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## **SUBMISSION TO ACCC - RESPONSE TO DRAFT DECISION IN RELATION TO VITERRA'S REVISED PORT TERMINAL SERVICES ACCESS UNDERTAKING**

Bunge Agribusiness Australia Pty Ltd ("Bunge") is pleased to have the opportunity to comment on the Draft Decision in relation to Viterra's revised Port Terminal Services Access Undertaking.

In general, after experience with both the First In First Served (FIFS) model of capacity allocation and the Auction System model (CBH), Bunge supports Viterra's proposal to move to the Auction System.

When comparing the two models, Bunge found the Auction System to be more flexible, more transparent and more equitable. The industry has established an overwhelming majority view in favour of the Auction System since the flaws of the FIFS System were exposed in the speculative behaviour witnessed in March 2011.

Bunge therefore provide comment on the relevant issues related to the revised Undertaking:

### **Capacity Allocation**

Bunge look forward to participation in the consultation process regarding auction rules, port loading protocols and related pricing.

The auction system will encourage development of a shipping stem that will be reflective of exporters who have a genuine desire to execute. Bunge therefore support the re-distribution of auction premiums to those shippers who execute and acknowledge the need to provide a financial disincentive to those shippers who fail to do so, provided the level of penalty is not excessive and applicable to all traders equally.

Business rules should be largely consistent with those already in place in Western Australia in order to ensure efficiency in the supply chain to facilitate optimal throughput capacity. Specifically, the ability to trade, transfer and surrender slots is critical to ensuring the efficiency of the system post auction. More flexibility regarding allowing exporters to cover stock entitlement closer to vessel ETA would also be welcomed.

## **Pricing Issues**

With respect to Receipts from Approved Third Party Stores, Bunge is more concerned about receiving fair access to the service and the related conditions, rather than the current pricing level of the service. Where Bunge adheres to Viterra's requirements in terms of appropriate notice, quality and fumigation treatment for a specific parcel of grain, it would be expected that access to storage would be provided on a non-discriminatory basis. This would include fair treatment with specific regard to, for example, grain quality assessment and operating hours.

Once a third party storage site is acknowledged as approved, that site should subsequently receive the same treatment as any other site, including Viterra's, when included in the mix for a vessel's cargo accumulation.

Today's evolving and increasingly complex shipping protocols require exporter's to behave with greater accountability and discipline from the time of application for a shipping slot, whether it be under the FIFS model or the Auction system, until loading of the vessel.

Mistakes in planning or execution during the process mean penalties are incurred, some of these can be viewed as disproportionate between BHC's (lost capacity, variations). To clarify, non-execution in the CBH system can be expensive, subject to the level of auction premium, and means to cap or refund monies under such a mechanism should be explored (as per GrainCorp). Bunge hope that protocols and pricing evolve nationally that are reasonably consistent and priced sensibly for both executed and non-executed tonnage.

Through our Storage & Handling Agreements, Bunge also hope that BHC's are also held increasingly accountable for mistakes or poor planning within their own control. The impact of poor management of transport plans, fumigation plans and / or plant maintenance scheduling has a material financial impact on the exporter (demurrage), yet to date, the BHC's are rarely made accountable for their actions.

## **Information Disclosure**


The recently revised Available Capacity table is an improvement to the old format. Bunge understand this table will be updated at a minimum once per week, except in the case where extra or unwanted capacity has been made available to the shipping stem. In this case, all exporters, including Viterra Trading, should be notified of the mentioned changes at the same time as they occur or at least within a reasonable time limit.

Bunge also requests, amongst the new disclosure arrangements already proposed by Viterra, that the Grower Warehouse Report (by grade, tonnes and port zone as a minimum) is made available to all exporters to ensure that Viterra Trading is not the only party holding this critical information that affects grain pricing and accumulation programs.

## **Transition Plan**

Bunge generally supports the transitional plan that has been proposed as logical and sees no issue with the timeline put forward.

Yours faithfully,

A handwritten signature in blue ink, appearing to be 'Chris Aucote', written over the text 'Yours faithfully,'.

CHRIS AUCOTE

GENERAL MANAGER