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Mr Lyndon Rowe
Chairman
Review of the Grain Marketing Act 2002
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849

11 February 2008

Dear Lyndon

Thank you for the opportunity to meet with you recently to discuss the Review of the Grain Marketing Act 2002 (Act) currently being undertaken by the Economic Regulation Authority.

Enclosed is a submission to the Review made by Grain Pool Pty Ltd, a wholly-owned subsidiary of the CBH Group and the Main Export Licence holder under the Act.

In relation to our meeting, I appreciated the opportunity to clarify a number of points within the Issues Paper released in relation to this review, specifically those issues relating to access to CBH Group storage and handling infrastructure.

Of concern to the CBH Group was the reference to the Chamber of Commerce and Industry Western Australia (CCIWA) report titled, "Implications of Wheat Marketing Deregulation" in the public Issues Paper released as part of the Review of the Grain Marketing Act 2002. The inference as a result of referencing the CCIWA report in the Issues Paper is that the CBH Group's storage and handling business could be deemed to be creating an 'anti-competitive' environment for grain acquirers.

It is important to understand that the CBH Group considers the CCIWA report was not produced on the basis of any independent research. The report was commissioned by AWB Ltd who refused to allow CCIWA to contact the CBH Group to gather information and investigate any claims. At no time was the CBH Group contacted to verify any of the information or claims made in this report. The CBH Group has submitted a detailed response to CCIWA refuting the claims made in the report. I would be happy to supply a copy of this response to you.

This report and recent claims of this kind are damaging to the CBH Group. We regard this as a significant issue and as such, I will take this opportunity to reiterate the terms under which the CBH Group operates in this regard.

The CBH Group has been exposed to competition in the storage and handling environment since 1989 when changes were made to the *Bulk Handling Act 1967 (WA)* effectively ending the storage



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and handling monopoly. During this time, the CBH Group has also retained a legislative obligation to receive grain from all growers.

The storage and handling industry has changed dramatically since this time with an expansion of the CBH Group's customers from two to 60 over 19 years. With the increase in customer numbers comes an increase in demand for new services and segregations.

While providing these services to customers, the CBH Group, in its responsibilities to our grower shareholders, must ensure reasonable cost recovery for these services. However, the CBH Group storage and handling system remains open to all.

Volume throughput is critical to the storage and handling side of our business to ensure the costs of maintaining our broad network of sites does not become onerous. It makes little commercial or strategic sense for the CBH Group to restrict access to its facilities or to actively push customers and revenue away.

The CBH Group is now actively planning for another change in environment with the deregulation of wheat marketing. We recognise this change will bring new challenges for the CBH Group's storage and handling operation with an expected increase in acquirers within the system, and have been working for some time to ensure Western Australian grain growers are able to maintain their long-held storage and handling efficiencies in this new environment.

The CBH Group will remain subject to regulation under the *Trade Practices Act* and the *Bulk Handling Act* within this new environment and this, together with the CBH Group's need to obtain all possible grain volume to maintain a viable storage and handling network, will ensure that access to its infrastructure continues on reasonable terms.

Re-regulation of an efficient storage and handling system in Western Australia will only serve to impose additional costs on the grain supply chain and subsequently growers, whilst removing any incentive to invest in additional infrastructure. This is not an outcome that any of us would want to see come to fruition.

We remain committed to ensuring Western Australian growers, customers and acquirers have fair and equitable access to a viable and efficient storage and handling network well into the future.

Lyndon, should you require further information in relation to this issue or the submission from Grain Pool Pty Ltd, we would be happy to oblige.

Yours faithfully

For: Co-operative Bulk Handling Limited

A handwritten signature in black ink, appearing to read "Imre Mencshelyi", with a horizontal line extending to the right from the end of the signature.

Imre Mencshelyi
Chief Executive Officer



Grain Pool Pty Ltd

***Submission to the Review of
the Grain Marketing Act 2002***

Date: 11 February 2008

*For: Economic Regulation
Authority*

Produced by: Grain Pool Pty Ltd

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SUMMARY OF SUBMISSION

Grain Pool Pty Ltd (GPPL) holds the Main Export Licence to export prescribed grain from Western Australia in accordance with the Grain Marketing Act 2002 (Act).

GPPL, a wholly owned subsidiary of Co-operative Bulk Handling Limited (CBH Group), has more than 80 years of experience marketing grain to over 30 destinations around the world. GPPL has operated as the main export licence holder under the Act since 2002.

Since this time, GPPL has introduced a number of innovative new products and operating efficiencies in order to provide competitive prices to growers and to maintain key international markets for the Western Australian grains industry.

This submission acknowledges the Terms of Reference issued by the Treasurer and the issues paper made available by the Economic Regulation Authority.

In accordance with the Terms of Reference, the submission seeks to outline GPPL's performance under the current grain marketing arrangements in Western Australia, specifically in relation to its operation of pools and cash acquisitions as the main export licence holder.

GPPL does not consider it appropriate to provide a critique of the legislation as it currently stands, nor what the future of the Act ought to be. Rather the submission comments on the performance of GPPL as the main export licence holder in an environment that has become increasingly competitive.

