

Wendy Craik  
Presiding Commissioner  
Productivity Commission  
Locked bag 2  
Collins St East  
Melbourne

Dear Ms Craik,

I wish to make the following comments on Wheat Marketing in response to the Productivity Commission draft report. I make these comments in the light have being a past chairman of the NSW Farmers Grain Committee and past senior VP of the Grains Council of Australia, and as a previous member of the NSW Barley Marketing Board and the Grains Board, hence some experience and knowledge of grain marketing in Australia.

Firstly I would say that I have been an advocate for the deregulation of the Australian wheat marketing arrangements and believe the transition has gone as well as could be expected all-be-it for a few problems.

A agree with the majority of the findings in the report, but where I differ in predominantly around "Industry Good Functions".

I think there is a real risk of the high regard the quality of Australian Wheat has been held in in the world market being lost if there is not some means of quality assurance for export wheat. I know the "buyer beware" principle should give some level of guarantee, but given the nature of grain exports and the cut throat nature of the grain trade I do not believe this is enough. So whether it be AQIS or some new body, can and should be empower to monitor exports.

The AWB provided very effective linkage between the consumer and the plant breeders. I see this sort of information now being regarded as "commercial in confidence" as it is valuable marketing tool, and not likely to be freely available to the industry and the plant breeders in particular. How this can be addressed I am not sure but there certainly needs to be a solution.

There needs to be accurate information on stocks and the profile of them. I think the ABS or ABARE could developed the skills to provide reasonably accurate information on stock, although it will get harder as on farm storage increases. The more difficult information to have freely available is the profile. I notice you concede the major bulk handlers have an greater knowledge of the profile, which you believe does not give them a significant advantage. I would disagree, and with premiums available by blending plus the knowledge of what is available does give the a marketing advantage. If it is possible I would be forcing them to make this information available.

I believe Australia has been well served by having a well recognised quality classification scheme. Maintaining such an arrangement should be part of a quality assurance scheme in conjunction with the Bread Institute. Classification and promotion are a large part of other primary producer bodies such as the MLA and AWI. Although it has not always been 100% successful or getting unqualified support from producers, I think such activities do produce a net benefit.

One of the most frequent complaints I hear about deregulation is "I am a grower not a marketer and I don't have time or the skill to market my wheat". This is a furphy, as there are an increasing number of private consultants who will provide all the advice you need or totally market the growers wheat for them, at

a significantly less cost than the \$13 / tonne the AWB used to charge for the service. Most farmers seem to be able to market the other produce and attempts at regulating the market have all failed.

Likewise other areas of complaint such as port access and supply chain inefficiencies have been sorted out or will be with time and experience.

As well the role played by Wheat Exports Australia no longer exists although it was valuable in the transition, a levee may be essential to provide some these other industry good services I believe are still necessary.

In spite of having some wins and losses since deregulation I am significantly ahead of where I would be with a continuation of the regulated market. It is just unfortunate that deregulation coincided with a world over supply of wheat, and increased production in Australia causing a significant falls in prices, which some would try to infer where as a result of deregulation.

Yours sincerely

Angus Macneil