

August 13, 2010

David Hatfield
A/g General Manager
Adjudication Branch
Australian Competition and Consumer Commission
GPO Box 3131
Canberra ACT 2601

Dear David

Review of Cooperative Bulk Handling (CBH) exclusive dealing notification N93439

WestNet Rail (WNR) welcomes the opportunity to provide comment on the review of the exclusive dealing notification lodged by Cooperative Bulk Handling in relation to Grain Express.

WNR is the below rail service provider for the CBH grain task and wishes to reaffirm its support for Grain Express. WNR believes that the benefits the grain express system far outweigh any perceived threat to competition posed by the initiative.

The benefits of Grain Express derive from the coordination of the grain supply chain which ensures that growers receive the most efficient and reliable path to market.

Rail is a more efficient and cost effective option for grain transport than road for large volumes over long distances. Grain Express ensures certainty of volume for rail and the lowest cost transport option for growers.

The removal of Grain Express would create a situation where each shipload would be accumulated by individual marketers, often from small grain parcels located around the network. Rail's cost effectiveness – which is based on economies of scale and passed on to growers – is based on full train loads from single destinations. Rail will cease to be an effective option if shiploads are not accumulated in a coordinated fashion using single destination trains.

The Western Australian government has committed to over \$30m of investment in the WA grain rail network with a total investment of over \$200m expected over the next 5 years from both State and Federal governments. Both governments have recognised that rail is the most efficient and sustainable mode of grain transport when road upgrade costs are considered alongside rail investment.

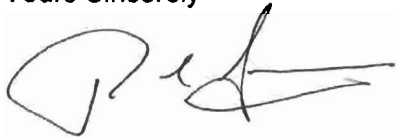
Without grain express, this investment is at risk as rail simply cannot accumulate 6 million tonnes per annum in sub-trainload parcels.

In summary, the key benefit of Grain Express is creating certainty of volume for rail and road operators, and therefore security of investment in the rail network, rolling stock and receipt/loading infrastructure.

Grain Express also benefits the grain industry by speeding up grain receipt; giving growers a better system to choose marketing options; reducing unnecessary storage opening; reducing unnecessary fumigation; making better use of port storage; reducing demurrage and encouraging dispatch; and promoting better marketing decisions.

Grain express is a key component of the WA grain supply chain. Without this level of coordination rail will cease to be a viable option for bulk grain haulage and returns to growers will decline as a result.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Paul Larsen', with a stylized, flowing script.

Paul Larsen

Chief Executive Officer