

# Experiences of wheat growers in Australia's western Wimmera following deregulation of the export wheat market

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In 2008, the statutory marketing powers held by the Australian Wheat Board were dismantled, with the decision by the Federal Government to deregulate the export wheat market. This article snowball sampled 22 small-to-medium sized wheat growers in Victoria's western Wimmera to qualitatively research how they perceived this policy affected their operations. Although deregulation was intended to create a competitive market, wheat growers felt the level of competition in their region, specifically, at local receival sites, was minimal and referred to instances where they had lost money from selling to grain traders who became insolvent, owing significant sums of money which substantially affected growers' wheat marketing. Additionally, participants felt they lacked power in the open market, which was counter-posed by the power, and occasionally predatory behaviour, of some grain traders, and contributed to feelings of insecurity.

**Keywords:** agricultural policy; competition; deregulation; neoliberalism; wheat farmers

## Introduction

Since the 1970s, global agricultural reform has been underpinned by neoliberal ideologies and deregulation practices have been extensive (Coleman & Skogstad, 1995). Agricultural industries in New Zealand (Cloke & Heron, 1994), South Africa (Van Zyl, Vink, Kirsten, & Poonyth, 2001), Canada (Coleman & Skogstad, 1995) and the United States (Skogstad, 1998) are now all extensively deregulated. Likewise, the Australian wool, sheep and dairy industries were deregulated over this period, suggesting deregulation of the wheat industry would be consistent with Australian and global policy trends (Cocklin & Dibden, 2002; Coleman

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& Skogstad, 1995). The shift towards deregulation in Australia, with its removal of trade protection and the exposure of agricultural industries to international competition, has been underpinned by an assumption that reduced government intervention results in increased growth (Dibden & Cocklin, 2010; Lawrence, Richards, & Lyons, 2013; Talbot & Walker, 2007). Within this context, deregulation is viewed as essential in repositioning agricultural markets at the centre of the Australian economy (Dibden & Cocklin, 2010). Subsequently, the ongoing existence of Statutory Marketing Authorities, such as the Australian Wheat Board (AWB), was cited as an impediment to competition, productivity, and efficiency. This eventually led to the removal of single desk status held by the AWB in 2008 (Banks, 2005; McCorrison & MacLaren, 2005, 2007). As then Federal Minister for Agriculture, Forestry and Fisheries, Tony Burke argued, deregulation was necessary to increase competition within the export market, stating, “only then will returns to growers be maximised” (Commonwealth of Australia, 2008, p. 1774). Wheat growers, however, remained sceptical of such claims, fearing they would lose control of the industry and have difficulty competing in a global market (Irving, Arney, & Linder, 2000; Productivity Commission, 2010).

Indeed, the AWB was created to provide security to growers to counter the widely held belief that wheat farmers were being exploited within what had previously been a deregulated industry (Whitwell & Sydenham, 1991). Founded in 1939, the AWB became a Statutory Marketing Authority in 1948. This made the AWB the only permitted marketer of Australian wheat, both domestically and internationally, a monopoly arrangement often referred to as the “single desk” (Botterill, 2011; McCorrison & MacLaren, 2007). The wheat industry was further stabilised by the agricultural policies of the Menzies Government in the 1950s–1960s, before the election of the Whitlam government in 1972 led to major changes within the Australian agricultural industry in general (Cockfield & Botterill, 2007; Whitwell & Sydenham, 1991). Following the election of the Hawke Government in 1983, focus on government intervention in agricultural policy intensified. Inquiries initiated by government (Hilmer, Rayner, & Taperell, 1993; Irving et al., 2000; Royal Commission into Grain Handling, Storage & Transport, 1988), and government authorities (Bureau of Agricultural Economics, 1987; Industry Assistance Commission, 1988) challenged statutory wheat marketing, contending this undermined industry efficiency, reduced grower freedom and choice, and prevented growers from maximising the returns on their wheat. Fundamentally, this body of work concluded the AWB did not provide growers with higher wheat prices than could otherwise be achieved in a deregulated export market. Ultimately, these arguments influenced the Federal Government decision to dismantle the single desk in 2008 (Botterill, 2011).

