

Barley Exporting Bill – March 8, 2007

Mr PEDERICK (Hammond): I rise today in support of this bill. Part of the reason is that after many consultations (and I will refer to a statement I made in a speech on 7 December last year), the industry has finally come to a position. In my speech on 7 December I stated:

There are a lot of things on the table at the moment, obviously, exacerbated by the situation with wheat. We need to take note, as has been mentioned by the member for MacKillop, of this report and recommendations by the latest barley marketing group. The industry needs to have a good look at it. The industry has not come up with a solution in the past four years, and I know that the barley marketing group is pushing for full deregulation after a three-year period of semi-deregulation. At the end of the day, it is up to the industry to tell the politicians in this house what it wants. There is nothing worse than politicians telling people how to operate their business. I have given my views, but it is up to the people of the electorates to say what they think.

My family has had an interest in barley growing since we came off the boat in 1840. We started in Adelaide and went out to the Gawler/Angle Vale/One Tree Hill region, and we are still down at Coomandook, where everyone is well aware that I have leased out my farming operation. I will again state on the record that I have sold all my barley shares. My father has a few thousand dollars worth of them. So, that is not an issue with me. I certainly have plenty of cousins, neighbours and third cousins twice removed who probably have shares in barley.

Mrs Geraghty: Good disclosure.

Mr PEDERICK: Yes, it is open disclosure. I am involved with plenty of people in my electorate who have a lot of barley shares. However, a lot of people have had to relinquish their shares just to keep operating. Obviously, my 86 year old father has had a lot of experience on the land. He told me a story the other day about when they tried to form a hay marketing group years ago with sheaved hay. They all agreed that the price should be \$10 a tonne. The problem with farmers is that they can never unite—I will admit that, as I am one of them—because there is always the chance that someone might make a buck. For some reason, one bloke must have needed his money a bit quicker and he sold for \$8 a tonne, so he broke the market and broke the concept of that little marketing group with their sheaved hay. Another time farmers were going to boycott the sales in Adelaide for lambs and mutton. Sure enough, a couple of farmers took advantage and doubled the price for their sheep. There are all sorts of issues with marketing, as we see it.

The single desk with barley was formed in 1939 as, at that stage, farmers were getting ripped off hand over fist by slick marketers running around and offering different prices all over the place and taking farmers down. I think, in the main, that operation has served farmers well since 1939, but a lot of things have changed since then. We have access to the internet. We have access to consultants to help us market our grain. We do not have to go in blindly when someone rings up and asks, 'What would you like for this?' and just take a price.

It was only in the early nineties that domestic marketing of barley was deregulated. I can remember that 1992 was a wet year, and it was like reaping coleslaw. There was wild lettuce about 5 feet high and every other weed under the sun, with a bit of wild radish in the crop, which made it off-spec grain. You could not deliver it to ABB sites (CBH sites at the time). You had to get an inspector out on farm to tell you whether you

could sell the grain over the hill or somewhere else, as I did to Dehy Fodders, which was operating at Meningie at the time. I can tell the parliament that I made \$10 a tonne and it was full of greenery and not very nice grain to handle. That is what happens when you get a wet year. Hopefully we will have one this year, although not quite that wet in the finish.

Changes to marketing have been discussed since about 1995. In more recent times we have had the Round review, the Story review and the SAFF Grains Council review. There was also the report of Neil Andrews which we have here now. I believe we are at the point when ABB corporatised. I always say it took over AusBulk but, I guess, to be technically correct, it merged with AusBulk and so we lost a marketer out of the system at that stage. Then ABB went from being a company that certainly had a very good trade name in marketing overseas (and still has) and took over all the storage.

