

Australian Barley and the Single Desk

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The Australian barley sector was, at one time, as highly regulated as in Canada with single desk selling for domestic and export sales. The Australian Barley Board (ABB) was established in 1939 to coordinate the acquisition and marketing of all barley produced in Australia. Changes in regulations have occurred over the years since 1942, varying between states.

Domestic barley marketing is fully deregulated throughout Australia. The ABB was transformed into a private grower owned corporation in 1999 and continues to be one of the options through which growers can market their barley while maintaining a single desk for export only in the state of South Australia (currently under review).

ABB Grain Ltd. www.abb.com.au

- ABB Grain has evolved into a commercial enterprise that is one of the world's largest exporters of malting barley, a significant exporter of feed barley and a major trader of wheat and sorghum.
- ABB Grain buys grain including oats, canola, triticale, pulses, cottonseed, and other agricultural commodities from all of the grain growing regions in Australia and New Zealand.
- ABB's network of field services covers mainland Australia, with field offices located in the five major grain growing states.
- ABB Grain Ltd. owns country silos and export terminals, and is involved in the development of a deep-sea port in South Australia.
- ABB operates the largest malting network in Australia. Its malting division, trading as Joe White Maltings Limited, supplies malt to most of the major brewing groups throughout Asia and is the largest supplier to Australian malthouses.
- ABB Grain's fertilizer division sells fertilizer in four states, with facilities located at key ports and country locations.

The Single Desk

- Single desk selling of export barley currently exists only in South Australia and to a lesser extent, in Western Australia.
- Western Australia has an export single desk for barley, lupins and canola but separates regulatory and marketing functions. The Grain Licensing Authority (GLA) issues bulk export licenses for barley, lupins and canola. Grain Pool Pty Ltd. (GPPL) is the single desk marketer and receives the majority of export licenses. The GLA also grants special export licenses to companies outside of the single desk to provide contestability in the market.
- Western Australian legislation includes a clause to end the single desk for barley, lupins and canola at the same time as Australia's wheat single desk is removed.
- In South Australia, ABB Grain Export Ltd., a wholly owned subsidiary of ABB Grain Ltd., is the only agent licensed to export barley from the state. An industry working-group – the South Australia Barley Marketing Working Group – submitted its report to the government of South

For further information (or to suggest topics for future information sheets), contact:

Alberta Grain Commission: (780) 427-7329

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Alberta Agriculture Food and Rural Development, Edmonton

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Australia in December 2006 recommending that the barley single desk be abolished and replaced initially by a grains licensing authority with full deregulation after a three-year period. The South Australia government is currently considering the recommendations.

- Victoria removed all restrictions on domestic and export barley sales in 2001. Since the reforms, Victoria has seen benefits from deregulation in the form of grower choice, investment, innovation and marketing.

The State of Victoria Department of Treasury and Finance noted the following regarding the end of single desk marketing of barley:

“The independent legislation review found that the existing arrangements enabled ABB to extract a higher price on the domestic market and that the restrictions of competition led to a net community cost (estimated to be \$8.5 million a year). In response to this review, the Victorian Government removed all restrictions on the sale, delivery and purchase of barley for domestic stockfeed purposes in 1999-2000. This single export desk was removed for grain harvested after the 2000-01 season.

Since the reforms, benefits from deregulation have become evident in grower choice, investment, innovation and marketing.

The reforms concentrated on providing choice to growers, so they can take advantage of changes in the domestic and export markets. This enables growers to shop for the best deal when they sell barley; it includes the option of trading grain through ABB Grain Export Ltd. In addition, growers now have greater choice in managing risk. This includes the ability of growers and exporters to negotiate forward contracts. Deregulation also allows for new competitors and innovation in related services such as financing for growers.

Deregulation has led to increased investment by growers in on-farm storage and segmentation to take advantage of niche market opportunities (for example, specialized types of malting barley and grain certified as organically grown).”

The Australian Barley Industry

- Australia produces 6.6 million metric tonnes (mmt) per year of two-row barley, with 2.5mmt of malting barley and 4.1mmt of feed barley.
- Australia has a 38 percent selection rate for malt.
- The domestic malting industry uses 850,000 tonnes of barley and domestic feed use is 2 mmt.
- 65 percent of barley is exported - 1.65 mmt of malt and 2.1 mmt of feed.
- Australia has 32 percent of the world malting barley trade and 20 percent of the feed barley trade as well as 5 percent of annual global production.

(Source: Barley Australia, an independent, non-profit industry association established in 2005 www.barleyaustralia.com.au)

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