercial companies and their client base.
- End-user customers, which is a feedback mechanism that provides confidence that the Australian industry is able to meet their market requirements.

This information could also be collated as part of the information collection identified in section 3.5 of this submission. What will be critical is the timing of release of this information, and for growers it will be important to make this information available prior to planting decisions being made.

Finally, GCA does not believe that there is enough transparency grain pricing within the current marketing arrangements. For example, a major concern is the lack of true clarity in relation to the posting of Estimated Silo Returns and cash prices at harvest.

GCA has adopted a series of policy principles in relation to truth in harvest pricing, which was originally generated through work commissioned from Malcolm Bartholomaeus by the SAFF Grains Council and VFF Grains Group<sup>3</sup>. The key recommendation and principles presented in the report are as follows:

- **Key Recommendation:** *That the industry adopt a set of principles that result in all prices posted at silos and for contracts on individual buyers' sheets, reflecting the true net value of the grain to the grower before payment of statutory and industry levies.*
- **Principle 1:** *That charges deducted by the marketers and retained by them be deducted from prices and pool returns shown at the silo.*
- **Principle 2:** *That charges deducted by marketers to pay to other service providers on behalf of growers be deducted from prices and pool returns shown at the silo.*
- **Principle 3:** *That all prices and pool returns be posted net of receival fees, marketing and finance costs that will be charged direct to growers by any marketer or storage provider.*

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<sup>3</sup> Bartholomaeus, M. 2004. *Silo Grain Pricing Project*. Report prepared for SAFF Grains Council and VFF Grains Council (revised August, 2005).



- **Principle 4:** *That ideally each marketer would only post two pool estimates at silos, one being the distribution pool estimate, and the other being the estimated return from an advance pool payment option. If an estimate is to be shown for each pool product on offer, each estimate should reflect the true value of the product to the grower as per principles 1,2 and 3.*
- **Principle 5:** *That all prices and pool estimates continue to be quoted on a GST exclusive basis.*
- **Principle 6:** *That all prices continue to be quoted before allowing for statutory and industry levies.*
- **Principle 7:** *That all prices posted at silos and for contracts on individual buyer's price sheets, reflect the true net value of the grain to the grower before payment of statutory and industry levies.*

GCA is encouraged that within the discussion paper it is outlined that the exporters are taking proactive steps to develop a code of practice relating to this issue. GCA supports this initiative, and would recommend that the Government seek a formal undertaking from the marketers that they will develop greater transparency in grain pricing as they commence with the introduction of new wheat marketing arrangements in Australia.

### **2.7. Technical market support**

GCA agrees with the IEG that technical market support is an essential marketing tool in securing and maintaining markets for exportable wheat. Therefore, the commercial companies operating in the export market for Australian wheat will largely facilitate the provision of this service.

GCA supports the continued operation of commercial service providers such as BRI, Research and Agrifood technology, who provide technical services in this area to the market. Although GCA acknowledges this is largely a commercial function of the market, there is a role for these types of analytical services in the delivery of generic wheat promotion / branding and varietal classification. Therefore, GCA supports the utilisation of this technical expertise in the development of varietal classifications by GRDC and also in the development of industry standards for generic wheat brands.

### **2.8. Wheat promotion and Branding**

For the purposes of this section, GCA has combined 'Wheat promotion' and 'Branding' into one sub-heading. These were presented in the discussion paper as two separate functions, but given they are closely aligned in terms of generic promotion we have combined them.

GCA acknowledges that individual companies will develop their own marketing brands and promotional activities in servicing their export markets, as they do with other deregulated grain commodities. One would assume that this activity will be maximized in a competitive market place where multiple accredited exporters will operate. However, it is noted within the discussion paper that brand names such as Australian Prime White (APW) and Australian Standard White (ASW) are generic brands not protected by specific trademarks.

Although GCA acknowledges that commercial companies will develop their own brands, and engage in their own market promotion, there are some specific issues relating to the generic marketing and branding that have not been addressed within the IEG's discussion paper. It is important that a series of minimum standards are established in the use of generic wheat brands such as ASW and APW, particularly to preserve the integrity, quality and guarantees about the origin of Australia's generic wheat brands in the International market.

The following are some options outlining how generic promotion and branding could be managed following the implementation of the new wheat marketing arrangements:

- Incorporate compliance standards for the generic brands into the accreditation program administered by Wheat Exports Australia.
- Establishment of a whole of industry body that is responsible for generic grain promotion and branding.
- Transfer the management and ownership of the brand to an organization like GRDC or NACMA who will be responsible for the variety classification and receival standards setting, respectively.

The industry does not currently have a whole of industry body in place that is geared to this activity. As identified within the discussion paper there is a need to co-ordinate this activity, and in the interim it may be possible to consider building some minimum standards of compliance into the accreditation of bulk exporters by Wheat Exports Australia. The criteria and how this is monitored would need to be developed in consultation with industry, but could be linked to the variety classification and receival standard setting process adopted by GRDC and NACMA respectively.

