

## Australian Barley and the Single Desk

July 2010

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.

**Viterra**      <http://viterra.com.au/>

- Viterra and ABB Grain reached a historic agreement in September 2009 to combine operations, creating one of the world's leading agricultural companies.
- Viterra 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.
- Viterra buys grain including oats, canola, triticale, pulses, cottonseed, and other agricultural commodities from all of the grain growing regions in Australia and New Zealand.
- Viterra's network of field services covers mainland Australia, with field offices located in the five major grain growing states.
- Viterra owns country silos and export terminals and is involved in the development of a deep sea port in South Australia.
- Viterra 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.
- Viterra has eight malting plants strategically located in grain growing regions across Australia. Viterra Grain's fertilizer division sells fertilizer in four states, with facilities located at key ports and country locations.

### The Single Desk

- The Barley Exporting Act 2007 became operational on 1 July 2007 in South Australia. This Act removed the restrictions on bulk export barley shipments from South Australia.
- An industry working group – the South Australia Barley Marketing Working Group – submitted its report to the government of South 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 Grain Marketing Amendment Regulations 2009 were published in April 2009 in Western Australia to de-prescribe all grains regulated under the Grain Marketing Act

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

Alberta Grains Council: (780) 427-7329 [www.agric.gov.ab.ca/agc](http://www.agric.gov.ab.ca/agc)

Alberta Agriculture and Rural Development, Edmonton

2002. The regulations came into effect on 23 October 2009. This date marked the deregulation of the Western Australian export marketing of barley, lupins, and canola.
- 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, specialised types of malting barley and grain certified as organically grown).”*

### **The Australian Barley Industry**

(from Barley Australia, an independent, non-profit industry association established in 2005 [www.barleyaustralia.com.au](http://www.barleyaustralia.com.au) )

- 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 35-40 percent selection rate for malt.
- The domestic malting industry uses 850,000 tonnes of barley per year and domestic feed use is 2 mmt per year.
- 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.
- Australia is comparatively export focussed with approximately 65% of the total barley crop exported annually.
- In most years, Australia and EU-27 dominate the barley market with each capturing about 20 per cent of barley exports.

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

Alberta Grains Council: (780) 427-7329 [www.agric.gov.ab.ca/agc](http://www.agric.gov.ab.ca/agc)

Alberta Agriculture and Rural Development, Edmonton