

# MemberUpdate

UPDATE 06 of 16 • 15 April 2016

**TOPIC: GTA Location Differentials 2016/17 – Round 2 Nominations and Submissions**

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

## 1. Background

The GTA Commerce Committee called for nominations and submissions for the GTA Location Differentials for the 2016/17 season on 29 February 2016 via Member Update 1 of 16. A total of 4 submissions were received.

The Commerce Committee has since met and outcomes from discussion of those submissions can be found below. Further, they are calling for further nominations or submissions on the listed issues. The current GTA Location Differentials can be found via [http://www.graintrade.org.au/location\\_differential\\_tables](http://www.graintrade.org.au/location_differential_tables)

## 2. Feedback or Action requested on Round 1 Submissions

### A. RAIL LISTINGS

Submissions were received in Round 1 regarding the definition and listing of sites as "Rail Sites" in the GTA LDs. As per the GTA Policy for the Development of Location Differentials, a Rail site is determined as being:

- a. *A grain storage site is defined as a 'rail site' where grain can be physically loaded to a train for transportation by rail. Where a site does not meet all the following criteria, it cannot be classified as a 'rail site', and thus shall be classified as a 'road site';*
- b. *be capable of receiving a train service via an operational line and/or siding,*
- c. *have operational infrastructure capable of loading a train for the duration of the season, and*
- d. *the owner/operator of the site must provide rail out loading services to the market for the duration of the season.*
- e. *For the avoidance of doubt, the location of a grain storage site adjacent to a rail line does not automatically classify it as a 'rail site'.*

**Season** - 1 October – 30 September of the following year

**ACTION: The Commerce Committee request all site operators check their sites listed as having rail capacity against this definition and provide submissions for amendment if they do not meet this definition.**

### B. GRAINCORP – LOCKHART, NSW

The Committee have approved the amendment of the GrainCorp site at Lockhart, NSW to ROAD or RAIL

### C. BUNGE – KUKERIN & ARTHUR RIVER, WA

Bunge have requested LD's for their Kukerin and Arthur River sites to their Port at Bunbury Port and to the CBH Ports at Albany, Esperance, Kwinana and MGC.

To determine these LD's – Bunge have proposed the following:

*The current GTA process for WA and SA (ie export orientated states) allows for the Port Terminal owners/managers (ie Viterra and CBH) to submit LDs from their respective ports to upcountry storage*

sites. GTA then validate and publish those rates as the LDs. We note this is a different approach to that taken on the East Coast, where LDs are calculated based on a rate per km.

In the case of SA, where non-Viterra sites operate with LDs to the same (Viterra) ports, then LDs are set by GTA on a pro-rata rate per Km based on the Viterra LDs to respective Viterra Sites. However, the point to note, is that the LDs are being set to the SAME terminal port.

Therefore, given the Bunbury Terminal is a new (and non-CBH), we respectfully request that GTA maintain consistency and follow the same process that it follows in SA and WA.

In terms of the Bunge Kukerin and Arthur River Sites, this would mean respective LDs would be set around the following process:

- Bunge to submit the LD for Arthur River and Kukerin to Bunbury Port (NTP). This is same as CBH who submit the rates for upcountry sites to CBH Ports for GTA consideration.
- Arthur River - Given it is not a current CBH site, the implicit c/km rate that is derived from Bunge Bunbury LD then be used to calculate the LDs from Arthur River to ALB, KWI and MGC.
- Kukerin - Take the same LDs as per CBH Kukerin to ALB, KWI and MGC (which is inline with current GTA policy and practice of sites being within same postcode get the same LD to a particular port).

In our view, this process is consistent with the reality of how LDs are set in SA and WA.

The alternative approach used to set LDs, being the process used on the East Coast, where LDs are set by GTA at a rate per km. Bunge submits, in our view this is less preferable in the case of WA, as it is inconsistent with the process taken for existing WA storage sites, and means that in effect a Port Operator establishes the LD's for storage sites to a competitor's port. However, if GTA were to proceed on this basis, Bunge would submit that in order to ensure a consistent and balanced approach, GTA should calculate all LDs in WA (& SA) on a rate per km, and not take, in practice, the rates provided by CBH and Viterra respectively. We appreciate this is may a dramatic change, and a consequence of which may be angst broader Trade, however such an approach would be a more consistent and balanced that would minimise any bias in LDs.

**The GTA Commerce Committee is calling for further submissions and feedback on any of the items outlined above.**

### **3. Nominations - New Site Location Differential Allocations or Removal**

The GTA Commerce Committee make a final call for nominations for any new grain storage facilities wishing to receive a GTA Location Differential value for the 2016/17 season LD's. See application form attached. Likewise, nominations for the removal or amendments to LD's from the schedule for the coming season are invited.

**\*\* NB: LD Nominations/Amendments for the 2016/17 season will not be accepted past 10 May 2016**

### **4. Submissions - Issues with current Location Differentials**

The GTA Commerce Committee is also calling for GTA Members to submit any other issues in relation to the current GTA Track Trade Location Differentials.

### **5. Special Notes**

- Sites currently listed with a GTA LD do not need to be re-nominated to be listed in the coming 2016/17 season. GTA will assume these sites remain as listed.
- Only GTA Members are reserved the right to nominate their sites for LD's
- All sites large or small, rail or road, are eligible for a GTA LD
- Sites must also formally nominate to be withdrawn from the GTA LD schedule

### **6 Submissions and Site Nominations**

All industry feedback on the above issues must be received by **Tuesday 10 May 2016** and be forwarded to [submissions@graintrade.org.au](mailto:submissions@graintrade.org.au). Site nominations must be received using the pro-forma as can be found attached.

All other submissions are to be presented on the GTA Technical Committee Submission Form [http://www.graintrade.org.au/sites/default/files/file/Form%20-%20Submission%20to%20a%20GTA%20Technical%20Committee\\_04Dec13.pdf](http://www.graintrade.org.au/sites/default/files/file/Form%20-%20Submission%20to%20a%20GTA%20Technical%20Committee_04Dec13.pdf)

### **GTA Location Differential Site Nomination Form**

**Proposal from:**

*your name and Company*

**Member name:**

*name of the member organisation*

**Contact details:**

*address/your telephone/mobile/email details*

**Date submitted:**

*date sent, via email, to GTA at [admin@graintrade.org.au](mailto:admin@graintrade.org.au)*

**Name of Site:**

**Is the site accessible by:**

**Site address:**

*Include post code and state*

**Description of Location:**

*Eg 8 km south of town on sale yard rd*

**Does the site currently have a LD under another company name:**

**Yes**

**No**

**Company**

**Site NTP:**

*Natural Terminal Port, Closest port in kilometres according to Google Maps*

**List the Ports you wish to nominate your site against for an LD:**

*Eg. Geelong, Melbourne, Newcastle and Fishermans Island*