## **2.9. Trade advocacy**

GCA has a long history of playing a major role in various trade negotiations, working with NFF, the Government and other sectors of the grains industry in both bilateral and multilateral trade negotiations affecting the grains industry, and in particular wheat.

GCA supports the preliminary recommendations made by the IEG on this specific function. The role of trade advocacy is critical to the Australian grains industry continuing to remain competitive on the global market. Trade advocacy was considered a high priority issue that a whole of industry body should be focussed on, as identified at the grains industry summit held in Canberra in October 2007 as part of the DAFF project 'Bridging the Value Chain'.

The co-ordinated collection, collation and dissemination of trade related information to the Government, particularly in trade areas affecting the grains industry, is one obvious role that a wider industry forum could initially focus. This is an area that the Government could assist in the transition by supporting a 'forum' of key stakeholders from across the industry in providing advice on upcoming trade negotiations that might have an impact on the grains industry. GCA would certainly support this approach as a grower advocacy group, and would work with the Government to bring together representatives from other sectors of the industry that could contribute important information for future negotiations.

### **2.10. Regulatory advocacy**

GCA recognises that regulatory advocacy is required whether the industry is fully or partially deregulated. However, ultimately this role will continue regardless of the changes that are introduced for bulk wheat exports from Australia, with different sectors of the industry and companies making representations to Government on issues affecting the industry. It will be the industry that decides how well it wishes to co-ordinate some of these activities where common interests are shared.

GCA also acknowledges that there are likely to be various changes that occur in the area of advocacy following the introduction of new bulk export wheat marketing arrangements. This will be something that each sector of the industry will need to adapt to accordingly and strive to bring unity in areas that have an impact on the industry as a whole.

## **3. Transition arrangements for Industry Good Functions**

It is noted from the IEG discussion paper that Government intervention in the area of providing industry good functions would only be considered if there is a demonstrated market failure. As identified above, GCA supports the provision of some of the above mentioned industry good functions being co-ordinated by a wider industry body. The recommended services that such a body could be responsible for include:

- Industry strategic planning.
- Generic wheat promotion and branding.
- Trade advocacy.
- Information provision and crop shaping activities.

It must be recognised that the above functions should be paid for **by all wheat industry participants**. However, at this point in time the industry does not have a single 'whole of industry' body that could manage these provisions for the wheat industry.

Through the Government funded project entitled 'Bridging the Value Chain' GCA facilitated united discussions across the grains industry supply chain on vital matters such as biosecurity and quarantine, climate change and trade. This process was managed through two industry summits being held in Canberra, the first in October 2007 and a second summit in February 2008, with the aim of discussing issues of common interest to representatives from industry.

Following the October Summit an independent industry wide steering committee was established to look at the ongoing needs and changing requirements of the grains industry and to assess the potential roles and responsibilities of a grains industry alliance, with a discussion paper being presented to delegates at the February 2008 summit.

At the Grains Industry Leaders Summit in February 2008 there was support amongst delegates that an industry alliance should be formed and should engage all areas of the grains industry through the value chain. This alliance is quite separate to GCA which will remain a grower representative body. The Grains Industry Alliance should be the catalyst to unite the whole of industry, to build bridges between industry groups from growers, handlers, exporters and processors – domestic as well as international customers and end users.

The initial working party that was developed following the first summit has formed as the steering committee for the Alliance, with its primary activity at present in developing a 'whole of industry' submission to the recently announced quarantine and biosecurity inquiry.

GCA is supportive of this Alliance approach and will continue to support the work of this group. What may evolve from this process is the body to manage some of these broader issues, however, in the interim there is support required from the Government to support the transition faced by the industry.

GCA strongly advocates that a clearly defined, articulated and resourced transition period is required with any changes to the bulk wheat export marketing arrangements. GCA believes that if the transitional phase is well organised and co-ordinated, with the industry and

Government working together to deliver the outcome, then the adjustment costs can be managed. This is a view shared within a report commissioned by AWB<sup>4</sup>.

Further consultations will be required to expand on the operation and cost to fulfill the various functions identified by the IEG, and that this dialogue is required with the stakeholders who have been identified as potential providers of these services.

### **3.1. Re-adjustment Package**

Given the benefits from reform in wheat marketing arrangements in Australia will be shared throughout the agricultural sector and the Australian community, GCA believes that this justifies the Federal Government investing in a re-adjustment package. The focus of this package should be negotiated between the industry and Government, but could incorporate elements raised in relation to the funding of industry good functions mentioned above. Such a package could serve as seed funding to support the establishment of a whole of industry forum.

This is not without precedent with similar schemes offered to other agricultural sectors following changes to their industries. If the change is well managed in terms of the stipulated process and timeframes, the cost of re-adjustment may be minimised.

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<sup>4</sup> ITS Global. 2006. *Sustaining Australia's wheat export markets*. Report for AWB, November. [www.awb.com.au](http://www.awb.com.au).

