

Mark Dwyer,

Dear Sir/Madam,

The Federal Labor Government proposes changes to the structure of the Australian Wheat Industry that will have a major impact on Growers market power.

The proposal for a multi-licencing system for Bulk Wheat exports will, I believe, quickly lead to a major consolidation of handling and exporting companies to a point where the whole of the supply chain from the paddock to port and beyond will be owned and controlled by either one or two major players. It is reasonable to expect that they will be foreign owned.

Presently all the current handling companies within Australia have alliances with International Grain Traders operating on the domestic market, it is naïve to think that those players will not move to monopolise the marketing chain regardless of any protocols or watchdog the Government puts in place to oversee exports. If a grower owned company with sole exporting rights for their own Grain is not acceptable in a "Free Market", why should the Governments alternative be so?

Even before the proposed legislation has been introduced to the Parliament there are flaws evident. East coast handling company Graincorp owns nearly all up country storage and Port loading facilities and is bidding to buy the Rail network in NSW. It also wants to be an exporter. The Government has had to include in its legislation caveats to guarantee access to Graincorp's facilities to the other players, but that will not take effect until late in 2009. What happens to the delivery of the 2008 crop?


The Government has also failed to understand the logistics of moving the national crop from the paddock to market, something the previous orderly marketing system did very well given the state of rail infrastructure across the country, using its extended sales program through the National Pool which, in turn gave the Grower owned company opportunity to achieve higher returns for growers over the life of the pool.

The Government also plans to spread all of the Industry Good functions previously handled by the Grower owned company to various organisations. Such things as Crop shaping activities, Varietal classification and selection activities, market research, customer relations (will there be any from now on?), receival standards etc., will from now on be outsourced at growers expense.

Growers will also have to pay for the operation of Wheat Exports Australia, the body that will supposedly oversee the Traders running the industry.

I urge the Federal Government to reconsider the proposed legislation, the previous system worked. It is completely unfair to punish wheat growers for the activities of AWB in the Oil for Food "scandal". In fact, if AWB's activities were so corrupt why has the Government recently awarded a 300,000 tonne export licence for wheat destined for Iraq to GLENCORE, a company also named in the Volker report for paying kickbacks to Saddam Hussein's regime?

The previous system of orderly marketing worked well, it was strongly supported by the majority of growers and was of no cost to the economy. It is interesting to note that all the international Traders poised to move on our export markets are private companies not listed on any international share exchange, so profits will be exported with the crop. How this benefits our nation I do not know.


MARK DWYER
21/04/08