

## **Wheat Export Marketing Arrangements Submission**

The current wheat export marketing arrangements I believe are grossly inadequate and are underselling our product and putting farmers at the mercy of large multinational corporations.

The Australian Wheat Industry used to survive on the fact that we were the most efficient country in the world at producing and marketing our wheat. Current arrangements are destroying this efficiency and along with it the productivity of farmers.

The deregulated market has led to a fragmented industry that has no direction with all players taking an every man for himself approach. The fact that we had one major buyer under the single desk gave that buyer some power to control industry cost like freight and grain handling charges, which in turn benefited the grower.

We have one of the biggest regional based grain handling facilities in graincorp sitting idle around the country due to the overpricing of its services. I know of many sites in our local area that will not receive grain due to the costs associated with these sites. Growers faced with the uncertainty of wheat marketing are forced to store their own grain hence one of the biggest outbreaks of grain insect pests in the 08-09 season.

It seems extremely backward the most cost effective way to move grain is by truck rather than bulk shipments by rail. This has resulted in large queues at ports to unload trucks which has resulted in some companies refusing the freight grain to certain ports.

In 08-09 freight rates rose considerably supposedly due to the price of fuel in 09-10 the price of fuel has gone down but not surprisingly the freight rates have still gone up.

The loss of golden rewards has resulted in cliff face pricing and a serious lack of premiums for producing quality wheat. This will be to the long term detriment of the industry as farmers are being encouraged to produce bulk quantities of lower quality grain which is the exact opposite of what the Australian wheat industry was renowned for in the past.

Pricing and marketing of grain has become a nightmare for the average farmer. Under the old system buyers knew that to get grain they had to meet or beat the AWB pool returns. This resulted in a relatively stable price.

Under the current arrangements pricing fluctuates violently from day to day and prices offered in the mornings are often changed an hour or two later. The old single desk system gave farmers a fall back position in the form of pools to sell their wheat.

Grain trading is now done wholly off the world market, which is not unfair, but the world market does not reflect the cost of wheat or its value as most of it is produced by farmers in heavily subsidised countries so this wheat does not reflect the true cost of production. Our government does not subsidise its farmers nor should it but it has taken away the one true advantage we had in the world markets and it was not costing them a cent.

Over the next few years I believe that Australian wheat production may decline rapidly as under the current wheat marketing arrangements farmers are struggling to make profits that will keep them financially viable and this will drive many farmers off the land or away from wheat production.