

ACCC Submission re: Grains Express

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PUBLIC REGISTER

I am a grain grower south east of Newdegate of some 30 years and utilise both rail transport to Albany and road to Esperance through the CBH system to get our grain to market.

The CBH system has proved the most successful and most resilient receival and logistics system in Australia if not the world as it evolved under the single desk marketing arrangements of the AWB for wheat and Grain Pool for barley, lupins and canola.

CBH has introduced Grains Express to recapture some of the efficiency loss as we moved to a deregulated multi buyer marketing system.

Deregulation was promised to bring additional profitability to grain growers through competition among buyers, not increased costs to farmers through lost efficiencies in freight and logistics.

Only farmers have a vested interest in keeping costs down which is why the co operative approach works. Large or small growers benefit no matter where they farm as even the largest grower in the district is dwarfed by the accumulation of tonnage of his neighbours and the economy of scale that tonnage brings. This is no doubt why a recent survey conducted independently on behalf of CBH stated that the vast majority of large growers supported the co operative model.

This sentiment is not unique to WA as in other jurisdictions around the world co operatives are given special dispensation under legislation exempting them from so called anti competitive laws. The greatest opponents of Grains Express are those organisations that seek to take advantage of individual growers' lack of knowledge, market power and scale of operation for their own profit.

Under the disciplines of Grains Express growers are set to make further efficiency gains through a soon to be introduced Grower Weighted Averaging System allowing growers to average their delivery specifications on-line, saving time consuming and costly pre delivery blending and grading operations. Grains Express underpins growers' ability to benefit from deregulation of single desk marketing as all growers grain is presented clean, dry and to specification at ship's side for all buyers to bid for regardless of the growers' location. This creates a unique low cost platform for *all* buyers' resulting in greater competition.

Whilst Grains Express primarily benefits growers as they struggle to remain internationally competitive under ever declining terms of trade, significant community amenity benefits are generated by maintaining maximum energy efficiency through utilising rail transport to port and minimising major road use conflict in rural and city communities. Should Grains Express be disallowed, an adhoc approach to grains logistics would result with less economic parcels of grain handled and transported largely by road with the cost being borne by individual growers and the community.

Most growers would see their marketing options diminished as their parcel of grain would attract less interest because of its storage position forcing many growers to erect their own relatively small scale and inefficient storage.

There is no rationale that ordinary consumers would pay more for bread or any other grain products because of Grains Express. Grain prices are largely determined by international pricing leading to a 'world price'. It is only a question of how much of that price a farmer receives which is what Grains Express is all about.