

## Deregulation of bulk exports of barley, lupins and canola produced in Western Australia

### What is the Government doing in relation to the export of barley, canola and lupin?

The Government is deregulating the export of barley, canola and lupins which means traders will no longer be required to apply for a licence to export these grains from Western Australia.

### How will the export of barley, canola and lupins be deregulated?

Deregulation will occur before the 09/10 harvest. To make sure this occurs, two things will happen:

1. **Repeal of the *Grain Marketing Act 2002 (GMA)*.** A Bill to repeal the GMA needs to be tabled in Parliament and passed by the Legislative Assembly and the Legislative Council. The timeframe for the passage of the legislation through both houses of Parliament is uncertain.
2. **De-prescribe barley, lupins and canola by amending the *Grain Marketing Regulations 2002*.** Barley, canola and lupins will be de-prescribed by amending the *Grain Marketing Regulations 2002* to specify that barley, canola and lupins are no longer prescribed grains. The regulation will come into effect at least six months from the date of publication of the regulation. It is anticipated that the proposed regulations will come into effect by late September or October 2009. De-prescribing grains will have the same effect as repealing the Grain Marketing Act, but the timeframe for this is known, whereas the timeframe for repealing the Act is less certain due to the schedule of parliamentary legislation.

### Why is marketing of barley, lupins and canola for bulk export being deregulated?

The *Grain Marketing Act 2002* created the Grain Licensing Authority (GLA) which issued special bulk export licences for barley, lupins and canola. These licences are issued for exporters other than the main licence holder Grain Pool Pty Ltd (GPPL).

The intent of this system was to maximise the benefits of competition in the market whilst protecting the price premiums to the GPPL which previously held the single desk marketing rights.

In 2007/08, the Economic Regulation Authority conducted a review of the *Grain Marketing Act*. It found there was no indication that this system delivered a price premium or that is benefit in restricting export grain marketing.

Deregulating the market by abolishing the GLA and the need for export licenses will:

- Increase the number of private traders in the grains industry;
- Increase the level of competition in the grain market;
- Reduce the costs on growers and traders by avoiding the cost of the licence application; and
- Allow greater flexibility to purchase grain as trading will not be delayed while they secure a special export licence.

In addition, it was always intended that if export wheat marketing was deregulated through the removal of the national wheat single desk it would no longer be necessary to continue regulating the Western Australian grains industry.

### **What does this mean for growers?**

For many growers, it will be business as usual. Growers can continue to choose how they sell their grain and the conditions under which it is sold.

Growers can sell to GPPL, other grain marketers who have been trading under licences or new grain marketers.

Growers will need to research their marketing options and undertake their own due diligence and risk analysis prior to selling their grain and are encouraged to attend the "Understanding Grain Markets" course. The course has been developed by the Department of Agriculture and Food, Curtin University (Muresk Institute) and the National Agricultural Commodity Marketing Association, Western Australia. The course is available to all grain growers and provides information on the structure and operation of the grain market as well as key aspects of grain marketing in a deregulated environment.

### **What does this mean for grain marketers?**

Until the GMA is repealed or the regulation comes into effect to de-prescribe (expected to be September or October 2009), grain marketers must continue to apply for a special export licence from the GLA.

The GLA's Operating Procedures and Special Export Licence application form for the 2009/10 season will be available on the GLA's website and can be accessed at [www.gla.wa.gov.au](http://www.gla.wa.gov.au).

When the prescribed grains are deregulated, grain marketers will no longer require a special export licence or any other form of licence or accreditation to export grain.

### **What will happen to the Grain Licensing Authority?**

The GLA will continue to operate until the GMA is repealed.

A report on the operations of the GLA and its financial statements will be submitted to the Minister for Agriculture and Food on its cessation.

Any excess funds with the GLA will be rebated to the main export licence holder and special export licence applicants.

### **Will this decision impact on provision of market information to growers and marketers?**

The repeal of the GMA will not change or impact on the availability of market information relating to barley, lupins and canola. CBH publishes total grain receipt tonnage by port zone on a monthly basis during harvest but this does not include a breakdown by grain type. This information has never been made publicly available by the marketers (including GPPL) operating in Western Australia either.

When the Commonwealth Government effectively deregulated export wheat marketing under the *Wheat Export Marketing Act 2008* (Cth) in June 2008, the federal government attempted to address the issue of information asymmetry by providing the Australian Bureau of Statistics (ABS) and the Australian Bureau of Agricultural and Resource Economics (ABARE) with additional funding to collect market-related information.

It seems however that the type of information being provided for wheat may not meet the needs of growers and marketers. Therefore the Minister is supporting a national approach negotiated by the Federal Department of Agriculture, Fisheries and Forestry. The WA Government is continuing to discuss the issue with the Federal Government.