

Member Update

UPDATE 17 of 17 • 03 October 2017

TOPIC: Technical Guideline Document No.4 – Operating Standards for Grain Pool Providers (Revised September 2017)

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

Release of Revised Technical Guidelines for Grain Pool Providers

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1. Executive Summary

The GTA Board have approved for release the revised [GTA Technical Guideline Document \(TGD\) No.4 - Operating Standards for Pool Providers](#).

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).

Included as part of the revised TGD is a new [Pool Product Disclosure Guide \(PPDG\)](#) that Pool Providers will be required to provide as part of offering a Pool Product, which is located at the end of the TGD.

The revised TGD and new Pool Product Disclosure Guide are important parts of the Industry's Self-Regulatory Framework, underpinned by GTA products and services including the GTA Australian Grain Industry Code of Practice (COP).

2. Background

The GTA Technical Guideline Document (TGD) No.4 - Operating Standards for Pool Providers has been reviewed and revised by a sub-Committee commissioned by the GTA Commerce Committee. The Sub-Committee comprised GTA Members from Pool Operators, Production Sector, Traders and Marketers, Marketing Advisors and Risk Management Consultants and Independent Analysts.

There has been extensive consultation with Industry and GTA Members via [Member Update 21 of 16](#), and [Member Update 8 of 17](#).

The Sub-Committee and [Industry Submissions](#) focused on improving the Transparency, Disclosure, Descriptions, comparability and auditing of final pool returns. This included particular focus on several key areas including:

- a) **Definitions** – To ensure a level of consistency in definitions and terminology used for pool products. Examples of this include terms such as Ring Fencing, Underwriting
- b) **Pool Returns** – To ensure Pool Returns are quoted on a comparable basis (track or FIS) to allow pool participants to readily compare pool productions. The Committee also focussed on costs and management fees to ensure a level of transparency and to ensure there was clarity around costs and their inclusion in the quoting of Pool Returns
- c) **Pool Provider Responsibilities** – Were broadened from the previous version, and to make clear that Pool Providers have a fiduciary duty to Pool Participants.
- d) **Comparisons and Disclosures** – Having a clearer and consistent basis for comparing Pool products from a price return perspective, but also in terms of other features such as Ring Fencing, related parties and Pool Managers. To assist in this regard, the Committee developed a template Pool Product Disclosure Guide (PPDG) that Pool Providers will be required to complete and make publicly available under the TGD.
- e) **Audit** – The Committee also focussed on Auditing of final pool returns from both a financial sense and also qualitative sense in terms of adhering to the TGD.

The revised TGD includes a requirement for Providers to include access to [GTA's Arbitration and Dispute Resolution](#) processes as part of a Pool Product's terms and conditions.

3. Implementation

The revised TGD will come into effect for GTA Members from **1st November 2017**.

The implementation date from which Pool Providers will be required to have available the new Pool Product Disclosure Guide is the **1st of December 2017**. Members are encouraged to have the PPDG available prior to this date wherever possible.

Any Members who think they will not be able to meet the above implementation dates are encouraged to contact GTA.

4. Review

It is the expectation that the TGD should be reviewed after a one season to review and evaluate its implementation. The sub-committee noted in particular further review of the issues around auditing may require consideration in the future.

5. Document Availability

The TGD and PPDG documents are available on the GTA website under the Technical Guideline Documents page as follows:

1. [GTA Technical Guideline Document \(TGD\) No. 4 Operating Standards for Pool Providers](#)
2. [Pool Product Disclosure Guide \(PPDG\)](#) (Word Version also available for members)

6. 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.**

END.