

11 November, 2010

Mr Anthony Wing
 General Manager
 Transport and General Prices Oversight
 ACCC
 GPO Box 520
 Melbourne

Email : transport@acc.gov.au

Dear Mr Wing

GrainCorp Operations Limited - Port Terminal Services Access Undertaking

In GrainCorp Operations Limited's (**GrainCorp**) submission dated 22 October 2010 to the Australian Competition and Consumer Commission (**ACCC**), GrainCorp indicated that in February 2010 GrainCorp had offered all exporters a 'one-off' option to review requirements for unpaid cargo nominations from May to September (**Period**), and submits that the upfront fee is intended to act as a disincentive to shippers to over nominate port capacity.

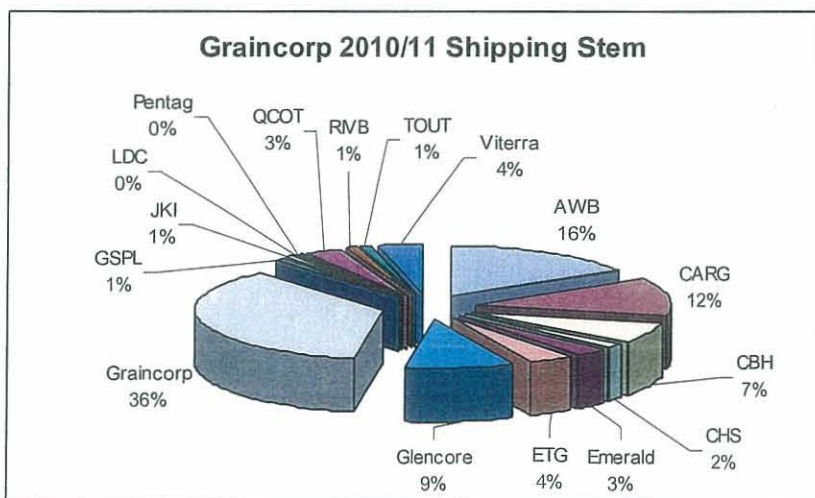
GrainCorp has marked on that submission as 'confidential' both the cargo nominations that were withdrawn following this offer, and the lost revenue.

AWB observes that during the Period, it was prevented from booking required slots because of the slots already booked by GrainCorp's commodity trading arm. AWB analysis indicates that GrainCorp's trading arm represented as much as 41% of all slots booked through the Period. The highest volume booked by an external party at this time represented only 18% of the slots.

The single major beneficiary, as it stood from shipping stem in February 2010, of providing a reprieve on shipping slots through this period in 2010 was GrainCorp's own trading arm. AWB submits that this behaviour is evidence that GrainCorp's proclaimed 'disincentive' in reality only applies to true third parties, given such a significant portion of the stem booked by GrainCorp's trading arm.

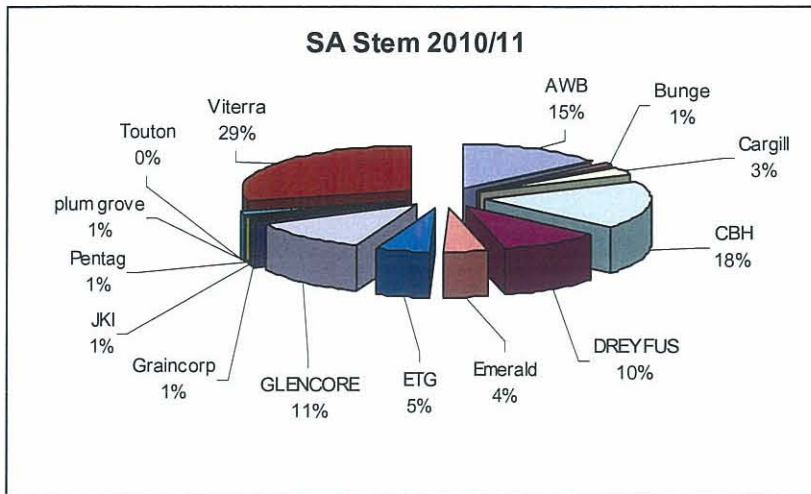
Figure1 indicates that for the coming season, GrainCorp's trading arm continues to book the majority of shipping slots in GrainCorp's own system.

Figure 1 GrainCorp Shipping Stem



By way of contrast, statistics concerning the South Australian stem are set out in Figure 2. GrainCorp's own trading business has 1% of shipping slots.

Figure 2 Viterra Shipping Stem



AWB contends that the fee charged to participants only acts to deter non-GrainCorp trading participants, and that rather than being a source of comfort to participants, GrainCorp's flexibility to subsequently vary port protocols provides quite the opposite.

The lack of rigidity in relation to capacity, shifting slots across time and geographic location effectively means that AWB's exporting activities often take place in accordance with the subjective views of GrainCorp port operations. AWB would prefer to see the market deal with surplus slots, and a secondary market should be able to trade slots freely. Such an approach has no negative effect on GrainCorp (as it still receives its 'take or pay' fee), but has the positive effect of augmenting an exporter's ability to directly influence its operational outcomes, rather than having to rely on uncertain outcomes associated with GrainCorp's purported port 'flexibility'.

Substance of Port Loading Protocols

Efficiency

In the GrainCorp submission to the ACCC dated 22 September 2010, GrainCorp claims that efficiency has been increased by the removal of the 'approved' and 'non-approved' storage classification schedule of fees, and the removal of road intake fee. However, this innovation by GrainCorp results in increased costs to those investments in quality storage and logistics infrastructure by placing them in the same position as 'on farm' storage or private stores of varying quality. AWB considers that such a move discourages investment in competing upcountry storage and rail capacity, and directly discourages the use of non-GrainCorp supply chain into port. AWB views these changes as discriminatory towards previously 'approved' storage handlers and the efficient movement of grain for export.

Shared Risk

AWB's concern in a significant year (such as this coming harvest), where the terminal seeks to maximise throughput, the risks associated with delay and queues will be borne by the shipper. All demurrage costs are borne by the shipper and as such there is no reason why GrainCorp's terminal would not continue to accept nominations. AWB believes that a market based approach of demurrage and dispatch will be fairest system of allocating risk. Under this system GrainCorp will not be able to over allocate slots as they will be liable for demurrage claims. In addition other operational delays and costs outside of the shippers control will be shared with GrainCorp, and expedient loading will be additional revenue source for the ports.

Grain Integrity

The GrainCorp Bulk Wheat Port Terminal Services Agreement specifies that where the exporter has requested GrainCorp to blend two or more grades of grain, GrainCorp will only guarantee quality of the cargo to the lowest quality grade in the blend. This approach is unreasonable: blending of quality wheat grades is a necessary requirement in maintaining competitive FOB offerings, and GrainCorp receives a significant payment for undertaking the task. The exporter exposes itself to significantly higher quality risks given GrainCorp's disclaimer of liability in relation to meeting predetermined

blended quality specifications. AWB has reduced ability to offer a differentiated quality product and reduced confidence in blending activity.

Publication of Key Information

The east coast export task in 2010 was curtailed due to limited supply. AWB considers it critical that the transparency of the shipping stem and the current Undertakings be maintained. This will provide industry with some level of insight into critical service levels. AWB would like more data to be available through the stem including commodity, and country of destination, such information is critical to an efficient market place.

Term of Undertaking

AWB would recommend that the access undertakings be reviewed prior to 30 September 2014, or prior to any proposed removal of such undertakings.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mitchell Morison', with a large, stylized initial 'M'.

Mitchell Morison

General Manager Commodities

AWB Limited