

Taking apart Australia's last single desk

Louise Staley

After more than two decades of economic reform there were few truly egregious examples of government sanctioned protection left to greet the incoming Rudd Government. Perhaps the most outstanding was the monopoly granted to a publicly listed company to control the entire sale of one of Australia's largest export industries—wheat. It is to the government's great credit that this monopoly has at last been dismantled.

The Institute of Public Affairs has been at the forefront of arguing for the removal of restrictions on export wheat, and other commodities for many years. As former executive director Mike Nahan noted in his farewell *IPA Review* editorial in June 2005, the IPA

has led the debate on just about every issue, including tariff cuts and free trade, ... deregulation of the electricity, air transport, rail, port, coastal shipping, telecommunication, wheat, barley, and milk industries. The IPA has always done the hard yards. It could never be accused of joining a race near the end. It always leads from the front. It has never shirked a debate.

Following the food for oil bribery scandal and the revelations of the Cole Inquiry the position of AWB as the holder of the single desk monopoly export licence for wheat became untenable. The Howard government made some tentative reforms to free up the export of wheat in containers and to allow the issuing of a limited number of bulk export permits. However, at every step of the way, the coalition partners, the Nationals, fought any reform. The Nationals, having narrowed their identity from a broad based country party to being defenders of the single desk as their main differentiating policy platform, were skewered like a lamb kebab of their own making—to support reform was politically unacceptable to their core support base but to reject reform increasingly positioned them as out of touch with broader community concerns over the bribery scandal.

Despite the poor climate for wheat liberalisation, the IPA kept chipping away at putting the case for reform. Between 2006 and 2008 the IPA

Louise Staley is Director, Food and Environment Unit, at the Institute of Public Affairs.



published opinion pieces, newsletters and briefing papers calling for the abolition of the single desk. The current executive director, John Roskam, summed up the IPA's position in November 2006—'there's not much to be gained by the federal government delaying a decision that should have been made years ago. There will be howls of outrage, regardless of whether the single desk is abolished next week, next year, or next century.'

The election of the Rudd government provided a fresh impetus for reform of wheat marketing and a heightened sense by the many long-time opponents of the single desk that their sometimes decades-long campaigns were coming to an end. Even the holder of the single desk, AWB, came to the conclusion it was the end of its monopoly. Yet the obstacles to meaningful reform remained. The coalition still controlled the Senate and the supporters of the single desk were becoming increasingly shrill.

In March 2008 the agriculture minister, Tony Burke, introduced legislation to abolish the single desk and replace it with a licensing regime. Immediately, opponents of reform demanded a poll of growers to decide the issue. Once again, single desk supporters, and the Nationals, appeared to have little understanding or regard for democracy. The Rudd government had gone to the election promising to deregulate wheat marketing so could claim a mandate. Still the minority was vociferous and every other government had crumbled on this issue.

Labor's draft legislation was sent off to a Senate committee for review. The final Senate committee report supported the bills but unsurprisingly also produced a dissenting report from the Nationals clinging to the old system. The IPA made a substantial submission to the committee in support of the deregulation of wheat export marketing. However we noted that the draft bills fell short of full deregulation.

The IPA's submission and other IPA publications on wheat deregulation were cited nearly a dozen times in the final Senate Committee Review report, more than any other submission. The data provided to the parliament through the IPA's submission, and the earlier briefing paper, were also cited during debate on the bills.

It may have taken over twenty years from when John Hyde started including the single desk in his analysis of policy settings hurting country towns to its final abolition, but Australian farmers, and the Australian economy, will benefit from the abolition of the last single desk for decades to come.

R