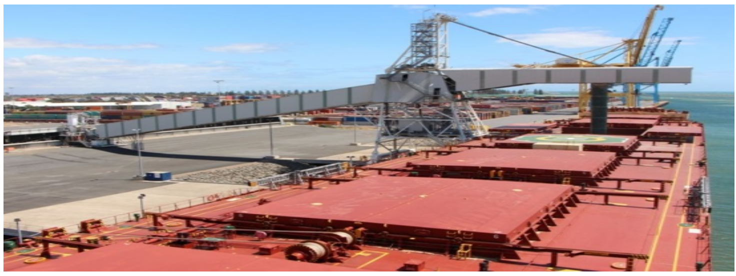
AUSTRALIAN GRAIN INDUSTRY LOGISTICS CONFERENCE

Evolving and Innovating the Grain Supply Chain



2019 AUSTRALIAN GRAIN INDUSTRY LOGISTICS CONFERENCE OUTCOMES

This Discussion Paper lists concepts and issues captured at the 2019 Australian Grain Logistics Conference in Melbourne on 09-10 April 2019.

There were over 120 attendees at the Conference, representing all parts of the grain supply chain.

To provide comment on this document or to comment on any Grain Logistics Conference related matter, please contact GTA via email at admin@graintrade.org.au.

The Conference Program and Presentation Content are summarised in the Table 1.

Table 1. Conference Summary

Topic	Content	Major Discussion Points
Government Strategic Process	Overview of the National Freight and Supply Chain Strategy	• Implementation of a national framework and strategy focussed on targeted infrastructure investment, better planning, coordination, regulation and performance data
Export Customers appraisal of the Australian supply chain	How competitive and efficient is Australia's export supply chain	• Export customers are looking for "low fuss/no fuss" solution, value for money and Australia must compete in all areas of the supply chain to provide this value. • Information is becoming more readily accessible and is impacting trade flows and margins. • Container sales and niche products are growing.
Domestic Customer view of the supply chain	The logistics arena whilst competitive can be better coordinated	• The Supply Chain is compartmentalised and can be improved if there is more transparency and coordination of the participants.

Topic	Content	Major Discussion Points
		• Opportunities exist to better coordinate and utilise key assets and share information in the pre-competitive arena.
Bulk Shippers View	Australia is complicated and expensive	• Task is complicated and condensed and there is a tendency to overcommit and overheat demand for bulk shipments. • SC costs in eastern Europe and the Black Sea regions are a strong competitive influence. • Investment and coordination must increase to be better able to compete.
Economists View of the Supply Chan	Key Supply Chain costs are labour, energy & interest rates	• Cost will continue to rise. • Key to mitigating the cost increase is to focus on efficiency increases and selective investment.
Rail Transport	What can be learnt from the Coal supply chain	• Greater concentration of scale in the coal supply chain. • Grain is impacted by the fragmented structure and approach.
Road Transport	Road is increasingly important and can be more innovative and efficient	• Competitive and low barriers to entry results in uneconomic returns. • Industry needs to focus on taking advantage of greater efficiency, better coordination and a collaborative approach.
Container Supply Chain	Shipping Industry is consolidating and evolving	• Uneconomic returns are forcing consolidation of Shipping Lines. Costs are increasing and being transferred. • Greater transparency of information and collaboration in planning can create efficiency. • Industry will have to deal with a reduction in 20ft containers.
Chain of Responsibly	Being able to demonstrate compliance is essential	• Adoption of compliance is not uniform and further progress is required. • Technology (weighing) is available to assist the process of compliance whilst maintaining efficiency of transport.
Bulk Handlers View of the Supply Chain	Competition drives efficiency in a consolidated supply chain	• CBH take a global view to measuring its efficiency and service model. • A consolidated model using a strategic analytical approach will drive effective capital investment and operational efficiency.
Collaborative Industry Approach	There is increase value through a collaborative approach to the supply chain.	• Australia has utilised collaborative approach in other areas and can further improve its efficiency through further review of opportunities in the pre-competitive supply chain.

Topic	Content	Major Discussion Points
Storage – Farm storage trends and future	Farm storage is increasing and will continue	• Growth is being driven through logistical efficiency, quality management and market placement
Storage – a small operator's perspective	Market positioning is enhanced for efficient small regional operators	• Regional based operators are increasing and well positioned to generate value for growers and clients. • Small operators are more efficient and nimbler and capable of capturing opportunities.
Farmer based Supply Chains	Economic returns are driving famers to participate further in the supply chain	• Opportunities to move further down the supply chain are being driven by volatility, opportunities and control of destiny. • Growers are increasingly leading the charge to seek opportunities to improve efficiency.
New Port Operators	New Operators are focused on efficiency	• New entrants are more aware of opportunities to work collaboratively and are more likely to question the status quo. • Seeking efficiency through marriage with existing infrastructure and supply chain. • Smaller operators and mobile ship loading meet demand peaks and support niche opportunities
GRDC Role	GRDC are focussed on post farm gate efficiency	• Investing in post farm gate R&D that will advise policy and investment decisions that lead to reduced post-farm-gate costs.
Evolving Supply Chain Technology	How can Technology support supply chains	• Information is becoming more critical and is required faster and cheaper. • Information sharing requires trust. • Increasing trust across the SC can grow economic value and improve efficiency.
Industry Panel	Focus on Strategic Planning	• Efficiency gains are lost as industry is not engaging and driving for strategic reform and planning. • Collaborative planning in the pre-competitive. market can drive value and remove inefficiency. • A coordinated approach is required to ensure efficiency gains and effective direction to government is achieved.

Recurring Theme:
A theme that resonated throughout the presentations and in discussion amongst the delegates is the need to focus on having better integration amongst supply chain participants and a process to drive a collaborative high-level planning process.

Comparison between the WA consolidated supply chain model (and the planning approach taken in WA) to the more fragmented market driven east coast highlight there are some learnings and potential strategic planning gaps in the grain supply chain.

Presenters have put a challenge to the grain industry to better coordinate strategic activities and operational planning so as to more effectively utilise existing assets and resources. Industry has been told that better planning, transparency and coordination will create value for all and allow Australian grain to remain competitive in the world market.

Opportunities highlighted at the Conference included:

1. A coordinated grain industry approach to heavy vehicle permits and gazetted routes.
2. Development and introduction of system improvements and industry transactional approaches including a standardised consignment identifier code.
3. Transparency and sharing of pre-competitive information that will generate planning efficiencies.
4. Where possible the standardisation of process and data capture.
5. Strategic planning and discussion focussed on the collaborative improvement of asset utilisation and the support for investment including:
    a. Strategic industry approach to the better integration of rail and road; and
    b. Greater transparency of information to assist coordinated planning.

A Coordinated Approach:
Like most supply chains the grain supply chain is an interlinking web made up of many participants including farmers, road and rail companies, storage and trading businesses, domestic end users, ports, shipping lines and the numerous local governments, state governments and federal government departments and agencies.

Coordination across these groups is difficult, time consuming and requires both leadership and patience.

GTA accepts the opportunity and challenge to progress this initiative and will seek input and advice from its Technical Committees and GTA Board to support this task. The approach is likely to be a role of facilitating discussion and engagement with grain industry supply chain participants seeking support for a structured strategic grain industry planning process.

End.