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21 April 2011

Mr Anthony Wing
General Manager
Transport & General Prices Oversight
ACCC
MELBOURNE VIC 3001



By email to: transport@accc.gov.au

Dear Anthony

**GrainCorp Operations Limited Port Terminal Services Access Undertaking
Draft Decision dated 24 March 2011 – Submission from Port of Portland**

I refer to the request for submissions from interested parties on the above draft decision.

Port of Portland is one of Victoria's four commercial bulk ports. It is a deep water bulk port strategically located between the ports of Melbourne and Adelaide. The Port of Portland specialises in handling bulk commodities, particularly grain, woodchips, logs, aluminium ingots, livestock, alumina, liquid pitch and fertiliser products. It has approximately 4 million tonnes in annual throughput which is expected to grow steadily over the next few years with the increase in hardwood chip exports.

GrainCorp Operations Limited is a major tenant and customer of the Port of Portland, owning major infrastructure for receiving, storing and exporting woodchips and grain.

As the owner and operator of the Port of Portland and the landlord to GrainCorp Operations Limited (GrainCorp), Port of Portland Pty Ltd (POPL) makes this submission in relation to GrainCorp's access arrangements at the Port of Portland.

In the ACCC's draft decision dated 24 March 2011 it is stated that the ACCC is particularly concerned to understand the issue of capacity management arrangements in relation to GrainCorp's port facilities.

As the ACCC is aware, 2011 will be a bumper year for grain exports from eastern Australia and this is certainly the case at the Port of Portland where the volume of grain exported in 2011 is expected to be around 700,000 tonnes. This is a significant

volume considering that little or no grain was exported from the Port of Portland for the previous three years. The high volume of grain being exported from Port of Portland this year has led to logistical challenges in the transport, receipt and ship loading of that grain and it is in that context that POPL makes this submission.

It should be noted that a significant volume of grain has been retained this year in on-farm storage throughout Victoria. Effectively most storage facilities in Victoria are full. The result of significant rain fall over the past 12 months has meant that sub-soil moisture has been restored in grain growing areas and accordingly the 2011/2012 harvest is expected to be as successful as this year's harvest. The expectation is therefore that the logistical challenge of transporting, receiving and exporting high volumes of grain from Port of Portland will continue for the next 12 to 24 months. It is important therefore that we plan for these logistical challenges.

Over the past three months I have been receiving comments from transport companies, grain industry companies and exporters of other products at the Port of Portland, commenting on the fact that GrainCorp only operates its grain facilities at the Port of Portland during day-light hours. This approach by GrainCorp at Port of Portland results in a significant restriction on the capacity of the grain export supply chain. It is also now starting to delay the export of other products from Port of Portland.

GrainCorp's operating hours at the Port of Portland

GrainCorp's receipt times at the Portland terminal are as follows:

Road: Monday to Thursday 7am to 7pm
Friday 7am to 4pm
Saturday by request

Rail: Monday to Friday 7am to 2pm (so that loading is finished by 5pm)
Saturday and Sunday by request

GrainCorp's grain shiploading times at the Portland terminal are as follows:

Only during day-light hours.
Loading during day-light hours is suspended when it is raining.

Commentary

POPL submits that the operation of GrainCorp's Port of Portland grain export facilities only during day-light hours results in a significant reduction in the capacity of this facility. This is proving to be particularly difficult during this year when grain harvest volumes are very high.

Grain cannot be loaded onto ships when it is raining (moisture affects the grain quality detrimentally). I understand that historically GrainCorp does not load after

day-light hours because it maintains that it is too difficult to monitor incoming rain and to stop loading. In response to this it is noted that other bulk cargoes at the Port of Portland, such as mineral sands, which cannot be loaded while it is raining, are loaded on a 24-hour basis with appropriate monitoring arrangements put in place to watch for approaching rain. Our submission is therefore that it is possible for grain to be loaded on a 24-hour basis.

The impact of the current loading arrangements by GrainCorp are starting to impact the loading of other cargoes at the Port of Portland. This occurred in the past month when a vessel seeking to load woodchips on the same berth as a grain ship at the Port of Portland had to wait for an extended period of time outside the port while a grain ship was loaded over a number of days because it could only be loaded during day-light hours and there were delays caused by rain. The frustrating factor in that case was that the woodchip ship could have been loaded in the rain and it would have been loaded on a 24-hour basis. Export delays such as this are going to increase over the next 24 months as the volume of grain exports increases.

Yours sincerely,



Jim Cooper
Chief Executive Officer