



Ref:SCS/RPT0375/rt

2 April 2007

Mr Nathan Petrus
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Dear Nathan,

2007 Ports Pricing and Access Review: Issues Paper

Thank you for the opportunity to provide comment on the 2007 Ports Pricing and Access Review. ABB Grain is generally comfortable with the Commission's current approach to ports price regulation (essentially monitor/arbitrate). Outlined below are a number of comments ABB Grain would like to make in response to some of the issues raised within the Issues Paper. I hope these comments are useful and provide a positive contribution to the review.

Deregulation:

With possible deregulation of both the wheat and barley export marketing single desks, there is the potential that more grain exporters will ship grain out of South Australian ports. The increased number of exporters will potentially decrease the grain industry's ability to negotiate cheaper services from Flinders Ports. In the past however there has been no differentiation between Flinders Ports' customers as far as we are aware hence ABB believes that the loss of either single desk will cause no real change to rate negotiations.

Deregulation in grain marketing and the introduction of the new Outer Harbor grain terminal may result in a different grain flows from the past. However, given that Flinders Ports provide services to all of the major grain shipping ports in South Australia there should be no reason for Flinders Ports to favour one port over another.



Outer Harbor:

As noted in the Issues Paper, the current list of Regulated Services does not include the new bulk handling facility being developed at Port Adelaide Outer Harbor. When the SA Government sold the Bulk Loading Plant (BLP) at Port Adelaide, Pt Giles, Wallaroo, Pt Pirie, Pt Lincoln and Thevenard to AusBulk (now ABB Grain) these facilities were placed under regulation through the Maritime Services (Access) Act 2000. This is similar to what has occurred with the ports, rail and electricity (ie public assets when sold to private enterprise come under some form of regulation). The BLP at Ardrossan which was purchased by AusBulk (ABB Grain) from BHP has not come under regulation (it was a transfer from one private company to another). The new grain terminal, included the BLP, at Outer Harbor is privately funded. It is not a public asset, which has been sold to a private company. ABB Grain also intends to duplicate the access regime in the Maritime Services Act, in particular to provide the opportunity for arbitration and to account separately for the revenue and costs associated with the BLP so that there is transparency. For the above reasons ABB Grain believes the new bulk handling grain facility at Outer Harbor should not be regulated by ESCOSA under the Maritime Services (Access) Act 2000.

Other Comments:

ABB notes that port access at Wallaroo, Ardrossan and Pt Giles is dependant on tug and pilotage availability as these ports do not have dedicated resources. Rather they source their tug and pilot services from other ports which have priority. This can, and does in some cases, become an access problem for grain exporters wanting to export out of these ports.

Regarding the issue of the expansion of mineral developments within South Australia; ABB believes that port infrastructure capacity limitations are be the major issue, rather than the ports access regime.

Thank you for the opportunity to comment on these issues. If you require further information please do not hesitate to contact me.

Regards,

Rob Taverner
National Supply Chain Services Manager