



24 April 2015

GIAV Submission to the ACCC Draft determinations of Victorian wheat ports exemption assessments

Executive Summary

The Australian Competition and Consumer Commission has sought views on whether to reduce regulation at Victorian wheat port terminals under the new mandatory Code on bulk wheat terminal access.

Under the Port Terminal Access (Bulk Wheat) Code of Conduct (the Code), the ACCC has made draft determinations that Emerald Logistics Pty Ltd (Emerald) and GrainCorp Operations Limited (GrainCorp) are exempt service providers of port terminal services provided by means of their respective bulk wheat terminals at Melbourne and Geelong.

The ACCC has also made a draft determination that GrainCorp should not be an exempt service provider in relation to its Portland port terminal as there does not appear to be a clear competing port terminal facility which would amount to a significant competitive constraint at the Portland port terminal.

The ACCC has invited a further submission from GIAV on the draft determinations.

GIAV submits that an exemption under the Port Terminal Access (Bulk Wheat) Code of Conduct for GrainsCorp's Portland port terminal facility is justified due to the robust competition from other port operators and an array of other markets, which compete for wheat produced in the Portland zone.

GIAV Submission:

Member companies of the GIAV who export wheat in bulk favour the deregulation of all ports within the Victorian export wheat supply chain.

The GIAV submits that wheat produced within the Portland zone faces competing demand from the following markets:

- robust bulk export competition from Melbourne port terminal and GrainCorp's Geelong port terminal in the east and the port terminal of Adelaide in the west
- the substantial dairy demand in southwest Victoria
- significant competition from the growing container export market as the bulk of Victoria's regional container packers are located in the Portland zone

Furthermore:

- a hybrid system of both regulated and deregulated ports within Victoria may be difficult for wheat exporters to undertake two port loading of grain vessels which maximises the wheat exports from Victoria
- low supply chain costs may be threatened in the long term as the port operator may be restricted in undertaking long term agreements with customers at favourable access rates
- finally Victoria currently has an excess port capacity and therefore port operators are incentivised to attract exporters, both large and small, to their ports