



1 August 2014

Inquiry into Australian Grain Networks

1. About Grain Trade Australia

Grain Trade Australia (GTA) is the focal point for the commercial grains industry within Australia. It facilitates trade and works to provide an efficient, equitable and open trading environment by providing leadership, advocacy and commercial services to the Australian grain value-chain.

GTA members are responsible for over 95% of all grain storage and freight movements made each year in Australia. Over 95% of the grain contracts executed in Australia each year refer to GTA grain standards and/or Trade Rules.

GTA members are drawn from all sectors of the grain value-chain; from production to domestic end-users and exporters. GTA members are involved in grain trading activities, grain storage, grain for the human consumption and stock-feed milling industries.

GTA also attracts membership from organisations aligned to the grain value-chain in related commercial activities such as financial (banking, stock exchanges etc.); communications; grain advisory services and professional services (e.g. solicitors and accountants). The GTA membership list is attached. (Appendix A)

Within this context, GTA provides comment for consideration on various issues that impact substantially on the ability of Australia to compete in the global grain market.

2. Submission

This submission will raise issues under the following categories as detailed by the Committee:

1. The principles and practices underpinning an efficient grain supply chain from farm-gate to port.
 - 1.1 Industry Codes of Practice developed by Grain Trade Australia
 - 1.1.1 Australian Grain Industry Code of Practice
 - 1.1.2 Grain Transport Code of Practice
2. Grain marketing and export arrangements and their impact on farm-gate returns.
 - 2.1 GTA and its role in the Australian grain industry
 - 2.2 DA Biosecurity - export inspection and certification processes
3. The extent to which transport, storage and handling arrangements are transparent and accountable.
 - 3.1 GTA Location Differentials
4. Related matters
 - 4.1 Rail freight to port
 - 4.2 Coastal shipping should be open to competition
 - 4.3 Reducing ineffective regulations

1 The principles and practices underpinning an efficient grain supply chain from farm-gate to port

1.1 Industry Codes of Practice developed by Grain Trade Australia

1.1.1 Australian Grain Industry Code of Practice

Delivery of a quality product to an end user, domestic or export will ensure that Australian grain is recognised as a premium product able to compete on world markets based on its intrinsic properties. Also, Australia enjoys a natural freight advantage into Asian markets.

Therefore, into our largest regional export market the combination of a quality product plus a freight advantage is a formidable combination.

However, it would be foolish to expect this situation to continue unchallenged.

To Australia's historical competitors, i.e. Canada and the USA can now be added grain from Black Sea ports. Australia has a natural freight advantage, over Black Sea grain, into Asian markets however this "advantage" can be eroded should freight rates fall and the quality of product emanating from the Black Sea will only do one thing, improve. And as for Canada and the USA, quality improvement is embedded in their processes.

The principles and practices underpinning an efficient grain supply chain from farm-gate to port must be focussed on continually improving grain quality. For instance:

- What processes can the producer implement to ensure they deliver a "quality" product?
- Could a prior load in a trailer compromise delivery of a "quality" product.
- The rigor around the sampling & testing at point of receipt determine the grade of a load and ensure segregations are appropriate to ensure out turn of a "quality" product.
- Trading standards attached to the grain contract detail the customer requirements, detail a quality product.

The above are examples of the actions that are required across the Australian supply chain that ensure the ultimate end user receives product that suits their needs.

Grain Trade Australia recognised the cross supply chain challenges to ensure delivery to customers of a quality product and determined the need to develop the **Australian Grain Industry Code of Practice (Code)**.

The purpose of the Code is to describe practices that the grain industry use to ensure Australian grain and grain products meet domestic or export customer requirements. Customer requirements include those stipulated in contracts and regulatory requirements at the Australian State, Territory and Federal levels and international and overseas country level. There are also a range of industry standards that are covered under the Code.

The Code focuses on those common standards, operating procedures and documented processes. The Code assumes that all participants in the grain supply chain have in place established practices that ensure compliance with this Code.

By following the Code, all sectors related to the grain industry, governments, researchers and consumers will gain confidence that processes exist in Australia to successfully produce, store and supply grain that meets the expectations of the entire grain supply chain.

1.1.2 Grain Transport Code of Practice

The Australian grain industry is heavily reliant on land transport for its viability. Transport is a critical component of the grain supply chain. Getting grain to market quickly and safely, whether this be local storage, grain processor, packing facility or export terminal, is in the interests of farmers, grain users, grain handlers and grain transporters.

The process of road transport reform across Australia has introduced laws that impose duties and responsibilities on all parties in the road transport chain to take reasonable steps to prevent non-

compliance with the heavy vehicle laws. This includes those consigning, loading, packing and receiving goods that are transported by heavy vehicles. The purpose of these laws is to raise industry standards and thus reduce the possibility of breaches of the law occurring.

GTA have developed the Grain Transport Code of Practice (Transport Code) as an important tool to assist participants transport grain to their designated markets quickly, safely and within the relevant laws. It is critical that the Transport Code address the transport task in a holistic sense covering all parties' responsibilities to ensure success.

The Transport Code is an industry code.

- The use of the Transport Code can be made binding between agreeable parties using the GTA Bulk Freight of Goods Contract.
- The Australian Grain Industry Code of Practice requires transport operators to adhere to this Transport Code or other industry approved transport codes. Transport operators who are accredited under the following accreditation schemes are deemed to be compliant with the requirements of this Code:

Scheme	Operated by
TruckSafe	Australian Trucking Association
National Heavy Vehicle Accreditation Scheme	National Heavy Vehicle Regulator

References:

1. Australian Grain Industry Code of Practice – GTA website and Appendix B
2. Grain Transport Code of Practice – GTA website

Recommendation

- *That the Committee note the principles and practices underpinning an efficient grain supply chain from farm-gate to port are fully detailed in the Codes of Practice developed by Grain Trade Australia.*

2 Grain marketing and export arrangements and their impact on farm-gate returns

2.1 GTA and its role in the Australian grain industry

GTA has developed various contracts that are tailored to the needs of the various sectors of the grain industry from Australian grain producers to overseas end users. Aligned to these contracts are various standards and reference methods.

The vast majority of:

- grain contracts executed in Australia refer to GTA grain trading standards and/or trade rules; and
- grain storage and freight movements are made by GTA members.

GTA members are:

- drawn from all sectors of the grain value chain from production to domestic end users and exporters; and
- involved in grain trading activities, grain storage, human and stock feed milling.

GTA also attracts membership from organisations to the side of the value chain in related commercial activities such as financial (banking, stock exchange etc.), communications, grain advisory services and professional services (solicitors and accountants).

Attachment C fully details GTA activities.

The existence of GTA and its resultant activities ensures that the grain marketing and export arrangements that are utilised across the Australian grain supply chain are legally robust, contemporary in nature to reflect the needs of the industry and when used in conjunction with the various industry Code of Practice ensure that customers' needs are met, be they in Australia or overseas.

If GTA did not exist then:

- growers would be exposed to multiple types of contracts and grain standards; and
- the ability to develop these resources could only be financed by larger trading entities. GTA resources are available to all industry participants irrespective of size.

GTA requests that:

- *the Committee consider the positive effect that the resources developed by GTA have on the facilitation of trade across the Australian grain supply chain and .*

2.2 DA Biosecurity - export inspection and certification processes

The outcomes of the Grain Export Certification Reform Program substantially changed the manner that DA Biosecurity (formerly AQIS) and industry conduct their phytosanitary certification processes.

