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18 May 2009

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Ms Sarah Sheppard
 Director
 Transport & Prices Oversight, Wheat Access Section
 Australian Competition & Consumer Commission
 Fax 03 9663 3699

Dear Ms Sheppard

Following our telephone discussion on 29 April 2009, I am writing to raise an issue which I think the ACCC should be aware of as part of its considerations for the Port Terminals Access Undertakings Review.

You may treat this letter as a submission applying to any of the three undertakings you are considering.

I wish to raise an issue not directly considered by the issues paper published on 29 April 2009. The Albany Port Authority is a WA owned port authority, established under the *Port Authorities Act 1999* (WA). Under Section 31B of the Act, the functions and powers of the Port include..... "to undertake or arrange for activity that will encourage and facilitate the development of trade or commerce, generally for the economic benefit of the state, through the use of the port and related facilities". In other words, ports are primarily trade facilitators.

A key strategic asset which ports offer is the availability of large areas of flat land close to the waterside. Most ports are built upon reclaimed land, with the fill usually produced by dredging programmes. Over the last ten years, approvals for dredging, and community acceptance of reclamation have become far more difficult to obtain and ports have been significantly constrained in their ability to reclaim further land. At the same time, demands on ports for land have continued to grow, with new trades emerging, and this has put considerable pressure on ports within Australia, and indeed around the world. This scarcity of land presents a significant problem for ports where there may be fragmentation of an existing trade such as the grain trade, into many disparate groups.



ALBANY PORT AUTHORITY


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Currently, the grain exporter Cooperative Bulk Handling (CBH) occupies approximately 18 hectares of land at the Albany port, where only five hectares of waterside land remain available for future trade. A key policy challenge for the Port will be whether it is prudent to allow this remaining land to be allocated to additional grain exporters, or to reserve it for new trades which may be more appropriate under the trade facilitation role of the port. In other words, the Port has the challenge of deciding whether to spread the existing grain trade over the existing scarce port land (and obtain no additional tonnage) so as to facilitate competition, or whether it should plan for entirely new trades to have an opportunity to use the port.

It should be recognised that the viability of establishing new ports, particularly low volume, non-mining ports on the south coast of Western Australia is extremely limited. There are few safe anchorages and the enormous cost of establishing freight routes to ports, along with extremely onerous environmental processes, would make the establishment of new ports along the south coast extremely difficult. Therefore it is prudent public policy to try and maximise the public benefit from existing scarce port land and there is an argument that spreading an existing trade more widely across the port, such as allowing other grain operators to take up remaining port land, may not be the best public policy outcome for ports.

I will be happy to provide further information on this issue during your deliberations in Perth if necessary.

Yours sincerely



Brad Williamson
Chief Executive Officer