## Submission by Grains Council of Australia Limited

*in response to*

### ***Wheat Export Marketing Bill 2008 and Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008 exposure drafts***



## **1. Background**

The Grains Council of Australia (GCA) is the peak representative body for Australian wheat growers. The members of GCA include the grains sections of the Victorian Farmers Federation, South Australian Farmers Federation and AgForce Grains, and associate membership from the Tasmanian Farmers and Graziers Association.

### ***1.1. GCA's Wheat Export Policy***

Historically, GCA has supported intervention by Government in the export marketing of wheat, most recently in the form of the Wheat Marketing Act.

GCA continues to support the restriction, via regulation, of wheat exporting to an organisation or process described in legislation, rather than through a fully deregulated process.

The following policy principles were developed at the GCA Policy Council meeting held over 4-6 February 2008. These principles were developed in consideration of the new Federal Government policy position on bulk wheat export marketing.

With the Labor Government preparing to introduce a system of accreditation of multiple bulk exporters of Australian wheat the following principles are designed to maintain important elements for wheat growers that are provided through an orderly marketing system. These policy principles relate both to the legislative instruments being established for the accreditation of bulk wheat exporters, and issues of relevance that would be classed as 'industry good functions'.

The policy principles include:

1. A direct and official linkage must be reinstated in legislation between the regulator of wheat exports and growers through the GCA.
2. Licenses granted to exporters should be issued to any exporter who meets the criteria set for that license. Non-compliance with the license should result in that license being revoked.

3. Maximisation of security of payment to market participants.
4. Maximisation of net returns to market participants through the development of efficiencies in the supply chain and development of an advantageous market position for Australian wheat by maximising competition in the market at all points in the supply chain.
5. Minimum standard trading terms should be adopted by the industry including truth in pricing and minimum standard payment schedules.
6. All pool products should immediately be classified as financial products and come under Financial Services Legislation to improve the position of growers as unsecured creditors.
7. Compulsory stocks, sales and exports reporting needs to occur on a monthly basis.
8. There is a need in the wheat market for industry development activities to be undertaken and managed by independent organisations.

GCA has provided a separate submission to the Wheat Industry Expert Group's discussion paper on the provision of essential industry development functions, which relate mostly to GCA policy principles 5, 7 and 8. The focus of this submission relates to the provisions detailed within the two exposure Bills released in March 2008, and therefore relate predominantly to the GCA policy principles 1-4, and 6.

## **2. Wheat Export Marketing Bill 2008 (exposure draft)**

### **2.1. Consideration of GCA Policy Principles**

#### *GCA Policy Principle 1:*

*A direct and official linkage must be reinstated in legislation between the regulator of wheat exports and growers through the GCA.*

GCA supports the need for consultation between Wheat Exports Australia (WEA) and the growers. The justification for this requirement is:

- To ensure that the regulatory framework is meeting grower expectations.
- To report to industry on key observations in the delivery of WEA's functions.
- To consult on the establishment of the wheat export charge.

GCA notes that within the explanatory memo for the Bill it is mandatory that consultations with industry occur during the development of the Wheat Export Accreditation Scheme (WEAS). However, GCA believes that mandatory consultation should continue beyond the establishment of the WEAS.

In the past, GCA had a direct and official linkage within the *Wheat Marketing Act 1989*, whereby there was a formal process of consultation between the then Wheat Export Authority on its annual reporting, the setting of the levy and the appointment of two members. As the National grain grower body, GCA is capable of carrying out this role on behalf of growers.

**Proposed Amendments:**

GCA submits that the following amendments should be made to the *Wheat Export Marketing Bill 2008*:

1. That the following definition be inserted into Part 1, Section 4 (Definitions):  
**Grains Council means:**
  - (a) *the Grains Council of Australia; or*
  - (b) *if the Grains Council of Australia no longer exists—a body that represents grain growers and is prescribed by the regulations for the purposes of this definition.*
2. Within Part 5, Division 2, Section 37, insert a new sub-section (4):  
*That the Minister seek a recommendation from Grains Council on the appointment of any member who should have grain production experience.*
3. Within Part 5, Division 8, Sections 59-61, provision should be made that the WEA must report to the Grains Council in a similar fashion previously outlined in Part 2, Division 5, Section 15 of the *Wheat Marketing Act 1989* (as prepared on 12 December 2006). This reporting obligation should also include reimbursement of consultation fees to members of GCA, as provided for previously under Part 2, Division 4, Section 11(1)(c) of the *Wheat Marketing Act 1989* (as prepared on 12 December 2006).
4. GCA should be specifically referenced as a group that must be consulted by the WEA in the development of the report to growers under Part 5, Division 8, Section 62.

**GCA Policy Principle 2:**

*Licenses granted to exporters should be issued to any exporter who meets the criteria set for that license. Non-compliance with the license should result in that license being revoked.*

GCA recognises that with partial deregulation, which is what the accreditation program will deliver, it is important that the benefits to growers need to be maximised through allowing a number of participants into the market. Capable exporters are numerous in the current Australian market and licenses to export in bulk should be provided to any of these potential exporters who meet the criteria set by Wheat Exports Australia.