Systems were streamlined, flexibility in operation substantially increased and costs reduced. The program operates on a full cost recovery basis and currently has over \$16 million in over recovered funds in the Income Equalisation Reserve.

The operation of DA Biosecurity and the operation of the GPPEICC demonstrate world best practice.

GTA:

- *supports these arrangements and their continuation.*

3 The extent to which transport, storage and handling arrangements are transparent and accountable

3.1 GTA Location Differentials

Grain contracts stipulate exactly where price and title changes hands, yet many contracts have a price basing point at port to allow multiple up country sites to be used for delivery.

This contractual arrangement gives growers flexibility, if they are delivering into a central storage system, such as GrainCorp.

GTA publishes GTA Location Differentials which are used by many post farm gate traders to price grower contracts at port but delivered upcountry. Location Differentials are published at least six months prior to harvest allowing growers to price their forward contracts on a silo basis. The Location Differentials can be accessed on the public GTA website.

Further information

- Appendix D – GTA Location Differentials

4 Related matters

4.1 Rail freight to port

In average production years, at least 60% of Australia's grain production is exported and Australia's contribution to global exports will become increasingly important within the ASEAN and North Asian regions.

For the grain industry to be globally competitive, road and rail freight infrastructure must operate on a least cost basis. Numerous studies demonstrate that, particularly for rail freight, this does not occur, adversely impacting on farm-gate values to producers and our competitiveness in overseas markets.

Of all the issues identified in the Agricultural Competitiveness White Paper Issues Paper, was that is a reduction in the freight costs to port would be the biggest single contributor to increasing the return at the farm gate.

To illustrate, the average bulk grain export vessel holds approximately 40,000 tonnes of grain. To load the average vessel exclusively by:

- rail requires just over 18 train loads (each of around 2,200 tonnes).

- road requires just under 900 truckloads (of an average 45 tonnes) – requiring at least 1800 individual truck journeys to the port.

Based on an average rail freight cost of ~\$0.10/net tonne kilometre (NTK), versus ~\$0.12/NTK for road freight – the difference in freight costs are:

Journey length	Rail advantage over road (per tonne)	Saving per vessel (based on 40,000 tonnes)
400km	\$8	\$320,000
500km	\$10	\$400,000
600km	\$12	\$480,000

A lower cost supply chain is also critical to ensure our competitive advantage, largely based on lower freight costs, into Asian markets is secured against increasing competition from Black Sea and North American exporters.

For instance, rail freight to port (on a NTK basis) in the eastern states is approximately \$0.10/NTK, which is more than 3x more expensive than the cost in Canada (\$0.03/NTK) as detailed below:

Rail cost for a 400km journey	
Eastern states	\$40/tonne
Canada	\$12/tonne

In recent years a number of grain bulk handlers and trading companies have demonstrated their preparedness to invest in above rail capacity. However, leadership from the Federal Government is required and GTA would support a comprehensive assessment of rail infrastructure to enable the faster and more cost effective movement of grain to export markets for the benefit of growers and the broader industry.

The **Inland Rail project** will traverse the grain regions of eastern Australia and offer alternative port access capabilities for both bulk and container exports. This project will substantially impact current or proposed port and up country infrastructure.

GTA:

- *is seeking ongoing involvement by the Federal Government as clearly there is a role for Government in these sectors given the efficiency that their involvement can bring to the effective operation of the market. This will lead to reduced supply chain costs leading to improved farm gate returns.*

4.2 Coastal shipping should be open to competition

Grain is grown in all states with approximately 40% of Australian production coming from Western Australia.

The grain market in the eastern states of Queensland, NSW and Victoria is underpinned by a substantial domestic market based off flour/food processing industries and intensive livestock production. This is in direct variance to both Western Australia and South Australia who have a limited domestic market and are almost totally reliant on export markets.

Due to sub optimal production, invariably as a result of dry conditions, there are occasions when there is demand in the eastern states that cannot be fulfilled by locally produced grain. On these occasions grain can be:

1. shipped from Western Australian and South Australian ports to eastern states; and/or
2. imported possibly from North America and Britain/Europe as a result of the cost structure/legislative imperatives of Australian coastal shipping.

Current restrictive practices that favour Australian flagged ships should be discontinued as they inhibit least cost pathways for ship bound trade between the states. In this regard, Grain Trade Australia supports similar comments from the Australian Competition and Consumer Commission submission

to this enquiry that called for increased competition in coastal shipping services as this should drive down prices for consumer goods and manufacturing inputs.

In relation to the grain industry, the current regulations on coastal trading within Australia means interstate shipping is not a cost effective freight option and is not flexible to meet the variable and opportunistic nature of domestic grain demand.

The current regulation requires a minimum of five vessel bookings with the first option being made available to Australian flagged vessels. As stated by The Hon. Warren Truss in releasing the Regulation of Coastal Shipping Options Paper “Our domestic freight task is growing rapidly and shipping should be carrying a larger share of the load. There is a growing disparity between the cost of shipping domestically and the cost of shipping to Australia from overseas.”

Opportunities do arise when there is a supply/demand imbalance between east and west that could be alleviated by shipping grain, however, this trade opportunity can be compromised by the current restrictive requirements that force grain trading operators to either comply with the requirements on a higher cost basis or, as often happens, forego the opportunity to the detriment of grain producers. In either case, the Australian economy suffers with decreased economic activity.

Changes to coastal trading regulation would allow more efficient and cost effective movements of grain within Australia.

Marine safety and biosecurity

Australia has an enviable record in regards to marine safety and biosecurity. These two issues should not be affected by changes to the arrangements for coastal shipping.

GTA is a member of the Department of Agriculture Biosecurity Grain & Plant Product Export Industry Consultative Committee and, whilst the primary focus of the Committee is on exports, the Committee is also able to act in an advisory capacity to national and state biosecurity regulators.

Prior to the loading of grain, a ship is required to pass two surveys:

1. **marine survey** that assess seaworthiness/structural ability; and
2. **phytosanitary survey** to ensure the ship holds are clean, odour free and free of live grain insects.

GTA would not support amendments to the above requirements.

4.3 Reducing ineffective regulations

The competitiveness of any industry is a function of the availability and holistic cost of suitably qualified labour. The grain industry is no exception.

The overall cost of labour has a number of components:

- minimum wage structures, including minimum hour/shift structures and penalty entitlements;
- statutory leave entitlements; and
- the administrative burden of hiring and managing employees.

In our submission, Australia is not only a high labour cost country, it is also a high “red tape” economy, meaning the process of hiring and managing employees imposes a relatively heavy cost and administrative burden on employers. This is the case throughout the grain supply chain.

Further, some aspects of the grain supply chain are relatively seasonal, including within farming, transport and storage enterprises, around peak volume harvest periods. The current industrial relations system makes it expensive for firms to cost effectively hire labour for those peak periods without permanently impacting their cost base on a year round basis.

Further still, as mentioned elsewhere in this submission, the competitiveness of the export grain industry is constrained by access to port capacity due to lack of efficient road and rail infrastructures to deliver grain in the required time frames. In this sense, aside from increasing capacity, competitiveness can be increased by greater labour productivity.

To date however, the prospect of systemically linking employee remuneration increases or promotion to productivity has been controversial and largely unsuccessful.

Any initiatives which can sensibly and sustainably reduce the direct and indirect costs of labour, afford greater flexibility in hiring and allow productivity to be incentivised will in our view improve the competitiveness of the Australian grain industry.

