



Australian Government
Wheat Exports Australia

2008/09
Marketing Year



Wheat Export Accreditation Scheme
Report for Growers

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Report for Growers 2008/09

In accordance with the *Wheat Export Marketing Act 2008* this inaugural Report for Growers provides an overview of the operation of the Wheat Export Accreditation Scheme (the Scheme) since 1 July 2008 and of wheat exports from 1 October 2008 to 30 September 2009, being the 2008/09 marketing year.

Chair's letter to Australian Wheat Growers

Welcome to the inaugural edition of Wheat Exports Australia's (WEA) Report for Growers on the operation of the Wheat Export Accreditation Scheme (the Scheme).

Wheat growers will be familiar with the changes to Australia's wheat export marketing arrangements during the past year. Since 1 July 2008, WEA has been responsible for administering the Scheme, which provides the regulatory framework for exporters participating in the bulk wheat export trade.

WEA's operation under the *Wheat Export Marketing Act 2008* (the Act) has provided the mechanism for the industry to move from the former single-desk system to a system that allows for multiple companies to export bulk wheat from Australia through accreditation under the Scheme.

This Report aims to capture both the challenges and the achievements of wheat marketing reform from 1 July 2008 until 30 September 2009. However, for the purposes of reporting on the 2008/09 marketing year, the reporting period commences on 1 October 2008 and ends on 30 September 2009.

During the period ending 30 September 2009, WEA accredited 24 companies, including one farmer-owned company accredited to market wheat grown solely on its own properties.

In the 2008/09 marketing year, Australia exported more than 12.3 million tonnes of wheat in bulk to 42 countries via 17 accredited exporters. Some of these countries had not received bulk wheat from Australia for at least eight years, including Israel, Saudi Arabia and Rwanda.

Through its accreditation of multiple exporters, WEA has helped deliver innovation, competition and contestability in export marketing services available to growers. WEA looks forward to continued growth in Australia's export wheat industry.

The WEA Secretariat and Members worked tirelessly to ensure that the operation of the Scheme was conducted efficiently and effectively. I thank them for their outstanding support throughout the period.

I join my fellow WEA Members in proudly presenting this report to you and wish you a successful marketing year in 2009/10.

E A Woodley

Chair

22 December 2009



WEA Members and CEO:
Back (L-R): Kim Halbert,
Sandy Murdoch, Paul Kerin
and Peter Woods (CEO).
Front (L-R): Nicole Birrell,
Ted Woodley (Chair) and
Martine Pop.

About Wheat Exports Australia

On 1 July 2008, WEA replaced the Export Wheat Commission following changes to Australia's wheat export arrangements. WEA is an Australian Government agency under the Department of Agriculture, Fisheries and Forestry (DAFF) portfolio.

WEA consists of a Chair and five Members, supported by a Secretariat of 15 staff located in Canberra.

WEA's role under the Act is to regulate the export of bulk wheat from Australia through the Scheme. Under the Scheme, WEA has the power to grant, suspend, cancel or vary bulk wheat export accreditations.

The Scheme requires all accredited bulk exporters to provide to WEA an Annual Export Report and an Annual Compliance Report as well as reporting any 'Notifiable Matters' that may affect their accreditation.

If directed by the Minister, WEA has the power to investigate a matter related to:

- its powers and functions, or
- an alleged or suspected contravention of a condition of accreditation or the Act.

Funding for WEA is provided through application fees under the Scheme, as well as through the Wheat Export Charge (WEC) payable on all exports of wheat from Australia.

OUR VISION

An Australian bulk wheat export industry that is competitive, sustainable and innovative.

OUR MISSION

To administer the Wheat Export Accreditation Scheme and contribute to the ongoing development of Australia's wheat industry.

WHAT WE DO

- We regulate the export of bulk wheat from Australia through the Wheat Export Accreditation Scheme.
- We maintain a public register of accredited exporters and their respective conditions of accreditation.
- We monitor the ongoing performance of accredited exporters through an annual reporting system.
- We manage operations efficiently and effectively, consistent with sound corporate governance principles, and inform stakeholders of our activities.

The WEA Corporate Plan 2008–10 provides additional information on WEA's activities.

More information about WEA is available at www.wea.gov.au



Australian growers are key stakeholders of WEA.

Operation of the Wheat Export Accreditation Scheme

The Scheme was established as a system of accreditation for bulk wheat exporters and provides a platform for WEA to form a view on an exporter being 'fit and proper' to export bulk wheat from Australia.

Entities wishing to export wheat in bulk from Australia must be accredited by WEA under the Scheme. Those wanting to export wheat in bags or containers are not required to be accredited, as this sector of the trade is deregulated.

WEA is required to exercise judgement as to whether an applicant is 'fit and proper' to be accredited, taking into account performance and behaviour over the preceding five years.

To gain accreditation, exporters must fulfil the eligibility criteria outlined in the Act to WEA's satisfaction. The criteria include the applicant's financial resources, business record, risk management arrangements and its trust and candour. WEA also looks at the demonstrated behaviour of the company and its executives, including compliance with Australian and foreign laws.



What criteria does WEA take into account in assessing a company under the Scheme?

- The applicant must be a company or co-operative and be a trading corporation.
- WEA must be satisfied that the applicant is 'fit and proper' by considering the following criteria with respect to the preceding five years:
 - financial resources
 - risk management arrangements
 - business record
 - trust and candour
 - experience and ability of executive officers
 - compliance with applicable Australian and foreign laws
 - compliance with designated sanitary and phytosanitary measures
 - compliance with applicable United Nations sanctions provisions.
- The applicant must not be under external administration.
- The applicant must pass the port terminal access test where applicable.

All applicants are treated equally under the assessment process.

WEA may grant accreditation for up to three years, taking into consideration the export proposal and level of export experience of each applicant.

Once it has decided in favour of accreditation, WEA issues the exporter with an instrument of accreditation, detailing its conditions. An exporter must comply with its conditions for the duration of the accreditation period.

Certain conditions are automatically applied to exporters under the Act or the Scheme, and WEA is also able to impose further conditions on individual exporters on a case-by-case basis. WEA has the

flexibility necessary to impose conditions as it considers appropriate to the activities of a particular exporter. However, WEA must first consult with the applicant. It is also important to note that WEA must not impose conditions limiting tonnage or market destinations unless proposed by the applicant.

During the period of accreditation an accredited exporter may apply for a variation of certain conditions of accreditation or may surrender its accreditation. Any affected person, including the exporter itself, may also apply for WEA to reconsider a decision made under the Scheme.

WEA maintains a register on its website that lists the name and Australian Company Number (ACN) of each accredited exporter, as well as each exporter's conditions of accreditation.

Under the Act, accreditation is not transferable and significant penalties exist for exporting wheat in bulk without accreditation, for breaching conditions of accreditation and for providing false or misleading information to WEA.

Can I export my own wheat in bulk as an individual?

- Individuals cannot export wheat in bulk under the current wheat marketing arrangements.
- Under the terms of the Customs (Prohibited Exports) Regulations 1958, the export of wheat in bulk is prohibited without accreditation from WEA.
- In order to receive bulk exporter accreditation an exporter must satisfy certain eligibility criteria specified in the Act and the Scheme.
- The following two criteria must be strictly fulfilled in order to be eligible for accreditation:
 1. the exporter must be a company that is:
 - a. registered as a company under Part 2A.2 of the Corporations Act 2001;
or
 - b. a co-operative; and
 2. the company must be a trading corporation to which paragraph 51(xx) of the Australian Constitution applies.



Only exporters accredited by WEA may export wheat in bulk from Australia.

Accreditations granted by WEA

As shown in Figure 1, WEA accredited 24 exporters under the Scheme from 1 July 2008 to 30 September 2009. One exporter surrendered its accreditation during this time, leaving 23 exporters accredited as at 30 September 2009.

WEA can accredit exporters for up to three years and the Scheme allows for accreditation to continue uninterrupted, by way of a renewal process. A renewal application must be submitted between three and six months before the expiry date of the exporter's current accreditation.

In its first year of operation WEA chose to limit the initial period of accreditation of all accredited exporters until 30 September 2009. This enabled WEA to reassess each accredited exporter against the Act's eligibility criteria at the time of renewal and verify that there were no events or circumstances requiring suspension or cancellation of the accreditation. Also, the expiry aligned with the date by which providers of export terminal services were required to have an access undertaking in place to remain eligible for accreditation (see page 12).

During the 2008/09 marketing year, a total of 22 accredited exporters applied to have their accreditation renewed and WEA applied the same criteria as with initial applications for accreditation¹.

During the period 1 April to 30 September 2009, WEA assessed the 22 accredited exporter renewal applications, which included new or updated information on finance, risk management, export proposals for the next three years, business record, new executive officer checks and other criteria required under the Scheme. Figure 1 shows the period for which each of these accreditations has been renewed.

¹ All companies that required renewal of their accreditation in 2009 applied accordingly. As GrainCorp Limited surrendered its accreditation on 21 May 2009 and Greentree Farming Exports Pty Ltd is accredited until 30 September 2010, these companies did not lodge a renewal application.

It is important to note that accreditation provides no guarantee that an exporter will remain financially viable throughout its accreditation period.

How many companies were accredited to export bulk wheat during the period ending 30 September 2009?

- WEA accredited 24 companies to export wheat in bulk from Australia.
- During this time one exporter surrendered its accreditation, leaving 23 accredited bulk wheat exporters, including one grower-owned company, as at 30 September 2009.
- WEA renewed 22 accreditations during the marketing year, allowing some exporters to continue exporting wheat in bulk until 30 September 2011 and the majority to continue exporting until 30 September 2012.



In 2008/09 Australia produced 20.9 million tonnes of wheat.

