

12 December 2014

## **Agricultural Competiveness White Paper**

### **1. About Grain Trade Australia**

Grain Trade Australia (GTA) is the focal point for the commercial grains industry within Australia. It facilitates trade and works to provide an efficient, equitable and open trading environment by providing leadership, advocacy and commercial services to the Australian grain value- chain.

GTA members are responsible for over 95% of all grain storage and freight movements made each year in Australia. Over 95% of the grain contracts executed in Australia each year refer to GTA grain standards and/or trade rules.

GTA members are drawn from all sectors of the grain value- chain; from production to domestic end-users and exporters. GTA members are involved in grain trading activities, grain storage, grain for the human consumption and stock- feed milling industries.

GTA also attracts membership from organisations aligned to the grains-value- chain in related commercial activities such as financial (banking, stock exchanges etc), communications;, grain advisory services, and professional services (e.g. solicitors and accountants). The GTA membership list is **attached**.

Within this context, GTA provides comment for consideration on various issues that impact substantially on the ability of Australia to compete in the global grain market.

### **2. Submission**

This submission will raise issues under the following broad categories aligned to the *Categories for policy ideas* as detailed in the Green Paper.

## **1 Infrastructure**

### **Policy Idea 1 – Building new transport infrastructure**

Refer separate stand-alone submission titled “Transport infrastructure and the grains sector”.

### **Policy Idea 2 – Improving existing infrastructure and transport regulation**

#### **2.1 Refer separate stand-alone submission titled “Transport infrastructure and the grains sector” (attached).**

#### **2.2 Coastal shipping**

##### **Background**

Grain is grown in all states with approximately 40% of Australian production coming from Western Australia.

The grain market in the eastern states of Queensland, NSW and Victoria is underpinned by a substantial domestic market based off flour/food processing industries and intensive livestock production. This is in direct variance to both Western Australia and South Australia who have a limited domestic market and are almost totally reliant on export markets.

Due to sub optimal production, invariably as a result of dry conditions, there are occasions when there is demand in the eastern states that cannot be fulfilled by locally produced grain. On these occasions grain can be:

1. shipped from Western Australian and South Australian ports to eastern states; and/or
2. imported possibly from North America and Britain/Europe as a result of the cost structure/legislative imperatives of Australian coastal shipping.

##### **Coastal shipping should be open to competition**

Current restrictive practices that favour Australian flagged ships should be discontinued as they inhibit least cost pathways for ship bound trade between the states. In this regard, Grain Trade Australia supports similar comments from the Australian Competition and Consumer Commission submission to this enquiry that called for increased competition in coastal shipping services as this should drive down prices for consumer goods and manufacturing inputs.

In relation to the grain industry, the current regulations on coastal trading within Australia means interstate shipping is not a cost effective freight option and is not flexible to meet the variable and opportunistic nature of domestic grain demand.

The current regulation requires a minimum of five vessel bookings with the first option being made available to Australian flagged vessels. As stated by Warren Truss in releasing the Regulation of Coastal Shipping Options Paper “Our domestic freight task is growing rapidly and shipping should be carrying a larger share of the load. There is a growing disparity between the cost of shipping domestically and the cost of shipping to Australia from overseas.”

Opportunities do arise when there is a supply/demand imbalance between east and west that could be alleviated by shipping grain, however, this trade opportunity can be compromised by the current restrictive requirements that force grain trading operators to either comply with the requirements on a higher cost basis or, as often happens, forego the opportunity to the detriment of grain producers. In either case, the Australian economy suffers with decreased economic activity.

Changes to coastal trading regulation would allow more efficient and cost effective movements of grain within Australia.

## 5 Foreign investment

### **Foreign investment and the “national interest test”**

The sole task of Grain Trade Australia is to facilitate the commercial trade of grain across the Australian and international grain supply chain. GTA does not receive and indeed does not seek funding from sources external to the grain industry. GTA is therefore entirely responsive to the market signals from members as to the types of products and services required by the domestic and international trade.

The global grains industry is becoming increasingly competitive. An example of this is the rising importance of the former Soviet Union countries in international grain trade. In this changing global environment it is essential that the Australian grains industry supply chain can supply the market with grain in the quantities and product specifications that it requires.

In the same way, the management and investment in domestic and global grain supply chains is best left to market based investment decisions. The application of determinations on foreign investments based on “national interest test” need to be applied judiciously based on sound arguments, devoid of emotive and political commentary.

## 6 Education, skills and training, and labour

### **Policy idea 14 – Strengthening agricultural education**

The Australian grain industry, at farm gate values alone, is worth circa \$8 billion without factoring in the value of inputs and employment in the sector. Given the substantive value to Australia it is somewhat surprising that there are no grain specialist tertiary or vocational (VET) qualifications that would support/encourage school leavers into or offer a career path to those in the industry.

In response to a market based need, in 2010, GTA developed and implemented a project to develop grain industry specific professional development programs. The GTA PDP now attracts over 500 participants per year from across the grain supply chain, mostly from the post farm- gate sectors.

The last component of this project was to gain accreditation for the courses and for GTA to be able to offer a Diploma in Grain Management which could also be offered to universities and agricultural colleges.

GTA has been working with Agrifood Skills Australia for over two years to develop and gain approval for this qualification.

GTA understands that Industry Skills Councils are funded by the Commonwealth to:

- facilitate the establishment of required training programs and qualifications to meet industry skills and training needs
- assist stakeholders navigate the overly complex vocational education and training system.

The Grains Industry and GTA has been poorly serviced by these arrangements to date.

After several failed attempts to engage with AgriFood Skills Australia in order to enlist their assistance to develop appropriate training arrangements and qualifications to support people working in the critical area of the commercial grain supply- chain, GTA was compelled to engage a consultant to undertake the required work to progress the development and establishment of a VET accredited course through the Australian Skills Quality Authority.

This action was necessitated by AgriFood's apparent indifference to the needs and priorities of our industry sector and a reluctance to listen to and/or heed industry advice. The absence of industry endorsed and relevant training arrangements within the grain trading sector provides significant challenges to improve the competitiveness and the productivity of our workforce.

The agricultural industry needs to have greater ownership of the training agenda conducted by . In regards to AgriFood Skills Australia, we understand that the current training agenda is being driven by bureaucrats with limited industry experience or background. Consequently, the attitudes, responses

and decision-making processes we have experienced are arbitrary, inefficient and irrelevant to our industry needs.

The Coalition Government's determination to remove unnecessary red tape, ineffective bureaucratic entities and cumbersome processes, as well as simplify the training system, is to be applauded and fully supported. It appears that some ISCs may be a part of the problem rather than a solution in this critical area.

**Policy idea 15 – Strengthening labour availability**

The competitiveness of any industry is a function of the availability and holistic cost of suitably qualified labour. The grain industry is no exception.

The overall cost of labour has a number of components:

- minimum wage structures, including minimum hour/shift structures and penalty entitlements;
- statutory leave entitlements; and
- the administrative burden of hiring and managing employees.

In our submission, Australia is not only a high labour cost country, it is also a high “red tape” economy, meaning the process of hiring and managing employees imposes a relatively heavy cost and administrative burden on employers. This is the case throughout the grain supply chain.

Further, some aspects of the grain supply chain are relatively seasonal, including within farming, transport and storage enterprises, around peak volume harvest periods. The current industrial relations system makes it expensive for firms to cost effectively hire labour for those peak periods without permanently impacting their cost base on a year round basis.

Further still, as mentioned elsewhere in this submission, the competitiveness of the export grain industry is constrained by access to port capacity due to lack of efficient road and rail infrastructures to deliver grain in the required time frames. In this sense, aside from increasing capacity, competitiveness can be increased by greater labour productivity.

To date however, the prospect of systemically linking employee remuneration increases or promotion to productivity has been controversial and largely unsuccessful.

Any initiatives which can sensibly and sustainably reduce the direct and indirect costs of labour, afford greater flexibility in hiring and allow productivity to be incentivised will in our view improve the competitiveness of the Australian grain industry.

## 9 Research, development and extension

### Policy idea 20 – Strengthening the R.D & E system

*“Australia can only be a major global player in agriculture if we are at the forefront of technology and productivity.” Agricultural Competitiveness Green Paper*

There must be an unequivocal commitment to science based research, development and extension by the Federal Government. Grain Trade Australia supports the following call to action from the Australian Academy of Science.

