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3 March 2011

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

Dear Mr Wing

On behalf of the South Australian Farmers Federation Grains Industry Committee (SAFF Grains), I am forwarding some brief comments in relation to the Viterra Operations Ltd proposed Port Terminal Services Access Undertaking.

SAFF Grains is the peak representative body for South Australian grain growers. The Committee's mission is to be the authoritative, independent voice for the South Australian grains industry, developing and ensuring implementation of policies and strategies to maximise long term producer profitability.

The Committee's policy interests extend from grain marketing, farm inputs, grain export inspection, research and development, handling arrangements, land and sea transport and strategic planning for the industry. Representation occurs on many different issues and with many sectors of the grains industry including government, politicians, research providers, grain marketers, bulk handlers and transport companies.

In relation to Viterra's proposed Undertaking, SAFF Grains is very dubious that there will any real change based on recent experience. Despite Viterra's claims of improvement, including those made during Wheat Export Australia's review of Viterra in November 2010, Viterra's access charges still create too large a price penalty for competing upcountry sites to get access to ports. Non-Viterra upcountry sites are penalised to the point of not being price efficient, let alone having the ability to build new ones or expand existing sites.

Similarly there has been little or no improvement in information flow and shipping stem transparency.

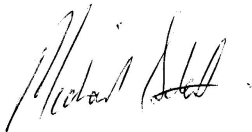
The situation remains unchanged in South Australia of Viterra being the only port operator, and with the large majority of upcountry storage. There is very little up-country competition and any company considering building further up-country facilities knows that eventually they will still need to use Viterra's ports, with its control of the shipping stem as well as control of the majority of road and rail logistics in South Australia grains export supply chain.

To date, not only is any competition stifled, but Viterra has been able to arrogantly treat growers with contempt when they have attempted to deliver to Viterra sites. The SAFF Grains Industry Committee have received complaints from growers about a wide range of issues dealing with Viterra including no objective measure of quality, poorly maintained facilities, inexperienced staff, no independent testing, lack of preparation for a record harvest, changes in classification, opening hours, waiting times, weigh bridge discrepancies, and changes during harvest in how and where grain could be delivered. These complaints are symptoms of a lack of competition. In a competitive market place, there would be the incentive to provide a service to growers, so as to attract grain.

As part of this review we ask the ACCC to consider the current lack of competition in the South Australian grains industry.

Representatives from the Committee are willing to meet with ACCC to clarify the points made and to discuss their concerns further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Schaefer', with a stylized flourish at the end.

Michael Schaefer  
CHAIRMAN, SAFF GRAINS INDUSTRY COMMITTEE