



JS:ss

2 September, 2014

Ms Lyn Camilleri
Acting Deputy General Manager
Infrastructure & Transport – Access & Pricing
Infrastructure Regulation Division
transport@acc.gov.au

Dear Ms Lyn Camilleri,

Thank you for the opportunity to comment on the Co-operative Bulk Handling Limited's proposed 2014-17 Port Terminal Services Access Undertaking.

Previously the PGA had decided to leave matters regarding the long term agreements ("LTAs") to the trade and CBH to negotiate, with the understanding that all comers would be treated fairly and equitably. It has now come to our attention that the LTA proposal 2014-17 by CBH and the proposed revisions to that undertaking have lead to a situation where some members of the trade desiring to have allocation to shipping slots are not being treated fairly or equitably.

Our concern is that as producers our best interests are served by maximising the competition for the purchase of our grain, especially during the harvest period. Harvest is the time when we have the best view of our quantity and quality and the greatest need for liquidity and it coincides with the highest demand for grain.

The allocations resulting from CBH's new and revised process have resulted in allocations to minor players and new entrants that prejudice their ability to participate in the trade. The outcome of the LTA has resulted in the larger incumbents being in an advantageous position to outbid the minors for the available remaining capacity at the auction. Our understanding is the LTA allocations will cost approximately \$10/tonne and whatever the auction price is the incumbents will enjoy a lower average cost.

Our problems with this are three fold;

First, is that the actual quantities allocated to the minors are trivial and one trade member has indicated a possible withdrawal from the WA market.

Second, is the uncertainty of what the ultimate cost of their slot will be and even whether they can obtain one means that the minors must take on much greater risk than they might be comfortable with.

Thirdly, the actual decision to base allocations on historical use would seem to us arbitrary and not reflective of the need for flexibility in a dynamic industry. Who is to know who should prosper in the grain trade if they are unable have the opportunity to participate in the first place. We do not think CBH should have so much control of the industry that they get to

decide who the winners and losers should be. Our view is that it should be the producers by their selling and not selling who decide is best fit to participate in the trade.

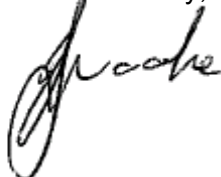
In addition there is a self fulfilling selection process being implemented by CBH via their historical use rule that an applicant must demonstrate or have three years of historical performance before their allocation is amended.

The timing of this issue is becoming critical as canola is already being swathed in the north of the state which means that farmer's canola will be available for shipping in the middle of October.

Some buyers don't know whether they are able to ship or not and therefore must be hesitant to buy grain. The auction system has worked well for the past two years and could be improved by reducing the burden of large premiums for acquiring shipping slots, which ties up capital and by holding the auction later in the season, so the trade has an improved picture of the crop shape.

We recommend, to overcome the impasse that we now have and with harvest imminent, that we go back to the auction system and resolve the LTA problems for next harvest.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Snooke', written in a cursive style.

John Snooke

CHAIRMAN – PGA WESTERN GRAINGROWERS