#### **Building A Smart, Productive Future - Science, research and innovation needs steady and purposeful support - Australian Academy of Science - 1 October 2013**

*The nation's top scientists and researchers have issued a call to policy makers for a strategic and stable plan for science and research that will stop us falling behind in our region and in the world. In July this year (2013), Australia's research and science community formed the Research Alliance, a broad-based grouping of scientific, research, university and public and private sector researchers, who came together to call for a strategic national research policy to build a stronger, smarter Australia.*

*Since then, the Research Alliance has grown to more than a dozen groups which include the peak bodies in science, higher education, social sciences and humanities, as well as our most eminent scholars from all four learned academies, and our most recent Nobel Laureate. Following the federal election, the Alliance met formally for the second time and has resolved to continue advocating for research and science as the engine room of national prosperity.*

*Australia currently invests around 2.2 per cent of our GDP in research, putting us near the middle of the OECD table. But the stop/start nature of funding in the recent past means we are sliding backwards and will continue to do so unless action is taken. Australia should rightly aspire to be in the top half of the OECD table, and has more than enough research talent to justify such an investment.*

*Whatever the Government commits to research, the investment must be undertaken in a strategic, consistent way with a long-term vision for Australia. The Business Council of Australia has also called for a research and innovation strategy – a three way partnership between government, business and the nation's researchers for a more productive and innovative nation.*

*The short-term focus of past investment has left critical projects jeopardised, and very costly research infrastructure underutilised. The nation's top researchers and innovative industries must be able to plan and get on with the job of tackling our biggest challenges and grasping the greatest opportunities.*

*The Research Alliance is interested in the big picture for Australia, and the central role science and all other forms of research can play in a flourishing future. The Alliance is committed to a set of fundamental principles that will secure a smarter, more productive and resilient future for Australia.*

#### **Research Alliance Fundamental Principles**

##### **1) Investing strategically and sustainably**

*Governments must support planned, stable and appropriate investment in research over the long term, which is essential if we are to tackle large, complex problems and embrace opportunities facing Australia.*

##### **2) Building our research workforce – getting and keeping the best**

*To ensure we attract and retain the best researchers we must offer appropriate conditions. Career uncertainty means that many leave research or leave Australia to seek a stable future.*

##### **3) Building a productive system and getting the most out of it**

*Governments must set a stable and sustainable funding framework for infrastructure (buildings, equipment and the technical experts to keep them operating) especially for national facilities.*

##### **4) Being among and working with the world's best**

*Global collaboration is more necessary than ever with the rise of international research, commerce, communication and other systems that transform our lives and opportunities. Our best researchers must work with the best globally.*

##### **5) Bringing industry and academia together**

*When industry and researchers work together effectively we innovate and multiply our strengths. We must ensure there are clear and reliable policy incentives that facilitate deep and sustained collaboration between industry, public sector, university and research institutes. We must harness national talent to create knowledge, opportunity and new jobs.*

##### **6) Expanding industry research**

*Governments need to create an environment which encourages industry to invest more in research and which makes Australia an attractive place for international companies to undertake research. Innovation underpinned by research and development improves industrial productivity and is critical to ensuring strong growth.*

##### **7) Investing in our best research and our best researchers**

*Government has a clear role in setting priorities for research, and in supporting research which underpins discovery. The independent expert assessment process should be used to identify excellence and to coordinate the best researchers, research programs and groups.*

Within Australian research institutions such as CSIRO, The Australian Centre for Plant Functional Genomics and AgriBio each have significant GM wheat collaborations and development programs. The Grains Research and Development Corporation supports many of these programs.

Also major global agricultural biotech companies such as Monsanto, Bayer CropScience and Pioneer have launched significant major initiatives and investment in the development of GM wheat programs in countries such as USA, Canada and Australia.

The announcement by CSIRO of a new wheat variety (high-amylose) with human health benefits created by CSIRO-developed RNAi gene-silencing techniques demonstrates that these R & D programs are well established on the product development pipeline. Various industry stakeholders and technology developers have indicated however, that GM wheat may not be commercially available for between 8 – 10 years.

The introduction of GM canola in 2008 was a clear demonstration that:

1. The regulatory processes (OGTR) were appropriate and effective; and
2. The grain industry was able to deliver market choice to both grain producers and end users alike.

However, the uptake in biotechnology is subject to a perceived lack of support by consumers both in Australia and overseas.

Australia possesses the science and scientists, the regulatory approval processes and a grain handling and marketing system to produce, transport, store and market GM grain.

Uptake of this technology, along with other new plant breeding technologies will increase farm-gate values for grain producers, would be substantially enhanced with a clear and unequivocal announcement that the Government fully supports this technology and will actively work with the grain industry supply-chain and customers of Australian grain to ensure a timely and market sensitive adoption of the technology. This may necessitate the Government leadership, in conjunction with industry, in developing an industry-based adoption and marketing strategy.

The industry must continue to place strong emphasis on improving productivity. This is one of the most significant challenges facing the Australian grains industry.

From the mid-seventies to the late nineties, total factor productivity grew in excess of 3.0% per annum, which was well ahead of other agricultural industries in Australia and ahead of most other advanced grain producing countries. These advances were primarily driven by advances in farming practices including the development and adoption of minimum tillage, the use of grass herbicides, crop rotations and improved nutritional programs.

More recently productivity improvement rates have declined driven in part by adverse seasonal conditions but other factors have also contributed to the decline.

The Government through its contributions to GRDC has been focussing efforts on better understanding the reasons for the decline and designing RD&E programs to increase the rate of productivity improvements.

The recent commercialisation of wheat breeding in Australia is showing positive results in the rate of genetic gains for wheat which will be a major contributor to productivity growth into the future.

## **10 Biosecurity**

The outcomes of the Grain Export Certification Reform Program substantially changed the manner that DA Biosecurity and industry conduct their phytosanitary certification processes.

Systems were streamlined, flexibility in operation substantially increased and costs reduced. The program operates on a full cost recovery basis and currently has over \$16 million in over recovered funds in the Income Equalisation Reserve.

The operation of DA Biosecurity and the operation of the GPPEICC demonstrate world best practice. GTA supports these arrangements.

## 11 Accessing international markets

### Policy idea 24 – Strengthening Australia’s overseas market efforts

Whilst the tenure of the Green Paper is farmer focussed and in this case about “*improvements to the Governments capacity to assist farmers to access international markets*”, the reality is that the vast majority of Australia’s grain exports are conducted by specialist grain trading companies.

Also, whilst bi-lateral or multi-lateral trade agreements are important, the Government must continue to fund processes and protocols developed by:

- intergovernmental departments / agencies; or
- agencies of the United Nations

which could act as technical trade barriers.

The global grain trade, quite correctly, operates within a regulatory framework established by governments and international agreements which were, in the main, established to protect food safety.

Also, many countries purchase their grain supplies via state owned/regulated buying agencies.

Australia has a proud record of compliance with internationally agreed protocols and it is incumbent on the Federal Government to continue to fund these lead agencies. GTA places submissions relating to the following agencies on a regular basis to ensure that the global regulatory environment is appropriate and commercial sensitive.

Government Department	Industry involvement/responsibilities
Dept. of Agriculture	Links to <b>Codex Alimentarius Commission</b> (Codex) which is the international food standards setting body recognised by the World Trade Agreements on Sanitary and Phytosanitary (SPS) and Technical Barriers to Trade (TBT) as being the reference point for food standards applied in international trade with the objectives of protecting the health of consumers and ensuring fair practices in the food trade.
Dept. of Agriculture	<ol style="list-style-type: none"> <li><b>1. Cartagena Protocol on Biodiversity</b> This protocol comes under the UN Convention on Biodiversity and relates to the export/import of, in our case, genetically modified grain. At some point in the future, Australia will be exporting substantial amounts of GM grain and hence the international policy settings must be suitable to encourage international grain commerce.</li> <li><b>2. Global Low level Presence Initiative</b> The increasing release of commercial GM crops worldwide is causing issues particularly when the new events are not approved in major export markets. This issue is being addressed in the Global Low Level Presence Initiative which aims to encourage countries to adopt policies/processes to ameliorate the trade inhibiting affects that occur.</li> <li><b>3. Bi-lateral and multi-lateral trade agreements</b></li> </ol>
Dept. of Foreign Affairs & Trade	<ol style="list-style-type: none"> <li><b>1. Cartagena Protocol on Biodiversity</b> This protocol comes under the UN Convention on Biodiversity and relates to the export/import of, in our case, genetically modified grain. At some point in the future, Australia will be exporting substantial amounts of GM grain and hence the international policy settings must be suitable to encourage international grain commerce.</li> <li><b>2. Bi-lateral and multi-lateral trade agreements</b></li> </ol>

Australia via the Department of Agriculture and the Department of Foreign Affairs and Trade as noted above, are active participants in this dialogue. GTA supports this involvement.

**Conclusion**

Grain Trade Australia welcomes the opportunity to further discuss this submission at a hearing.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Geoff Honey', written in a cursive style.

**Geoff Honey**  
Chief Executive Officer



12 December 2014

## **Agricultural Competiveness White Paper**

### **Transport infrastructure and the grains sector**

#### **1. About Grain Trade Australia**

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Within this context, GTA provides comment for consideration on various issues that impact substantially on the ability of Australia to compete in the global grain market.

#### **2. Submission**

This submission specifically addresses issues relating to transport infrastructure and the grains sector.