GPPL's performance has been outstanding in the context of running pools; providing alternative cash options; developing markets and ongoing relationships with international customers; advancing Western Australia's reputation for quality; foreign exchange management; chartering and ongoing research and development to ensure Western Australian barley, canola and lupins are meeting the needs of export markets. Since the introduction of the GLA (2002), GPPL has worked constructively with the GLA to ensure the original intent of the Act and Ministerial guidelines are maintained.

Through this process, we have advanced issues such as:

- The definition of a market premium;
- The definition of a market;
- Pricing of licences; and
- The impact of granted licences that are not executed

The submission also addresses the storage and handling operating environment in which GPPL conducts its business and addresses many of the issues raised in the Issues Paper with regard to access and pricing. It is the contention of GPPL that the storage and handling environment, including access to infrastructure and realistic pricing, does not favour the main export licence holder, rather reflects the cost of transacting in an increasingly complex and competitive environment and rewarding those users who plan the logistics task in the most efficient manner possible .

In summary, the position of both GPPL and its parent, the CBH Group, is to ensure grower returns are maximised.

GPPL's view is and will continue to be that while we believe we have provided extremely good value for Western Australian growers in our execution of our duties as the main licence holder, if another organisation can provide enhanced sustainable returns to growers over and above GPPL, then they should be permitted to do so through the granting of a special export licence.

It is our strong assertion that GPPL's performance as the main export licence holder under the Act has seen GPPL maintain majority market share in barley, lupins and canola – a goal that can only be achieved through offering competitive prices to Western Australian grain growers and the continued development of strong customer relationships into key international markets.

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1.0 BACKGROUND

GPPL currently holds the main licence to export barley, canola and lupins from Western Australia and manages the grower pools for these commodities. It has accumulated more than 80 years experience in marketing grain internationally.

GPPL is a member of the CBH Group, a co-operative owned and controlled by over 5,500 grain grower-members with profits being returned to Western Australian growers through improved services and investment in world-class storage and handling facilities.

The success of GPPL has been underpinned by its high level of expertise in the risk management of foreign exchange, commodity and freight hedging, together with its longstanding relationships with customers in key markets throughout the world.

Following the introduction of the GLA and the granting of special export licences, GPPL has risen to the challenge by offering pool and cash options that have continued to attract significant volume. Not only has the best cash price or pool return ensured GPPL has retained majority market share, Western Australian growers know that any additional revenue generated through this accumulation can be returned to them through GPPL's parent, the CBH Group by way of ongoing investment in storage and handling infrastructure.

With increased competition, GPPL has worked hard to strengthen supply agreements with those customers that value the quality of Western Australian grain and seek security of supply from a large state-wide, grower-based organisation.

GPPL's core markets include Japan, China, Saudi Arabia, Pakistan and a range of others identified in Figure 1.



Figure 1: GPPL Core Markets

GPPL has invested year on year in new information technology systems to smoothly interface with growers, make timely and accurate grower payments, support complex grain marketing and pricing products, manage complex currency and commodity risk management strategies and manage uniquely large and seasonal cash flow.

2.0 PERFORMANCE OF GRAIN POOL PTY LTD

Changes to statutory marketing structures in Western Australia have increased competition in grain marketing for coarse grains. GPPL has been preparing for some time for the challenge of competition and has continued to evolve with the changing grain marketing environment.

GPPL's performance has remained extremely competitive despite an increase in the number and volume of licences granted by the GLA in recent years. Strong price competition from GPPL has resulted in shipments by special export licence holders being lower than the licensed capacity.

Its ongoing commitment to maintaining customer relationships, that in some cases span 80 years in duration, has seen it continue to sell grain into premium markets on behalf of Western Australian growers, ensuring returns are maximised.

A clear demonstration of GPPL's competitive performance is provided in the consistent maintenance of majority market share in the acquisition of Western Australia's barley, canola and lupin crops (see Figures 2,3 & 4).

