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IN the final official review of the former single desk exporting system, Wheat Exports Australia (WEA) analysed the 2006/07 and the '07/08 pools administered by AWB International and found there were strengths and weaknesses in the system.

Hedging was a vexed issue. The foreign exchange program received a positive finding, but overall, WEA found the commodity hedging program did not meet benchmarks in '06/07, and while it got a pass for the '07/08 pool, AWB did not begin hedging that year until August, due to uncertainties over the export arrangement.

WEA chief executive Peter Woods said the *2008 Growers Report*, published by his organisation, found that AWB had done a good job managing foreign exchange fluctuations, but had not successfully managed its crop hedging program.

Both years featured Australian droughts, which sent prices spiralling up through the course of the season, meaning any early hedges ended up in the red.

The 2006/07 pool lost \$46/t in commodity hedging, while the '07/08 pool lost \$9.25/t.

While the 2006/07 pool's losses were regarded as a failure using both the old Wheat Industry Benchmark (WIB) calculations used by AWB and by WEA's new Statistically Passive Forward Marketing (SPFM) measure, the 2007/08 figures passed scrutiny.

This figure was partly artificial, given that AWB did not begin hedging until August 2007, meaning, due to market factors of rising wheat values, it was able to cash in on the in-season rally.

It was a similar story with the other positive findings in report - such as the finding that supply chain costs were trending lower, and that farmers received a greater portion of the pie once AWB Limited's new 2007 Services Agreement was implemented - in that there were circumstances driving the results rather than solely good management by AWB.

The supply chain efficiencies were largely driven by a smaller pool, and the fact that most of the deliveries to the 2007/08 pool came out of Western Australia, which has lower supply chain costs.

And the new services agreement was adopted under pressure from lobbying from farm groups.

There was no evidence of one of the key platforms of those in favour of a single desk, that by accumulating a large and reliable parcel of grain the pool manager was able to source premiums throughout the market.

"We could not see that AWBI was able to consistently price discriminate across pools or grades, with the possible exception of Japan," Mr Woods said.