

**IN THE MATTER OF THE COMMERCIAL ARBITRATION ACT 2010 (NSW) AND
IN THE MATTER OF AN ARBITRATION
UNDER THE RULES OF GRAIN TRADE AUSTRALIA LTD**

GTA Arbitration No. 398

[REDACTED]
Claimant

-AND-

[REDACTED]
Respondent

Second Partial and Final Award

A. Introduction

1. This is a Second Partial, and Final Award in an arbitration conducted pursuant to the Dispute Resolution Rules (**DR Rules**) of Grain Trade Australia Ltd (**GTA**).
2. We published our First Partial Award on Liability on 24th September 2025 (**First Award**) in which we concluded that the Respondent was in breach of contract and invited the parties to make additional submissions on quantum.

The Parties have exchanged, and we have reviewed and considered the following further submissions:

- (i) Claimant's Additional Submissions received 30th September 2025 with 4 annexures.
- (ii) Respondent's Additional Submissions in reply received 15th October 2025.
- (iii) The Claimant's Additional Submission in reply received 20th October 2025.

B. Conclusion on Quantum

3. The Claimant's position on quantum can be summarised as follows.
4. As we observed in our First Award, the Claimant Buyer in this arbitration was also the Seller of the lentils to [REDACTED] Pty Ltd ([REDACTED] ultimately for delivery through a series of sub-sales to a buyer in [REDACTED] ([REDACTED] Buyer) being the ultimate destination of the cargo.
5. When following delivery in [REDACTED] the quality issues became apparent, the [REDACTED] Buyer, who could have rejected the consignment entirely, offered to accept the lentils, if assessed as No.2 quality, at a discount of US\$200 tonne. This proposal was conveyed to the Respondent Seller contemporaneously.

6. This, according to the Claimant Buyer, was a reasonable offer and mitigated the risk of rejection of the consignment entirely in which case the losses could have been far worse. It was also reasonable, according to the Claimant Buyer, in circumstances where 100 tonnes of lentils went to waste during cleaning.
7. While the discount reflects to some extent the price differential between No.1 and No.2 lentils, it also takes into account other contingencies associated with a potentially stranded and distressed cargo.
8. This addresses the Respondent's principal submission, that US\$200 does not reflect the difference in market price between No.1 and No. 2 lentils.
9. While that submission may be accurate, as the Claimant Buyer observes, the [REDACTED] Buyer did not contract to buy No. 2 lentils and had no obligation to accept them at any price. The Claimant Buyer in this case is in effect claiming an indemnity from the Respondent Seller, for losses incurred by the Claimant Buyer on subsequent contracts by which the cargo was conveyed ultimately to the [REDACTED] Buyer.
10. In all of the circumstances and taking into account the international nature of the transactions and other contingencies, we do not consider that the Claimant Buyer behaved unreasonably in accepting a discount of US\$200 per tonne.

Claim

11. For the reasons given above, we find and assess the Claimant's loss on the Respondent's breach of contract at US\$200 per tonne.
12. We further find and assess that sum in US dollars was appropriately converted to A\$328 as at 9th December 2024 at the exchange rate of 0.64 cents.
13. We find and assess as appropriate the grain discount at $392.30 \times A\$328/\text{mt ex GST} = A\$$ [REDACTED].
14. We further award the Claimant A\$5,000 by way of additional testing costs.
15. And we award the Claimant an indemnity, in respect of arbitration fees paid to GTA.

C. Award

16. For the reasons given above, we **DECLARE** that the Claimant was justified in deducting A\$ [REDACTED] from the balance of the sale price payable to the Respondent.
17. We award the Claimant an indemnity from the Respondent in respect of all fees and costs paid by the Claimant to GTA in respect of this arbitration.

This Second Partial and Final Award is dated at Sydney, the Eleventh day of November 2025

Geoff Farnsworth, Chair

Gerard McMullen

Geoff Farnsworth, on behalf of Adrian Murphy