

A very peculiar privatisation: the restructuring of the Australian Wheat Board

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On 1 July 1999 the Australian Wheat Board was privatised to become the grower-owned AWB Limited. The export monopoly powers of the old Board were vested in the new Wheat Export Authority but AWB Limited retained an effective veto over wheat exports by competitors. The decision to privatise the Board was consistent with the general direction of government policy since the Hawke-Keating years which involved the introduction of competition policy principles into areas that had previously been regulated. However, the actual privatisation of the Australian Wheat Board was anything but consistent with the processes usually followed in such privatisations. This paper will discuss the features of the privatisation process that make it stand out as a special case. Based on access to internal Grains Council of Australia documents and interviews with key players in the debate, the paper highlights a number of areas of divergence which suggest that the privatisation of the Australian Wheat Board was undertaken with very little reference to broader government policy on deregulation and competition.

On 1 July 1999, the Australian Wheat Board, which had marketed Australian wheat for over 50 years, ceased to exist, replaced by a privatised entity, AWB Limited, owned by Australian grain growers¹. The Australian Wheat Board's monopoly over the export of wheat was transferred to a new government body, the Wheat Export Authority, and the management of the national 'pool' for export wheat was taken on by a subsidiary of AWB Limited, AWB International Limited. In August 2001, AWB Limited was listed on the Australian Stock Exchange. On the face of it, the privatisation of a government body like the Australian Wheat Board in the late 1990s was not a surprising development as it was one in a long line of government entities privatised by the Hawke, Keating and Howard governments. However, the process which led to the privatisation was highly unusual, as was the outcome, particularly the effective retention by the privatised body of a monopoly on wheat export, the so-called 'single desk'.

Australia's privatisation program: the usual practice

Since the 1980s, privatisation in its various forms has been part of the Australian governments' policy toolkits. While the political goals underpinning privatisation may have differed, with Labor arguably driven by economic imperatives and the Coalition more ideologically inclined towards private ownership (Aulich and O'Flynn, 2007), the outcome has been the divestment of a number of iconic Australian public enterprises while others were restructured to operate on a more commercial basis. Under Labor, those enterprises which had important community service obligations or which were operating in environments which were not contestable, remained in public ownership. Statutory marketing authorities were not

¹ In order to avoid confusion between the statutory authority and the privatised entity, this paper applies the following usage (except in quoted material in which the form of the original has been preserved): when referring to the pre-1999 statutory authority, the terms 'the Australian Wheat Board' or 'the Wheat Board' is employed. For the post-1999 situation 'AWB Limited' is used.

immune from this broad program of micro-economic reform and were important targets for governments seeking improved performance through competition. There was also a policy objective of encouraging industry itself to assume a stronger position in managing its own affairs. In the case of the Australian Wheat Board, this self-management was taken to the extreme of leaving industry essentially to manage its own privatisation.

Having divested more than AUD\$80 billion of assets and enterprises over the past two decades (Aulich & O'Flynn, 2007), Australian governments have developed protocols for managing divestments. Typically, decisions to divest would involve a brief to Cabinet from the Department of Finance and Administration (DoFA) which would argue the case and advise on the management of any community service obligations or public interest matters involved, including any mechanisms for regulatory oversight subsequent to the divestment. Once governments decided to divest, the general practice has been for the Department of Finance and Administration (DoFA) to take the lead in the divestment process in collaboration with the portfolio department involved. This responsibility for DoFA would have been discharged variously by the Task Force on Asset Sales, Office of Assets Sales and Information Technology Outsourcing (OASITO) or the Asset Management Group. Drafting instructions would have been jointly managed by DoFA and the portfolio department with steerage provided by the portfolio minister.

