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Gina D'Ettore  
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Dear Gina,

My wife and I operate an 8700 ha property in the Northern Agriculture region at the end of the railway line at Maya, 260 km South-south East from the Geraldton port. This grain growing operation produces wheat, canola, barley and lupins of which we deliver mostly to CBH bins nearby. I have been farming for 25 years and have seen much change, some good and some bad. We have increased our production per hectare considerably with new technologies and have obviously increased our tonnage production with the acquisition of neighbouring farms. This has come at an expense to our communities and our isolation. We are travelling further for education, sport and social activities.

This brings me to the first point and that is the social cost of transporting grain on roads. This is a hidden cost in the cost benefit analysis with road versus rail. A considerable investment in road infrastructure needs to occur immediately in the wheatbelt to handle the existing traffic, let alone with an increase due to a failing rail network. Being a shire councillor I have been exposed to the gradual drop in federal funding at a time of importance. Again the local community is being asked to fund not only health and policing but take on extra costs of road maintenance and upgrades.

It has been very positive news that the Federal Governments infrastructure grant is to be matched by state money to give a boost in getting the rail network up to the standard required. This was becoming very concerning as we were unsure of the political will to keep the rail going. I agree there needs to be consolidation in certain unprofitable lines but as a general statement, we must keep as much produce on rail as possible to protect the welfare and safety of our local citizens. Road deaths are the most tragic thing that is exacerbated in a wheatbelt community. This injection of confidence means that all stakeholders can plan ahead with thinking the network is relatively status quo. That is unless sufficient grain tonnages are not put over the tracks.

This will only occur if rail is not economically competitive to road and the cheapest pathway to port is chosen. As we all know, volume is the important key in keeping per tonne costs

down, diluting overheads. Grain express is the key to this occurring. ACCC permission was granted due to the Grain Express being a natural monopoly, that is, any impediment to free competition is outweighed by the social benefit of the enforced position. This is particularly true in this situation and again I cannot express enough the social cost of a failing rail network.

The second point is that, as a grain producer, I am trying to achieve a profitable business in a globally competitive, bulk commodity market place. The inability for me to market or differentiate my product means I compete on price alone. Any supply chain cost come back to my bottom line. Grain Express provides real advantages that are providing increased returns and sustainability to the grains industry. The recent CBH tendering of above rail and the reduction of unnecessary fumigation of wheat stacks that will only increase the risk of resistant pests are just two examples. The other concern is that without Grain Express the normal forces of free markets will result in lower quality control leaving the ports of WA. This is only anecdotal at this stage but with CBH record of handling WA grain for 75 years means they have a track record that supports this.

I do have to state that I have a conflict of interest with CBH as I am a member, but in this case the marketers that will be supporting the removal of Grain express do not have the grain growers of WA best interests at heart. Their job is to acquire grain and sell to consumers or trade within the market to make a profit to shareholders. It is concerning the amount of compliance CBH has had to undertake with their marketing arm, and attempting to maintain Grain Express. This extra costs are again put back to us as growers when at a time we least can afford it.

**Surely growers working together to increase profitability in a very unfair and distorted global environment should not only be allowed, but strongly supported by ACCC.**

I am a great believer in free trade; it has brought an increased standard of living we could never imagine. The slow removal of tariffs' and protectionism from agriculture has meant the industry is one of the best in the world. Yet free trade does not always produce the best social outcomes and the removal of grain express would be one of those situations.

I am not sure I want to run a business that does not provide a safe environment for my family and community members, particularly if it has a dysfunctional and profit leaching supply chain that handles my profitability.

I hope the members of the Grain Express Review take my concerns as tabled on board when making the decision and look forward to a response to confirm the acceptance of this letter.

Regards

Brian McAlpine

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