Mr Anthony Wing
General Manager
Transport and General Prices Oversight
ACCC
GPO Box 520
MELBOURNE VIC 3001

Dear Anthony,

Please find following my submission in relation to the **Issues Paper in relation to GrainCorp Operations Limited's proposed Port Terminal Services Access Undertaking** dated **7 October 2010**

My submission does not address directly the queries raised in relation to the seven matters listed by the ACCC as I am not a direct stakeholder in the port terminal access undertakings. Having however been actively involved in the earlier stages of the export grain supply chain I hope my insights are helpful to your deliberations.

The Productivity Commission Wheat Export Marketing Arrangements, (WEMA) Inquiry Report No. 51, released on October 28, 2010, is I believe a very comprehensive document & the team at the Productivity Commission are to be congratulated on their work. Their thorough, scientific & methodical work has presented industry data desperately needed to be a basis for sound policy debate & subsequently decisions.

Regards,

Timothy Bush

Contents

Preamble

1. Competitive export grain market- Eastern States 3

2. Increasing Export Capacity – Eastern States 5

3. GrainCorp total nominal terminal capacity 8

4. Multinationals & Internationalisation 10

5. Overview of 2009/10 Season 10

6. Rail Haulage & the Shipping Stem 11

7. The Future 11

8. Appendix I

'GRAINCORP PORT TERMINALS Nigel Hart, General Manager Ports
Leon Maguire Port Terminal Manager –Fisherman Islands 22 May, 2009'

'NSW GRAIN FREIGHT REVIEW
Submission by GrainCorp Operations Limited
(ABN 52 003 875 401) 17 March, 2009'

The GrainCorp Submission to the Australian Competition & Consumer Commission 2011 Port Terminal Services Undertaking (2011 PTSU), dated 22 September 2010 states;

> The purpose of this submission is to provide the ACCC with information on GrainCorp's Proposed Undertaking in the broader context of the eastern Australian grain market and the Current Undertaking period. (p.1)....
>
> This submission does not seek to repeat the information provided to the Commission previously. The purpose of this submission is to update the Commission on GrainCorp's operations and changes to the eastern Australian grain market since the commencement of the Current Undertaking on 1 October 2009. (p. 3)

1. Competitive export grain market- Eastern States

Before commenting on the proposed 2011 PTSU I will comment on the eastern Australian grain market as presented by GrainCorp, page references quoted are therefore directly from this GrainCorp document dated 22 September 2010.

> On average eastern Australia produces 17 million tonnes (mmt) of grain crop annually. Of that, 10 mmt is consumed domestically. The domestic market is attractive for growers as net returns are higher as a result of lower transaction costs (cost of freight from grower / storage to consumer) when compared to exports (where the cost of freight to port, port elevation and sea freight is considerably higher).
>
> The export market consumes 'residual' grain that is not consumed domestically. In an average year, eastern Australia exports an average of seven mmt of grain, five million bulk and two million in containers.
>
> 2.2 Competitive export grain market characterised by increasing export capacity
> Of the seven mmt of grain exported annually from eastern Australian in an average crop year, four mmt is exported via GrainCorp's bulk elevators (representing approximately one quarter of GrainCorp's total annual elevator capacity), 2 to 2.5 mmt is exported in containers and 0.5 - 1 mmt is exported from the Melbourne Port Terminal. (p.4)

It is hard to reconcile this September 2010 'update' from GrainCorp with 'GrainCorp Operations Limited Submission to the Productivity Commission Review of Wheat Export Marketing Regulations November 2009' in submission 43[1] quoted below. The above GrainCorp 'update' has 2 to 2.5 / 7 (mmt) = 28 to 36 % of average eastern Australia grain exports in containers (& presumably bags i.e. non bulk).

