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Parliament Passes Legislation to Amend Wheat Marketing in Australia

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Report Highlights:

On June 21 Parliament passed the Wheat Marketing Amendment Bill 2007 amending the 1989 Wheat Marketing Act and implementing the changes to Australia's wheat marketing regulations that were announced by Prime Minister Howard on May 22, 2007. The legislation will shortly be passed into law.

Includes PSD Changes: No
Includes Trade Matrix: No
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Parliament Passes Legislation to Amend Wheat Marketing in Australia

On June 21 Parliament passed the Wheat Marketing Amendment Bill 2007 amending the 1989 Wheat Marketing Act and implementing the changes to Australia's wheat marketing regulations that were announced by Prime Minister Howard on May 22, 2007. The legislation will shortly be passed into law. Changes include: extending until June 30, 2008 the transfer of the veto power for bulk exports to Agriculture Minister McGauran; granting the Minister the authority to designate a company other than AWB (I) as the monopoly bulk wheat exporter; deregulating exports of bagged and containerized wheat and creating a non-bulk quality assurance scheme for deregulated wheat; and replacing the Wheat Export Authority with the Export Wheat Commission, with expanded powers.

AWBI will manage and market the 2007/08 wheat crop. Wheat growers have until March 1, 2008 to establish a new entity to exercise the monopoly on bulk exports. If growers do not set up the company by March 1, 2008 Prime Minister John Howard has left open the possibility of deregulation.

Government Response: Agriculture Minister Peter McGauran said growers had overwhelmingly supported the single desk system during consultation. "Almost as overwhelming was the call for the single desk to be operated by an entity entirely separate from AWB Ltd. This entity may be either a completely new grower-owned and operated body or a completely de-merged AWB International Ltd. Let me be clear, the holder of the single desk will have to have complete legal separation from AWB Ltd."

The Agriculture Minister indicated the changes would give wheat growers clarity. "It has been an immensely difficult 18 months for Australia's wheat growers," Minister McGauran told Parliament. "In spite of these difficulties and challenges of an almost unprecedented kind, growers continue to voice their desire to take control of the industry," he said. "The Government is giving the industry the opportunity to set up what it asked for, it is now the responsibility of the industry to deliver," Minister McGauran said. The Minister added although the single desk system would continue, the Government was not willing to allow AWB to continue its power to veto other wheat exports.

The Prime Minister has indicated that there will be no flexibility on the March 1 deadline. The Government has acknowledged the challenge for the industry is significant; and strong leadership and unity is needed to find a solution within the timeframe allowed.

Alternative Single Desk Up to Growers: The extreme differences of opinion within the grains industry make some observers skeptical that the industry can develop an alternative single desk by the March 1 deadline. An alliance of grain representatives from the Victorian Farmers Federation, New South Wales Farmers Association, AgForce (Queensland) and the Western Australian Farmers formed the Wheat Export Marketing Alliance in May 2007 and they will spearhead the effort.

Unsuccessful Attempt at Senate Inquiry: During the Parliamentary proceedings, the Opposition had unsuccessfully fought for the bill to be referred to a Senate committee for an inquiry, claiming that the legislation was being rushed through Parliament. Opposition Spokesman Kerry O'Brien said the bill effectively allowed AWB to continue. Nationals Senator Ron Boswell denied there has been insufficient consultation with wheat growers about the future of wheat sales and said, "Growers wanted to control the marketing of their product through the single desk, which delivered better results for them over the long term. It ensures we are not picked off one by one by multinational traders seeking to lower the price paid for wheat."

Background: Prime Minister Howard established the Wheat Export Marketing Consultation Committee taskforce in January 2007 to undertake extensive consultation with the Australian grains industry about future wheat marketing arrangements and report findings back to the government. The report was presented to the government in late March 2007. The taskforce report has not been made public, however reportedly the majority of growers queried support a single desk.

The majority of large producers favor deregulation. Eastern wheat growers in New South Wales, Victoria and Queensland tend to support the single desk because they have the option of servicing the domestic market as well as the export market. Australia's grain processing infrastructure and its poultry, hog and feedlot industries are located in the East, and there is no monopoly on domestic sales. South Australia and Western Australia are considered more pro-deregulation (although WA is split on the issue) as their main option is to export, and those two states account for roughly half of Australia's export wheat.

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AS6075	Cole Inquiry Into AWB Conduct Under Oil-For-Food Program	11/28/06
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