This policy shift remains contentious due to the reliance of many growers upon export markets. In 2014–2015, 71% of Australia’s total wheat production (23,373 kt) was exported (ABARES, 2016). The proportion of wheat sold to

export markets differs according to location. Approximately 50% of the wheat produced in Victoria, New South Wales, and Queensland is exported, yet 85–95% of South Australian and West Australian wheat is made available for export market (Stretch, Carter, & Kingwell, 2014). In the 2011–2012 marketing year (October–September) four companies (Cargill/AWB, Glencore, CBH and Graincorp) accounted for 65% of all Australian wheat exports (Grain Producers Australia, 2013). This level of concentration is more pronounced at the state level, with grain exports dominated by GrainCorp in New South Wales, Queensland and Victoria, Glencore (through subsidiary Viterro) in South Australia, and grower owned co-operative, CBH in Western Australia (Australian Crop Forecasters, 2015).

Literature exploring Australian wheat industry deregulation is primarily situated in the agricultural economics discipline, focusing on changes to wheat prices, or costs incurred by regulation (Chang, Martel, & Berry, 2003; Curwen, Muger, & White, 2011; McCorrison & MacLaren, 2007; Muger, Curwen, & White, 2016; Williams, 2012). The presumption of these studies is that the success, or otherwise, of wheat market structure, can be interpreted through narrow indicators such as wheat price changes. The few existing studies that have deviated from this approach are broadly from the geography field (Head, Atchison, Gates, & Muir, 2011; Talbot & Walker, 2007). This is valuable research, which refers to the effects of wheat industry deregulation upon growers, though incidentally, as part of broader studies. This article therefore builds on Head et al. (2011) and Talbot and Walker (2007) by specifically seeking to understand how farmers have been affected by wheat export market deregulation, thereby making a unique contribution to economic geography research in Australia that addresses a significant gap in our understanding of how wheat growers have experienced deregulation of the export market.

### **Literature review and theory**

The inquiries into the wheat industry conducted by the Industries Assistance Commission (IAC) (1988), Bureau of Agricultural Economics (BAE) (1987), Royal Commission into Grain Storage, Handling and Transport (1988) and the Productivity Commission (2010) have been particularly influential in framing debate around wheat industry deregulation within Australia. These inquiries focused policy attention on wheat prices and regulatory costs, as being the key measures by which wheat market and industry structure could be assessed. Subsequently, this field is dominated by agricultural economics (Chang et al., 2003; Curwen et al., 2011; McCorrison & MacLaren, 2007; Muger et al., 2016; Watson, 1999; Williams, 2012) and such research employs quantitative measures that insufficiently capture the lived experience of wheat growers in a deregulated industry.

Prior to deregulation of the wheat export market, numerous studies attempted to analyse the capacity of the AWB to influence global wheat prices. As stated by Watson (1999, p. 429), “The most interesting technical economic argument concerns the validity of claims that statutory marketing authorities with export monopoly power can obtain higher prices”. Studies conducted by Chang et al. (2003) examined wheat price and quantity data from 1961 to 2000 and McCorriston and MacLaren (2007) sought to measure the net welfare benefit of statutory wheat marketing to the Australian community. Both sought to understand the power that could be exerted by the AWB in global markets to extract high wheat prices and found the AWB had a negligible impact on wheat prices. Contrastingly, O’Donnell, Griffith, Nightingale, and Piggott (2007) concluded product manufacturers exerted market power in their relationships with producers. This study differs from previous agricultural economics research which presumes grain traders would not have the capacity to exert power in a deregulated market and would instead be compelled by commercial disciplines to maximise growers’ incomes and reduce costs (IAC, 1988).

