

MemberUpdate

UPDATE 28 of 19 • 5 September 2019

TOPIC: 2019/20 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 GTA Location Differential (LDs) for the 2019/20 season as recommended by the GTA Commerce Committee.

These are now available on the [website](#) and will take effect from **1 October 2019**.

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 7 of 19](#) on 14th March 2019 calling for first round (Round 1) submissions and [Member Update 12 of 19](#) on 9th May 2019 called for further/final amendments (Round 2) by 24th May 2019.

The GTA Commerce Committee subsequently reviewed all 2019/20 LD submissions at their meeting on 6th June 2019 and recommended they be approved for release by the GTA Board. The Board accepted this recommendation at their meeting on 25th June 2019. This means east coast LDs are now available for use and take effect from 1 October 2019.

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 adjust their port-based pricing according to their analysis of the Location Differentials. 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

- No Change from 2018/19 LDs

b. New South Wales

Calleen	GNC	LD variation from \$45.50 to \$43.50. This change was to re-establish relativity with surrounding sites.
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c. Victoria

Carpolac	GNC	LD variation from \$29.50 to \$25.00. This change was to re-establish relativity with surrounding sites.
Minyip	WimPak	New site. Road Only.
Natimuk	GNC	LD variation from \$25.25 to \$23.50. This change was to re-establish relativity with surrounding sites.

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 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 2018/19 LDs remain in place.

SA

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 are yet to be provided to GTA. They will be available on the GTA website once they have been approved by the GTA Board, having been provided to and reviewed by the GTA Commerce Committee.

For SA sites where a 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.

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

WA

GTA anticipates CBH Group and Bunge will provide their 2019/20 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 2019/20 Location Differentials are effective from **1 October 2019**.

7. Excel Format

The GTA 2019/20 Location Differentials are available for GTA Members in excel format.

Please send your request for these to 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