



Australian Grains Industry Conference Melbourne

31 July 2013

Dr Michele Allan, Chair



Presentation

- The Taskforce
- Some early observations re stocks information
- What is next - scope and approach



The taskforce - what is it?

- *Wheat Export Marketing Amendment Act 2012* requires Minister to establish a Wheat Industry Advisory Taskforce
- Industry selection panel provided recommendations to the Minister
- Seven members, selected for skills, experience and expertise, and terms of reference announced on 1 February 2013

◆ Dr Michele Allan (Chair)

◆ Mr Mark Barber

◆ Mr David Fulwood

◆ Mr Imre Mencshelyi

◆ Mr Mitch Morison

◆ Ms Rebecca Reardon

◆ Mr Graham Shields



Terms of Reference

- Examine and make recommendations to **industry and government**
- These include:
 - ◆ relevant supply chain functions that contribute to **wheat export quality**
 - ◆ publication of timely and accurate **port capacity information**
 - ◆ publication of timely and accurate grain **stocks information** outside of the port zone
 - ◆ provision and oversight of **pools as financial products**
 - ◆ **any other matter** the Minister for Agriculture, Fisheries and Forestry requests



Terms of Reference (cont)

- Provide recommendations for funds held in **the Wheat Industry Special Account**
- **Consult** with relevant industry organisations from all sectors and invite public submissions on issues it examines, as appropriate
- Regularly **report** to the Minister (reports are publically available on the website)
- Provide a **final report** and conclude by 1 July 2014 or at the determination of the Minister.



How do we operate?

- Meeting face-to-face
- DAFF provides administration support
- Will commission work as required
- We will consult
- We operate on the **basis of evidence**



Stocks information the approach

- **EVIDENCE-BASED** approach to identify if market failure exists
- Review of existing work, including Productivity Commission and independent consultancies, GHD, CIE and Reading.
- Drew on experiences and knowledge of taskforce members
- Release discussion paper for feedback to identify potential additional evidence of market failure with regard to stocks information
- Considering feedback and will develop final report



What we found

- There are varying levels of information for free and fee-for-service
- Previous independent advice has provided industry with a range of options and mechanisms to publish additional stocks information **which have not been implemented.**
- Economic analysis on the previous stock reporting systems demonstrated at best, only a modest benefit to export wheat growers.
- From the evidence reviewed, there does not appear to be a market failure resulting from a lack of stocks reporting



Stocks information - next steps?

- Submissions welcome until COB 9 August 2013
- Visit www.wheattaskforce.gov.au for a copy of the report and more information
- Lodge submissions via wheattaskforce@daff.gov.au



Our approach Wheat Quality

- TOR indicate that the task force was to review the supply chain functions that contribute to wheat quality and determine whether there is **market failure**.
- Begun reviewing the published literature – GTA codes of practice, CDAC principles, GG crop quality report, Freebairn, DAFF national residue survey, complaint data, export customer feedback – for market failure
- Mapped the supply chain re wheat quality – again looking for market failure
- Have an outline of paper



Our approach to Pools

- Taskforce has been asked
 - *“To examine the provision and oversight of pools as financial products”*
- We have written to ASIC asking for clarification as to their treatment of grain pools as financial instruments
- We have an outline of a work plan to again prepare a paper for consultation



Next steps

- Consider feedback and seek clarification where necessary re the stocks paper
- Publish a paper around wheat quality for consultation again meeting to consult further
- Prepare a paper around pools as financial instruments for consultation

Wheat Industry Advisory Taskforce

Providing independent advice to government and industry

Contact Us



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