Of the studies that have sought to determine impacts of wheat export market deregulation, Mugera et al. (2016), Williams (2012) and Williams and Malcolm (2012) are the most prominent. These studies focus on problems such as market volatility or declining prices and seek to determine if they are attributable to deregulation. Mugera et al. (2016) measured wheat prices between 2003 and 2010, finding deregulation did not result in a decline in wheat prices received by wheat growers, while Williams (2012) analysed wheat price volatility, contending deregulation is not associated with the fluctuating prices received by growers following deregulation. Rather than portraying volatility as inherently negative, Williams (2012) contended market volatility should be encouraged because such environments enable growers to respond to market signals and therefore achieve the highest profit. Surveying growers’ risk perception, Williams and Malcolm (2012) additionally found growers devised marketing strategies aimed at reducing risk which, to an extent, undermines the argument that deregulation allowed growers to maximise their incomes, as many growers preferred safer, more reliable options.

Additionally, studies by Wait and Ahmadi-Esfahani (1996), the Productivity Commission (2000, 2005) and the Royal Commission into Grain Handling Storage and Transport (1988) have sought to understand the cost of regulation, and conversely, estimate potential cost savings achieved through deregulating segments of the wheat industry. For example, in their 2005 Review of National Competition Policy Reforms, the Productivity Commission (2005) referred to submissions by Allen Consulting and the Centre for International Economics, which estimated deregulation of the wheat industry would result in significant cost benefits through increased national welfare and substantial savings. Such estimates, however, do not consider the human impact associated with job losses incurred through rationalisation, the resultant impact of deregulation upon

farmers, or the power that could be exerted by corporations in a liberalised market. This research also prioritises quantifiable measures such as costs, prices and productivity, downplaying qualitative evidence due to its subjectivity and perceived unreliability. As mentioned by Chang et al. (2003, p. 16), “it is essential that concrete evidence and strongest arguments can be put forward for the retention of the single desk”. “Concrete evidence”, in this sense, is considered to be statistically based. Qualitative research, on the other hand, is collected by inquiries informing wheat industry policy and treated with suspicion due to its subjective nature (Irving et al., 2000; Productivity Commission, 2010). As a result, opinions of wheat growers are not provided the same authority as quantitative measures such as wheat prices or costs of moving wheat through the supply chain.

Subsequently, research addressing the question of wheat industry regulation, through the lens of either price or cost changes, offers a narrow picture of how deregulation has affected wheat growers. Such research presumes growers are exclusively interested in which market structure will allow them to procure the best price from the market while ignoring the many concerns held by growers (Irving et al., 2000). Irving et al. (2000) found, overwhelmingly, growers wanted to see the single desk retained and while they believed the AWB managed to extract high prices from export markets, the AWB provided numerous benefits beyond prices, owing to its control by growers and contribution to social well-being in regional Australia. Yet, these opinions are dismissed by Irving et al. (2000, p. 6) who could not “find, clear, credible, and unambiguous evidence that the current arrangements for the marketing of export wheat are of net benefit to the Australian community”, supporting findings by McCorrison and MacLaren (2007), Chang et al. (2003) and Watson (1999).

The present article aims to address such methodological oversights by emphasising the value of growers’ experiences and interpretations, as producers with an intimate understanding of the effects of wheat export market deregulation. Subsequently, it lends more weight to growers’ opinions and aims to develop a greater understanding of the concerns expressed by participants in inquiries conducted by the Productivity Commission (2010) and Irving et al. (2000), which downplayed opinions based upon the understanding such data was not a reliable indicator of market conditions. Although not specifically focusing on wheat export market deregulation, as part of a broader study focused on understanding farmers’ responses to climate change, Head et al. (2011) found growers had differing capabilities regarding wheat marketing, which, in some cases created additional stress and work load, and alluded to issues arising from this policy of relevance to this article. Such issues will be explored in further detail here. Similarly, research from the geography discipline using a social capital lens to explore wheat export market deregulation found some wheat growers felt their political and bargaining power was limited in the deregulated domestic market (Talbot & Walker, 2007). Thus, issues emerging from deregulation, such as work load, disempowerment, and limited market power, have been referred to as part of a broader conversation.

The present article contributes to and furthers such research by focusing specifically on understanding how a small sample of small-to-medium sized wheat growers in Australia perceive they have been affected by wheat export market deregulation.

