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Dated.: 28 July 2010

Attention: Ms Gina Dettorre
Australian Competition & Consumer Commission
CANBERRA ACT

Via email: gina.dettorre@accc.gov.au

Dear Ms Dettorre

I write this letter in my capacity as a Western Australian grain grower, with 31 years experience growing grain in the Esperance region of WA.

Whilst I am currently the Chairman of Co-operative Bulk Handling Ltd (CBH), I make this submission in my personal capacity as a grain producer, not as a Director or Chairman of CBH. The views set out in this submission are my own and do not constitute the official position of CBH.

I wish to express my support of Grain Express as an efficient and effective means of coordinating the movement of grain to port in a State that relies on exporting grain consistently. CBH's Grain Express, and its recently introduced Port Allocation Auction System, provides the mechanism to ensure any marketer can acquire grain from grain growers across WA (irrespective of the cost of out-turn of various sized tonnage lots, from various geographic locations), secure access at the port; and have that grain delivered to the port for shipping on time to their end-user customer.

In implementing this system, CBH has ensured that the 'bulk' remains in the bulk handling system. This is critical to growers who ultimately pay the costs of grain movement. For more than 77 years, WA grain growers have utilised CBH, with the profits being reinvested to create the most efficient storage and handling system in the World.

In the last 15 years, much of this investment has been focussed on port storage and out-loading efficiency – a benefit for the marketer wishing to have his ship loaded faster in order to save costs or avoid penalties. This is a benefit the growers have been willing to provide through their reinvestment in order to ensure WA remains an export origin of choice for customers around the World. However, growers cannot afford to give up all the benefits or efficiencies in their system to marketers.

Production gains and supply chain efficiencies are critical to the ongoing sustainability of grain growers in a competitive global commodity market. Our investment in, and ownership of, the CBH system enables growers in WA to use our own storage and handling system as an international competitive advantage.

As a grower, I wish to see the most efficient utilisation of infrastructure in order to better support my business. This applies equally to the storage and handling system, the ports; and the road and rail networks.

Grain Express enables this to happen whilst still providing me with open access to any marketing option across the State. Where and to whom I sell my grain is my commercial choice to make. Grain Express is not limiting competition for my grain – it is enhancing it.

I express my concern for growers in marginal regional areas with poorer infrastructure, should Grain Express disappear. The end of Grain Express means the end of the port based ownership of grain and a return to site based ownership for marketers. CBH will simply have to respond to the marketer's request to move only the grain they own at sites to port, in what is likely to be in many cases to be uneconomic volumes to move.

Marketers and other industry groups may scoff at the suggestion that there will be fewer marketing options for growers without Grain Express but tell me how many marketers will offer prices at 197 receival points when they run the risk of accumulating small, uneconomic parcels of grain that are unfeasible for them to move to port to make up their cargo in a cost effective manner? We will see a return to limited marketing opportunities for growers in marginal areas.

One of the criticisms of Grain Express is that of the port congestion in the 2008/09 harvest and the so called 'self imposed capacity restraints' put in place by CBH.

Given the massive industry changes in a short timeframe during that deregulation period, and the unknowns of the world market environment, it is not surprising that some things didn't go so smoothly. However, CBH reacted quickly to put in place a new system on which it consulted heavily with industry – the Port Auction System.

CBH itself is working within limited transport resources and is acting responsibly to match demand to capacity. At the end of the day, it is growers who pay for this transport capacity. CBH has the unenviable task of trying to balance the real and/or perceived demand from marketers who simply pass the costs of any under-utilised transport resources on to growers and the grower's ability to pay. We growers cannot afford to pay for the market's folly in over-estimating freight resources - there needs to be a sustainable medium found.

As for the auction system, it effectively says, if you value shipping time, at a certain time of year, you will be willing to put your money where your mouth is to secure it. Quite frankly, as a grower who takes significant up-front risk when I plant a crop with no guarantee of rain or avoiding a wipe out frost and with no option to insure my crop against these risks, I have no problem with marketers being asked to pay to secure their space on the shipping berth.

Grain Express makes sense. It makes sense for growers who can benefit from a more efficient supply chain. My storage and handling fees have not increased in the last 2 years. This has been most helpful at a time when grain prices have not been the best. CBH is trialling grower-weighted averaging this year – a service that is contingent on CBH being able to manage stock across the network and deliver ownership at the port and one that is potentially worth \$3.30 per tonne extra to myself and my fellow growers.

It benefits marketers as it provides them certainty their grain will get to port in the most efficient manner and at the quality standard agreed.

It enables the grain industry to commit volume to rail – a most important requirement for an export industry such as ours and an important community benefit for regional areas where roads are already under significant pressure and for metropolitan communities unfamiliar with sharing roads with grain road trains.

I ask you to consider the grower, industry and community benefit of Grain Express. As a grower, I believe it makes good sense and assists my business to remain competitive against my fellow grain growers in Eastern Australia, the Ukraine, Canada, the United States and many other competing origins.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Neil Wandel', is written over a light gray rectangular background.

Neil Wandel