

Submission in response to the review of the Wheat Port Code

Monday, 22 January 2018

To whom this may concern

ADM Trading Australia Pty Ltd (ADM) believe the Wheat Port Code should be retained to protect all users of the bulk handling system in port zones where there is still not a consistent, efficient and viable alternative to the incumbent.

It is worth noting that it is not only access to Wheat elevation that needs to be considered and regulated, it is all export commodities, which need equivalent regulation to ensure fair and equitable access to shipping capacity and destination markets is available to all exporters, not just the trading arms of Bulk Handlers (BHCs).

If the Wheat Port Code was repealed, there would need to be alternative legislation or a regulating body installed to monitor and protect users of the bulk handling system across the entire supply chain, not just the ports, but also to protect against potential anti-competitive behaviour in respect to pricing; quality; access to entitlement; consistent application of port loading protocols and the protection of confidential commercial information. All of these areas are real issues that affect exporters' ability to access markets and remain competitive.

Although ADM support the retention of the Code, we are not in favour of burdensome regulation that prevents the Bulk Handlers from being able to provide prompt advice to exporters, including but not limited to requests for slight variations to capacity and shipment periods to align with variations in stowage, or to remove potential deadfreight / shipping penalties. There must be some thought given to putting parameters around what is an acceptable variance from the current port loading protocols so all parties in the supply chain can make decisions, avoid inefficiencies and arrive at a commercial outcome that suits both parties without materially impacting on other exporters.

The other matter that needs to be addressed is the availability and transparency of information to users of the system. Exporters pay a significant cost to use the various Bulk Handling systems in Australia, but with the move to notionalised systems for export (Export Select – Viterra; Export Direct – Graincorp and Grain Express – CBH) non-BHC exporters have had their visibility of the supply chain systematically eroded over the years. Information and regular feedback on quality data within

port zones must be made available in real time and on a true weighted average. This information must be representative and equal for all participants. With comprehensive and increasingly advanced systems of sampling and data analysis available to the Bulk Handlers, the default position of only guaranteeing minimal receival standards on outturn, or using quality arbitrage, is not acceptable and is anti-competitive. The provision of information also extends to stock availability where exporters may elect to access and move grain outside of the notionalised system of export. There is evidence to suggest that even under the regulations of the Code, the Bulk Handlers are using arbitrage to limit efficiencies and the effectiveness of competition, it is therefore inconceivable to suggest that removing the Code would result in a more equitable supply chain.

ADM are available to discuss this submission in greater detail as required.

Regards

ADM Trading Australia Pty Ltd