



Submission to a GTA Technical Committee

Instructions

Please complete **all** sections of this form to ensure the Committee receives a clear indication of the issue and your recommended course of action.

Proposal from: Sean Barker

GTA Member name: GrainCorp Operations Ltd

Contact details:

Date submitted: 13/02/2017

sent, via email, to GTA at submissions@graintrade.org.au

NOTE

Submissions will be published on the GTA website unless there is a request not to, based on confidentiality. GTA publishes submissions:

1. to aid industry in understanding the issues on a particular topic; and
2. as a method for submitters to check that their submission has been received.

Issue - *outline what the issue is.*
as attached

Impact on Member Business - *detail how the issue affects the business operations of not just your business but other GTA members as well.*
as attached

Recommendation - *detail your recommendation to address the issue.*
as attached

Members who Support this Submission - *list other GTA members who support this submission. Insert their name and contact person with phone number.*

10th February 2017

Code of Practice for Pools and Managed Marketing Products – GrainCorp Recommendations Submission

Following the previous Pool Providers Sub-Committee meeting, GrainCorp proposes the following amendments to the GTA Technical Guidelines Document (TGD) No 4. Operating Standards for Pool Providers. GrainCorp believes these amendments are required to ensure that the Code of Practice provides clear, prescriptive and practical industry self-regulation, for the best interest of pool participants and to ensure the sustainable offering of pool service providers.

In summary the following changes ensure;

- the code is prescriptive and measurable
- transparency, standardisation and accuracy of information to foster informed decision making
- limits misinformation associated with marketing and self-promotion
- past performance information is widely accessible and standardised to promote performance analysis

The below references pertain to the Code of Practice, Technical Guidelines Document (TGD) order.

1. Pools

1.3 Terms and Conditions

Additionally, Pool Operators should clearly publish;

- the selling approach, risk management strategies and risk mitigation tools employed (eg: indexed, hedged or unhedged product).
 - If indexed, an explanation of the mandated sales structure.
 - if unhedged, an explanation of how the sales strategy is formulated.
 - if hedged, an explanation of what derivatives and exchanges are likely to be used.



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1.4 Estimated Pool Return

Additionally, if the Pool Operator employs Estimated Pool Returns (EPR), the Pool Operator must clearly articulate how the EPR is calculated over the commitment period.

Further, all EPR's should be priced at a TRACK level except in Western Australia, where a FIS (Free-In-Store) level is used.

1.5 Reporting and Audit of Pool

Additionally, the Pool Provider is to publish past performance for the previous three seasons to enable growers to make informed comparisons of product performance. This includes clearly publishing;

- accurate and relevant performance analysis based on the Pool's major port zones. Any analysis must fairly represent the overall performance of the pool. Comparisons must be conducted on an EPR level, net of all costs.

Additionally, (point 5.2) The Code of Practice should clearly list the requirements which define an "accredited external auditor". Clear requirements which included "Top-Tier" would remove ambiguity.

Additionally, when operating a Pool, a Pool Provider must;

- Clearly demonstrate that they comply with the checklist of Pool operating standards, by means of provision of information on their website.
- GTA will verify the information has been made available on the website throughout the year.

Content Additional to Any Section within the Current Technical Guidelines Document

1. A list of the GTA Member Pool Providers should be included in the Technical Guidelines Document.



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