



9 March 2012

By Email: transport@acc.gov.au

Mr David Salisbury
A/g General Manager
Transport and General Prices Oversight
ACCC
GPO Box 520
Melbourne VIC 3001

Dear David

Response to Consultation Paper dated 28 February 2012

With reference to the invitation for submissions in response to the ACCC's Consultation Paper dated 28 February 2012, Gavilon Grain Australia Pty Ltd (Gavilon) submitted the following comments to Viterra Operations Limited (Viterra) in response to the Consultation Notice dated 16 January 2012, which still stand:

1. ABSENCE OF REFERENCE TO EXPORT SELECT & EXPORT STANDARD

Based on our understanding of the proposed variations, the port capacity available at auction is not associated with the Export Select or Export Standard products which Viterra currently offers to marketers. Furthermore, it appears unclear as to how Export Select and Export Standard will be offered to marketers in conjunction with the proposed auction system. Under the current First In First Served (FIFS) system, when applying for port capacity through Viterra's online booking system it is at this point that marketers will nominate Export Select or Export Standard. If Export Select capacity is not available, marketers are aware that if they wish to proceed with their booking that it will be on an Export Standard basis. Whilst we appreciate that these products are associated with upcountry logistics, we feel it is important for marketers to understand if the port capacity they are acquiring will be executed using either Export Select or Export Standard at the time of acquiring port capacity. This may influence the price which marketers are willing to pay for a particular shipping slot.

2. SHIPPING STEM VISIBILITY

Gavilon understands Viterra will continue to publish on the shipping stem the details of those marketers which have acquired port capacity throughout the year at the time of acquiring such capacity. It is our preference that with the implementation of the auction system, such details are only published at the time of submitting the nominations, similar to the procedure which Co-operative Bulk Handling (CBH) have adopted in that the details of those marketers which have acquired port capacity are known latest 22 days prior to the vessel's ETA at load port.

3. AUCTION COST VISIBILITY

With the costs of the auction ultimately being paid for by those marketers which have acquired port capacity, it is Gavilon's preference that such costs are transparent and available to participating marketers.

4. THE AUCTION SYSTEM AS A 'PRIMARY' MEANS OF ALLOCATING PORT CAPACITY

With the intention being that the auction system is designed to be the primary means of allocating port capacity and based on the results from the previous port capacity auctions held by CBH for the 2011/2012 season, Gavilon suggests auctions held quarterly in advance for quarterly periods at a time to avoid the need to use the FIFS system.

Gavilon also suggests, that in an effort to avoid occurrences where the final result for any given auction is that which is grossly undersubscribed after having commenced grossly oversubscribed, limiting the quantity which marketers may reduce their individual demand by on a round by round basis. This should commence during the auction only upon either aggregate demand equaling aggregate supply or where for the first time aggregate demand is less than aggregate supply. It is suggested that a percentage of a marketer's demand be established as the limit which demand may be reduced for each round. Gavilon believes that this may result in higher final demand levels being achieved as any decrease in aggregate demand once it is equal to or less than aggregate supply is limited to avoid significant and unnecessary decreases. It may also assist with faster demand reduction where aggregate demand exceeds aggregate supply as marketers may wish to take advantage of not being limited in the quantity they may decrease their bids at this stage.

5. AUCTION REBATE

The auction rebate should be calculated and paid on each auction round independent of the other auctions. This will avoid the instance where marketers who buy capacity in one auction round at a higher price are financially disadvantaged when other marketers purchase capacity in another round at a lower price thereby reducing the auction rebate.

Yours sincerely



Matt Rutter
General Manager Origination