

Dalkeith W A R I A L D A

Wheat Export Marketing Arrangements
Productivity Commission
Locked Bag 2, Collins Street East
Melbourne Victoria 8003

Dear Sir,

I am a wheat farmer who has been growing wheat for over 25 years.

The past two years since de-regulation, while our yields have been consistent with other years, our returns have been potentially the worst since we commenced growing wheat. I put this down, mainly to the loss of the single desk. While the single desk wasn't the ideal arrangement, what we have now is definitely not working.

How can the de-regulated system work, when you have 20 plus grain companies trying to secure markets for their wheat before they have actually purchased it? At this moment, most wheat harvested in Northern New South Wales has been warehoused or stored on farm. Most grain trading companies have offered a ridiculously low price at silos for this year's harvest, hoping to take advantage of growers needing early cash flow and also know that everyone will eventually have to sell.

For grain traders who are competing against other grain traders for the same market contracts, obviously the lower bid will get the contract. Therefore the price will be forced down rather than up, with the de-regulated (multi-trader) system.

If we had a single desk system, the company running the single desk (whoever it is) would know within reason, how much grain they could expect to trade right from the start and would have much more bargaining power.

Some sort of enquiry certainly should be carried out regarding the wheat export system because at the moment it is a real "balls up".

The grain prices we are receiving now, are the same as were getting back in the mid eighties, when fuel, freight, chemical, fertilizer and machinery were all a fraction of what they are now.

It seems to be all about the grain traders, the grain handlers, the consumers and everyone except the farmers, when we should be the main focus in the industry. Because of today's prices we get the feeling we are now just a service industry.

Yours sincerely

Geoff Smith

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