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Thursday, 31 October 2019

Re: GrainCorp application for exemption at Portland

To whom it may concern,

Thank you for the opportunity for the Victorian Farmers Federation (VFF) to respond to GrainCorp's response to the ACCC's draft determination on GrainCorp's request for Port Access code exemption for their Portland Grain Terminal.

The VFF has not changed its position that GrainCorp's Portland Grain Terminal must not be exempted from the Port Access code.

Portland is critical exporting infrastructure for Victorian grain. It is the only deep water port in Victoria capable of fully loading a Panamax vessel. Such vessels deliver significant sea freight efficiencies and lower unit costs which result in higher returns for growers. These efficiencies are also maximized by the faster loading speeds achieved at GrainCorp's terminal compared with RGS (Riordan Grain Services).

Therefore, until there is credible competition GrainCorp Terminal must remain subject to the Port Access code.

The following are VFF's responses/comments to the points raised in GrainCorp's response to ACCC.

### 2.1 Operational flexibility

GrainCorp fail to demonstrate how the code restricts their operational flexibility.

In our view the provisions of the code provide minimal if any restrictions to operational flexibility resulting in GrainCorp being able to readily respond to long term and short term demand.

### 3.1 Competition from RGS (Riordan Grain Services)

As stated in our initial submission the VFF notes that RGS competition is not permanent and the service offered, in terms of tonnes loaded per hour, blending, cargo accumulation, etc., is not comparable to that offered by GrainCorp.

GrainCorp states it expects that future third party exports will be on short term basis. This view is contrary to the long term contracts exporters have entered into with GrainCorp.

The VFF believes exporter actions will adjust to various market forces from time to time. This has been the case since deregulation of export wheat marketing.

### 3.2 Competition from other ports

Other ports provide minimal competition at the margin of their catchment

Exporters consider grain production location, localised cost of grain, land-based supply chain costs, shiploading costs, sea freight costs and shipping congestion when selecting an export port. In general when all these are considered there still tends to be a natural terminal port based on distance or freight costs to port.

GTA Location Differentials are not actual land freight costs but do reflect freight costs.

Other supply chain costs do vary to a small degree from port to port but can be easily outweighed by additional land freight costs in transporting grain from outside the natural terminal port catchment.

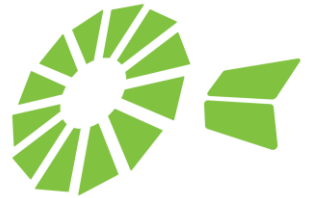
### 3.4 Competition from containerized shipping

There is some competition between the bulk and container export supply chains, but only for smaller consignments and generally for grain sourced closer to the Melbourne container port.

Wheat and barley produced within Portland's natural terminal port catchment are not regularly exported in containers through Melbourne whereas smaller consignments of pulses are. This is because most consignments or sales of pulses are of a smaller volume than wheat exports due to destination market requirements and the economies favour containerized over bulk exports.

Containerized exports face additional constraints from limitations on available shipping capacity from shipping lines and limited availability of food grade 20' containers.

The statistics for containerized grain through Melbourne do not evidence the origin or type of the grain. Not only are grains other than wheat exported in containers but also a lot of grain from southern NSW is exported through Melbourne due to the ports proximity to the grain's origin.



Victorian  
Farmers  
Federation

As previously advised, in the interests of market transparency the VFF would like to see adherence to the Port Access code extended to all bulk grain export facilities.

Should you wish to discuss this further please contact the VFF's Grains Manager Simon McNair on (03) 9207 5534.

Yours sincerely,

Ashley Fraser  
Director & President  
Grains Group  
Victorian Farmers Federation