Grain Trade Australia welcomes the opportunity to further discuss this submission at a hearing.

Yours faithfully

Geoff Honey
Chief Executive Officer



Membership List as at 18 July 2014

Organisation	Contact	Website /Phone
Ordinary Member (Trading)		
Level A1 (over 7 Million Tonnes)		
Cargill Australia Limited	Ms Penne Kehl	cargill.com.au
Co-operative Bulk Handling Limited	Mr Jason Craig	cbh.com.au
Glencore Grain Pty Ltd	Mr David Mattiske	glencoregrain.com.au
		3
Level A2 (5 - 7 Million Tonnes)		
		0
Level A3 (3 - 5 Million Tonnes)		
Alfred C Toepfer International (Australia) Pty Ltd	Mr David Drabsch	08 8425 4944
Emerald Group Australia Pty Limited	Mr Brian Dalitz	emeraldgrain.com
Graincorp Operations Ltd	Mr Neil Johns	graincorp.com.au
		3
Level A4 (1.5 - 3 Million Tonnes)		
PentAg Nidera Pty Ltd	Mr David Lengren	pentagnidera.com.au
		1
Level B1 (1.0 - 1.5 Million Tonnes)		
Bunge Agribusiness Australia Pty Ltd	Mr Chris Aucote	bunge.com/Agribusiness
George Weston Foods Limited	Mr Mark O'Brien	gwf.com.au
Louis Dreyfus Australia	Mr Phil Coffin	louisdreyfus.com.au
		3
Level B2 (500,000 - 1 Million Tonnes)		
Inghams Enterprises Pty Limited	Mr Greg McDonald	ingham.com.au
Mitsui and Co (Australia) Ltd	Mr Kane Fukuoka	mitsui.com
Plum Grove Pty Ltd	Mr Tony Smith	plumgrove.com.au
Agrex Australia Pty Ltd	Mr David Johnson	agrexaustralia.com.au
Ridley Agriproducts Pty Ltd	Mr Michael Reeves	agriproducts.com.au
Riverina (Australia) Pty Ltd	Mr Jon Mulally	riverina.com.au
		6
Level B3 (250,000 - 500,000 Tonnes)		
Agracom Pty Ltd	Mr Joe Hallman	agracom.com.au
Arrow Commodities Pty Ltd	Mr Dominic Vanzella	arrowcom.com.au
Australian Grain Growers Co-operative Limited	Mr Steve Mellington	agggcoop.com.au
Centre State Exports Pty Ltd	Mr Jeff Voigt	centrestateexports.com.au
Chinatex (Aust) Wool Co Pty Ltd	Mr Jiling Lai	02 9957 2688
COPRICE	Mr Chris Nikolaou	coprice.com.au
JBS Australia Pty Limited	Mr Greg Kenny	jbsswift.com.au
Lempriere Grain Pty Ltd	Mr Jonathon Holdsworth	lemprieregrain.com.au
Riordan Grain Services	Mr Bradley Hogan	riordangrains.com.au
Special One Grain	Mr Peter Burke	specialonegrain.com.au
United World Enterprises Pty Ltd	Mr Jimmy Liu	uwetypical.com
Wilmar Gaviola Pty Ltd	Mr Matt Albion	07 3713 8700
		12

Ordinary Member (Trading) (contd)

Level C (under 250,000 Tonnes)

A & B Grains Pty Ltd	Mr Rod Wolski	abgrains.com.au
A T Waterfield & Son Pty Ltd	Mr Brad Waterfield	03 5382 3725
A W Vater and Co	Mr Kim Vater	vater.com.au
Adams Australia Pty Ltd	Mr Ian Mack	adamsaustralia.com.au
Agmark Commodities	Mr Jack Vivers	agmark.com.au
Agri-Oz Exports Pty Ltd	Mr Francois Darcas	03 9830 7021
Agriex Australia Pty Ltd	Mr Kishore Bulchandani	02 9232 0690
Agrifoods Australia	Mr Rob Anderson	agrifoodsaustralia.com.au
AGRIGRAIN	Mr Jeremy Brown	agrigrain.com
Agripark	Mr John Randell	mgas.com.au/grainpacking
Allied Mills	Mr Joshua Lawrence	alliedmills.com.au
AMPS Agribusiness Group	Mr Stuart Maidment	ampsagribusiness.com.au
Associated Grain	Mr Todd Jorgensen	07 4662 1999
Auscott Ltd	Mr Peter Webb	auscott.com.au
Ausrealt International Pty Ltd	Mr Robin Luo	ausrealt.com.au
Australia Milling Group Pty Ltd	Mr Russell Greening	aumg.com.au
Australian Grain Export Pty Ltd	Mr Grant Roesler	08 8832 2800
Australian Grain Storage	Mr Matt Bailey	sunrice.com.au
Australian Growers Direct Pty Ltd	Mr Jamie Smith	graincorp.com.au
Avigrain Produce	Mr Dennis Ward	avigrain.com.au
Baker Grain	Mr Richard Baker	bakergrain.com.au
Barooga Agriproducts	Mr Andrew Leighton-Daly	03 5875 2202
Berriwillock Grain Storage Co-Operative Ltd	Mr Tony Bellinger	moulameingrain.com
Big River Feeds Pty Ltd	Mr Bjorn Ludvigsen	08 8532 4434
Blairs Produce Company	Mr Sean Blair	02 6025 4600
Blue Ribbon Seed and Pulse Exporters	Mr Stephen Donnelly	07 3720 1900
Boort Grain Co-Operative	Mr Tony Bellinger	03 5455 2600
Broun and Co Grain Marketing Services Pty Ltd	Mr Wally Broun	brounandco.com.au
Bungulla Farming Pty Ltd	Mr Brad Jones	08 9637 1164
C K Tremlett Pty Ltd	Mr Andrew Tremlett	08 8524 9050
Cameron Pastoral Company Pty Ltd	Ms Ross Stephens	07 4671 4144
Cascade Brewery Co Pty Ltd	Mr Roger Ibbott	03 6221 8316
Castlegate James Australasia Pty Ltd	Mr Dominic Hogan	castlegatejames.com.au
CHS Trading Company Australia	Mr Jon Bucknall	chsinc.com.au
Cleveland Agriculture	Mr David Titterton	02 6756 5004
Commex International Pty Ltd	Ms Mariam Boulos	02 9531 7341
Coorow Seeds	Mr Brian Pover	coorowseeds.com.au
Cremer Australia Pty Ltd	Mr Brendan Macauley	cremer.de
D & M Stockfeeds	Mr Robert Danieli	dmstockfeeds.com.au
DA Hall and Co	Mr Bruce Holden	07 4695 5777
Dalby Bio-Refining Limited	Ms Leanne Pickard	dbrl.com.au
Darwalla Milling Co Pty Ltd	Mr Gary Heidenreich	07 3822 0527
Deacon Seeds Company	Mr Terry Deacon	07 4662 3217
Deckert Group Pty Ltd	Mr Chris Deckert	www.deckerts.com.au
Defiance Maize Products Pty Ltd	Mr Rodney Walker	corson.co.nz
Demeter Cormack Pty Ltd	Mr David Oates	08 6389 0098
East Coast Stockfeed Pty Ltd	Mr Stuart Dolden	ecsf.com.au
Feed Central Pty Ltd	Mr Tim Ford	feedcentral.com.au
Fellows Nominees	Mr Paul Fellows	fellowsbulk.com.au
FertInvest Pty Ltd	Mr Preyesh Barar	fertinvest.com
Fletcher International Exports Pty Ltd	Mr David Wheaton	fletcher-international.com.au
Free Eyre Grain Pty Ltd	Mr Mark Rodda	free-eyre.com.au
Gavan Kerr Commodity Services Pty Ltd	Mr Gavan Kerr	03 97 695 164