## **Transport infrastructure and the grains sector**

Recent research has shown that Australian grain transport costs represent on average over 30% of total production costs<sup>1</sup>. In some places they are far more. Such high transport costs damage the competitiveness of Australian grains in world markets, *regardless of market access settings*. Current fragmented efforts by governments to deal with freight infrastructure are not working well.

The grain freight principles which follow are intended to guide better outcomes for the grains sector.

A relevant and recent international case study is also examined as a more commercial, better practice approach to financing Australia's vital Inland Rail project, which is the centrepiece of more effective grain road, rail and port solutions for much of the industry.

**Importantly, analysis of the lengthy public sector-led design and build timeline proposed for Australia's Inland Rail project is found to represent a direct freight opportunity costs to the east coast grains sector alone of almost \$3 billion. It is also submitted that moving to a faster, fully commercial design and build of this essential project would save the grains sector in the order of \$1 billion dollars (see below).**

### **Grain transport principles for the *White Paper* to adopt:**

- 1. Efficient mainline rail lies at the heart of more efficient grain freight**
- 2. Australia's grain branch lines are far behind global best practice**
- 3. Grain port efficiency and access competition is driven by mainline rail**
- 4. Government grain transport projects should be measured for price *per* tonne impact**
- 5. Wider financing sources must be found to augment scarce taxpayer revenue - this should begin with the Inland Rail project**

# 1. Efficient mainline rail lies at the heart of more efficient grain freight

**Analysis: How much better off are grain sectors which enjoy effective mainline rail?**

Mainline, intercontinental or 'Class-1' rail operations are a decisive profitability driver of North American grain supply chains, whereas by contrast, Australia's lack of an effective equivalent freight mainline is, especially on the east coast of Australia, leading the grains sector to less than productive, road, branch line rail and port competition and efficiency outcomes. Recent Graincorp analysis comparing the Canadian and Australia's east coast grain freight rail systems reveals that at representative distances from port, New South Wales grain costs over \$20 *per tonne* more to move than its Canadian equivalent<sup>ii</sup>.

**Table 1. Inefficiency of eastern Australia grain on rail price (red line) vs Canada (dark grey line)**



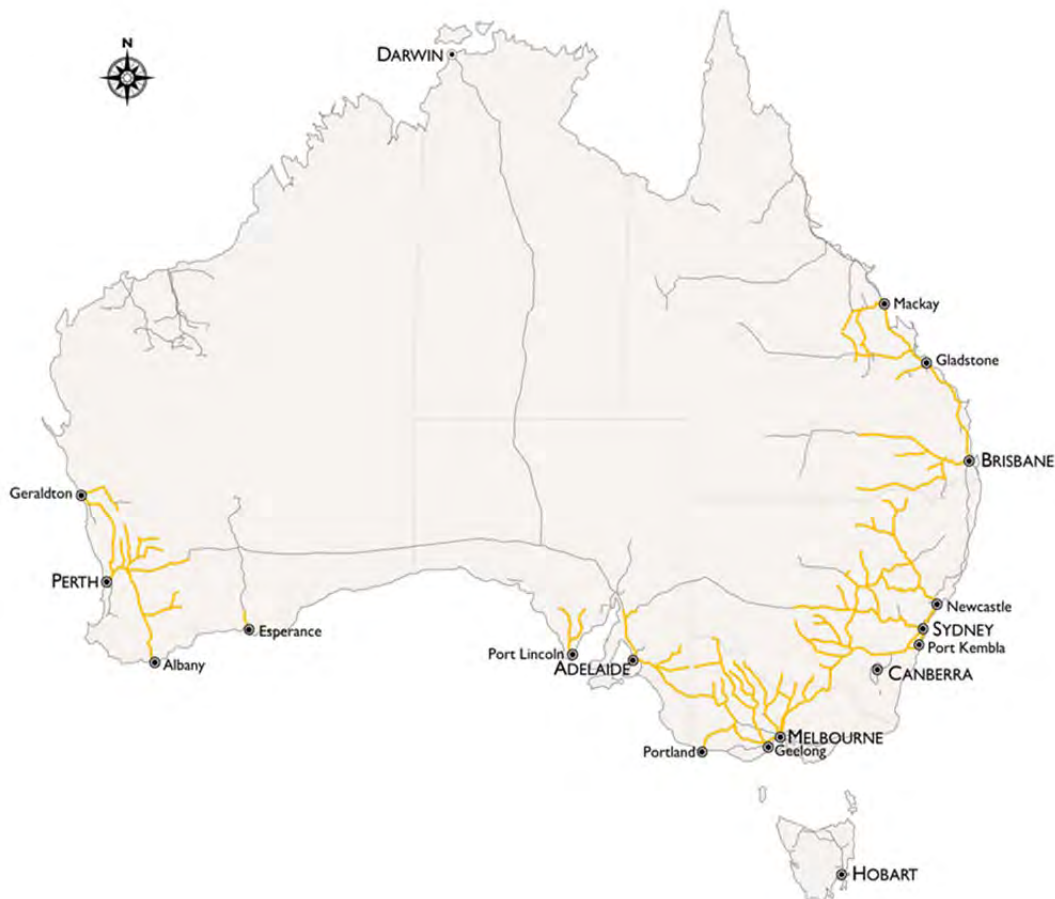
## Scale brings efficiency in rail

Canada's mainline heavy rail operations - including grain wagons of close to 130 tonnes and 3 kilometre-long trains, travelling in excess of 100kp/h, creates a far superior, lower cost freight pathway than the Australian network, which relies for the most part on wagons of less than 80 tonnes and trains rarely of a length over 650 metres, operating mostly at low speeds on a series of disconnected branch lines which cannot aggregate grain for economies of scale in uplift.

The mainline allows Canadian grain transport to be more efficient even though the core growing regions for Canadian grain are often over 1,000 kilometres further from major seaports than Australian grain growing regions (eg Saskatchewan).

## 2. Australia's grain branch lines lag far behind global best practice

Unlike in North America, Australian grain is moved almost exclusively on old and lightweight branch alignments which do not connect to a single, common and heavy intercontinental mainline:



Australia's pre-Federation branch lines also for the most part remain on a series of disconnected gauges; recent research<sup>iii</sup> argues that this serves to 'atomise' export tonnages to too many places, reducing the economies of scale and access competition on offer for Australian grain freight overall.

This patchwork creates one of two problems for state jurisdictions and the grains sector:

### 1. Taxpayers are forced to subsidise failing branch lines at 'survival' levels:

The NSW independent rail regulator is on record as stating that:

*'The New South Wales grain line network is old and many parts of it have fallen below a standard considered fit for the purpose of transporting grain. Currently, the government funds over 95% of ongoing maintenance costs...at current levels of usage and access prices, rail users contribute less to maintenance costs than the value of benefits they gain privately from using the network'<sup>iv</sup>.*

This is an unsustainable outcome; the likely end-state of this 'status quo' policy is more and more branch line network 'reviews' by government where the network is maintained at bare minimum operational status (eg NSW class 5) while the worst performing lines are provided with an

ultimatum of either becoming the sole financial responsibility of local growers or being closed altogether. This has been the observed practice of rail freight reviews to date, particularly in New South Wales<sup>v</sup>. It provides no mechanism for improvement.

## **2. To date, commercial operational models have not been very successful**

In the cases of both Victoria (1999) and Tasmania (1997), branch line networks were leased to the private sector with extremely poor results: eventually, both governments were forced to buy back the lines at significant loss and to place additional resources into aspects of the network where upgrades and maintenance had been cancelled altogether by the private operator, usually on the grounds that these aspects of the network could not be made commercially efficient<sup>vi</sup>.

This phenomenon has emerged again more recently in Western Australia, where the below rail company leasing the grain network opted to place the network's most lightly-engineered lines - known there as 'Tier-3' lines - into 'care and maintenance' - that is, mothballed and not operational. At the same time the WA state government did not make the necessary corollary investments in the road network that might have offset these closures and ensured a safe and productive grain supply chain<sup>vii</sup>.

In this case as for Victoria and Tasmania, this cannot be explained by simply criticising the commercial rail operators involved, who act within the framework of contracts drafted by governments. Rather, uncoordinated arrangements and often poor regulatory and contracting approaches have placed the operational efficiency and profitability of the grain supply chain at risk.

### **International best practice in branch lines is observable and should be adopted here**

Failures must be learned from and better practice adopted. Australia must shift to a well-understood economic model where branch lines are viable because of their close proximity to an effective intercontinental mainline freight railway.

Rail economics would suggest that branch line viability will always be challenged by freight densities<sup>viii</sup>: that is, branch lines - known elsewhere as 'short lines' can usually only achieve efficiency by hauling large tonnages of regular freight relatively short distances - that is, they succeed where they achieve high 'freight density' (ie freight tonnage moved/kilometres of track). Generally, Australian grain branch line 'freight densities' exhibit the very lowest freight densities for any Australian railways<sup>ix</sup>. Australian branch lines are also typically much longer than their US and Canadian short line equivalents<sup>x</sup>. The US and Canada experience - particularly seen in the rise of viable short lines after the Staggers Act (1980) market reforms to US freight rail - suggests branch lines *can* become viable. In these countries, typically either the mainline railway itself, or a niche commercial branch line operator or grower co-operative works to run these 'feeder' lines successfully to a mainline railhead. Typically these operations reinvest very significant revenue into track maintenance. The current Inland Rail project proposed to link Melbourne and Brisbane is one such mainline rail project that could deliver these outcomes to many east coast branch lines in particular.