Mr Venning interjecting:

Mr PEDERICK: As the member for Schubert says, it was the wrong move. I will go back to what happened in 2005 at the South Australian Farmers Federation Grains AGM. In box 1 under the heading 'Growers calling for increased transparency and accountability' it states:

Increasingly the industry has been looking for changes to the existing marketing arrangements, as demonstrated at the South Australian Farmers Federation's Grains AGM in March 2005, where motions were carried by grain grower members in relation to improving the transparency and accountability in barley marketing. This included the following resolutions—

I will just read out one that is applicable today. Resolution 5 states:

That the SAFF Grains Council explore and, where appropriate, negotiate with government changes to the barley marketing arrangements including:

- Improvements in accountability and transparency of pool operations;*
- Regulated export licence(s);*
- Third party access to the pools if only one licence is issued;*
- Differentiation between grain handling, sales and related businesses so that the value from pools is not compromised;*
- Continuation of market development, QA and research; and*
- A mechanism to ensure that the necessary changes are complied with.*

In 2005, the SAFF Grains Council was called on, I would suggest, as the third round of recent attempts at reform but could not come up with the goods. I believe that it has gone to the farmers. There were 11 650 letters sent out, according to NGR registrations, which would be your most accurate registration to track down farmers. Out of those letters to farmers there were only 26 submissions put in and I think there were 14 that got a hearing through the Neil Andrews working group. So, for people to say, 'Let's have another poll', I think we have been—

Mr Piccolo: That's your side.

Mr PEDERICK: Yes, it may be.

Mr Piccolo: No, not may be; it is.

Mr PEDERICK: Well, okay, if that's what the member for Light says.

Mr Piccolo interjecting:

Mr PEDERICK: Yes, okay, there are members calling for a poll. That's fine, member for Light. That is the beauty of being in the Liberal Party: you are allowed to have freedom of choice. Although, I am not sure where the member for West Torrens was going with his speech today. I think he mentioned the word 'bewildering' in

relation to the bill. But I digress. I just want to mention how everyone is getting a little excited about the possibility of losing the single desk. Let me say from the start, as I said in my speech in December: I think Hammond is about 50-50 on this issue, so I had to make a conscious decision on which way I would go with this. That conscious decision was based on the fact that we finally had a committee that—

Mr Piccolo interjecting:

Mr PEDERICK: You only have one choice, member for Light. We finally had a committee that had made a decision, after approaching every grower in South Australia, so it is time to move on because the barley industry cannot stand and wait. To those people who say that we market our barley as one parcel, perhaps technically we have from South Australia, but there has been a lot of grain heading over the border. New South Wales has been fully deregulated for several years along with Victoria and Western Australia is semi-deregulated. Members of the Liberal Party went over to Western Australia and had a briefing on the GLA in 2004, and I was fortunate to be able to tag along as a candidate.

I will just mention a few local issues that have happened in the last couple of years. People say, 'If the single desk disappears we're selling out our farmers', and all that sort of thing. Quite frankly, I have many farmers coming to me saying, 'We just cannot operate under the current pricing schemes.' In 2005 there was plenty of grain around and farmers were having a great season. In most years it is the land of milk and honey, and what they were finding was that, once they got their first payment from the pool and realised how low it was, they could barely pay their chemical bill, and then they had to move on.

What has exacerbated this drought is that we did have a big year in 2005 but we were getting values for our grain that were nearly 30 years old. I ask the members of this house: would you be prepared to sit here on wages that are almost 30 years old? I doubt it. No-one is putting their hand up in a hurry, anyway.

Mr Bignell: The super would be better.

Mr PEDERICK: I accept what the member for Mawson says that the super would be better, but that is another issue. This is a serious issue. For how long can you put the squeeze on? I think it has got to the stage where growers think they need something else to happen. Why has there been a better price in WA and Victoria in 2005 and 2006? I will just quote from a couple of items of correspondence that have been sent to me in the past couple of days, as follows:

Dear Adrian, I believe there is the possibility that there could be a disruption to the smooth passage through parliament of a new Barley Marketing Act. I think this should be avoided as it will cause uncertainty to the entire barley industry for the upcoming season. It is now March and barley growers need to be sourcing seed, fertilisers and chemicals to begin plans for the cropping season. Growers also need to begin their 2007-08 marketing plans as soon as possible. Unhelpful amendments to the new Barley Marketing Act will create confusion and possibly reduce the area of land sown to barley.

May I stress that I think Rory McEwen's intervention into Barley Marketing in South Australia was an appropriate decision as SAFF's Grain Council had too much industry intervention. I believe Neil Andrew and the Barley Marketing Review Committee have served the industry well and their recommendations should be adhered to.

