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**Sent:** Tuesday, 11 January 2011 11:02 AM

**Cc:** Roy, Lauren

**Subject:** Fw: JR Steel response to ACCC summary

CBH doe's not supply the transport of grain to port. It calls tenders & arranges on behalf of it's members the most competitive deal with a preference for rail as is the community's wish for safety & environmental reason

The market power that ACCC talks about indicates the ACCC's misunderstanding & rejection of the proper function of a non profit cooperative to operate for the good of it's members & the grains industry as a whole.

Sure, CBH relies on it's volume to keep handling charges & freight down. It will not do anyone good to fragment the task. Who in their right mind would want to compete with such a cooperative. Giving growers & marketers the option of arranging their own transport out of the CBH county storages would be detrimental to the WA grains industr

It would not maximise the use of rail with more going to road against community wishes .

It would incur extra cost on to the bulk handling & freight system.

The cooperative should not have to bear the considerable extra cost's of outloading & refumigation.

It is likely that CBH 'S tight hold on quality control & grain hygiene could be lost.

Those that wish to break cooperative's control of the supply chain do so for purely selfish reasons & don't care that by doing so they will cause inefficiencies & therefore costs onto others. The great majority of growers support GRAIN EXPRESS.

The GRAIN EXPRESS enables a marketer to be supplied a particular quality grain from one storage that suits CBH when in actual fact , the grain was received at many sites.

Loosing GRAIN EXPRESS would represent a huge loss of efficiency.

It would also weaken CBH's position when negotiating freight to port. Rail is what the community want's maximised & it needs volume to be economical. CBH organises the freight at no cost. What other organisation that charges freight has payed an \$8million refund to the people who payed the freight in the first place? State & Fed Govt's have just announced a \$352million over 4 years investment in the WA grain freight network. CBH has also announced it's intention to purchase \$175million in new rail engines & rail wagons to be operated by WATCO on the WA grain network.

These investments will fit very well with the GRAIN EXPRESS system.

The WA Govt currently plans to close tier 3 lines which have 38 CBH bins located along them. There is very strong country community feeling against this & it is hoped that the CBH investment will avert this, stopping more road trains on our degraded road system. GRAIN EXPRESS is needed to encourage rail use.

What the ACCC does not appear to understand is the proper function of a cooperative. The ACCC in trying to break the monopoly of such a volume based cooperative will only incur extra costs on to growers & possibly lose us our good reputation for quality grain.

In the USA they have a law which protects cooperatives from the equivalent of the ACCC. It is called the Capper Volstead act. This is what we need in AUST as the ACCC seems totally driven by the doctrine of competition policy.

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