GCA notes that within Part 2, Division 2, Section 8 the decision to grant, renew, suspend, cancel, impose conditions or consent to the surrender of an accreditation can be given to the WEA in their entirety through the wheat export accreditation scheme. However, the power to revoke a license needs to be done with care. For those operating export pools, loss of an export license could mean a significant loss of income for grower participants in that pool. The WEA will need powers to treat each case on its merits to ensure a balance between compliance with export rules and grower losses from license removal is achieved.

***Eligibility criteria (Part 2, Division 3, Section 11):***

The eligibility criteria defined under Section 11 is an important section of the Bill. Therefore, GCA submits the following comments in relation to the eligibility criteria for accreditation (Section 11):

- Section 11(1)(a) and Section 11(a)(b):

The current criteria only provides for a company to be eligible for accreditation. GCA supports the stipulation that companies that should operate under the accreditation should be registered under the *Corporations Act 2001*. However, consideration needs to be made to growers who may wish to export their own grain, and also grower co-operatives that may operate in a particular jurisdiction, but are not a company registered under the *Corporations Act 2001*. GCA submits that the accreditation cannot be limited to only include companies that are registered under the *Corporations Act 2001*.

- Section 11(1)(c):

In relation to the 17 criteria outlined within this subsection, GCA questions either the relevance or ability by which some of these can be measured. Specifically, GCA agrees that the financial resources (i), risk management arrangements (ii), whether a company has contravened a condition of a company's accreditation previously (xi), and contravention of an accreditation by an executive officer (xii) are important to be included within the criteria. However, following subsections outlined within the Bill would be largely subjective in its assessment and should not be prescriptively defined within the Bill

- (iii) the company's business record;
- (iv) the company's record in situations requiring trust and candour;
- (v) the business record of each executive officer of the company;
- (vi) the experience and ability of each executive officer of the company;
- (vii) the record in situations requiring trust and candour of each executive officer of the company.

Those related to the executive officer are matters that should have been considered by a company in the recruitment process of that officer and therefore should not be defined by the criteria within the Bill. In addition the assessment process for sanitary and phytosanitary measures being contravened (xiv) would also need to take into consideration where international markets may make a spurious claim for trade reasons.

GCA contends, as detailed within our submission to the Industry Expert Group discussion paper (under section 2.8), that the accreditation criteria should draw reference to the need for quality standards. As with the current non-bulk wheat quality accreditation scheme, exporters are required to provide copies of the contract specifications for each shipment. There should be a similar criteria attached to protect the reputation of Australian wheat exports.

- Other comments on Section 11

GCA supports the inclusion of subsections 11(1)(d), (e) and (f).

Finally, no timeframe is provided on when accreditations will be reviewed by the WEA. It is recommended that each accreditation is updated and reviewed at least on an annual basis. Flexibility needs to be available so that the WEA can review on a shorter timeframe should it be warranted in certain circumstances. It is important that the WEAS also stipulates that a fee is charged for renewal of an accreditation. The WEAS should also define the conditions on which an entity can re-apply for accreditation if it is denied, revoked or suspended by the WEA.

- Summary – Section 11

GCA believes that the current provisions under Section 11 in the Bill are highly prescriptive, and could be simplified by approaching the language in the Bill in a more general manner, similar to that used in Section 12 of the *Barley Exporting Act 2007 (SA)*, with appropriate modifications.

### ***Proposed Amendments and Actions:***

GCA submits that the following amendments should be made to the *Wheat Export Marketing Bill 2008*, along with related actions:

- Section 11(1)(a) and Section 11(a)(b) be amended to not be limited to companies registered under the *Corporations Act 2001*.
- Section 11(2) to 11(6) be amended to simplify the criteria in a manner similar to that used in Section 12 of the *Barley Exporting Act 2007 (SA)*.

- In the event that Section 11(2) to 11(6) is simplified, that a new subsection be included that states these refined subsections do not limit Sections 7 and 8 (a similar provision is provided in subsection 67(9) of the *Wheat Marketing Act 1989*).
- In the event that Section 11(2) to 11(6) are not simplified, that a new subsection be included that states 'Subsections 1, 2, 3, 4, 5 and 6 do not limit Sections 7 and 8'.
- That a new subsection under Section 11 be included that defines the review process for accreditations will be at least performed on the anniversary of accreditation being approved.
- The Federal Government clearly articulate what the specific objective of Section 11 of this Bill is focussed on achieving within the second reading speech. This will provide guidance to the WEA in the development of the WEAS. GCA submits that the primary purpose of the WEAS should be to provide growers with some assurance that their interests are being protected in the transition to deregulation, and that the reputation of the Australian wheat industry is protected internationally.

*GCA Policy Principle 3:*

*Maximisation of security of payment to market participants.*

The issue of security of payment is extremely important to growers. GCA recognises that through a probity test to gain export accreditation, security of payment is not guaranteed. GCA supports probity tests based on a potential exporter's ability to meet its financial obligations being a component of the accreditation program overseen by the WEA. It is noted that provision for financial security is provided for under the eligibility criteria for accreditation (Division 3, Section 11). In addition, it is noted that Division 3, Section 27 provides the power for the WEA to require an accredited exporter to appoint an external auditor to audit the compliance with one or more conditions of accreditation under the scheme.

