

# MemberUpdate

UPDATE 19 of 20 • 1<sup>st</sup> September 2020

**TOPIC: 2020/21 Location Differentials for QLD, NSW & VIC**

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

## 1. Issue

The GTA Board has approved for release the 2020/21 GTA Location Differential (LDs) for QLD, NSW & VIC as recommended by the GTA Commerce Committee.

These are now available on the [website](#) and will take effect from **1 October 2020**.

## 2. Background

GTA publishes the LDs for the storage locations of our members in Qld, NSW, Vic, SA and WA annually to enable participants using the GTA Contract No. 2 Grain and Oilseeds in Bulk – Basis Track to price grain at up-country sites. Each year GTA consults with members and the wider grain industry to address potential changes.

This year GTA circulated [Member Update 3 of 20](#) on 17<sup>th</sup> March 2020 calling for first round (Round 1) submissions and [Member Update 10 of 20](#) on 5<sup>th</sup> May 2020 called for further/final amendments (Round 2) by 22<sup>th</sup> May 2020.

The GTA Commerce Committee subsequently reviewed all 2020/21 LD submissions at their meeting on 3<sup>rd</sup> June 2020 and further submissions on the 4<sup>th</sup> of August 2020 and recommended they be approved for release by the GTA Board. The Board accepted this recommendation at their meeting on 25<sup>th</sup> August 2020. This means east coast LDs are now available for use and take effect from 1 October 2020.

## 3. Location Differentials ARE NOT freight rates

GTA releases Location Differentials each year to enable pricing of the GTA No 2 Contract – *Contract for grain and oilseeds in bulk delivered* price basing point or port terms (Basis Track) commonly referred to as the “Track Contract”.

If they are used for other purposes this should be done with the knowledge that there may be a difference between the GTA Location Differentials and the actual market related cost of freight execution. This “freight price risk” or “freight basis” must be managed by commercial interests.

Members should regularly adjust their port-based pricing according to their analysis of the Location Differentials and the freight market. The GTA Location Differentials are not published to be a substitute for management of freight price risk and the variation between the LD and the actual cost of execution of freight should be managed by the organisation commercially.

For more information refer to the GTA Fact Sheet – [Location Differentials](#)

## 4. Amendments to LDs in QLD, NSW and VIC

The following amendments/additions have been approved for NSW, QLD and VIC LDs:

**a. Queensland**

Site	Site Operator	Comment
Cecil Plains	Qld Cotton	Removed - Lapsed Member
Surat	Surat Bulk Grain	Change to site operator from AWB to Surat Bulk Grain

**b. New South Wales**

Site	Site Operator	Comment
Ardlethan	Grain Link	LD removed as Grain Link has not operated this site for several years. The site is now owned and operated by Emerald Grain
Berrigan	McNaught Grain & Fert	Removed - Lapsed Member
Bellata	AWB	LD removed due to ownership change. New owner has not applied for a Location Differential
Blighty	Fellows	Removed - Lapsed Member
Bomen	Murrumbidgee Grain	Removed - Lapsed Member
Caroona	AMPS	Removed - Lapsed Member
Gilgandra	GrainCorp	Ownership change. Site ownership has been changed from AWB to GrainCorp
Marrar	GrainCorp	New site, Road and Rail
Premier	AMPS	Removed - Lapsed Member
Stockinbingal	AWB	LD removed due to ownership change. New owner has not applied for a Location Differential.
Tabbita	Northern Riverina Grain	Removed - Lapsed Member
Tabbita	Roty Grain Store	Removed - Lapsed Member
Warmatta	McNaught Grain & Fert	Removed - Lapsed Member
Waverley	AMPS	Removed - Lapsed Member

### c. Victoria

Site	Site Operator	Comment
Edenhope	Riordan Grain	Ownership change of previously listed site. Site ownership changed from Emerald Grain to Riordan Grain
Marnoo	Southern Ark Storage	Ownership change. Listing no longer required.
Numurkah Sutcliffe	GrainCorp	New site, Road only

### 5. Location Differentials & Amendments for SA and WA

GTA set the LDs on behalf of industry for GTA Member sites only and only when requested by a GTA Member. GTA LDs are generated for QLD, NSW and VIC whilst the trade has agreed to use Vitterra and CBH Group published **freight rates** for South Australia and Western Australia each year, subject to approval by the GTA Commerce Committee.

GTA does provide LDs on request for site operators other than Vitterra and CBH in those states.

**Please note; until such time as the South Australia and Western Australia LDs are approved by the GTA Board, the current 2019/20 LDs remain in place.**

#### a) SA

The bulk of the GTA Location Differentials in South Australia are derived from the Vitterra Export Select Rates provided to GTA.

Vitterra Export Select Rates for all their SA sites **have not** been made available to GTA for 2020/21. They will be available on the GTA website once they have been approved by the GTA Board, after having been provided to and reviewed by the GTA Commerce Committee.

For SA sites linked to a Vitterra port where the site is not owned by Vitterra, the Committee agreed in 2010, to adopt a methodology that is based on the net tonnes per km rate for nearby Vitterra sites adjusted for road distance (referred by Google Maps) to port and apply that rate.

T-Ports provide a proposed LD for its Lock storage site to the Commerce Committee for review and endorsement.

SA sites with a port destination in an adjacent state use the same methodology employed in the destination state e.g. Victoria.

#### b) WA

GTA anticipates CBH Group and Bunge will provide their 2020/21 rates in October. These will be posted on the GTA website and members will be notified at that time following GTA Commerce Committee and GTA Board approval.

### 6. Effective Date

The GTA 2020/21 Location Differentials are effective from **1 October 2020**.

### 7. Excel Format

*The GTA 2020/21 Location Differentials are available for GTA Members in excel format.*

*Please send your request for these to [admin@graintrade.org.au](mailto:admin@graintrade.org.au) and include "Excel Location Differentials Required" in the subject field.*

### 8. Further Information

For further information about the GTA Location Differentials please refer to GTA Fact Sheet - Understanding Location Differentials [http://www.graintrade.org.au/fact\\_sheets](http://www.graintrade.org.au/fact_sheets)