

Information flow critical for full benefits of deregulation

By ProFarmer Australia

The new Minister for Agriculture, Tony Burke, toured WA recently gathering information on the grain industry and meeting the movers and shakers.

Those who met the Minister were universally impressed by his intelligence and interest in his portfolio. He is a student of market economics and is well aware of the key issues that need to be dealt with as the new export wheat marketing system is introduced.

Apparently the new Minister is well versed in the threat of regional monopolies, forming from state-based shippers and handlers (S&Hs), throwing their weight around following the move to an export licensing system. This will most likely be the next battleground for those seeking a liberal marketplace.

While the issue of regional monopolies has bubbled under the surface for a few

ProFarmer perspective...

- Some will argue that we need to collect information on export sales (in the US, it is mandatory for exporters to supply this information).
- At this stage, we would argue that the informal network (brokers and other traders, and so on) will see that this information gets to the market.

years (exporters of non-wheat grains in WA regularly air dissatisfaction with their treatment at the hands of CBH), with the opening of the export wheat market, the size of the prize has grown significantly.

For example, in any one year, WA alone could control 10 per cent of the global wheat export market.

Hopefully the issue of regional monopolies will be solved via the market. Unless S&H companies supply equitable access to S&H infrastructure, they run the risk that either the grower or other exporters build their own S&H infrastructure. There is already a precedent for this on the east coast. But it may take the market a few years to resolve this as the incumbent S&Hs begrudgingly change the way they operate to cater for the new environment.

Huge on-farm silo demand

In WA, silo makers are going full tilt trying to keep up with demand. One company that we spoke to reckons it would need to employ 10-times the number of staff to deal with potential demand. They are building 70 tonne and 110 tonne silos, with larger silos in the planning stage. A

...26 ▷

EL 853 SINGLE DISC OPENER...



New release into the Australian market with years of proven performance in South America and North America. Ideal for seeding and fertilising into heavy trash cover and clayish, sticky soils. Excellent ground penetration in tight soils. Frames to suit 9", 10", 12", 13" and 15" row spacings. Easy access to row units.

- ✓ Awesome prices without compromising performance-
- ✓ 40ft linkage machines @ 13 1/3" row spacings from \$64,050.00 + gst
- ✓ Row Units @ \$1400ea + gst



EXCEL Agriculture

Excellent product. Excellent service.

Zero & Minimum Tillage STUBBLE WARRIOR PLANTERS...



- ✓ SP 200 can be fitted with JD boxes
- ✓ Single pass seeding and fertilising
- ✓ Profitable zero tillage planting solutions
- ✓ Precise ground following ability with a true parallelogram design
- ✓ Combination of winter and summer planting machinery
- ✓ Machine adaptability to emerging agronomic advances

- ✓ A trailing, linkage or quad-lift machine configuration built to your specific requirements
- ✓ Interchangeable disc opener and tyne tooling options
- ✓ Robust low maintenance design
- ✓ Quality in design, manufacture and service

74 to 92 Buckland Street
Toowoomba Qld 4350

PH: 07 4636 9100, FAX: 07 4636 9140
www.excelagr.com.au

Brian Moran 0427 722 925
Brian Legg 0427 293 653 (Vic/SA)

A DIVISION OF
 GREAT WESTERN
CORPORATION P.L.

<25...INFORMATION FLOW CRITICAL

number of exporters are doing deals directly with growers to store grain on-farm or in silo bags for direct delivery for export.

Another key issue is how the S&Hs deal with conflicts of interest between their trading and S&H arms. In WA, CBH has a huge organisational issue to deal with here. On the one hand, they are supposed to be a co-operative supplying S&H services to their members, while on the other, they have a huge opportunity to capture a big slice of the global export grain market.

Do they encourage competition for their members' grain by providing a level playing field for exporters so that the best exporter can win out, or do they try to use their competitive advantage to corner the export market?

How do they practically deal with issues such as:

- A customer wants to buy grain – do they sell the customer pooled grain or does the trading arm get the sale? (sure, they will claim Chinese walls but is anyone satisfied that these are effective?); and,
- An exporter wants to load a vessel but so too does CBH – who takes precedence?

"Business success starts with recruiting and retaining the best employees."

These are the questions that need to be answered!

- ▲ Having difficulty filling permanent vacancies for many months?
- ▲ Have you had to lower your standards to fill permanent vacancies?
- ▲ Spending a lot of time and money trying to recruit new employees?
- ▲ High staff turnover is an operational problem?
- ▲ Unreliability in terms of attendance and performance is an issue in your business?
- ▲ The absence of quality labour is significantly impacting on your profitability?

If you have answered 'YES' to the majority of these questions – you need to talk with us

Workforce Partners
Solving your workforce challenges

Contact – Peter McCleary at
peter@workforcepartners.com.au or
on 07 4698 7325 / 0428 412 613 or

Contact – Barb Grey at
barb@workforcepartners.com.au or
on 02 6753 2704 / 0427 448 712

We are part of a new and well-experienced recruiting company that understands your issues and offers genuine solutions

**"2007 INNOVATIVE
COTTON GROWER OF THE YEAR"**



As we enter a new grain marketing era, questions remain as to how state-based shippers and handlers manage infrastructure and grain market information – or will growers become more proactive?

THE GAME HAS CHANGED

One topic that needs further debate – and is a sub-set of the regional monopoly issue – how do we ensure that there is fair and equitable information flow across the supply chain to facilitate informed decision-making?

In the old environment, AWB used to have oversight over the grain held in pools across S&H systems. They used to supply this information to buyers to facilitate trade. They used to have perfect knowledge over exports and the amount, location and quality of pool stocks. Using this information, they could make informed decisions on behalf of growers.

Dealing with the information inequity

In the new environment, more and more decision making will fall back to individual growers. Information on the Australian crop, exports and stocks will be much more fragmented. Unless the industry puts procedures in place to ensure efficient and equitable transfer of information back to industry participants, the lack of information may restrict trade.

As it currently stands, S&Hs have privileged access to information within their region of control. It is not in the growers interest to restrict access to information to any one party.

The Australian Bureau of Statistics

(ABS), or some equivalent organisation, needs to broaden the information services it provides the industry. Currently, ABS supplies very limited information on exports and stocks, which is a hangover from the monopoly days when this information was thought to be sacred.

This type of information is collected for many other agricultural industries, and systems of collection are well developed and relatively simple.

ABS should collect and widely disseminate monthly exports of each major grade of grain – split between bulk/container and bag, port of export and port of destination.

Similarly, stocks information should be collected from the S&H companies for each major grade of grain by port zone.

The S&H companies will claim that they are restricted by confidentiality aspects of the contracts that they sign with growers; however, there should be no restriction on supplying information aggregated above the level of an individual grower (they already do on a national basis).

ABS could look to conduct a quarterly survey of stocks held on farm with a census held periodically.

Over time, the industry will work out rules of thumb to estimate stocks on farm. These figures can be used to reconcile production information and keep the industry informed on the supply side. ■