However, it should be recognised that although the accreditation system applies to those companies that wish to export in bulk, it does not include all participants that are likely to accumulate wheat for bulk export from Australia. It also does not include those companies that are going to accumulate for shipment in bags and containers. GCA acknowledges that following consultations with representatives from DAFF that it is not possible to re-regulate the bags and containers trade given the provisions of the Australia-USA Free Trade Agreement. Therefore, GCA recommends that the Government ensure during its communication of these changes to growers it is highlighted that the role of the WEA does not remove the individual growers responsibility to perform their own due diligence on the

companies they are considering trading with, and that the accreditation is limited to those entities that will be exporting bulk wheat.

***Proposed Action:***

GCA submits that during communication of the changes to industry, the Government clearly articulate that the accreditation scheme is limited to those companies that will be exporting in bulk wheat, and that the role of the WEA does not remove the individual growers responsibility of performing their own due diligence / risk management.

***GCA Policy Principle 4:***

*Maximisation of net returns to market participants through the development of efficiencies in the supply chain and development of an advantageous market position for Australian wheat by maximising competition in the market at all points in the supply chain.*

By allowing a number of exporters to compete in the export market efficiencies can be achieved. To achieve maximum competition at all points in the supply chain, equal and fair access arrangements to the grain supply chain must be provided to all exporters of bulk wheat. The existence of regional monopolies and a lack of open access arrangements at infrastructure such as bulk handling facilities, rail sidings, tracks and ports, can have a very detrimental affect on the market by decreasing competition.

There are a number of issues that GCA would like to highlight in relation to the efficient operation of the supply chain under the new accreditation scheme. This includes:

- Transparent and fair access to the shipping stem.
- Fair and equitable access to port infrastructure.
- Fair and equitable access to up-country export supply chain facilities.

***Transparent and fair access to the shipping stem***

There is a need for clear and transparent nominations of vessels at all grain export terminals, based on the same timeframes for nomination by exporters. The information that should be provided on a daily basis should include the date of nomination, the vessel name, type of commodity and grade, estimated ship arrival date, and the exporters name.

The SA Barley Marketing Working Group identified this issue within their review of barley marketing in South Australia. They summarised that the shipping stem information should be

provided by an independent agency, or via a secure website provided by the port storage operator to all eligible exporters<sup>5</sup>.

GCA supports the provision of the shipping stem information to all exporters on a daily basis, and that this information should be provided in an electronic format via a secure website. It should also be provided for within WEA's functions that they have the ability to audit the compliance of this reporting.

### ***Fair and equitable access to port infrastructure***

GCA has identified the need for fair and equitable access to port infrastructure, and are pleased that the Government has attempted to address this specific issue within the draft Bill. In relation to the access provisions outlined for the 2008-2009 wheat harvest (Part 2, Division 8, Section 20(1)), GCA recommends that the requirement that the port terminal provider publish the storage and handling terms and conditions should be brought forward to 1 July 2008.

Currently the wording of Section 20(1) does not stipulate when the information needs to be released. Therefore, it is important to stipulate that for the 2008-2009 harvest this information should be made available prior to the commencement of harvest so that the industry has adequate time to assess the conditions and costs of port facility access, and well in advance of the pending harvest. Although it does specify that accreditation is provided at the time when these provisions are met, it does not preclude a delay in a company who operates port terminal services applying for accreditation, as they have not met these criteria. By defining a timeframe then this should avoid a situation where terms and conditions for the use of bulk storage systems are not available until just prior to the commencement of the harvest.

In relation to the provisions after 1 October 2009, as detailed within Section 20(2), GCA supports the access test arrangements documented. In providing this support, GCA has taken into consideration the likely impact of over regulation on the supply chain, and the desire to not see regulation itself lead to inefficiencies or additional costs.

However, given the importance of the access issue to the grains industry supply chain, GCA recommends that the Government support a review to be undertaken into the provision of the access arrangements and any issues that may have arisen. This review should encompass the following:

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<sup>5</sup> SA Barley Marketing Working Group, 2006. Report to the Hon Rory McEwen MP (Minister for Agriculture, Food and Fisheries) and SAFF Grains Council. December

- Be undertaken by an independent agency, investigating the supply chain efficiencies for the bulk export market arrangements for wheat. The review should also highlight any recommendations that the industry and Government should consider for the grains export supply chain, including the appropriateness / effectiveness of the access arrangements within the Bill.
- Be undertaken following the 2009-2010 wheat harvest, in order to capture relevant data over two years of operation of the new wheat accreditation scheme, and to cover both access test provisions under Section 20 of the Bill.
- Be funded by the Federal Government as part of the transitional costs associated with the introduction of new marketing arrangements for bulk wheat exports.

