

GRIEVANCE DEBATE - VITERRA – 22 June 2010

Mr PEDERICK (Hammond) (16:41): As a consequence of the prolonged and severe drought and the effects of the global financial crisis, followed by other disasters such as locust and mouse plagues, many South Australian farmers are hard up against the wall. In general, farmers are good, honest, hard working people, in many cases working properties that have been in the family for generations. They understand better than anyone the vagaries of agricultural life. These difficult times have stretched many of them to their limit, and some of that pressure has unavoidably been transferred to their creditors, who also have to make ends meet.

For the most part, creditors have been helpful, patient and realistic, but a situation has been brought to my attention that shows that at least one supplier is prepared to be bloody-minded in its dealings. A farmer found himself unable to pay a substantial debt to a fertiliser supplier, ABB Grain. By the time the debt was due in December 2008, high input costs, poor seasons and low grain prices had stunted his ability to pay the debt. The farmer and his wife offered part payment three months later, but the company refused to accept it.

Over the ensuing months, the farmers endeavoured to reach an agreement with Viterra—a Canadian grain company who had acquired ABB Grain in the meantime—for a payment arrangement that would be manageable to them and acceptable to the company. Despite more meetings involving counsellors and negotiators, no agreement was reached, and the matter is now in the hands of the courts, which is bound to further increase costs.

While this is happening, the farmer's 2009 delivered grain in a local Viterra silo was effectively seized by Viterra, which suspended the farmer's trading account, thereby denying him access and the opportunity to sell the grain and repay at least part of the debt. What is more, that grain was already under a lien to the bank. Attempts by the bank to access the grain it owned under lien were subsequently also denied by Viterra, an action challengeable by law.

The legality of Viterra's actions is highly questionable; its intent is clear. Worse still, the farmer continues to pay holding costs for the grain, access to which Viterra continues to deny him. The matter drags on; debts are building, interest is accruing and solicitors' fees are accumulating. Doubtless there are other farmers around South Australia facing similar difficulties with meeting their debts. It has been a tough few years.

The farmers involved in this action know of no reason why they are being treated so brutally. Therefore, there is no reason not to think others are suffering, or will suffer, the same bullying intransigence from a company whose reputation in Australia is still in the formative stage. I can understand that farmers might be very wary in their dealings with Viterra, whether warehousing grain or dealing in fertiliser, financial services, wool trading, seed supply or crop protection products.

In closing, I will repeat that advice to me is that Viterra has no legal right to withhold the grain, over which the bank has a charge. Based on this experience, farmers should be aware of the lengths to which Viterra appears prepared to go to achieve its own goals.