

18th December 2024

Wheat Port Code Review
Department of Agriculture, Fisheries and Forestry
GPO Box 858 Canberra ACT 2601

Via: DAFF “*have your say*” website

RE: Final Report on the Second Review of the Wheat Port Code

1.0 Introduction

Grain Trade Australia (GTA) thanks the Department of Agriculture, Fisheries and Forestry (DAFF) for the opportunity to provide input into the final Report of the Port Terminal (Bulk Wheat) Code of Conduct known as the Wheat Port Code (WPC).

The review process has been rigorous, considered and has provided multiple opportunities for industry participation, engagement and input. The discussion has been important as it promotes industry review, evaluation and discussion that supports the development, growth and the evolution of the Australian grain industry.

The review considered the increased level of competition in the provision of port terminal services and whether the WPC is fit for purpose. In GTA’s view a “fit for purpose” regulatory intervention (e.g. WPC) is one that addresses any market failure and promotes competition (in this case) to the delivery of port terminal services so third-party exporters have appropriate access to these services.

As a general principle, GTA encourages simplicity and consistency to optimise business efficiency, and minimise regulatory cost burden on consumers and business, thereby driving optimal value across the economy.

In GTA’s view, the industry is operating in a competitive commercial environment, and has demonstrated its ability to respond, innovate, and invest driving efficiency across the supply chain.

Review of the industry has been constant since the WPC inception in 2014. Despite concerns and comments expressed by stakeholders over the period of the WPC and during the two DAFF Reviews there has been no evidence of any market failure or inappropriate use of market power.

GTA support the outcomes and the findings of the DAFF Report and commits to supporting the introduction of an industry self-regulated model that provides the transparency that industry requires.

2.0 About GTA

[Grain Trade Australia](#) (GTA) is a national association and is the focal point for the commercial grains industry within Australia. The role of GTA is to provide a framework across Industry to facilitate and promote the trade of grain. GTA facilitates trade and works to provide an efficient, equitable and open trading environment by providing leadership, advocacy, and commercial support services to the Australian grain value chain.

GTA members are the supply chain managers, marketeers, consumers and exporters of Australia’s grain. GTA Members are responsible for over 95% of all grain storage and freight movements made each year in Australia. Over 95% of the grain contracts executed in Australia each year refer to GTA Grain Trading Standards and/or Trade Rules. GTA provides a formal Dispute Resolution Service accessible to grain industry participants.

GTA has established the [Australian Grains Industry Code of Practice](#). This Code outlines the quality assurance process and procedures across the grain supply chain, with supplementary Technical Guideline Documents (TGDs) providing additional details. All GTA Members are required to adhere to the Code of Practice.

GTA Members are drawn from all sectors of the grain value chain from production to domestic end users and exporters. GTA has over 295 organisations as Members. Their businesses range from regional family businesses to large national and international trading/storage and handling companies who are involved in grain trading activities, grain storage, processing grain for human consumption and stock feed milling. A list of GTA Members is attached.

3.0 A Competitive Industry

The Australian grain industry has evolved and adapted positively to today's environment. The industry has progressively developed an industry driven and managed framework to facilitate trade.

As widely reported since the deregulation of wheat exports in 2008 there has been significant increase in Port Terminal Service Providers (PTSP) competition through private capital investment and expansion in export capacity since deregulation of wheat exports in 2008. In 2008 there were 17 Port Terminals operated by 4 PTSPs. In 2024, there are 32 Port Terminals, operated by 18 PTSPs, which a consequential increase in export capacity from around 2 million tonnes in the early 2000's to almost 6 million tonnes in 2022-23.

This significant growth in competition and export capacity has resulted from increased operational efficiency and capital improvements by incumbents, combined with new investment in infrastructure and the significant advent of mobile bulk loaders (MBLs). The innovation of MBLs has significantly reduced barriers to entry, developed additional supply chains, increased competition, efficiency and flexibility across the industry.

The growth of the domestic market to approximately 18mmt per annum has led to more domestic market competition with export markets and led to competitive pressure on PTSPs to deliver efficient and effective services to maximise throughput in their terminals versus any competition (such as domestic market and other PTSP).

Further growth in container exports has been another featured response in the Australian supply chain, particularly on the East Coast. Around 10-12 % of grain exports are in containers, this is significantly higher on the East Coast.

Across the value chain, the grain industry has developed processes and systems to self-regulate activities and support trade. GTA has established a range of codes, guidelines and dispute management services to provide transparency, certainty and opportunities for issues management for industry participants.

We believe the introduction of a self-managed model is an important and significant "milestone" opportunity, as a foundation for further innovation, growth and investment driving efficiency gains and increased competition across the supply chains (both export and domestic) for the benefit of all industry stakeholders, particularly growers.