***Fair and equitable access to up-country export supply chain facilities***

This is not provided for within the access test contained within the draft Bill, however, does form an important element to the export supply chain, particularly in the assembly of a shipment for export. It is true that there is greater competition in up-country sites, particularly with the increasing levels of on-farm storage that is being established. However, it is still limited in capacity and for export supply chains there is a heavy reliance on the centralised system operated by the three main bulk handlers. The above review suggested by GCA should therefore also incorporate the up-country facilities.

***Proposed Amendments and Actions:***

GCA submits that the following amendments, and related actions, should be made to the *Wheat Export Marketing Bill 2008*:

- Section 20(1) – include a new subsection (iii) that states “that this statement was made available by 1 August 2008.
- A new subsection 20(5) to accommodate the inclusion of a review of the access test, which should state:
  - The Minister must, at the conclusion of the 2009-2010 marketing year, cause a review of the access test to be undertaken and the outcome of the review to be incorporated into a report.
  - The Minister must, within 10 sitting days after receipt of the report, ensure that a copy of the report is laid before each House of Parliament.
- That within the second reading speech reference be made to subsection 20(5), specifying the general terms of the review, as outlined within this submission, and that the review will take into consideration any issues relating to up-country access during the period of the review.

**GCA Policy Principle 5:**

*Minimum standard trading terms should be adopted by the industry including truth in pricing and minimum standard payment schedules.*

Prices and costing advertised to growers needs to be standardised by applying the proposed truth in pricing to all grain transactions. In the past traders and marketers have not been required, and do not always provide, standard prices to growers which include all costs associated with the transaction. This makes it difficult for growers to determine the best offer at a particular time. Standardisation of pricing needs to occur through either industry agreement or government intervention as soon as possible.

Within our submission to the Industry Expert Group's discussion paper, GCA highlighted it has adopted a series of policy principles in relation to truth in harvest pricing, which was originally generated through work commissioned from Malcolm Bartholomaeus by the SAFF Grains Council and VFF Grains Group<sup>6</sup>. The key recommendation and principles presented in the report are as follows:

- **Key Recommendation:** *That the industry adopt a set of principles that result in all prices posted at silos and for contracts on individual buyers' sheets, reflecting the true net value of the grain to the grower before payment of statutory and industry levies.*
- **Principle 1:** *That charges deducted by the marketers and retained by them be deducted from prices and pool returns shown at the silo.*
- **Principle 2:** *That charges deducted by marketers to pay to other service providers on behalf of growers be deducted from prices and pool returns shown at the silo.*
- **Principle 3:** *That all prices and pool returns be posted net of receival fees, marketing and finance costs that will be charged direct to growers by any marketer or storage provider.*
- **Principle 4:** *That ideally each marketer would only post two pool estimates at silos, one being the distribution pool estimate, and the other being the estimated return from an advance pool payment option. If an estimate is to be shown for each pool product on offer, each estimate should reflect the true value of the product to the grower as per principles 1,2 and 3.*
- **Principle 5:** *That all prices and pool estimates continue to be quoted on a GST exclusive basis.*
- **Principle 6:** *That all prices continue to be quoted before allowing for statutory and industry levies.*

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<sup>6</sup> Bartholomaeus, M. 2004. *Silo Grain Pricing Project*. Report prepared for SAFF Grains Council and VFF Grains Council (revised August, 2005).

- **Principle 7:** *That all prices posted at silos and for contracts on individual buyer's price sheets, reflect the true net value of the grain to the grower before payment of statutory and industry levies.*

In addition, various marketing systems are available to growers including cash and pool payment systems. These products need to have minimum standard payment schedules attached to them and these periods need to be clearly disclosed to growers at the point of entering a contract.

GCA therefore submits that adherence to the pricing principles mentioned above, and the disclosure of minimum standard payment schedules, should be incorporated as a provision of the accreditation scheme. This does not have to necessarily be defined as a subsection under Section 11, but should be specified within the WEAS developed by the WEA. It is important to note that a similar provision is provided for in the barley accreditation scheme operating in South Australia. Within the *Barley Exporting Act 2007 (SA)*, a licence condition of that Act includes the following statement under Part 2, Division 2, Section 12(2)(c):

*a condition requiring the barley exporter to include specified standard terms and conditions in contracts for the export of barley.*

However, given our stated observations above that this provision would be limited to those entities that are accredited for bulk export shipments of wheat, consideration needs to be made for the expansion of this criteria to those other entities directly dealing with growers. Therefore, by providing for it within the WEAS it could be something that is extended further as a condition that an accredited exporter could impose on their trading partners who accumulate grain from growers.

Please note that a reference is also made to the need for standardised pooling conditions and costs within the recommendations relating to GCA Policy Principle 6 (see the next section).

***Proposed Amendment:***

GCA submits that the following amendment should be made to the *Wheat Export Marketing Bill 2008*:

- That within the eligibility criteria (Section 11(1)(c)), the following should be included as a defined criteria:  
*a condition requiring the accredited exporter to include specified standard terms and conditions in contracts for the export of wheat.*



**GCA Policy Principle 6:**

*All pool products should immediately be classified as financial products and come under Financial Services Legislation to improve the position of growers as unsecured creditors.*

Since the introduction of the *Financial Services Reform Act 2001*, grain pools have been exempt from the reporting requirements of financial products such as superannuation and hedge funds. This position needs to change immediately to ensure greater transparency for participants in pools in terms of the level of risk that the pool may be subject.