Typically these processes would have culminated in decisions about how to manage any proceeds which might flow from the divestment and determinations about the actual divestment process to be used, for example trade sale, share float or sale by tender. Presumably, Cabinet would also consider the case in relation to other policy constraints or directions, for example, congruence with the national competition policy or the like. Labor certainly had clear principles that the environment in which the privatised entity would operate would need to be contestable and that public monopolies would be unlikely to be divested as private monopolies. For these reasons, enterprises such as Telstra, Australia Post and Medibank Private remained in public ownership, albeit operating more commercially, while the Commonwealth Bank and Qantas, for example, were privatised to operate in a contestable environment. Statutory marketing bodies, by and large, were commercialised and corporatised rather than privatised under Labor.

Coalition governments were also concerned about competition and choice and the majority of divestments during the past decade have also been mindful of the state of the market into which the privatised entities were now to operate.

A special case?: reforming wheat marketing

The Australian Wheat Board privatisation was quite different from this model. After nearly half a century of government intervention in wheat marketing and some small incremental moves in the direction of deregulation, Labor took more significant steps in reforming wheat marketing by commercialising the Australian Wheat Board in line with changes to other statutory marketing boards². The 1986 White Paper (*Reform of*

² For more detailed discussion on the evolution of wheat marketing from 1948 onwards, see Cockfield and Botterill, (2007 forthcoming).

the Commonwealth Primary Industry Statutory Marketing Authorities: A Government Policy Statement) was to be the blueprint for the future direction of statutory marketing, but even at this stage, wheat marketing was treated differently from the marketing of other primary products. This was acknowledged by Minister Kerin in his second reading speech to introduce the changes, when he declared that that the Australian Wheat Board was to be given:

A greater level of responsibility ... but with this the board has been given more autonomy to act in an independent commercial way ... there will be less direct ministerial involvement ... and there will be a greater level of formal accountability by the board to the industry (Kerin 1986).

This approach of providing stronger ownership of the Board by growers stood in contrast with the government's goals of 'remov[ing] unnecessary regulation so as to encourage efficiency ... efficiency is the real issue, not private or public ownership' (Walsh, 1986). The structure of the new Board also conflicted with the White Paper which had recommended that on marketing boards, 'all members [be] selected on merit ... with members serving the corporate interests of the organisation' (Walsh, 1986). The AWB was, in effect, dominated by grower interests.

A further shift in policy approach followed the Industries Assistance Commission review of the wheat industry in 1988 (IAC 1988) and the Royal Commission on Grain Storage, Handling and Transport in the same year. The government's response to the IAC report was consistent with its agenda of deregulation and the *Wheat Marketing Act 1989* ended the Australian Wheat Board's monopoly over the sale of Australian wheat on the domestic market and also ended the guaranteed minimum price which had been an important part of the system.

However, Labor's initial legislation for deregulation of the wheat monopoly was opposed by the Board, by wheat industry organisations and eventually by the National Party, the latter creating a serious rift in the non-Labor opposition coalition. After a number of amendments, a diluted version of the proposed wheat marketing scheme passed the parliament. Under this scheme, a reconstituted Australian Wheat Board retained its wheat export monopoly and was given extended commercial powers to enable it to compete in a deregulated domestic market (Wettenhall and Beckett, 1992: 197). The grains industry had negotiated for itself an exception to the government's policy to enhance competition through deregulation.

Towards privatisation

By 1990 it was clear that the pressure for change to the marketing arrangements for wheat was not over. In 1991 the Grains Council of Australia (GCA), a commodity council of the National Farmers Federation, held its *Grains 2000* conference as the first step in an industry strategic planning process. The impetus for the Conference was a perception among industry leaders that if the grains industry did not take control of its own future, it would be subject to potentially undesirable change. This was partly a reaction to the 1989 changes to domestic grain marketing arrangements which had occurred in the face of opposition from the industry. Following the conference the industry, through the Grains Research and Development Corporation (GRDC), invested several million dollars in the establishment of a series of Strategic

Planning Units one of which was tasked with managing the strategic planning process in relation to milling wheat, a discussion dominated by consideration of the future structure of the Australian Wheat Board (Grains Council of Australia, 1994: 15).

