

## EXCLUSIVE DEALING – GRAINS EXPRESS

Currently WA growers have the right to sell grain to and deal with whoever they wish. In many country areas the only facilities that deal with and store grain is a grower owned co-operative known as CBH.

Growers don't have to store their grain with CBH as they can use alternate storage and marketers such as on farm storage and market it themselves or they can use commercial facilities such as Tammar Grains, Macho Feeds – etc. The fact that there are very few of these facilities proves they aren't very profitable and that without the co-operative almost no outside of farm facilities would exist.

It is only commonsense that once the grain is stored in CBH they would then organise freight on our behalf, in order to achieve the cheapest freight rate by transporting large amounts at a time thus increasing efficiencies in both the freight and handling costs. Even when whole bins are unloaded at a time, freight is still a major cost to growers.

If anyone wishes to access their grain at any receival point at any time then my understanding is that they can. However this is a very inefficient way of handling, especially if the quantities are small, because to protect grain quality the stack may have to be opened then reclosed and fumigated. The cost of this may be more than the value of the grain being sold so it's in my interests as a grower that efficiencies in handling remain. If a grower wishes to gain access to his grain at a time other than when CBH wish to freight it then he should pay for the extra cost of handling so that other growers aren't disadvantaged.

By being able to deliver to CBH - I have:

- 1- Efficiencies in handling and storage
- 2- Efficiencies in freight – ie. Whole of bin outloading onto rail where possible
- 3- Buyers are able to buy any quantity of my grain (or like) at any time thus allowing me access to many markets and in quantities that are much more efficient. –ie shiploads

I cannot see how an exclusive dealing notification can be served on CBH because as a grower I don't have to deliver to them. I can deliver to anyone of my choice.

Once my grain is in CBH storage facilities I can freight and sell it to whoever I please. (I have actually done this)

So I would therefore conclude that CBH has no case to answer on exclusive dealing, because as a grower I can and have opted out of the CBH system at any stage of the marketing of grain if I wish.

It should also be noted that nearly all farmers use CBH because they are a safe and reputable grower owned co-operative and that in many instances they are the only way to get vulnerable grain into safe storage logistically for local farmers.

Please note that whilst I store nearly all my grain with CBH I have actually sold very little through them in the past.

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