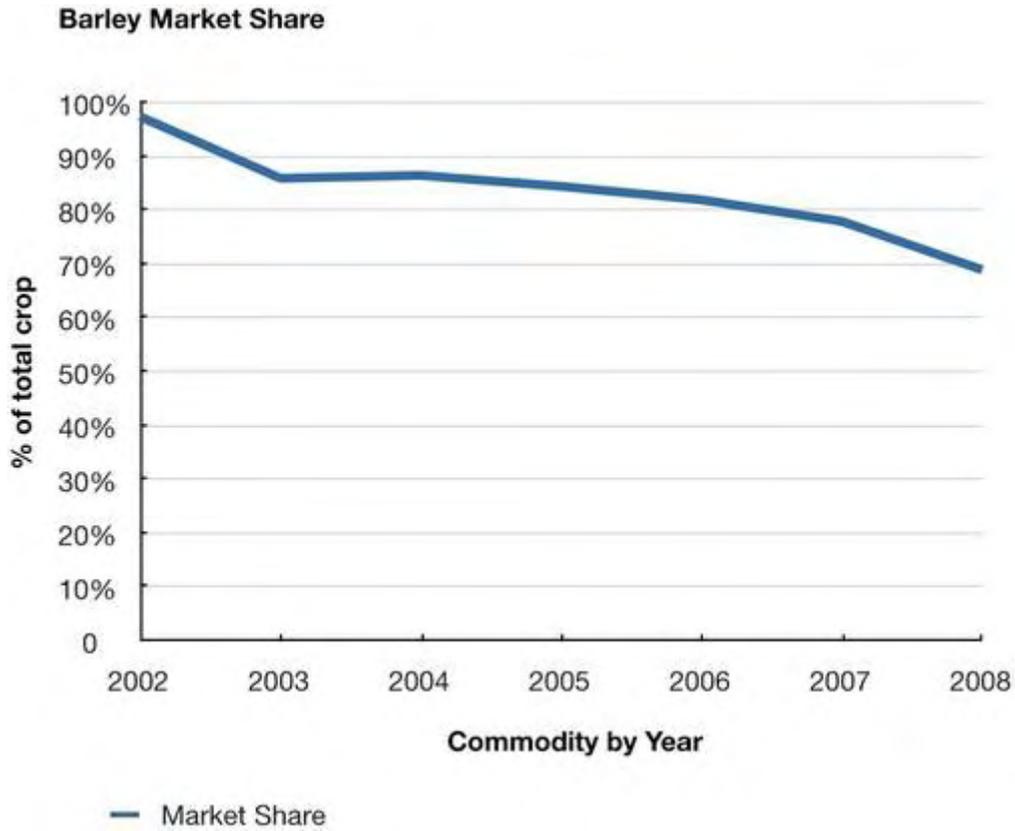


Figure 2: Estimated GPPL Export Barley Market Share²

² Source: GPPL receivals against total receivals

It should be noted that in 2007/2008, 44% of barley production in WA was granted in special export licences. GPPL maintained 69% of the market through competitive pricing backed up by a strong sales program.

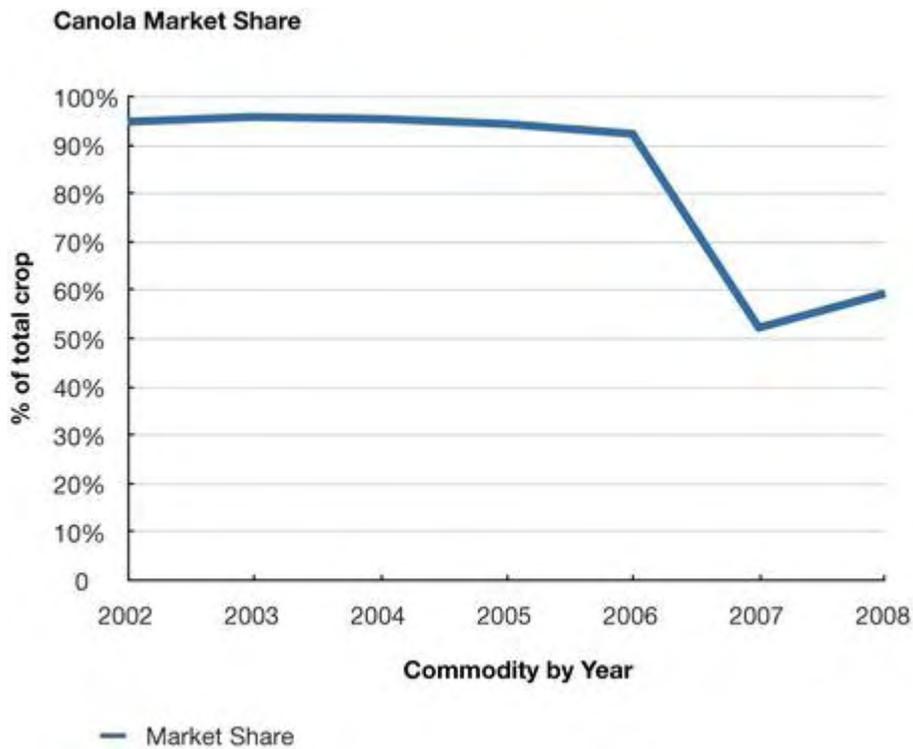


Figure 3: GPPL Estimated Export Canola Market Share³

³ Source: GPPL receivals against total receivals

GPPL continues to be the major buyer and exporter of Western Australian canola. A strong domestic market in Eastern Australia during 2007 and 2008 saw significant canola move east. However, shipments in both 2007 and 2008 to export destinations (excluding Eastern Australia) are predominantly executed by GPPL.