## **Tax credits for branch lines?**

It is fundamental that the tax treatment of branch line investment and income be examined, to remove the disadvantage to rail of roads having almost no tax issues.

Tax credit mechanisms need to be examined also. Best practice should also involve examining tax credit mechanisms for keeping branch lines viable. In the United States since 2004, the *Short Line Tax Credit Arrangement* (section 45G of the US Tax Code) creates an incentive<sup>xi</sup> for short line railroads to invest in track rehabilitation by providing a tax credit of 50 cents for every dollar the railroad spends on track improvements.

A US branch line specialist operator currently working with the WA branch lines recently noted some of these points and expressed optimism at the prospects for these lines if run to best practice<sup>xii</sup>. Formal agriculture policy as it relates to infrastructure should reflect and support these objectives.

## **Roads: Mainline rail and its implications for more efficient road investments**

Mainline rail operations also hold benefits for the way in which Australia's road budgets are spent, because the presence of a mainline intercontinental freight railway with higher freight share lessens pressure on multi-billion dollar highway spends, which are driven in part by a need for better interstate road freight.

Official statistics show that where an effective heavy mainline exists between Australia's east and west, rail has around 80% of total east-west freight share, but on the larger north-south freight task along Australia's east coast, major road investment such as bypasses on major highways and duplications has seen rail share relegated to under 20%<sup>xiii</sup>.

The Agriculture White Paper should recognise the role which Inland Rail infrastructure can play in increasing rail's share on east coast Australia and its implications for liberating very large road budgets to be spent away from interstate highways towards rural and regional networks, many of which are substandard for the modern grain freight task.

A further road reform relates to opening up the ability for investors in the grain supply chain to have a legal right of access to invest in and upgrade roads and bridges that are relevant to their operations to permit higher productivity road freight solutions. This is discussed later in the submission.

### 3. Grain port efficiency and access competition is driven by mainline rail

Recent analysis by Juturna<sup>xiv</sup> of the beneficial impacts of mainline rail on the Canadian grain port sector suggests that a significant change to mainline rail could offer benefits for Australian grain port scale, market investment prospects and greater market-based access competition for growers.

**Table 3. Mainline rail brings port efficiencies: Canada vs Australia port export grain shares 2011-12**

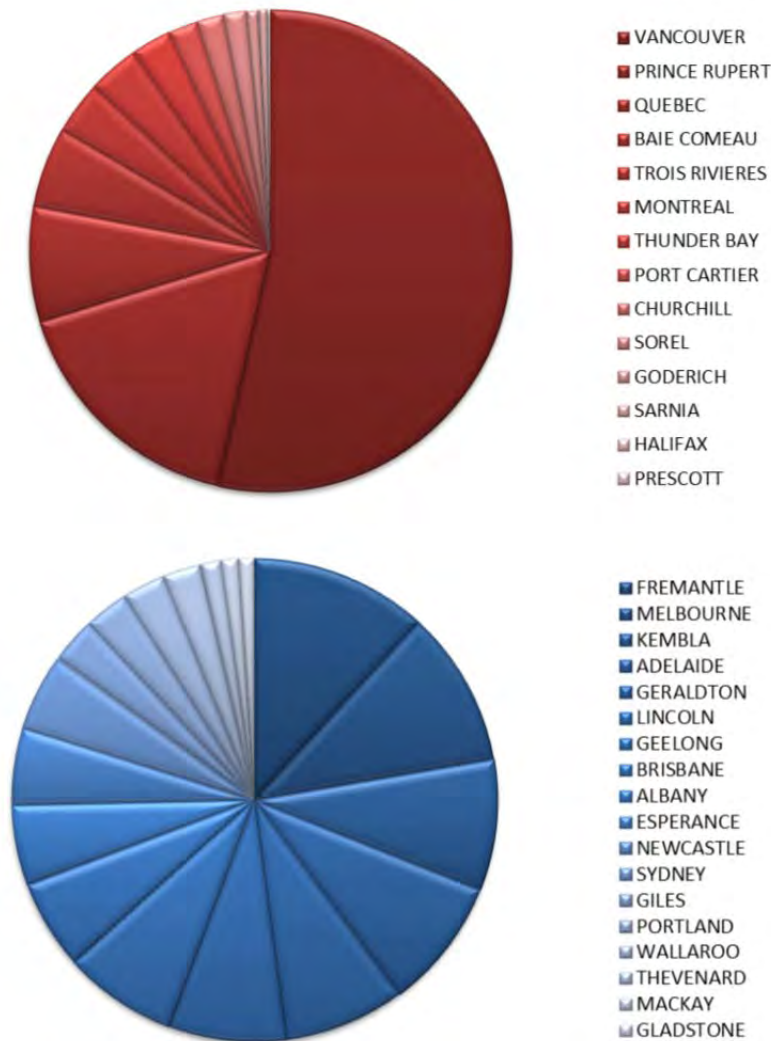


Table 3 (above) suggests that in Canada, the effect of mainline rail has been to route grain exports to fewer, larger and more dominant ports: over 75% of 2011-12 Canada grain exports were sent through just three ports; by contrast, Australia sent the same year's grain tonnage to 19 ports, with a median port grain export share of only 6%. Thanks to greater tonnages received at lower unit cost *via* mainline rail, Canadian ports can offer greater economies of scale and competition to the grain industry. The largest of these, Port Metro Vancouver, has six commercial grain terminals. Relying on this innate competition offers a more efficient competition mechanism than regulatory interventions.

#### **4. Government grain transport projects should be measured for price *per* tonne impact**

To date, government infrastructure policy sees strategies written and a myriad of funding plans put in place for different grain-related roads and bridges, branch lines and ports nationwide. But the efficiency of these efforts is questionable because these public sector ‘investments’ are never actually measured and assessed for their impact on the *per* tonne cost of grain freight.

##### **Agriculture and transport agencies should work together to deliver and publish assessments of likely *per tonne* freight savings in all new grain infrastructure projects**

Agricultural policy relating to transport will be improved greatly by adopting metrics that test for this outcome and present such information for grower and community scrutiny. Commodity infrastructure strategies should be designed to produce *least cost pathways* for freight - including the cost of externalities such as road safety and congestion. The results should be able to be expressed as ‘savings per tonne’ to the commodity sectors.

In this regard the *Agricultural Competitiveness Green Paper* appears to imply (*Infrastructure: What the Government is already doing* - pp. 12-13) that the present size and choice of spending - around \$28 billion in road infrastructure projects - can provide many better solutions for agriculture. Yet in the absence of any of these projects having been tested against the aforementioned ‘savings per tonne’ metrics, this is impossible to verify.

Given the size of grain’s contribution to overall agricultural exports and its role in rural communities, as a matter of policy, key grain infrastructure decisions such as rail and port and some road projects deserve analysis in terms of what per tonne transport savings they actually promise the industry.

#### **5. Wider financing sources must be found to augment scarce taxpayer revenue - this should begin with the Inland Rail project**

In 2013 Infrastructure Australia’s report to COAG noted that:

*‘The lack of available infrastructure funding is the major constraint to bridging the gap between the infrastructure we have and the infrastructure we need’<sup>xvi</sup>.*

Governments have a leadership role to play in bridging the gap with better financing models, as they remain the owners or are the regulator of roads, branch line and mainline rail and ports. The *Agriculture White Paper* should be especially clear about the critical need for mainline rail capability - such as the Inland Rail project. Inland Rail has potential to be a game changing investment for the grains sector: a 2010 review of its prospects found it would deliver 48% cheaper freight than current road freight prices<sup>xvii</sup>. It would start to bring Australia in line with mainline rail capabilities of Canada, USA and Mexico.