> **Has deregulation altered trends in the share of wheat exported in bulk and in bags and containers? If so, will the trend continue to change if current arrangements remain in place?**
>
> The tonnage of grain exported from year to year varies significantly in line with production, as in eastern states export grain is generally that which is not consumed locally. The tonnage of grain exported in containers has increased in recent years, driven partly by the excess supply of empty containers that needed to be returned to Asia, and increases in bulk freight rates.
>
> In GrainCorp's experience the trend in share of wheat exported in containers vs. bulk has had more to do with the deregulation of wheat in containers since August 2007. This coupled with excellent summer and winter crops in central and southern Queensland, and competitive container freight rates, grew the market rapidly to August 2008.
>
> After this time, bulk freight rates came down, making it more economical to ship in bulk. Containerisation is expected to decline due to;
> • Removal of the bulk wheat export monopoly
> • More market participants seeking to export in bulk
> • Decrease in bulk freight rates and the narrowing of the spread between bulk and container rates
>
> Container packing is still expected to play a role in grain exports more due to:

[1] http://www.pc.gov.au/__data/assets/pdf_file/0008/92555/sub043.pdf (Accessed Oct 30, 2010)

- Customers requiring less working capital
- Containers reducing price exposure and risk (the value of each consignment is less)
- Infrastructure investment (sub 43, p.39)

Quoting GrainCorp above '*Containerisation is expected to decline*'.... '*has had more to do with the deregulation of wheat in containers*' – it has been the major alternate export grain supply chain which has developed dynamically in the last five years, particularly in the eastern states, as a structural change response to constraints & sometimes monopoly price gouging behaviour by elements in the bulk export grain supply chain.

Thankfully the Productivity Commission Wheat Export Marketing Arrangements, (WEMA) Inquiry Report No. 51[2], presented to the Australian Government on 1 July 2010 & with the final report released to the public on October 28, 2010 has researched this issue thoroughly & reports.

> *Export wheat supply and disposal*
> The majority of Australia's wheat exports are in bulk, however, the composition of total exports by mode varies across states. Over the five year period to 2008-09, non-bulk exports accounted for about 35 per cent of Victoria's exports, 30 per cent of Queensland's and 20 per cent of New South Wales'. In the same period, non-bulk exports accounted for only 6–7 per cent of exports from Western Australia and South Australia (figure 2.5). p.58

Finally - substantive data indicating how important the container/non bulk sector has become particularly in the eastern states with its large domestic grain/wheat market which only increases the variability of the size of the export grain task with consequent 'stop - start' demand for particularly bulk grain rail freight in transporting export grain from up country storage to port elevators.

This is vital information for all levels of government & the grain's industry in the planning of transport & port infrastructure, particularly in the eastern states, to cope with the increasing volatility of the export wheat task & accommodate 'surge' capacity for large harvest years such as the 2010-11 grains year is shaping up to be.

Now that the significance of the 'container' (please read this from now on as all non bulk exports i.e. including bags) export grain trade has been indicated, presented, researched by a credible independent body GrainCorp are now quoting this data; despite depicting the container trade as *expected to decline* in their own November 2009 submission to the Productivity Commission.

The importance of the 'container' export grain supply chain, as presented in its true light by the Productivity Commission WEMA Inquiry Report No. 51 was not evident in the $3 million 'New South Wales Grain Freight Review (NSWGFR), September 2009'[3] released on Wednesday 21 October 2009 by the Federal Minister for Infrastructure, Transport, Regional Development and Local Government.

> Estimates of current and forecast containerised grain exports were provided by ACF. These estimates indicate that current containerised grain exports through Port Botany represent only a small proportion (approximately 6.8 per cent) of NSW bulk grain exports in a normal year and are not expected to rise substantially in the next 15 years. Consequently, the containerised sector is unlikely to have a significant impact on the bulk export sector, as a whole, in the medium to long term. (p.26)

The 'Estimates of current and forecast containerised grain exports' were not provided as an annexure to the 92 page NSWGFR 2009 report – how can one comment or dispute information not provided to the public? The only discussion relating to 'Containers' (& the non bulk industry) was the paragraph above concluding *is unlikely to have a significant impact on the bulk export sector.*