Figure 1: Accreditations and renewals granted by WEA – 1 July 2008 to 30 September 2009

Accredited wheat exporter (Name and ACN)	Initial period of accreditation	Period of accreditation renewal
ABB Grain Ltd ACN 084 962 130	5/09/2008 to 30/9/2009	1/10/2009 to 30/9/2011
AWB (Australia) Limited ACN 081 890 502	11/9/2008 to 30/9/2009	1/10/2009 to 30/9/2012
AWB Harvest Finance Limited ACN 102 469 303	11/9/2008 to 30/09/2009	1/10/2009 to 30/9/2012
Bunge Agribusiness Australia Pty Ltd ACN 097 843 582	23/10/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Cargill Australia Limited ACN 004 684 173	26/8/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Concordia Agritrading (Australia) Pty Limited ACN 003 979 002	5/9/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Elders Toepfer Grain Pty Ltd ACN 126 806 979	26/8/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Emerald Group Australia Pty Ltd ACN 109 203 054	23/10/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Glencore Grain Pty Ltd ACN 106 378 885	5/9/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Goodman Fielder Consumer Foods Pty Limited ACN 000 024 546	26/8/2008 to 30/9/2009	1/10/2009 to 30/9/2012
GrainCorp Limited ACN 057 186 035	4/09/08 to 30/9/2009 (surrendered on 21/5/09)	no application
GrainCorp Operations Limited ACN 003 875 401	10/12/2008 to 30/9/2009	1/10/2009 to 30/9/2011
Grain Pool Pty Ltd ACN 089 394 883	26/8/2008 to 30/9/2009	1/10/2009 to 30/9/2011
Greentree Farming Exports Pty Ltd ACN 135 227 593	7/7/2009 to 30/9/2010	Renewal application due by 30 June 2010
J.K. International Pty Ltd ACN 010 127 750	10/10/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Lempriere Grain Pty Ltd ACN 105 942 078	6/3/2009 to 30/9/2009	1/10/2009 to 30/9/2011
Louis Dreyfus Australia Pty Ltd ACN 004 088 000	5/9/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Marubeni Australia Ltd ACN 000 329 699	5/9/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Noble Resources Australia Pty Ltd ACN 001 069 423	11/2/2009 to 30/9/2009	1/10/2009 to 30/9/2012
OzEpulse Pty Limited ACN 100 282 095	26/8/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Pentag Commodities Pty Limited ACN 113 005 753	25/9/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Queensland Cotton Corporation Pty Ltd ACN 010 944 591	23/10/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Riverina (Australia) Pty Limited ACN 010 755 254	25/9/2008 to 30/9/2009	1/10/2009 to 30/9/2012
Sumitomo Australia Pty Ltd ACN 000 371 497	21/11/2008 to 30/9/2009	1/10/2009 to 30/9/2012

CASE STUDY – INNOVATION

WEA announced the accreditation of Greentree Farming Exports Pty Ltd, as the first farming based exporter under the Scheme, in July 2009.

This was a significant milestone for Australia's wheat marketing arrangements and came just after the first anniversary of the Scheme.

Greentree Farming will solely market wheat grown on its own properties, located in northern New South Wales, giving the company complete control of its wheat from production, harvest, storage and marketing through to exporting in bulk to international customers.

The Chairman of Greentree Farming Exports Pty Ltd, Ron Greentree, is a well-known industry identity and is one of Australia's largest wheat growers. Greentree Farming has built significant on-farm storage facilities on a number of its properties and also supplies wheat in containers for export.

The accreditation of Greentree Farming Exports Pty Ltd demonstrates the flexibility of the Scheme in providing for a range of wheat marketing models to further broaden Australia's product offering to overseas customers.



On-farm grain storage at Greentree Farming Exports Pty Ltd, Mungindi, NSW.

Monitoring exporters

An important role of WEA is to regularly review the financial performance, circumstances and activities of accredited exporters to ensure they are complying with the conditions of their accreditation and to satisfy itself that they remain 'fit and proper'. Accredited exporters are required to provide annual compliance and export reports and other relevant information to assist with this process.

WEA has the power to obtain information and documents from accredited exporters to enable it to fulfil its functions effectively. Following a requirement to provide information, accredited exporters have 14 days to provide such information. WEA can also request information and documents from any other person if it believes the information is relevant to its functions and powers.

A total of 31 requirements for further information were issued to accredited exporters by WEA in the period to 30 September 2009. A further five requests were made to persons that were not accredited exporters.

As a condition of accreditation, an accredited exporter is required to notify WEA if an event occurs or the exporter's circumstances change, such that it could have a material impact on its accreditation – this is known as a Notifiable Matter.

Importantly it is the responsibility of accredited exporters, rather than WEA, to track and report Notifiable Matters.

The report must be given to WEA within 14 days after the occurrence of the event or the circumstance came into existence. WEA has issued guidelines to assist accredited exporters to comply with this important condition of accreditation.

During the year, WEA received 20 Notifiable Matter reports on approved forms from seven accredited exporters. WEA's assessment of the Notifiable Matter reports received indicated that there was no further action required under the Scheme, such as suspension, cancellation or imposition of further conditions.

How does WEA monitor accredited exporters?

- WEA can arrange to have an independent external audit conducted at any time during the exporter's period of accreditation.
- WEA can request information from accredited exporters or third parties that may have information relevant to the functions of WEA.
- As a condition of accreditation, WEA requires accredited exporters to report Notifiable Matters, being events or changes in circumstance relevant to their 'fit and proper' status, or where a new Executive Officer is appointed.
- WEA monitors export data from the Australian Customs and Border Protection Service on a weekly basis to ensure that only accredited exporters export bulk wheat from Australia and that tonnage and market restrictions are adhered to where relevant.

The audit program administered by WEA plays an important role in improving the operations of accredited exporters, by the enhancement of governance, financial and risk management arrangements, and by achieving greater transparency of the shipping stems published by port terminal service providers.

An audit can be conducted in relation to the following matters:

1. the accredited exporter's compliance with one or more conditions of its accreditation under the Scheme
2. the accuracy of information given to WEA by the accredited exporter (whether orally, in writing or by any other means)
3. the accuracy of one or more statements made in the application for accreditation.

If the audit relates to the accredited exporter's compliance with conditions of accreditation, WEA may request the auditor to provide:

1. an assessment of the accredited exporter's existing capacity to comply with one or more conditions of accreditation under the Scheme
2. an assessment of what the accredited exporter will need to do, or continue to do, to comply with one or more conditions of accreditation under the Scheme.

WEA arranged for 26 audits to be conducted during the 2008/09 marketing year, as detailed in Figure 2. A written report for each audit was prepared for WEA by an appointed external auditor. The audit reports provide for management comments, to enable the exporter to address the auditor's key findings or recommendations for improvement. In light of each audit report, WEA then considered what further action, if any, should be taken under the Scheme with respect to the accreditation of the exporter. This may include monitoring the implementation of improvements suggested in the audit report or requesting further information from the exporter at the time of accreditation renewal.

WEA was pleased with the response of accredited exporters and their acknowledgement of the value

of audit findings. An example is the action taken by port terminal operators to improve the accuracy and presentation of the shipping stems.

How does WEA ensure compliance with the Scheme?

- WEA has the power to cancel or suspend an accreditation where it is satisfied that an accredited exporter has not complied with a condition of its accreditation.
- WEA can impose further conditions on an exporter's accreditation at any time throughout the period of accreditation.
- WEA requires accredited exporters to submit both an Annual Export Report and an Annual Compliance Report at the conclusion of each marketing year. See Figures 3 and 4 for further information.
- WEA can apply for a civil penalty order for some breaches of the Act or Scheme.
- WEA visited or met with each accredited exporter during 2008/09 marketing year. These visits, scheduled twice annually, aimed to assist accredited exporters in understanding their obligations under the Scheme.

Figure 2: External audits directed by WEA during the 2008/09 marketing year

Type of audit	No. of audits	Areas of findings/ improvement
Financial	7	Information provided during accreditation confirmed as accurate.
Risk management	10	Continuous improvement required towards whole-of-enterprise risk management and monitoring systems including the development of effective risk mitigation and risk treatment plans that adequately manage trading, financial and credit risk, IT data security and disaster recovery.
Policies, systems and procedures	4	Increased awareness of End Point Royalties (EPR) obligations and National Residue Survey (NRS) participation. Improved budgeting processes to reflect the requirements necessary to execute the export proposal.
Compliance with conditions of accreditation	5	Improved disclosure of daily shipping stem information and transparent management of vessel nominations. Improved policies and procedures and recommendations on their implementation and regular review. Management of pools to ensure transparent and equitable outcomes for the benefit of pool participants. Execution of shipping and chartering to minimise risks and costs.
Total audits completed	26	

Under the Act, each accredited exporter is subject to conditions of accreditation and whilst some conditions of accreditation are mandatory (as outlined in Figure 3), each accredited exporter may be subject to additional conditions of accreditation (as outlined in Figure 4) imposed by WEA.

During the 2008/09 marketing year, accredited exporters demonstrated a high degree of cooperation with WEA and compliance with the conditions of accreditation. Whilst there were

some instances of non-compliance with conditions, WEA considered these instances to be minor and in each circumstance they were rectified within an acceptable timeframe. As such, WEA did not suspend or cancel or impose additional conditions on the accreditation of any exporter during the marketing year on the basis of non-compliance.

Figure 3: Exporter compliance with mandatory conditions of accreditation during the 2008/09 marketing year

Mandatory conditions (required under the Act and/or Scheme)	Number of exporters that were required to comply with the condition	Number of fully compliant exporters	Full compliance outcome %	Explanatory notes
Compliance with Australian and foreign laws, applicable to the accredited exporter's trade in wheat	24	24	100%	No convictions recorded in 2008/09.
Compliance with United Nations sanction provisions	24	24	100%	No contraventions reported to WEA in 2008/09.
Compliance with notice to supply information, documents and/or copies of documents to WEA within prescribed timeframe	24	21	88%	Responses by three exporters were submitted outside of the prescribed timeframe in WEA notice.
Compliance with notice to appoint an external auditor and submit an audit report to WEA within prescribed timeframe	16	16	100%	During 2008/09 WEA directed 16 of the 24 accredited exporters to conduct an external audit.
Compliance with submitting an Annual Export Report to WEA	24	24	100%	All reports received within prescribed timeframe or within agreed extension granted by WEA.
Compliance with submitting an Annual Compliance Report to WEA	24	24	100%	All reports received within prescribed timeframe or within agreed extension granted by WEA.
Submission of Notifiable Matter form as required under the Act and Scheme	24	21	88%	Two exporters failed to report minor non-compliance with Continuous Disclosure rules in relation to Port Access, as identified by an external audit. One exporter failed to report a Notifiable Matter in relation to financial status where the exporter was of the understanding that the matter was not notifiable, as identified by WEA during renewal assessment.
Notification of new Executive Officers as required under the Scheme	24	22	92%	Two exporters did not formally notify WEA of new Executive Officer within 14 days of appointment as required under the Act, as identified by WEA during renewal assessment.