Please will you and your colleagues give Rory McEwen's new Barley Marketing Bill a safe passage through parliament.

I quote from another letter:

*Dear Mr **Pederick**,*

*I understand the peak representative body for South Australian grain growers, the SAFF Grains Council unanimously—
which it did—*

endorsed The Barley Marketing Review Committee's findings into Barley Marketing. The Agriculture Minister, the Honourable Rory McEwen has put the findings into action and I believe the new Barley Marketing Act has been tabled to amend The Barley Marketing Act 1993 (The Principal Act) to allow additional marketers to access the existing grain storage and handling systems and create competition for our barley crop.

For the past three years since the merger of ABB and AUSBULK under the current legislation SA has had the lowest barley prices in Australia. New seasons barley prices 2007—Vic \$212 per tonne, SA \$180 per tonne, SA growers simply cannot afford to receive \$32 per tonne less again. I and my fellow farmers feel we simply cannot cope with the current unstable and unsustainable current legislation. Please put your best effort into passing this legislation to allow changes to this season and save my livelihood!

These were a couple of items of correspondence that I received. It will be historic if this bill goes through, and I think what everyone has said is great. It obviously takes a bit of courage for members to make a certain stand, but that just echoes where some people in my electorate wish to go with it. You could think that our doors would be knocked down by people frightened that the sun will not come up if the so-called single desk disappears, but that has not happened.

With regard to local issues—and I mentioned some in my speech in December—in the recent harvest about 5 000 tonne a day was heading out of South Australia over the border to Murrayville, which turned into the third biggest eastern-based land site in Australia because the prices offered in South Australia could not match it. Grain could be sent up from Coomandook (about 250 kilometres from Murrayville in Victoria) for \$60 a tonne better. I can assure members that there would be plenty of single desk supporters in that lot sending their grain to Murrayville, because it just did not pay to put grain into South Australian silos.

If this change goes ahead, I think ABB will still be there. It needs to be strong because it holds the infrastructure. It needs to be a strong company, but I want to see ABB utilise its storage. There are about 12 storages barely used at Murray Bridge and east of Murray Bridge. Our people—wives, sons, daughters, workmen—cannot get jobs at the local silos because the grain is heading over the border. I was informed that one load from Ceduna managed to make money going to Murrayville on a certain day when the price just happened to be right. That is amazing. Plenty of grain was coming from further afield—Sedan, the top of the Yorke Peninsula, etc.

If this bill does not go through, the wheat single desk will be under threat. What everyone needs to be aware of is that ABB Grain is part of the three sisters currently exporting wheat. That is a fact. Another fact is that ABB Grain is actively looking at taking over wheat exporting. It is a bit of a fallacy to have your foot in one camp and then actively go for deregulated wheat in another. I just do not think you can have your cake and eat it too.

The diversification of the ABB is another issue. As I said, we need to have a strong ABB. It has served farmers well and, if this bill is passed, the ABB will show how it

can compete locally, give better prices to local farmers and use its storages. It has recently moved into the malting area, with Joe White Maltings and third-party grain trading. It has also moved into finance and the wool market, and just recently it started up a farm chemical business. So, it is diversifying away from where it started in 1939, and it will be a completely new ABB that is operating. I think that it is marvellous that it is diversifying to protect its interests and its shareholders and, as has been indicated to me in the party room, there are many other shareholders other than the farmers. It is a brave new world: it will move on, the sun will come up and it will go down—as it does in Victoria and Western Australia.

One issue that people need to be aware of is that the ABB will still be there if they want to deal with it through the pools or cash options; I firmly believe that. So, if you are looking for safety and security, I believe that the ABB will find a way to guarantee your payment if you are not game to deal with other traders, and ESCOSA will be in place, which will ensure that traders are doing the right thing. I think that people will find that life will go on, that we will be able to use our local storages and that we will be able to market our grain successfully. If people did not think that it would happen this year, they thought it would happen at some stage down the track, because the wheat job is at risk of falling over.

I was always a supporter of the wheat single desk but, as to what has happened with the Iraq deal (and I do not agree with how business was done, although some people would say that is how you do business in those countries), where it made its mistake was not to 'out' itself quickly enough.

I support the bill.