

Monday 3<sup>rd</sup> October

## Emerald says abolishing WEA is premature

Emerald Group Australia (Emerald) today said that the Government's announcement that it will seek to abolish Wheat Exports Australia (WEA) on September 30, 2012, was premature and would potentially put at risk access to vital infrastructure, particularly on the East Coast.

Mick Cattnach, Emerald's Managing Director, said "As we transition from a regulated environment the opportunity for natural monopolies to act in an anti-competitive manner is very much prevalent in the market place. While the west coast is operating reasonably effectively, on a national basis we continue to see disturbing practices around allocation of shipping slots, preferred access to some marketers over others and judicious selection of blending segregations.

"The WEA, working in conjunction with the ACCC, helps to create a level playing field which creates a more competitive grains sector. Without the WEA provisions the 25 accredited wheat exporters have no guarantee that they would be able to get fair access to supply chain and transport infrastructure, especially at the busiest harvest times of the year and during the peak shipping period.

While it is proposed that an access test requirement will remain in place until October 2014, at which time it is proposed that the market will be fully deregulated, these provisions are not sufficient for what is essentially an immature and developing market. It could put at risk the growth and value of Australia's wheat exports, and importantly, returns to Australian grain growers.

"We need to ensure that Australian grain growers have strong competition at the farm gate for their grain and the ACCC in conjunction with the WEA has played an important role in ensuring that competition exists. The companies that have fully integrated supply chains, and in many cases are natural monopolies within their geography, can be a threat to competition if they choose to favour maximising their own marketing profits in preference to open access storage.

If the Federal Government decides to push ahead with abolition of WEA prior to 2014, then it needs to put forward a more viable alternate to ensure industry infrastructure oversight," Mr. Cattnach concluded.

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### Background information

Emerald Group Australia Pty Ltd is one of Australia's leading grain marketing companies offering a range of grain marketing products to assist grower customers maximise returns and manage grain market risks. Emerald offers a range of pool, fixed price and tailored hedging products to a national grower customer base.

Emerald's unique business model includes commercial partnerships with grower organisations that assist them in taking greater control and directly benefiting from grain market liberalisation. These include in the western and Wimmera districts of Victoria a Joint Venture with grower group Southern Quality Produce Co-operative. On the Eyre Peninsula in South Australia, Emerald has a Joint Venture, EP Grain, with farmer owned company FREE Eyre Ltd. In Southern NSW, Southern Ag Grain is a Joint Venture between Emerald and the farmer owned company Southern Ag Venture. In Western Australia, Emerald has strong alliances with WAFarmers and Ravensdown United Farmer Co-operative.