



Australian
Competition &
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Commission

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NEWS RELEASE

ACCC ISSUES DRAFT DECISION TO REDUCE REGULATION AT GRAINCORP'S NEWCASTLE PORT TERMINAL

The Australian Competition and Consumer Commission has issued a draft decision proposing to consent to GrainCorp's application to vary its Port Terminal Services Access Undertaking at its Newcastle bulk grain facility.

"The variation would provide GrainCorp with greater flexibility to compete against the two bulk wheat export operations at the Port of Newcastle" ACCC Chairman Rod Sims said.

GrainCorp has applied to the ACCC to vary its undertaking to allow its Carrington terminal in Newcastle to be subject to minimal regulation. GrainCorp submits it now faces competition from two other bulk wheat export facilities. GrainCorp also notes the other facilities are not subject to access regulation and argues that it is at a competitive disadvantage as a result.

The ACCC's draft decision is that the proposed variation is appropriate, and accordingly it proposes to consent to GrainCorp's Application.

Having examined the port of Newcastle and the surrounding port zone, the ACCC's draft view is that there is a sufficient level of competition and capacity at the port, and up-country, such that the current level of regulation is no longer required.

"The ACCC has noticed some recent calls to cease regulation of even vertically integrated monopoly wheat ports, using the Newcastle facility as an example of the need for this. Graincorp's bulk grain terminal at Newcastle does now face competition, and on 12 November 2013 it applied to the ACCC to vary its access undertaking in recognition of this. Today's draft decision proposes to consent to this application."

"The ACCC supports a tiered approach to the regulation of wheat ports. Where there is sufficient competition, minimal or no regulation is required; where wheat ports have significant market power or are a monopoly and owned by a wheat marketer in competition with others upstream, then regulation is required to ensure farmers can sell their grain into a competitive market," Mr Sims said.

GrainCorp's undertaking will continue to apply the existing level of access regulation at its six other port terminals.

The ACCC is seeking comments from interested parties on its draft decision, before making its final decision. Submissions should be provided by 2 May 2014.

The ACCC approves access undertakings for port terminal operators who also have bulk wheat exporting operations. Such operators must submit access undertakings to the ACCC in order to meet the 'access test' in the *Wheat Export Marketing Act 2008* (Cth) and be entitled to export bulk wheat.

The ACCC's draft decision is available at www.accc.gov.au/wheat

Media inquiries

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