

10/1/1971

SUBMISSION TO THE SENATE ENQUIRY INTO
NEW WHEAT EXPORT MARKETING ARRANGEMENTS.

As a grain grower for 50 years I have been the beneficiary of the benefits and security of the Single Desk orderly marketing of Wheat through A. W.B.

I am very concerned that the proposed changes to the Wheat Marketing Act for complete deregulation of the Wheat Industry will take away that security. Historically, Australian Wheat growers have overwhelmingly supported the single desk and all recent polls taken have shown that the deregulation as proposed by the Labour Government is supported only by a small minority of growers in all States, which is contrary to the Prime Minister's statement when speaking on the introduction of the Legislation.

The figure of over 84% of Growers who supported the retention of the Single desk during last year's National enquiry has been ignored and the proven system of Wheat Marketing that has been the envy of many of Australia's competitors for decades is being discarded.

1. ACCREDITATION

The proposed accreditation of traders to enable them to export Wheat gives no long term guarantee or security to growers. It is a known fact that every year sees at least one grain trader becoming insolvent which inevitably leaves growers who supplied grain as unsecured creditors and consequently are not paid.

The collapse of the NSW Grains Board, Waterwheel, E.O.E. and Creasy Grain in recent years, and the latest in February this year of Logan Grains (which has left a shortfall of \$3.6 million owing to growers) is good reason for concern.

The legislation proposes that to be accredited a Trader must meet certain criteria every twelve months but the volatility of the International grain market can result in circumstances of a trader changing very quickly which can leave growers vulnerable and without security.

1. QUALITY CONTROL

One of the major positives of the Single desk marketing system with AWB was that it allowed AWB to set quality standards to match market requirements and guarantee to deliver both quality and quantity to specific markets. This often resulted in a premium price being obtained. Australian Growers have been the beneficiaries of this stringent quality control and high standards since AWB was able to build strong long term relationships with regular customers.

There have been instances where rogue traders were able to exploit a loophole in product description and exported inferior grain which threatened the future of some highly prized markets. Under the proposed deregulated system Traders will

be free to set their own receival standards and a major concern is that should they reduce quality for short term gain, the overall industry could be adversely affected.

There is nothing in the Legislation requiring minimum standards and long term markets can only be retained by continuing maintenance of previous high standards.

2. RESEARCH AND DEVELOPMENT

The Australian Wheat Industry has always been prepared to support Research and Development by paying levies which were matched by Government and managed by G.R.D.C.

In recent years Government input has progressively reduced while the need for ongoing research has increased. The reserves built up by G.R.D.C. in earlier years have been substantially reduced due to low production years and lower Government contributions.

Under a deregulated system it is difficult to collect levies from all transactions which not only reduces the total contributions but also allows some participants to avoid paying the levy while still obtaining the benefits of Research and Development that other growers are paying for.

A system must be introduced that collects levies from all transactions so that the whole of the industry contributes and this is then adequately matched by Government.

3. MARKETING INFORMATION AND DATA:

Under the previous system an accurate assessment on the quantity and grades of wheat held in storage was readily available through AWB.

With multiple exporters this information will not be as accessible as Traders are not likely to disclose this commercially sensitive information which may be advantageous to their competitors. Also the increased amount of grain stored on farm for later delivery will be difficult to accurately account for. There is no obvious easy system of accounting for grain in stock which can lead to erratic delivery patterns and rapid price fluctuation.

It should be noted that Australian Wheat Growers are not subsidized and compete in an International market where many of its competitors enjoy substantial Government assistance. The system being proposed is very similar to the one that existed in the early days of the Wheat industry that was responsible for the introduction of an orderly marketing system. The Single Desk was introduced by a Labor Government and supported by every Government since.

This enabled a most successful and viable industry to develop and flourish for over 65 years.

ALAN J. MALCOLM

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