The GRDC commissioned consultants Booz Allen and Hamilton to undertake a study to assist strategic planning. Importantly, the consultants were of the view that any benefit from the export single desk was unlikely to remain once Uruguay Round reforms took hold and recommended that the issue of export deregulation be kept under review. In briefing their Minister on the consultants' report, the Department of Primary Industries and Energy was careful to point out that the consultants' report was targeted at growers and did not take account of the costs or benefits of the single desk to the broader community – the test that would apply under the National Competition Policy which had been agreed in 1993.

Industry anxiety about the sustainability of the Wheat Board's role and structure was raised by a number of concurrent policy developments; namely, the Hilmer Report on national competition policy, trade negotiations underway in the Uruguay Round and the impending termination of the government guarantee on borrowings by the Australian Wheat Board. These borrowings were necessary for the purposes of funding the first advance payment to growers on deliveries of wheat to the national pool. In introducing the 1989 legislation, the Minister for Primary Industries and Energy had indicated that the government guarantee on Wheat Board borrowings would be progressively reduced and be subject to review within five years (Kerin, 1989: 1614). Reductions in the government guarantee were to be partly offset by a levies-based Wheat Industry Fund (WIF), set up in order to provide the industry with a capital base for 'commercial undertakings, including cash purchases; making advance payments above the level provided through the Australian Wheat Board borrowing guarantee; and providing insurance on credit sales' (Kerin, 1989: 1614). In 1992 the WIF levy was extended until 1998-99 by which time it was 'estimated that the fund will have reached a level sufficient for the Wheat Board to make advance payments without the government guarantee' (Crean, 1992: 2153).

Following delivery of the Booz Allen report to industry in 1995, a Working Group was established comprising the GCA, the Australian Wheat Board and the Department of Primary Industries and Energy. The Working Group was given the task of 'developing a paper on the options for a future structure and operation of the Australian Wheat Board to be considered by the [Grains] Council's State affiliates'. The Grains Council's objectives were clear from the outset: 'We will need to design a structure that preserves the AWB's single desk wheat exporter seller status and ensures grower ownership, yet enables the AWB greater commercial freedom and focus' (Grains Council of Australia, 1995c). Within the Working Group, differing positions quickly emerged. The Australian Wheat Board was keen to privatise while the Grains Council was more sceptical and more inclined to consider various corporatisation options.

Between April and September 1995 the Working Party worked on an options paper to form the basis of grower consultations. An abridged version of the options paper was produced entitled *Deciding our future: the structure of the AWB* which was mailed to around 40,000 growers. This paper was sent out as background to a series of grower meetings which were held across the wheat belt in September and October 1995. The

paper gave short shrift to the re-regulation and deregulation options and explicitly stated that the GCA had identified a number of key objectives for the new structure. These were:

- Retention of the AWB's single desk
- An adequate capital base to ensure a strong commercial entity with the ability to maintain adequate first advance payments
- A commercial structure which reflects market signals, provides commercial flexibility and maximises returns to growers
- Grower control and/or ownership of the AWB with the ability for growers to access their equity in the AWB
- Industry self-determination, and certainty and efficiency in structural arrangements (Grains Council of Australia 1995a).

The paper reiterated the Grains Council's concern that industry needed to take control over its own future rather than having it imposed by government, arguing that 'Rather than face the uncertainty of enforced change, it is preferable for industry to take the initiative' (Grains Council of Australia, 1995a). Again industry preference was expressed, as the paper argued that

Taking the initiative now on the challenges facing the AWB is the best way to promote those things we regard as most important, such as the single desk and grower control of the AWB (Grains Council of Australia, 1995a).

In September and October 1995, 22 grower meetings were held across the five mainland wheat growing states. Each meeting lasted for three hours with an introduction by a representative of the local grains industry followed by presentations from Ian Macfarlane, President of the GCA, and Trevor Flugge, Chairman of the Australian Wheat Board. It was agreed in advance of the meetings that, while the Wheat Board would present its preferred position, the Grains Council would outline the various options but argue that the decision rested with the growers. The Wheat Board's preferred position was for the Board to be privatised but to retain its export monopoly. The presentations by Flugge and Macfarlane were followed by a lengthy question and answer session from the floor and these discussions became quite heated at times, particularly as individual growers questioned the need for change.