Golden Harvest Grain Exports	Mr Chandru Hiremath	goldenharvest.net.au
Goldman Sachs Financial Markets Pty Ltd	Mr Nick Carracher	gs.com.au
Goodman Fielder Limited	Mr Alex Krzanic	goodmanfielder.com.au
Grain Direct Australia	Mr Sam Christensen	graindirect.com.au
Grain Link (NSW) Pty Ltd	Mr Paul Pearsall	02 6962 9500
Grain Link WA Pty Ltd	Mr Andrew Goyder	grainlink.com.au
Grainforce Pty Ltd	Mr Derek Larnach	02 6331 4880
Grainpro Pty Limited	Ms Angela Greenhalgh	grainpro.com.au
Greentree Farming	Mr David Brown	02 6751 1228
GrainTrend Pty Ltd	Mr Sanjiv Dubey	graintrend.com
Grenfell Commodities Pty Ltd	Mr Trevor Mawhinney	grenfellcomm.com.au
GV Grain & Fodder	Ms Joanne Harry	03 5828 3063
Hanlon Enterprises Grain	Mr Peter Gerhardy	02 6924 1781
Hassad Australia Operations Company Pty Ltd	Mr James Carson	02 8019 7150
Holland's	Mr Michael Holland	hollandbt.com.au
Iloura Resources Pty Ltd	Mr Hans Hol	iloura-resources.com
Independent Grain Handlers Pty Ltd	Mr Brad Bryant	igh.net.au
Irwin Stockfeeds	Mr Bryan Irwin	irwinstockfeeds.com.au
J K International Pty Ltd	Mr Sandeep Mohan	jki.com.au
James Stock Feed and Fertilizer Pty Ltd	Mr Adrian Moule	jamesstockfeed.com.au
Jerilderie Grain Storage & Handling	Mr David Barlow	03 5886 0344
K M & W M Kelly & Sons	Mr Chris Kelly	kellygrains.com.au
Kangaroo Island Pure Grain Pty Ltd		kipuregrain.com
Kennett Rural Services Pty Ltd	Mr Andrew Kennett	kennettrural.com.au
Lachlan Commodities Pty Ltd	Mr Tony Cogswell	02 6851 2077
Laharum Bulk Handling Co	Mr Donald Carter	03 5381 2666
Lake Grain Pty Ltd	Mr Derek Davis	lakegrain.com.au
Langdon Grain Logistics	Mr Adrian Murphy	langdongrainlogistics.com.au
Laragon Almond Processors Pty Ltd	Mr Mark Webber	laragon.com.au
Laucke Flour Mills P/L	Mr Roger Laubsch	laucke.com.au
LDC Enterprises Australia Pty Ltd	Mr Shane Taunton	07 3253 5999
LPC Trading Pty Ltd	Mr Simon Langfield	02 6383 7222
Mahony's Transport Services	Mr Anthony Foster	mahonystransport.com.au
Malteurop Australia Pty Ltd	Mr Jack King	03 5277 1950
Mars Petcare Australia	Mr Mark Torrens	mars.com
Marubeni Australia Ltd	Mr Tom Tokunaga	marubeni.com
Matthews Transport and Grain Traders	Mr Neville Matthews	08 9831 1021
Max Grains Pty Ltd	Mr Jack Fahy	maxgrains.com.au
MC Croker Pty Limited	Mr Greg Carroll	crokergrain.com.au
Melaluka Trading Pty Ltd	Mr Simon Pritchard	melalukatrading.com.au
Moore Bulk Storage	Mr Daryl Moore	moorestorage.com.au
Moulamein Grain Co-Operative Ltd	Mr Tony Bellinger	moulameingrain.com
Mountain Industries Pty Ltd	Mr Kevin Bennett	mountainindustries.com.au
MSM Milling Pty Ltd	Mr Peter MacSmith	02 6364 5999
Murrumbidgee Grains Pty Ltd	Mr Peter Hassell	02 6937 9100
Namoi Cotton Co-Operative	Mr Shane McGregor	namoicotton.com.au
Nandaly Grain Co-Operative Ltd	Mr Tony Bellinger	03 5078 1217
Newcastle Agri Terminal Pty Ltd	Mr Jock Carter	02 4962 4006
Noble Resources Australia Pty Ltd	Mr Ian Dalglish	thisisnoble.com
Northern Riverina Grains Pty Ltd	Mr Tony Bellinger	03 5032 2553
Oakey Holdings Pty Ltd	Mr Gino De Stefani	oakeyholdings.com.au
OOMA Enterprises NSW Pty Limited	Mr Malcolm Berry	oomaenterprises.com.au
Origin Grain Pty Ltd	Mr Luke Mancini	02 9331 2711
PB Seeds Pty Ltd	Mr Peter Blair	pbseeds.com.au
PeaCo	Mr Shane Wall	03 5497 1766
Pearson's Grain Pty Ltd	Mr Darren Pearson	pearsonsgroup.com.au
Pentarch Grain Pty Ltd	Mr David Hanrahan	pentarch.biz

Peters Commodities Pty Ltd	Mr Michael Oxley	petcom.com.au
PGS (SA) Pty Ltd	Mr Darren Pilgrim	pilgrimgrainstore.com.au
Phoenix Commodities (Australia) Pty Ltd	Mr Jogesh Virk	07 35 537 111
Preston Grain	Mr Andrew Kell	02 6977 1733
Premium Grain Handlers P/L	Mr John Orr	pgh.com.au
Pulse Association of the South East (PASE) Inc	Ms Leanne Burr	08 9071 3655
Quadra Commodities Pty Ltd	Mr Andrew Jackson	quadra.com
Quirindi Grain & Produce	Mr John Webster	02 6746 1911
R V Broadbent & Sons	Mr Geoff Barker	rvbroadbent.com
Redrock Corporation (NSW) Pty Ltd	Mr Jason Tetley	0418 866 843
Regal Seed & Grain P/L	Mr Damien White	regalseed.com.au
Reid Stockfeeds Pty Ltd	Mr Ian Reid	reidstockfeeds.com.au
Rivalea (Australia) Pty Ltd - Animal Nutrition	Mr Andrew Philpotts	rivalea.com.au
Riverina Oils & BioEnergy Pty Ltd	Mr Joe Fealy	riverinaoils.com
Robinson Grain Trading Co Pty Ltd	Mr Gary Robinson	robinsongrain.com.au
Roty Grain Store	Mr Brian Newman	02 6988 8221
Ruddenklau Grain Pty Ltd	Mr Tim Ruddenklau	08 8842 1314
Rural Logic (Aust) Pty Ltd	Mr Michael Wood	rurallogic.com.au
SANWA Pty Ltd	Mr Charles Emerson	sanwa.com.au
Seedhouse Tasmania	Mr Matthew Crane	seedhouse.com.au
Shannon Bros Bulk Haulage	Mr Clayton Shannon	03 5390 2264
Silo Bag Grain (NSW QLD) Pty Ltd	Ms Lesley Kilby	02 6847 1788
Societa Cofica Pty Ltd	Mr Dia Ram Sharma	societacofica.com.au
Southern Cotton Trading Pty Ltd	Mr Chris Veness	02 69 552 779
Southern Grain Storage Pty Ltd	Mr Campbell Brumby	03 5267 2351
Southern Stockfeeds (Operations) Pty Ltd	Mr Brendan Maher	03 5437 8295
Starcom Grain Pte Ltd	Mr Ajay Aggarwal	+65 6336 7288
Sumitomo Australia Pty Ltd	Mr Tsuyoshi Osumi	sumitomocorp.com.au
Summer Hill Grains	Mr Barney Hughes	0428 694 363
Tamma Grains	Mr Kim Packer	tammagrains.com.au
Tasmanian Agricultural Producers Pty Ltd	Mr David Skipper	tasagproducers.com.au
Tasmanian Stockfeed Services P/L	Mr Trevor Macleod	tasstockfeed.com.au
Thallon Grains Pty Ltd	Mr Andrew Earle	02 6756 5004
Twynam Pastoral Company	Ms Ella Shannon	02 9325 9000
Unigrain Pty Ltd	Mr Ervin Leong	unigrain.com.au
W B Hunter Pty Ltd	Mr Stewart Coombes	03 5821 5744
Ward McKenzie Pty Ltd	Mr Mal Parkhill	mckenziefoods.com.au
Whitty Produce	Ms Marsha McMonigle	03 5721 6588
Wilken Grain	Mr Richard Wilken	wilkens.com.au
Wimpak Export Company Pty Ltd	Ms Sarah Spicer	wimpak.com.au
XLD Grain Pty Ltd	Mr Lachie Stevens	xldgrain.com.au

