



ADM TRADING AUSTRALIA Pty Ltd

APPLICATION FOR EXEMPTION PORT TERMINAL (BULK WHEAT) CODE OF CONDUCT

JANUARY 2021



SUMMARY

ADM Trading Australia Pty Ltd (ADM) is an operator of a bulk grain exporting facility located at Port Pirie South Australia. ADM operates out of berth 5 Port Pirie that is owned by Flinders Ports

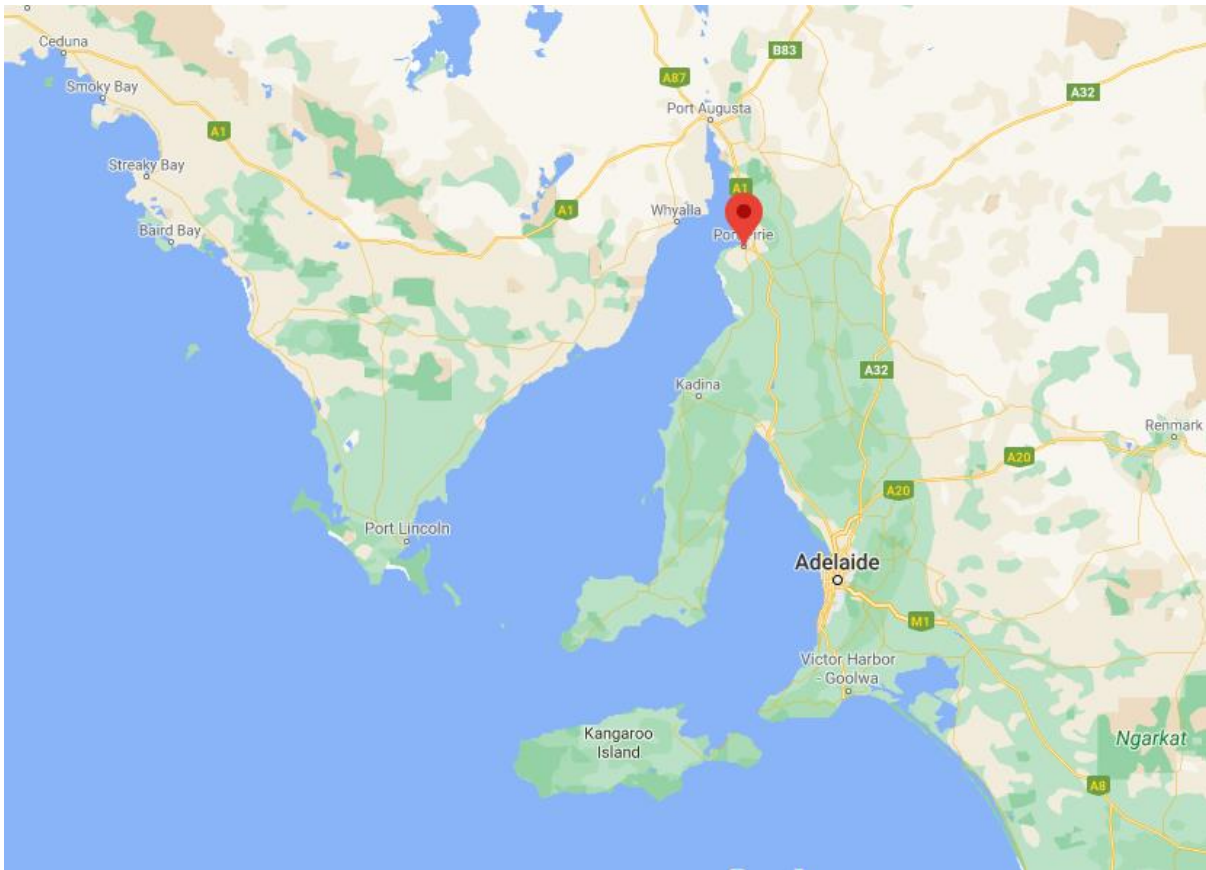
ADM having commissioned this new export supply chains has allowed grain exports to be conducted from Port Pirie for the first time since the early 1990. This supply chain provides farmers with logistical efficiencies. Farmers within the Port Pirie catchment zone can access the delivered port premium as opposed to having to freight grain larger distances to port.

