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BY EMAIL

Mr Matthew Schroder
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Australian Competition and Consumer Commission
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Dear Matthew

Exempt service provider status assessments under the Port Terminal Access (Bulk Wheat) Code of Conduct – GrainCorp Operations Limited and Quattro Ports at Port Kembla

Glencore Grain Pty Ltd (“**Glencore**”) welcomes the opportunity to provide a submission in relation to the exemption applications of GrainCorp Operations Limited and Quattro Ports in respect of their port terminal facilities at Port Kembla.

1 Glencore supports deregulation

As set out in Glencore’s submissions in relation to the exposure draft of the *Mandatory Port Access (Bulk Wheat) Code of Conduct* (“**Code**”), Glencore considers that any regulation in the bulk wheat industry should apply equally to all port terminal services providers. The application of different levels of regulation to export terminals in Australia can give rise to significant inequities and competitive distortions across the grain export industry.

Glencore considers that any exemption provided to a port terminal should automatically extend to all other port terminal facilities operating at that port or at port that services the same (or an overlapping) grain catchment zone.

There is a significant risk that differential regulation at the same port or same (or overlapping) grain catchment area could artificially affect competition. It also carries a significant risk of adversely affecting the efficiency of export supply chains, as grain paths would be artificially skewed towards ports at which there is a lesser impact on costs from regulation.

2 Current regulatory burdens diminish commercial flexibility

The Australian wheat industry has undergone rapid changes and development over the past 6 – 7 years. There has been significant investment in key supply chain infrastructure, significant increases in efficiency and significantly greater levels of competition. In the case of South Australia, this

includes competition from other grain producing regions, competition from Victorian port terminals, competing supply chains at Port Adelaide and container shipping.

Glencore considers that Parts 3 – 6 of the Code are likely to continue to create challenges for full commercial engagement and negotiation between port terminal operators and exporters.

Most, if not all, wheat exporters operate on an international basis. With limited investment, they can direct their export activities to any wheat-growing region in Australia and globally. Accordingly, the regulation of only some port terminals – but not others – within Australia involves a significant risk of regulatory distortion and the unfair imposition of unequal cost burdens on some operators within the industry.

3 Infrastructure owners aim to maximise throughput and utilisation of infrastructure

Glencore considers that a key commercial objective for infrastructure owners at Port Kembla, other States and globally is to maximise the throughput and utilisation of their infrastructure. This commercial objective is not diminished by the infrastructure owner's presence in upstream or downstream markets.

It is in the interests of infrastructure owners to obtain greater certainty about the use of the infrastructure by engaging commercially with, and providing access to, third party exporters. In circumstances where they face competitive constraints, exemption from Parts 3 – 6 of the Code will assist infrastructure owners to engage commercially and flexibly with third party exporters. This, in turn, facilitates the efficient allocation and use of port terminal infrastructure with reduced potential for regulatory distortions.

We would be very pleased to discuss the matters raised in this letter with the ACCC.

Yours sincerely



Damian Fitzgerald
General Counsel