Figure 4: Exporter compliance with additional conditions imposed by WEA during the 2008/09 marketing year

Additional conditions (imposed by WEA under s 8(4) of the Scheme)	Number of exporters that were required to comply with the condition	Number of fully compliant exporters	Full compliance outcome %	Explanatory notes
Payment of the Wheat Export Charge (WEC) of AUD0.22 per tonne on wheat exported from Australia	17	17	100%	During 2008/09 there were 17 accredited exporters that exported Australian wheat in bulk. These exporters were required to pay the WEC.
Compliance with the continuous disclosure rules in relation to each port terminal service operated, requiring the publication of a 'shipping stem' to be updated each business day	6 *	3	50%	Minor non-compliance generally in relation to either accuracy or completeness of information provided on shipping stems.
Compliance with the requirement to publish the terms and conditions of access to each port terminal service operated by an accredited exporter or 'associated entity' prior to 1 October 2009	6 *	6	100%	Requirement of the access test prior to 1 October 2009.
Compliance with a tonnage limit of accreditation imposed for the 2008/09 marketing year	5	5	100%	J.K. International Pty Ltd was granted a variation to increase its tonnage limit during 2008/09.
Compliance with a market restriction (buyer) imposed for the 2008/09 marketing year	1	1	100%	This condition was imposed on Goodman Fielder Consumer Foods Pty Limited, limiting the export of bulk wheat to its own group of companies.
Compliance with the submission of an interim Annual Export Report and Annual Compliance Report (period ending 28 February 2009)	2	2	100%	This condition applied to AWB (Australia) Ltd and AWB Harvest Finance Ltd in 2008/09.
Commodity hedging undertaken in compliance with the terms of the condition imposed by WEA for any wheat export pools operated by the accredited exporter for the 2008/09 marketing year	2	2	100%	This condition applied to AWB (Australia) Ltd and AWB Harvest Finance Ltd in 2008/09.
Chartering undertaken in compliance with the terms of the condition imposed by WEA for any wheat export pools operated by the accredited exporter for the 2008/09 marketing year	2	2	100%	This condition applied to AWB (Australia) Ltd and AWB Harvest Finance Ltd in 2008/09.
Maintenance of files and documents in compliance with the terms of the condition imposed by WEA relating to commodity hedging and chartering activities for the 2008/09 marketing year	2	2	100%	This condition applied to AWB (Australia) Ltd and AWB Harvest Finance Ltd in 2008/09.
Compliance with the condition limiting bulk wheat exports to wheat produced on the properties of the accredited wheat exporter	1	1	100%	This condition applied to Greentree Farming Exports Pty Ltd in 2008/09.

Key: * During 2008/09 this condition applied to the following six exporters: ABB Grain Ltd, GrainCorp Limited, GrainCorp Operations Ltd, AWB (Australia) Ltd, AWB Harvest Finance Ltd and Grain Pool Pty Ltd.

Port access test

In accordance with the Act, exporters that own or operate bulk grain terminal facilities at Australian ports (directly or through an associated entity) must provide (or ensure that their associated entity provides) fair and transparent access to their facilities to other accredited wheat exporters.

If an exporter, or an associated entity of an exporter, is the provider of one or more port terminal services, WEA must be satisfied that they pass the access test in order for the exporter to be eligible for accreditation.

The access test is set out in the Act and is part of a regulatory framework that aims to promote the development of an efficient and competitive bulk wheat export marketing industry that advances the needs of wheat growers.

At all times the access test requires an accredited exporter or its associated entity that operates a grain port terminal, to publish information relating to the schedule of vessels booked to use the bulk port terminal facility, the volume to be loaded into each vessel and the estimated date of loading each vessel. This is known as the 'shipping stem' and this information is to be published on the accredited exporter or associated entity website and updated each business day.

What is WEA's role in the port access test?

- From 1 October 2009, WEA cannot accredit an exporter that owns, operates or controls a port terminal service without an access undertaking accepted by the ACCC.
- WEA monitors compliance with the continuous disclosure rules of the Act, requiring an accredited exporter that owns, operates or controls a port terminal service to publish the 'shipping stem' each business day.
- WEA has published an online interactive map to assist stakeholders in accessing shipping stem information. The map details the 19 grain port terminals operating in Australia, providing colour coded tags to the associated shipping stem and related port authority.

FACT BOX

ACCESS UNDERTAKINGS

The Australian Competition and Consumer Commission (ACCC) is the Australian Government's agency which promotes competition and fair trade in the market place.

An access undertaking is a document which establishes the terms and conditions under which a service provider is willing to offer or negotiate access to its services. In the case of wheat export marketing arrangements – the grain port terminal operator providing access to other accredited wheat exporters.

Access undertakings help to ensure fair and transparent access to port terminal services for all accredited bulk wheat exporters. The undertakings accepted by the ACCC provide appropriate port access arrangements between exporters and port terminal operators, and assist accredited exporters to operate in a more effective supply chain.



Robust port access arrangements will help underpin a competitive wheat export industry.

ACCESS TEST – PRIOR TO 1 OCTOBER 2009

For an initial period until 1 October 2009, the access test also required relevant exporters to publish the terms and conditions under which they would provide access to other users.

During 2008/09 the port access test was applied to the following six exporters: ABB Grain Ltd, GrainCorp Limited, GrainCorp Operations Limited, AWB (Australia) Ltd, AWB Harvest Finance Ltd and Grain Pool Pty Ltd.

The two AWB subsidiaries were initially subject to the access test requirements in connection with an AWB Group investment in the grain port located at Melbourne Port Terminal (MPT). MPT is operated by Melbourne Terminal Operations Pty Ltd (MTO), a wholly-owned subsidiary of Australian Bulk Alliance Pty Ltd (ABA).

On the basis of material provided to WEA during the course of the 2008/09 marketing year:

- WEA considers MTO to be the provider of the port terminal service at MPT. MTO is not an accredited exporter, nor is it an associated entity of any companies which are accredited exporters.
- WEA holds the view that, under the Scheme, the port terminal service at MPT is not required to be the subject of an access undertaking accepted by the ACCC after 1 October 2009.
- MPT is likely to be the only grain port terminal service that is not required to be the subject of an access undertaking accepted by the ACCC.
- The port terminal service at MPT will have no bearing on the access tests required for the other grain port terminals operating in Australia.
- WEA has received written assurance that the shipping stem and standard storage and handling agreement relating to MPT will continue to be published until further notice via the ABA website: www.bulkalliance.com.au

Following the determination by WEA, there are presently no port terminal facilities in respect of which AWB (Australia) Ltd or AWB Harvest Finance Ltd are required to pass the port access test.

GrainCorp Limited surrendered its accreditation during 2009.

ACCESS TEST – FROM 1 OCTOBER 2009

WEA determined that three exporters were required to pass the port access test after 1 October 2009 and therefore have an ACCC access undertaking in place in order to be eligible for accreditation renewal. These exporters were: ABB Grain Ltd, GrainCorp Operations Limited and Grain Pool Pty Ltd.

During the month of April 2009 each of these companies independently submitted a draft access undertaking to the ACCC that covered all of their port terminal services relating to the export of bulk wheat. The ACCC then undertook extensive public consultation as part of its assessment process.

On 29 September 2009 the ACCC formally accepted each of the access undertakings lodged by AusBulk Ltd, GrainCorp Operations Ltd and CBH Ltd.

- AusBulk Ltd is the wholly-owned subsidiary of ABB Grain Ltd that owns and operates ABB controlled ports in South Australia.
- GrainCorp Operations Limited is the accredited exporter.
- CBH Ltd is the parent company of Grain Pool Pty Ltd.

Following the ACCC decision, WEA was able to grant accreditation renewal to ABB Grain Ltd, GrainCorp Operations Limited and Grain Pool Pty Ltd on 30 September 2009.

Consulting with stakeholders

WEA promoted awareness of the Scheme and of WEA's role through presentations, regular meetings and communications with stakeholders. These consultations outlined the application process and procedures for becoming an accredited exporter. WEA made a number of presentations to industry forums during 2008/09. Also, WEA worked with the wheat industry regarding its concerns about End Point Royalties (EPR) and contributed to the work of the EPR Steering Committee.

WEA held a wheat industry stakeholder forum in the capital city of each major wheat growing state in 2008/09. The forums provided an opportunity for stakeholders to exchange views on the operation of the Scheme and assisted WEA in successfully performing its role in regulating Australia's bulk wheat exports. Regular stakeholder forums will continue in 2009/10.

FACT BOX

GROWER INFORMATION SESSIONS PRIOR TO THE 2008/09 HARVEST

The Department of Agriculture, Fisheries and Forestry (DAFF) funded 52 grower information sessions across all major wheat growing regions in August and September 2008. The objective of these sessions was to communicate to growers the function of the new wheat export marketing arrangements and to inform growers about marketing choices available.

WEA representatives participated in many of the meetings and provided background about the role and function of WEA under the new arrangements. Information about these sessions, including a compilation of Frequently Asked Questions, is available from the DAFF website at: www.daff.gov.au/agriculture-food/wheat-sugar-crops/wheat-marketing/faq

An important vehicle for communicating with wheat growers and other stakeholders is WEA's website. The website has all the latest news, information and publications relating to WEA's role, as well as archived material from the former Export Wheat Commission and Wheat Export Authority including past Growers Reports produced under the previous wheat marketing arrangements.

Wheat growers and other stakeholders are invited to subscribe to regular email updates by enrolling online at www.wea.gov.au/Subscription.htm

What information is available on WEA's website?

WEA publishes:

- Public statements and media releases with regard to significant WEA events.
- An online newsletter 'Wheat Export News'.
- Fact Sheets relating to industry issues. In 2008/09 topics included:
 - AQIS and Marine Surveyors
 - Bulk Wheat Exports (1 December 2008 – 30 April 2009)
 - Chemical Residues Importing Country Requirements
 - Grain Rail Freight in Australia
 - Melbourne Port Terminal and the Access Test
 - Vessels Failing Survey and the Cost to Industry
 - Wheat Export Accreditation Scheme.
- Corporate publications including the WEA Annual Report 2008–09 and the 2008–2010 Corporate Plan.

