



11 July 2008

Richard Chadwick
General Manager
Adjudication Branch
Australian Competition & Consumer Commission
GPO Box 3131
Canberra
ACT 2601

Dear Mr Chadwick

Grain Express Notification

Asciano appreciates the opportunity to comment on CBH's notification of Grain Express, its proposed solution to grain supply chain issues in Western Australia.

Asciano plays an important role in the east coast grain supply chain, and as such can understand the urgent need to solve the significant problems facing the WA grain supply chain. This is particularly true of rail haulage where factors including network infrastructure underinvestment and lack of a base load volume, including significant seasonality, challenge the viability of grain rail haulage.

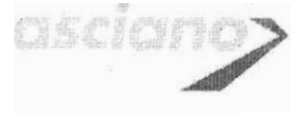
Asciano is generally supportive of Grain Express but it is imperative that the arrangements do not preclude, and ideally should encourage, above rail competition. In its notification CBH states that above rail freight agreements will be negotiated with ARG (sometimes referred to as QR)ⁱ and in a number of the places refers to ARG as being a monopoly.ⁱⁱ However, the notification also claims an increase in above rail competition as one of the potential benefits of Grain Express.ⁱⁱⁱ

It is important that these potential above rail competitive benefits are captured. To achieve this would require the preclusion of any long term contracts between ARG and CBH and the introduction of a regular open and transparent process for CBH to acquire above rail haulage. Asciano encourages the ACCC to gain further information on the contractual arrangements between AWB and CBH and the process that CBH will put in place to ensure contestability of above rail going forward.

I trust you find these comments useful and would be happy to provide further detail.

Yours sincerely

Dr Tim Kuypers
Group General Manager
Access & Regulation



ⁱ CBH Group "Grain Express" 11 June 2008, Para 3.5 p46

ⁱⁱ Ibid para 5.15 p 64

ⁱⁱⁱ Ibid para 8.19 p 77