

MemberUpdate

UPDATE 3 of 16 • 18 March 2016

TOPIC: Review GTA Contract No.3 – Contract Confirmation

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

1. Background

The GTA Commerce Committee is responsible for the development and ongoing review of the commercial instruments used by the grain trade including contracts, Trade Rules and Location Differentials (LD's).

In response to recent submissions highlighting concerns with the fit and purpose of the *GTA Contract No.3 – Contract Confirmation*, the Commerce Committee has commenced a review and is now calling for submissions from industry.

The current No.3 Contract can be found on the GTA website via <http://www.graintrade.org.au/contracts>

2. Issues Raised

Submissions regarding the *GTA Contract No.3 – Contract Confirmation* have been received from the NSW Farmers Association and Victorian Farmers Federation.

Collectively the submissions raise concerns with the following contract terms and clauses:

Default payment terms: The current default payment term is 30 days end of week. Submissions request that the default payment terms be shortened 7 days end of week

Recipient Created Tax Invoices (RCTI's): RCTI's are currently not a default requirement of *GTA Contract No 3* and there are concerns that some buyers are not issuing RCTI's to growers.

Adequacy of the clauses relating to Personal Property Securities Act (PPSI) and;

Retention of Title

Concerns have also been raised about the non-uniform adoption of *GTA Contract No. 3* across the grain industry, in particular in accumulation from the production sector and the desire to have a standardised "Grower Contract" developed. The Commerce Committee seek submissions outlining potential limitations, obstacles or other reasons why the trade do not uniformly adopt *GTA Contract No.3* and feedback on the need for a separate "Grower Contract".

3. Submissions

The Commerce Committee are now calling for submissions from industry on these issues identified above or any other issues relating to *GTA Contract No.3*

Submissions are due by COB **Friday 8 April 2016** via submissions@graintrade.org.au