Wheat Deregulation

a western perspective without design
Competition is Dynamic

• Reduces costs
• Increases choice
• Improves efficiency
• Formation of cluster industries
“If you can meet with
Triumph and Disaster
And treat those two
impostors just the same”

Rudyard Kipling
1865-1936
• Commissioned by AWB for 50th Anniversary
• A history of Australian wheat farming determination
• A time line of political activism
History of statutory marketing

- **Goal**
  - Provide farmers with countervailing market power

- **To offset**
  - Isolation, lack of marketing expertise and tariffs on imported inputs

- **Mechanism**
  - Raise domestic prices using tariffs,

- **Effect**
  - Pool price reduces incentives to innovate on-farm
  - Bureaucratic inefficiency and cost, no incentive for marketing innovation
  - Good farmers carry poor farmers
  - Larger and more efficient farmers have an incentive to negotiate a better deal
• Thorough investigation into Bulk Handling in WA
• The Wesfarmers proposal scrutinized
• Figures from the Wyalkatchem trial analyzed
Recommendations from – The Bulk Handling of wheat royal commission In Western Australia 1932 & 1935

1) That Co-operative Bulk Handling, Handling, Limited be permitted to extend and carry out their proposals for a state-wide scheme relating to the bulk handling of wheat at country sidings

2) That it is imperative for up to date orthodox concrete terminal silos of 150000 bushels capacity to be erected as soon as possible at the port of Fremantle and be controlled by the commissioners of the Fremantle Harbour Trust

3) That up to date orthodox concrete terminals silos of 500 000 bushel capacity should then be erected at Geraldton, and controlled by the commissioner of railways

4) That the equipment of the various zones should be carried out in the following order – Fremantle, Geraldton, Bunbury and Albany, and that until the terminal facilities to serve those zones have been completed, the construction of the necessary bins at railway sidings to make the scheme State-wide should only proceed according to the ability of the commissioner of railways to transport the wheat in bulk.

5) That legislation should be enacted to provide for the protection of those vitally interested in wheat handled in bulk.

6) That the doubt which exists as to the effectiveness of a warehouse receipt in conveying title to the quantity of wheat shown in that receipt should, in the interests of all parties be removed by act of parliament.

7) That serious consideration be given to the proposals of Co-operative Bulk Handling Limited, to provide bulk handling facilities at Bunbury and Albany.

8) That permanent bins to provide for storage facilities equivalent to at least 75 per cent of receivals at country sidings are necessary.

1st July 1935
Royal Commission into Grain Storage, Handling and Transport
Commissioner - MR JC McColl

• Established 13th October 1986 by Minister for Primary Industry John Kerin

• Government concern that there was no competition, highly regulated and dominated by a small number of bulk handling, rail, port and marketing authorities

• Investigation into the high costs of the supply chain

• Commissions findings; The Australian grain industry did not meet the criteria for economic efficiency, cost effectiveness and integration
Findings & Recommendations from the Royal Commission into Grain Storage, Handling and Transport

• Growers sought improved efficiency by different means
• Marketing boards demanded the status quo remain
• Bulk Handlers supported the retention of sole receiver rights
• CBH were surprised that their efficiency was in question
• Competitive environment was a solution to institutional inefficiencies
• The need for greater competition in bulk handling services
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<th>Month</th>
<th>ASX East Coast Milling Wheat Ex-port AUD/tonne</th>
<th>KBOT hard wheat up-country Ex-Kansas AUD/tonne</th>
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<td>$260/tonne</td>
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Grain deregulation doesn't pay

ANDREW MARSHALL

15 Jul, 2015 02:00 AM  A+  A-

"Industry players clearly need to do a better job defining the benefits they offer growers"
Private or Public information?
FREEDOM FIGHTERS

GALSTAR MAXY. IT'S A STAR POST ON STEROIDS.