FACT BOX

AUSTRALIA'S WHEAT EXPORT MARKETING ARRANGEMENTS UNDER REVIEW

In accordance with the Act the Productivity Commission commenced an inquiry into wheat export marketing arrangements in September 2009 and will consider such matters as:

- the effectiveness of the arrangements in meeting the objectives of the Act, including the role of Wheat Exports Australia
- the suitability of the eligibility criteria for accreditation of exporters
- the appropriateness of the access test requirements for accreditation of port operators as exporters
- the effectiveness of, and level of competition in, the transport and storage supply chain for wheat
- the availability and transparency of market information
- the costs and benefits of the Act and the Scheme.

The Productivity Commission will consult widely with interested parties including WEA, growers, grains industry representatives, accredited exporters, bag and container exporters, potential bulk exporters, bulk handling companies, the ACCC and relevant government departments.

A final report must be provided to the Government before 1 July 2010.

More information is available via the Productivity Commission's website:
www.pc.gov.au/projects/inquiry/wheatexport



WEA provides regular updates and information to its stakeholders. Wheat industry forums were held in the capital city of each major wheat growing state in 2008/09.

Industry Good functions

A challenge presented to the Australian wheat industry during the transition from the former single desk arrangements was the ongoing coordination and provision of industry development or 'industry good' functions.

Prior to the introduction of the new arrangements on 1 July 2008, the Government established the Wheat Industry Expert Group (IEG) to advise on the most efficient and effective delivery of these functions, previously performed by AWB International. The findings of the IEG as detailed in its final report were taken into consideration by the Government in reforming the wheat marketing arrangements.

Government funding was provided to support the ongoing provision of market information, whilst most of the remaining functions are now being delivered by a mixture of commercial and industry stakeholders as outlined in Figure 5.

The effectiveness of these arrangements will be considered by the Productivity Commission during its review of wheat export marketing arrangements, due for completion by 30 June 2010.

With financial support from the Australian Government, Grain Trade Australia (GTA) developed a voluntary Australian Grain Industry Code of Conduct. This was launched in November 2009.

CASE STUDY – INDUSTRY COLLABORATION

BRI Australia Pty Ltd is a commercial research and services company with a long history of service to the grains industry. It was awarded a two-year contract by the GRDC from January 2009 to December 2010 to provide management and related services for the Wheat Variety Classification Panel and the associated laboratory Proficiency Testing Scheme.

BRI Australia provides independent expertise and advice to the Panel on wheat markets, wheat quality and functional properties and also communicates the Panel's decisions to plant breeders. To facilitate this communication, a website has been established for the Wheat Variety Classification Panel. BRI Australia will host a Wheat Quality Forum in February 2010.

BRI Australia also provides reports on the activities and processes of the Wheat Variety Classification Panel to the Wheat Classification Council, and BRI Australia is an observer on the Council. The professional and technical knowledge made available to the Council and the Panel by staff at BRI Australia is supported by:

- the only pilot scale roller mill in Australia
- National Association of Testing Authorities (NATA) accredited test mills and laboratories
- pilot and test bakeries.

These resources are available to improve Australia's ability to capture market share in an ever more competitive world market.



Figure 5: Industry Good functions performed on behalf of the Australian wheat industry (during the 2008/09 marketing year)

Function	Description	Responsibility/ Performance
Industry Strategic Planning and Execution	The development of strategic business plans for the wheat export industry.	Individual exporters and various industry associations.
Wheat Receival Standards	A quality assurance (QA) function and regulatory compliance.	Wheat standards published by Grain Trade Australia (GTA) and developed by the GTA Standards Committee in 2008.
Wheat Classification	A framework providing classification of new varieties and market signals to new varietal development.	Responsibility assumed by the Grains Research and Development Corporation (GRDC) in 2008. GRDC awarded a contract to BRI Australia for management of the Wheat Variety Classification Panel. The Wheat Classification Council was established by GRDC with responsibility for revisions to grade criteria and recommending a future framework. Both organisations are separately responsible to GRDC.
Crop Shaping Activities	Grade systems and incentives for matching production to customer demands.	Individual exporters and domestic traders informed by GTA wheat receival standards.
Australian Wheat Crop Report	The collation of data across Australian wheat grades.	Monthly reports prepared and published by the Australian Bureau of Statistics and ABARE, funded by the Australian Government for three years. Commercial providers.
Technical Market Support	Technical training to customers.	Wheat Export Technical Market Support Grants Program funded by the Australian Government in 2009. Individual exporters. Commercial providers.
Promotion of the Australian Wheat Industry	Generic promotion of Australian wheat.	Individual exporters and industry associations.
Policy and Regulatory Advocacy	Input into development of national and international policy and regulatory issues.	Industry associations, such as the Australian Grain Exporters Association, GTA, the Grains Council of Australia, and the Grain Growers Association.
Research and Development	To improve understanding and management of wheat quality across the industry.	GRDC is leading the development of a National Research, Development and Extension Strategy for the Grains Industry.

Source: Figure 5 adapted from the EWC *Growers Report 2007*, and WEA analysis

TERMS AND CONDITIONS OF PURCHASE FROM GROWERS

Many exporters operating in Australia use the standard trade rules established by the Grain Trade Australia (GTA)² Commerce Committee. Whilst the Commerce Committee formulates and recommends changes to the rules on behalf of membership, the GTA Board agrees to any changes.

Standardised trade rules were first established by GTA in 1998, and the latest amendment to the rules occurred in March 2009. The GTA Trade Rules govern all disputes of a mercantile, financial or commercial nature relating to grain, feed, oilseeds or other agricultural commodities arising between Members and non-Members of GTA³.

Wheat sourced directly from growers

Of the 23 accredited exporters, 17 were active in exporting bulk wheat, and 10 sourced wheat directly from growers. These buyers largely used the standard GTA terms of agreement with payment terms of 7, 14, 21 or 30 days.

Wheat pools

Five accredited exporters (ABB Grain Ltd, AWB Harvest Finance Ltd, Emerald Group Australia Pty Ltd, Grain Pool Pty Ltd and GrainCorp Operations Ltd) ran wheat pools in 2008/09. The operation and management practices of each pool varied, as did the structure of incentives and payment terms to growers. Currently there is no regulatory oversight of pooling products in the grains industry.

WEA has been given significant monitoring and enforcement responsibilities, to protect the interests of growers and other industry participants.

In June 2009, WEA wrote to all bulk wheat exporters that were accredited at that time, requiring the provision of information under section 25(2) of the Act. The information required by WEA related to the equitability, transparency and separation (ring fencing) of wheat pools and cash

wheat purchases by those accredited exporters operating wheat pools. WEA was satisfied that each of the five accredited exporters that operated pools remained a 'fit and proper' company.

Export wheat specifications

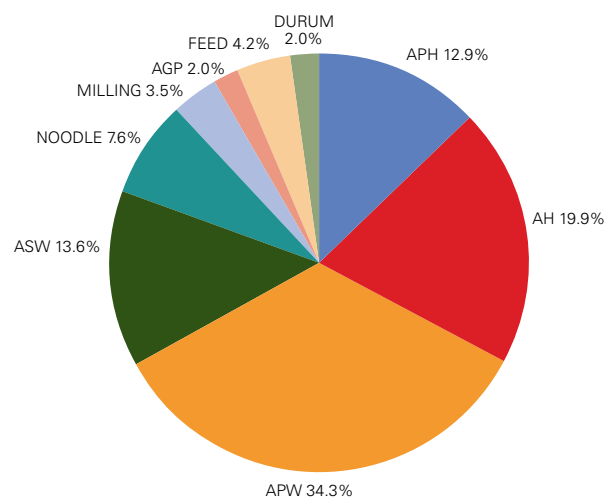
The Australian wheat export industry has a well established market-driven system in place to ensure the supply of high quality wheat to international customers.

Under the existing wheat marketing arrangements, WEA plays no role in controlling the quality of Australian bulk wheat exports; however accredited exporters report the specifications of bulk shipments made in a marketing year, via the Annual Export Report provided to WEA.

Commercial realities in a competitive environment mean that exporters must meet contract specifications if they wish to secure and maintain long-term relationships with overseas customers.

According to data provided to WEA by accredited exporters, there were 39 variations of grades of Australian wheat exported in bulk during the 2008/09 marketing year. This has been aggregated into nine major grades as shown in Figure 6.

Figure 6: Australian bulk wheat exports by grade – 1 October 2008 – 30 September 2009



Source: WEA analysis

² GTA, formerly the National Agricultural Commodities Marketing Association (NACMA), was first established in 1991 to standardise grain standards, trade rules and contracts across the industry. Visit www.graintrade.org.au for more information.

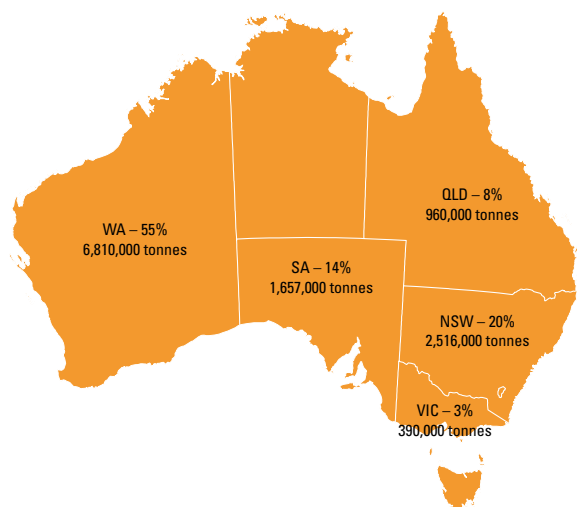
³ GTA Trade Rules Preamble, Issue date March 2009 (source: www.graintrade.org.au).

Analysis of the 2008/09 marketing year

This section of the report provides an overview of the 2008/09 export marketing year for the Australian wheat industry. It is based on Australian Bureau of Agricultural and Resource Economics (ABARE) statistics and data collected by WEA throughout the 2008/09 marketing year, which is defined as commencing on 1 October 2008 and ending on 30 September 2009.

In summary, bulk exports of wheat from Australia in the 2008/09 marketing year reached more than 12.3 million tonnes from total production of 20.9 million tonnes. Figure 7 shows the volume exported from each state and the percentage this represents of the total volume exported from Australia in 2008/09.

Figure 7: Tonnages exported in bulk by state – 1 October 2008 to 30 September 2009



Source: WEA analysis

Consistent with previous years, Western Australia was the largest bulk exporter of Australian wheat in 2008/09. Western Australia exported over 6.8 million tonnes which equates to 55% of total bulk wheat exports in 2008/09. This was followed by New South Wales (20%), South Australia (14%), Queensland (8%) and Victoria (3%).