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[2] http://www.pc.gov.au/__data/assets/pdf_file/0005/99554/wheat-export-report.pdf (Both accessed October 30, 2010)

[3] http://www.nationbuildingprogram.gov.au/publications/reports/pdf/NSW_Grain_Freight_Review_Final_report.pdf

So the estimated 'containerised' data, as provided to the 2009 NSWGF Review (for NSW) *'(approximately 6.8 per cent) of NSW bulk grain exports in a normal year'* was incorrect & understated the non bulk export grain supply chain threefold (WEMA 2010: NSW about 20%).

The 'Joint Media Statement' 20 October 2008 from 'The Hon Anthony Albanese MP, Minister for Infrastructure, Transport, Regional Development and Local Government & Tony Burke Minister for Agriculture, Fisheries and Forestry' [4] establishing the NSW Grain Freight Review stated;

> A high-level review looking for ways to rebuild an efficient grain transport network in NSW will begin this month, following the appointment of the review taskforce.....
>
> The review will examine grain freight supply chains and identify the most sustainable, long-term solution for moving grain efficiently from farmer to customer.

I have previously expressed my dissatisfaction with the dismissal of the 'container' export grain supply chain by the 2009 NSWGF Review in my submission (DR 77)[5] to the Productivity Commission WEMA Inquiry.

> For a Review whose " purpose of the NSW Grain Freight Review is to examine the grain freight supply chains considering institutional, governance and accountability arrangements (both public and private); and competition, pricing and asset management aspects of the NSW grain freight task. "
> there is a distinct lack of figures.
>
> As we are now aware the scope of the NSW Grain Freight Review – indeed its PRIMARY FOCUS is basically costing branch railway lines vs. truck transport to grain sub terminals. (sub DR77 p.10)

2. Increasing Export Capacity – Eastern States

Again quoting from GrainCorp's 22 September 2010 proposed 2011 PTSU;

> GrainCorp's supply chain improvements have culminated in the ability to increase export elevation capacity for the 2010/2011 shipping stem period. GrainCorp also voluntarily made improvements to rail, road and shipping accumulation planning and execution.
>
> - GrainCorp increased **total terminal capacity** from 12.24 mmt pa to 15.12 mmt pa
> (a total increase of 2.7 mmt pa) p. 9

The above discussed 'supply chain improvements' to increase GrainCorp's 'export elevation capacity' are to be commended. Terming these 'supply chain improvements' as 'voluntarily made improvements' brings to my mind community volunteer or charity work. Clearly GrainCorp as a listed company is making these supply chain improvements to improve its profits. If it can work cooperatively with bulk grain exporters to produce savings for both parties & ultimately the Australian community, as has occurred, that is to be encouraged – it is hardly a voluntary activity!

Opening the GrainCorp website on November 2, 2010 [6]

"GrainCorp Bulk Grain Shipping Stem

The information contained on this page and the shipping stem details provided comply with Section 24 of the *Wheat Export Marketing Act 2008*. For a list of accredited exporters, click **here**.

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[4] http://www.minister.infrastructure.gov.au/aa/releases/2008/october/AA156_2008.htm (accessed October 30, 2010)

[5] http://www.pc.gov.au/__data/assets/pdf_file/0003/97347/subdr077.pdf (accessed October 30, 2010)

[6] http://www.graincorp.com.au/prodserv/Ports/Pages/ShippingStem1.aspx (accessed November 2, 2010)

Terminal	Monthly Estimate of Elevation Capacity (kt)
Mackay	70
Gladstone	70
Fisherman Islands	240
Carrington	240
Port Kembla	270
Geelong	270
Portland	100

NOTE

Monthly estimates of terminal elevation capacity **do not constitute a guarantee of monthly terminal elevation throughput** and cannot be relied on as a representation, an offer capable of acceptance or an invitation to treat. The monthly elevation estimates **do not constitute a 'benchmark' against which terminal elevation 'performance'** is measured. The publication of these estimates of port terminal capacity will allow exporters considering the nomination of a cargo to make better-informed judgements about the availability of elevation capacity at GrainCorp terminals.

