

# Member Update

UPDATE 23 of 21 • 16 September 2021

**TOPIC: GTA Location Differentials 2021/22 – SA Consultation**

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

## ***Consultation for 2021/22 SA Location Differentials***

### **1. Background**

GTA publishes the LDs for the storage locations of 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.

GTA LDs for QLD, NSW and VIC have been published for 2021/22 season via GTA [Member Update 20 of 21](#) on the 1<sup>st</sup> of September 2021.

The industry has agreed to use Viterra and CBH Group published **freight rates** for South Australia (SA) and Western Australia (WA) each year, subject to approval by the GTA Commerce Committee.

The GTA Commerce Committee has received Viterra information for the SA LDs for the 2021/22 season. The Commerce Committee has decided to provide opportunity for Member Submission on SA LDs as proposed ([link here](#)). Given the late stage of the season the Committee agreed a short submission period of slightly more than one week is appropriate.

Should no submissions be received the Commerce Committee will endorse the proposed SA LDs as attached for approval by the GTA Board.

NB: Data for Location Differentials for WA is still to be provided. Once provided and reviewed by the Commerce Committee, it shall decide if Member Consultation process is warranted.

### **2. Review of Location Differentials & Amendments for SA**

- As per the Board approved Standard Operating Procedure (SOP) for Location Differentials (LDs), LDs for SA are based off the Viterra Export Select Rates. The rates for 2021/22 have been provided to GTA and subsequently to the Commerce Committee for analysis and review.
- In 2020 the Commerce Committee performed a review of the SA LDs and considered if the Viterra Export Select Rates should continue to be the basis of the SA LDs or whether the Committee should consider establishing LDs based on the methodology utilised in Qld, NSW & Vic.
- The review acknowledged:
  - given the dominant export market (and the existing scale of Viterra) it is logical to consider the Viterra freight service Export Select as the base for LDs; and
  - setting up separate LDs would create a mismatch between LDs and execution costs (which is an issue that has been raised as a concern with EC LDs).
- The SA LD review considered new export assets are being added in SA and this may support change in the future. However, it was agreed there is no ground swell of support to change in the near term and it was agreed to continue with the existing methodology of setting the SA LDs.
- For non-Viterra sites, (where its main port is a Viterra port) that are linked to the agreed methodology (per SOP) “In SA where a site is not owned by Viterra, the LD shall be calculated using the road distance to port of the particular site based on Google Maps based on the rate/t per km rate for adjacent Viterra sites adjusted for distance.”
- GTA has consulted with site owners to confirm recommended LDs for the respective sites.
- Where a site exists in a town with a Viterra site, all sites in that town will be allocated the Viterra LD, in accordance with the SOP.

- For Viterra sites located outside of SA, the East Coast LD methodology has been applied.
- For LDs from Viterra sites to non-SA (Viterra) Port such as Portland or Geelong, the East Coast LD methodology has been applied.

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)

### **3 Submissions – Due 24 September 2021**

All industry feedback on the above issues must be received by COB 24 September 2021 and be forwarded to [submissions@graintrade.org.au](mailto:submissions@graintrade.org.au)

All other submissions should be presented on the [GTA Technical Committee Submission Form](#).