

5/11/2009

## Submission to Productivity Commission relating to Wheat Export Marketing Arrangements

I am a wheat producer of 29 years, farming 6000ha on the central South Coast of Western Australia in the Ravensthorpe Shire.

Broadly I have major concerns in regard to the current Wheat Export Marketing Arrangements and basically believe that the post deregulation phase relating to Australia's wheat exports has reached a point where regulation should be kept at an absolute minimum. Why do we have relatively onerous regulations relating to wheat exports which are not imposed on other grains (barley/ canola) or other industries (coal/iron ore)?

### ACCREDITATION

Whilst the current accreditation process is thorough it does not guarantee grower payment and in Western Australia it has been estimated by the CBH Group (The Western Australian Grain Growers Co Operative) to cost at least \$2000.000 which inevitably reflected in net returns to growers or a reduction in CBH expenditure on infrastructure. A cost/ benefit analysis is needed prior to any future arrangements being implemented.

### ACCESS ARRANGEMENTS

The current port access provisions which mean that Port Terminal Owners/Operators must have ACCC approval are an extremely costly process for those involved. The CBH Group have clearly indicated that this access undertaking costs in excess of \$1.000.000. Again this significant cost is borne by every Western Australian grain grower who utilises the CBH system - (cost/benefit to the vast majority of WA,s 4800 grain growers?). I believe that the current Grains Express framework / market based Shipping arrangements put in place by the CBH Group provide a suitable outcome for both Acquires and Growers.

It would appear that not all Port Owners are treated on a similar basis (Melbourne Port - AWB, ABB and Suminoto) Is this giving some parties an unfair advantage?

If individual parties consider that they have been dealt with unfairly by Port Terminal Owners/ Operators they have the ability to deal with the issue by utilising the Trade Practices Act. Are we basically duplicating a legislative framework?

## SUMMARY

The current accreditation and access provisions have served the industry well in terms of the transition from a Single Desk / regulated environment however we now are in an environment where multiple acquires operate and alternate supply chains are developing. I would therefore recommend that the costly and archaic provisions relating to Accreditation and Access be removed at the conclusion of the current period.

The direct costs of having to become Accredited and to maintain an ACCC Access Undertaking have a direct impact on the bottom line of every wheat grower in Australia. given that the bulk of Australians wheat is exported this may well be placing us in a less competitive position in the World Wheat market at a time where margins are extremely tight.

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A.D. & S.E. DUNCAN.