



OFFICE OF THE PRIME MINISTER
CANBERRA

20 MAY 2008

Mr Darryl Kitto
'Goyura'
RMB 69
BECKOM NSW 2665

Dear Mr Kitto

Thank you for your correspondence of 13 March 2008 and 26 April 2008 to the Prime Minister regarding the new wheat marketing arrangements. The Prime Minister has asked me to reply on his behalf. I apologise for the delay in responding.

The Government understands that many growers have supported the single desk concept but there are also many growers who clearly want change. The division of opinion amongst growers has been acknowledged by the Prime Minister in Parliament, as well as by the Senate Rural and Regional Affairs and Transport References Committee in its report of 30 April 2008. The Senate, however, concluded that "from the evidence presented to this inquiry, the committee believes that it is important that the process of reform does not stall at this point. The committee considers that maintaining the status quo is untenable."

Reform of wheat export marketing is necessary because the previous export marketing regime failed to protect Australia's reputation in the global marketplace and failed to ensure that returns to Australian wheat growers were maximised.

The Government considers the new arrangements will benefit the entire wheat industry. They will reduce the risk of relying on a single company that may be barred from some export markets. The policy will also help improve transparency of price and cost information for growers, leading to more cost-efficient marketing of wheat exports and therefore better returns to growers. This is why the Government is committed to delivering its election commitment to implement a new model for exporting wheat.

There has been an extensive consultative and review process which has allowed the views of growers and others to be taken into account. This process has included releasing draft legislation for public comment and considering the findings of reports by the Senate and an Industry Expert Group (IEG) on industry services previously provided by AWB Ltd. Both the Senate and the IEG received public submissions in their inquiries.

The Government intends to put arrangements in place by 1 July 2008 so that all industry participants know with certainty the arrangements for the 2008 harvest.

Thank you again for bringing your views to the Prime Minister's attention.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Jack Lake', with a large loop at the start and a horizontal stroke at the end.

Jack Lake
Adviser