

Committee Secretary
Senate Standing Committees on
Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Sirs:

We have been farming for 45 years in the Vite Vite / Skipton areas situated west of Ballarat.

Over the past 14 months we have suffered financially due to not receiving payment for produce delivered.

Unfortunately this has become a common occurrence in the farming industry, as a large number of farmers sell and deliver grain to grain traders in good faith of receiving payment.

Not receiving payment has had a severe impact on the operations of our farming enterprise. We have been required to restructure debt, and due to this financial situation our ability to transfer control of the farming operation to our son has been delayed.

It would be very easy to sit back and let this go by without taking further action. However in our own district we have seen the devastation this has caused. We have spoken more widely with other farmers impacted by similar scenarios and feel that if changes are not made this will continue to be a threat to other farming families.

It is our view that the following recommendations may assist in improving the Grains Industry:

- Trading terms of 7 – 10 days from date of delivery (similar to USA).
- Industry levy to fund an insurance scheme (There is approximately 45 million Ton of grain grown per annum, with 200 million Ton being traded).
- Current laws to be enforced.

The situation we were caught up with provides a “How to Guide” for a grain trader looking to beat the current system:

1. Trading whilst insolvent.
2. Trading illegally with Phoenix Company whilst in administration.
3. Directing money around the administrator whilst the entity was in control of the administrator.
4. Making preferred payments outside deed of agreement to clients of choice (who would continue to be clients once the new entity was established for trading).

In this situation ASIC seemed powerless or uninterested and there is a point where the individual farmers cannot continue to fund the legal cost associated with taking further action. It is throwing good money after bad.

Disappointingly the trader in question had continued trading.

We are aware that the Personal Property Securities Act is in place to provide protection in these situations. However the PPSA is not always practical to implement and enforce. It would be preferable for the current laws to be enforced and traders not be allowed to abuse the current system.

If the current situation is able to continue it will not only have a severe impact on farming families, but will also have a negative impact on the grain trading industry as a whole, by reducing competition.

Many of us will no longer take the perceived risk of dealing with smaller grain traders. Even if the smaller trader is running a reputable business. We cannot take the risk of being exposed. We appreciate conducting any business contains risk and farming is no different. However the recent spate of grain traders’ not paying farmers indicates that changes need to be implemented and importantly current laws enforced to renew confidence between farmers and grain traders.

We thank you for taking the time to consider this submission.

Wayne Hayward.