ADM estimate the total shipping capacity through Port Pirie to be maximum 150,000mt per annum. As such the obligations under Parts 3 to 6 of the Port Terminal Access (Bulk Wheat) Code of Conduct (The Code) will create an onerous administration burden on such a small export operation.

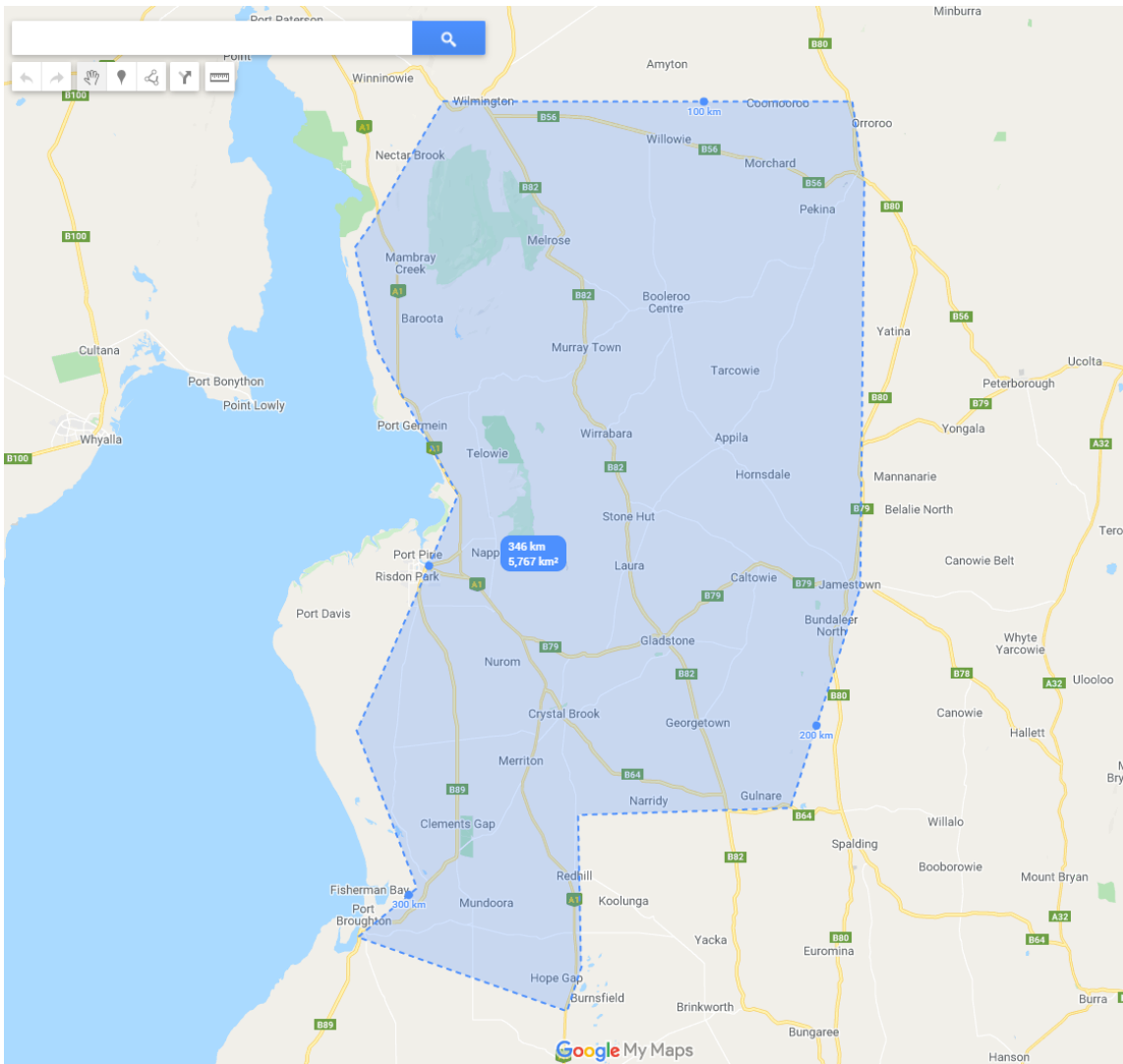


ADM PORT PIRIE OPERATIONS

ADM operate a grain storage site on the outskirts of Port Pirie in South Australia. The storage site has the capacity to store 80,000mt of grain. The purpose of the site is to receive and store growers' grain at harvest time to be later transported to Port for export (ADM Supply Chain).



