

10 June 2016

Review of Victorian Grain Delivery Zones

Submission to GIAV Committee

Instructions

Please complete all sections of this form to ensure the Committee receives a clear indication of your recommended course of action. Submissions are due before July 29 by email (gjav@gjav.com.au) or fax (03 9818 2444).

Proposal from:	Henry Weddell
GIAV Member Company:	Cargill Australia
Contact email:	henry_weddell@cargill.com
Date submitted	12-07-2016

NOTE

Submissions will be published on the GIAV website unless there is a request not to, based on confidentiality. For reasons of confidentiality, names can be removed from published submissions. The GIAV encourages publishing 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.

Do you approve of the draft delivery zones as provided by the GIAV?

We do not approve the changes proposed to the Melb/Geel delivery zones as provided by the GIAV. The delivery zones as they are today work well and should not be altered.

We feel that splitting up the zones will reduce liquidity and will hurt all participants.

What changes if any would you suggest to the draft zones and why?

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Proposal from:	Brad Knight
GIAV Member Company:	GeoCommodities
Contact email:	bknigh@geocommodities.com.au
Date submitted	20/7/2016

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Do you approve of the draft delivery zones at provided by the GIAV?

Yes we approve of the draft delivery zones provided by the GIAV including the creation of the new Cardinia Zone and re-definition of the Geelong/Melbourne Zone

What changes if any would you suggest to the draft zones and why?

None as the proposed new zones enable the market to more effectively trade any price spreads within what is currently known as the Geelong Melbourne range.

We believe that the redefining of the zones shouldn't ultimately affect liquidity in the market if communicated effectively. Whilst it may be disruptive initially, it does provide clarity and a mechanism to readily apply a premium or discount to the delivery points within the Cardinia zone should that be required. In practice, this already occurs, with some current trades excluding Pakenham/Clyde. Providing increased certainty over the defined zones within the broader Melbourne range could actually improve liquidity for some industry participants.



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Proposal from:	Bryan Irwin
GIAV Member Company:	Irwin Stockfeeds
Contact email:	bryan@irwinstockfeeds.com.au
Date submitted	1/8/2016

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Do you approve of the draft delivery zones as provided by the GIAV?

Yes, we support the drafted delivery zones as we are currently in a position where we are negotiating the freight for every contract delivered Lang Lang Mill. Creating a Cardina delivery zone will create an ease of doing business for both supplier and buyer.

The Lang Lang mill is within 25km of other mills and we are a serious contender when positioning ourselves for business into this range.

Having the proposed delivery zone will allow both trader and customer to be in a clear frame of mind when negotiating on contracts for a delivery basis and even in the event of a wash out allowing liquidity in the market.

We see the growing change throughout Melbourne for the transport industry with an arising issue becoming time spent on freeways not the distance its self from the last delivery zone submission in 2005. We observe the current proposal coming at an opportune time for the industry to implement change with the 4 of the major businesses in the stockfeed industry located within the proposed Cardina delivery zone.

What changes if any would you suggest to the draft zones and why?



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Proposal from:	
GIAV Member Company:	KM & WM Kelly & Sons
Contact email:	info@kellygrains.com.au
Date submitted	29/7/2016

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Do you approve of the draft delivery zones at provided by the GIAV?

NO - Kellys DO NOT approve of the changes. The current Gee/Melb GTA zone is very liquid and is one of the most actively traded zones. Dividing this zone up will reduce liquidity and bring unnecessary change when zone is operating very well. Within the current zone the buyers/sellers can apply restrictions to their offer/bid if they wish eg can offer del G/M excluding Pakenham/Clyde or can offer delivered central + a premium to deliver to Pakenham/Clyde.

What changes if any would you suggest to the draft zones and why?

Leave current zones unchanged - don't change something that is working well



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Proposal from:	Max Perkins Commodity Broker
GIAV Member Company:	
Contact email:	cperkins@perkinsbroker.com.au
Date submitted	15/7/2016

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Do you approve of the draft delivery zones at provided by the GIAV?

No.

What changes if any would you suggest to the draft zones and why?

Keep the contract unchanged.



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Proposal from:	Stephen Howells
GIAV Member Company:	Ridley Agriproducts
Contact email:	stephen.howells@ridley.com.au
Date submitted	25/7/16

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Do you approve of the draft delivery zones at provided by the GIAV?

[No, Ridley Agriproducts do not approve of, or support, any change to the existing Geelong/Melbourne full range Zone.](#)

What changes if any would you suggest to the draft zones and why?

[Ridley Agriproducts believe that no changes to the existing zone be made. The discussion paper put forward by the GIAV on the topic already highlights what Ridley Agriproducts believe to be the correct course of action:](#)

[“Default Delivery zones do not remove the option of buyers and sellers negotiating freight premiums and discounts for particular delivery points within each zone at the time of trading.”](#)

[Sellers will offer based on execution cost, or arbitrage their stocks to execute as requested by the buyer. This negates the need for any changes to the existing structure of the Zone & preserves liquidity for the Zone as a greater volume can be traded in the one Zone as opposed to fragmenting the demand into smaller Zones.](#)

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Proposal from:	Hamish MacDonald
GIAV Member Company:	Riordan Grain Services
Contact email:	hamish@riordangrains.com.au
Date submitted	22/07/2016

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Do you approve of the draft delivery zones at provided by the GIAV?

Yes

What changes if any would you suggest to the draft zones and why?

None