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Transport Operator

Gehrke Grains and Transport Pty Ltd	Mr Julian Gehrke	07 5465 6695
Wakefield Grain Export Services	Mr Steve Fallon	wakefields.com.au

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Broker

Large		0
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Medium

Allied Grain Pty Ltd	Mr Angus Wettenhall	alliedgrain.com.au
Brightcom Australia Pty Ltd	Mr Simon Robertson	03 9591 6300
Cereal Milling Services Pty Ltd	Mr Michael Moss	02 4323 9339
FC Stone Australia Pty Ltd	Mr Brett Cooper	intlfcstone.com
Grainsplus NSW	Mr David Sykes	grainsplusnsw.com

Horizon Grain Brokers Pty Ltd	Mr Ash Munro	horizongb.com.au
ICAP Australia Pty Ltd	Mr Garry Booth	icap.com
Igrain.com.au Pty Ltd	Mr Tom Roberts	igrain.com.au
McDonald Pelz Australia	Mr Peter Geary	mcdonaldpelz.com
Perkins Commodity Brokers	Mr Craig Perkins	03 9645 6846
Teague Australia Pty Ltd	Mr Tim Teague	teague.com.au
Wimmera Mallee Grain Services	Mr Rodney Edgerton	egrainservices.com.au

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Broker (contd)

Sole Operator

AgLink - CMS	Mr Justen Schofield	aglinkcms.com.au
Cogeser (Australia) Pty Ltd	Mr Robert Luetolf	cogeser.com.au
Farm Tender	Mr Matt Henke	farmtender.com.au
Knight Commodities	Mr Chris Groat	07 4671 5221
Link Brokering Pty Ltd	Mr Dion Costigan	03 5444 3295
Mallon Commodity Brokering	Mr Ian Mallon	mcbrokering.com
Shearwater International Pty Ltd	Mr Don Cattanaach	07 3324 9088
Woodside Commodities Pty Ltd	Mr Hamish Steele-Park	woodcomm.com.au

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Corporate

Large

ASX Limited	Mr Paul Roberts	asx.com.au/grainfutures
Australia And New Zealand Banking Group	Ms Casey Morecroft	anz.com.au
Commonwealth Bank of Australia	Mr Michael Golden	commbank.com.au
Meat & Livestock Australia Limited	Mr Ben Thomas	mlla.com.au

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Medium

Agfarm Pty Ltd	Mr Bob McKay	agfarm.com.au
Agrifood Technology Pty Ltd	Ms Doreen Fernandez	03 9742 0589
Agrisk Management Pty Ltd	Mr Brett Stevenson	02 9499 4199
Clear Grain Exchange	Mr Tristan Shannon	03 9514 9000
Commodity Inspection Services (Australia) Pty Ltd	Mr Mathew Conoulty	commodityinspection.com.au
Foss Pacific Pty Ltd	Mr Simon Kirkman	foss.com.au
Holman Fenwick Willan	Mr Stephen Thompson	hfw.com
Intertek	Mr Lee Shilvock	intertek.com
Macpherson + Kelley Lawyers	Mr Geoff Farnsworth	mk.com.au
SBA Law	Mr Jeremy Rosenthal	sbalaw.com
SGS Australia Pty Ltd	Mr James Saunders	au.sgs.com

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Small

Ag Scientia Pty Ltd	Mr Lloyd George	03 9598 1980
Advance Trading Australasia	Mr Andrew Woodhouse	advance-trading.com.au
Agvise Management Consultants	Mr Shane Sander	08 9041 5992
Australian Superintendence Company	Mr Andrew Parry	07 3391 8640
AvantAgri Australia Pty Ltd	Mr Peter Woods	avantagri.com.au
CloudBreak Grain Marketing Pty Ltd	Mr Ed Scamps	08 8388 8084
Delta Agribusiness Pty Ltd	Mr Michael Parry	02 6772 0000
Direct Commodities Pty Ltd	Mr Hamish Robertson	directcommodities.com.au
Eyre Peninsula Integrated Commodities Pty Ltd	Ms Tracey Lehmann	08 8627 2304
Farmanco Marketing Pty Ltd	Mr Donald McTaggart	farmanco.com.au
FarMarCo Australia Pty Ltd	Mr Robert Imray	07 4637 6400
Finesse Solutions Pty Limited	Mr Malcolm Finlayson	02 9872 9270
Flexi Grain	Mr Jarrod Tonkin	flexigrain.com.au

Grain Storage Solutions	Mr Kerry Miles	grainstoragesolutions.com.au
HarvestCheck Pty Ltd	Mr Stephen Schumacher	0418 199535
Hay Plains Grain Storage Pty Ltd	Mr Ron Harris	0404 444 600
IKON Commodities Pty Ltd	Mr Simon Clancy	ikoncommodities.com.au
Import-Export Services Pty Ltd	Mr Bob Ronai	02 9986 3000
MarketAg Pty Ltd	Mr Mark Martin	02 6747 1590
McMullen Consulting Pty Ltd	Mr Gerard McMullen	03 8300 0108
Mirfak P/L	Mr Mark Murphy	mirfak.com.au
Murray Goulburn Trading Pty Ltd	Mr David Earle	03 5862 2799
O'Halloran Deal Lawyers	Mr Anthony Deal	02 6971 0336
OMIC Melbourne	Mr Koji Nakashima	03 9326 4877
Perten Instruments Australia Pty Ltd	Mr Raul Ovelar	02 9979 6992
Peter McQueen Pty Limited	Mr Peter McQueen	petermcqueen.com
Pinnacle Commodities Pty Ltd	Mr Rod Buckle	pinnaclecommodities.com.au
Planfarm Marketing Pty Ltd	Mr Jerome Critch	planfarm.com.au
Primal Foods Group	Mr Peter Longhurst	02 8011 4182
Rural Directions Pty Ltd	Mr Chris Heinjus	ruraldirections.com
SGA Solutions Pty Ltd	Mr David Hudson	03 5428 4990
Ten Tigers	Mr Chris Tonkin	tentigers.com.au

