

**I support the Aus Wheat or WEMA proposal as it has opportunities for innovation and retains some benefits for growers.** It must be retained for the 2008/9 harvest at least and should continue on.

I can not believe the labor change in policy as it destroys one of longest standing co-operative groups in recent history. Kevin Rudd is on public record (when in opposition) as saying that he would hold a pole of wheat growers if elected to gauge there views on the single desk and wheat marketing, Kevin we are waiting for democracy for wheat growers, many said Mr. Rudd would show more humanity than the previous PM, he would be a man of his word.

The Government must be convinced that what happened in the past was not of grass root grower's actions yet they are the ones being penalized it is not and has never been of there making. We are the innocent victims. The wheat industry is a significant industry in Australia. It is important to get any changes right, slow down either let WEMA run, or let AWBI run the National pool form this harvest. Don't sell out grass root growers

I have included some points in the file above as my submission.

kindest Regards Terry Fishpool

PS I notice that the Grain Growers Association submission has said growers do not care if the single desk goes, In the local area at Narromine and Condobolin GGA meetings were held last year and when a motion was put on the support for the single desk the majority was in the 90% range of support for the single desk. I was present at both meetings. I do not believe that GGA is representing members views on this issue. They should be regarded as Board views.

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**Labor Plan for wheat Marketing fails to deliver Certainty or security**

- 1 No National Pool, no harvest price net.
- 2 No financial security for growers at point of sale or after. New players have sounded warning, lack of competition at harvest because of inability to find competitive finance because of large amount of money needed. Buyer failures are happening now in Victoria more risk and uncertainty for growers. AWBI has triple A rating on finance and has a track record.
- 3 No buyer of last resort. To extract surplus grain from the market to be sold to growers advantage
- 4 No golden rewards system of payment for quality, lack of screenings and low moisture. Cliff face pricing, more segregation needed.
- 5 No system for growers to realise the value from blending.
- 6 No opportunity for quality Australian wheat, to sustain its name on behalf of growers and return the benefits to growers. (single desk delivers)
- 7 No body to manage supply when necessary, for Growers benefit.
- 8 No quality control system for overseas markets. (single desk delivers)
- 9 No classification system growers can rely on.
- 10 No mechanism for stopping Australian wheat competing against itself, to growers, detriment. (single desk delivers)
- 11 No farmer co-operatives allowed selling wheat overseas under your model.
- 12 No reason for any company to sell Australian wheat if a greater profit can be attained selling grain from another source (company code, we must put our shareholders first). No charter to maximize returns to growers. (single desk)
- 13 Extreme market volatility. Instability in market will lower the total wheat returns of growers, increase hedging and other market risk.
- 14 No market stability to plan payments loans machinery upgrades, bank nervousness to your plans, because of this uncertainty. (single desk delivers)
- 15 Major losses as in 2007 for hedging due to failure of production, i.e.: drought, flood, diseases, frost, failure to sow due to wet conditions, harvest failure due to weather damage. Likely annual event. With hedging necessary on the front and back of harvest to cover production risk and price risk at delivery.

- 16 No sharing of risk across a national Pool to share gains and diminish losses for the individual. (Single desk delivers). You might lose \$10 per ton when it goes sour but you most likely won't lose the farm.
- 17 Extreme pressure to take marketing positions because of volatility and risk now for the individual. (No system for growers can depend on). For many wheat growers production is their main area of expertise and for them having a single desk marketer gave them security that they would sell the majority of their wheat into the world market at the best prices possible in the corrupt world market. With subsidies Government manipulation of grain markets. An insight into this is in the Merchants of Grain by Dan Morgan written in the early 1970s. This item still seems very relevant today. (The single desk delivered market power in that it controlled about 16% of the world's wheat exports in an average year, it could manipulate supply, negotiate freight rates, set shipping programs and manage both sales and logistics, to wheat growers' advantage when possible.)  
Why is BHP seeking to amalgamate with Rio Tinto, market power
- 18 No body to put growers' returns first as its code. (Private companies, shareholders first second and always that's how it is)
- 19 Real incentives for traders and marketers to just return profits to shareholders. Picking the eyes out of market with the resultant outcome of diminishing the value of the total crop.
- 20 No Single seller to compete against Single seller purchasers. Our major quality market in Japan is an example.
- 21 Less ability to compete against subsidized competitors for market share. ie: US and Europe.

### **Direct losses now not perceived losses from Labor Policy**

1 Loss of freight negotiation for export wheat, AWB rate 2005 \$32.43, NACMA rate \$42, the loss will be greater than cost of pool management in that year. 15 to 16% of world export wheat trade.

2 Loss of much industry good services No classification for wheat variety. The cost of industry good services was done as part of pool management. Growers will pay for this in addition to market costs. Single desk provided these services.

3 Loss of harvest price, from a National pool. Regional Pools short open position smaller volumes likely higher unit costs. Free market pool 2005 only delivered 64% net to local silo. (Extreme downward spiral once buyers cover short positions). This happened when we had a shortage of internal grain i.e.: 2006/7 and 2007/8 harvests. What happens when we have a large surplus?

In the last two years domestic trade was underpinned by rising world markets. Traders have been sending containers and bags overseas at an incredible rate on the back of an extremely bullish world market. Like the bullish stock market for shares.

These rises have allowed profits to be accrued even though there has been significant less grain used by cattle and sheep feedlots plus the major reduction of pig numbers.

In 2006/7 harvest buyers withdrew from market for at least 2 months, 2007/8 harvest prices dropped \$70 a ton in less than a week when short positions were filled. Luckily world prices rose and prices improved.

4 No buyer of last resort for grain, No provider of a harvest home and with some security.

5 No National Pool ESR Price, base price in market

6 More risk with unknown buyers. (Vic grain trader company bankrupt this week one individual grain grower has lost \$750,000 turning what was an exceptional year, into a disaster)

7 Loss of confidence because of the additional uncertainty on marketing, to add to the battle with drought and the unknown effects of climate change

### **Likely implications of the Labor Policy**

1 Medium term failure of rural community infrastructure will result in less farmers, with larger corporate farms, many corporates deal away from their community.

2 Loss of Schools, hospitals, ambulance, professional's accountant's etc, banks most corporates deal with one bank so pot luck for local business.

3 No rail, accelerating bypassing of local silos for greater profit or survival, poor roads longer term.

4 Loss of farm suppliers and machinery dealerships.

5 Loss of the most valuable people resource in rural communities, the continued loss of young farmers. No transition of training and expertise from one generation to the next generation. Which will result in loss of local knowledge and experience?