



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

Date: 6/5/2008

GAIN Report Number: AS8028

Australia

Trade Policy Monitoring

New Wheat Marketing Legislation Progresses Through Parliament

2008

Approved by:

Kathleen Wainio, Agricultural Counselor
U.S. Embassy

Prepared by:

Kathleen Wainio, Agricultural Counselor

Report Highlights:

The legislation amending wheat marketing in Australia has passed in the Australian House of Representatives; it is expected to be introduced in the Senate the week of July 16 and to be operational by July 1. The current arrangements expire on June 30, 2008.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Canberra [AS1]
[AS]

Summary

The legislation amending wheat marketing in Australia has passed in the Australian House of Representatives; it is expected to be introduced in the Senate the week of July 16 and to be operational by July 1. The current arrangements expire on June 30, 2008.

The legislation has been modified only slightly since the draft legislation introduced in March 2008. Changes include allowing cooperatives (as well as companies) to be eligible to apply to be an accredited exporter. In addition, the revised legislation would require an accredited exporter, who operates a bulk wheat port terminal facility, to provide access to this service to other accredited exporters. Failure to comply with the access test would be grounds for suspension or cancellation of accreditation. In addition, the Australian Bureau of Statistics and the Australian Bureau of Agriculture and Resource Economics (ABARE) will collect and disseminate wheat market information on a monthly basis including production, wheat stocks and total exports.

The Bill and the Explanatory Memorandum to the Wheat Export Marketing Bill are available at: <http://www.aph.gov.au/bills/index.htm> Follow the links to Current Bills (By Title)/Wheat Export Marketing Bill 2008.

The following information is excerpted from the Explanatory Memorandum:

The Bill establishes a system for regulating the export of bulk wheat. Exporters of bulk wheat must be accredited under a wheat export accreditation scheme which Wheat Exports Australia will formulate and administer. To become accredited under the scheme as an exporter an applicant must demonstrate that it is fit and proper through the satisfaction of eligibility criteria contained in the scheme.

The Bill will introduce competition into the bulk wheat export industry. Rather than forcing growers to sell their wheat through a single exporter they will be able to choose from a number of accredited exporters as well as domestic outlets. This will also mean greater contestability in service provision, which will drive down the cost that growers pay for services associated with marketing their grain.

The Bill provides WEA with the flexibility to manage the scheme effectively. While all applications for accreditation must be considered against specific eligibility criteria, WEA has the capacity to exercise judgment on how an applicant's record is likely to impact on its ability to fulfill its obligations as an accredited exporter. WEA has the discretion to make decisions based on the applicant's particular circumstances and proposed export arrangements and impose specific conditions of accreditation on an exporter.

WEA will also have significant monitoring and enforcement responsibilities to protect the interests of growers and other industry participants. The Bill provides WEA with the necessary powers to perform this role.

Accreditation of Bulk Wheat Exporters

The system will allow companies and co-operatives to become accredited exporters provided they meet the accreditation requirements. AWB Ltd will hold no special status and will need to apply for accreditation on the same basis as other exporters.

The applicant will be required to demonstrate to WEA's satisfaction that:

- it is a legal entity that is capable of being subject to legal action;
- it has sufficient operational resources (financial and managerial) to meet its obligations;
- it has procedures in place to operate its wheat export business; and
- it will be able to meet all fundamental legal and regulatory obligations.

Port Access Test

Because the objective of reform may be mitigated if bulk handling companies (and potential exporters) deny other potential exporters reasonable access to critical handling and storage infrastructure. The revised legislation would require an accredited exporter, who operates a bulk wheat port terminal facility, to provide access to this service to other accredited exporters.

The access test in the Act would work in two ways. Before September 30, 2009 accredited exporters with a bulk wheat port terminal would be required to publish the terms and conditions of access to these services. WEA may revoke the accreditation of an exporter if it fails to provide access to another accredited exporter on the published terms and conditions. Failure to comply with the access test would be grounds for suspension or cancellation of accreditation.