Therefore, GCA supports the views expressed by Malcolm Bartholomaeus<sup>7</sup> in that pooling services should be subject to some regulation, as outlined below:

- Registration of pool products and the service providers under the *Financial Services Reform Act 2001*.
- Standardisation of the terms and conditions under which a pool is offered.
- Standardised disclosure statement outlining the costs and charges that will be remitted for a particular pool product.

**Proposed Amendment:**

GCA submits that although not specifically an issue relevant directly to this Bill, we recommend that provision be included within the *Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008* to ensure the views outlined above are included within the *Financial Services Reform Act 2001*.

**GCA Policy Principle 7:**

*Compulsory stocks, sales and exports reporting needs to occur on a monthly basis.*

GCA acknowledges that the draft Bill does require accredited exporters to report to the WEA on sales and destinations (Part 2, Division 4, Section 13), on compliance (Part 2, Division 4, Section 14) and for WEA to report to growers on an annual basis (Part 5, Division 8, Section 62). Given the reporting specified in both these sections is on a retrospective and annual basis, it will not meet the requirements established under this policy principle by GCA.

Therefore, GCA would like to draw the Government's attention to the extensive commentary provided within our submission to the Wheat Industry Expert Group's discussion paper on the need for transparent provision of information within the industry.

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<sup>7</sup> Bartholomaeus, M, 2006. *Callum Downs Commodity News*. Excerpt from Vol 15, No 50. December 19.

However, in relation to the reporting to growers under Section 62 of the Bill, this information is likely to be important to growers and should be provided earlier than the timeframe specified under subsection 62(2). It is recommended that this report is made available prior to 31 December, and ideally prior to the commencement of the next harvest period. In addition, to assist in the transition to these new arrangements it should be specified in Section 13 that bi-annual reports are provided in May and November.

**Proposed Amendments:**

GCA submits that the following amendments should be made to the *Wheat Export Marketing Bill 2008*:

- Section 62(2) – amended to state ‘WEA must publish the report for a marketing year on or before the commencement of the next marketing year’.
- Section 13 – inclusion of a subsection that states ‘that provision of this report in the first marketing year is provided on a bi-annual basis in May and November’.
- Section 13 should be amended to include wheat acquired from another trader (d) by removing the reference to ‘from growers’, and be differentiated between new and old crop by the inclusion of a new paragraph 1(e).

**GCA Policy Principle 8:**

*There is a need in the wheat market for industry development activities to be undertaken and managed by independent organisations.*

There is a need in the wheat industry, and the wider grains industry, for industry development activities to be undertaken and managed by independent organisations. GCA has provided comment on these separately through our submission to the Wheat Industry Expert Group discussion paper and refer the Government to that document<sup>8</sup>.

**2.2. Other Considerations**

GCA recommends the following general amendments and comments on the draft *Wheat Export Marketing Bill 2008*:

- Section 4 – The term ‘contravention’ is used in several sections of the Bill, and therefore a definition should be provided for this term. Wheat should be defined as the species *Triticum durum*, *Triticum spelta*, and *Triticum tauschii*. Similar definitions should be provided for barley, canola, lupins and oats. Definitions should also be provided for ‘Grower’.
- Section 9 – can the scheme provide for the cost of renewal, suspension or cancellation of an accreditation?

<sup>8</sup> Grains Council of Australia. 2008. *Submission to the Wheat Industry Expert Group Discussion Paper*.

- Section 11 – the provisions for a 5-year period is not clearly defined as to when they should commence be calculated.
- Section 57 – to assist in the transition it is important that continuity exists between the operations of the EWC and the WEA. Therefore, GCA recommends that within the second reading speech made by the Minister specific reference be made to the fact that existing staff will be offered an equivalent role with the WEA prior to the commencement of WEA's operations.
- Provision should be included within the Bill that gives the WEA the powers to compel companies to provide information that will assist the WEA in the execution of its duties.

***Requirement for a review:***

It is evident from this Bill, due to the absence of any stated review or sunset date, that this is not to be a transitional Bill to full deregulation. This differs to the provisions in the *Barley Exporting Act 2007 (SA)*, which clearly defines a review and expiry of that Act under Section 23, which states:

- (1) The Minister must, within 2 years after the commencement of this Act, cause a review of the Act to be undertaken and the outcome of the review to be incorporated into a report.
- (2) The Minister must, within 6 sitting days after receipt of the report, ensure that a copy of the report is laid before each House of Parliament.
- (3) This Act will expire on the third anniversary of its commencement.
- (4) On the expiry of this Act, the amendment made by Schedule 3 of this Act to the *Essential Services Commission Act 2002* is cancelled and the text of that Act is restored to the form in which that statutory text would have existed if this Act had not been passed.

