The Australian Grains Industry Conference

2021

6 - 7 September

VIRTUAL

Revitalising and Modernising the Grain Supply Chain

Modernising the grain supply chain

- from Drought, through Covid-19 to 2030

An Innovative Growth & Investment Strategy for the Grain Supply Chain

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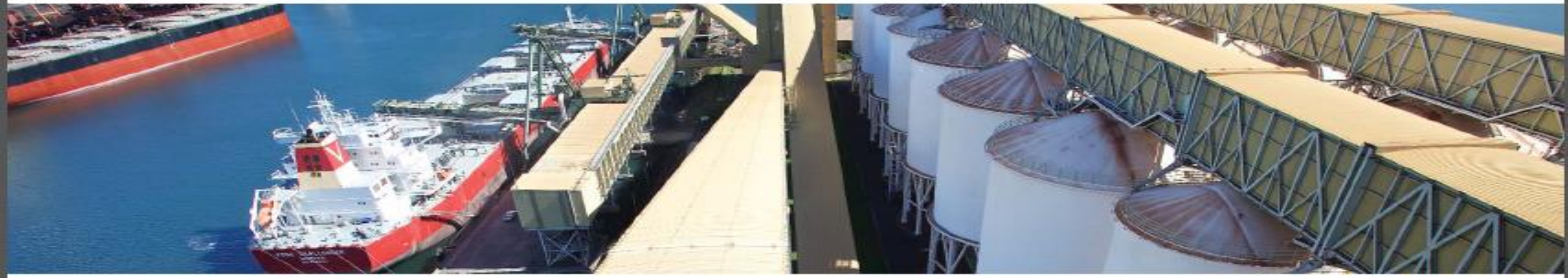
Supply Chain – impacts <u>every</u> tonne

"all ships rise on a rising tide"…

Supply Chain Complexity

"complexity makes optimising asset utilisation and efficiency challenging particularly at a strategic industry level"

*"**First mover advantage** can be short lived due to strong competition that drives the value through the chain, predominantly to producers and to a lessor extent food consumers"*



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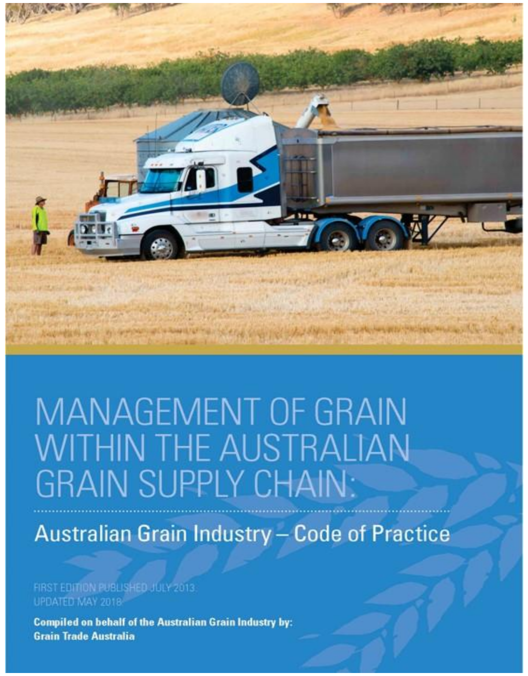
Against the Grain…A Fragmenting Supply Chain