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International Affiliate

CIS - Commodity Inspection Services	Mr Paul Schweitzer	cis-inspections.com
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Industry Association

Agforce Queensland	Mr Wayne Newton	07 4699 5526
Grain Growers Limited	Ms Kamani Krishnan	graingrowers.com.au
Grain Industry Association of WA	Ms Johanna Gastevich	giwa.org.au
Grain Producers Australia Ltd	Mr Andrew Weidemann	grainproducers.com.au
NSW Farmers Association	Mr Justin Crosby	02 8251 1827
Victorian Farmers Federation	Mr Steve Sheridan	03 9207 5555

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Merchant Association

Grain Industry Association of SA	Mr Tim Mee	08 8395 3572
Grain Industry Association Of Victoria	Mr Terry Roche	giav.com.au
Grain NSW Inc	Mr Steve Fieldus	grainnsw.com.au
Queensland Agricultural Merchants Inc.	Mr John Francis	qam.org.au

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FACT SHEET

Series No. 002

Date of Issue: 14/07/2014



Industry Codes

The Australian Grain Industry Code of Practice for the Management of Grain

A quality product is one that has the ability to perform in service and is suitable for its intended purpose, i.e. it is predictable and will perform as intended.

Delivery of a quality product to an end user, domestic or export will ensure that Australian grain is recognised as a premium product able to compete on world markets based on its intrinsic properties. Also, Australia enjoys a natural freight advantage into Asian markets.

Therefore, into our largest regional export market the combination of a quality product plus a freight advantage is a formidable combination.

However, it would be pure folly to expect this situation to continue unchallenged.

To Australia's historical competitors, i.e. Canada and the USA can now be added grain from Black Sea ports. Australia has a natural freight advantage, over Black Sea grain into Asian markets, however this "advantage" can be eroded should freight rates fall and the quality of product emanating from the Black Sea will only do one thing, improve. And as for Canada and the USA, quality improvement is embedded in their processes.

Therefore, it follows, that quality improvement must drive the behaviour of everyone involved in the Australian grain industry. For instance:

- What processes can the producer implement to ensure they deliver a "quality" product?
- Could a prior load in a trailer compromise delivery of a "quality" product.

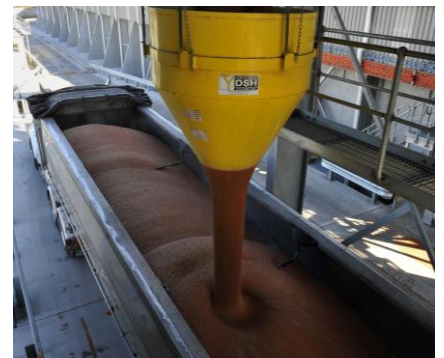
- The rigor around the sampling & testing at point of receipt determine the grade of a load and ensure segregations are appropriate to ensure out turn of a "quality" product.
- Trading standards attached to the grain contract detail the customer requirements, detail a quality product.

The above are examples of the actions that are required across the Australian supply chain that ensure the ultimate end user receives product that suits their needs.

Grain Trade Australia recognised the cross supply chain challenges to ensure delivery to customers of a quality product and determined the need to develop the **Australian Grain Industry Code of Practice (Code)**.

PURPOSE OF THE CODE

The purpose of the Code is to describe practices that the grain industry use to ensure Australian grain and grain products meet domestic or export customer requirements. Customer requirements include those stipulated in contracts and



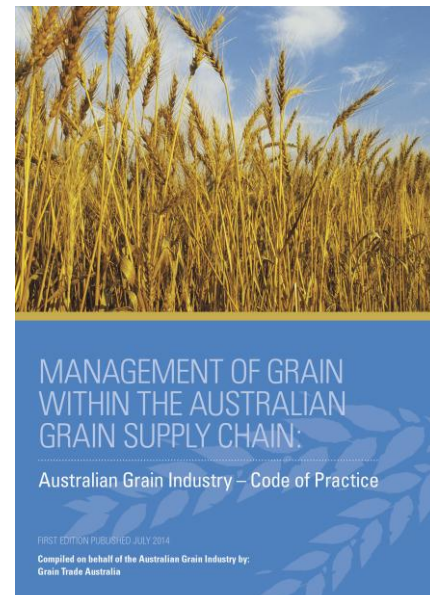
regulatory requirements at the Australian State, Territory and Federal levels and international and overseas country level. There are also a range of industry standards that are covered under the Code.

The Code focuses on those common standards, operating procedures and documented processes. The Code assumes that all participants in the grain supply chain have in place established practices that ensure compliance with this Code.

By following the Code, all sectors related to the grain industry, governments, researchers and consumers will gain confidence that processes exist in Australia to successfully produce, store and supply grain that meets the expectations of the entire grain supply chain.

The Australian Grain Industry Code of Practice

- Details best practice used across the Australian grain industry
- Details in one document the:
 - Quality systems embedded in the Australian grain supply chain
 - Ensures customers of Australian grain receive a quality product
- Adherence to the Code became mandatory for GTA members from 1 July 2014



GTA MEMBERS ADHERENCE TO THE CODE

The Code became mandatory for GTA Members on 1 July 2014.

IN CONCLUSION

The Australian Grain Industry Code of Practice

- Was developed as a result of a call from GTA members, the broader grains industry and government;
- Is a detailed description of the activities across the Australian grain supply chain that ensures the Australian grain industry delivers a quality product.
- Enables end users, domestic and export, to buy with confidence understanding the quality systems in behind the Australian industry; and
- Will encourage all industry participants to continually improve their processes.

Resulting in a more profitable grain industry for all participants who have invested, time, hard work and financial resources.

FURTHER INFORMATION

The Australian Grain Industry Code of Practice for Management of Grain and Technical Guideline Documents are available for download from the GTA website

<http://www.graintrade.org.au/grain-industry-codes>

The grain industry is committed to self-regulation. This Code assists that purpose by providing a process that is transparent and which outlines minimum requirements of all involved in the Australian grain supply chain.

The Code of Practice has been developed to provide further guidance to industry and confidence to customers that the grain industry is committed to meeting its obligations of providing grain according to industry-recommended criteria as defined in this Code and according to those mandatory regulatory requirements.

SCOPE OF THE CODE

This Code is intended to cover all participants of the Australian grain industry.

It has been developed to be applicable to all grain and grain products and applies to all stages along the supply chain.

The Code has been designed to promote the use of best management practice by industry participants. This means:

- Mandatory compliance with all regulations as required by law; and

- Recommended compliance with accepted industry practices as documented in the Code.

QUALITY ASSURANCE SYSTEMS

Industry recognises the value of formal Quality Assurance systems. While these have been implemented by some sectors of the industry, their widespread adoption has not occurred.

Adherence

Implementation of this Code may assist adoption of Quality Assurance systems at all stages of the supply chain.

TECHNICAL GUIDELINE DOCUMENTS

As this Code is further developed and reviewed over time, GTA will develop:

- Technical Guideline Documents providing detailed information to industry on specific activities. These will assist implementation of activities as outlined in this Code;
- Generic forms outlining data to be collected for various activities, to support those Technical Guideline Documents.