Special Notice

The GrainCorp Geelong export elevator has the capacity to receive and store large quantities of grain directly from the local growing region.
High demand for direct ex-farm deliveries can reduce the amount of storage capacity available for export cargo accumulation at Geelong.
We expect the forthcoming harvest in the Geelong region to be large. Consequently, grain storage at the Geelong elevator during December and January will be required for local harvest deliveries.
As a result of the anticipated storage demands, GrainCorp is reducing the total export elevation capacity available for booking at the Geelong elevator in the manner shown in the following table.

Month	Current Elevation Capacity	Revised Elevation Capacity	Elevation Capacity Booked	Elevation Capacity Available	Comments
December 2010	270,000	150,000	Nil	**150,000**	120,000 t storage allocated to ex-farm receival
January 2011	270,000	150,000	140,000	**10,000**	120,000 t storage allocated to ex-farm receival
February 2011	270,000		220,000	**50,000**	No change to capacity
March 2011	270,000		240,000	**30,000**	No change to capacity

NOTE: February 2011 export elevation capacity will remain at 270,000. Stock from direct ex-farm local harvest receivals is likely to be utilised during the January / February export program (where sold to exporters).

What if this situation changes?

Should the circumstances outlined above change, and additional export elevation capacity become available, GrainCorp will undertake to a) Notify customers of the change of circumstances,

b) Provide a date from which any additional export elevation capacity can be booked, and

c) Open the Geelong shipping stem from that date for CNA's.

Any questions about the matters mentioned above should be directed to Craig Cochrane on 03 52471122."

Multiplying the '**Monthly Estimate of Elevation Capacity (kt)**' for each GrainCorp (Port) '**Terminal**' in the top table on this page (i.e. by 12) & then summing for the seven Terminals calculates to '15.12 mmt pa' quoted in the proposed 2011 PTSU as 'GrainCorp increased total terminal capacity' on the previous page.

Apparently the Victorian 2010-2011 grain harvest is shaping up to be a bumper crop, this 'Special Notice' has only appeared on the GrainCorp website in the last few days & has the effect of reducing (nominal) elevation capacity at Geelong terminal by 120,000 tonne in both December & January 2011 i.e. 240, 000 t in total. To be fair to GrainCorp they do state earlier in the proposed 2011 PTSU p.5;

> This increased level of export capacity (together with GrainCorp's existing excess capacity (other than at peak times)) provides a significant competitive constraint on GrainCorp.

Excess Elevation Capacity is really not much use if it isn't available to be used in 'peak times'.

It appears that the three key functions of Geelong export grain port terminal facilities [7]being *Receival, Storage (long and short term) & Outloading* can not all proceed at the same time without nearly halving the Elevation Capacity i.e. *Outloading* of the Terminal.

The 'Special Notice' states;

> High demand for direct ex-farm deliveries can reduce the amount of storage capacity available for export cargo accumulation at Geelong.

So trucks can't accumulate wheat - 'export cargo' (as fast as trains) or as the Geelong facility can normally *Outload* grain onto ships. This action allows GrainCorp to capture grain from Victorian farmers through the harvest period who possess some on farm storage but are happy to sell wheat immediately & will no doubt have as many farm & local contractor's trucks running 24 hours 'ex farm' directly into Geelong Terminal as they can muster. Graincorp state this in their submission to the Productivity Commission WEMA Inquiry[8]:

> A shift towards greater road use can impact on other parts of the supply chain, and adjustment will sometimes be difficult. For example, many port terminals were not designed to handle wheat delivered from trucks. Therefore, it can be more costly to unload grain from trucks to ports than it is for rail. GrainCorp stated:
>
> > For GrainCorp, the cost of unloading trucks is approximately three times that of unloading rail, due to the combination of additional staff required at sample stands and unloading grids, and the tonnes per man hour that results from the lower intake rates. If forced to increase the truck receival capacity at its port terminals, GrainCorp would have to spend up to $3 million per port terminal (times 7 terminals). This would translate into the need to impose higher service fees. (sub. 43, p 29)