Bulk wheat exports for 2008/09 compare favourably with other years, considering that:

- previously there was one exporter, while in 2008/09 there were 17 active exporters

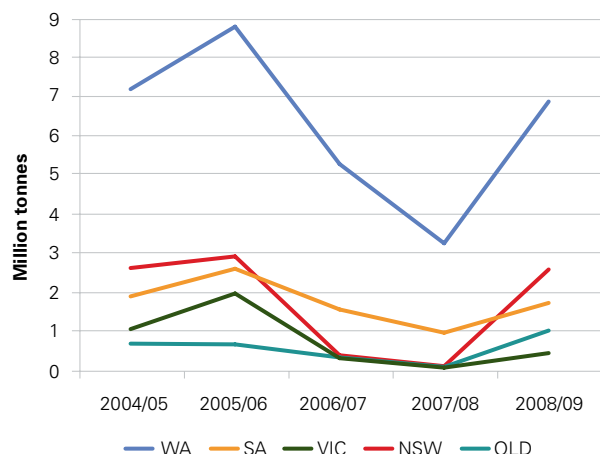
- 2006/07 and 2007/08 were drought years, with a significant reduction in volumes available for export
- the 2008/09 harvest was rain delayed, particularly in Western Australia
- growers were careful when considering their marketing options and tended to warehouse wheat for long periods.

Historical figures demonstrate that Western Australia has consistently been the state with the largest proportion of bulk export sales of wheat.

As an average over the past five years, Western Australia has represented 57.7% of Australia's total bulk wheat exports, followed by South Australia (15.7%), New South Wales (15.3%), Victoria (6.6%) and Queensland (4.7%).

It is well understood that the greatest variation in exports occurs in eastern Australia. Given the larger domestic demand for wheat in Queensland, New South Wales and Victoria, the percentage of exports from these states will be largely driven by the production differences experienced each year. This is best represented by New South Wales. Whilst consistently being the second largest wheat producing state in Australia, its total wheat export volume over the past five years has varied between 52,000 tonnes (1%) in 2007/08, a drought year, and 2.8 million tonnes (34%) in 2005/06 as shown in Figure 8.

Figure 8: A state-by-state comparison of bulk wheat exports between 2004/05 and 2008/09

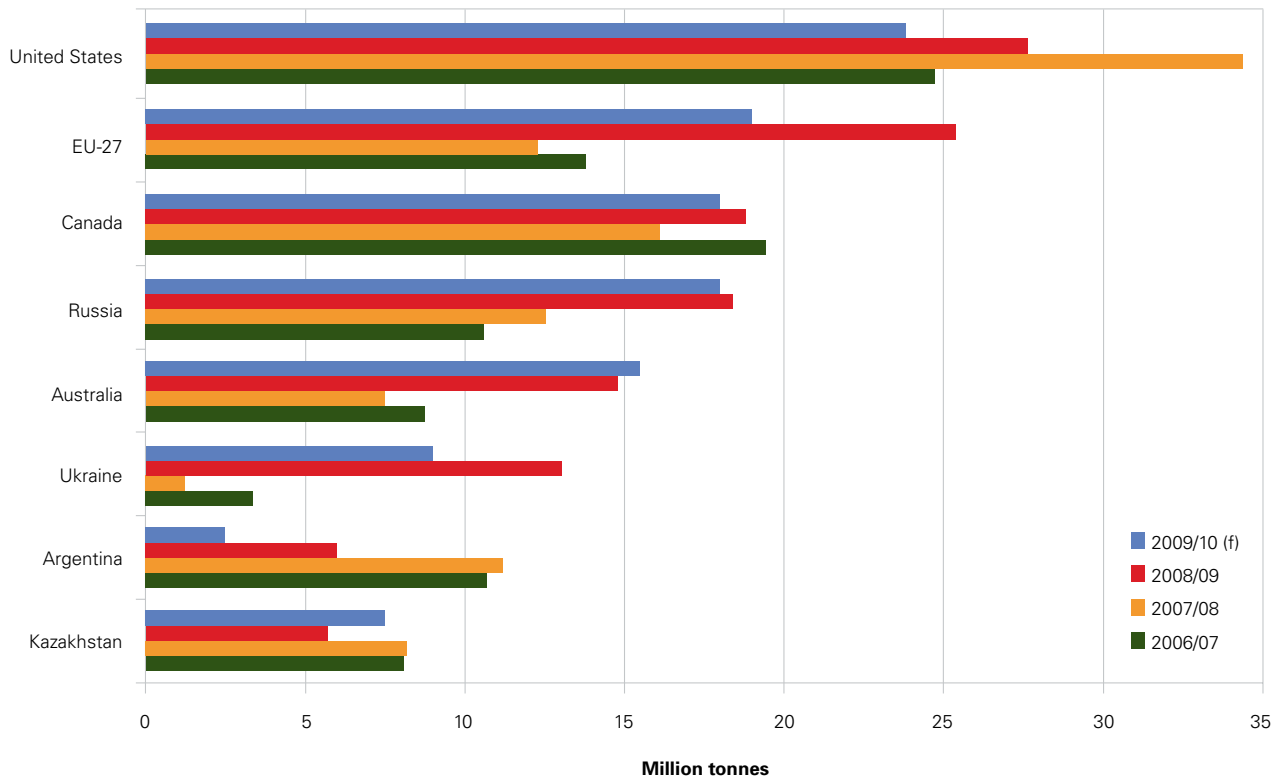


Source: WEA analysis

Compared with other major exporting nations, Australia was the fifth largest exporter of wheat in 2008/09, based on estimates from the United States Department of Agriculture, as shown in Figure 9. With estimated world trade of 123.8 million tonnes in 2008/09, Australia accounted for approximately 12% of the trade in wheat (both bulk and non-bulk exports).

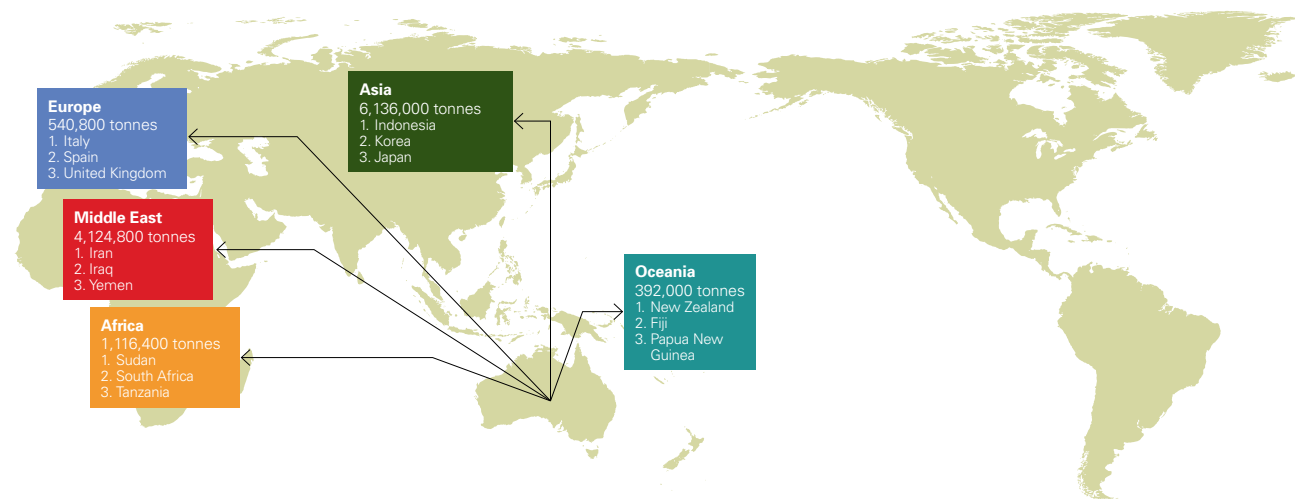
Figure 10 depicts the tonnages of Australian wheat exported in bulk to different regions during the 2008/09 marketing year, indicating that 50% of Australian bulk wheat is exported to Asia, followed by the Middle East (33.4%), Africa (9%), Europe (4.4%) and countries located in the Oceania region (3.2%).

Figure 9: Major world exporters of wheat



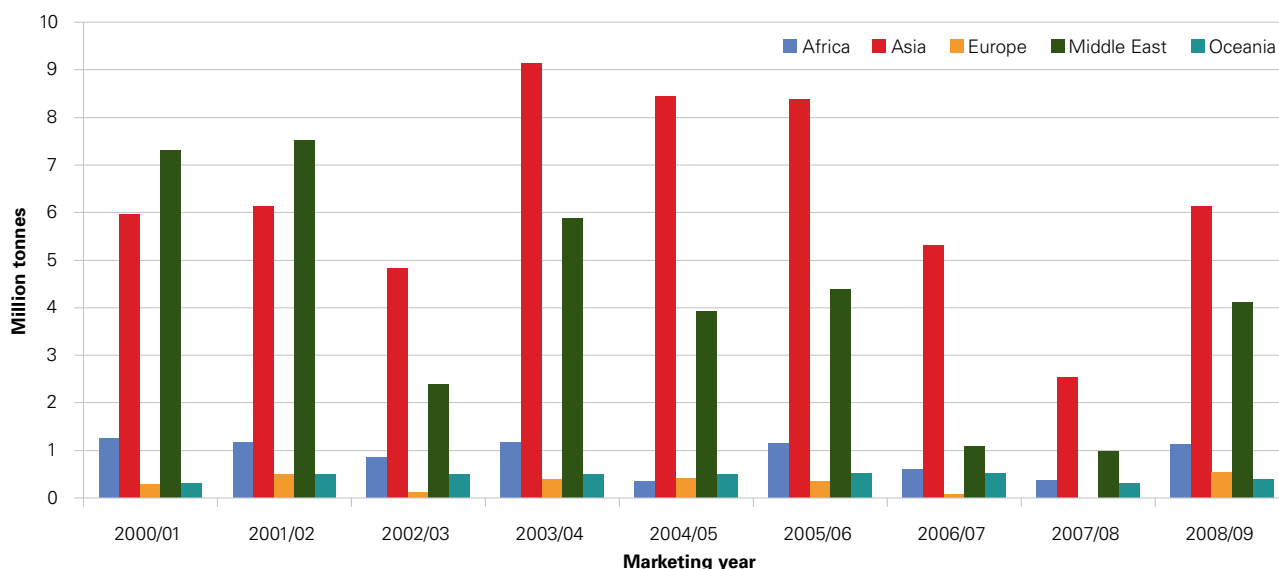
Source: United States Department of Agriculture, Foreign Agricultural Service (November 2009)

