



Media Release

GrainCorp Limited ABN 60 057 186 035

22 May 2007

Disappointing decision on wheat exports

GrainCorp Limited today said that it was disappointed that the Australian Government had missed an opportunity to put in place a wheat export system with greater transparency and contestability, and had delayed a final decision until March 2008. However it was pleased that the power of veto will no longer be held by the single desk provider, and that deregulating bags and container trade was a step forward.

The Government announced that the power of veto will continue to be held by Minister McGauran until June 2008 and then transferred to the Wheat Export Authority (WEA). Farm groups have until March 2008 to devise a new entity to run the single desk; to date these organisations have supported the de-merger of AWB.

Mr Keene, GrainCorp's managing director, said it was a disappointing decision after such a long period of time and that it appeared that the politics had got too hard in the end.

For the 2007/08 harvest, Mr Tom Keene said that he would expect any permit application to be considered on merit and decisions should be made on the basis of providing the best net return to growers.

"Growers want the opportunity to maximise their returns and this is their paramount consideration especially given the impact of drought. I would expect that any permit application be considered on a commercial, not political, basis" said Mr Keene.

Mr Keene said that given today's decision, monopoly profits from the national pool will continue for the 2007/08 harvest given the lack of contestable services. This will be to the detriment of grain growers.

"I hope that at the very least grower groups insist that the national pool base fees do not increase back to their pre-drought level of \$60 million" said Mr Keene.

GrainCorp believes that the proposal to de-merge AWB is flawed, lacks crucial details on capital and financial requirements and, like similar structures before it, will not deliver lower costs for growers.

GrainCorp continues to advocate for an open market and believes that this will generate at least \$120 million extra for growers. As an interim step, the WEA should control the export of all wheat and the WEA should licence exporters. It is an option that can be implemented immediately, and provide the security and certainty that is needed by the industry at this time.

Contact: Fiona McCredie, Corporate Affairs Manager (02) 9325 9132 or 0438 494 148

GrainCorp Limited

Tower 1, Level 17, 201 Sussex Street, Darling Park Sydney NSW 2000
PO Box A268, Sydney South NSW 1235
Telephone: (02) 9325 9100 Facsimile: (02) 9325 9180
www.graincorp.com.au