

Wheat Export Marketing Bill

Dear Senators

After attending the Senate Committee hearing into the new wheat marketing legislation on Tuesday 22nd April, I am horrified at the lack of concern anyone seems to have about the interests of an estimated 80% of wheat growers who wish to retain an orderly marketing system.

The Government members say they have a mandate and will introduce the legislation irrespective of any faults. The Government Agencies (ACCC & DAFF) show themselves as being completely ineffective in addressing problems in the legislation, and so-called farmer representatives who are little more than grain trader spokesmen pursue personal gains while claiming to be acting in the interests of the whole industry.

This legislation, if passed in its present form will lead to complete market failure in the 2008/2009 harvest period if there is an average crop, due to a number of factors. One of the main concerns is the collapse of the grain transport system in the eastern states which will mean that potential marketer/buyers will be unable to contract grain during the harvest period as they will not be able to confirm delivery. This will mean that there will be a huge amount of grain unpriced at harvest which will lead to the collapse of prices similar to the 2005/2006 barley market when it became impossible to even value the grain. Given that many farmers are approaching insolvency, this will have a catastrophic effect both financially and socially on regional communities.

I believe that it is irresponsible for the government to force the legislation through regardless of the consequences and that the prudent action would be to delay the legislation for twelve months so that the problems can be addressed.

However, if the government does go ahead with this widely acknowledged faulty legislation, there are some essential elements that must be included to try to mitigate a potential dire market collapse. These are

1. A clause to ensure transparent and non discriminatory open access to port and up country handling facilities as well as rail transport.
2. Export license holders must offer competitive pools in the states that they wish to purchase and/or export grain. This pool:
 - a) must offer a golden reward payment scheme (stop cliff face pricing, blending profits going to traders and maintaining quality incentives);
 - b) offer minimum 80% underwritten harvest payment advance;
 - c) be publicly accountable;
 - d) the pool manager must act in the interests of pool participants;
 - e) fixed, stated pool management fees.
3. A review of the legislation be held within twelve months with full consultation with growers.
4. Export license holders performance / licence be reviewed regularly (yearly to start with).

The Rudd Labour government promised to govern for all Australians, and the present proposed legislation will work against the interests of the majority of grain growers. It also rewards the AWB by releasing them from the single desk responsibilities while penalising farmers.

Graham McDonald