

Committee Secretary
Senate Rural & Regional Affairs,

2-4-2008

Dear Sir,

I write To express my concern about what Government is doing to wheat marketing in Australia. I have been farming for 50 years, while I have not experienced first hand a totally deregulated wheat market, I have been told about it by the previous generation with very strong sentiments and warnings to avoid going back there at all costs.

For 60 years Australia has had the benefit of a single Desk Wheat Market which has been the envy of every other wheat exporting country in the world, why would we want to change?

While I admit there have been some problems with AWB's managing of the Single Desk, the main problems have occurred in recent years mainly because of privatisation which allowed business interests to take over a large portion of AWB and effectively gain control of it. Loss of grower ownership and control has been the real demise of AWB. What chance will growers have, particularly small family farms, when their wheat marketing is handed over to large multinational companies with no other aim but to make huge profits for shareholders. The extra money handed out to shareholders who simply sit around "screwing" the working people is the money that should be kept in the hands of growers and will very often be the little bit of profit that will keep growers viable.

I know many concerns about the governments plan to deregulate wheat marketing have already been raised by farming organisations and individuals, but can I reiterate some of the problems I see.

These will be:-

- No National Pool.
- No Estimated Silo Return i.e. a price set by AWB. No one else would ever offer a price until AWB set this figure.
- No buyer or receiver of last resort.

This put a floor in the wheat price and stopped private traders or multinational companies from driving the price below the cost of production when surpluses occur.

- No 80% harvest payments available on ALL wheat of a satisfactory standard. Any pools that are run by private companies, especially those with a lower credit rating than AWB enjoyed, will have costs, especially interest rates, that will make them unattractive. This problem is being increased by the U.S. financial crisis.
- No assurance of quality control.

Who will manage wheat quality grades going forward?

Who will set up and police these quality grades?

Will Golden Rewards disappear?

- No grower benefits from intellectual knowledge gained, and infrastructure put in place by AWB at grower's expense. (eg Storage and flour mills in developing countries)
- No successful end point royalty collection.

This will destroy research and the development of new varieties which are needed to maintain a sustainable industry.

To pass this legislation without listening to the majority of growers is a very clear case of a government acting when they "know not what they are doing."

Yours Faithfully

ROD. HATTY.

Red Hatty.