

AUSTRALIAN GRAIN EXPORTERS ASSOCIATION

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3/07/07

The Essential Services Commission of South Australia
Level 8,
50 Pirie Street
Adelaide S A 5000

Dear Sirs

Re: E S C O S A - 2007 Ports Pricing and Access Review – Draft Report

The A G E A has considered the draft report and comments as follows:

The A G E A supports continuation of the Commission's existing Ports Pricing regime and the Commission's existing Ports Access regime, for a further period of up to five years.

The A G E A supports the Commission's regulatory services being extended to cover storage and handling facilities.

The A G E A supports the retention of Ardrossan as an E S C O S A Proclaimed Port and, the inclusion of the Adelaide Outer Harbor shiploader, as an E S C O S A Regulated Service.

The A G E A understands that under the Essential Services Act, the Commission must at all times

- have as its primary objective the protection of the long term interests of South Australian consumers with respect to price, quality, and reliability of services
- promote competitive and fair market conduct
- prevent misuse of monopoly or market power
- facilitate entry into relevant markets
- promote economic efficiency
- ensure consumers benefit from competition and efficiency

In expressing its support for the existing system, the A G E A believes that failure to uphold the Essential Services Act in a situation where the monopoly storage, handling and port operator is also a licensed barley exporter, could result in a number of anti-competitive activities by the monopoly, which would nullify the marketing and, flow of barley through the ports for export.

The A G E A agrees with the Commission that whilst this possibility exists, there is no evidence that it has occurred (in South Australia).

The A G E A maintains that the benefits of an efficiently operated and fully deregulated market, must be secured for South Australian farmers; a state of affairs, that might not be possible in an imperfect situation, where participants are exposed to even minor anti-competitive or monopoly aspects.

The next three years will see a transition period towards full deregulation of export barley marketing; during this time it is quite conceivable that some changes may also occur in export wheat marketing. If this should happen it would place even greater emphasis on the need for the Commission's Ports Pricing and Ports Access regimes to be functioning in a manner that will ensure that the South Australian farmer and their industry receives the full benefit and protection of an efficient and competitive system.

Yours faithfully

John Begg
Secretary
Australian Grain Exporters Association

CC Robert Green, President, A G E A
Alick Osborne, Director, A G E A
Michael Hein, Director, A G E A