

## Member Update

**Title:** Amendments to the Track Contract

**Update No.:** 17 of 10

**Date of Issue:** 29 July 2010

### Definitions

- **Track Contract** refers to the "GTA Contract No 2 Grain and Oilseeds in Bulk (Basis Track) June 2008"
- **BHC** refers to Bulk Handling Company

The GTA Board, following a recommendation from the Commerce Committee has approved amendments to the Track Contract.

This Member Update must be read in conjunction with *Member Update 16 of 10 – Registered Bulk Handling Company process to cease*.

### 1 Change to Clause 8.2

Clause 8.2 has been amended to read as follows and as per the attached copy of the Track Contract:

- 8.2 The delivery location shall be at Sellers' option at any up-country location of a Bulk Handling Company referred to in Clause 5.1, excluding the price basing point(s) or port location(s), with rail or road at seller's option. Parties may agree rail only or road only if expressly agreed. \_\_\_\_\_ only.

### 2 Background

At the meeting of the Commerce Committee held on 18 March 2010, the Committee was asked by the Transport, Storage & Handling Committee to provide clarity on certain aspects of the Track Contract. One of the requests was to define "direct access to rail" which is referred to in Clause 8.2 of the Track Contract.

### 3 Briefing paper and recommendation

Lloyd George provided a briefing paper which included the following commentary and recommendation which was subsequently approved.

*"Defining 'access to rail' will be difficult and problematic for GTA. There are no existing definitions by other industry / government bodies. Also it will mean different things to different participants (BHC, exporter, domestic user). The market seems to be handling this at the moment by specifying at the time of writing the contract. GTA should pursue a market based approach such as altering the default position of the contracts.*

*It is recommended that the reference to 'direct access to rail' is omitted from the Track Contract and replaced with 'road or rail at seller's option'. This would need an appropriate lead time to implement."*

### 4 Consideration

The new wording requires parties to expressly insert their preference, i.e. rail or road. This is a change to process not in the current wording which has rail as the default position. **This issue must be agreed by parties as part of contract negotiations.**

### 5 Effective date

The usual practice is for amendments to become effective 30 days from notice, therefore this amendment will be effective from 1 September 2010, though this date can be varied by mutual agreement of the parties.