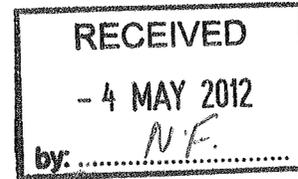


**SUBMISSION NO. 15  
Wheat Export Marketing  
Amendment Bill 2012**

**Gregory, Thomas (REPS)**

**From:** Graeme Foote  
**Sent:** Wednesday, 11 April 2012 12:47 PM  
**To:** Schultz, Alby (MP)  
**Subject:** Abolishment of the WEA  
  
**Importance:** High



Dear Mr. Schultz

It is with considerable concern that I note that a Bill to abolish The Wheat Export Authority (WEA) has been tabled in Federal Parliament. As an industry participant with some 37 years experience working in all aspects of the grain industry I find this decision is ill-founded if not one of the worst examples of bureaucratic ineptitude I have seen in my time in the industry.

I recently attended a grain symposium designed especially for growers in the Central Queensland town of Emerald – I delivered a paper on international trends and trading options that growers should consider – options which largely suggest that the existing systems offered by the major trading houses and Bulk Handling Companies (BHC's) have taken away much of the flexibility that growers enjoyed in the past.

As a "free-trader" I must say I welcomed the de-regulation of the Australian wheat industry. The AWB in losing its mandate as evidenced by the findings of the Cole Enquiry laid bare a series of less than commercial practices which for the most part were ego driven. If we can reflect back over the past 30 years the demise of most if not all statutory boards and many grower co-ops had as its root cause a dominance of vested interests driven by egos that had little or nothing to do with what these organisations were about – the collective interests of growers.

The consolidation of the industry had to come to ensure that efficiencies in our industry were realised. However consolidation has resulted in a polarization of the industry with the Bulk Handling Companies (BHC's) at one end of the spectrum and the multinationals at the other – the egos of boards have now been replaced with one collective pursuit – the growth of shareholder wealth. All we seem to have done now is to legitimize the capacity of both groups to do as they please in the pursuit of profit - the debacle a year ago in South Australia over the quality problems forced on growers by Viterra is one of many examples.

The domestic problems we have in Australia compounded by the quality concerns of our traditional export customers has placed our producers and end users into very unenviable position where they are largely seen as passengers in the process if not unnecessary and annoying participants as opposed to being what the process is about.

Today business has simply become a numbers game for the BHC's and Multi-Nationals as they appear to ignore the simple issues such as quality, reputation and integrity and pass off what they see as a \$2 answer to million dollar questions. The fundamentals are ignored as the basis of trade is now seen that the customer is an interruption to their work as opposed to being the reason for it. Quality and Australia's reputation is suffering and therefore our growers in the long run are being poorly represented.

The proposal to abolish WEA without any reference to the role it plays and in turn how it can be re-vamped to provide the industry with a tangible monitoring process over quality is inviting disastrous consequences for our industry and not just in wheat. If we sit back and assume the system can police itself then we are sadly mistaken !

Australia's major competitors have co-operation amongst trade and government to ensure that quality standards are maintained ensuring consistency of grade is a paramount requirement. The U.S via the Federal Grain Inspection Service (FGIS) and U.S Wheat Associates have embraced the "world" standard that was so rigorously practiced by AWB – AWB may be gone but its adherence to quality and world's best practice will not long be forgotten.

As a trader the fundamental problem that I see is the cavalier attitude towards blending by the BHC's which bring many shipments so close to the line in terms of quality that end users have to re-adjust their grist and in turn now are forced to blend Australian wheat with other origins to achieve the required end result of quality – a problem rarely if ever experienced under the AWB regime. The U.S manages the integrity of its export wheat – can we make the same claim ? I have my doubts.

Government and industry have a unique opportunity to use this investigatory process to ensure a rigorous and robust review of export quality controls and well as the commercial practices of the BHC's and Multi-Nationals. We need to closely scrutinize the industry at large to ensure that the interests of "all" stakeholders are respected and not just shareholder investors.

I would suggest we need to continue the accreditation and monitoring arrangement. This monitoring arrangement should be extended into containers also given the appalling list of quality problems that are being experienced by end users subject to a blending mentality in Australia that is rife with problems.

Extend the WEA 's powers to be re-structured to embrace quality controls in cooperation with the GRDC and all parties who have a collective interest in the maintenance of strict quality standards – the industry has shown it cannot police itself – the Minister's firsthand experience of criticisms in Indonesia plus numerous personal experiences bear testimony to this.

We need a cohesive industry system to ensure consistency in commercial behavior as well as quality - if our competitors can have grain regulation systems then what places Australia in the most unique of positions that it can do as it pleases ?

Best Regards,

**Graeme B. Foote**  
**Managing Director**



Agricultural Marketing Consultants  
Suite 304/ St. Thomas House  
781 Pacific Hwy  
Chatswood NSW 2067

Tel: 61-2-9410 0409      Mobile:  
Fax: 61-2-9415 1854      Email:  
SKYPE: graemefoote      Website: [www.mccaulaydalton.com.au](http://www.mccaulaydalton.com.au)

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