

Jim Cronin
Chairman
Chandada Farmers Group
RSD 29
STREAKY BAY SA 5680
Ph: (08) 86263130
Fax: (08) 86263082
Email: deepwellstation@bigpond.com

15 April 2008

Senate Enquiry Wheat Marketing Committee
Wheat Export Marketing Bill 2008
Select Committee – Agriculture and Related Industries

We wish to make a submission to your Wheat Marketing Enquiry.

Our main concerns are about the forthcoming legislation for the deregulation of the Wheat Exporting industry and elimination of the Single Desk marketing concept.

We are most troubled about the proposed Wheat Marketing Act 2008 under discussion if passed as outlined, where licences will be issued to corporate entities to export. This will bring about uncertainty and great dissatisfaction for great numbers of wheat growers.

We feel this will be the start of an ongoing debacle that cannot provide assurance and confidence to all wheat growers to market their wheat. Grain growers relied on the pooling system for reliability and meeting all acceptable expectations regarding financial returns and handling costs.

This past season saw losses totaling hundreds of millions of dollars lost by farmers who tried to market their own grain. The multiplicity of traders proved to be confusing and at times misleading in their marketing information.

The marketers failed to fully inform and follow through on the risks that farmers may encounter.

The Chandada Farmers Group has been in existence for over twenty years. Personally I have had a lifetime of experience in the grain business and made many observations within the industry over the years. A grain agent for twenty years and then a grain grower and am basing my feelings on those experiences.

We know there has been exhausting and significant enquiries about wheat marketing since the Iraqi debacle. Widely differing groups have been calling for deregulation and dismantling of the single desk.

We wish to express our deep felt concerns at the Government passing a bill to open up wheat exporting to all in sundry. (Our words).

We know corporate lobbying to the Minister for Agriculture Tony Burke as reported in the press has taken place. He has been prevailed upon to run with the general structure of legislation. South Australia brought in for deregulation for their barley industry.

The corporates are obliged by law to be aware of the shareholders interests and returns and many farmers feel this will be somewhat to the detriment of the actual growers of grain.

We fear the wheat growers interests will almost be unrepresented when fees and charges are deliberated on by those corporate entities that have monopoly on handling and loading facilities.

For many years pressure particularly from United States of America for instance, have been calling for the abandonment of our single desk export marketing system.

Their arguments presented for this to be done by the US lobbies have been pitiful. Australia tonnages would find it difficult to distort the world market.

Senator Coleman of the US senate representing the state of Minnesota claimed publicly the Australian Wheat Board actions in selling wheat to Iraq as they did were reprehensible.

Counter claims have also been made that American grain was finding its way into traditional Australian markets priced well below Australia's tender prices. It has also been intimated that considerable tonnages were thrown in for food aid apparently to be distributed at the behest of the importing management.

Personally at the time of Iraqi sales I wondered why the US so generously seemingly stood aside and the Australian Wheat went in.

I was not there I do not know exactly what happened but trading in the Middle East has never changed be it grain or livestock and always messy. This time it was called food for oil sanctioned by the United Nations.

As events unfolded Australian Wheat growers were marked down to pay the full price in this affair and eventually call for AWB to lose their monopoly marketing power. One Melbourne journalist calculated that Australian growers still did not lose. So be it.

If the single desk for Australian wheat is to be discarded by the present Labor Government big corporates will carry out marketing Australia's wheat crop. Their way of competing with each other and adopting a take it or leave it attitude towards the growers. It will be a sad day.

With multiple exporters trying to tempt the same buyers this will not work for best prices.

A real life example of what traders are describing as competition was when fifty years ago an oat pool was set up in South Australia and went very well. The following year another grain merchant started a pool and returns fell dramatically. This is the nature of horse trading playing on seller off against another.

The conclusion our group has reached is that the principle of a single desk for marketing export Australian wheat should be retained.

A new statutory authority should be structured whereby effective management and marketing could be pursued by specialists with grain growers elected to such bodies as before. The fact that possibly 80% of Australian wheat growers supported the wheat pooling system but were never asked to vote and have their numbers counted.

The failure to restore the principle of a proven marketing structure for exporting wheat that served Australian farmers well for decades will reflect unhelpfully on this Labor Government for years to come.

The saddest event for our groups is the fact the only four South Australian Liberal House of Assembly Members of Parliament voted not to dismantle the Australian Barley Board and institute a system of deregulated market under a licensing system.

A Labor member of the SA Parliament speaking to the bill said effectively that he admired those four members opposite for their courageous stand when their own colleagues in the Liberal opposition called for deregulated marketing and voted accordingly.

Our only conclusion is that many members of parliament do not understand grain marketing. In the numerous replies we received to our last ditch appeal not to let the single desk go.

The majority of replies were along the lines they would vote along party lines or that they thought deregulation would bring more selling options and better prices.

We urge all Senators to deliberate carefully about the Wheat exporting bill. A statutory wheat exporting structure must be introduced. We rest our case.

The Wheat Exporting conundrum will remain until a single desk wheat pooling system is re-introduced in Australia.