



Australian
Competition &
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Commission

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NEWS RELEASE

ACCC DECISION ALLOWS FOR VITERRA TO AUCTION SOUTH AUSTRALIAN WHEAT EXPORT CAPACITY

The Australian Competition and Consumer Commission has released a decision to withdraw an Auction Objection Notice issued to Viterria on 11 April 2012. This will allow Viterria to operate an auction to allocate capacity for the export of grain from its South Australian port terminals.

The first auctions are due to be held in November 2012, to allocate capacity for the February to September 2013 shipping period.

“The ACCC considers that the use of an auction system to allocate capacity should allow for port terminal services to be used efficiently,” ACCC commissioner Joe Dimasi said.

“When demand for Viterria’s services is strong in the peak shipping months and ports, exporters who value those services most highly will be allocated capacity.”

Under the Access Undertaking accepted by the ACCC in September 2011, which allows for third party exporters to access Viterria’s ports, Viterria was required to replace its first in, first served capacity allocation system with an auction system. On 11 April 2012, the ACCC objected to the initial auction system proposed by Viterria which was substantially similar to the system then in operation in Western Australia.

Auctions held in WA late last year highlighted a number of problems with the operation of that system. Large volumes of port terminal capacity remained unallocated through auction, despite the record breaking crop.

Viterria’s revised proposal changes the way in which auction proceeds are rebated to exporters and makes changes to the auction rules and the residual first in, first served system. These changes aim to allow for the auctions to conclude more quickly and prevent gaming. In designing the revised auction proposal, Viterria sought to address the ACCC’s concerns as outlined in its Auction Objection Notice.

This decision allows for a transition to the new auction system. Viterria has committed to review the operation of the auction system after the harvest shipping period in 2013. This review will provide an opportunity for Viterria to assess the performance of the auction system it has proposed and to determine whether any further changes are necessary or desirable.

The ACCC oversees port access arrangements for wheat exporters as part of the deregulation of the wheat industry. Access undertakings are intended to ensure that third party exporters are able to access the port terminals operated by vertically integrated port terminal operators, ensuring competition in the market for the export of bulk wheat.

Media inquiries

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