The 22 meetings were taped and the resulting sixty-six hours of tapes were then analysed by the Grains Council to identify and distil the key issues of concern to the growers present at the meetings. In addition, a brief questionnaire was also prepared which was circulated at the meetings and was also available to growers who did not attend the meetings. Consideration of 850 grower survey forms that were completed and analysis of the issues raised at the meetings resulted in the allocation of priorities between the objectives identified by the GCA in its discussion paper. The retention of the single desk was identified as the top priority with grower control and/or ownership next. Growers added their own objectives to the survey forms and the most common additions related to the composition of the Board of the new entity and the nature of grower control, particularly with respect to preventing non-grower control and the avoidance of foreign involvement. The analysis of the questions raised from the floor during the meetings reinforced the focus of grower concern on the single desk with 113 questions out of a total 390 relating to its retention. The next greatest concern

was grower control (69 questions) with a third of these relating to concerns about the tradability of shares and the potential for takeover by non-growers (Grains Council of Australia, 1995b).

Following the round of grower meetings the differences within the Working Party became clearer. The GCA was concerned that the Australian Wheat Board was understating the potential impact of National Competition Policy on the restructure process. The concern was that a privatised company with a statutory monopoly would not survive a National Competition Policy legislative review. Macfarlane told the October 1995 meeting of the GCA Executive that 'the Minister, the Shadow Minister and DPIE all question whether the preferred option of the AWB would satisfy the Competition Council' (Grains Council of Australia, 1995b). This concern was reflected in a February 1996 draft of an Issues Paper on the restructure in which it was noted that

Mr John Anderson, Shadow Minister for Primary Industries and Energy, had indicated that a private company listed on the share market may not be granted the single export desk power by a Coalition government (Grains Council of Australia, 1996b: 10).

In late 1995, while the Australian Wheat Board continued to refine a two-stage privatisation process, eventually known as the 'transitional model' the Grains Council began work on a novel corporatisation model which gave growers 51% control of the restructured body but left the government with a particular role in relation to the management of the single desk. The '51% Option' as it became known was referred to DPIE for comment and was rejected in the basis of advice from the Attorney-General's Department in relation to the majority grower control. The Wheat Board continued to pursue its preferred option within the Working Group, expressing concern that the 51% option did not protect the single desk arrangement adequately.

In February 1996 the Grains Council still remained unconvinced by the AWB's model. An Executive teleconference on 2 February decided 'That the GCA not endorse the transitional model as an appropriate model for restructuring the AWB at this stage' (Grains Council of Australia, 1996a). This meeting also agreed the Council's lobbying strategy in the lead-up to the 1996 Federal Election which was to gain commitments from both sides of politics regarding the future of the single desk. This was achieved with both Labor and the Coalition agreeing that any National Competition Policy review of the *Wheat Marketing Act 1989* would not take place until the end of the period allocated for the National Competition Policy legislation review, that is, late 2000.

The industry's 1996 Grains Week Conference was intended to be decision time for the industry – and there was a decision of sorts. The Grains Council agreed to progress the restructuring of the Australian Wheat Board but it was not yet ready to accept the Board's privatisation model. The motion passed at Grains Week hinted at the privatised model that was later adopted, splitting the Wheat Board's activities into a statutory authority with control of the single desk and pooling operations and a subsidiary which would undertake management of investments, non-pool financing, risk management, and eventually the advanced payment system. The motion went on to direct the GCA/AWB/DPIE Working Group to look at various options for

converting the subsidiary into an entity which met the five objectives discussed above.