## Research methods

This exploratory qualitative research uses a phenomenological approach, including semi-structured interviews with current and retired wheat farmers from the western Wimmera region in Victoria, Australia. A phenomenological approach was used as a form of inquiry to understand the experiences of wheat growers and to explore the meaning that wheat growers give to these experiences (Seidman, 2013; Wythes & Lyons, 2006). This method was chosen for its suitability to prioritise growers’ experiences as a valid source of data and recognise growers as holding important knowledge for exploring wheat growers’ perceptions about wheat export market deregulation (Head et al., 2011; McCorrison & MacLaren, 2007; Muger et al., 2016; O’Donnell et al., 2007; Williams, 2012).

## Research site

This research was conducted in the western Wimmera region of Victoria, Australia, close to the border with South Australia (Figure 1). This area is heavily reliant upon agriculture, particularly broad-acre cropping, with 44% of people employed in the West Wimmera Shire working within this sector (Australian Bureau of Statistics, 2012; Department of Environment and Primary Industry, 2014). The boundaries of the study region are Broughton (North), Nhill (East), Edenhope (South) and Serviceton (West). All farms were family run. The average farm size operated by participants was 1511 hectares (3735 acres), well below the

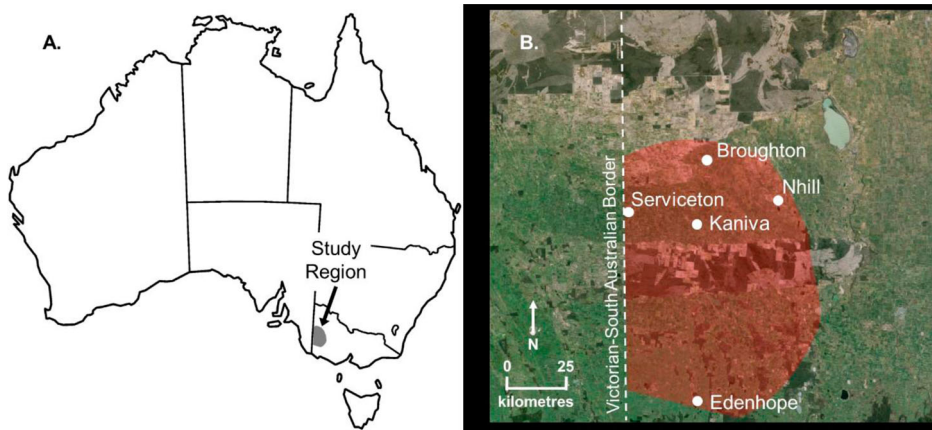


Figure 1. Study region map.  
Source: Melissa Neave.



average size of a Victorian wheat farm (2227 hectares or 5503 acres) (ABS, 2006), and most properties were between 800 and 2400 hectares (2000 and 6000 acres), considered small to medium for this region. Farms in the most productive region (Kaniva) tended to be smaller than those in the less productive regions (Broughton, Serviceton).

### ***Participants***

Interviews were conducted with current and recently retired farmers who owned small to medium sized farms in the study region and produced multiple grain varieties, including wheat, barley and legumes. Farmers located in the central area of Kaniva only grew crops and legumes, while those in the north (Broughton) and south (Edenhope) of the study region also raised sheep, pigs and yabbies. All came from farming operations that produced substantial quantities of wheat, primarily for the export market and were typically from families that had farmed in the area for three to five generations. The descriptors used to differentiate farmers are presented in Table 1 and include “farm size”, “location” and “employment status” (active or retired). Location reflects the approximate location of the farming business, with “Central” referring to the area surrounding Kaniva, “North” referring to the area surrounding Broughton.

### ***Recruitment and sampling***

Snowball sampling and a key informant approach to recruit research participants (Noy, 2008). In May 2013, initial contact was made with three key informants,

Table 1. Application of descriptors to interview transcripts.