The present public sector-led approach to Inland Rail argues for a completion date sometime around 2024. But an actual date is unclear, as construction has not been contracted and commercial finance has not been secured. Rather, the federal government has committed \$75 million dollars per year for the next four years to undertake further government-led planning and design<sup>xviii</sup>. Further funding



and completion is therefore heavily dependent on future political support. The Inland Rail is an example of a high-priority project perhaps not being approached in line with best practice: the decade-long wait which the government indicates is required under a public sector approach imposes multi-billion dollar costs on the Australian grains sector. This approach repeats inefficiency:

*'Past (government) investments in infrastructure have been very inefficient (the most notable current example being the national broadband network) and there is great scope to improve that efficiency, for example, through making such projects (market) contestable'<sup>xix</sup>*

### **International Best Practice advises a fully commercial, fast-tracked solution for Inland Rail**

Commercial rail builds - including the design stage - are best addressed *via* a fully commercial market design and delivery process. This is the official view of the OECD, which has stated that:

*The market and technical challenges and international policy experience imply that the policy aims for rail freight...are best provide by the market sector'<sup>xx</sup>*

It is also consistent with the healthy growth in commercial rail freight efficiency seen in both the United States (1980s-) and in Mexico (1990s-) post-market reform.<sup>xxi</sup>

### **Alternative market-led approach: Kenya Standard Gauge Rail Construction 2014-2017**

A very recent relevant example of using the market to lead and deliver such a project rather than a government owned-and-funded rail builder (as is the case in Australia) is the Kenya standard gauge rail project<sup>xxii</sup>, where 500 kilometres of standard gauge, 25-tonne axle weight line for long, double-stacked trains has been officially contracted to be built in less than 3 years by China's Road and Bridge Construction Company. The project has been designed and 90% financed by the company *via* a contractor negotiated loan with Chinese finance. The project links Kenya's main port (Mombasa) with the capital (Nairobi) and is the first leg of a planned 2,400 kilometre east African standard gauge mainline - much larger than Inland Rail - to reduce freight costs for Kenya, Uganda, Sudan, Rwanda and Burundi. The project has been formally assessed by the International Monetary Fund as delivering a 1.6 *per cent* increase to Kenyan GDP<sup>xxiii</sup>.

### **Analysis: the high opportunity cost of not building Inland Rail today *via* a commercial instrument**

There would appear to be a ready market for a commercial Inland Rail in Australia: where such investments have a higher social rate of return than the borrowing rate of interest, they raise economic growth and at the same time raise the return to participants along the value chain potentially including Australian farmers and Asian consumers<sup>xxiv</sup> **For the grains sector alone, it is possible to estimate a nearly \$3 billion dollar opportunity cost incurred by not having an Inland Rail on east coast Australia in the way that Canada's grain sector enjoys (see below).**

### **Opportunity cost analysis methodology: Inland Rail public design and build vs market approach**

\*Published Graincorp research: Canadian grain on rail costs \$20 per tonne less than east coast Australia (see endnote ii).

\*Canada's mainline rail axle weights are heavier than those proposed for Inland Rail, so a nominal reduction in productivity gain might be expected on the Australian line; this can be modelled by making a 20% reduction to the observed Canadian operational savings. This would still render **\$16 per tonne savings** from the current east coast rail price for grain, as per Graincorp analysis.

\*This saving can then be multiplied by the annual east coast export tonnage of c. 13 million tonnes (Ports Australia statistics 2012-13, including grains from Adelaide to Brisbane excl. TAS) -to derive an **opportunity cost to the grains sector of \$208 million annually.**

\*This annual cost could be invested by the grains industry at a representative social discount rate of 7%, with interest calculated annually over the proposed 10-year public sector build of Inland Rail. **This would total \$2.87 billion dollars. This represents the cost to the grain sector of waiting a decade for a government mainline rail solution *via* Inland Rail rather than having such infrastructure today.**

### **Plausible net opportunity cost of not pursuing a market-led build**

\*If a market-led design-build-maintain-transfer project were to occur along the Kenyan example - for example with Class-1 North American rail builders engaged, with commercial finance secured and market project design not overly encumbered by government solutions, it is plausible that such a project might only require a 5-year timeline for design, build and start of operations. **On this basis, staying with the public-sector led approach to Inland Rail would appear to represent an opportunity cost to the east coast grains sector of \$1.04 billion dollars to 2023.**

Given that other larger freight sectors (ie containers) should experience still greater efficiencies from this project, the overall opportunity costs of not building the Inland Rail much sooner on a fully-commercial 'design, build, maintain and transfer' model are likely to be extremely large. The methodology outlined above should be considered very conservative, as it does not include a range of wider opportunity cost inputs:

\*Growth in export tonnage, or inclusion of any domestic grain tonnage

\*Rail freight savings in sectors which will utilise Inland Rail more than grain, such as container trade

\*Savings from deferred heavy vehicle-induced maintenance costs to grain industry roads

\*Road freight externality cost savings: carbon emissions, urban truck congestion, road trauma

This matter could be achieved by testing a competitive market of experienced international Class 1 rail builders, operators and financiers: these parties could quickly be asked to submit commercial design, financing and delivery timing proposals for a north-south mainline rail for Australia's east coast. An opportunity cost for all freights could be derived by Treasury to ascertain net benefits.

### **Other policy priorities for grain branch lines and key road networks**

**Branch lines** - Productive operating models and tax treatments for grain branch line operations were raised earlier in this submission. Branch lines have a productive future, but the White Paper must recognise that Australia is not operating at best practice; it should support a move to that end.

**Roads** Infrastructure Australia has produced a body of policy work in recent years<sup>xxv</sup> advocating for the right for private investors to invest in parts of the public road network to build upgrades that will carry higher productivity trucks for the grain task and many other freights. In the absence of government funds and action, market investors should be allowed to work with state and local governments to organise safe and sustainable market investment in these roads, so that the financier and paying customers can enjoy higher productivity truck access; (under Infrastructure Australia's proposed model, other road users would still have access to the road, but unless paying a user charge, would not receive the higher productivity truck access).

**Road pricing, the potential for subsidisation and poor mainline rail competitiveness** Linehaul trucks currently out-compete mainline rail freight on many interstate highways, particularly on the east coast. These highways are a logical focus for direct pricing of trucks (ie so that they pay the true long run capital and maintenance cost on and of the expensive highways which they are driving on). But to date this has not occurred. This leaves open the potential for these vehicles to be cross-subsidised by the rest of the Australian trucking fleet, to the detriment of mainline rail commerciality and to the direct commercial disadvantage of all other trucks (which could be paying more than they need to, such as all trucks on rural, regional and remote roads and in cities).

The Productivity Commission inquiry into this matter in 2006 noted the real potential for direct truck pricing to apply only to the major highways that compete with mainline rail<sup>xxvi</sup> (such as the Newell, Pacific and Hume) but no government effort has been made to examine this solution since that time.

Analysis of true direct pricing and its impact on market share shift from road to rail is a vital underpinning of securing mainline rail operations and potentially lower truck charges on all roads other than the main highways competing with rail. As such it is of first order importance to the grains sector that direct pricing on these highways be analysed.

### **Conclusion**

Grain Trade Australia welcomes the opportunity to further discuss this submission at a hearing.

Yours faithfully



Geoff Honey  
Chief Executive Officer

## Endnotes

- <sup>i</sup> Stretch, T, Carter, C and Kingwell, for Australian Export Grains Innovation Centre *The Cost of Australia's Bulk Grain Export Supply Chains* (2014)
- <sup>ii</sup> See Graincorp research for the Australian Grains Conference (2014) in the presentation 'Building a Competitive Supply Chain', available online at <http://www.ausgrainsconf.com/sites/default/files/files/WARRINGTON.pdf> (see slide 4) accessed on 12 November 2014)
- <sup>iii</sup> Juturna Infrastructure *Good Instincts: Why grower concerns over failing grain infrastructure are wholly accurate, how serial public policy failure lets down growers, investors and the national economy & the credible national grain infrastructure policy reform framework needed from governments* Government and Market Briefing Paper (2014)
- <sup>iv</sup> New South Wales Independent Pricing and Regulatory Tribunal *Review of Access Pricing on the NSW Grain Line Network* (2012)
- <sup>v</sup> See for example the *Review of NSW Grain Freight Review* (2009)
- <sup>vi</sup> For a good summary of these events see Chapter 9 'Freight Rail Networks in Other Jurisdictions' in *The Management of Western Australia's Freight Rail Network* report number 3 of the Economics and Industry Standing Committee of the Parliament of Western Australia (2014)
- <sup>vii</sup> See discussion of the 'Brookton Solution' in *The Management of Western Australia's Freight Rail Network* report number 3 of the Economics and Industry Standing Committee of the Parliament of Western Australia (2014) p.72
- <sup>viii</sup> See for example Fischer, Bitzan and Tolliver *Analysis of economies of size and density for short line railroads* University of North Dakota, Fargo ND (2001)
- <sup>ix</sup> See Australian Bureau of Infrastructure, Transport and Regional Economics *Trainline* publications to derive freight densities.
- <sup>x</sup> See evidence of US short line specialist operator WATCO in *The Management of Western Australia's Freight Rail Network* report number 3 of the Economics and Industry Standing Committee of the Parliament of Western Australia (2014) p.200
- <sup>xi</sup> For a good overview of the function and potential of this approach see the American Short Line and Regional Railroad Association's submission to the US House of Representatives Manufacturing Tax Reform Working Group (2013) available online at: [http://waysandmeans.house.gov/uploadedfiles/american\\_short\\_line\\_and\\_regional\\_railroad\\_association.pdf](http://waysandmeans.house.gov/uploadedfiles/american_short_line_and_regional_railroad_association.pdf) (accessed 12 November 14)
- <sup>xii</sup> See the experience and views of WATCO in Western Australia as documented in *The Management of Western Australia's Freight Rail Network* report number 3 of the Economics and Industry Standing Committee of the Parliament of Western Australia (2014) p.199
- <sup>xiii</sup> See Bureau of Transport and Regional Economics publications *Multimodal Interstate Freight in Australia* Research Report 120 (2010) and *Road and Rail Freight* Information Sheet 34 (2009)
- <sup>xiv</sup> Juturna Infrastructure *Good Instincts: Why grower concerns over failing grain infrastructure are wholly accurate, how serial public policy failure lets down growers, investors and the national economy & the credible national grain infrastructure policy reform framework needed from governments* Government and Market Briefing Paper (2014)
- <sup>xv</sup> *Ibid*
- <sup>xvi</sup> Infrastructure Australia *National Infrastructure Plan: June 2013 Report to the Council of Australian Governments* (2013)
- <sup>xvii</sup> Australian Rail Track Corporation *Melbourne-Brisbane Inland Rail Alignment Study Final Report* (2010) p. 14
- <sup>xviii</sup> According to published departmental material online; see <https://www.infrastructure.gov.au/rail/inland/> (accessed on 14 November 2014)
- <sup>xix</sup> Anderson, K *Australia's Competitiveness in Contributing to Global Food Security* article in *Australian Farm Policy Journal* Vol 11 No 3 (2014)
- <sup>xx</sup> International Transport Forum of the Organisation for Economic Cooperation and Development *Peer Review of Railway Freight Development in Mexico* Freight Policy Principles for Rail (2014)
- <sup>xxi</sup> See Beck, Bente and Schilling for the International Transport Forum of the Organisation for Economic Cooperation and Development *Railway Efficiency* Discussion Paper 12 (2013)

