



Victorian  
Farmers  
Federation

26 February 2019

Wheat Port Code Review Taskforce  
Department of Agriculture and Water Resources  
GPO Box 858  
Canberra ACT 2601

To whom it may concern,

**Re: Exempt service provider status Assessment – GrainCorp Portland**

On behalf of the Victorian Farmers Federation Grains Group (VFF), I would like to thank you for the opportunity to make a submission to the exempt service provider status assessment for Graincorp's Portland Port terminal facility.

The VFF is Australia's largest state farmer organisation, representing 5,500 Victorian farming businesses in a wide range of agricultural commodities, including grains farmers who have a direct interest in the outcome of the ACCC assessment.

The VFF does not support GrainCorp's application for exemption from requirements under parts 3 to 6 of the *Bulk Wheat Port Code*.

The VFF is concerned that removing the monitoring obligations could be detrimental to long term competition in the region. Competitive port access is critical as any port charges are typically borne by growers.

It is important to note that the competition referenced in GrainCorp's submission is not necessarily permanent, with Riordan Grain Services (RGS) utilising mobile loading equipment, rather than the traditional fixed port terminal. This equipment does not have the same overhead costs as a fixed port terminal, meaning that RGS has the capacity to close their operations in low production years. An exemption could therefore risk creating a situation in certain years where Graincorp's Portland's terminal has no direct competitors in some years without any reporting and monitoring obligations.

Similarly, the VFF challenges the claims that other ports provide sufficient competition to Portland. For growers in the Portland Zone, the increased cost associated with transporting grain the additional distance to other ports such as Geelong and Port Adelaide limit the potential of any real competition between the ports.



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Exports through the port of Portland and the market in the Portland port zone differ from the market in the Geelong port zone, in that

- Grain prices in Portland zone typically trade under Geelong zone
- Grain storage within the Port of Portland is significantly less than the Port of Geelong, consequently the risk of vessel loading delays (and therefore grain accumulation delays) is much higher at Portland
- Rail infrastructure into Portland is inferior to Geelong, and road transport is regularly used to transport grain to Portland terminal
- Geelong has a much larger “catchment area” of grain therefore is less exposed in years of poor production – drawing grain from as far north as southern NSW which is not always practical nor feasible to transport to Portland

The VFF supports ACCC's 2015 findings on GrainCorp's Portland export facility in *ACCC Determinations in respect of... GrainCorp's Portland Port Terminal Facility* as the concerns raised remain relevant today and there is no direct competing facility to the GrainCorp Portland Terminal.

The VFF maintains its support of the ACCC's recommendation to amend the Code to make certain clauses penalty provisions that will encourage compliance, keeping the code in line with other mandatory codes.

In the interests of market transparency, the VFF would like to see the same reporting stipulations that the Bulk Wheat Port Code requires from GrainCorp at Portland port extended to all service providers including Riordan Grain Services.

Additionally, the VFF would like to stress the importance of ACCC being granted the ability to regularly re-assess exemptions, given the changing landscape of the Australian grains industry. For example, Graincorp's Geelong terminal exemption was granted in part because of Bunge's plans to provide competing services in the Port of Geelong which did not eventuate.

If you would like to discuss any of our comments further please contact me on (03) 9207 5534.

Yours sincerely,

Ashley Fraser  
**President, Grains Group**  
**Victorian Farmers Federation**