This is a balancing operation by GrainCorp – they can capture wheat from farmers wishing to sell immediately (maybe even forward contracted to) & utilise the cheaper Terminal bulk freight *Outloading*, provided by GrainCorp, & subsequent sea freight rates. The plus for GrainCorp is that it may mean they get to make some margin on this export grain which otherwise may be exported through a competitor's alternate 'container' export supply chain remembering that WEMA reports an average of 35% of Victorian export grain over the last five years utilizing this supply chain.

Only down side for GrainCorp is that the Geelong Terminal bulk wheat export shipping program is pushed back one month. (& the Victorian public over the Christmas New Year period with streams of semi trailers & B-Doubles with grain from the countryside headed to Geelong GrainCorp terminal) Relating to this public road safety issue (continuing from below the GrainCorp quote on p.285) in their submission[9]to the Productivity Commission WEMA Inquiry the RBTU (Rail, Train & Bus Union) state;

> The RTBU (sub DR59) questioned whether adapting port terminals to accommodate road was a better outcome than investing in rail infrastructure — for which ports are designed

---

[7] as defined by the Essential Services Commission (ESC) 2009, *Review of Victorian Grain Handling and Storage Access Regime: Final Report*, courtesy WEMA Inquiry Report No. 51 p. 175

[8] http://www.pc.gov.au/__data/assets/pdf_file/0005/99554/wheat-export-report.pdf p.285

[9] http://www.pc.gov.au/__data/assets/pdf_file/0003/97005/subdr059.pdf

Analysis of the GrainCorp shipping stem indicates[10] that this 'Special Notice' was prepared around October 19, 2010.

3. GrainCorp total nominal terminal capacity

The total nominal terminal capacity of GrainCorp's eastern state sea board is an interesting concept given how often GrainCorp have raised the issue of their 'excess terminal capacity' in the formation of the 2009 PTSU, then throughout the PC WEMA Inquiry process & again in the proposed 2011 PTSU.

An excellent starting reference point is 'GRAINCORP PORT TERMINALS Nigel Hart, General Manager Ports Leon Maguire Port Terminal Manager –Fisherman Islands 22 May, 2009'

This document has been updated now titled 'GrainCorp Ports' - a copy of the above May 2009 document is provided as Appendix I.

Table 1
'High Variability of Export Task'

(Mill Tonnes)	FY04	FY05	FY06	FY07	FY08	FY05-E (2)	Average	Variability (1)
Mackay	0.2	0.1	0.1	0.2	0.2	0.3	0.2	50%
Gladstone	0.2	0.1	0.1	0.1	0.1	0.3	0.1	55%
Fisherman Islands	0.7	0.7	0.5	0.1	0.3	1.5	0.6	76%
Carrington	1.1	1.8	1.2	0.2	0.0	1.0	0.9	75%
Port Kembla	1.2	1.1	1.6	0.1	0.0	0.7	0.8	83%
Geelong	1.7	0.5	1.1	0.3	0.1	0.2	0.6	97%
Portland	0.9	0.5	0.6	0.1	0.0	0.0	0.3	111%
Total	**5.9**	**4.7**	**5.2**	**1.0**	**0.8**	**4.0**	**3.6**	**61%**

(1) StDev/Average
(2) Highside estimate

(The above Table 1 is a copy from p. 5 of GRAINCORP PORT TERMINALS, (GNC PT) May 2009)

Table 2
'Port Capacity and Berth Utilisation'
•A consequence of the highly variable export task is low asset utilisation
•Average terminal capacity utilisation is 23% and berth capacity utilisation is 10%

