

Email from Mr T. Prowse

One of the comments on the pigmeats inquiry was that the single desk for some grains caused the domestic price of domestic grain to be higher than if there was no “single desk”. This comment is of concern to the grains industry, which is experiencing the lowest prices for decades. When you consider the terms of trade, with transport, fuel, fertilizers and chemicals all at very high prices, a suggestion that the domestic price of grain is too high, then this is not the fault of the grain growers marketing skills, but an example of the reliance on international commodity prices. You can’t expect the grain industry to support the grain manufacturers in Australia when the grain industry has to purchase its inputs from the world markets. I know it is the Government’s job to make everyone internationally competitive, but to suggest that the “single desk” is one of the problems for the pig industry is ‘over the top’.

No doubt, when the grains industry is reviewed, your commission will be recommending that the “single desk” will be retained as it creates more income for Australian grain growers. Also when reports about the competition policy are carried out you will be suggesting to the Grain Licencing Authority that the CBH-Grainpool group retain their authority to the export of grain in WA.

The theory that competition creates lower prices and efficiency is correct when there are more than one in the competition but when there are only one manufacturer like in WA’s fuel industry then the theory of competition don’t work. In the case of the grain industry if you destroy the export monopoly it is not the same as the fuel monopoly. Farmers are already competing against one another. If in the export market you create more competition then the double competition lowers the price of grain to the level of the weakest seller. Having 100,000 graingrowers, it is easy to have multiple sellers of grain being forced to sell at very low prices, especially when our major overseas competitors receive massive subsidies

Your Productivity Commission should recognise that if they create unfair competition in the export of grain the retraction of rural industries is going to be far more severe economically for Australia as a whole, than the few dollars extra we obtain by successfully operating single desk selling for the export of our grain.

T. PROWSE
BUNBURY 6230

7/03 /05