

28 July 2017

Mr Pat O'Shannassy – CEO  
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[Pat.OShannassy@graintrade.org.au](mailto:Pat.OShannassy@graintrade.org.au)

Dear Pat

The Australian Grain Growers co-operative (AGG Co-op) supports initiatives that seek to enhance the transparency and quality of managed grain marketing programs and pool products offered to Australian grain growers. AGG Co-op acknowledges the consultative work conducted by the GTA Pool Providers Sub-committee is supportive of proposed changes made to the GTA Technical Guideline Document No.4 and the inclusion of a Pool Product Disclosure Guide for the 2017/18 season that is consistent with published material from AGG Co-op and its managed grain marketing programs.

We provide the following comments in relation to some specific feedback requested in Member Update 8 of 17 dated 20 July 2017.

- a) **Whether, or not, Estimated Pool Returns (EPRs) should be made available or published by Pool Providers while a Pool is open for contracting, and whether the TGD should specifically prohibit the availability or publication of EPR's while a Pool is open for contracting.**

AGG Co-op notes that the EPR at the time of delivery should not be the major driver for a grower choosing a managed program or pool or deciding between pools and cash. Many of our programs use a 'nominated' EPR as the a base for calculating a Harvest Advance payment option so that participants can calculate if that option (in part) meets their business cashflow needs. Many of our programs are indexed, with the aim of tracking the market from the point when deliveries close until finalization and some programs have a clear objective of certain price protection and a target EPR is required.

Prohibiting companies from publishing EPRs would restrict the choice of programs, products & payment (cashflow) options offered to growers and prevent pool providers from being held accountable to any commitments made at the time of delivery or contracting.

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AGG Co-op currently publishes and explains the objectives and mandates for all its managed programs and what each associated EPR represents.



We are happy to help GTA produce similar materials about how to interpret EPRs or what to be aware of when committing to a pool to provide guidance to growers if needed.

- b) **The time period upon which a final audit of a pool must be undertaken (and published) from the final payment of the Pool to Pool Participants.**

AGG Co-op agree that an independent 'expert' review should be made available to pool or program participants no more than six months after final payments are made. We believe GTA has an active role to play in ensuring all pools are reviewed in accordance with the TGD, and would take appropriate action against those pool providers who fail to meet their obligations.

- c) **Whether or not the tonnage delivered into each Pool Product should be included in the Final Audit Report. The purpose of this would be to ascertain the relative significance of particular products and performance.**

If a managed program or product has been independently reviewed and found to be compliant with the TGD, there appears to be little or no benefit to participants for total grain volumes under management be made public. AGG Co-op publishes proportion of grades and port zones for which there were physical deliveries in its finalisation report which should help understanding of relative performance against programs EPRs through time. There may also be instances where making public the total volume of grain received and under management is commercially sensitive and perceived to be detrimental to the returns of that program or product in future years.

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- d) **Whether GTA Dispute Resolution and Arbitration processes be incorporated into the TGD and Pool Terms and Conditions (noting the Sub-Committee supports this)**
- e) **Whether GTA Trade Rules be incorporated into the TGD and Pool Terms and Conditions. The Sub- Committee requests further guidance from Industry noting that many of the GTA Trade Rules may not be relevant to Pools and that Pool Providers own terms and conditions cater to specific “Trade” related issues around Pools.**

AGG Co-op has comprehensive Terms & Conditions for each Managed Program offered and implemented published on its website covering the above comments and expect the same from any provider.

Regards,

A handwritten signature in blue ink, appearing to read 'Bruce McDonald'.

**Bruce McDonald**  
Managing Director

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