



Western Grain Growers

Bulletin – 11 August 2014

WHEAT INDUSTRY ADVISORY TASKFORCE

The taskforce was convened after the 2012 Wheat Export Marketing Amendment bill was legislated and has now published its final report. The WGG committee is very pleased that no market failure has been found in the areas of wheat stocks information and quality. WGG made submissions on both these areas under scrutiny by the task force.

- That grain stocks information is the private property of the grower unless the information is voluntarily approved for release by a grower at harvest using an opt in platform developed by CBH.
- That quality of grain is a contractual arrangement made between the buyer and seller. The committee and policy officer enquired within the trade in regards to outturn specifications being met by CBH and found no complaints.

The wheat taskforce has done a diligent job in a highly politicized industry.

MARSH/BAXTER

All members would be well aware that since late 2010 the PGA has supported the Baxter family through this issue, and will continue to do so until the matter is resolved in the courts.

Members of the WGG committee and/or PGA staff attended every day of the recent trial to support the Baxter family.

We were delighted with the outcome that found Michael Baxter was neither negligent nor caused a nuisance.

The Marsh/Slater & Gordon team is appealing the verdict on the case after Justice Martin handed down such a definitive verdict.

Here is a link to the summary verdict that is well worth a read.

[http://www.supremecourt.wa.gov.au/_files/Judgment%20Summary%20-%20Marsh%20v%20Baxter%20\(CIV%201561%20of%202012\)%2028%20May%202014.pdf](http://www.supremecourt.wa.gov.au/_files/Judgment%20Summary%20-%20Marsh%20v%20Baxter%20(CIV%201561%20of%202012)%2028%20May%202014.pdf)

GENETICALLY MODIFIED CROP FREE AREAS ACT 2003

The committee recently met with the Hon. Ken Baston MLC, the Minister for Agriculture, to promote a repeal of the WA *GM Crop Free Areas Act 2003*. It is the committee's position that the Act is redundant as it was only used to stop the introduction of GM canola to Western Australia by the previous Labor government. Whilst the Act remains there is a requirement for the agriculture minister to sign an exemption for GM canola. If a change of government occurs then a Labor Minister of Agriculture will have to sign the exemption. The committee

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continues to work with State Labor but all indications are that their anti-GM policy will remain and be re-implemented if the opportunity arises.

If the WA Act is repealed the approval process for GM crops will still continue at a Federal level through the Office of Gene Technology Regulator.

GRDC

The GRDC has undertaken a review of its structure and seems committed to move to an Industry Owned Corporation (IOC). All State Farming Organizations have been asked for comment on the structural move. WGG has submitted that before any structural change is made the GRDC board should undertake proper due-diligence and commission a fully independent audit of its performance and financials. We believe the levy payer needs to have an understanding of the value the levy is bringing to the farming business before any changes are made. WGG is concerned an IOC actually leaves the levy payer further away from the management and board of the GRDC.

WGG is fully supportive of R&D but each grower should be able to determine what research they wish to support, which will deliver better R&D outcomes for levy payers.

STEWARDSHIP/SOCIAL LICENSE

WGG continues to oppose a social license/stewardship program for a grain enterprise to operate in Australia. Unfortunately the program is well advanced in its development and is being funded by the GRDC. All State Farming Organizations were asked to be involved in the development of the program but were not asked if their members would actually approve of such a program.

We understand other WA farmer organizations are also opposed to it but have decided it is easier to compromise for less onerous documentation.

The committee believes after extensive research that issues around market access are being invented to justify mandatory documentation of practices.

The social licence component essentially means that we as grain producers will have to seek permission from society to go about our day to day operations.

Documentation gives greater opportunity to those who may be opposed to modern productive agriculture to have a say in what we do.

The GRDC, GIWA, DAFWA and Grain Producers Australia maintain that farmers need to demonstrate best management to society to stop others regulating the industry before we take the opportunity to self regulate. The committee believes that the farming industry has a very good standing in society and there is no indication from State and Federal governments that this is a type of regulation they would like to pursue.