Interview	Participants	Location	Size of operation (Acres)	Status
A	A1	Central	2000–4000	Active
B	B1	South	<1000	Retired
C	C1, C2, C3	North	2000–4000	Active
D	D1	Central	2000–4000	Active
E	E1, E2	North West	6000–10,000	Active
F	F1	Central	6000–10,000	Active
G	G1	Central	6000–10,000	Active
H	H1	East	1000–2000	Retired
I	I1, I2, I3	South	2000–4000	Active
J	J1, J2	South	2000–4000	Active
K	K1	Central	1000–2000	Active
L	L1	Central	6000–10,000	Active
M	M1, M2	North	4000–6000	Active
N	N1, N2	North	4000–6000	Active

including a local councillor, representative of an agricultural organisation, and a community group, each whom referred the researcher to different groups of farmers. Contact lists were used to establish initial interviews, with participants in this first series of interviews asked to refer the researcher to other potential participants. This sampling and recruitment design limits the study’s representativeness as only farmers who felt strongly about the issue of deregulation may have agreed to participate and/or people with similar opinions may have been nominated as potential interviewees.

### ***Data collection and analysis***

This research received ethics approval by the Design and Social Context College Human Ethics Advisory Network, a sub-committee of the RMIT Human Research Ethics Committee (Project number: CHEAN A-2000866-04-13) and no conflict of interest was experienced in the conduct of this research. Informed consent was sought from all participants and each was given the option to withdraw at any time. Furthermore, participants were afforded the opportunity to review their own interview transcripts and make any amendments they felt necessary. A total of 14 interviews with 22 wheat farmers were conducted in June 2013. Interviews included all family members involved in the farming operation who made themselves available. One interview was conducted per property (i.e. multiple interviewees at the same time) and two interviews were conducted with two participants together who each ran separate farming operations. Notes were sparsely taken and interviews were digitally recorded.

Interviews included questions on growers’ experiences of (1) wheat marketing after deregulation of the export market (2) changes to the occupation of farming and (3) community impacts following deregulation. These areas were based upon previous studies conducted by Head et al. (2011) and Talbot and Walker (2007), which alluded to these issues without substantially developing these ideas. Similar to the process adopted by Wythes and Lyons (2006), transcripts were thematically analysed to identify recurring thoughts and reflections emerging from the data and provide a basis for coding. Codes were categorised according to the themes which reflected the key issues raised by participants with relation to their experience of wheat export market deregulation (Wythes & Lyons, 2006). The data analysis is limited by the questions posed, potential researcher bias in data interpretation, and could be perceived as limited by the data’s subjectivity. As the research intent is to understand the subjective experiences of wheat growers, however, this design reflects the well-established strengths and limitations of qualitative research.

Four themes were central to participants’ experiences of deregulation (power, competition, complexity, and insecurity) and were discussed by growers in accordance with the following definitions:



*Power* – centred on the notion of control which growers felt was lost through the dismantling of the single desk. Growers associated political power with their political voice and representation, marketing power with their capacity to use marketing skills, and knowledge to extract good prices from the market.

*Competition* – was borrowed from the interpretation of competition raised in parliamentary debates around wheat export market deregulation, portraying a competitive market as one which featured numerous buyers competing for growers' wheat.

*Complexity* – was discussed in relation to additional duties that required new skills and knowledge, such as understanding markets and new financial products, created by wheat market deregulation which added to the difficulty of farming.

*Insecurity* – related to growers' insecurity related to the lack of certainty associated with using limited marketing skills and knowledge, without the support of the AWB.

The codes ascribed to each theme, drawn from terms frequently mentioned in the interviews, are presented in Table 2.

## Findings

Findings are presented within the context of the four key themes of power, competition, complexity and insecurity utilising interviewees' quotes to qualitatively explore how wheat growers experienced deregulation.

### *Theme 1: power – marketing power*

A number of growers considered a major result of deregulation is grain traders do not offer a price for grain if it does not suit them to buy it. This creates a situation whereby growers feel they have less leverage to *seek* an acceptable price for their grain. As mentioned by participant I3, *At [our local receival site] for example, we went days where there was no one buying wheat out of those silos. Not one buyer.* This suggests despite increased competition among buyers nationally, in some regional locations, the level of competition is not particularly strong. Whereas the AWB was compelled to buy grain from growers, grain traders can either decide to not offer a price, or offer a low price for grain knowing the costs associated with transporting grain to a different silo could prohibit the growers from selling their grain elsewhere. As the exchange between growers I2 and I3 demonstrates, this may lead to wheat farmers either having to accept the

Table 2. Themes and codes derived from thematic analysis of interviews.