The proposed reforms also provide for the removal of the Non-Bulk wheat Quality Assurance Scheme. This scheme currently provides that a company must show that the wheat it is exporting in bags or containers meets the contract specifications of the buyer. Commercial realities in a competitive environment will mean that exporters must meet contract specifications if they wish to secure and maintain long term relationships with overseas customers.

There are also measures in place through other legislation, such as the Export Control (Plant and Plant Product) Orders 2005, that require an exporter to obtain an export permit from the Australian Quarantine and Inspection Service for the export of grain (including wheat). This provides a mandatory control on trade description and practical freedom from insects, pests and noxious weeds.

Consultation

All stakeholder groups were consulted on the proposed wheat marketing reforms. The draft legislation, the Wheat Export Marketing Bill 2008 and the Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008, were made available for public comment on March 5, 2008. The Department of Agriculture Fisheries & Forestry received 35 submissions on the draft legislation.

An Industry Expert Group (IEG) was established to provide advice to the Minister on the provision of industry development functions under the new export wheat marketing arrangements. The IEG released a discussion paper on industry development functions for public comment on March 13, 2008 with 42 submissions received. The Group released its final report in May 2008.

Further, the Senate Standing Committee on Rural and Regional Affairs and Transport conducted an inquiry into the exposure drafts of the Wheat Export Marketing Bill 2008 and the Wheat Export Marketing (Repeal and Consequential Amendments) Bill 2008 after these bills were tabled in the Senate on March 11, 2008. The committee held four public hearings and received 48 submissions on the bills. The committee reported its findings on April 30, 2008.

Review

The Government will be required by legislation to commence a review of the new arrangements by December 31, 2010. The Productivity Commission will conduct the review. The terms of reference must include an evaluation of the costs and benefits of the arrangements. The Minister will be required to table the report of the review in Parliament.

Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:

<http://www.fas.usda.gov/scripts/AttacheRep/default.asp>.

Report Number	Title of Report	Date
AS8027	Biofuels Annual	06/04/08
AS8026	Aust Govt Expresses Disappointment Over Farm Bill	05/27/08
AS8024	US Farm Bill: Lost Opportunity – Minister for Trade	05/19/08
AS8023	Dairy Semi-Annual	05/19/08
AS8022	ABARE Report indicates GM crops will provide economic benefits to Australian regions	05/15/08
AS8020	Cotton Annual	05/01/08
AS8019	Draft IRA for Stone Fruit from the US Released for Comment	04/29/08
AS8017	Stone Fruit Annual	04/11/08
AS8016	Pork Safeguard: Productivity Commission Final Report	04/07/08
AS8015	Sugar Annual	04/08/08
AS8014	Grain & Feed Annual	03/28/08
AS8012	Livestock Semi-Annual	03/20/08
AS8011	Commencement of IRA for U.S. Apples Announced	03/19/08
AS8010	Wheat Industry Export Group Discussion Paper Released	03/18/08
AS8009	Call for Comments on Quarantine & Biosecurity Review	03/17/08
AS8008	Commencement of IRA for Stone Fruit Announced	03/14/08
AS8006	Draft Wheat Export Marketing Bill Released	03/06/08
AS8005	Wine Annual	02/26/08
AS8004	Government Announces Review of Australia's Quarantine & Biosecurity Processes	02/21/08
AS8002	Productivity Commission Invites Further Submissions to Pork Safeguards Inquiry	01/23/08
AS8001	Impact of Grain Prices on GOA Policy	01/11/08
AS7076	Productivity Commission Release Accelerated Report into Pigmeat Safeguards	12/21/07
AS7075	Bulk Wheat Export Applications	12/13/07
AS7074	Potato Report	12/11/07
AS7072	Ag Down Under Vol. 14	12/06/07
AS7071	GM Moratoria to be Lifted in Two States	11/29/07
AS7070	Cotton Quarterly Update	11/29/07
AS7069	Ag Down Under Vol. 13	11/26/07
AS7068	Fresh Deciduous Fruit Report	11/21/07
AS7067	Retail Sector Report	11/08/07