If anything the rhetoric is to reduce red tape in agriculture.

Our discussions with the Grain traders is that this type of interference is not warranted or a high priority for them.

BUNGE

The recent loading of a ship out of the Bunbury Port by Bunge marks a new era in the Western Australian wheat industry. The new port has already had an impact by minimizing the price spread for Albany zone grain. This is having an immediate effect on the bottom line of growers who now have choice in which supply chain to use.

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Bunge will load another vessel in the next week and will continue to offer competitive bids in the market place as they build their business over the coming years.

Since deregulation, Bunge, along with other grain traders, are continuing to open new markets for WA grain. WA grain is now amongst some of the most expensive grain compared to being some of the cheapest under the single desk.

PROPOSED MANDATORY CODE OF CONDUCT FOR PORT ACCESS

The objectives of the government are to create a regulatory environment conducive to the operation of an efficient, competitive and profitable bulk wheat exporting industry, and reduce the potential for monopolistic behaviour. The government is also committed to reducing unnecessary regulatory burden to encourage greater investment, more innovation and improved productivity in agriculture.

The government is considering the following options for regulation of an efficient, competitive and profitable bulk wheat export industry. The government has developed this early assessment document to encourage industry feedback on these options.

Option 1 Continue with current access arrangements

This option continues with the current access arrangements which require port terminal operators that export wheat, or that have an associated entity that does, to pass the access test as a condition of export. This option does not require government action as the current arrangements will continue unless a mandatory code is in place by 1 October 2014.

Option 2 Introduce a mandatory code of conduct that includes a 'one size fits all' approach

This option would see the introduction of a mandatory code of conduct for all grain export terminals. The code would be based on principles developed by CDAC and apply to all port terminal operators without distinction.

Option 3 Introduce a mandatory code of conduct that can adjust to competition levels and vertical integration

This option would see the introduction of a mandatory code of conduct for all grain export terminals and include the principles developed by CDAC. The code would have; however, a tiered application to allow for a lower level of compliance at ports where competition exists and for port operators that are not vertically integrated.

Option 4 Repeal the *Wheat Export Marketing Act 2008* by 30 September 2014

This option would require new legislation be introduced to repeal the *Wheat Export Marketing Act 2008* in its entirety and subject bulk export wheat port access arrangements to normal competition law.

The WESTERN AUSTRALIAN GRAINS INDUSTRY is united in its opposition to a mandatory code of conduct for port access and supports **option 4** of the impact regulatory statement.

CBH – supports **option 4**

PGA – supports **option 4**

WAFF – supports **option 4**

The majority of Western Australian wheat is exported by CBH a grower owned cooperative in Western Australia.

Global acquirers of wheat have equal access to Western Australian bulk handling system provided by CBH under the *Bulk Handling Act 1967*.

Re-regulating the CBH export terminals will complicate access to Western Australian wheat and undermine market development.

Increased regulatory costs will be borne unfairly by the export focused wheat farmers in Western Australia.

General Concerns about a Mandatory Code of Conduct for Port Access

1. Government mandate will establish precedent in exposing all Australian exporters,
2. Government has failed to clearly identify a realistic industry problem,
3. Government has failed to undertake a substantial industry cost: benefit analysis,
4. Government has anti-commercial bias with unrealistic regulatory expectations,
5. Government has failed to acknowledge commercial exclusions & customer relationships,
6. Government legislation is unnecessarily duplicating commercial and competition laws,
7. Government legislation could disrupt and endanger wheat export supply chains.

GM SEMINARS & CONVENTION

Members would have seen the agenda for convention. I encourage you all to attend the PGA's premiere event this year. One of the afternoon sessions is the GM seminar. The PGA has held numerous events over the past few years to educate farmers but now the public of Western Australia will be able to hear about this beneficial technology. The line up for the seminar is the best we have had and should be a very informative afternoon.

I hope to see many of you at convention.

As always if any member needs clarity on one of the numerous areas of the industry the WGG committee is committed to, please call for a chat.