

28 July 2017

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## **Further Industry Consultation for Technical Guideline Document No.4 - Operating Standards for Pool Providers**

WAFarmers welcomes the opportunity to provide comments to the Draft GTA Technical Guideline Document (TGD) No. 4 - Operating Standards for Pool Providers.

WAFarmers endorses the Grain Producers Australia submission, with specific reference to the following:

- Recommendation 3 - GTA should set a standardised format for the quoting of EPR;
- Recommendation 4 - the organisation's compliance with their PDS should form part of the final pool audit and the results published;
- Recommendation 5 - GPA support stronger action by GTA to annually review and analyse pool provider performance against their PDS;
- Recommendation 7 - pool operators must have appropriate systems, processes, and governance in place to operate pool

WAFarmers understands that the terms for the review are around developing an industry self-regulatory framework. While the changes to the TGD address some issues, it does not change key issues with how pools operate in Australia.

The biggest issue is the estimated pool return values, and the issues that arise when actual pool returns do not meet estimates. WAFarmers proposes that pool providers must disclose the past performance of the pools, specifically what the estimated pool return was, and the final pool return. It will allow pool participants to review what pool providers are reaching estimates.

### **Technical Guideline Document No.4 - Operating Standards for Pool Providers**

WAFarmers welcomes the use of the TGD as implementing a minimum operating requirement for pool operators.

Regarding clauses 2.10 and 2.11 of the TGD, ring fencing of assets and activities, is an essential component of pool management, as it provides pool participants with a basic level of reassurance that growers' equity will be held separately to the pool providers equity. It will allow for greater transparency of the assets the pool has, and assets the pool provider has.

Clarification of the Estimated Pool Return (EPR), Guaranteed Pool Return (GPR) and other similar terms was important, however it does not address the issues pool participants have with how pool providers use the terms.

### **Additional comments**

On the below stated additional questions, WAFarmers offers the following comments.

- a) Whether or not EPR's 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.

Estimated pool returns are used as an indicator of the performance of the pool provider; however pool participants are increasingly wary of providers overstating the EPR to attract grain to their pool. EPR's can still be used, if it is accompanied by previous year's performance information, as well as tonnage information, and the number of pools operated by the provider during a similar period.

- 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.

WAFarmers does not have a position on this, however would consider a reasonable timeframe between payments and audited information being released. WAFarmers considers it important that a final audited report be provided to all pool participants, once finalised.

- 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.

Declaration of pool tonnages would be important, as it gives further transparency to the pool participants. It should also include declaration of the number of pools or other products offered in the market.

- d) Whether GTA Dispute Resolution and Arbitration processes be incorporated into the TGD and Pool Terms and Conditions (noting the Sub-Committee supports this).

WAFarmers considers that dispute resolution measures should be included in the TGD and pool T&C's. However any dispute resolution processes need to ensure that alternative resolution options are still available for pool providers and participants, should the need arise.

- e) Whether GTA Trade Rules be incorporated into the TGD and Pool Terms and Conditions. The SubCommittee 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.

WAFarmers does not have any comments on this issue.

WAFarmers thanks GTA for the opportunity to provide comments, and looks forward to the finalised technical guideline document being released. If you have any queries, please do not hesitate to contact myself or WAFarmers Grains Executive Officer Maddison McNeil on (08) 9486 2100, 0491 226 659 or [maddisonmcneil@wafarmers.org.au](mailto:maddisonmcneil@wafarmers.org.au).

Yours sincerely,



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