Port	Exports		Nominal	Maximum Utilisation			Average Utilisation		
(mmt)	Maxm	Avg	Capacity	Capacity	Berth	Storage	Capacity	Berth	Storage
Mackay	0.30	0.16	0.90	33%	15%	8.8x	18%	8%	4.9x
Gladstone	0.30	0.15	1.00	30%	14%	7.5x	15%	7%	3.7x
Fisherman islands	1.50	0.63	1.50	100%	32%	25x	42%	13%	10.6x
Carrington	1.84	0.90	2.70	68%	21%	11.5x	33%	10%	5.6x
Port Kembla	1.64	0.78	3.80	43%	15%	6.3x	21%	7%	3x
Geelong	1.64	0.64	2.70	61%	30%	10.9x	24%	12%	4.3x
Portland	0.83	0.32	1.50	55%	27%	13.8x	21%	11%	5.4x
TOTAL	8.05	3.58	15.80	51%	22%	10.5x	23%	10%	4.7x
Nominal Capacity Column TOTAL			= 14.10						

Capacity – Exports over Nominal Capacity
Berth – Exports over nominal ship loading capacity@ 12 hrs loading per day
Storage – Exports over Storage capacity

[10] http://www.graincorp.com.au/prodserv/Ports/Pages/ShippingStem1.aspx (accessed October 19, 2010)

I recreated p.6 (Table 2) of GRAINCORP PORT TERMINALS, May 2009 as the image was blurred particularly the [illegible] definitions at the base of the table.

Having recreated Table 2 as a spreadsheet the Nominal Capacity Column doesn't sum correctly should be 14.10 mmt.

Column 1 Table 2 '**Exports** Maxm' is sourced from Table 1 i.e. Maximum Bulk Outloading of each Terminal in the last five years eg FY09 for Mackay, Gladstone & Fisherman Islands
FY05 Carrington FY06 Port Kembla FY04 Geelong & Portland

I can not make a number (about half) of the calculations work for the Maximum Berth Utilisation calculations – it appears the source spreadsheet is not working per the definitions.

The relevance of all this – this appears to be the source of the quotation from (the author of this document Nigel Hart) General Manager Ports in the WEMA Inquiry Report No. 51 p.200

> Box 5.6 **Port terminal operator views about constraints on their market power**
> Bulk handlers suggest competition concerns about port operations have been overstated.
>
> For example, CBH said:.....
>
> GrainCorp made similar statements:
> No credible evidence has ever been presented to indicate the company has ever sought to extract monopoly rents or to form a 'regional monopoly'. The structure of the grains industry in eastern Australia militates against the formation of a regional monopoly, and as such there is no requirement for regulation to prevent the formation of what the market will never allow to form.
>
> • Grain growers enjoy a competitive market where only 30% of grain produced in the eastern states is exported from GrainCorp port terminals. Over 50% of grain produced is consumed by the domestic market.
>
> • A significant portion (up to 25%) of grain is exported from competing facilities, including the containerisation of grain.
>
> • GrainCorp has no incentive to hinder access given that its terminals average shipping utilisation is only 15% and only 24% usage in a maximum year. Our business model requires us to maximise throughput as demonstrated by GrainCorp's track record of providing public access rates to others without the need for regulation.
>
> • GrainCorp's business model is based on open access. GrainCorp has no history of refusing access or of acting in an anti-competitive manner in respect of grain export terminals. For example, GrainCorp voluntarily engaged with the NSW Government to allow multiple licences for export barley and canola when it acquired the NSW Grain Board export rights in 2003. (sub. 43, p. 16)

So the 'average utilisation' of GrainCorp 'nominal port terminal capacity' i.e. 23-24% is calculated over the last 6 years; the period of the longest running, most widespread drought in the eastern Australian states! Surely GrainCorp hope as every grain grower in the eastern states does that this period will be the worst drought in a lifetime (unless you were alive through the big drought through the WW 2 years).

Look no further than the excellent presentation on p.4 of GRAINCORP PORT TERMINALS, May 2009 for an excellent diagrammatic with ten years of historic data of wheat /grain exports to see three bumper years in a row 1999, 2000, 2001.