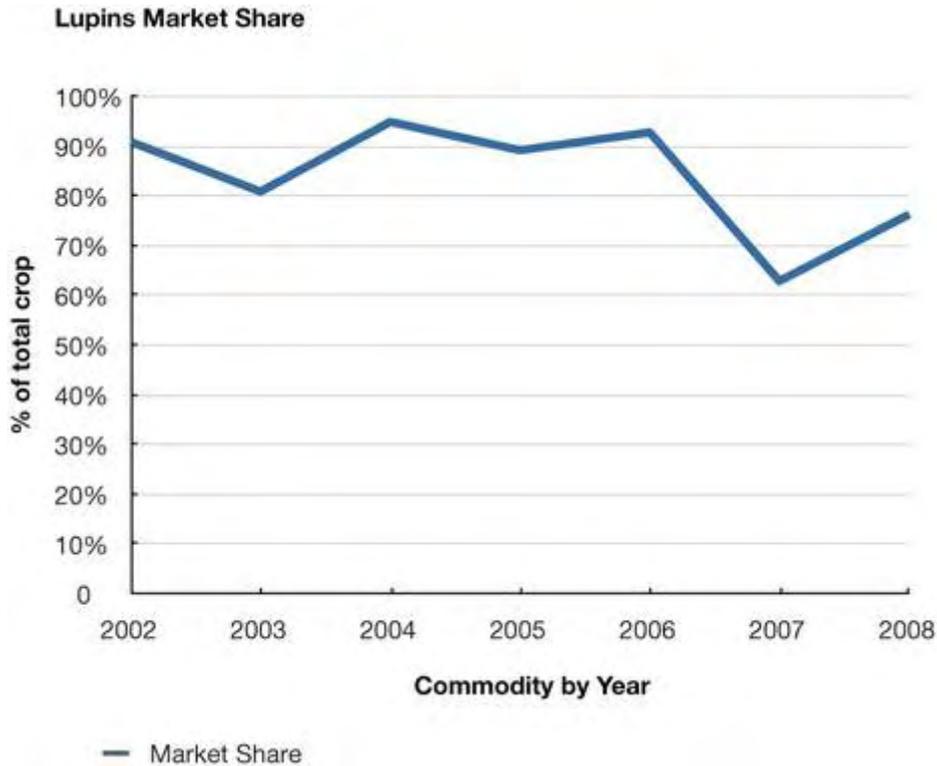


Figure 4: GPPL Export Lupin Market Share⁴

⁴ Source: GPPL receivals against total receivals

The Western Australian lupin crop has been greatly reduced due to two years of drought. This has meant a significant reduction in exports resulting in a larger percentage of grain being purchased directly by local end-users (predominantly for feed). GPPL still maintains majority market share in the export lupin market.

GPPL's overall ongoing performance is demonstrated by the difference in the tonnage of special export licences granted and the actual tonnage shipped (see Figure 5).

Since 2004/05, only 30% of volume granted has been shipped⁷, suggesting very strongly that despite special export licence holders obtaining approval to ship, GPPL was still able to provide equivalent or superior value to growers and retain market share accordingly.

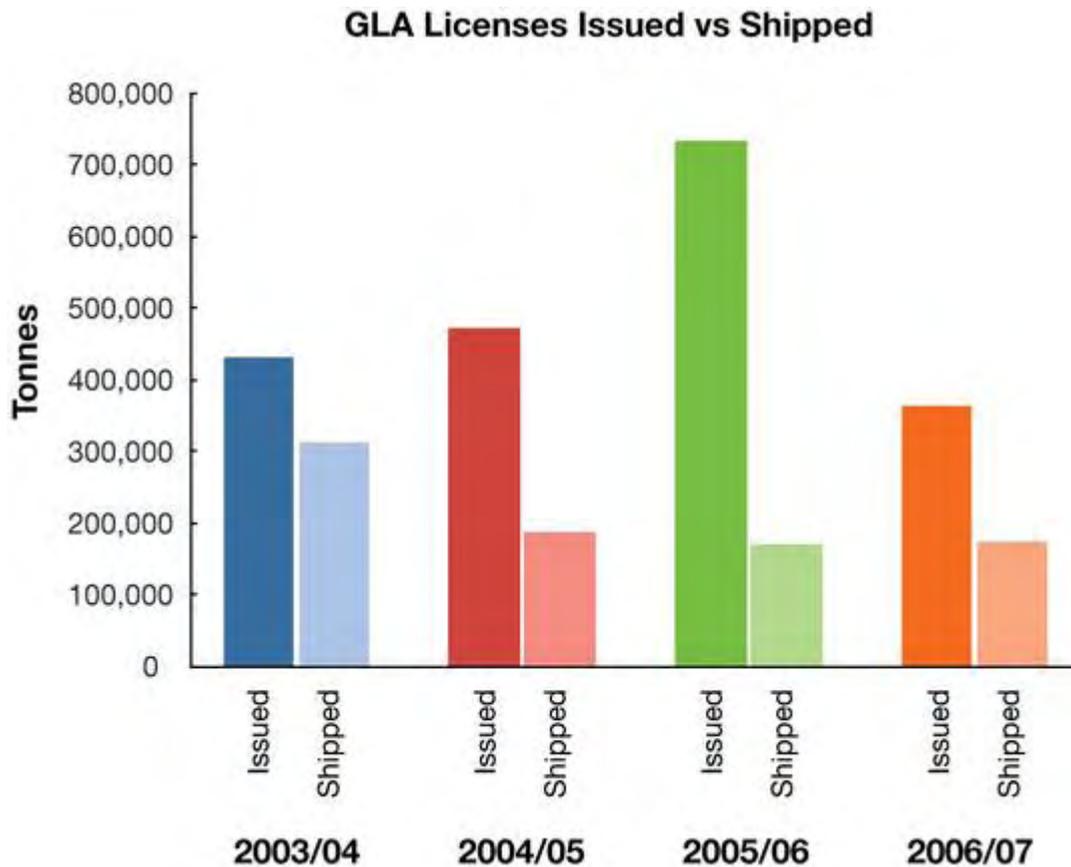


Figure 5: GLA Licences Issued vs Shipped⁶

⁵ Economic Regulation Authority, 2007. Review of the Grain Marketing Act 2002 Issues Paper

⁶ Grains Licensing Authority 2007 Annual Report.