Following Grains Week, the Working Group was re-formed and continued to work on the options for the restructure. A year later, at Grains Week 1997, agreement was finally reached to what was known as the 'Grower Corporate Model' although there remained areas of disagreement. The government agreed to give effect to the grower corporate model and this was done in two stages. The first stage in 1997 amended the *Wheat Marketing Act 1989* to facilitate the establishment by the statutory Wheat Board of a subsidiary company which would go on to become the grower owned entity. This legislation was examined by the Senate Rural and Regional Affairs and Transport Legislation Committee before its passage. The Committee identified a number of concerns with legislation – a key issue being the two stage process which set in train a restructuring of the Australian Wheat Board before the final shape of the new body was agreed.

Also of concern was the potential conflict of interest between the requirement to maximise returns to growers through the single desk arrangement and the requirement to maximise returns to shareholders (Senate Rural and Regional Affairs and Transport Legislation Committee, 1997: 29). This brought out disagreements within the Coalition, with Liberal MP Tuckey claiming that the model proposed was 'totally unworkable'. He argued that

The problem is that the proposal is to create a company that is run by its customers but which seeks over time to attract non-customer share capital. This creates a massive conflict of interest (Tuckey, 1997: 9138).

He went on to point out that

...the question arises of investors being interested in shares when the directors' main interest is in returns to their customers. Is the AMP going to go and buy a lot of my farmers' shares...? Are they going to buy their shares and say, 'This is a great investment. The directors do not want to make a profit. They want to return all the money to their customers, the wheat producers' (Tuckey, 1997: 9139).

In spite of his reservations, Mr Tuckey did not vote against his government's legislation but he has continued to be a vocal critic of the wheat marketing arrangements.

The 1998 legislation completed the transition of the Australian Wheat Board to AWB Limited with the establishment of the Wheat Export Authority as the formal holder of the single desk. However, effective control of the monopoly was given to AWB Limited through a power of veto over exports of bulk wheat by its competitors. AWB came under grower control on 1 July 1999 and in August 2001 the company listed on the Australian Stock Exchange. Over 50% of shares in the company are now held by non-growers.

The final form of AWB Limited differs from other privatised public enterprises in several important respects. There was no public float or returns to government from

the disposal of the Australian Wheat Board, and no effective provisions were made for ongoing protection of the public interest, either through the government maintaining a 'golden share', or establishing effective regulatory regimes or similar. The public interest role was left to the Wheat Export Authority which had very limited responsibilities under the 1998 legislation. Its role was to control the export of wheat from Australia, and to monitor the performance of AWB Limited in relation to the export of wheat (*Wheat Marketing Act 1989* s5(1)). Due to its exemption from the requirement to obtain an export permit from the WEA, AWB Limited was only subject to the latter of these two functions. The weakness of the WEA's oversight role with respect to AWB Limited was the subject of criticism by Commissioner Cole in the *Inquiry into certain Australian companies in relation to the UN Oil-for-Food Programme* and led to the government's restructuring of the WEA as the Export Wheat Commission from 1 October 2007. Following the findings of the Cole Inquiry in 2006, the veto power was removed from AWB Limited and passed to the Minister for Agriculture, Fisheries and Forestry for a six-month period. This was extended in May 2007 and the industry was charged by government with the task for developing a new grower-controlled body, separate from AWB Limited, to manage the single desk from 1 March 2008.

Government policy and the privatisation process

The most striking feature of the process just described was the limited role of Commonwealth Government agencies in the debate over the future structure of the Australian Wheat Board. While a member of the nominally tripartite Working Group, the Department of Primary Industries and Energy took something of a back seat, fielding more technical questions about topics such as the government's interpretation of the impact of the Hilmer Report on any new structure and on various options relating to corporatisation. An insider in the process reports that the Department was ideologically inclined towards privatisation, however they did not push this position actively within the Working Group. The majority of the interaction over the contents of the options paper was between the Australian Wheat Board and the Grains Council. This low-key approach to the government's role in the process appears to have had ministerial endorsement. At the Grains Week Conference in 1995 the Labor Minister for Primary Industries and Energy, Senator Bob Collins referred to the restructure debate and the issues to be raised and, in concluding his speech, said

I'm impressed with the industry's commitment to confront the future ... I look forward to seeing the proposals from industry on future grains marketing arrangements (Collins, 1995).