FACT SHEET

Series No. 001

Date of Issue: 18/07/2014



GTA Overview

About Grain Trade Australia

Grain Trade Australia (GTA) is the focal point for the commercial grains industry within Australia and acts to ensure there is an efficient, equitable and open trading environment given the prevailing industry structure in place.

- GTA is non-political
- GTA is industry driven and managed

The primary focus for GTA is to provide the commercial rules and grain trading standards that are used across the entire Australian grain industry.

BACKGROUND

GTA was formed in 1991 to standardise grain trading standards, trade rules and grain contracts across the Australian grain industry to enable efficient facilitation of trade across the grain supply chain.

GTA's has over 260 organisations as members ranging from regional family businesses to large national and international trading/storage and handling companies.

The vast majority of:

- Grain contracts executed in Australia refer to GTA grain trading standards and/or trade rules; and
- Grain storage and freight movements are made by GTA members.

Grain Trade Australia Ltd changed its name in 2009, to better reflect the position of the organisation within the industry.

GTA CORE FUNCTIONS

GTA's role is to ensure the efficient facilitation of commercial activities across the grain supply chain. It achieves this by providing the industry with some key tools.

GTA Grain Trading Standards

GTA develops and publishes the wheat

and coarse grain trading standards for the industry and distributes the standards for oilseeds (developed by Australian Oilseeds Federation), pulses (developed by Pulse Australia) and birdseed as developed by the Queensland Agricultural Merchants.

These standards are the basis of trade for domestic and export contracts.

GTA Contracts

GTA has developed the following contracts for use within the Australian grain trade.

Contract No. 1 for Grain and Oilseeds In Bulk FOB Terms – Contract for export shipments in bulk.

Contract No. 2 for Grain and Oilseeds In Bulk Delivered Price Basing Point or Port Terms (Basis Track) – this contract enables export traders and large domestic end users to aggregate large tonnages from merchants.

Contract No. 3 for Grain/Oilseeds /Birdseeds/Pulses etc. – this contract, was specifically developed for trade between producers and grain merchants.

Contract No. 4 – for Grain/Oilseeds/ Birdseeds and Pulses in containers Delivered Container Terminal (DCT)



contract for shipments with delivery to the container terminal.

Contract No. 5 CFR/CIF Contract for Grain in Containers - contract for export shipments in containers.

Bulk Freight Contract for the road transportation of grain.

Storage & Handling Agreement a generic contract to be adopted as required.

Voyage Charter – AusGrain 2013 designed specifically for Australian grain exports.

GTA Trade Rules

GTA Trade Rules underpin the GTA contracts and are the basis of trade for other specialty grain contracts.

GTA Dispute Resolution Service

GTA conducts an Arbitration service to deal with commercial contract disputes. The three methods available to resolve a dispute are:

- Expert determination,
- Fast Track Arbitration; and
- Full Arbitration.

The service is open to all participants of the grain trade, not just GTA members.

Legal authority of GTA Contracts & Trade Rules

GTA Contracts and Trade Rules are backed by the Australian legal framework and have been challenged at the following jurisdictions:

- Small Claims Tribunals
- County Court
- State Supreme Courts
- Federal Court of Australia

RELATED FUNCTIONS

GTA related functions support its core functions and other aspects of its members' businesses.

INDUSTRY CODES

Australian Grain Industry Code of Practice

Developed by GTA on behalf of the industry, the Code of Practice details all the quality processes that the industry uses to ensure Australian grain meets domestic or export end user requirements.

As a demonstration of the industry's desire for continual improvement and self-regulation, adherence to the Code is mandatory for GTA Members.

Grain Transport Code of Practice

The Grain Transport Code of Practice has been developed as an important tool to assist participants transport grain to their designated markets quickly, safely and within the relevant laws.

ADVOCACY

GTA is non-political, however, issues arise from time to time where there is common agreement amongst members and GTA represents their interests. GTA is a member of a number of key organisations.

International Grain Trade Coalition (IGTC)

Members are drawn from the major grain importing and exporting countries.

The IGTC represents their interests at world trade forums such as the UNEP Convention on Biological Diversity, better known as the Cartagena Protocol.

Australian Department of Agriculture Grains & Plant Products Export Industry Consultative Committee

Agricultural Biotechnology Council of Australia

Established to ensure that the Australian public policy and regulatory environment for agricultural biotechnology is guided by scientifically credible and factually-correct information.

Department of Foreign Affairs and Trade

Issues such as the Cartagena Protocol on Biosafety

National Grains Research, Development & Extension Strategy

Aims to develop a profitable, competitive and sustainable grains industry with spill-over benefits to the broader agricultural sector, the food processing industry and the Australian community.

PROFESSIONAL DEVELOPMENT

GTA conducts a vigorous professional development program across Australia. Each year GTA trains in excess of 300 grain industry personnel.

Workshops / Courses

Conducted annually in each State on a range of topics including Trade Rules & Contracts, Understanding Grain Markets, Grain Merchandising, Standards, Export Contracts and Documentation and Grain Accounting.

GTA has developed a **Diploma in Grain Management** which is the first formal qualification in the grain industry in Australia.

The Diploma caters for new entrants into the industry along with recognised prior learning for established industry participants.

OPERATING STRUCTURE

GTA derives its revenue from membership fees and the provision of services to the grain industry.

Staff

GTA operates with four full time staff members including a Chief Executive Officer, Operations Manager, Office Manager and Member Services Coordinator to ensure a timely response to the activities of GTA and member needs.

Board of Directors

GTA's Board of Directors is responsible for the strategic direction of GTA and the adherence to ongoing compliance and statutory legislative obligations. The Board



Communications

Website GTA's website has been developed to be the online reference library for all issues associated with the trading of grain in Australia.

Member Updates are emailed to members on an "as required" basis and cover pertinent technical and contract issues

NewsInGrain is the GTA newsletter with 3 editions produced annually and can be downloaded from the website.

GRAIN Matters is a monthly e-news bulletin emailed to members and industry participants. You can subscribe to this from the homepage of the website.

GTA Fact Sheets cover a range of topics including contracts, Trade Rules, Trading Standards and other GTA activities.

Social Media GTA actively uses Twitter and LinkedIn to engage with members and the broader industry.



Industry conferences

Australian Grains Industry Conference (AGIC)

GTA is one of the host organisations of AGIC which is held in July each year and is recognised as the pre-eminent grain industry conference attracting 900 participants each year.

AGIC Singapore commenced in 2014 and is tailored to end users in Asia

Key points

Vision

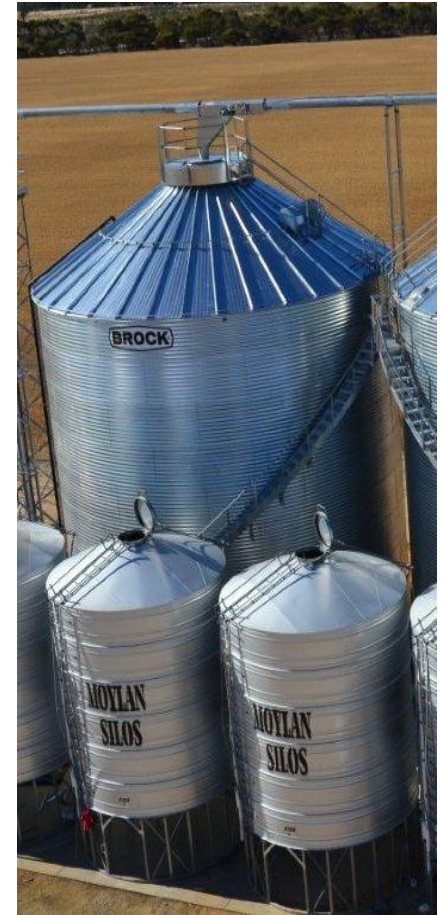
- An efficient, equitable and open commercial grain industry in Australia

Mission

- To facilitate trade by providing products, services and advocacy for the Australian grain value chain

Structure

- GTA is non-political
- GTA is member driven and managed



is composed of individuals from the membership classes as well as Directors with Special Qualifications. Board members reflect all sectors of the Australian grain trade and a geographical spread of production and trade.

