

GRAIN LICENSING AUTHORITY, AUTHORISED LICENCES FOR THE EXPORT OF BULK GRAIN

Hon MURRAY CRIDDLE to the Minister for Agriculture and Forestry:

Unfortunately I could not hear the answer to the previous question, Mr President.

The PRESIDENT: Order! There were a lot of unruly interjectors. Fortunately the member was not one of them.

Hon MURRAY CRIDDLE: Yesterday I asked the minister a question without notice about the Grain Licensing Authority. The subject of the question was the number of authorised licences for the export of bulk grain that were not being used. That led to the loss of opportunities for the pool regarding transport and forward sales. Will the minister review the guidelines for the Grain Licensing Authority to overcome the problem that has undermined the single desk concerning the benefits to the pool in the areas of transport, finance and sales? To enlighten the minister further, a licence was granted for 60 000 tonnes of lupins but was not used, which led to the problem.

Hon KIM CHANCE replied:

I thank the member for the question. I read the member's question somewhat differently in giving my answer yesterday. I presumed he was talking about the losses that would be incurred by the private buyers operating under special licences by not being able to roll over their authority to buy into the next year. When I reviewed the member's question and my answer, it occurred to me that he perhaps meant it the other way around.

A loss of opportunity is created for the Grain Pool Pty Ltd as a result of its not being able to factor into its marketing and currency hedging arrangements, in particular, and also its shipping and land transport arrangements, as a result of some of the year's crop being subject to private sector selling arrangements. It is rather difficult to quantify what the loss is. It is simpler in terms of the land freight arrangements because it is quite easy to quantify that loss. When the selling opportunity is not taken up by the marketer who is able to get the authority to sell prescribed grain in bulk, the pool tends to pick up that grain anyway. That in itself creates a problem. It is a problem that the pool deals with simply by closing the pool and not providing an opportunity for a private buyer to dump the grain back onto the Grain Pool. The member would be aware that the Grain Pool shut down its arrangements earlier this year to cut off that opportunity. There is a range of possible costs that are simply too complex for us to deal with in question time.

Hon Murray Criddle: I want you to review the guidelines so it does not happen again.

Hon KIM CHANCE: I will review the guidelines, but the point I am trying to make is that in some areas, particularly currency hedging, it is very difficult to identify what the loss might have been. It is easy to say that the loss could have been in the order of \$5 million this year, but in different circumstances the lack of hedging could have been a \$5 million profit. We would then be saying what a wonderful thing it is.

Hon Murray Criddle: The person could have taken up the option to make a profit.

Hon KIM CHANCE: He may have or he may not have. People can make profits or losses on the deals. Today is 30 March. Tomorrow, 31 March, is the end of the comment period for the RSM Bird Cameron review of the Grain Licensing Authority. I will look at the comments made by the industry on both sides of the equation once the comment period has closed. I expect that these issues will have been taken up. They were certainly addressed in the review. I am interested in industry's comments in response to the RSM Bird Cameron review.

If I can be convinced by those comments in conjunction with the review and the statutory review carried out by the Grain Licensing Authority, I will be happy to amend the ministerial guidelines and, if necessary, the act. I do not think an amendment to the act is necessary, but I am happy to look at amendments to the ministerial guidelines.