

WHERE DO WE GO FROM HERE?
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Western Australian grain producers are given a choice

Many of you might recall that earlier this year I was invited to Australia by the Pastoralists and Grazers Association (PGA) to give a presentation regarding the Canadian Wheat Board (CWB) monopoly and the prairie farmers who were jailed for selling their own wheat and barley into the United States. While there, I also had an opportunity to spend time visiting with Australian farmers, enjoying their tremendous hospitality, and learning that the problems they were experiencing are similar to those we face in Western Canada.

Like their Canadian counterpart, the Australian producer experiences frustration when dealing with their government controlled Wheat Board. And like the CWB does in western Canada, the Australian Wheat Board (AWB) defends its right to maintain a monopoly on wheat and barley exports.

In a recent letter, PGA Policy Director Damian Capp reports that Western Australia (W.A.) has enjoyed a tremendous growing season and their harvest is now under way. They expect to yield approximately 14 million metric tonnes of all grains: wheat, lupines, canola and barley. Following last year's drought, their harvest amounted to about 5.3 million tonnes so this has been a tremendous turnaround for them.

"What is really significant this harvest is that in W.A. we are operating under a new Grain Marketing Act," says Damian. "This Act covers barley, Canola, and lupins and a Grain Licensing Authority has been set up to administer the Act. The Authority has the power to issue bulk export licenses other than the government statutory authority which runs the compulsory pools"

He goes on to report that, so far, licenses have been issued for about 430,000 tonnes of feed barley and smaller tonnages of canola (48,000 tonnes) and lupins (20,000 tonnes). "What we have seen is a rally in the cash market for feed barley as growers have been able to take advantage of having 4 or 5 different exporters bidding up the daily price for feed barley. The Grain Pool of W.A. (the statutory marketer) and the farmer group here that supports the monopoly have been squealing like a bunch of girls but the farmers have not been complaining. They have been very quick to adapt and are happy to sell for cash rather than to wait 18 months for their final payments from the pools", he says.

To put the tonnage into perspective, they expect between 1.5 million and 1.8 million tonnes of feed barley to be harvested. With licenses having been issued for over 400,000 tonnes, this means about 25 percent of the expected total has been granted to alternative exporters to bid on. They expect about 540,000 tonnes of canola and maybe 500,000 tonnes of lupines, and are hopeful that more licenses will be issued for those crops this harvest.

"The important thing about these developments is that the opponents of de-regulation have made predictions of poor financial returns and destabilization for the grain industry – and none of that is happening. The statutory marketer is now starting to realise that the game is up and they will have to restructure their own operations in order to compete", Damian concludes.

Farmers in Ontario have not had to apply to the CWB for a license to export their own grain for some time. In fact, I have personally driven trucks loaded with grain across the US border at Windsor to be delivered to a pancake mill in Michigan - without a problem. For doing the same

thing in Manitoba, Saskatchewan or Alberta, I would have ended up in jail. Somehow it just does not seem right that a Canadian law is not applied uniformly across the country.

With Alberta's Agriculture Minister, Shirley McLean, advocating a 10-year open-market test, perhaps it's time for the three prairie Ag ministers to begin working together. The first thing they might do is take Paul Martin and Ralph Goodale on a fact finding mission to Australia.

Ken Dillen

Ken Dillen sits on the Board of Directors of the Prairie Centre Policy Institute. "Where Do We Go From Here?" is a feature service of the Prairie Centre.