Themes	Codes
Power	Market power, political power, ownership, privatisation of infrastructure
Competition	Benefits to growers, influence of large grain traders, grain traders going broke
Complexity	Added workload, new skill set required, less time for social and family activities
Insecurity	Exposure to global markets, unstable price, limited marketing skills

price on offer at their nearest receival point, or incurring greater transport costs to deliver their grain to a location where prices are being offered:

I3: You have got to take the grain further, to make sure that you have got enough people buying at a site ... Freight costs are higher, margins are gone again.

I2: And no choice. So you have only got one price there, and that is the price that you are going to accept if you are only a small operator.

This issue is further exacerbated by the recent closure of smaller receival points throughout the eastern states. In June 2014, GrainCorp announced a \$200 million “Project Regeneration” which included the closure of several key receival sites in the study region, including Goroke, Kaniva and Serviceton (*Weekly Times Now*, 2014a). Growers highlighted that prior to this initiative, the continued centralisation of receival points and closures had increased transportation costs. As participant B1, a retired grower, mentioned:

To me, the consequences [of deregulation] for growers are that some of their delivery options have been taken away from them, and some of the railway siding, storage facilities have gradually been taken out of use, because companies like GrainCorp don’t want to maintain them ... It simply means that there are fewer options for farmers. And because delivery points are made more specialist, so if you have a particular type of wheat or barley or whatever, there might only be one place in the area where you can take it ... I don’t know at what point these delivery points will all just disappear. I mean, they can’t expect farmers to transport to Horsham, Bordertown, Mount Gambier or Naracoorte. It’s just not viable.

Concerns regarding additional transport costs reflect findings from a 2014 report produced by the Australian Export Grains Innovation Centre which found supply chain costs, such as transport, comprised the single largest cost in the production of grain throughout Australia, starting at approximately \$65–70 per tonne (Stretch et al., 2014).

### ***Power – political power***

Many growers felt sidelined politically with the abolition of the single desk. This potentially affected how growers perceived deregulation. Participant F1, who supported deregulation of the domestic wheat market, described, *What I’m so annoyed about, is that our wishes have been totally ignored and we had no say in it. That’s what I am so mad about.* Farmers who expressed opposition to deregulation in general contended its implementation demonstrated a lack of concern for their welfare by politicians and policy makers. *We feel very unappreciated* (C1). This powerlessness was also expressed in relation to a feeling of disillusionment with the major political parties. *There’s just not enough votes in us I don’t think. We don’t count anymore* (C2). C1 and C2, a couple managing a farm together, illustrates the perception that farmers’ political standing in Australian society has diminished as the number of farmers has declined in recent decades.

## ***Theme 2: competition***

A key objective of deregulation was to increase competition within the wheat industry (Lawrence et al., 2013). Growers, however, reported numerous grain trading and manufacturing companies had gone into liquidation following deregulation. Farmers concerned about the financial stability of grain traders expressed a preference towards selling to larger, more established buyers which they perceived as more stable, less likely to become insolvent, and more likely to be able to pay growers for their wheat. As stated by H1:

I tried to deal with the bigger companies, the ones that had the best chance of paying me. They weren't going to go broke. If you start chasing the best dollar, through a small niche marketer, well maybe you are not going to get paid. You are better off to take \$10 a tonne less and be paid, than \$10 a tonne more and miss out on the whole load.

H1 was another grower who had retired from the wheat industry after deregulation of the export market. His comments reflect the cautious approach taken by many growers, who frequently mentioned that a “sensible” strategy involved seeking an average price from a secure trader, rather than the best available price. This practice calls into question the argument that deregulation leads to higher prices at the farm gate. While higher prices may be available as a result of deregulation, participants in this study reflected an unwillingness to take the highest price on offer unless they trusted the company offering that price would not become insolvent. One exchange, featuring grain growers J1 and J2 who managed different properties in the southern region of the study area, is indicative of the frequency with which smaller grain buyers and manufacturers experience financial difficulty:

J1: I think that what deregulation has done to the wholegrain industry is actually put a lot of companies to the wall. You hear a lot more now of crowds going bung, than what you did when it was the single desk set up.