The implementation of this Section in the *Barley Exporting Act 2007 (SA)* was in accordance with the recommendations of the SA Barley Marketing Working Group, who identified this arrangement as a transition to full deregulation<sup>9</sup>.

Given the provision of the *Wheat Export Marketing Bill 2008* has been based on a policy similar to that adopted in South Australia for barley marketing, and that the accreditation is limited only to those entities who will export bulk wheat, GCA suggests that at a minimum a review should be undertaken on the merits of continuing the accreditation following a defined transition from the existing arrangements.

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<sup>9</sup> SA Barley Marketing Working Group, 2006. Report to the Hon Rory McEwen MP (Minister for Agriculture, Food and Fisheries) and SAFF Grains Council. December

Such a review should clearly be focused on the operation of the accreditation scheme, and could also review the transition of the industry good functions as defined within the discussion paper released by the Industry Expert Group. It would also coincide with the proposed review of the access test, referred to in section 2.1.

Therefore, GCA recommends that a Section be included that stipulates a review of the accreditation scheme must be performed, with the following suggested wording (as adapted from Section 23 of the *Barley Exporting Act 2007 (SA)*):

- The Minister must, at the conclusion of the 2009-2010 marketing year, cause a review of the Act to be undertaken and the outcome of the review to be incorporated into a report.
- The Minister must, within 10 sitting days after receipt of the report, ensure that a copy of the report is laid before each House of Parliament.

### **3. Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008 (exposure draft)**

There is no specific comment made in relation to this Bill, except to draw reference to the matter raised under section 2.1 of this submission (see policy principle 6) regarding the inclusion of pool products under the *Financial Services Reform Act 2001*.

**Senate Rural and Regional Affairs and Transport Committee**

***Inquiry into the Wheat Export Marketing Bill 2008 and Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008.***

**Public Hearing – 27 March 2008 (Parliament House, Canberra)**

**Opening Statement to the hearing by Jamie Smith**



On behalf of the Grains Council of Australia I would like to thank the members of the committee for the opportunity to present evidence to the Inquiry into the *Wheat Export Marketing Bill 2008* and *Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008*.

GCA is the peak National grain grower body, with membership from state farming organizations in South Australia, Victoria and Queensland, and associate membership from the Tasmanian Farmers and Graziers Association.

Historically, GCA has supported intervention by Government in the export marketing of wheat.

GCA continues to support the regulation of wheat exporting through a process described in legislation, rather than through a fully deregulated process.

The events of the past two years necessitate that a pragmatic acceptance that wheat marketing arrangements must change.

GCA is therefore prepared to support the introduction of an accreditation scheme for multiple wheat exporters. We acknowledge that the draft legislation, which is the subject of this inquiry, will see the introduction of the Labor policy of accreditation of bulk wheat exporters, which was articulated prior to the 2007 Federal election.

The GCA Policy Council has recently adopted a series of principles that outline our position on key requirements for the new arrangements.

This includes:

1. A direct and official linkage must be reinstated in legislation between the regulator of wheat exports and growers through the GCA.
2. Licenses granted to exporters should be issued to any exporter who meets the criteria set for that license. Non-compliance with the criteria should result in that license being revoked.
3. Maximisation of security of payment to market participants.
4. Maximisation of net returns to market participants through the development of efficiencies in the supply chain and development of an advantageous market position for Australian wheat by maximizing competition in the market at all points in the supply chain.
5. Minimum standard trading and contract terms should be adopted by the industry including truth in pricing and minimum standard payment schedules.
6. All pool products should immediately be classified as financial products and come under Financial Services Legislation to improve the position of growers as unsecured creditors.
7. Compulsory stocks, sales and exports reporting needs to occur on a monthly basis.
8. There is a need in the wheat market for industry development activities to be undertaken and managed by independent organisations.

For the purposes of this statement, I would like to draw the committee's attention to three main areas of concern for growers in the implementation of changes to wheat marketing arrangements.

**Fair and equitable access to port infrastructure** to accredited exporters under this new arrangement is an imperative. Past history has left three regional monopolies. Our grains industry is heavily reliant on its ability to service our export markets. Therefore, equal and fair access arrangements to the grain supply chain must be provided to all exporters of bulk wheat.

**Security of payment** is a key component associated to the single desk by growers. Mechanisms need to be available for growers to manage risk and to have confidence in payment security, which is a strong driver of why GCA supports continued regulation through an accreditation scheme.

**Clear and transparent** reporting of information is required for the industry to operate in a more efficient manner. GCA advocates for regular and timely reporting of grain stock and

export movements, which should be collated by an independent agency. This will lead to more accurate information, improved transparency and improved market signals for the industry.

To close, GCA would urge the Parliament to put aside the philosophical arguments surrounding wheat marketing, and deliver a pragmatic decision to support the introduction of these changes as a matter of priority so that wheat producers have more surety as they enter the 2008 season.

GCA will be providing a more detailed written submission to the Inquiry by the advertised deadline.

Thank you for your time this afternoon.

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