

STATUTORY MARKETING AUTHORITIES*Revised*  
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In their own interest, it is high time farmers took a long hard look at the organisations which handle and sell their produce after it leaves the farm gate. They have no more reason to assume that statutory marketing monopolies efficiently prosecute farmers' interests than we all have to assume that Telecom, Australia Post, the railways and the main road departments give us the best possible service at least cost. Since in each case there is no legal opportunity for alternative services to develop, we have no sure way of knowing whether the service we get is the best possible. However circumstantial evidence offers us and farmers several clues to performance that should encourage questions.

In recent times rural marketing authorities seem to be stumbling out of one hole into the next. So badly have they performed that Governments are promising to tighten the laws to prevent repetition of the scandals which have beset the industry.

The Wheat Board has been described by a Senate Committee as extremely lax in its reporting procedures. The I.A.C. is questioning whether the board's commercial procedures do have the effect of maximising wheat growers' incomes. Among other things the I.A.C. calculates that over ten years wheat growers have been subsidising Australian consumers.

The Queensland Peanut Marketing Board, in trouble to the tune of \$7.7 million has been bailed out by a low interest government loan.

The Queensland Grain Growers Association, a grower owned company, has collapsed with a deficit of about \$ 10 million. Nothing in their 1981-82 accounts warned of impending losses from currency hedging. Queensland Primary Minister, Ahearn, said the government, which is the taxpayer, quite clearly had an obligation to the 8,000 grain growers throughout Queensland.

The N.S.W. Grain Sorghum Marketing Board has collapsed with a deficit of \$ 3 million.

The N.S.W. Egg Marketing Board is taking steps to lock up poultry farmers who market eggs illegally to people who voluntarily buy them.

The Australian Meat Board was unable to prevent 'roo and horse being sold as beef in spite of common knowledge in the industry, and a warning given to the minister, Mr. Nixon, that meat inspection practices were crook.

The West Australian Lamb Board and the W.A. Grain Pool have just received very unfavourable mention in the W.A. Auditor General's annual report.

The I.A.C. reporting on the sugar industry questioned whether current marketing procedures were the best, and noted that sugar growers had subsidised Australian consumers by \$ 300 million over the past 12 years.

By the best international standards all of these industries, as far as the farm gate, are efficient in the economic sense of the word. The dairy industry is not, but even there the inefficiencies are forced on individual farmers by crazy marketing arrangements, particularly within some states. The I.A.C. and the Bureau of Agricultural Economics time and again have pointed to the stupidity of producing milk for sale on international markets below growers' costs.

The Dairy Corporation like the Wheat Board has been in trouble with the Senate over its accounts. The Commonwealth Auditor General has criticised it for the uses to which it put growers' funds. Asia Dairy Industries, a wholly owned subsidiary of the corporation, doesn't seem to be able to keep out of trouble: the latest being an accusation that it is being ripped off for \$ 13 million by its Indonesian partner Indomilk. Recently Mr. Ferguson for the N.S.W. producers, and Mr. Pyle for the Victorians have been disagreeing over whether the Sydney whole milk market should be supplied by the more efficient Victorians or by the N.S.W. farmers whose costs are kept high by N.S.W. milk quota arrangements.

The question most asked is whether statutory authorities are adequately accountable to the various Australian parliaments. That question is important, but an even more important question is whether marketing authorities are competent to oversee the marketing of most Australian rural produce. It was an alternative buyer, offering a better price, to which the board members themselves sold, that brought the N.S.W. Sorghum Board down, but in the other cases growers wishing to evaluate their board, can weigh only less tangible evidence than price. Among other things they should ask whether organisations which get into trouble are smart enough to

be given a monopoly to sell their produce, and they should ask whether I.A.C. and B.A.E criticisms of the marketing systems are not made in the interests of farmers themselves. The detailed and irrational rules which control the dairy, wheat and sugar industries are not so evident in the more competitive meat and wool industries.

Ian Wearing, executive officer of the Wheat Growers Federation, estimates that the costs attaching to a tonne of wheat between farm gate and foreign port are as great as those within the gate. Farmers have as big an interest in efficient selling and handling as they have in on-farm costs, but they take the system on trust.

Farmers once set out to eliminate middle men in the belief that they could capture the middle man's margin for themselves. But between farm gate and consumer, middle men perform necessary services and all farmers have done is substitute their own middle men for the "rapacious" merchants whom they saw as the cause of poor prices. Now the inefficiencies of the statutory monopolies may be far more costly than the merchants' margins.

Farmers elect some of the most competent, successful and altruistic of their number to the boards of marketing and handling authorities. They are on the whole exceptionally fine men. But that is not the point. The point is can a monopoly protected from competition by law remain efficient. If the statutory authorities are efficient they should welcome competition, which alone can demonstrate their prowess. The farmers' representatives on the boards ought not to be so defensive when people like the I.A.C. suggest what they see as better ways of serving farmers. Who will say that individual farmers aren't smart enough to choose wisely markets that suit their individual circumstances best, but are smart enough to elect growers' representatives?

More legislated accountability may stop a few petty scandals but it won't make the marketing authorities efficient;- only competition will do that.