J2: Key seeds, they went. Then you had Lowan themselves. Klein Foods in Warracknabeal. I mean, you can start rattling off a heap of blokes that trade grain; that have gone.

Unless these losses are accompanied by new entrants into the market, this minimises the choices available to growers and is in opposition to one of the key benefits that purportedly would be an outcome of dismantling the single desk for wheat exports. Many grain traders have become insolvent in recent years, however, owing creditors such as wheat farmers significant sums of money, with Sapphire Pty Ltd, Convector Grain, LGL Commodities and One World Grain key examples of companies who have gone into administration, highlighting the precarious nature of some wheat transactions in the deregulated environment (Australian Broadcasting Corporation, 2013; *Weekly Times Now*, 2014b). This environment undermines the perceived degree of choice available to growers who feel compelled to sell to the largest grain traders. Additionally, H1 suggested

the similarity in prices being offered by grain traders were not representative of a truly competitive market:

According to the government that [deregulation] creates a better market because you have got competition, but I don’t know that there is too much competition. The prices within a day seem to be all lined up the same and you’ve only got \$1 or \$2 difference. It’s like the petrol prices.

Coupled with the limited number of grain companies being active at each receival site, and the lack of confidence in the smaller and less established grain traders, the level of competition within this particular region does not appear to be high.

### ***Theme 3: complexity***

Key challenges presented by grain marketing after deregulation were described as farming’s increased complexity and additional work loads and stresses. Participants noted frustration that despite extra work and worry, they did not feel financially better off. Deregulation ensured wheat growers were responsible for the marketing of their own wheat. For wheat farmers who had operated with the single desk for the duration of their farming careers, this required significant readjustment, as A1 stated:

How can you expect a grain grower from Kaniva, to suddenly be a clever marketer, when he’s never ever done it in his life? ... So suddenly the grain growers were given the job of marketing. It was like me telling you, “In five years’ time you are going to fly to the moon, you had better start building your rocket.” Where would you start? It threw growers into all sorts of turmoil. I think that for some people it was just all too hard.

Growers expressed considerable insecurities about marketing. Most felt not only were returns diminished under the deregulated system, they also took more risks and experienced more stress. Deregulation ensured growers have to utilise an unfamiliar set of skills and their success in this aspect of their business largely determines how successful their farming operation will be overall.

### ***Theme 4: insecurity***

As a result of deregulation, growers are now trading on the world market, without the protection they had previously been afforded by the AWB. The insecurity created by this situation is highlighted by participant I3:

There’s no stability. Grain pricing has never been about the price. It was about securing contracts and relationships in that world market that gave it a “floor”, for the want of a better word. Certainty is gone. People who set out to dismember the wheat board are those international players who now own, not only the people who take in the grain and store it, but they also own the grain. So they own it all. The supply chain, right through.

This comment reflects a reduction in security for growers, although it also indicates power within the industry has shifted to the grain companies. Many

growers mentioned declining wheat prices at harvest time, which they felt unfairly affected their business. For those experiencing a significant amount of debt, there was a compulsion to sell at harvest time to generate cash flow and service debt levels which diminishes marketing options, as indicated by M1 and M2, a couple who manage a property together in the north of the study region:

M1: Generally by harvest we are right up to the end of our overdraft limit, and you just need to start getting some money in the system. And all the time that you are not selling, you are losing 9 or 10% interest. You have got to look at the cost of what it is costing you to not sell it. Just the fact that you are paying interest on money with your bank, by being in debt.

M2: You've got that grain sitting in your silos, unsold, and you are still paying interest.

M1: To me, even above the cost of storage, when you take all of that into account ... I think that at the time when we were looking at the pools, it ended up that even though with the quarterly distribution you did end up getting a bit more, by the time you took into account the interest that we had paid on not having that money, we were actually worse off.

M2: It was taking 12 months to get \$5 a tonne more.

M1: That's the thing, marketing changes completely, whether you are in debt or you are not in debt.

