



Media Release

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GPA CALLS FOR INVESTIGATION OF GRAIN MARKETING POOLS

Grain Producers Australia (GPA) Chairman, Andrew Weidemann, echoes producer concerns around performance of grain marketing pools and calls for immediate action to mitigate producers' marketing risk.

In response to Emerald Group Australia's announcement the final pool payment for the 2011-12 pool will be \$30-40 below its February indications, Mr Weidemann said, "The announcement by Emerald is extremely disappointing and vindicates concerns previously raised in relation to oversight of wheat pools".

Wheat Exports Australia (WEA) commission independent consultants, Price Waterhouse Cooper to produce two reports in 2012 on the performance of 40 wheat pools over 3 years operated by six exporting companies. The analysis indicated a large variation in performance between operators and lack of consistency across pools years.

http://www.wea.gov.au/PDF/WEA_Emerald%20Joint%20Media%20release.pdf

"The final WEA report on wheat pool performance in November 2012 indicated that Emerald's 2011-12 pool would underperform an average for all operators by \$13-17 per tonne based on Estimated Pool Returns (EPRs) as of 9th October 2012. In October 2012 the EPR should have been a very good prediction of the final pool price and the subsequent dramatic reduction in returns should be formally investigated", he said.

Mr Weidemann said "Rumors that an independent Director had resigned from the Board of Emerald over governance issues do little to allay growing concern in the production sector about Pool accountability".

Mr Weidemann said "Unfortunately, Emerald is not the only organisation to run grain marketing pools that fail to achieve advertised EPRs, but many growers relying on this income will be severely affected by the poor performance of the Emerald pool."

GPA asserts that the Wheat Export Taskforce, established by the Government when WEA was abolished, should immediately commission an independent investigation into the performance of grain marketing pools, including a review of the current exemption of these pools as financial instruments. This exemption precludes regulation of grain marketing pools by ASIC under the Australian Financial Services Legislation.

Grain Producers SA CEO, Darren Arney, said "GPA & GPSA have lobbied extensively throughout 2012 to retain a specialist oversight of wheat marketing in the face of extensive evidence of market failure and Emerald's announcement is just another example of a market failure in the current wheat marketing system that must be resolved urgently for grower security & confidence".

ENDS

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