

GRAIN INDUSTRY

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AUSTRALIA FACTSHEET SERIES

#1

THE AUSTRALIAN WHEAT BOARD TODAY

- Australia's wheat industry has undergone considerable deregulation in the past 10 years.
- The Australian Wheat Board (AWB) has evolved from a government entity with single desk selling authority in both the domestic and export markets to a grower controlled corporation that operates in competition with other buyers and sellers in the domestic market.
- The single desk remains for export wheat, however legislation provides for contestability allowing exporters other than the AWB to apply for export licenses through the Wheat Export Authority.
- On July 1, 1999, the AWB was privatized with its commercial functions transferred to AWB Ltd, a grower owned and controlled corporation.

AWB Ltd. is involved in the supply chain through its handling facilities, the Melbourne Port Terminal, a joint venture with Australian Bulk Alliance, and overseas investments including a 30 percent share in Egypt's largest private mill, interests in Vietnamese and Chinese mills and a joint venture with a large Japanese cooperative. AWB Ltd., or its subsidiaries, markets and trades wheat, sorghum, barley and oilseeds to more than 40 countries and is the world's second largest wheat exporter with 18 percent of global market share.

As of November 2004:

- AWB Ltd's market capitalization was \$1.6 billion
- There were 26,161 Class A shareholders and 64,383 Class B shareholders. Institutional investors held 25.89% of Class B shares. Growers represented 73.2% of retail shareholders.
- AWB Ltd had 342 million Class B shares
- Shareholder equity was \$1 billion

AWB BUSINESS ACTIVITIES

AWB Ltd has a number of wholly owned subsidiaries directly related to grain including:

AWB Limited is the holding company and is responsible for joint venture investments and projects, and earning a return on shareholders' funds. It is also the vehicle for the voting interest of growers in the conduct of the AWB National Pool and the services provided to it.

AWB (International) Limited is responsible under the Wheat Marketing Act 1989 for operating the AWB National Pool with the objective of maximising and distributing net returns to growers who sell grain to the pools, and manages the export of bulk wheat through the Single Desk system as well as exercising the statutory power of approval of other bulk wheat exports.

AWB (Australia) Limited is responsible for domestic wheat and other grain trading as well as the export of other grains. Its activities also extend to other commercial ventures such as chartering and AWB Seeds.

AWB Services Limited provides, on a fee for service basis, the management and business infrastructure required to support AWB Group operations, including asset management (building, IT software and hardware etc) and staff.

AWB Harvest Finance Limited provides growers delivering to the AWB National Pool with a suite of financing alternatives (replacing AWB Finance Limited). It also manages foreign currency and interest rate exposures for AWBI's pooling activities.

AWB Commercial Funding Limited provides working capital finance and manages foreign currency and interest rate exposures for the commercial subsidiaries of AWB Limited.

AWB Riskassist Limited provides risk management services to growers participating in the Basis Pool, in particular, providing a service to manage foreign currency and commodity risk.

AWB GrainFlow Pty Ltd operates AWB's supply chain and logistical services and provides modern bulk grain handling facilities to growers. AWB GrainFlow Pty Ltd owns 21 grain centres throughout Victoria, New South Wales, South Australia and Queensland.

Agrifood Technology Pty Ltd provides analytical services to assist AWB's marketing program. Agrifood Technology Pty Ltd generates a commercial return by providing world class analytical and laboratory services to external clients in the food and feed related industries.

Landmark Operations Limited is the principal operating entity for Landmark in Australia (excluding Queensland) and **Landmark (Qld) Limited** (the principal operating entity for Landmark in Queensland). The Landmark business includes a network of more than 430 outlets providing rural merchandise, livestock, wool marketing, agronomy, real estate and distribution of fertiliser products. Landmark also provides term and seasonal lending options, insurance and deposits. Landmark was acquired from Wesfarmers in August 2003.

Johnstone River Transport Pty Ltd provides sugar cane, limestone and fertiliser and merchandise transport services in Queensland.

For further information (or to suggest topics for future information sheets), contact:

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