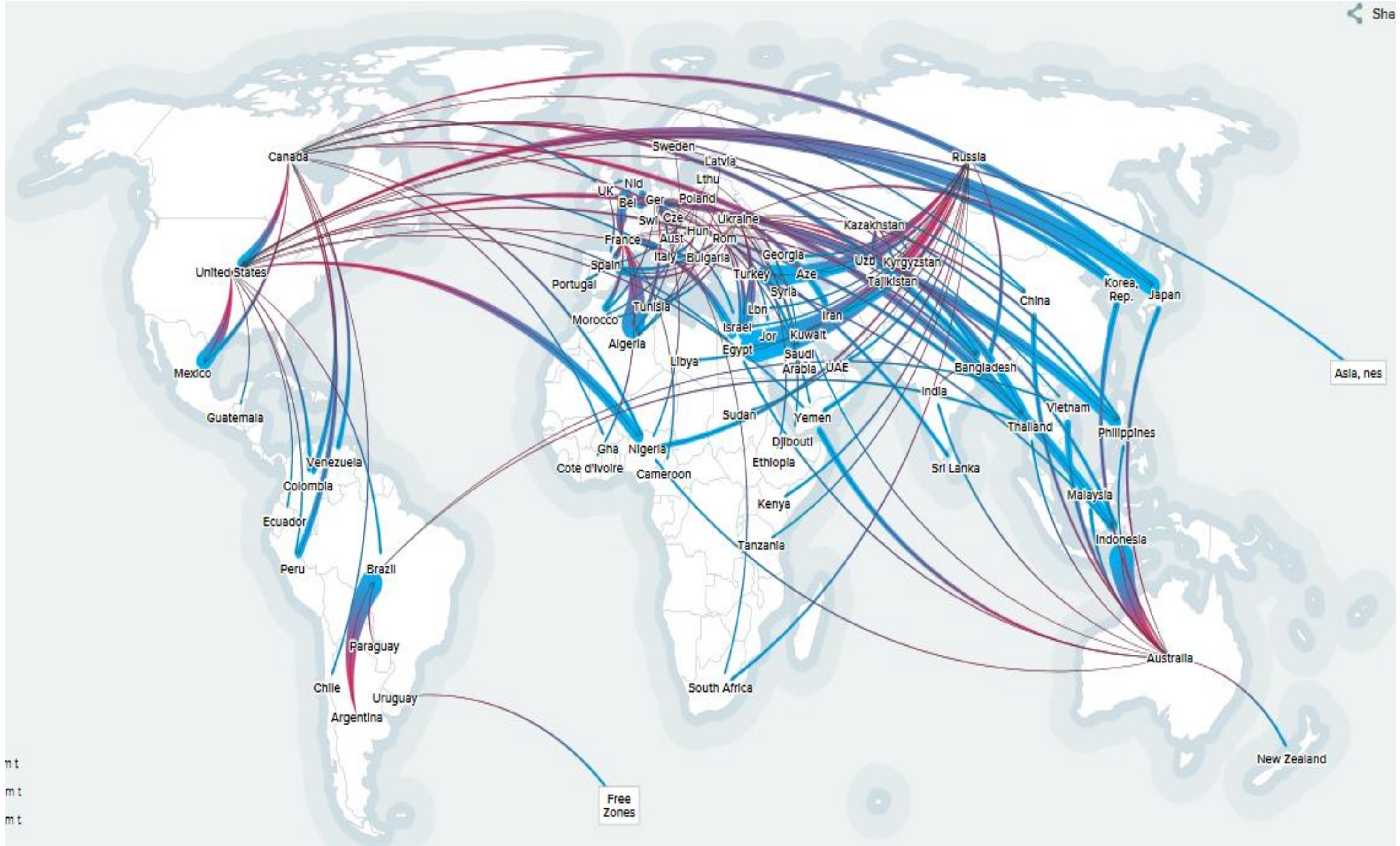
- *Comingling*
- *Multiple Storage Operators & Supply Chains:*
  - *Commercial BHC*
  - *Large scale trader with strategic assets*
  - *Regional based independent storage/s*
  - *Container packer*
  - *Grower cooperatives*
  - *Domestic food and feed consumers*
  - *Farm storage*
- *Operating to an Outcomes Driven System:*
  - *Export certification/inspection*
  - *Trading Standards*
  - *Contractual obligations*



We have gone from 5 BHCs to dozens - Industry must adapt and ensure the QA processes including MRL management that have worked so well in the consolidated model perform as well in the fragmented supply chain.