Figure 10: Australian bulk wheat exports by market region – 1 October 2008 to 30 September 2009



Source: WEA analysis

Figure 11: Comparison of the export destinations for Australian bulk wheat per marketing year



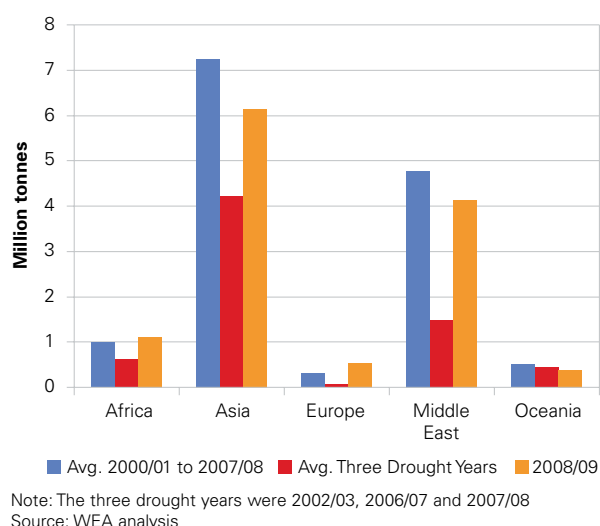
Source: WEA analysis

Figures 11 and 12 compare bulk exports of Australian wheat to different marketing regions from 2000/01 to 2008/09. It is important to note that the marketing years from 2001/02 to 2007/08 were years where the single desk for bulk wheat exports was in operation, managed by AWB International Ltd. The 2008/09 marketing year was the first under the current system of multiple accredited exporters.

The majority of Australian bulk wheat exports are to the Asian market where a relative freight advantage exists compared to Australia's competitors. A global market analysis by FAO also demonstrated that Asia is the largest importer of wheat globally, with an estimated total importation of wheat in 2008/09 of approximately 60 million tonnes, followed by Africa, South America, Europe and Central America⁴.

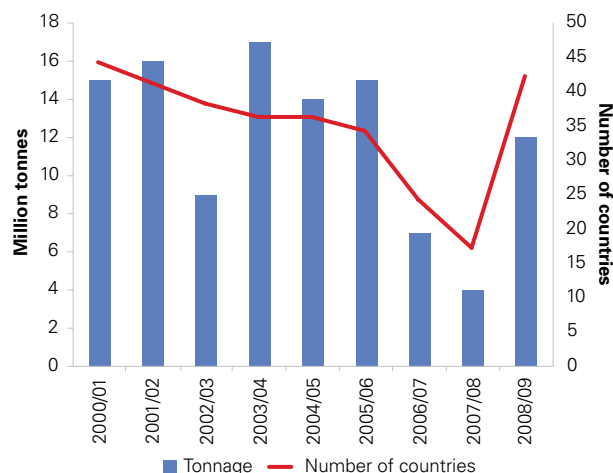
The variations in tonnages exported between marketing years are largely explained by the production environment experienced in Australia. Australia experienced drought conditions in 2002/03, 2006/07 and 2007/08 throughout much of the country, seriously impacting volumes of wheat available for export in those years. This explains the stark differences in tonnages when compared to the other marketing periods reflected in Figures 11 and 12.

Figure 12: Average exports by destination since 2000/01 for Australian bulk wheat exports



Note: The three drought years were 2002/03, 2006/07 and 2007/08
Source: WEA analysis

Figure 13: Australian bulk wheat exports (volumes, countries)



Source: WEA analysis

4 FAO, 2009. Food Outlook: Global Market Analysis. June 2009. www.fao.org

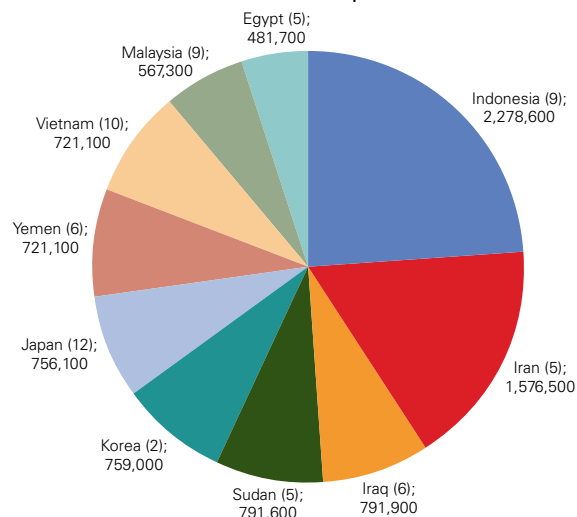
Figure 13 demonstrates a gradual decline in the total number of countries that received Australian bulk wheat exports from 2001/02 to 2007/08. It is important to note that the drought in 2006/07 and 2007/08 significantly reduced available exportable tonnage and therefore reduced the capacity to supply overseas markets.

In 2008/09, the total number of countries that received Australian bulk wheat exports increased to 42 from lower levels in previous years. In part this could be explained by the introduction of the new wheat marketing arrangements, whereby 17 accredited companies exported bulk wheat from Australia.

Destinations included some countries that had not received Australian wheat in bulk for at least eight years, including Israel, Sudi Arabia and Rwanda.

The destination of Australian bulk wheat exports is analysed further in Figure 14. This figure shows the top 10 recipients of Australian bulk wheat exports in 2008/09, with Indonesia being the largest importer, followed by Iran, Iraq and Sudan.

Figure 14: Top 10 countries that received Australian bulk wheat by volume (tonnes – number of Australian exporters in brackets) – 1 October 2008 to 30 September 2009



Note: The figure appearing in brackets represents the number of active exporters in that country for 2008/09

Source: ABARE

CASE STUDY – MARKET ACCESS

Recent forecasts from the International Grains Council indicate that Iraq will be looking to import around four million tonnes of wheat for its domestic consumption during 2009/10.

Iraq has long been viewed as a key market for Australian wheat. More than 790,000 tonnes were exported during the 2008/09 marketing year. This represented a three-fold increase and a significant boost to Australia's market share from the previous year.

This trend looks likely to continue following confirmation that Iraq was interested in increasing Australian wheat imports, during an official visit of Prime Minister Nouri Al-Maliki to Australia in March 2009.

Accredited exporters now have the opportunity to negotiate wheat supply contracts with the Iraqi Government in order to take advantage of this marketing opportunity.

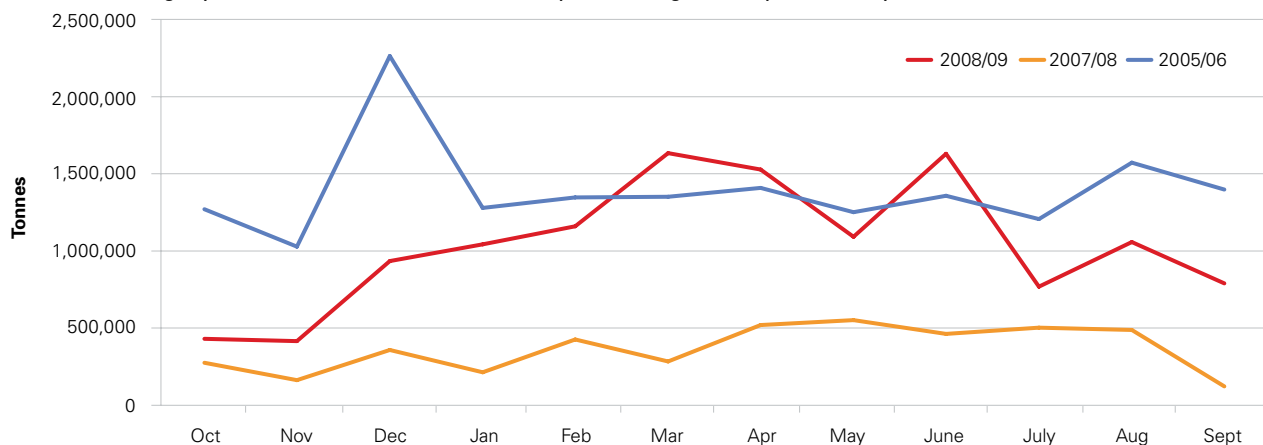
To assist exporters, WEA publishes current wheat tenders, including those offered by the Ministry of Trade, Grain Board of Iraq, on its website www.wea.gov.au/tendernotice.htm



Figure 15 shows bulk wheat exports by month for 2008/09 compared to 2007/08 (a drought year) and 2005/06 (the most recent previous significant production year). In 2008/09 there was a gradual increase in the volume of exports shipped, which peaked in March and June 2009. This contrasted

with 2005/06, where the peak export tonnage was shipped in December 2005, with steady volumes continuing throughout the remainder of the 2005/06 marketing year. In 2007/08 monthly export volumes were relatively stable throughout the marketing year.

Figure 15 : Australian bulk wheat exports over three key marketing years: 2008/09 (the first year under the Scheme), 2007/08 (a drought year) and 2005/06 (the most recent previous significant production year)



Source: WEA analysis

CASE STUDY – COMPETITIVE EXPORT PROPOSALS

Each applicant for accreditation is required to submit an estimate of the bulk wheat export tonnage it proposes to ship in each of the next three marketing years and demonstrate the financial resources to undertake that export proposal. In 2008/09, proposed export volumes from 24 accredited companies totalled approximately 27 million tonnes, which is considerably greater than the 12.3 million tonnes of wheat actually exported in 2008/09.

This indicates that accredited exporters had the combined financial resources available to export

more than twice the size of the Australian crop in 2008/09, despite the difficult economic circumstances of the global financial crisis. It also indicates that competition amongst exporters was strong, providing a significant benefit for Australian growers.

Figure 16 shows total proposed bulk export tonnages for the next three marketing years, based on the sum of proposed exports submitted to WEA by all exporters accredited as at 1 October 2009. It shows the capability for exports is increasing. Hence competition is likely to increase, again providing a benefit for growers.

