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SUNDAY INDEPENDANT

GRAIN HANDLING

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Australian wheat farmers are among the world's most technically efficient. However, after the Great Depression, when they blamed the wheat merchants for the very low prices, they became paranoid about the possibility that middle men might gain an advantage over them. This excessive timidity led them to establish collective arrangements to look after their produce once it passed beyond their farms. Insulated from the wheat market they have become excessively conservative, ignorant of their own self-interest and gullible. They have ensured that foreign wheat farmers did gain an advantage over them!

In spite of, or even because of, the Wheat Board, the railways and bulk handling authorities, the farmers' price of wheat has fallen dramatically from the early post war years so that it is now about two and a penny a bushel in 1932 money - about the same as it was then, at the bottom of the depression.

Farmers are now starting to ask whether handling, storage, transport and marketing procedures are in their best interests. The Wheat Growers Federation has been niggling away at the Wheat Board, bulk handling authorities and railways and pressure for faster change has spawned a new organisation - Graingrowers of Australia Ltd.

After fifty years during which the number of wheat farmers has declined from 80,000 to 47,000 those relatively few Australians who now produce grain have a considerable natural comparative advantage over their foreign competitors. However they suffer the great unnatural disadvantage of producing in an economy which employs very high tariffs, import quotas and other barriers to trade. These cost wheat farmers about \$37 per tonne of wheat worth about \$150 at the port.

Seventy per cent of Australia's wheat goes into one big amorphous grade called Australian Standard White (ASW), even though there are big differences in the characteristics such as protein content, millability and baking strength. Despite big differences in their economic value, these different wheats return the same price to growers. Because growers are given no financial incentive to deliver wheat which is superior to the minimum standard they don't minimise contamination by weed seeds, raise protein with fertiliser, or match the very different wheats produced to different end uses. Just as serious are the laws which prevent them from growing varieties to suit the ever variable seasons, soils and end uses. Inability to garner all the possible reward of matching product to end use has to be costing them at least \$10 per tonne - probably much more.

Some of the more promising wheat varieties from the farmers' point of view have been banned. Growers in central and southern NSW have been calling for an early sowing wheat variety for years, but the network of tired, old committees has stifled any progress. Not surprisingly a number of farmers grow 'illegal' varieties.

In the Riverina the cost of protecting the railway monopoly is as high as \$13 per tonne. At Wongan Hills this is around \$6.00 per tonne. The Bureau of Agricultural Economics has estimated the cost of preserving the Bulk Handling monopoly at \$4.00/tonne and the cost of uncompetitive tugs, tug crews, stevedores and ports must be a further two dollars.

All together these unnatural burdens add up to \$56/tonne while the farm gate price of wheat is only about \$115/tonne. The super phosphate subsidy so often cited as evidence that farmers too are protected is worth about fifty cents per tonne of wheat. It is remarkable that grain farmers have for so long, with such docility, accepted, even encouraged, their own fleecing. Growers representatives on all the various boards have been bell wethers.