

## **Record of meeting with Cooperative Bulk Handling Limited (CBH)**

**12 August 2008**

**ACCC:** Richard Chadwick (General Manager, Adjudication Branch)  
David Hatfield (Director, Adjudication Branch)  
Jaime Martin  
Simon Mitchell

**CBH:** Richard Codling (Group General Counsel)  
Tim Collins (Executive Manager – Logistics)  
Michael Musgrave (Operations Manager – Strategy and Systems)  
Bill Keane (Partner – Corrs, Chambers Westgarth)  
Euan Morton (Synergies Economic Consulting) – via telephone

**Time:** 10am

**Location:** ACCC - Melbourne

The Australian Competition and Consumer Commission (ACCC) requested a meeting with Cooperative Bulk Handling Limited (CBH) to discuss its written submission in response to issues raised by interested parties and the ACCC's request for further information in relation to the 'Grain Express' exclusive dealing notification N93439.

An overview of the main issues discussed during the meeting follows:

### **The implementation of Grain Express**

CBH noted that it is conducting ongoing information sessions with growers about the Grain Express proposal. To date, around 1100 growers have attended these meetings and there appears to be overall support from growers for Grain Express.

A Quality Manager has recently been appointed and a draft Quality Management Plan has been circulated to CBH's customers for comment. The aim of the Quality Management Plan is to manage grain quality along the entire supply chain and enable growers to be paid for developing specific grain qualities.

- CBH will conduct grower training sessions in relation to the new LoadNet system.

CBH noted that harvest commences in 30 days.

### **The Ring Fencing Arrangements and Policy**

The ACCC raised a number of areas of potential concern in relation to CBH's current Ring Fencing Arrangements and Policy. In this regard, the ACCC noted that the effectiveness of the proposed ring fencing arrangements is important to its consideration of the potential impact on competition in grain marketing in Western Australia.

CBH agreed to give further consideration to the issues raised in relation to its current ring fencing policy and to set out its views in writing to the ACCC.

## **The Western Australian Government's support for Grain Express**

The ACCC noted that it received submissions in support of the Grain Express proposal from the Western Australian Minister for Planning and Infrastructure and the Minister for Agriculture and Food. Further, the ACCC noted that both Ministers expressed support for Grain Express subject to a series of conditions being met.

- The ACCC sought CBH's views as to whether Grain Express, in its current form, satisfies the above mentioned conditions. CBH indicated that it would discuss the conditions with the Department of Planning and Infrastructure in order to clarify the Department's position and report to the ACCC.

## **Destination Sites**

- CBH outlined that it selected the current Destination Sites under Grain Express after assessing historical volumes of grain outturns at its various receival points across the grain supply chain network. Following this assessment, CBH selected those receival points with the highest outturn volumes to become Destination Sites.

CBH confirmed that it is willing to work with customers regarding the location of new Destination Sites in the future. However, customers would need to confirm that they seek to outturn a sufficient volume of grain from a receival point in order to maintain the efficient operation of the network. CBH noted that a reliable basis to forecast future outturn volume at Destination Sites is also required because CBH may need to invest in additional facilities to upgrade a particular receival point. CBH expects that the location of Destination Sites is likely to become more stable over time as investment at sites occurs and demand is established around those sites.