

For information of Senate Committee

From Ralph Billing 22/4/08.

These are the sentiments of majority of NSW +
probably Australia's wheat grower families -

Dear Mr Rudd

Submission to Mr Rudd at Outlook Conference March 4 2008

We, representing concerned women of graingrowing working families of Australia ask your Government to keep the present wheat marketing system in place for the 2008 grain season (ie as per the 2007 season) to give security and planning to our farming businesses-and to reduce our stress in another difficult season with the drought not over, huge increases in fertiliser, fuel, chemical costs, and interest rates for most of us who have large debts relating to our businesses.

We would like you to heed the Agricultural Ministers of NSW&WA - Mr MacDonald & Mr Chance- who have said the "Government should continue the current marketing for 2008 harvest, with Mr Burke holding the veto power and AWBI involved."

In the meantime ie next 12 months to March 2009- we urge your Government to work with WEMA, DAFF and Wheat Exports Australia and AUSTRALIAN GROWERS and wheat growing working families (not just the traders) to come up with a new marketing system which is acceptable to the MAJORITY of growers and will give certainty to the future of our great industry and the future survival of the working family farm and rural communities.

We are seeing farming families being torn apart because of the drought, there are marriage breakdowns, extra stress and anxiety placed on everyday working farm families and your decision on our wheat marketing is the last straw - to have the government come in and railroad us down a certain path WITHOUT ANY CONSULTATION WITH the GRASSROOTS.

It shows us a lack of understanding by your government, who are making decisions about OUR industry without any consultation with US! .Mr Burke says he wants to meet farmers in their paddocks but we are not seeing this!.He is listening to the squeaky wheels-.the greedy traders, and big corporate farms!!

The majority of grain growers have voted again and again for the retention of a single desk for bulk exports of Australian wheat so that multiple sellers are not competing in the same market, so why are you going against our wishes?

We have travelled over 300 kms to speak with you today and we ask you to accept this submission and please act upon it to show US too that you care about 'WORKING FARMING FAMILIES'!!

This submission has been compiled on behalf of the women here today by Mrs Marion Billing, (08) 9371 1111
Signed

Losses to Industry under new Wheat Export Legislation. No business plan or modeling to address key concerns,

(11/15/2012
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- 1 No National Pool for wheat.
- 2 Immediate loss of National Pool negotiating power on supply chain costs. i.e. freight discount from country storage to port is lost under new proposal. \$5-\$10 estimated cost to grower.
- 3 Freight rail operators will face an overwhelming task servicing multiple customer requests for grain freight. Logistical nightmare. Cost to grower.
- 4 Over history cash prices for grain drops as the harvest progresses south. The National Pool gave a safety net to growers to have somewhere to deliver their grain as well as offering an EPR (Expected Pool return.) Without the National Pool the weakest seller will set the cash price offered by traders. The other domestic pool operators used the National pool to dump unwanted wheat into. The new policy will not give them that option. The accredited traders will be forced to sell surplus wheat on the open world market for whatever they can get for it. In large production years this price would be massively reduced.
- 5 Loss of the Golden rewards payment scheme which rewarded growers to supply wheat quality of a high standard. Industry sent back to cliff face pricing reducing grower income.
- 6 Demurrage/ vessel nomination cost at Port increase due to capacity constraints /multiple exporters wanting to export at the same time. Logistics of ordering and loading ships was challenging under the Single seller system under a multiple seller system will be an expensive nightmare. Cost passed onto growers.
- 7 Normal average harvest National Pool sold and moved strategically over around 12/ 18 month period. Under new system it will be sold and shipped ASAP. Increased pressure on port monopolies as the system is not designed to cope with large short time movement of grain. Remember other grains that bulk handlers largely control are trying to be shipped out at the same time as wheat. With the State Governments failure of the Freight rail system most grain will have to be moved by road which will be impossible task, forcing increased storage and carry over cost at grower's expense. Cost to growers.
- 8 Growers will have an additional cost of storage of unsold grain either in own storage or that of the monopoly handler/trader.
- 9 Back to back good harvests will see large amounts of unsold wheat in storage around Australia which will allow buyers to cherry pick what they want at their price. Growers are price takers and the weakest seller will set the price. Growers suffering from the enormous financial burden from 7 years of drought and 2 crop failures paying upwards of 9-10% INTEREST at the Bank will need to sell at harvest to keep the Bank happy or face enormous additional cost.
- 10 The requirement for thorough investigative powers to the ACCC to investigate and prosecute those found guilty of collusion of buyers and traders with extremely severe penalties for those convicted has not been addressed in the proposed legislation. Collusion allegedly occurs regularly in the meat and feed grain industry unchecked. It will just be on a larger scale with wheat. ACCC is of no use.
- 11 No financial security for growers at point of sale or after. How can the grower keep ownership of the grain until payment is made? Will the Government guarantee payment to the grower for unpaid wheat if the accredited buyer falls over?
- 12 No receiver of last resort. This is necessary in large production years or back to back good harvests and in years where quality is outside the normal receival standard.

