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**From:** Hassell, John [Personal Information Excluded]  
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The productivity commission hearings into Grains Express

Submitted by John Hassell, Farmer [Personal Information Excluded]

Pleased be advised that the views expressed in this submission are mine and do not necessarily reflect the views of the CBH Group of which I am a member.

My sole ambition in putting my submission is for the betterment of the profitability of the grain growers of Western Australia. I first heard of Grains Express when I was the transport spokesman for the WA Farmers Federation; the presentation was such that I felt that agriculture in WA could not afford not to have grains express under the deregulated market.

My understanding of Grains Express is that it would be possible to put grain into the CBH storage and handling system and it could be removed from the same system in the same way as we put a dollar in the bank in Pingelly and can take out a dollar in Sydney or Thailand. Now we all know that it is not the same dollar but it has exactly the same buying power as the dollar that was put in in Pingelly and when I remove it from the bank elsewhere it still draws my account down in the same manner as if I had drawn the very same dollar out in Pingelly.

Under the new deregulated system without Grains Express, if a buyer had purchases of grain from five different sites, the grain would have to come from those five different sites. Currently to open and close each bin and regas the cost to CBH and therefore the marketer, who would pass the cost back to the grower is in the order of \$6000 per opening. It is still very unlikely, unless each grower's grain were segregated, that the grain (that is removed from the bin delivered to) would be the same grain as that delivered by a particular grower. Therefore removal of Grains Express would be a gross inefficiency and would mean the ultimate loser would be the grower.

Western Australia is currently in the privileged position of having the lowest incidence of stored insect pest resistance to current control measures. If we were to lose Grains Express it would be unlikely that the growers would be prepared or even able to foot the bill for trying to maintain that same level of control.

The reasoning for the need for grains express were about efficiency and keeping the charges for the farmer as low as possible. Under the old system with regulation the efficiency of the train system was highly suspect with as many as 25% of the wagons on a trip empty. This is of course very inefficient. Under grains express the figure has been reduced to about 5%. Rail is the most efficient form of transport for bulk commodities and we need to keep it as efficient as possible.

Under regulation and the pooling system any arbitrage that was able to be gained, theoretically, was passed back into the pool and would be then passed back onto the grower. With the massive onset of the new number of marketers in the new deregulated market any arbitrage that may have been able to be gained by the marketers will be gobbled up by huge additional costs associated with removing grain from selected sites.

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