The need for Supply Chain Investment- Competition

Investment in industry is critical to remain competitive into the future and to capture the benefits and deliver economic growth



The Supply Chain - 24 Bulk Export Ports

Australia's Export Focussed Supply Chain

Ports-West & South

1- Geraldton
2- Fremantle
3- Albany
4- Esperance
5- Thevenard
6- Lincoln
7- Pirie
8- Wallaroo
9- Giles
10- Adelaide (2)

Ports- East

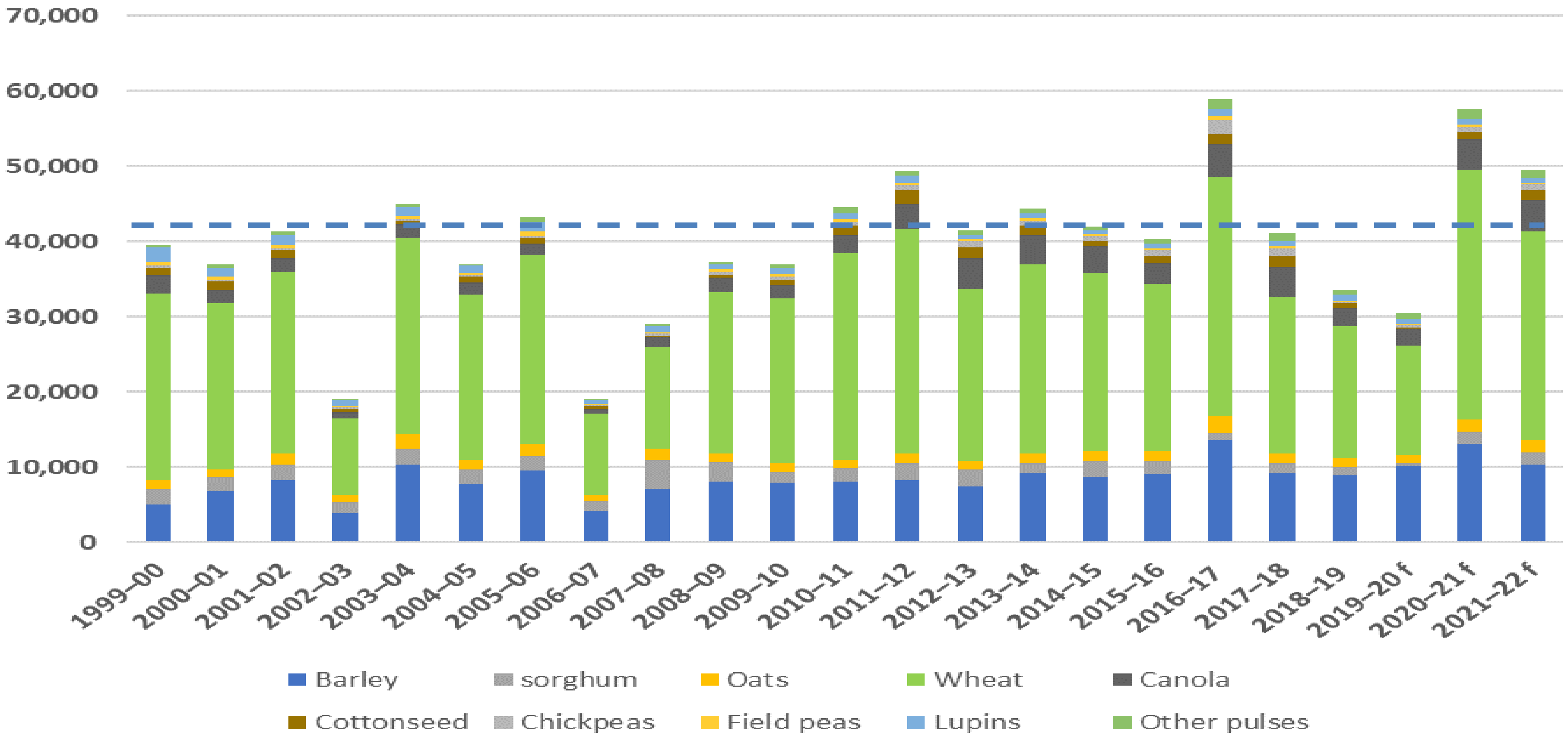
11- Portland
12- Geelong
13- Melbourne
14- Kembla (2)
15- Newcastle (3)
16- Brisbane (2)
17- Gladstone
18- Mackay
19- Bunbury