Now it becomes clear why the 'Special Notice' relating to Geelong Terminal has suddenly occurred – the Victorian grain season is shaping up to be similar to the last reasonably good year 'FY04'(Table 1) Geelong 1.7 mmt & Portland 0.9 mmt

It is just so good to have a new face at the helm of GrainCorp...

'**Alison Watkins** – Managing Director and Chief Executive Officer

RBS MORGANS CONFERENCE 15th September 2010[11]

... With established market share

Grain >>>>> Ports

- **Elevate ~85%** of eastern Australian bulk export grain
- **~15% share** of the **containerised** grain export market'

Still looks like a dominant established position to me (& I think Alison).

The GrainCorp Portland export grain terminal has had a remarkable renaissance since March 2010;

7TH ANNUAL AUSTOCK 'SUSTAINABLE PRODUCTIVITY' CONFERENCE
11TH MARCH 2010 [12]

'4 - Diversify ports earnings...
GrainCorp has achieved targeted $5 m PA extra non-grain EBITDA

To further increase non-grain EBITDA we are...Investing ~$9 million to increase woodchip tonnage capacity at Portland

By mid 2010, handling additional woodchip related products at Portland'

Portland's certainly back as a grain exporting terminal – with the shipping stem already booked out for several months @ 100,000 t per month.

4. Multinationals & Internationalisation

One highlight in 2010 that the authors of the proposed 2011 PTSU missed noting was the GrainCorp AWB merger- takeover action in July & August 2010!

Likewise they do not note that GrainCorp is now the world's fourth largest malt producer having made substantial overseas purchases; this is a two way phenomena.

5. Overview of 2009/10 Season

The various interplay between GrainCorp as bulk elevator & Glencore Grain as bulk wheat exporter in the submissions on the draft WEMA Inquiry Report make interesting reading.

Not mentioned was the stoush between GrainCorp & the AWB as represented in GrainCorp submission 54[13] to the WEMA Inquiry. The mentioned AWB allegations seem to have disappeared? This GrainCorp response discussed a wide range of issues;

'port lockouts...AWB experiencing difficulties accessing GNC up country storage facilities.... using rail capacity to move grain to port for potential but not nominated shipping (p.1)'

[11] http://www.graincorp.com.au/media/2010%20Media/RBS%20Morgans%20Conference%20Presentation%2015%20September%202010.pdf p.6

[12] http://www.graincorp.com.au/media/Presentations/2010%20Austock%20Conference%20Presentation%2011%20March.pdf p.14

[13] http://www.pc.gov.au/__data/assets/pdf_file/0006/93885/sub054.pdf

6. Rail Haulage & the Shipping Stem

The proposed 2011 PTSU raises the on selling of train capacity but deems the % [Confidential]

> However, importantly, over the last two years, GrainCorp sold approximately [Confidential] of its rail capacity to third parties. The fact that GrainCorp did sell export rail capacity should not be taken as an indication that the company will continue to do so at the cost of its own export operations, particularly in instances where exporters are not willing to share commercial risk over multiple years. (p.16)

For reference from the NSW Grain Freight Review submission of GrainCorp the on selling of rail capacity for mainline trains was around 50% in March 2009[14]

> GrainCorp contracting 8 'take or pay' main line trains from Pacific National in NSW and Victoria GrainCorp allocated 6 of these trains to NSW and in turn has on-sold around 50% of its rail capacity to other grain owners on a forward contract and spot basis (p.7)

7. The Future

GrainCorp & their customers have no doubt worked together in the most part & have resolved differences & improved processes as they have progressed. I agree with the WEMA Inquiry Report No. 51 that accreditation is not required into the future.

I disagree with the recommendation that after 2014 the access tests should be removed for reasons alluded to above – for far too long not enough data & statistical information has been available. Have the Productivity Commission reconsider the situation in 2013 picking up from the excellent work done in the last 12 months.

