



Foreign Agricultural Service

**GAIN Report**

Global Agriculture Information Network

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## **Australia**

### **Grain and Feed**

### **Deadlock Ends Over Wheat Board**

**1998**

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#### **Report Highlights:**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Canberra[AS1], AS

The Federal Government this week resolved bitter divisions within the wheat industry over the \$550 million privatization of the Australian Wheat Board, announcing its adjudications on several issues which remained in dispute. The constitution of AWB Limited can now be finalized.

The breaking of the deadlock by the Minister for Agriculture, Mr. Mark Vaile, removes the last hurdles to AWB Ltd.'s full conversion to a grower-controlled, dual-class-share company by July 1, with B-class investor shares to be listed at a later date. The new constitution will be a balance between growers and investors while maintaining grower control.

The privatization of Australia's monopoly wheat exporter and biggest domestic wheat marketer has been under intense negotiation for more than two years, marred by disputes among grower leaders from the States, the AWB and the Government. Among the determinations by Mr. Vaile was the imposition of a \$150 million cap on the amount of capital AWB can use for commercial activities and investment outside its traditional export pooling operations, in line with Grains Council demands. However, the cap will remain only until the company's annual general meeting in 2001 unless grower and investor shareholders vote otherwise. This recognizes the AWB's strong opposition to the cap which it says will be seen as uncommercial and likely to hamper its growth. Another key point was the separation of funding and underwriting, through AWB Ltd., from the marketing and pooling activities of its subsidiary AWB (International) Ltd.

AWB Ltd. will be required to maximize net pool returns and ensure capital is available to fund advance payments and must provide services to its export pools subsidiary.

A Grains Council of Australia spokesperson said growers had not seen all their demands met but it would be counter productive to continue to debate contentious issues. A spokesperson for AWB Ltd. said it was comfortable with most parts of the decision.