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CBH proposed 2014-17 Port Terminal Services Access Undertaking

Plum Grove supports of the changes proposed by CBH to its Port Terminal Services Access Undertaking. Specifically we believe the introduction of proposed Long Term Agreements (LTA's) will provide greater certainty for CBH and exporters seeking stable, longer term access to port capacity.

Given some of our shareholders are amongst the largest consumers of Australian grain we are a grain exporter with clear, consistent and significant demand throughout the year. One of our major challenges is ensuring we have secured suitable port capacity to satisfy the demand base for our shareholders. Under current arrangements in a number of cases port capacity access is the determinate of meeting demand availability and not the demand itself.

We share the view that a move towards a combination of port allocation via LTA's and near term auction capacity should provide CBH and exporters with greater certainty over port utilisation and access and result in reduced port premiums. The proposed split of allocation of capacity via LTA's and auctions is appropriate in the first instant and the minimum 600,000mt of capacity is also an acceptable level of commitment.

Plum Grove is of the view that although there remains significant uncertainty over the proposed Code of Access the industry has reached a certain level of commercial maturity which should incentivise port providers and exporters to negotiate long term commercial access agreements that deliver on key competitive and efficiency objectives.

We believe there will be strong interest and take up by industry in the LTA's as proposed by CBH. Given this and the typical demand profile for shipping during the year we are of the view that the port operator will need the ability to exercise some discretion as to the allocation of port capacity, particularly for peak demand periods. Plum Grove supports and is comfortable with the proposed process of allocating LTA capacity as outlined in the undertaking.

Andrew Young
MANAGING DIRECTOR