- 13 In years of the single desk single seller National Pool AWB has been able to blend grains to bring them up to a higher quality and a better price for growers. This cannot be done efficiently on a national scale without the National Pool. The National pool was able to source and blend wheat Australia wide to satisfy our valuable customer's requirements.
- 14 No obligation to manage supply or post price when necessary, for the growers benefit. An example of this happened during the 2007 barley harvest in SA where buyers failed to post a price until harvest was well underway.
- 15 No quality control system delivering "Golden Rewards and quality assurance" for overseas markets. Who handles and pays for delays of shipments delayed by customer complaint on quality? I.e. iron filings/ carnal bunt/ ergot.
- 16 No classification system growers can trust and rely on.
- 17 No mechanism for stopping Australian wheat competing against Australian wheat, to grower's detriment. Particularly with Single desk buyers.
- 18 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). Even a single desk free AWB could blend Australian wheat with inferior foreign wheat put an Australian brand name on it and pass it off as Australian wheat. This would seriously jeopardise our best markets hard one over a lot of years.
- 19 Extreme market volatility. Domestic feed grain users including Dairy, Poultry, Piggeries, Feed lots and others will be affected as the National Pool for wheat gave them price stabilization for their feed grain purchases.
Feed grain prices reflected the Wheat EPR. Remember without strong domestic grain production foreign grain will have to be imported to service an ever growing domestic market. Grain growers Australia wide need price stability offered by a National Wheat Pool.
- 20 No market stability to plan loans repayments, machinery upgrades, with banks uneasy over the proposed marketing arrangements and farm budget reliability, because of this uncertainty.
- 21 Major losses from hedging due to failure of production, (as in 2007 and likely future years) i.e.: drought, flood, diseases, frost, failure to sow due to wet conditions, harvest failure due to weather damage.
- 22 No sharing of risk across a National Pool to share gains and diminish losses for the individual.
- 23 Extreme pressure to take marketing positions because of volatility and risk now for the individual. Forward marketing and hedging was done by the National Pool operator before which could spread risk over all the Australian harvest. This cannot be done under the new Policy
- 24 No body to put growers returns first as its charter.
- 25 No opportunity for quality Australian wheat to sustain its brand value on behalf of growers and return the benefits to growers, and no real incentives to do so for traders and marketers. Just return profits to shareholders.
- 26 Failure of rural community infrastructure, corporate farms will take over, fewer family farms, with many corporate farms dealing away from their local community.
- 27 Once the system is changed the AWB constitution will change and we could not go back to the National Pool we are familiar with today. AWBL would be rewarded for their Oil for Food involvement by escaping "Scott free" with all the intellectual property, National Pool proprietary information including customer book and know-how as well as a number of valuable systems developed and paid for by Australian wheat growers including wheat brands which could all be used to sell foreign wheat.