Figure 16: Proposed and actual bulk wheat export tonnages for 2008/09 to 2011/12 marketing years

	2008/09 proposed	2008/09 actual*	Actual as a % of proposed	2009/10 tonnes proposed	2010/11 tonnes proposed	2011/12 tonnes proposed
Aggregated total	26,955,400	12,333,000	46%	24,130,000	29,200,000	32,625,000

Source: WEA analysis

Note: Figures current at 1 October 2009

* 2008/09 actual tonnages are for the 2008/09 marketing year (1 October 2008 to 30 September 2009)

WORLD WHEAT TRENDS AND THE EFFECT ON AUSTRALIAN WHEAT PRICES

Figure 17 shows world wheat prices since January 2006. The grades were chosen as they traditionally compete with Australian wheat in the international market. The figure clearly demonstrates the correlation of the Australian APW price with world prices and demonstrates the fall in prices over the past year.

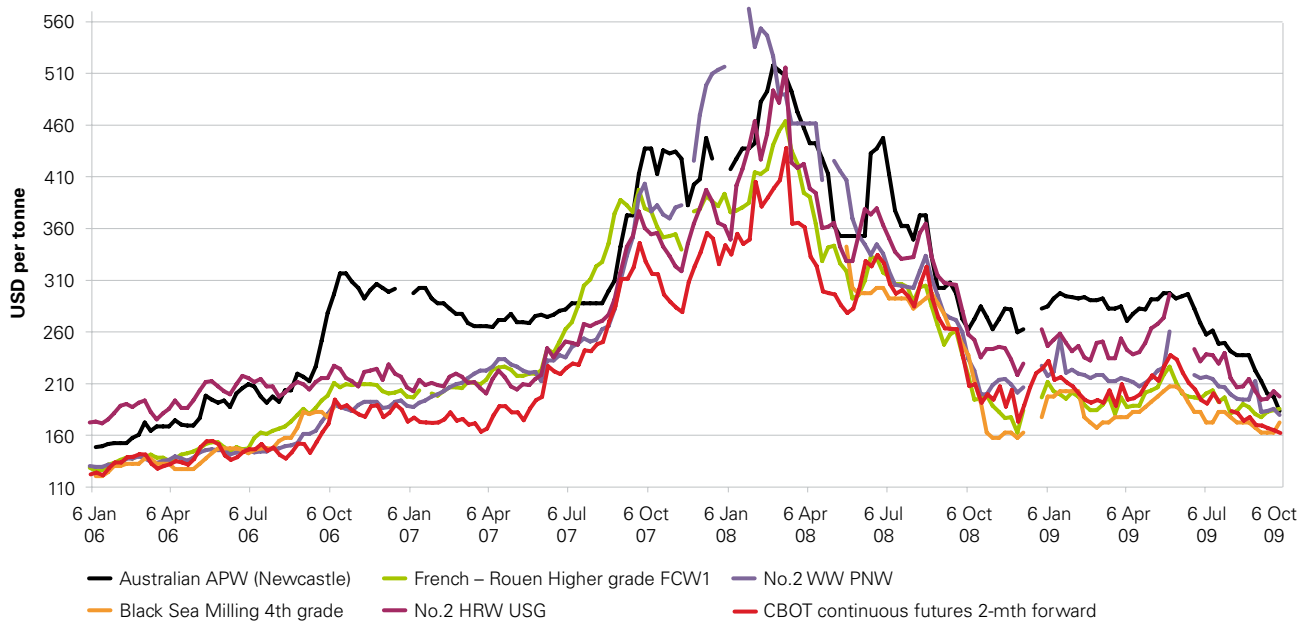
Figure 17 also shows that world wheat prices fell sharply after a March 2008 peak and have continued to decline as the market reflected offshore weakness. The removal of the Australian drought premium also contributed to the fall in Australian

wheat prices. Figure 18 shows that one of the main reasons for the fall in wheat prices was the significant rebound in global production and world wheat stocks.

While consumption has continued to rise, ending stocks have increased from 30 year lows of 122.6 million tonnes in 2007/08 to 169 million tonnes last year and are projected at 186.6 million tonnes for the 2009/10 crop, a level not seen since the 2001/02 year.

Since the beginning of 2009 the value of the USD has fallen dramatically. This made US wheat cheaper for foreign buyers which should have increased demand and pushed prices higher. However, the international wheat price in USD (Figure 17) has fallen over this period.

Figure 17: World wheat pricing (USD per tonne) from January 2006 to October 2009



Source: WEA analysis

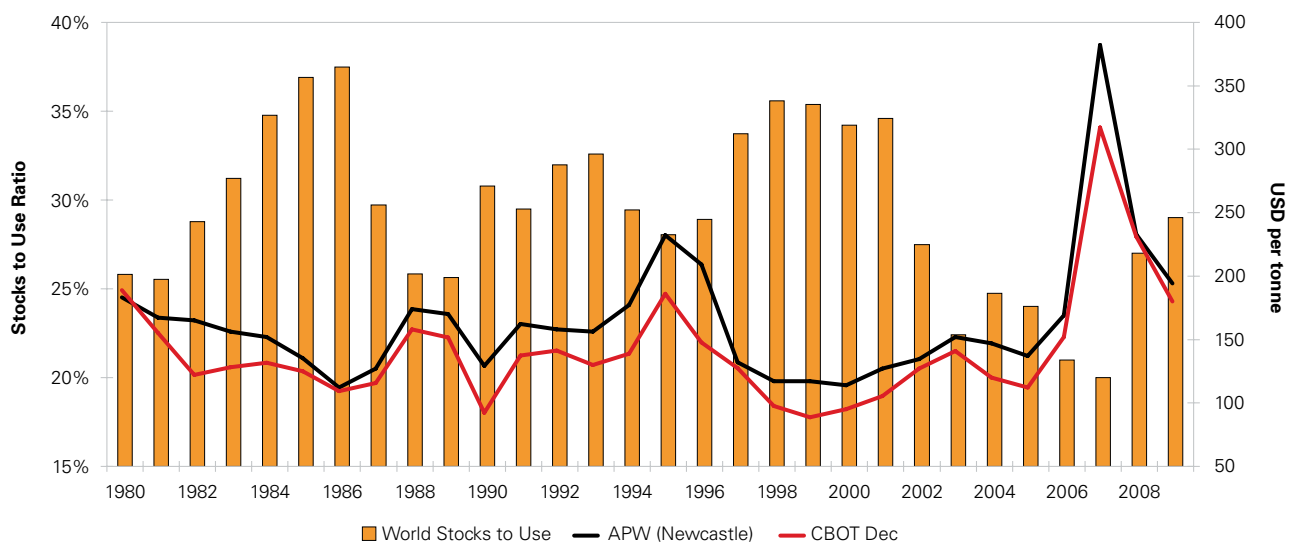
Note: No. 2 WW PNW – is No. 2 Winter Wheat from the Pacific North-West of the United States
 No.2 HRW USG – is No.2 Hard Red Wheat from the United States Gulf
 Black Sea Milling 4th grade is wheat from the Ukraine
 French – Rouen Higher grade French Common Wheat Standard 1
 CBOT continuous is Soft Red Winter wheat traded on the US Chicago futures exchange

This fall in world wheat prices, against the cheaper USD, has been due to the increase in global production and the world Stocks to Use Ratio (Figure 18). The fall in Australian wheat prices has been a direct result of this fall in world wheat prices. The AUD/USD exchange rate has not been such a factor influencing Australian wheat prices. The record high wheat price in Australia of AUD515 per tonne on 26 February 2008 and current prices of around AUD215 per tonne, have both occurred when the AUD/USD exchange was around 0.90.

The current low Australian wheat price is a result of increasing world wheat stocks leading to the fall in international wheat prices.

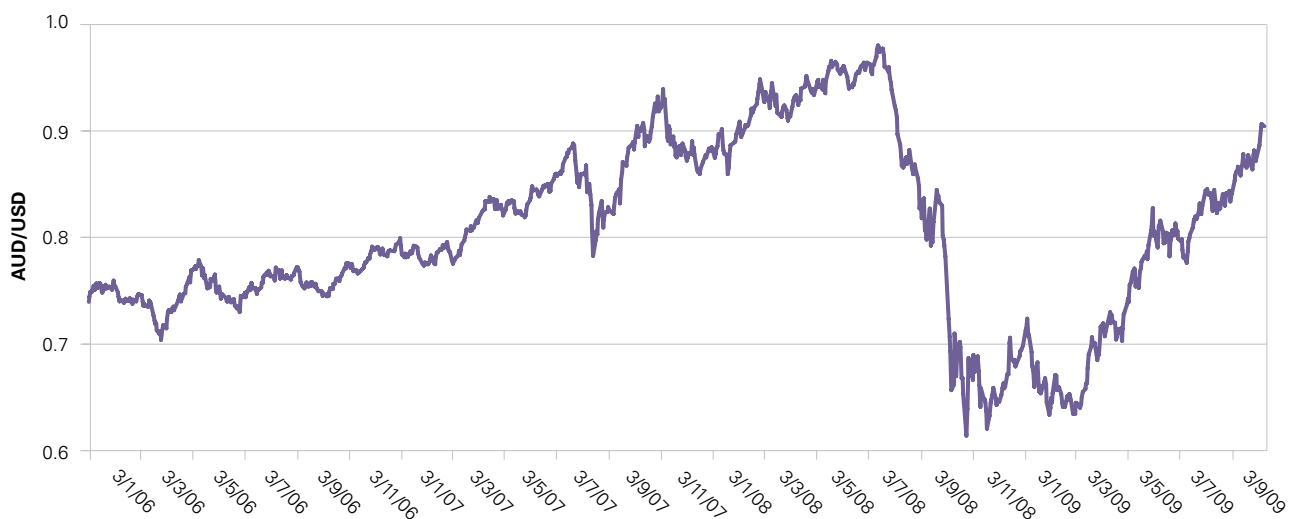
Given sufficient wheat supply to exceed the requirements of Australia's domestic demand, Australian wheat prices typically reflect the international price environment.

