

THERE IS A LOT OF RUIN IN A NATION: IT IS TAKING A LONG TIME TO TURN US, THE WEALTHIEST NATION IN THE WORLD AT THE TURN OF THE CENTURY, INTO A BANANA REPUBLIC. EVEN NOW OUR ECONOMY IS STRONGER THAN THAT OF MANY COUNTRIES. BUT IT IS SHOWING THE WEAR AND TEAR OF THREE GENERATIONS OF INDUSTRIES, BUSINESSES, PROFESSIONS AND UNIONS WHO HAVE KIDDED ONE OF OUR MANY GOVERNMENTS INTO GRANTING THEM THE PRIVILEGE OF AVOIDING COMPETITION.

THE AUSTRALIAN INSTITUTE OF PUBLIC POLICY (25 MOUNT ST. PERTH) HAS PUBLISHED AN ACCOUNT OF THE PROTECTED MONOPOLIES WHICH TOGETHER MAKE UP THE GRAIN HANDLING INDUSTRY. ITS AUTHOR, DENIS HUSSEY OF 'ACIL AUSTRALIA', TELLS FARMERS THAT THE BULK HANDLING AUTHORITIES, RAIL AND PORT MONOPOLIES, AND THE WHEAT BOARD ARE KEEPING THEM POOR.

FARMERS CAN BLAME THE WEATHER, THE UNITED STATES AND THE EEC FOR HARD TIMES BUT THEY CANNOT REALLY DO ANYTHING ABOUT THESE. THEY CAN'T EVEN DO MUCH ABOUT TRADE UNIONS AND TARIFFS. BUT THEIR COSTS BETWEEN FARM GATE AND SHIPS' HOLDS COULD BE REDUCED SIGNIFICANTLY BY ESCAPING THE WEB OF REGULATIONS AND STATUTORY MONOPOLIES.

IT IS SAD TO SEE FARMER MILITANTS ACTING IRRATIONALLY - DUMPING WHEAT AT PARLIAMENT HOUSE AND MANURE AT A FERTILISER COMPANY. SUBSTITUTING ANGER FOR ARGUMENT AND SELF-PITY FOR PRIDE WILL NOT HELP THEIR CAUSE. BAD BEHAVIOUR WILL NOT STOP TARIFFS AND DUMPING DUTIES BUT WILL DAMAGE A LEGITIMATE CASE. FARMERS WON'T GAIN MUCH BY DEMANDING THINGS GOVERNMENTS CANNOT OR WILL NOT DELIVER WHILE IGNORING MATTERS WITHIN THEIR INFLUENCE.

GRAIN HANDLING AND MARKETING ARE AMONG THE FEW AREAS WHICH FARMERS COULD IMPROVE RADICALLY AND RELATIVELY QUICKLY.

IT IS TEXT-BOOK KNOWLEDGE THAT MONOPOLIES ADOPT INEFFICIENT WORK PRACTICES BECOMING OVERMANNED AND OVERCAPITALISED. WHY SHOULD THE MONOPOLIES WHICH PROVIDE FARMER SERVICES BE DIFFERENT? WHEN GRAIN PASSES THE FARM GATE IT MOVES INTO A MONOPOLISED AND REGULATED SYSTEM. BECAUSE WHEAT FARMERS ARE SMALL BEER AND HENCE PRICE TAKERS IN WORLD WIDE MARKETS, OFF-FARM COSTS ARE PASSED BACK TO THEM. FARMERS WHO DEMAND COMPETITION AMONG THOSE WHO SELL THEM FERTILISER, MACHINERY AND CHEMICALS SEEM NOT TO APPRECIATE THE POTENTIAL REWARDS FROM COMPETITION FOR THE RIGHT TO HANDLE THEIR PRODUCE.

THE AUSTRALIAN WHEAT BOARD CONTROLS ALL FOREIGN AND MOST DOMESTIC SALES. IT SETS DOMESTIC PRICES. PERMITS ARE REQUIRED FOR DIRECT GROWER-TO-BUYER SALES FOR HUMAN CONSUMPTION AND INDUSTRIAL USE. THE AWB IS THE SOLE EXPORTER OF WHEAT. IT IS SECRETIVE. AS HUSSEY SAYS:

"HOW WELL THE AWB DOES ITS JOB ON THE MAJOR EXPORT MARKET IS VERY DIFFICULT TO JUDGE. THERE ARE NO OTHER MAJOR WHEAT EXPORTERS IN AUSTRALIA FOR COMPARISON. DETAILS OF INDIVIDUAL SALES AND MAJOR LONG-TERM CONTRACTS ARE NOT MADE PUBLIC BECAUSE THE AWB CONSIDERS

THE INFORMATION TO BE COMMERCIALY CONFIDENTIAL. BUT IF IT IS PERFORMING ADEQUATELY, WHY SHOULD A MONOPOLY BE FRIGHTENED TO RELEASE THIS INFORMATION? FOR FEAR IT WILL REACH COMPETITORS WHO ARE BY DEFINITION NON-EXISTENT?"