Port Capacity ~ 50mmt

Mobile Bulk Loaders

Cargill Riordan ADM

Australian Production



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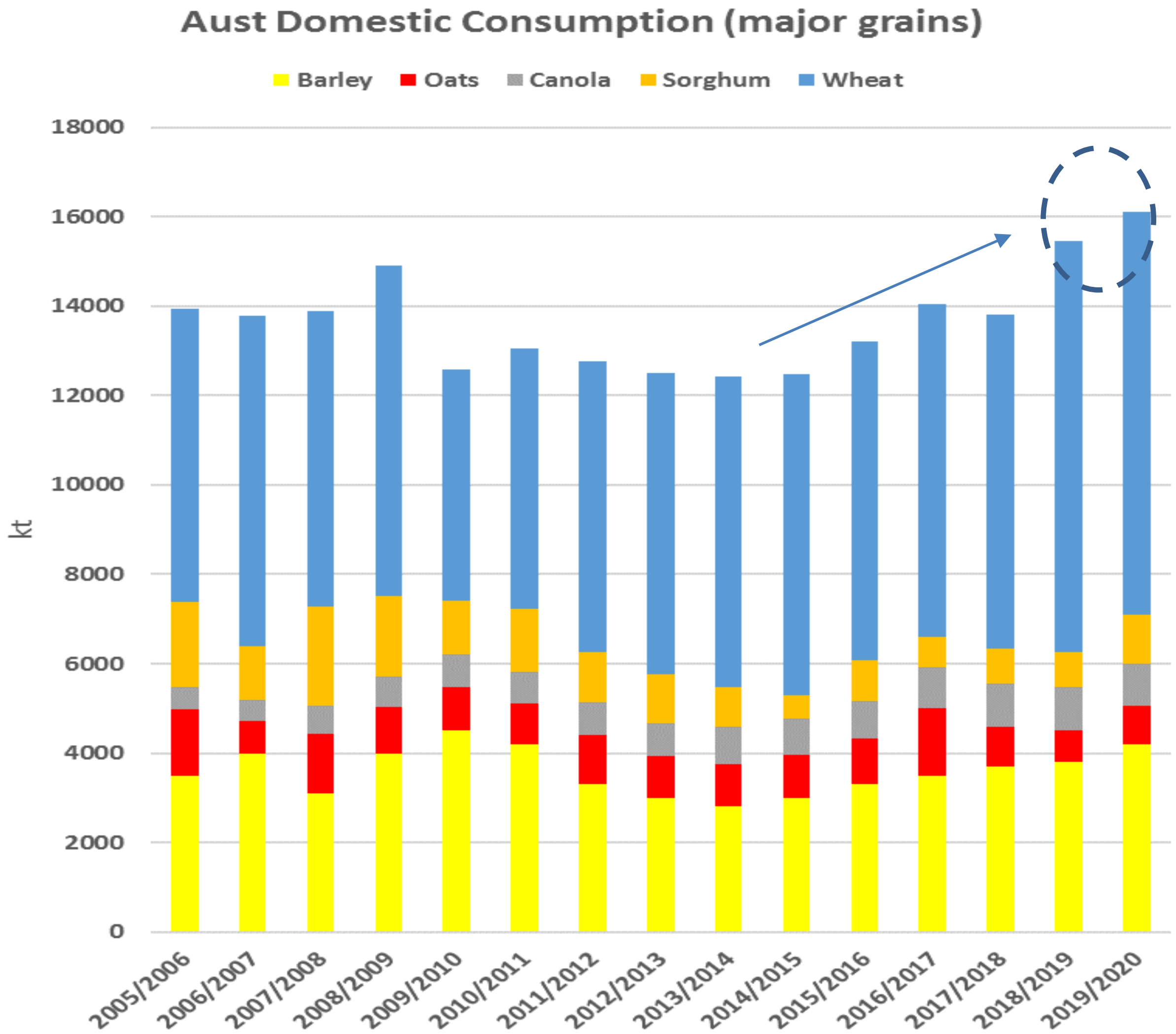