Despite the obvious focus on 'premiums to growers', GPPL has developed and enhanced its business across a range of key areas in order to ensure that it is offering optimal value to growers.

2.1 Pools

In order to retain market share since the introduction of the GLA, GPPL has consistently introduced innovations to the traditional means of pooling grain. The introduction of contract pools have provided growers with alternative pricing options and enabled clear market signals to be communicated to grain growers. To date, contract pools have typically returned a premium to those growers who choose to commit their production earlier than they would to the traditional pool. These contract pools enable growers to take advantage of GPPL being able to commit to international sales early in the harvest year ensuring they are then subject to decreased storage costs as a result of their immediate shipment both during and at the conclusion of harvest.

Pooling innovations of this kind signal GPPL's intent to maintain pools as a flexible and profitable option for grain growers.

The risks associated with purchasing large volumes of grain for cash are significant, particularly for barley and lupins where no futures market exists. The risk of large movements in export commodity prices will limit the volume traders are prepared to purchase for cash during a short harvest period. In order to manage these risks GPPL will ensure that pools remain a viable marketing option for growers. Continual enhancements to pool products have and will remain as a method of reducing risk whilst allowing growers to continue to partake in upward movement in commodity prices in the later half of the year.

Grain Pool's malting barley, feed barley, lupin and canola pools all performed strongly against cash prices in 2007, returning Western Australian growers good value for the season's crop. *(As the 2006/07 pools have not yet closed data has only been provided for 2005/06 season.)*

In 2005/06 (see Figure 6) the barley pool achieved a return to growers of more than \$177 per tonne (basis feed barley). This is an outstanding performance considering the cash prices on offer during that season varied from \$159 per tonne to \$168 per tonne. Such a performance reflects the ability of GPPL to achieve premiums in the market and displays how growers can benefit by delivering to a pool that can make sales continuously throughout the year and take advantage of supply and demand variables at different times in the year. The 2005/06 canola pool achieved a return of \$338 whilst cash prices varied from \$309 to \$376 and the 2005/06 lupin pool achieved a return of \$187 whilst cash prices varied from \$164 to \$188.

Pool Prices vs Cash Prices 2005/06

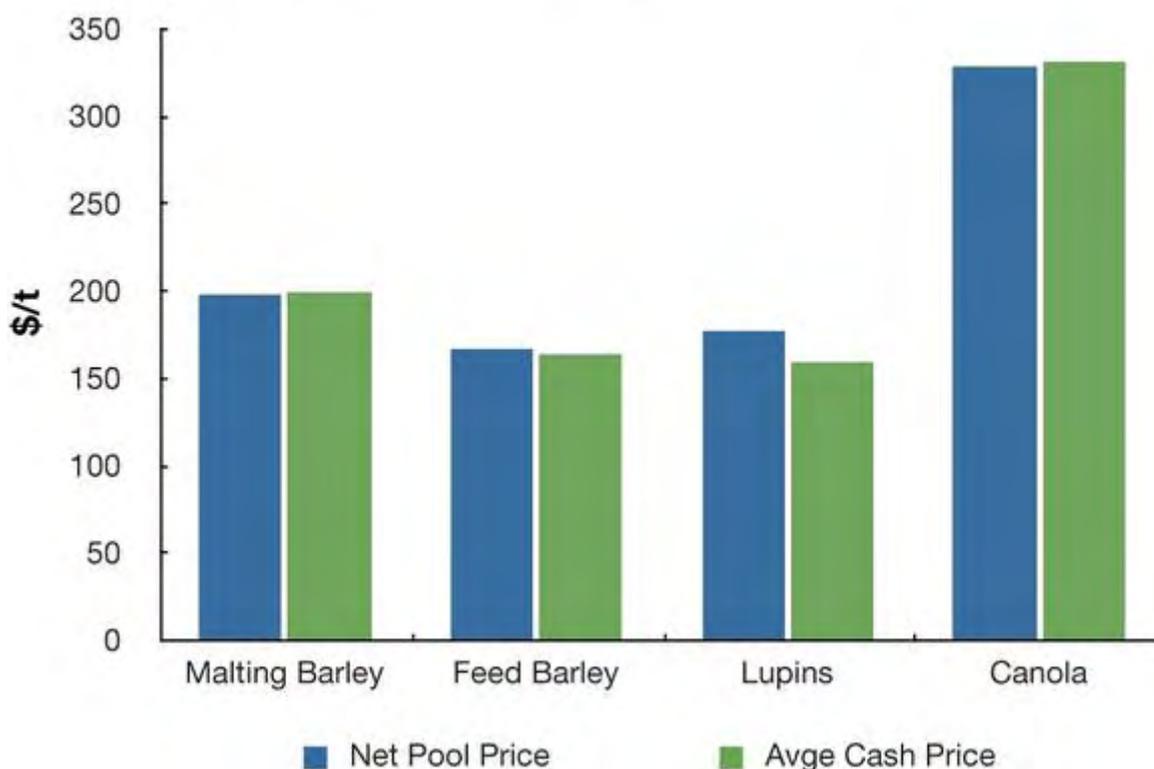


Figure 6: Pool Prices vs Cash Prices 05/06

2.2 Payment options

In line with its goal of providing flexible and competitive options for grain growers, GPPL has significantly increased the number of payment options available to growers. Pool participants can now choose to receive harvest advances and deferred payments. All

growers also have the option of cashing out their remaining equity in a pool to assist in managing their individual cash flow requirements. These payment options vary between pools and seasons depending on the size and risk management options available within the pool.

