

Wheat Export Marketing Arrangements Productivity Commission Locked Bag 2 Collins Street East Melbourne VIC 3001

Wednesday, 2 December 2009

Productivity Commission Review of the Wheat Export Marketing Arrangements

Thank you for allowing me to address the Commission at the Melbourne public hearing on 24th November 2009.

I would like to restate matters I addressed to you:

- A number of submissions are describing all Bulk Handling Companies as monopoly operators, ABA is not a monopoly. It operates in a highly competitive market for both country storage and port operations. Our competitors are GrainCorp, GrainFlow, private storage operators and on-farm storage.
- ABA and its subsidiary Melbourne Terminal Operations are not controlled by either of its stakeholders - ABB grain, Sumitomo Australia, AWB - who are accredited wheat exporters. ABB wrote to WEA in July 2008 on this matter. ABA has a separate Board of Directors to whom I report. Thus, ABA/MTO is not and should not be subject to Access Undertaking regulation.
- There has been no evidence presented that ABA/MTO has restricted access to its terminal services. Our shipping stem for 2009/10 shows some 8 wheat exporters planning to use our facilities/services yet we have not entered into an Access Undertaking with the ACCC. To do differently in our competitive market would be commercial suicide.
- ABA/MTO has in fact voluntarily undertaken to continue to publish our shipping stem and access protocols.
- New terminals can and have been built or developed.
 - ABA's Melbourne Terminal was constructed 10 years ago and the market has become more rather than less competitive over since then.
 - Brisbane Sugar Terminal was recently sold and the purchasers have stated they intend exporting grain through it.
 - Two new grain terminals are being considered.
 - In the past grain has been exported across public access berths in Victoria, albeit relatively slowly.
 - Bulk commodity facilities at Lascelles Wharf in Geelong could be used for grain exports.
- ABB, GrainCorp and CBH have all commented on the costs incurred obtaining Access Undertakings with the ACCC. About \$1 million each. Were ABA/MTO have to enter in to an Access Undertaking at this cost and it was a recurrent cost, it would amount to a "tax" of about \$1/mt in an average year whereas other terminal operators who have numerous terminals and, therefore, larger volumes of exports may only incur a cost of about

- \$0.20/mt or less. This would put our Melbourne Terminal at a substantial commercial disadvantage to GrainCorp Geelong.
- Some say up-country storage should be regulated as are port facilities. ABA, GrainCorp and GrainFlow country storages compete with a myriad of private operators and extensive on-farm storage. How would on-farm storage be regulated? If this proposal only applied to export storage s how would these be determined? This is a non-sense proposal.
- Why is there a need for any regulation?
 - The Pulse industry has grown without marketing regulation
 - The Oilseed industry has grown without marketing regulation
 - The Barley industry in Victoria was deregulated many years ago yet more barley than ever is now grown.
 - The Bulk Grain Handling industry was deregulated many years ago and this industry has grown rather than contracted.

I would be more than happy to discuss these matters with you.

Yours sincerely,

Simon McNair General Manager