goodman fielder
our homegrown food company

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Mr. Anthony Wing
General Manager
Transport & General Prices Oversight
ACCC
GPO Box 520
Melbourne Vic 3001

Dear Mr Wing,

Goodman Fielder Ltd submission to the ACCC in relation to GrainCorp Operations Limited ("GrainCorp")'s port terminal access undertaking

Goodman Fielder Ltd ("**Goodman Fielder**") is Australasia's leading listed food company. The company has an excellent portfolio of well known consumer brands in some of Australia's largest grocery categories, including Meadow Lea, Praise, White Wings, Pampas, Mighty Soft, Helga's, Wonder White, Vogel's (under licence), Meadow Fresh and Irvines. Our products cover every meal occasion, including breakfast, lunch, dinner and snacks.

We produce and market bread, milk, margarine, flour, dressings, condiments, dips, mayonnaise, frozen pastry, cake mix, pies, savouries, smallgoods, chilled and frozen pizza, desserts, sauces, vinegar and cooking oils. Relevant to this submission, Goodman Fielder is the largest supplier of flour to both New Zealand and Papua New Guinea.

Goodman Fielder does not currently accumulate its own wheat at port for export from Australia. Instead, Goodman Fielder is a FOB buyer from other accredited bulk wheat exporters. This means Goodman Fielder provides a ship into which the seller must load the bulk wheat for carriage to Goodman Fielder's own flour mills.

It is the seller that bears the risk of ensuring bulk wheat is accumulated at port and loaded onboard the ship within the period specified under the sales contract with Goodman Fielder. Goodman Fielder does not have any contractual relationship with GrainCorp for port terminal services.

However, as a FOB buyer, the allocation of shipping capacity at GrainCorp's port terminals impacts Goodman Fielder's business.

Where Goodman Fielder requires bulk wheat from Australia, it will seek tenders from accredited bulk wheat exporters for the supply of that wheat. A standard tender process usually commences approximately 2 months before the delivery period opens and the delivery period is usually 21 days.

The delivery period is an integral part of the sales contract. It is determined by Goodman Fielder's own obligations, which include ensuring that the Goodman Fielder mills have sufficient wheat to keep operating.

One important factor that any FOB seller of bulk wheat must consider before deciding whether to participate in the tender, is whether it will be able to accumulate and load the bulk wheat within the prescribed delivery period. To do that, it must be able to gain access to a vessel slot.

Goodman Fielder's experience with the current GrainCorp port terminal access regime is that it limits the number of potential FOB sellers that will have fair and open access to vessel slots and be able to accumulate and load bulk wheat within a specified delivery period. This means there will be less participants in the tender process. This can result in Goodman Fielder either:

1. paying more than it would, had it been able to participate in a fair and open market; or

2. not being able to actually purchase bulk wheat during the period required to fulfill its own obligations. This means Goodman Fielder may have to look to other markets to source its wheat outside of Australia, which it does not wish to do.

Goodman Fielder's experience is indicative of the problems faced by any FOB and or CFR buyer that wishes to buy Australian bulk wheat.

A practical example of the current port terminal regime excluding participation in Goodman Fielder's tender process is shown at **Attachment 1**. **[CONFIDENTIAL]**

Goodman Fielder sets out below some of the barriers that inhibit fair and open access to vessel slots and prevent port capacity being fully utilised.

1. **Shortfalls of the 2009 GrainCorp access undertaking – Speculative vessel slot booking**

   Allowing the speculative booking of vessel slots, increases the chance that the slot will not be used, meaning the port capacity is underutilised.

   The current port terminal protocols encourage speculative booking by:

   (i) selling vessel slots months in advance of when any sales contracts are likely to be executed; and

   (ii) allowing the vessel slots to be booked, without a sales contract standing behind that booking.

   There is a material economic incentive for exporters to speculatively book up vessel slots so as to become the only exporter able to ship cargo from that port during the period of time for which they have booked up the slots.

   This means that other exporters cannot offer to supply customers on FOB and/or CFR basis during that period as they cannot guarantee being able to deliver the product onto the ship, thus preventing there being a fair and open market for the sale of wheat through that port at that time. As stated above, access to a vessel slot is critical to an exporter's ability to compete for the sale of wheat to a customer.