2.3 International customer relationships

GPPL has always prided itself on the successful long-term relationships it has developed with international customers. These relationships have been built in some cases, over the past 80 years. In many cases, GPPL is regarded as a partner and indeed it has worked closely with Japanese customers to develop the canola industry in Western Australia. These relationships remain in place today and are testament to the importance that relationships hold in international grain marketing.

These relationships are strengthened through visits by customers to GPPL and by GPPL marketing staff to customers. This contact ensures a bond is created between growers and customers that results in stable demand in exchange for reliable supply and consistent quality.

These long-term relationships are critical to ensure that growers receive accurate and consistent market signals on issues such as variety and quality which translate into long-term sustainable pricing.

2.4 Commitment to developing Western Australia's reputation for quality

GPPL is committed to meeting its customers' needs and maintaining the hard-earned reputation of Western Australian grain in the international grain marketplace. To this end, it has responded to calls for greater quality control and food safety standards by developing Grain Pool Integrated Quality Grain (GP IQ Grain).

GP IQ Grain is an exclusive quality assured system and the first of its kind in Australia. It is sourced directly from quality assured farmers and the receipt, storage, handling and marketing of the grain is certified to CODEX HACCP Principles.

The GP IQ program is audited bi-annually and includes acquisition, marketing, transport, chemical residue monitoring, traceability and recall.

Grain Pool is able to trace the grain parcel back to its origin in the case of a food safety concern and reduce the risk of litigation for its customers due to contamination of the raw product.

GP IQ Grain provides certification of product supply audits as evidence of risk management for governments, auditors and insurers. It also offers customers additional testing of physical grain quality and chemical residues on each parcel of GP IQ Grain.

Through developing such a unique product, GPPL has demonstrated it is an industry leader in HACCP level assurance of product quality and traceability.

GPPL is actively committed to protecting the reputation of Western Australian grain, and to this end, is involved in industry organizations such as Barley Australia and the Australian Oilseeds Federation.

2.5 Foreign exchange management

In excess of 90% of Western Australia's grain is exported, with the majority of this sold in US dollars. This creates an exposure between the revenue earned in US dollars and the payment for grain in Australian dollars. The management of this exposure represents a significant risk for GPPL's business and can have a large effect on the returns generated for growers. GPPL places significant emphasis on its risk management procedures in relation to foreign currency, with a policy in place which meets world's best practice in this area. The use of advanced risk management solutions of these exposures ensures Western Australian growers are well-positioned to achieve the best returns possible.

2.6 Chartering

Chartering of vessels forms a major part of GPPL's business. A clear strategy of GPPL is to add value to both customers and growers. By offering customers the ability to buy grain on a CFR basis, GPPL is able to use its expertise in chartering to ensure the customer is getting the most competitive freight rate available whilst also adding value to the growers of Western Australia. GPPL has achieved in the order of 70% of its export sales on Cost and Freight (CFR) or delivered terms.

2.7 Commitment to research and development

As the main licence holder, GPPL has a long history of supporting "industry good" functions, in particular ongoing research and development to ensure Western Australian barley, canola and lupins continue to meet customer requirements.

Many of these activities hold significant benefit for the whole industry, enhancing the reputation of Western Australia's grain in the international marketplace.

Some of GPPL's research and development activities include:

Submission to the Review of the Grain Marketing Act 2002

- Varietal purity testing and monitoring: GPPL finances malting barley varietal purity testing and actively communicates the results to growers who have likely delivered the wrong variety (based on testing results). The outcome of this benefits the whole industry and protects the established image of malting barley from Western Australia.
- Active involvement (financial and human resourcing) of the Western Region Barley Council.
- Ongoing involvement in commercial malting barley trials.

3.0 STORAGE AND HANDLING SERVICE AND OPERATIONAL PROCEDURES

In response to a number of issues raised in the Economic Regulation Authority's Issues Paper for this Review, it is appropriate to address the storage and handling operating environment in which GPPL conducts its business with specific regard to access and pricing.

GPPL's parent company, Co-operative Bulk Handling Limited (CBH Group) owns the storage and handling network within Western Australia. The network is managed by CBH Grain Operations. In turn, the CBH Group is owned and controlled by Western Australian grain grower members.

Functional and legal separation of GPPL and the CBH storage and handling business (CBH Grain Operations) is in place in order to ensure compliance with the *Trade Practices Act 1974 (Cth)*.

The CBH Group's monopoly on storage and handling ceased in 1989 when changes to the Bulk Handling Act 1967 (WA) were passed through the Parliament of Western Australia. Storage and handling of grain in Western Australia is open to competition.

Contrary to a number of issues raised in the Issues Paper, it is the contention of GPPL that the storage and handling environment, including access to infrastructure and realistic pricing, does not favour the main export licence holder or in any way disadvantage special export licence holders, rather, it reflects the cost of transacting in an increasingly complex and competitive environment.

