

CBH opening statement to the Standing Committee on Estimates and Financial Operations

CBH welcomes the opportunity to appear before the committee and to assist it with its inquiries into the strategic grain network

As members will appreciate WA grain growers are dependant upon the export market to sell on average up to 90% of the grain grown each year in WA – a world competitive storage, handling and transportation system is vital to ensure that we can provide to our growers a least cost pathway so that our grains remain competitively priced in world markets which are increasingly opening up to new entrants.

CBH is an active participant in the Strategic Grain Review Committee – we welcome the Governments initiative in reactivating the committee and endorse the recommendations that the committee has made regarding important maintenance and upgrades that are required to improve the grain logistics network. CBH is keen to pursue these to a commercial contract with the 4 parties.

At the introduction of the partially deregulated wheat marketing arrangements in 2008, CBH commenced it's Grain Express logistics system, which assumed control of the Grain Freight Task on behalf of the WA Grain Grower. CBH Operation manages this Freight Pool, and the subsequent Freight Task to ensure a balance between the cost and requirement to meet the shipping demand of the buyers of WA grains.

CBH believes grain on rail is a very significant factor in continuing to ensure that WA has a competitive logistics system in the future – we are committed to rail

- Our ports are really dependent on rail
- We have competitive need to use rail
- We have invested heavily in rail supporting its efficiency through Rapid Rail Loading Facilities and highly efficient port discharge facilities.

Committee members may be aware that CBH for the first time recently called for RFP, both nationally and internationally, for the provision of our above rail services. We are working with the respondents and are confident that our rail service provider will improve service and reduce future costs

The committee has requested some further details on the Temporary Assistance Package (TAP), we would seek to clarify for the committee that CBH is not a direct beneficiary of the assistance but rather it is an important temporary measure in keeping grain on rail - (we have some statistical data to support this and we also report each month to the Government and will shortly have the TAP independently audited)

- During 2010 92% of Grain moved by Grain Express from Rail Sites has arrived at our Terminals (including MGC) by Rail.
- During that same time 96% of Grain from Rail sites in the Kwinana Zone has arrived at Kwinana by Rail
- TAP has provided the opportunity for CBH between the 18th January 2010 and 30th September 2010 to choose to use Rail for 669,791 tonnes that would have otherwise gone on Road to Port due to Road freight being cheaper.

Other data that the committee requested is where available contained within the attachments which we can clarify in more detail as the committee might require

So to recap before taking some questions

- CBH strongly supports the SGNC process and the recommendations
- CBH believes the TAP has been a very effective incentive to keep grain on rail