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<sup>xxii</sup> See Megaprojects Kenya website <http://www.megaprojects.co.ke/projects/25/details/mombasa-nairobi-standard-gauge-railway-project/#.VHE6eRxxmUk> (accessed 14 November 2014)

<sup>xxiii</sup> See IMF press release at <https://www.imf.org/external/np/sec/pr/2014/pr14518.htm> accessed 14 November 2014)

<sup>xxiv</sup> Anderson, K *Australia's Competitiveness in Contributing to Global Food Security* article in *Australian Farm Policy Journal* Vol 11 No 3

<sup>xxv</sup> See for example Office of the Coordinator General Submission to both the Productivity Commission's *Inquiry into Public Infrastructure* (2013) and its *Review of the National Access Regime* (2013) as well as Infrastructure Australia's *National Land Freight Strategy and Network discussion paper* (2011); Juturna Infrastructure for Infrastructure Australia: *Economic Reform of Australia's Road Sector* (2012) and Infrastructure Australia's *National Road Asset Reporting Pilot* (2014); all online at <http://www.infrastructureaustralia.gov.au/publications/> (site accessed on 14 November 2014)

<sup>xxvi</sup> Productivity Commission *Road and Rail Freight Infrastructure Pricing Inquiry* Final Report No. 41 (2006) p. 248-9

## Membership List as at 09 December 2014

Organisation	Contact	Website /Phone	
<b>Ordinary Member (Trading)</b>			
<b>Level A1 (over 7 Million Tonnes)</b>			
Cargill Australia Limited	Ms Penne Kehl	cargill.com.au	
Co-operative Bulk Handling Limited	Mr Jason Craig	cbh.com.au	
Glencore Grain Pty Ltd	Mr David Mattiske	glencoregrain.com.au	<b>3</b>
<b>Level A2 (5 - 7 Million Tonnes)</b>			
<b>0</b>			
<b>Level A3 (3 - 5 Million Tonnes)</b>			
ADM Trading Australia Pty Ltd	Mr Tim Henry	adm.com	
Emerald Grain Pty Limited	Mr John Warda	emeraldgrain.com	
Graincorp Operations Ltd	Mr Neil Johns	graincorp.com.au	<b>3</b>
<b>Level A4 (1.5 - 3 Million Tonnes)</b>			
PentAg Nidera Pty Ltd	Mr David Lengren	pentagnidera.com.au	<b>1</b>
<b>Level B1 (1.0 - 1.5 Million Tonnes)</b>			
Bunge Agribusiness Australia Pty Ltd	Mr Chris Aucote	bunge.com/Agribusiness	
Louis Dreyfus Australia	Mr Phil Coffin	louisdreyfus.com.au	<b>2</b>
<b>Level B2 (500,000 - 1 Million Tonnes)</b>			
Agrex Australia Pty Ltd	Mr David Johnson	agrexaustralia.com.au	
George Weston Foods Limited	Mr Mark O'Brien	gwf.com.au	
Inghams Enterprises Pty Limited	Mr Greg McDonald	ingham.com.au	
Mitsui and Co (Australia) Ltd	Mr Kane Fukuoka	mitsui.com	
Plum Grove Pty Ltd	Mr Tony Smith	plumgrove.com.au	
Ridley Agriproducts Pty Ltd	Mr Michael Reeves	agriproducts.com.au	
Riverina (Australia) Pty Ltd	Mr Jon Mulally	riverina.com.au	<b>7</b>
<b>Level B3 (250,000 - 500,000 Tonnes)</b>			
Agracom Pty Ltd	Mr Joe Hallman	agracom.com.au	
Arrow Commodities Pty Ltd	Mr Dominic Vanzella	arrowcom.com.au	
Australian Grain Growers Co-operative Limited	Mr Simon McNair	aggcoop.com.au	
Centre State Exports Pty Ltd	Mr Jeff Voigt	centrestateexports.com.au	
Chinatex Australia Pty Ltd	Mr Jiling Lai	02 9957 2688	
COPRICE	Ms Kirsty Cutter	coprice.com.au	
Lempriere Grain Pty Ltd	Mr Jonathon Holdsworth	lemprieregrain.com.au	
Riordan Grain Services	Mr Bradley Hogan	riordangrains.com.au	
Special One Grain	Mr Peter Burke	specialonegrain.com.au	
United World Enterprises Pty Ltd	Mr Jimmy Liu	uwetypical.com	
Wilmar Gaviion Pty Ltd	Mr Matt Albion	07 3713 8700	<b>11</b>

## Ordinary Member (Trading) (contd)

### Level C (under 250,000 Tonnes)

A & B Grains Pty Ltd	Mr Rod Wolski	abgrains.com.au
A T Waterfield & Son Pty Ltd	Mr Brad Waterfield	03 5382 3725
A W Vater and Co	Mr Kim Vater	vater.com.au
Adams Australia Pty Ltd	Mr Ian Mack	adamsaustralia.com.au
Agmark Commodities	Mr Jack Vivers	agmark.com.au
Agri-Oz Exports Pty Ltd	Mr Francois Darcas	03 9830 7021
Agriex Australia Pty Ltd	Mr Joseph Khnessier	02 9232 0690
Agrifoods Australia	Mr Rob Anderson	agrifoodsaustralia.com.au
AGRIGRAIN	Mr Jeremy Brown	agrigrain.com
Agripark	Mr John Randell	mgas.com.au/grainpacking
Allied Mills	Mr Joshua Lawrence	alliedmills.com.au
AMPS Agribusiness Group	Mr Stuart Maidment	ampsagribusiness.com.au
Associated Grain	Mr Todd Jorgensen	07 4662 1999
Auscott Ltd	Mr Peter Webb	auscott.com.au
Ausrealt International Pty Ltd	Mr Robin Luo	ausrealt.com.au
Australia Milling Group Pty Ltd	Mr Russell Greening	aumg.com.au
Australian Grain Export Pty Ltd	Mr Grant Roesler	08 8832 2800
Australian Grain Storage	Mr Matt Bailey	sunrice.com.au
Australian Growers Direct Pty Ltd	Mr Jamie Smith	ausgrowersdirect.com.au
Avigrain Produce	Mr Dennis Ward	avigrain.com.au
Baker Grain	Mr Richard Baker	bakergrain.com.au
Barooga Agriproducts	Mr Andrew Leighton-Daly	03 5875 2202
Berriwillock Grain Storage Co-Operative Ltd	Mr Tony Bellinger	moulameingrain.com
Big River Feeds Pty Ltd	Mr Bjorn Ludvigsen	08 8532 4434
Blairs Produce Company	Mr Sean Blair	02 6025 4600
Blue Ribbon Seed and Pulse Exporters	Mr Stephen Donnelly	07 3720 1900
Boort Grain Co-Operative	Mr Tony Bellinger	03 5455 2600
Broadbent Grains	Mr Geoff Barker	rvbroadbent.com
Broun and Co Grain Pty Ltd	Mr Wal Broun	brounandco.com.au
Bungulla Farming Pty Ltd	Mr Brad Jones	08 9637 1164
C K Tremlett Pty Ltd	Mr Andrew Tremlett	08 8524 9050
Cameron Pastoral Company Pty Ltd	Ms Ross Stephens	07 4671 4144
Carpendale Commodities & Transport Pty Ltd	Mr Andrew Kluck	07 4676 1245
Castlegate James Australasia Pty Ltd	Mr Dominic Hogan	castlegatejames.com.au
CHS Trading Company Australia	Mr Jon Bucknall	chsinc.com.au
Cleveland Agriculture	Mr Chris Hurwood	02 6756 5004
Commex International Pty Ltd	Ms Mariam Boulos	02 9531 7341
Coorow Seeds	Mr Brian Pover	coorowseeds.com.au
Cremer Australia Pty Ltd	Mr Brendan Macauley	cremer.de
D & M Stockfeeds	Mr Robert Danieli	dmstockfeeds.com.au
DA Hall and Co	Mr Bruce Holden	07 4695 5777
Dalby Bio-Refining Limited		dbrl.com.au
Dalgrains (Qld) Pty Ltd	Mr Tobin Cherry	dalgrains.com
Darwalla Milling Co Pty Ltd	Mr Gary Heidenreich	07 3822 0527
Deacon Seeds Company	Mr Terry Deacon	07 4662 3217
Deckert Group Pty Ltd	Mr Chris Deckert	www.deckerts.com.au
Defiance Maize Products Pty Ltd	Mr Rodney Walker	corson.co.nz
Demeter Cormack Pty Ltd	Mr David Oates	08 6389 0098
Direct Commodities Pty Ltd	Mr Hamish Robertson	<b>directcommodities.com.au</b>
Donnellons Bulk Haulage Pty Ltd	Mr Bill Donnellon	<b>0428 136 483</b>
East Coast Stockfeed Pty Ltd	Mr Stuart Dolden	ecsf.com.au
Feed Central Pty Ltd	Mr Tim Ford	feedcentral.com.au
Fellows Nominees	Mr Paul Fellows	fellowsbulk.com.au