3.1 Access to infrastructure

Recent claims have inferred that GPPL is given an advantage to other acquirers who claim they are in some way prevented from utilising the CBH Group's storage and handling network throughout Western Australia. Concerns have been raised that this issue will be amplified under a new export wheat marketing system.

GPPL contends that it is provided access to the storage and handling system on a similar basis to other exporters (coarse grains and wheat).

This statement aside, GPPL prides itself on its ability to offer its growers and international customers an integrated logistical service that provides direct access between growers and their international customers, the direct benefits of which are passed on to growers through increased returns.

GPPL asserts very strongly that this value is created out of efficient planning in terms of storage, transport and shipping, rather than having any unfair access to the network, stock or information.

Indeed the growers of Western Australia voted overwhelmingly in favour of a merger (85%) between GPPL and CBH on the basis that an integrated storage, handling and marketing business would create enhanced value and benefit for growers. This continued incorrect assertion that GPPL receives preferential treatment can have the ability of unwinding the benefits created out of the very logical merger of storage and marketing that growers so clearly favour.

It is critical that the Economic Regulation Authority understand and obtain clear evidence of any claims made that GPPL are receiving beneficial or favourable treatment to ensure that the broad claims made in the Issues Paper (page 20) are not simply baseless complaints of competitors seeking to enhance their own commercial objectives.

3.2 Storage and handling pricing

Similarly, GPPL disputes the claim that it receives rebates and/or lower charges for deliveries (and/or transfer of ownership) in preference to other exporters from CBH Grain Operations.

The CBH Group provides a clear indication of its charges to all storage and handling customers including GPPL.

Acquirers may incur additional charges where their circumstances or actions prevent CBH Grain Operations from assembling cargoes in an efficient manner and where these inefficiencies create additional costs to the CBH business. Essentially, this is a reflection of the cost for the services required. If GPPL or any other acquirer provides adequate logistical planning such as appropriate shipping notification to CBH Grain Operations, charges are minimised.

Should adequate notice not be received (i.e. greater than 22 days) fees and charges will apply to the acquirer to reflect the increased cost of hastily assembling and preparing an unplanned cargo from potentially numerous up-country receival points for export at the port. As discussed, this applies to any acquirer, including GPPL.

3.3 Shipping Protocols

The shipping 'stem' in Western Australia is managed by CBH Grain Operations on behalf of all export acquirers. Clear and transparent rules are in place that govern the order in which shipping cargoes are accumulated.

GPPL remains subject to the same operational rules within the storage and handling network as any other acquirer.

CBH Grain Operations does not allocate priority to GPPL at the expense of other acquirers. Rather, it provides priority to customers complying with the CBH Grain Operations Export Accumulation Queue policy (see Appendix A). The CBH Grain Operations Export Accumulation Queue Policy provides a transparent overview of the guidelines that all acquirers, including GPPL must operate within. All export acquirers are notified of this policy.

4.0 CONCLUSION

GPPL is operating in an increasingly competitive environment that is essentially deregulated (it must be noted there is nothing in the Act that precludes the GLA and/or the Minister from granting the entire crop of barley, lupins or canola in special export licences).

Despite the conversion of GPPL's single desk to a main licence, GPPL has continued to develop and enhance value to Western Australian growers through:

- Enhanced relationships with customers
- Ongoing commitment to research and development
- Improved service offerings to growers

GPPL is happy to acknowledge that the introduction of competition has been of benefit to growers by introducing choice and additional marketing options for their grain. The option for growers is a simple one – they can now sell their grain to the acquirer that offers them the greatest value. GPPL, as a wholly owned subsidiary of the CBH Group, continues to believe that should an exporter be in a position to offer growers value over and above the main licence holder (GPPL) then they should be granted a special export licence.

The advent of this competition has forced GPPL to bring in enhancements and innovations to its service offerings to growers to ensure that its pools remain attractive to growers. These innovations have been extremely well-received by growers.

GPPL rejects very strongly the continued inference (made without substantiation) that it somehow receives preferential treatment from the CBH Group's storage and handling network. It does acknowledge that the logistical efficiencies that can be delivered by providing an integrated logistics and marketing service that links growers directly to their customers can and does provide enhanced value to growers. It must be stressed again that this value is derived out of good planning in terms of linking customer requirements with transport, shipping and storage planning and not from anti-competitive access to the storage and handling network.

Finally, GPPL is pleased to let its track-record in providing value to growers and customers since the advent of the GLA be testament to its performance as the main licence holder, more particularly, its ongoing relationships with customers, the enhanced service and value it can offer growers, the innovations it has made to pools and its ongoing commitment to quality, research and development and the reputation of Western Australian grain as the origin of choice for international customers.

5.0 APPENDIX A: CBH Group Export Accumulation Guidelines

Export Accumulation Guidelines

Commitment to Fair Access

CBH Operations provides Port Outloading Services for the bulk shipment of grain at its Port Terminals at Geraldton, Kwinana, Albany and Esperance. The key components of a successful Export Accumulation program are ample notice of nominations, accurate scheduling, understanding the quality specifications and working together with the customer, transport service providers and shipping related third parties.