This exchange illustrates the lived experiences of wheat growers and the additional options available through deregulation. For this couple, the financial pressures created by debt ensured they had little option but to accept the cash price being offered at harvest time. This, in association with uncertainty around price, the viability of the grain traders, and declining prices at harvest time, led to a considerable feeling of insecurity.

The level of insecurity experienced by growers was reflected in perceptions that grain traders are seeking to take advantage of growers' limited skills and experience in wheat marketing, as highlighted by A1's perceptions of the use of wheat pools by private companies:

The organisations are now trading off farmers who have always thought that pools were a good idea. Nowadays they are just being taken to the cleaners by these companies ... I have a massive element of distrust toward companies that are running pools now.

This suggests an adversarial relationship between small to medium sized growers and grain traders. As A1 mentioned, for grain traders, the exploitation of farmers with minimal marketing knowledge, *was like shooting fish in a barrel*, and indicates a power shift that markedly favours grain traders and undermines growers' perceived security, reminiscent of the environment that led to the creation of the AWB in the 1930s.

## Discussion and conclusion

Numerous studies have argued wheat growers will benefit from deregulation, with the resulting competition, choice, and flexibility of a free market ensuring that growers are able to seek premium prices for their grain (Chang et al., 2003;

Irving et al., 2000; Mugeru et al., 2016; Wait & Ahmadi-Esfahani, 1996; Watson, 1999; Williams, 2012). The present study, however, found most participants expressed concerns that they were not yet experiencing such benefits from the deregulation of their industry. Participants communicated a feeling that their power had been undermined as a result of deregulation. Without the security provided by the AWB, which had an obligation to buy grain, growers reported there were few companies offering a price for wheat at their local receival sites and occasionally no buyers active at all, suggesting competition among grain traders has not developed in the study region. Wheat growers argued abolition of AWB’s statutory powers was enacted without their endorsement. This was viewed as a reflection of growers’ limited power within the context of Australian politics and reinforced the perception that growers were politically expedient, further contributing to a strong sense of disillusionment from growers previously found towards the major political parties at Federal and State levels (Talbot & Walker, 2007).

The frequency with which grain traders and wholefoods companies went into administration considerably undermined the perception of competition participants held about the wheat industry. Some growers refined their marketing strategies and preferred to sell their wheat to the large, established grain traders to reduce risk, a cautious approach that became restricted with marketing options and suggests the market power of the large grain traders was enhanced following deregulation. This finding supports other research noting growers preferred not to take a risk or sell wheat to unknown traders (O’Donnell et al., 2007; Williams & Malcolm, 2012). Participating wheat growers favoured the reliability and security of the system under the AWB, as opposed to the riskier, though potentially more lucrative, open market.

In addition to the decline in choice caused by grain trader insolvencies, the financial position of each grower fundamentally determined how they marketed their wheat. Growers with significant debt levels felt compelled to take the cash price offered at harvest, whether or not they were particularly happy with that price. Deregulation might theoretically result in increased marketing choices for growers, but, in reality, the level of choice available to some growers was strongly curtailed by their financial position. This indicates quite high insecurity for some growers in the deregulated industry which, in some cases, was greatest when confronting the new and complex world of wheat marketing (Head et al., 2011). Some participants felt they had limited skills and knowledge of wheat marketing. This resulted in feelings of vulnerability and some growers suggested companies took advantage of this limited experience. Although, as qualitative research, all findings specifically reflect the perceptions of participants and ought not be generalised widely beyond the sample, the key insight gained from the study reveals the growers interviewed felt deregulation of the export wheat market was introduced without their endorsement which was interpreted as a diminishment in the political power of these small to medium sized farmers. For some, the optimism generated in the lead-up to deregulation diminished and has been replaced by a sense of injustice. As M1 stated:



At the time, I was very naïve. I just thought, “But it’s got to be good for us. Because there is going to be competition.” Now I see exactly what [my husband’s father] means. Now I understand Cargill as well. All of it is to get control away from farmers.

## Acknowledgements

The authors would like to thank two anonymous reviewers, Dr Liam Magee for providing assistance with research development and the study participants for volunteering their time and insights.

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