



**Barley Exporting Bill
8 March 2007**

Adjourned debate on second reading.

(Continued from 7 March. Page 1972.)

Mrs PENFOLD (Flinders): I support this bill to repeal the Barley Marketing Act 1993 and deregulate barley marketing in South Australia, allowing growers to deliver to other exporters, licensed by the Essential Services Commission of South Australia (ESCOSA), with a few amendments. As the other barley growing states are already deregulated, South Australia's law has become an anomaly. Farmers from the South-East and Southern Mallee regions have been selling their barley across the border in order to get better prices for their grain for some time. However, the barley growing region that I represent on Eyre Peninsula has been captive to ABB. It was not until I visited Western Australia to see how their partial deregulation was working that I realised how low the prices on Eyre Peninsula were compared with other regions. Despite growing good quality barley and having one of the best export loading ports in Australia at Port Lincoln, Eyre Peninsula growers were receiving prices significantly below those of other regions.

I checked these prices again for the purposes of this speech. The ABB cash price differentials as of 27 February 2007 being offered per tonne for feed barley were, in the deregulated ports of Geelong and Portland, \$265 per tonne. That compares with the South Australian ports of Port Adelaide, \$221; Wallaroo, \$213; Ardrossan, \$211; Port Giles, \$210; Port Lincoln, \$204; and Thevenard, \$194. Within my electorate of Flinders, based on the Geelong figure, Port Lincoln at \$204 is \$61 (23 per cent) per tonne down and Thevenard at \$194 is \$71 (26 per cent) a tonne down on Victorian prices. In a not untypical delivery by an Upper Eyre Peninsula farmer, 1 000 tonnes equates to a whopping \$71 000. When the market is deregulated and the Thevenard port has been dredged to accommodate much larger vessels this price differential, I hope, could disappear altogether.

One of the reasons given to me and my farmers for this price anomaly is that the differential was caused by the cost in freight. I am advised that the freight spreads are customary but have probably narrowed recently, and that it costs between \$US3 to \$US5 per tonne extra to shift out of South Australia and Victoria to most main export markets than it does out of Western Australia. There is no premium or discount to freight rates for shipping out of either Victoria or South Australia to these main export markets.

The farmers on Eyre Peninsula are already successfully marketing their own peas, lentils and canola, and I believe they will be able to choose the best option for the sale of their barley.

When weighing up the advantages and disadvantages of the single desk marketing system, members of the SA barley marketing working group recognised that the single desk offered collective marketing, security of payment and the sharing of marketing costs amongst growers. However, weighed against this was the lack of marketing choice, limited competition for services and, in my view, significant negative price differentials for South Australia and, of course, that the current situation does not meet the national reform agenda guidelines. One of the working group's recommendations included that a well-funded and extensive education program be established to assist South Australian barley growers make the transition to a deregulated barley market. It is very important to ensure all growers are aware of the processes for the marketing of barley in this state.

I take this opportunity to acknowledge the members of the South Australian barley marketing working group who have expended significant effort to identify critical issues, consider various models, make comparisons with

other states and weigh up the advantages and disadvantages for the barley growers of South Australia. Consultation with South Australian barley growers has been thorough, with hearings held throughout the state and a letter being sent to each of the 11 600 growers; and 26 written submissions, including two from grower groups, were also received and considered. I sincerely thank the members of the working group for their commitment and hard work, which has resulted in the bill in the house today that will establish a three-year transitional licensing scheme for exporters of barley to come into operation from 1 July 2007. I support the bill.