In the body of the speech he emphasised that the grains industry would not be exempt from the impact of national competition policy and also pointed out that 'the question of the single export desk is also an integral part of considering the future shape of the AWB' (Collins, 1995). The 'hands off' approach to the restructure that had been taken by the outgoing Labor government was continued under the new Coalition government. The Minister for Primary Industries and Energy, John Anderson told Grains Week 1996 that

You should determine your own agenda for change and embrace a program that suits you – rather than let others set the pace through adverse market

circumstances or policy changes, in Australia or internationally (Anderson, 1996).

The Minister identified three fundamental principles he believed should guide the restructure debate: self-reliance; grower ownership and control of marketing; and a fully commercial approach to marketing. He reiterated the point that he was ‘looking to the leadership of the industry to continue to make the decision on how you will deliver these objectives’ (Anderson, 1996).

The authors have discussed the involvement of the department responsible for primary industries with former Ministers, searched records at the GCA and conducted discussions with several senior public servants involved with the primary industries portfolio. We are unable to find evidence of either the DPIE or DoFA providing advice to the Working Group about the extent to which any restructuring proposals were consistent with government guidelines or practices relating to the privatisation of public enterprises. It appears that the government, at least through its public service, was content to allow the industry to set the agenda and plot the course of the privatisation of the Wheat Board. It seems that at no stage were issues raised such as shifting a public monopoly into private ownership, the public interest dimensions beyond the particular interests of the industry, financial returns to government from the proceeds of privatisation, or ongoing regulation to protect the interests of all growers and the public. These did not appear to be first order matters for the governments involved in the movement towards a privatised Australian Wheat Board. In effect, the Wheat Board was collapsed into an industry-owned service company, with ‘the privatising instincts of governments interacting with producer demands for industry self-management but retention of public sector supports’ (Wettenhall and Thynne, 2005: 276). The case against retaining the ‘single desk’ monopoly was left largely to Liberal backbencher, Wilson Tuckey who articulated a liberal approach to this particular privatisation, raising issues such as lack of competition and warning of the dangers of removing the privatised entity from public scrutiny and accountability when its activities still retained matters of public interest.

The reasons for the lack of intervention and direction from government appear to be threefold. First, the industry itself, through the Grains Council of Australia, had indicated through its strategic planning process that it wanted to take control of its own future. Although growers came to recognise the advantages of domestic deregulation after the fact, the 1989 changes had been seen as top down and imposed without consultation. The industry wanted to ensure that it was not again the recipient of regulatory change into which it had had little input. Second, the Australian Wheat Board itself was anxious to reduce the amount of ministerial control over its activities. In its 1995-96 Corporate Plan, the Wheat Board had argued for change, noting that

Particular problems have ... been identified with the current AWB/WIF structure due to the unwieldy WIF accountability provisions and the commercial constraints this places on the operation of the AWB (Australian Wheat Board, 1995: 1).

Third, the export single desk has been an article of faith for the National Party since the 1930s. When wheat pooling arrangements were proposed by the Scullin Labor Government in 1930, the leader of the Opposition, the Nationalist’s John Latham,

argued vehemently against the arrangements, particularly objecting to the potential for the development to be ‘a move in the direction of governmental monopoly’. He argued that

A wheat pool board, seen though to be largely administered by persons in the industry itself ... cannot be expected to work as efficiently as if the wheat were handled by the institutions acting upon ordinary business principles. ... With a monopoly we lose the tremendous advantage of a comparative standard of business efficiency (Latham, 1930: 1427).

By contrast, the Country Party leader, Earl Page, supported the move stressing ‘the advantages of a compulsory pool’ (Page, 1930: 2048). During the 2007 debate, the National Party has been much stronger in its support for the retention of the export monopoly than its Coalition partner. When the Prime Minister announced that growers had been given to 1 March 2008 to develop a new structure for managing the single desk, he was clear that failure to meet that deadline would potentially result in consideration of total deregulation of wheat marketing (Howard, 2007: 1). By contrast, the National Party released a statement on 21 June 2007 entitled ‘Wheat Single Desk saved by the Nationals’ and Queensland National Party Senator Boswell went so far as to say, in the context of the May 2007 decision, that

the minister delivered the future of the wheat industry back into the hands of the growers themselves. That is why The Nationals exist. That is why we have a past, a present and a future (Boswell, 2007).