GROWERS MUST SUPPORT STATE RAILWAY SYSTEMS. RELATIONSHIPS BETWEEN RAIL FREIGHT RATES AND RAILWAY COSTS ARE NOT KNOWN BECAUSE THE INFORMATION IS NOT MADE AVAILABLE. IN VICTORIA THE COUNTRY RAILWAYS (V-LINE) AND THE VICTORIAN FARMERS AND GRAZIERS' ASSOCIATION NEGOTIATED A FREIGHT RATE WHICH WAS SUBSEQUENTLY OVER-RULED AND SUBSTANTIALLY INCREASED BY THE MINISTER WITHOUT FURTHER NEGOTIATION.

THE CHAIRMAN OF WESTERN AUSTRALIA'S CO-OPERATIVE BULK HANDLING REFUSED TO PROVIDE ME WITH INDIVIDUAL SILO COSTS.

HOWEVER, EVEN IN THE ABSENCE OF FIGURES FROM THE MONOPOLIES THEMSELVES, THERE IS HARD EVIDENCE OF POOR PERFORMANCE. THE BUREAU OF AGRICULTURAL ECONOMICS HAS CONCLUDED THAT OVER THE SIX YEARS TO 1984--85, MARKETING COSTS FROM PRIMARY RECEIVAL POINT TO EXPORT PORT ROSE 52% IN AUSTRALIA, WHILE THEY DECLINED 18% IN THE UNITED STATES.

SOME AUSTRALIAN GRAIN-HANDLING FACILITIES HAVE MANNING LEVELS FIVE TIMES HIGHER THAN EQUIVALENT-SIZED FACILITIES IN THE UNITED STATES. IN 1984--85 THE NEW SOUTH WALES GRAIN HANDLING AUTHORITY HAD 200 WAGE EMPLOYEES AT SYDNEY AND NEWCASTLE AND EXPORTED 4.8 MILLION TONNES OF GRAIN - 24,000 TONNES PER EMPLOYEE. IN CANADA, THE ALBERTA WHEAT POOL'S VANCOUVER TERMINAL ACHIEVES 33,000 TONNES PER EMPLOYEE, AND THE PRINCE RUPERT TERMINAL AT VANCOUVER ACHIEVES 75,000 TONNES PER EMPLOYEE.

IN THE UNITED STATES, THE CARGILL TERMINAL AT HOUSTON, TEXAS, ACHIEVES 86,000 TONNES, THE CARGILL TERMINAL AT TERRE HOUT, NEW ORLEANS, 91,000 TONNES, AND THE DREYFUS TERMINAL AT PORTLAND, OREGAN, ACHIEVES 96,000 TONNES PER EMPLOYEE.

A REPRESENTATIVE OF THE GRAIN PRODUCERS OF NEW SOUTH WALES HAS STATED THAT GRAIN HANDLING AUTHORITY MANAGEMENT HAS CONCEDED UNOFFICIALLY THAT THE SYDNEY TERMINAL COULD BE RUN WITH ABOUT A THIRD OF ITS PRESENT WORK FORCE. A MANAGEMENT CONSULTANT REPORT HAS CONCLUDED THAT THE GHA HAS LAXLY ALLOWED EMPLOYEES TO RUN THE SYDNEY TERMINAL FOR THEIR OWN BENEFIT.

LABOUR COSTS ACCOUNT FOR 70% OF THE TOTAL OPERATING COSTS OF RAILWAYS IN AUSTRALIA, BUT ONLY 40% IN CANADA AND THE UNITED STATES. THE COST OF TRANSPORTING GRAIN TO END-USERS IS TWO OR THREE TIMES HIGHER ON A CENTS/TONNE/KILOMETRE BASIS THAN IN CANADA OR THE UNITED STATES.

OVER THE LAST FOUR YEARS, VICTORIA HAS IMPLEMENTED A CENTRAL RECEIVAL POINT SYSTEM TO REDUCE HANDLING AND TRANSPORT COSTS. WHEAT IS ACCUMULATED AT SUB-TERMINALS AND THEN MOVED IN LARGE BLOCK TRAINS. BOTH PROVIDERS AND USERS OF THIS SYSTEM EXPRESSED CONFIDENCE THAT LOWER COSTS WOULD RESULT, BUT IN FACT IN THE

1985--86 SEASON RAIL CHARGES THERE HAVE INCREASED 6 PER CENT. THE CHARGE TO RAIL GRAIN FROM ONE CENTRAL RECEIVAL POINT TO THE PORT IS \$14.68 PER TONNE, AND THE RAILWAY IS SUB-CONTRACTING THE CARTAGE TO ROAD HAULERS AND PAYING THEM \$7.80 PER TONNE.

A BUREAU OF AGRICULTURAL ECONOMICS ANALYSIS OF WHEAT MARKETING COSTS IN NEW SOUTH WALES RECENTLY ESTIMATED THAT DIRECT GROWER-TO-BUYER SALES WOULD SAVE GROWERS \$20 PER TONNE.

THE IAC TWICE, AND THE BUREAU OF AGRICULTURAL ECONOMICS REACHED UNEQUIVOCAL CONCLUSIONS THAT ECONOMIC BENEFITS WOULD RESULT FROM MORE COMPETITION IN GRAIN MARKETING.

WITH SUCH A SYSTEM, HOW CAN WE CRY 'WE WUZ ROBBED!' IF WE FIND AMERICA CAN AFFORD TO DUMP WHEAT IN NORTH YEMEN? WITH A SUFFICIENT NUMBER OF SUCH SYSTEMS, BANANA REPUBLICANISM IS INEVITABLE.