

MemberUpdate

UPDATE 08 of 17 • 12 July 2017

TOPIC: Further Industry Consultation for Technical Guideline Document No.4 – Operating Standards for Pool Providers

DISTRIBUTION: GTA Members – primary contact list. Please circulate to all appropriate internal parties.

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1. Background

The GTA Technical Guideline Document (TGD) No.4 - Operating Standards for Pool Providers is the only GTA TGD that GTA Members **must adhere** to as part of the GTA Australian Grain Industry Code of Practice (COP).

In September 2016, the GTA Commerce Committee resolved to form a Pool Operators Sub-committee (the Sub-Committee) to review the GTA TGD No. 4 - Operating Standards for Pool Providers. The Sub-Committee comprises GTA Members from Pool Operators, Production Sector, Traders and Marketers, Marketing Advisors and Risk Management Consultants and Independent Analysts.

The Sub-Committee has met extensively and developed a revised DRAFT of the GTA TGD No. 4 - Operating Standards for Pool Providers. The Sub-Committee is now seeking further input and consultation from Members on the draft TGD and a new associated Pool Product Disclosure Guide (PPDG) via this Member Update (8 of 17). This follows a previous call for industry submissions in December 2016 via [GTA Member Update 21 of 16](#).

The Sub-Committee has considered many issues in the revised document from the Industry submissions including:

- Definitions of key terms
- Enforceability under the COP
- Accountability and Transparency
- Product information descriptions and disclosures

- Hawking and potential for Misleading Statements
- Estimated Silo Returns (ESRs)
- Publicly available and accessible historical Pool results/data
- Publicly stated closure dates of Pools
- Segregation (“Ring Fencing”) of Funds and Activities from Pool Providers and Pool Managers
- Audit of Pools and Guideline documents
- Inclusion, or not, of GTA Dispute Resolution and Arbitration services into Product Terms and Conditions
- Inclusion, or not, of GTA Trade Rules into Product Terms and Conditions
- Projections and forward looking statements.
- Development of template Pool Product Disclosure Guide

2. Calling for Industry Submission

The terms for the TGD review were around the industry self-regulatory framework and, as such, comments should seek to address that in a practical and efficient manner.

As stated the GTA Pool Providers Sub-committee is seeking to consult further and receive feedback from Members via Industry Submissions on:

1. The revised draft of the [GTA Technical Guideline Document \(TGD\) No. 4 Operating Standards for Pool Providers](#)
2. The draft [Pool Product Disclosure Guide \(PPDG\)](#)

In addition to general or specific comments on the two draft documents, the Sub-Committee is seeking further consultation and feedback on:

- a) Whether, or not, Estimated Pool Returns (EPRs) should be made available or published by Pool Providers while a Pool is open for contracting, and whether the TGD should specifically prohibit the availability or publication of EPR’s while a Pool is open for contracting.
- b) The time period upon which a final audit of a pool must be undertaken (and published) from the final payment of the Pool to Pool Participants.
- c) Whether or not the tonnage delivered into each Pool Product should be included in the Final Audit Report. The purpose of this would be to ascertain the relative significance of particular products and performance.
- d) Whether GTA Dispute Resolution and Arbitration processes be incorporated into the TGD and Pool Terms and Conditions (noting the Sub-Committee supports this)
- e) Whether GTA Trade Rules be incorporated into the TGD and Pool Terms and Conditions. The Sub-Committee requests further guidance from Industry noting that many of the GTA Trade Rules may not be relevant to Pools and that Pool Providers own terms and conditions cater to specific “Trade” related issues around Pools.

Submissions should:

- f) Avoid making further submission on topics or issues if they have already been the subject of submission in Round 1 Consultations.
- g) Indicate or reference whether comments and suggestions within each submission relates to a specific section of the draft TGD and PPDG documents or is additional to the content or requirements of the draft documents

Submissions should be received by COB Friday 21st July, 2017.

Lodge your submissions by emailing submissions@graintrade.org.au and title your email – *Review of TGD No. 4 Operating Standards for Pool Providers – Round 2*

A pro-forma for lodging submissions is located on the GTA website at:

<http://www.graintrade.org.au/committees>

Unless marked “confidential” and appropriate supporting reasons are provided, all submissions will be placed on the GTA website for industry review.

3. Australian Grain Industry Code of Practice (COP)

The [Australian Grain Industry Code of Practice \(COP\)](#), developed by GTA describes the best practices that the grains industry use to ensure Australian grain products, practices and services meet customer requirements, industry best practice and regulatory requirements.

Compliance with the COP is mandatory for all GTA Members. GTA understands all current grain Pool Providers in Australia are members of GTA and consequently must adhere to COP.

The COP has a complaints procedure (section 2.9), which enables Industry participants (pre and post farm-gate sector) to lodge complaints against members where conduct is in breach of the COP or brings the Industry into disrepute. This also means it is within Industry participants’ own interest to make formal complaints where appropriate, which can be done on a confidential basis.

Under section 2.9 of the COP, GTA Members should have in place a procedure for dealing appropriately with any customer complaints which include reference to Australian Standard “Customer Satisfaction – Guidelines for complaints handling in organisations”.

As part of the COP, GTA have developed a series of [Technical Guideline Documents \(TGD\)](#) providing Industry with more detailed information on specific activities.

Generally, TGDs are produced as guidelines only for industry and are not specific requirements of the GTA produced COP however, due to the heightened reputational risk for industry in general and pool operators specifically, **adherence to the TGD NO.4 Operating Standards for Pool Providers is a requirement of the COP, and therefore a mandatory requirement for GTA members.**

The GTA TGD No.4 Operating Standards for Pool Providers is the only GTA TGD that **must adhere** to the GTA Code of Practice (COP).

4. GTA Role with Industry

GTA’s mission statement sets its role to “facilitate” and promote the trade by providing products, services and advocacy for the Australian Grains Industry.

GTA, through its Technical Committees, and products and services (including Trading Standards, Trade Rules and Dispute Resolution services, Contracts, and products including the Code of Practice (COP) and Technical

Guidelines (TGDs) provides Industry with a self-regulatory framework that facilitates and promotes trade and allows Industry to operate its commercial functions more efficiently. GTA's role is NOT to regulate or "umpire" the Industry, but rather it provides Industry the capacity to do this itself, through the GTA Arbitration and Dispute resolution service and the COP (including TGDs). It is noted that with the advantage of self-regulation, comes the responsibility for Industry to perform to best practice and operate in an ethical manner.

An important part of GTA's function is performed by the GTA Technical Committees, comprising experts drawn from Industry. The GTA Technical Committee's assist GTA Management and the GTA Board to formulate policies and procedures, with the provision of Technical advice. Technical Committees operate under a Terms of Reference approved by the GTA Board. Members on the Technical Committees are appointed by the Board for the individual skills and expertise, and are required to work in the interests for GTA and the Industry, rather than their employer or commercial interest in the industry. The Technical Committee can appoint a sub-committee; the sub-committee operate under the auspice of the Technical Committee.

5. Approval Process

Following this round of Member consultation, it is the Sub-Committee's intention to finalise its DRAFT TDG and PPDG documents and to present to the GTA Commerce Committee for their endorsement for final submission to the GTA Board for final and formal approval of the documents.

The current intention is to have the revised TGD approved and released to Members for the 2017/18 Season.