FertInvest Pty Ltd	Mr Preyesh Barar	fertinvest.com
Fletcher International Exports Pty Ltd	Mr David Wheaton	fletcher-international.com.au
Free Eyre Grain Pty Ltd	Mr Mark Rodda	free-eyre.com.au
Golden Harvest Grain Exports	Mr Chandru Hiremath	goldenharvest.net.au
Goldman Sachs Financial Markets Pty Ltd	Mr Nick Carracher	gs.com.au
Goodman Fielder Limited	Mr Alex Krzanic	goodmanfielder.com.au
Grain Direct Australia	Mr Sam Christensen	graindirect.com.au
Grain Link (NSW) Pty Ltd	Mr Paul Pearsall	02 6962 9500
Grain Link WA Pty Ltd	Mr Andrew Goyder	grainlink.com.au
Grainforce Pty Ltd	Mr Derek Larnach	02 6331 4880
Grainpro Pty Limited	Ms Angela Greenhalgh	grainpro.com.au
Greentree Farming	Mr David Brown	02 6751 1228
GrainTrend Pty Ltd	Mr Sanjiv Dubey	graintrend.com
Grenfell Commodities Pty Ltd	Mr Trevor Mawhinney	grenfellcomm.com.au
GV Grain & Fodder	Ms Joanne Harry	03 5828 3063
Hanlon Enterprises Grain	Mr Peter Gerhardy	02 6924 1781
Hassad Australia Operations Company Pty Ltd	Mr James Carson	02 8019 7150
Holland's	Mr Michael Holland	hollandbt.com.au
Iloura Resources Pty Ltd	Mr Hans Hol	iloura-resources.com
Independent Grain Handlers Pty Ltd	Mr Brad Bryant	igh.net.au
Irwin Stockfeeds	Mr Bryan Irwin	irwinstockfeeds.com.au
J K International Pty Ltd	Mr Sandeep Mohan	jki.com.au
James Stock Feed and Fertilizer Pty Ltd	Mr Adrian Moule	jamesstockfeed.com.au
Jerilderie Grain Storage & Handling	Mr David Barlow	03 5886 0344
K M & W M Kelly & Sons	Mr Chris Kelly	kellygrains.com.au
Kangaroo Island Pure Grain Pty Ltd	Ms Emma Tonkin	kipuregrain.com
Kennett Rural Services Pty Ltd	Mr Andrew Kennett	kennettrural.com.au
Lachlan Commodities Pty Ltd	Mr Tony Cogswell	02 6851 2077
Laharum Bulk Handling Co	Mr Donald Carter	03 5381 2666
Lake Grain Pty Ltd	Mr Derek Davis	lakegrain.com.au
Lane Grain Pty Ltd	Mr Garry Lane	02 6887 3309
Langdon Grain Logistics	Mr Adrian Murphy	langdongrainlogistics.com.au
Laragon Almond Processors Pty Ltd	Mr Mark Webber	laragon.com.au
Laucke Flour Mills P/L	Mr Roger Laubsch	laucke.com.au
LDC Enterprises Australia Pty Ltd	Mr Richard Porter	07 3253 5999
LPC Trading Pty Ltd	Mr Simon Langfield	02 6383 7222
Mahony's Transport Services	Mr Anthony Foster	mahonystransport.com.au
Malteurop Australia Pty Ltd	Mr Jack King	03 5277 1950
Mars Petcare Australia	Mr Mark Torrens	mars.com
Marubeni Australia Ltd	Mr Tom Tokunaga	marubeni.com
Matthews Transport and Grain Traders	Mr Neville Matthews	08 9831 1021
Max Grains Pty Ltd	Mr Jack Fahy	maxgrains.com.au
MC Croker Pty Limited	Mr Greg Carroll	crokergrain.com.au
Melaluka Trading Pty Ltd	Mr Simon Pritchard	melalukatrading.com.au
Moore Bulk Storage	Mr Daryl Moore	moorestorage.com.au
Moulamein Grain Co-Operative Ltd	Mr Tony Bellinger	moulameingrain.com
Mountain Industries Pty Ltd	Mr Keith Morgan	mountainindustries.com.au
Moxey Farms Pty Limited	Mr Peter Philipzen	0407 103 158
MSM Milling Pty Ltd	Mr Peter MacSmith	02 6364 5999
Murrumbidgee Grains Pty Ltd	Mr Peter Hassell	02 6937 9100
Namoi Cotton Co-Operative	Mr Shane McGregor	namoicotton.com.au
Nandaly Grain Co-Operative Ltd	Mr Tony Bellinger	03 5078 1217
Newcastle Agri Terminal Pty Ltd	Mr Jock Carter	02 4962 4006
Noble Resources Australia Pty Ltd	Mr Ian Dalgleish	thisisnoble.com
Northern Riverina Grains Pty Ltd	Mr Tony Bellinger	03 5032 2553
OOMA Enterprises NSW Pty Limited	Mr Malcolm Berry	oomaenterprises.com.au
Origin Grain Pty Ltd	Mr Peter Brick	03 5720 8500