Figure 18: World Stocks to Use Ratio compared to CBOT and Australian APW (Newcastle) (USD per Tonne)



Source: United States Department of Agriculture, Foreign Agricultural Service, WEA analysis
 Note: Stocks to Use Ratio (a ratio showing stocks as a percentage of consumption)

Figure 19: AUD to USD exchange rate



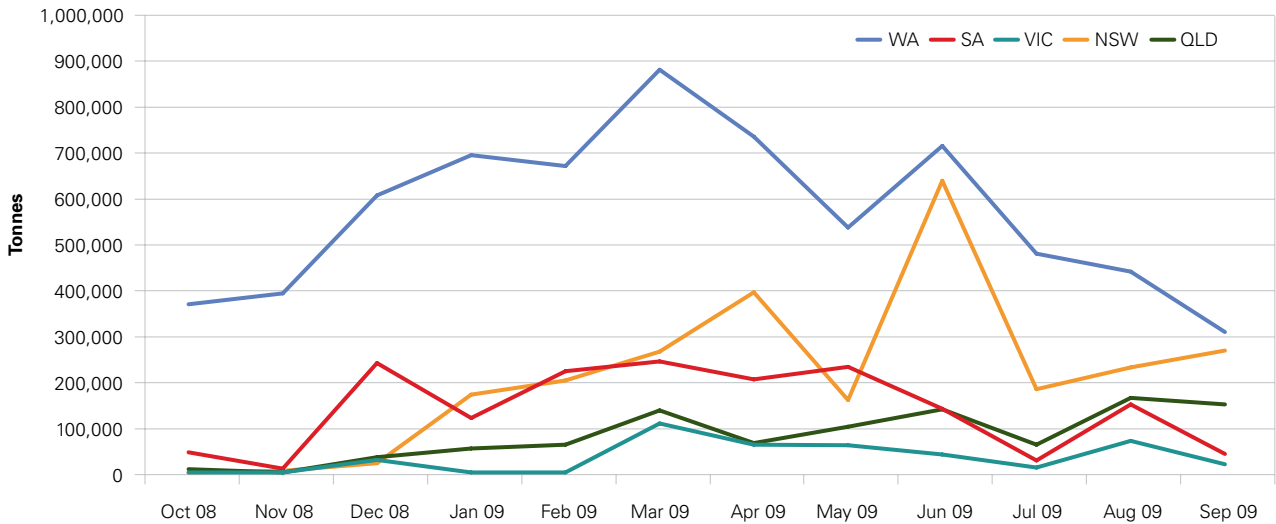
Source: Reserve Bank of Australia

EXPORTS BY STATE

Figure 20 compares monthly bulk wheat exports for each state. In each month during 2008/09 Western Australia achieved the highest bulk wheat export tonnage. Western Australia's exports peaked in March 2009, with bulk exports of 876,400 tonnes,

for a total exported tonnage of 6.8 million tonnes. The only other state with a noticeable export spike was New South Wales. In June 2009 New South Wales recorded its highest exports of 590,800 tonnes, with a total bulk wheat export tonnage of 2.5 million tonnes in 2008/09.

Figure 20: Comparison of Australian bulk wheat exports by state – 1 October 2008 to 30 September 2009



Source: WEA analysis



Research and market information have helped Australia's wheat industry develop unique products specifically for international buyers.

EXPORTS BY AUSTRALIAN PORT

Figure 21 shows bulk wheat export tonnages from each port in 2008/09, grouped by state. Reflecting logistics efficiencies, it is evident that the majority of wheat exported from each state went via ports with a higher shipping capacity (e.g. Port Adelaide and Port Lincoln in South Australia).

WEA created an interactive grain port terminal map to assist stakeholders in keeping up-to-date with grain port terminal movements. The map aims to provide a one-stop-shop for industry and interested parties to gain a greater awareness of proposed grain shipments. It provides shipping stems and port authority information for grain terminals in Australia.

Colour coded tags on each port site indicate the accredited exporter responsible for the bulk grain terminal at that port. Links on each tag are directed to an external site, in most cases the site of the accredited exporter that operates the grain terminal.

The map is available from WEA's website at – <http://www.wea.gov.au/WheatExports/portterminalmap.htm>

FAST FACTS

- In 2008/09 Australia exported more than 12.3 million tonnes of wheat in bulk to 42 countries via 17 active accredited exporters.
- The top three active exporters shipped 60% of the total volume.
- The top eight active exporters shipped 90% of the total volume.
- Two exporters were responsible for shipping in excess of 2.5 million tonnes each, while another two shipped more than 1 million tonnes each.
- Overall, the export tonnage of Australian bulk wheat per active exporter ranges between 25,000 and 2.9 million tonnes.
- The average export volume of the 17 active exporters was 725,000 tonnes.
- Six exporters shipped to more than 13 countries each.

Figure 21: Breakdown of bulk wheat export tonnages by loading port – 2008/09

	Loading Port	Bulk tonnage exported
WESTERN AUSTRALIA		
1	Geraldton	1,730,000
2	Kwinana	3,271,000
3	Albany	1,035,000
4	Esperance	774,000
	<i>Total – WA</i>	<i>6,810,000</i>
SOUTH AUSTRALIA		
5	Thevenard	77,000
6	Port Lincoln	570,000
7	Walleroo	221,000
8	Port Adelaide	642,000
9	Port Giles	147,000
	<i>Total – SA</i>	<i>1,657,000</i>
VICTORIA		
10	Portland	0
11	Geelong	172,000
12	Melbourne	218,000
	<i>Total – Victoria</i>	<i>390,000</i>
NEW SOUTH WALES		
13	Port Kembla	1,120,000
14	Carrington (Newcastle)	1,396,000
	<i>Total – NSW</i>	<i>2,516,000</i>
QUEENSLAND		
15	Fisherman Islands (Brisbane)	728,000
16	Gladstone	189,000
17	Mackay	43,000
	<i>Total – Queensland</i>	<i>960,000</i>
	TOTAL – 2008/09	12,333,000



Source: WEA analysis

EXPORTING NON-BULK WHEAT

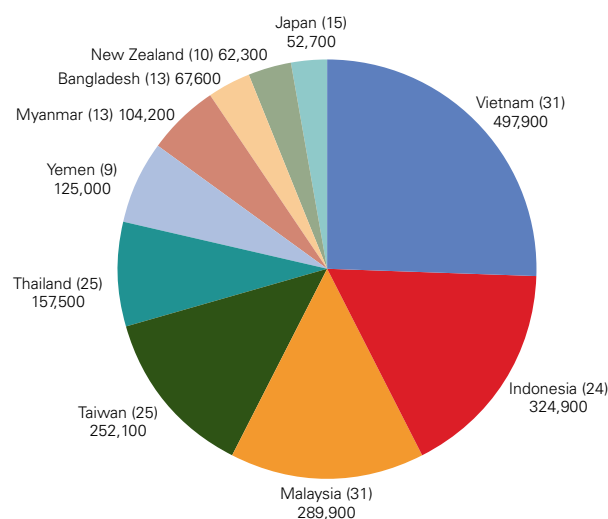
Since 1 July 2008, exporters have been able to export wheat in bags and containers from Australia without any restrictions other than meeting existing Australian Customs and Border Protection Service and Australian Quarantine Inspection Service (AQIS) phytosanitary requirements. Exports of non-bulk wheat are therefore not subject to the conditions of the Act and exporters are able to export non-bulk wheat without accreditation from WEA.

During the period 1 October 2008 to 30 September 2009, approximately 2.4 million tonnes of wheat were exported in bags and containers. This equates to 16% of all exports of wheat from Australia in the 2008/09 marketing year (Figure 22).

The total non-bulk tonnage exported in 2008/09 was consistent with non-bulk exports in 2007/08, which was the first year that bag and container exports from Australia were not subject to export restrictions. As reported in the Growers Report 2008, during the 10-month period that the Non-Bulk Wheat Quality Assurance Scheme operated in 2007/08, the total tonnage exported in bags and containers was approximately 2.3 million tonnes. This demonstrates that whilst more exporters were able to export in bulk in 2008/09, there were clearly some markets that preferred Australian wheat in non-bulk shipments.

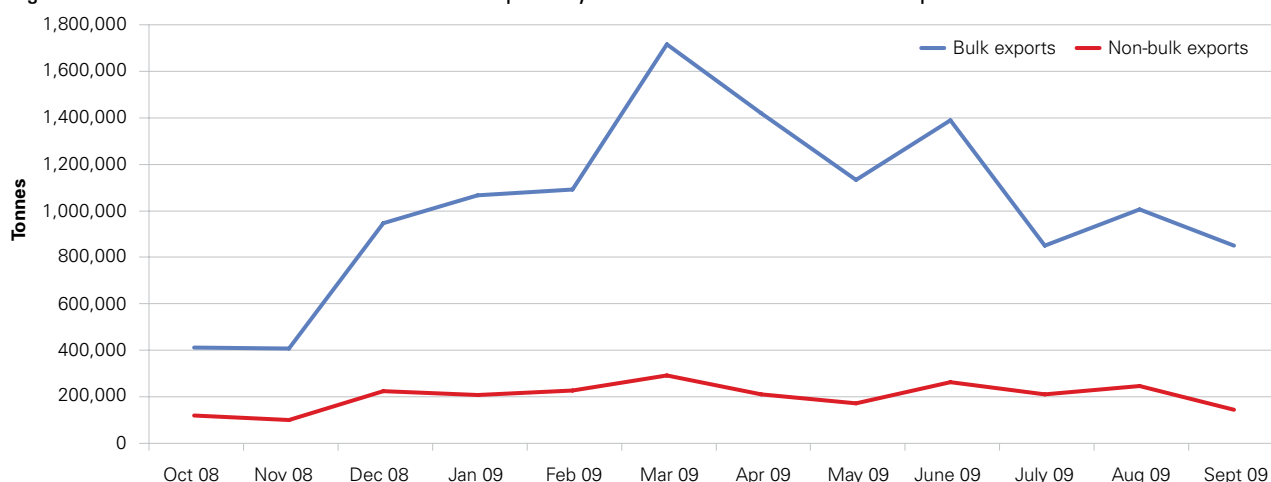
Of note when comparing the top 10 countries that received non-bulk (Figure 23) and bulk wheat (Figure 14) there were five countries in common. These countries were Japan, Vietnam, Indonesia, Malaysia and Yemen.

Figure 23: Top 10 countries that received Australian non-bulk wheat – 1 October 2008 to 30 September 2009



Note: The figure appearing in brackets represents the number of active exporters in that country for 2008/09.
Source: ABARE

Figure 22: Australian bulk and non-bulk wheat exports by month – 1 October 2008 to 30 September 2009



Source: WEA analysis

Further information

Please visit WEA's website at www.wea.gov.au for the latest information on wheat exports, including the media release related to this Report, fact sheets and other information on WEA.

Join our email list

You can also join our free email information service via our website.

Contact WEA

WEA is interested to hear from its stakeholders including growers, exporters and agricultural consultants on this Report and other WEA activities.

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Online ISSN: **1837-2821**

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