It should be noted that the peculiar nature of the privatisation is not the only area in which wheat industry policy has been handled differently by government from other areas of the economy. When the *Wheat Marketing Act 1989* came due for review under the National Competition Policy (NCP), the review was not undertaken by the Productivity Commission, as is often the case, but by an independent committee whose membership included a former President of the Grains Council of Australia (Irving *et al* 2000). It was perhaps unsurprising, then, that the NCP review recommended that ‘the ‘single desk’ be retained until a scheduled review in 2004 by the Wheat Export Authority of the privatised AWB’s operation of the ‘single desk’ (Irving *et al* 2000: 8). The National Competition Council found that the review ‘was open, independent and rigorous’, however it concluded that ‘the Commonwealth Government had not met its [competition principles agreement] clause 4 and 5 obligations³ arising from the *Wheat Marketing Act*’ (National Competition Council 2003: 8). Senator Boswell may have inadvertently revealed the real reason that the National Competition Policy review of the *Wheat Marketing Act* was not undertaken by the Productivity Commission, when, on three occasions in his speech in 2007 he suggested that Labor policy was to send the single desk to the Productivity Commission and that this ‘is the kiss of death for any single desk’ (Boswell, 2007: 30). He may have been right, as the Productivity Commission had argued the case for the repeal of the single desk in two submissions to the competition policy review (Productivity Commission, 2000a; Productivity Commission, 2000b).

³ Clause 4 of the competition principles agreement refers to structural reform of public monopolies and clause 5 addresses legislation review and reform.

A further point of note is that broader public interest concerns did not get an airing during the privatisation debate – and this included the concerns of grain growers who did not agree with the GCA’s position supporting the retention of the single desk. In late 1996 a group emerged, the Australian Grain Industry Task Force, which set out to challenge the export monopoly (ABC Radio National, 1996), however it had little impact on the debate. The anti-monopoly voices have also been muted during the 2007 debate.

Conclusions

The privatisation of the Australian Wheat Board raises a number of issues – perhaps the key concern being well reflected in the words of Liberal backbencher, Wilson Tuckey in the parliamentary debate that led to the creation of AWB Ltd in 1998:

For the first time in my recollection, a government has chosen to give an independent commercial entity an unconditional monopoly to sell and export an entire commodity produced within Australia. It is not unique in terms of there being an export monopoly for wheat, as this has existed for decades through a fully government-controlled statutory authority called the Australian Wheat Board. However, that authority was subject to full government legislation and ministerial control. Clearly, the commercial entities that have been created in this legislation are not subject to ministerial control (Tuckey, 1998: 4323).

In addition to the unusual outcome of effectively passing a monopoly into private ownership with little regulatory oversight, the process was industry driven with minimal input from the government agencies usually responsible for privatisation. It was also dominated by the interests of growers with no explicit consideration of the public interest more broadly.

It may well be that the 1998 restructuring of the AWB contributed to the events which culminated in the Cole Inquiry. The process ran counter to the principles that were to underpin privatisation policies of both Labor and the Coalition, principles which emphasised competition, choice, maintenance of the public interest and good private sector governance and management. Given that the Prime Minister has placed the industry ‘on notice’ that reform is required by March 2008, there is a second chance for the industry and government to ‘get it right’ this time around. However, all the signs are that the process will again be focused on the narrow needs of (a subset of) wheat growers with little consideration given to any conception of a broader public interest. Wheat industry policy continues to be developed in isolation from broader policy direction, with little input from the central agencies usually involved in policy development of this nature and with little input from outside the tight policy community that was responsible for the attempt in the mid-1990s to rethink export wheat marketing in Australia.

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