CBH Operations is committed to providing fair access to our terminal facilities for all our customers. Considerable accumulation challenges arise daily due to the liquid nature of grain, the need to keep grain within fumigation protocols to reduce insect resistance to phosphine and the complexity of balancing the service demands of multiple owners. The more notice individual shippers can provide the higher the probability of prompt loading of their vessels upon arrival.

CBH also retains the right to allocate a proportion of the CBH network's transport resources for non shipping driven circumstances such as preparation for the upcoming harvest, natural disasters or to manage any stacks that may need to be moved to preserve stack quality.

Export Accumulation Queue Policy Overview

To allow for a fair and open accumulation process all vessel nominations will be subject to our “EXPORT ACCUMULATION QUEUE” Policy.

The Export Accumulation Queue is divided into three stages as detailed below.

EXPORT ACCUMULATION QUEUE		
PLANNING	ASSEMBLY	ACCUMULATION
22 + days	15-21 days	14 or less days

Lead Time

These stages reflect the processes involved in accumulating cargo for nominated vessels.

The lead time will be used to determine where in the accumulation process a nomination was made and will be determined by calculating the numbers of days between the vessels nominations date and the vessels ETA.

There will be advantages and disadvantages depending on where in the accumulation process a nomination was made.

Nominations made in the Planning stage will have priority over nominations made in the Assembly & Accumulation stages.

Nominations made in the Assembly stage will have priority set behind nominations made in the Planning stage.

Nominations made in the Accumulation stage will have priority set behind nominations made in the Assembly and Planning stages.

CBH Operations recognises actual vessel nominations with over 22 days lead time may at times not be possible so a TBN will be acceptable providing you have ownership of cargo and provide Port, lay-cans, Grades, Quality & tonnage details.

Export Accumulation Queue in Detail

PLANNING STAGE

Nominations in this stage have the highest probability their cargo will be available upon arrival due to the lead time provided.

Nominations will be allocated a priority based on a vessel's ETA and the amount of lead time provided. Vessels with the earliest ETA and the greatest Lead Time will be allocated the highest priority. Vessel arriving on the same day will have their priority determined by the amount of lead time provided.

For example

Three vessels are nominated as follows

Vessel A – ETA 30/08 Lead Time 30 Days

Vessel B – ETA 30/08 Lead Time 28 Days

Vessel C – ETA 28/08 Lead Time 23 Days

The priority would be as follows

Vessel A 2

Vessel B 3

Vessel C 1

Vessel C will be allocated the highest priority as it has the earliest ETA.

Vessels A & B are both arriving on the same day, however as Vessel A provided the highest lead time it will have priority over vessel B.

Priority for each vessel will be constantly adjusted to reflect any changes to vessel's ETA.

Nominations will eventually progress to the Assembly stage, determined by the difference between the current date and the ETA of each vessel.

When these nominations progress to the Assembly stage they will automatically receive priority ahead of nominations made in either the Assembly or Accumulation stages on that day.

ASSEMBLY STAGE

Vessels in this stage will comprise of three nomination types.

1. Nominations that have progressed from the Planning stage.
2. Vessels that were nominated in the Assembly stage.
3. Vessels that were nominated in the Accumulation stage.

On any given day order of priority will be allocated as follows,

1. Nominations that have progressed down from the Planning stage.
2. Nominations made within the Assembly stage.
3. Nominations made within the Accumulation stage.

For example

The following nominations are made on the same day,

Vessel A - progressed down from the Planning stage with 21 days to its ETA.

Vessel B -15 days to its ETA

Vessel C - 9 days to its ETA.

Priority for accumulation will be allocated as follows.

Vessel A - Priority 1 - First priority due to the nomination made in Planning stage.

Vessel B - Priority 2 - Second priority due to the nomination made in Assembly stage.

Vessel C - Priority 3 -Third priority due to the nomination made in Accumulation stage.

Priority changes due to updated ETA's within this stage will be at the sole discretion of CBH base on how advanced accumulation arrangements have progressed for each nomination.

It is important to note by providing the most accurate ETA's you will avoid being charged a Shipping Relocation fee in the event your vessel is delayed and your accumulation is blocking the port.

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ACCUMULATION STAGE

Nominations made in this stage will go to the back of the Assembly queue. These nominations will sit behind nominations that were made in the Assembly or Planning stages.

Priority for vessels that have progressed from the Assembly stage will be locked in and will only change at the sole discretion of CBH Operations. Changes will only occur if there is no negative impact on cargo accumulations for other vessels within this window.

If a vessel's accumulated cargo held at port needs to be relocated due to the vessel being cancelled or delayed then a shipping relocation fee will apply.

STOCK IN PORT.

Nominations for cargo that already resides at the terminal will be aligned to the Port Queue Policy.

Port Queue Policy

The Port queue is the berthing priority for each vessel which has arrived at a CBH port terminal and is waiting to be loaded.

Berth priority for vessel queues is determined by the actual vessel arrival time. Access to berth queues at each of our ports will only be provided once all stocks are located in port, are available for delivery to the vessel and authorisation has been received to load by the customer.

CBH recognises vessels which have received part grain cargo from a previous call (two port) at an Australian port. If this is applicable, then the actual arrival date at the first port of call is used to establish its priority in the port queue. If a vessel fails survey it retains its original priority once it has passed survey.

CBH may require customers to move their vessel from the berth if they fail survey and are holding up the berth from another vessel.



For further information contact:

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