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19 June 2013

Committee Secretary
Senate Standing Committees on Rural and Regional Affairs and Transport
PO Box 6100
Parliament House
CANBERRA ACT 2600

To the Committee Secretary:

Southern Agventure Limited
Submission to the Senate Rural and Regional Affairs and Transport
References Committee
Inquiry into the Ownership Arrangements of Grain Handling

Southern Agventure Limited (SAV) is a public company owned and controlled by some 250 farmer shareholders spread across an area approximately 250 km radius of Wagga Wagga, New South Wales. The Company was established in 2009 by these farmers in frustration at the lack of influence over their markets which they see as being controlled by interests further up the supply chain, many of which are global multi-national entities.

Thus far SAV has established a joint venture grain accumulation and marketing company, Southern Ag Grain, with the Emerald Group to provide enhanced competition in grain marketing in the region. SAV has also become involved in a limited manner in grain storage and is currently examining other opportunities in agriculture, including lamb finishing.

In considering the terms of reference of the Senate Rural and Regional Affairs and Transport References Committee's inquiry into the ownership of grain handling, Southern Agventure has focused on the potential impacts on farmers of increased vertically integrated control of the grain supply through chain.

It is clear that control of grain storage and related infrastructure including rail transport capability and port facilities places those organisations with such control with a significant comparative advantage. It has the potential to impact on competing grain traders' access to grain handling facilities, ports, silos and transport infrastructure. Like many experiences with industry regulation, access to infrastructure is a major limitation to effective competition. In grain in these circumstances, it is the grain

grower who has the least influence and is forced to accept lower prices as a result particularly where regional infrastructure arrangements including stem through ports, mean effective monopoly positions for those with vertically integrated control.

It is submitted the Government has a role to play in ensuring full open access to grain infrastructure services either by regulating such access or by providing that infrastructure itself.

Yours sincerely

Geoff Breust
Managing Director