4.0 An Industry Managed Code

The Minister for Agriculture, Fisheries and Forestry released the [DAFF Review of the Wheat Port Code](#) on 4 November 2024 and is now seeking feedback on the report's recommendations for the future of the WPC.

- The Report made four key findings, these being:
 - 1) *The national market for port terminal services has changed significantly since 2014 and there is a significant increase in competition since 2014.*

- 2) *Parts 3-6 of the WPC are a barrier to new entrants therefore to competition,*
- 3) *Part 2 of the WPC (shipping stems, information, capacity allocation etc) provide a net benefit to industry and there is support to continue these provisions.*
- 4) *The provisions of Part 2 of the WPC could potentially be achieved by industry self-regulation.*

The DAFF Report promoted *the outcomes achieved by Part 2 of the WPC provide a positive benefit for the grain industry and that GTA work with the grain industry to develop an industry managed code that includes:*

- 1) *A commitment to deal in Good Faith with grain exporters*
- 2) *Principles and guidelines for managing demand for port terminal services*
- 3) *A commitment to timely publication of port loading statements.*
- 4) *A commitment to publish standard terms and reference prices*
- 5) *A dispute resolution mechanism.*

As soon as the industry managed code is ready, the existing WPC be repealed or allowed to sunset.

GTA's view of the Report includes:

- Support for the DAFF Review which has been thorough, including extensive consultation
- there is good clear evidence (ie no market failure) to support the findings, including significant change in the industry.
- support for the DAFF findings, which in our view are in the interests of industry, all industry stakeholders, particularly growers as the beneficiaries of the growth in competition and investment
- recognition the industry can establish its own framework to foster increased growth, competition and efficiency. This can include adopting certain aspects of the WPC (ie Part 2) highlighted by the Report.
- it presents an opportunity for further industry investment and growth, rather than looking back and ongoing regulatory burden and constraint.

GTA is supportive of the DAFF findings, which in our view are in the interests of all industry participants and stakeholders, particularly growers as beneficiaries of the growth in competition and investment.

GTA commits to this process and has commenced engagement with industry to facilitate the discussion and design of an appropriate industry self-managed model. The discussion will include the five DAFF recommended elements and any other elements that industry requires within an industry model. This may include the identification of potential risks to the operation of a self-regulated code so allowing for the development of mitigations to these risks.

In addition, the process can also consider:

- 1) PTSP participation,
- 2) Ongoing reviews by both industry and DAFF (noting DAFF's final Report recommends a 5-year review),
- 3) Reporting Requirements and industry metrics/KPIs (if deemed instructive and useful).
- 4) Appropriate and contextual dispute and complaints management processes.

- 5) The continuation of the industry de-regulation growth journey with an orderly and practical approach

DAFF are aware of prior GTA and industry collaborations to develop the Australian Grain Industry – Code of Practice Technical Guideline Document No. 4 [Operating Standards for Pool Providers](#) and the progress the DAFF *Recommendation 12* from the 2017 WPC review, which was submitted to the then Agriculture Minister for consideration.

GTA will utilise a similar **Working Group** process to engage, discuss and determine what is appropriate and required to provide a credible industry managed alternative to the current WPC and will be able to leverage the existing framework and governance arrangements such as GTA’s Australian Grain Industry Code of Practice, Technical Guidelines, industry standards, trade rules and its Dispute Resolution Service.

5.0 WPC 2026 Sunset

We note that the Government extended the WPC Sunset date from 1st October 2024 to 1st October 2026 “*unless a decision is made by government to either remake or repeal the code at an earlier date*”.

GTA believes developing an industry managed model for implementation before the 1st of October 2026 is achievable. In such a case, it would be apparent that retaining the WPC and its burden upon both Government, regulators and industry, until 1st October 2026, would not be an effective use of limited Government, regulators and industry resources. We would suggest the Government consider exercising its powers to repeal the WPC earlier than the 1st of October repeal date, in line with the DAFF Recommendation in the Final 2023/24 report.

6.0 Conclusion

We are confident the Australian grain industry supply chain has the maturity and capability to discuss and design an extension to the existing self-regulatory framework to capture the requirements and recommendations of the DAFF Report.

This process has commenced and has an objective to deliver an outcome that is acceptable to industry and Government.

We thank you for the opportunity to facilitate the industry engagement and discussion to develop and introduce an industry self-regulated code that provides the transparency that industry requires.

Please do not hesitate to contact GTA should you have any queries or require further information as this process proceeds.

Yours sincerely,



Pat O'Shannassy
CEO, Grain Trade Australia

Attached:

- List of GTA Members