Technical Committees

GTA's Technical Committees include:

Commerce Committee - responsible for development and ongoing review of GTA Trade Rules, contracts, Location Differentials (LDs) and the GTA Dispute Resolution Rules and process.

Standards Committee – responsible for development of wheat and coarse grain trading standards, reference methods and other quality related issues effecting GTA members

Transport, Storage & Ports Committee - tasked with advising the GTA Board and industry on issues related to the logistics of grain movement.

Trade and Market Access – monitor and liaise with industry on issues relating to local and international grain environment

and policies and develop appropriate responses for the Australian grain industry

GM Grain Industry Consultative Committee – uphold and consult with industry on matters included in the GTA GM policy, and in line with the needs of our members.

Process to review GTA resources

GTA resources are used across the entire Australian grain industry therefore the review of any of the resources must be transparent and inclusive of all sections of the supply chain.

The GTA Technical Committees welcome submissions at any time and all resources under review will be circulated to GTA members and industry for comment prior to adoption or amendment. Unless otherwise marked, submissions to GTA on key issues will be posted on the website.

The Committees will give equal weighting to any submission, irrespective of it has come from a member or non-member, as all parties must be satisfied that the document reflects the commercial grain

trading environment. This approach ensures “facilitation of trade” across the grain supply chain.

Making it Easier

Standardising grain quality specifications, controls and trade rules enables smooth facilitation of trade, backed by a rigorous and cost effective Dispute Resolution Process

Available to All

GTA membership is open to any individual, company or organisation actively involved in the grain industry or the supply of services to the grain industry.

Informing Industry

GTA provides information to enable industry players to stay abreast of the latest trade tools through regular updates, educational programs and representation in domestic and global industry/government circles.

FURTHER INFORMATION

Head to the GTA website to access all of the products referred to above or contact the GTA office.

FACT SHEET

Series No. 005

Date of Issue: 14/07/2014



Location Differentials

Understanding GTA Location Differentials

GTA Location Differentials (LDs) are widely used by the Australian grain industry to price "port based" contracts in particular the *GTA Contract No 2 Grain and Oilseeds in Bulk - Basis Track* commonly known as the "Track Contract".

The majority of grain produced in Australia will, at some stage, be priced and transacted on a "port based" contract, which refers to the GTA LDs. LDs are not freight rates or freight differentials.

WHAT ARE LOCATION DIFFERENTIALS (LDs)?

A Location Differential is the "value" attributed to a specific up-country grain bulk storage and handling facility to an export port terminal facility.

They are produced by the GTA Commerce Committee for the purpose of valuing up-country grain on a 'port basis'.

The up-country grain bulk storage and handling facility must be operated by a GTA Member.

WHY DOESN'T GTA PRODUCE FREIGHT RATES?

The price of freight is market driven and subject to continual change depending on amongst other things:

1. Tonnage to be moved versus the available freight capacity. In big crop years freight capacity could be in deficit, the market driven response – freight will be higher. The converse will also apply.
2. How far forward did you book the freight? Generally speaking, the further forward a booking is made the greater the discount to a spot price. Freight providers, like airline companies, like to get forward bookings as an indication of future cash flow. This is not always the

case and for various reasons you may see an inverse in the freight market, in the same way that future grain prices could be higher than current values.

3. How much tonnage is being booked? An organisation moving 100,000 tonnes against an agreed, disciplined freight program will get their freight at a better rate than an organisation moving 1,000 tonnes with no freight program.
4. Is the grain being moved on rail or road? If rail, how many stops are required to fill the train, i.e. one stop or multiple stops down the line?
5. Time of year. The freight program is greatest just after harvest as organisations move grain to port.
6. Site efficiency

Any or all of the above can impact on freight rates at any one time.

The freight market is a free market and acts accordingly. There is nothing constant about the freight market except continually changing rates.

CONSIDERATION IN DETERMINING LOCATION DIFFERENTIALS

1. The GTA Commerce Committee is responsible for development and



ongoing review of the values used as the GTA LD's.

2. GTA will not change the current methodology (method of calculation) or the value of the GTA Location Differentials (LDs) for a period of no less than three [3] years (from 2013), subject to any significant changes in the market, which will be determined by the GTA Commerce Committee.
3. GTA will provide industry with 18 months lead time from the publication of any significant changes to the methodology used to calculate the GTA LDs.
4. GTA will provide industry with 18 month warning of any changes to the LDs as a result of Point 3 above.

Key points

- Location Differentials (LD's) are not freight rates
- LD's are produced for the purpose of valuing up-country grain on a 'port basis'
- LD's are produced by the GTA Commerce Committee
- LD's come into effect on 1 October each year. Sites will not be added after 1 October
- The Natural Terminal Port (NTP) for any site, is the port with the lowest LD

DETERMINATION OF NATURAL TERMINAL PORT (NTP)

1. For the determination of the Natural Terminal Port for a site, rail transportation to a port takes precedence over road transportation to that same port.
2. Where a port and tributary up country rail site are connected by rail, the Natural Terminal Port for that site will be the port with the lowest Location Differential.
3. Where an up-country site has only road access, the Natural Terminal Port for that site, will be the port with the lowest Location Differential.

DETERMINATION OF RAIL SITES

A grain storage site is defined as a 'rail site' where grain can be physically loaded to a train for transportation by rail.

Where a site does not meet all the following criteria, it cannot be classified as a 'rail site', and thus shall be classified as a 'road site':

- be capable of receiving a train service via an operational line and/or siding,
- have operational infrastructure capable of loading a train, and

- the owner/operator of the site must provide rail out loading services to the market.

For the avoidance of doubt, the location of a grain storage site adjacent to a rail line does not automatically classify it as a 'rail site'.

SPECIAL NOTES

1. GTA Location Differentials come into effect on 1 October each year.
2. Contracts are written based on the LDs as published as at that date.
3. Sites will not be added after 1 October.
4. LD's are issued to GTA Members only
5. Drafts are published and circulated to GTA Members so you need to review the sites in which you have a commercial interest as a principal, a trader or producer.
6. This is industries opportunity to get it right to ensure Location Differentials are allocated to reflect market requirements.

FURTHER INFORMATION

LDs are available on the GTA website from the Storage and Handling page www.graintrade.org.au/storage_and_handling



It is the markets role, not GTA's, to deal with the difference between the Location Differential (LD) and a freight rate for a particular site.



Coverage of GTA Location Differentials

The GTA Commerce Committee sets the LD's for New South Wales, Queensland and Victoria only.

The trade agrees to use the rates set by Vittera and CBH Group each year for South Australia and Western Australia respectively.