The storage site is in the Upper North zone of South Australia. The below is the expected drawing arc for grain to be delivered into the Port Pirie site.



ADM operate a “just in time” ship loading system on Berth 5 at Flinders ports Port Pirie. The access to the berth is negotiated on a case by case basis with Flinders Ports. ADM separately engage a stevedore to conduct the loading of the ship. ADM do not have any grain storage port side. The ship loader is a Mobile Conveyor suitable to load ocean going vessels. Grain is transported to the ship loader using trucks and is elevated onto ocean going vessels. Third parties wishing to access the Port Pirie Export pathway will have to follow ADM Port Loading Protocols and will be subject to availability of the ship loader. The ship loader that forms an integral part of the mobile loading operation is owned by a third party.



In addition, ADM secures the berth from Flinders Ports. ADM separately engage a stevedore to conduct the loading of the ship. In the case of exporting for a third party ADM would access the loader, berth and Stevedores and conduct the internal logistics on behalf of the third party to load the vessel.

SUB-CLAUSE 5(3) OF THE CODE

(a) The legitimate business interests of the Port Terminal Service Provider

ADM have developed the Port Pirie Export supply chain to provide growers access to an efficient export solution. Obtaining exemption will encourage ADM to continue to pursue more supply chain efficiency projects.

It would be detrimental to ADM's business if burdened with significant regulatory administration costs

(b) The interests, including the public interest in having competition in markets

The reestablishment of a Port Pirie export solution has brought additional employment to a regional town in South Australia the currently experiences high unemployment. This coupled with higher grain prices paid due to the logistical savings has created an economic benefit to the Port Pirie region. As such, it is requested ADM be exempt from the code.

(c) The interests of exporters who may require access to port terminal services

The Port Pirie export supply chain allows for the optimal flow of grain for export. This includes third parties that wish to utilise the supply chain to export grain. The provision of these services created the maximum economic utility to be provided for the South Australian grain industry.

(d) The likelihood that exporters of bulk wheat will have fair and transparent access to port terminal services.

The ADM is committed to supply fair and transparent access to the Port Pirie supply chain. All services will be offered and charged on a commercial basis.



(e) The promotion of the economically efficient operation and use of the port terminal facility.

Due to there being several alternatives to exporters to export grain from South Australia many of which are already exempt from the code. It is imperative that ADM provides its services in an economically efficient manner to remain viable in a competitive market.

(f) The promotion of efficient investment in port terminal facilities.

ADM being able to operate its Port Pirie supply chain exempt from the additional administrative burden of the code will encourage further investment and investigation into alternative export supply chains. This will encourage more participants to find innovative supply chain solutions. This will promote economic benefit from increasing competition and creating higher returns to growers from supply chain efficiencies.

(g) Promotion of competition in upstream and downstream markets

The ADM site at Port Pirie promotes competition with Viterria and grain Flow and has led to significant premiums paid to farmers in the Port Pirie drawing arc. Being able to access the export market by loading in Port Pirie allows ADM to pay better prices to farmers.

(h) Whether the port terminal service provider is an exporter or an associated entity of an exporter

ADM Trading Australia Pty Ltd is a grain exporter from Australia

(i) Whether there is already an exempt service provider within the grain catchment area for the ports concerned

Cargill and Semaphore are exempt in Port Adelaide, the grain delivered to Port Pirie traditionally was exported through Port Adelaide.



CONCLUSION

ADM have attempted to provide an innovative supply chain solution to growers of the upper north region. In order to continue to offer maximum efficiencies and not be burdened by additional administration in an already competitive market. ADM believe we should be exempt under clause 5(3) of the code. ADM welcomes any discussion or consultation on the matter for the ACCC.