Sorting out whom is to collect accurate data & information particularly that collated for the first time by the Productivity Commission in the WEMA Report is an issue for elsewhere. For the grain industry & indeed the broader community, is another issue for another time.

Particularly anywhere I saw in the WEMA Inquiry Report No. 51 'ABS (Unpublished International Merchandise Trade data)' I wondered who is going to collate this information next year – on a timely basis?

Regards,

Timothy Bush

[14] Attached in Appendix I

Australian
Competition &
Consumer
Commission

It has been agreed between the ACCC and Mr Bush that the following is not to be considered confidential or withheld from publication as part of the submission on the ACCC website.

1. Proposed 2011 PTSU (p. 15)

> "On 7 June 2010 GrainCorp opened the 2010/2011 shipping stem, following a media statement and notification to customers on 31 May 2010. On 10 September 2010, GrainCorp published on its website its rail capacity available for supply under spot contracts on a take or pay basis."

I can not locate on the website GrainCorp's 'rail capacity available for supply under spot contracts' or was the information only there for a short period & then removed because the contracts had been fulfilled? In a (hopefully) bumper harvest year rail capacity up country to port is going to be very strongly sort after. Is there any compulsion on GNC to disclose this information publicly?

2. Proposed 2011 PTSU (p. 12)

> '4.3 Transparency of the shipping stem
> In accordance with the Current Undertaking GrainCorp is required to publish key performance indicators including:
> - Vessels failing survey;
> - Average daily road receival rate;'

The 'Average daily road receival rate' is not included in Figure 3 of the Proposed 2011 PTSU (p. 13)

The only disclosure I could find is '**GrainCorp Shipping Statistics 1 October 2009 to 31 March 2010**' [15] with '**Daily Road Receival Rate □ Ave on days of receival (Mt/ day)**' by Terminal at the base of the main table. If you don't know how many days of grain receival there were in the month this information means nothing?? Is it supposed to achieve some end?

3. **'ELEVATION CAPACITY AVAILABLE**
As At Tuesday, 2 November 2010'

At months ends the top line of this daily report holds the October line open because there are two overdue i.e. October 2010 ships due into Gladstone & Fisherman Islands. The linking of the spreadsheets then defaults to the maximum Nominal Shipping Capacity at all the other Ports … when we are in November.

4. Is there a time specification on how soon the "End of Month Stock Report "is supposed to be delivered? The August Report is dated at the bottom RH corner [16] 'Sept 2 2010' which is the time lag one would expect for putting together the report – I believe it was posted much later in the month.

Note that the September Report is dated October 18, 2010 – which I can confirm is the day it appeared on the web. You (& I) will watch to see what date the October 10 Report is posted.

I note Viterra have a column to record the date on which this information is posted to their website.

[15] http://www.graincorp.com.au/prodserv/Ports/ACCC%20Compliance%20Reporting/Shipping%20Stats%20March%2031.pdf
[16] http://www.graincorp.com.au/prodserv/Ports/Monthly%20Grain%20Stocks%20at%20Port/EOM%20STOCK%20AT%20PORT%20AUG10.pdf

4. Proposed 2011 PTSU **"PUBLIC VERSION"**

When one "Copy"(s) then "Pastes" to a Word document the following is the result with the paragraph at the top of this page. As you can note 0 (numeric) are transposed to O (alphabetic), 1 turned into L etc

> Rail haulage and shipping stem capacity for the2OtOl2O1.1.
> On 7 June 2010 GrainCorp opened the 2010/20LL shipping stem, following a media statement and notification to customers on 3L May 20L0. On 10 September àOLO, GrainCorp published on its website its rail capacity available for supply under spot contracts on a take or pay basis.

Makes quoting the Proposed 2011 PTSU very slow … I have done this with hundreds of PDF's to Word & never struck this previously – is it meant to frustrate people wishing to quote the document ??
I could have scanned with recognition software but that often requires correction as well. Just meant I had to proofread as I transferred the document.