PB Seeds Pty Ltd	Mr Peter Blair	pbseeds.com.au
PeaCo	Mr Shane Wall	03 5497 1766
Pearson's Grain Pty Ltd	Mr Darren Pearson	pearsonsgroup.com.au
Pentarch Grain Pty Ltd	Mr David Hanrahan	pentarch.biz
Peters Commodities Pty Ltd	Mr Michael Oxley	petcom.com.au
PGS (SA) Pty Ltd	Mr Darren Pilgrim	pilgrimgrainstore.com.au
Phoenix Commodities (Australia) Pty Ltd	Mr Jogesh Virk	07 35 537 111
Preston Grain	Mr Andrew Kell	02 6977 1733
Premium Grain Handlers P/L	Mr John Orr	pgh.com.au
Pulse Association of the South East (PASE) Inc	Ms Leanne Burr	08 9071 3655
Quadra Commodities Pty Ltd	Mr Andrew Jackson	quadra.com
Quirindi Grain & Produce	Mr John Webster	02 6746 1911
Redrock Corporation (NSW) Pty Ltd	Mr Jason Tetley	0418 866 843
Regal Seed & Grain P/L	Mr Damien White	regalseed.com.au
Reid Stockfeeds Pty Ltd	Mr Ian Reid	reidstockfeeds.com.au
Rivalea (Australia) Pty Ltd - Animal Nutrition	Mr Andrew Philpotts	rivalea.com.au
Riverina Oils & BioEnergy Pty Ltd	Mr Joe Fealy	riverinaoils.com
Robinson Grain Trading Co Pty Ltd	Mr Gary Robinson	robinsongrain.com.au
Roty Grain Store	Mr Brian Newman	02 6988 8221
Ruddenklau Grain Pty Ltd	Mr Tim Ruddenklau	08 8842 1314
Rural Logic (Aust) Pty Ltd	Mr Michael Wood	rurallogic.com.au
SANWA Pty Ltd	Mr Charles Emerson	sanwa.com.au
Seedhouse Tasmania	Mr Matthew Crane	seedhouse.com.au
Shannon Bros Bulk Haulage	Mr Clayton Shannon	03 5390 2264
Silo Bag Grain (NSW QLD) Pty Ltd	Ms Lesley Kilby	02 6847 1788
Societa Cofica Pty Ltd	Mr Dia Ram Sharma	societacofica.com.au
Southern Cotton Trading Pty Ltd	Mr Chris Veness	02 69 552 779
Southern Grain Storage Pty Ltd	Mr Campbell Brumby	03 5267 2351
Southern Stockfeeds (Operations) Pty Ltd	Mr Brendan Maher	03 5437 8295
Starcom Grain Pte Ltd	Mr Ajay Aggarwal	+65 6336 7288
Sumitomo Australia Pty Ltd	Mr Tsuyoshi Osumi	sumitomocorp.com.au
Summer Hill Grains	Mr Barney Hughes	0428 694 363
Tamma Grains	Mr Kim Packer	tammagrains.com.au
Tasmanian Agricultural Producers Pty Ltd	Mr David Skipper	tasagproducers.com.au
Tasmanian Stockfeed Services P/L	Mr Trevor Macleod	tasstockfeed.com.au
Thallon Grains Pty Ltd	Mr Andrew Earle	02 6756 5004
Twynam Pastoral Company	Ms Ella Shannon	02 9325 9000
Unigrain Pty Ltd	Mr Ervin Leong	unigrain.com.au
W B Hunter Pty Ltd	Mr Stewart Coombes	03 5821 5744
Ward McKenzie Pty Ltd	Mr Mal Parkhill	mckenziefoods.com.au
Whitty Produce	Ms Marsha McMonigle	03 5721 6588
Whyalla Beef Pty Ltd	Mr Gino De Stefani	whyallabeef.com.au
Wilken Grain	Mr Richard Wilken	wilkens.com.au
Wimpak Export Company Pty Ltd	Ms Jo Cameron	wimpak.com.au
XLD Grain Pty Ltd	Mr Lachie Stevens	xldgrain.com.au

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## Transport Operator

Gehrke Grains and Transport Pty Ltd	Mr Julian Gehrke	07 5465 6695
Wakefield Grain Export Services	Mr Steve Fallon	wakefields.com.au

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## Broker

### Large

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### Medium

Allied Grain Pty Ltd	Mr Angus Wettenhall	alliedgrain.com.au
Brightcom Australia Pty Ltd	Mr Simon Robertson	03 9591 6300
Cereal Milling Services Pty Ltd	Mr Michael Moss	02 4323 9339
FC Stone Australia Pty Ltd	Mr Brett Cooper	intlfcstone.com
Grain Brokers Australia	Mr Jeff Winspear	grainbrokers.com.au
Grainsplus NSW	Mr David Sykes	grainsplusnsw.com
Horizon Grain Brokers Pty Ltd	Mr Ash Munro	horizongb.com.au
Igrain.com.au Pty Ltd	Mr Tom Roberts	igrain.com.au
McDonald Pelz Australia	Mr Peter Geary	mcdonaldpelz.com
Perkins Commodity Brokers	Mr Craig Perkins	03 9645 6846
Teague Australia Pty Ltd	Mr Tim Teague	teague.com.au
Wimmera Mallee Grain Services	Mr Rodney Edgerton	egrainservices.com.au

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### Sole Operator

AgLink - CMS	Mr Justen Schofield	aglinkcms.com.au
Cogeser (Australia) Pty Ltd	Mr Robert Luetolf	cogeser.com.au
Farm Tender	Mr Matt Henke	farmtender.com.au
Knight Commodities	Mr Chris Groat	07 4671 5221
Link Brokering Pty Ltd	Mr Dion Costigan	03 5444 3295
Mallon Commodity Brokering	Mr Ian Mallon	mcbrokering.com
Shearwater International Pty Ltd	Mr Don Cattanach	07 3324 9088
Woodside Commodities Pty Ltd	Mr Hamish Steele-Park	woodcomm.com.au

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## Corporate

### Large

ASX Limited	Mr Paul Roberts	asx.com.au/grainfutures
Australia And New Zealand Banking Group	Ms Casey Morecroft	anz.com.au
Commonwealth Bank of Australia	Mr Michael Golden	commbank.com.au

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### Medium

Agfarm Pty Ltd	Mr Bob McKay	agfarm.com.au
Agrifood Technology Pty Ltd	Ms Doreen Fernandez	03 9742 0589
Agrisk Management Pty Ltd	Mr Brett Stevenson	02 9499 4199
Clear Grain Exchange	Mr Tristan Shannon	03 9514 9000
Commodity Inspection Services (Australia) Pty Ltd	Mr Mathew Conoulty	commodityinspection.com.au
Foss Pacific Pty Ltd	Mr Simon Kirkman	foss.com.au
Fox Commodities	Mr Paul Cochrane	foxcommodities.com.au
Holding Redlich	Mr Geoff Farnsworth	holdingredlich.com
Holman Fenwick Willan	Mr Stephen Thompson	hfw.com
Intertek	Mr Lee Shilvock	intertek.com
Macpherson + Kelley Lawyers	Mr Tony Gooch	mk.com.au
SBA Law	Mr Jeremy Rosenthal	sbalaw.com
SGS Australia Pty Ltd	Mr James Saunders	au.sgs.com

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### Small

Ag Scientia Pty Ltd	Mr Lloyd George	03 9598 1980
Advance Trading Australasia	Mr Andrew Woodhouse	advance-trading.com.au
Agvise Management Consultants	Mr Shane Sander	08 9041 5992
Australian Superintendence Company	Mr Andrew Parry	07 3391 8640
AvantAgri Australia Pty Ltd	Mr Peter Woods	avantagri.com.au
CloudBreak Grain Marketing Pty Ltd	Mr Ed Scamps	08 8388 8084

Delta Agribusiness Pty Ltd	Mr Michael Parry	02 6772 0000
Eyre Peninsula Integrated Commodities Pty Ltd	Ms Tracey Lehmann	08 8627 2304
Farmanco Marketing Pty Ltd	Mr Donald McTaggart	farmanco.com.au
FarMarCo Australia Pty Ltd	Mr Robert Imray	07 4637 6400
Finesse Solutions Pty Limited	Mr Malcolm Finlayson	02 9872 9270
Flexi Grain	Mr Jarrod Tonkin	flexigrain.com.au
Grain Storage Solutions	Mr Kerry Miles	grainstoragesolutions.com.au
Grainx	Mr Chris Hood	grainx.com.au
HarvestCheck Pty Ltd	Mr Stephen Schumacher	0418 199535
Hay Plains Grain Storage Pty Ltd	Mr Ron Harris	0404 444 600
IKON Commodities Pty Ltd	Mr Simon Clancy	ikoncommodities.com.au
Import-Export Services Pty Ltd	Mr Bob Ronai	02 9986 3000
MarketAg Pty Ltd	Mr Mark Martin	02 6747 1590
McMullen Consulting Pty Ltd	Mr Gerard McMullen	03 8300 0108
Mirfak P/L	Mr Mark Murphy	mirfak.com.au
Murray Goulburn Trading Pty Ltd	Mr Gerard Murphy	03 5862 2799
OMIC Melbourne	Mr Koji Nakashima	03 9326 4877
Perten Instruments Australia Pty Ltd	Mr Raul Ovelar	02 9870 3400
Peter McQueen Pty Limited	Mr Peter McQueen	<b>petermcqueen.com</b>
Pinnacle Commodities Pty Ltd	Mr Rod Buckle	pinnaclecommodities.com.au
Planfarm Marketing Pty Ltd	Mr Jerome Critch	<b>planfarm.com.au</b>
Primal Foods Group	Mr Peter Longhurst	02 8011 4182
Rural Directions Pty Ltd	Mr Chris Heinjus	ruraldirections.com
SGA Solutions Pty Ltd	Mr David Hudson	03 5428 4990
Ten Tigers	Mr Chris Tonkin	tentigers.com.au

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### International Affiliate

CIS - Commodity Inspection Services	Mr Paul Schweitzer	cis-inspections.com
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### Industry Association

Agforce Queensland	Mr Wayne Newton	07 4699 5526
Grain Growers Limited	Ms Kamani Krishnan	graingrowers.com.au
Grain Industry Association of WA	Ms Johanna Gastevich	giwa.org.au
Grain Producers Australia Ltd	Mr Andrew Weidemann	grainproducers.com.au
NSW Farmers Association	Mr Justin Crosby	02 8251 1827
Victorian Farmers Federation	Mr Steve Sheridan	03 9207 5555

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### Merchant Association

Grain Industry Association of SA	Mr Tim Mee	08 8395 3572
Grain Industry Association Of Victoria	Mr Colin Peace	giav.com.au
Grain NSW Inc	Mr Steve Fieldus	grainnsw.com.au
Queensland Agricultural Merchants Inc.	Mr John Francis	qam.org.au

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