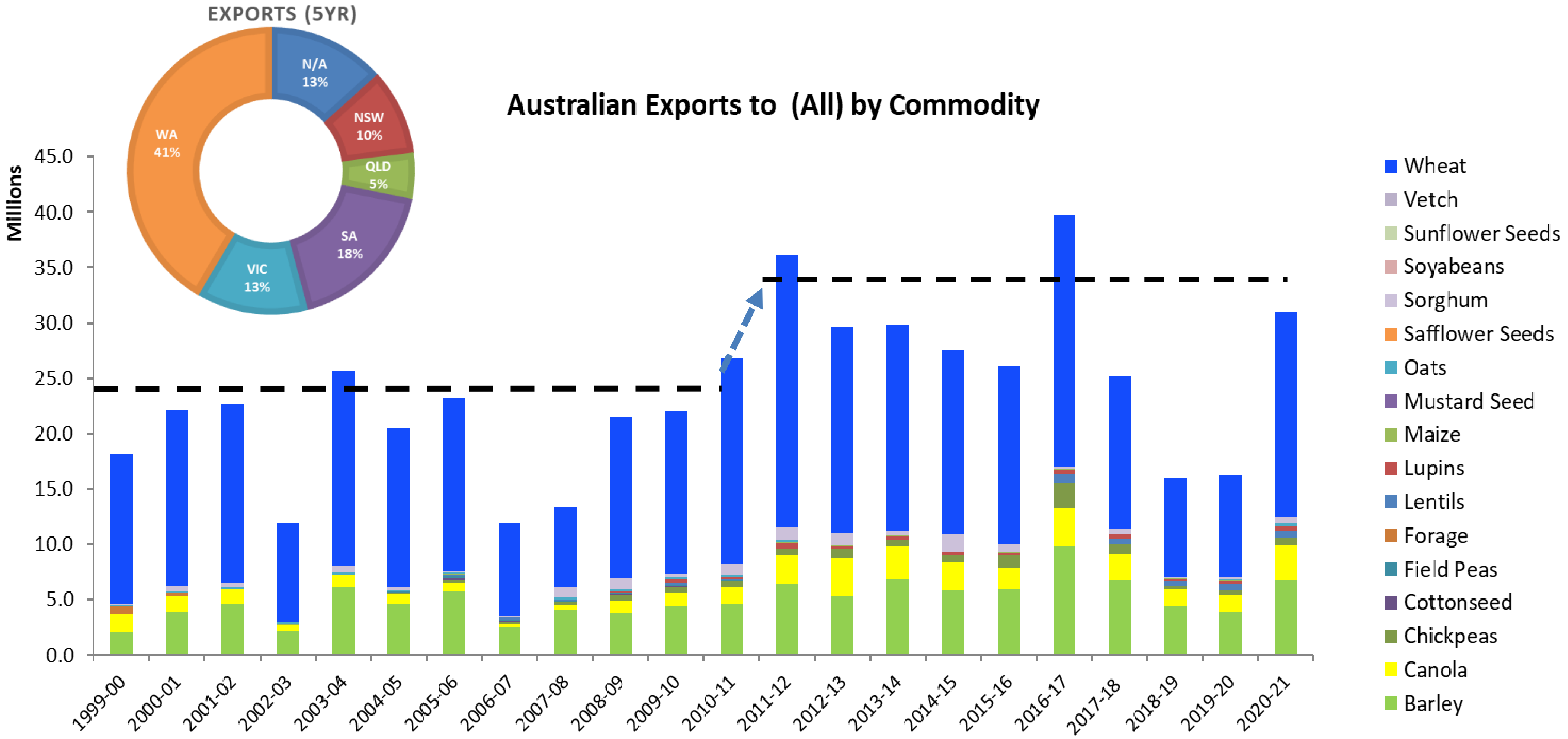
Domestic Demand Grows

- Increase in domestic demand
- EC driven
- Strong livestock prices
- Biggest gain in wheat



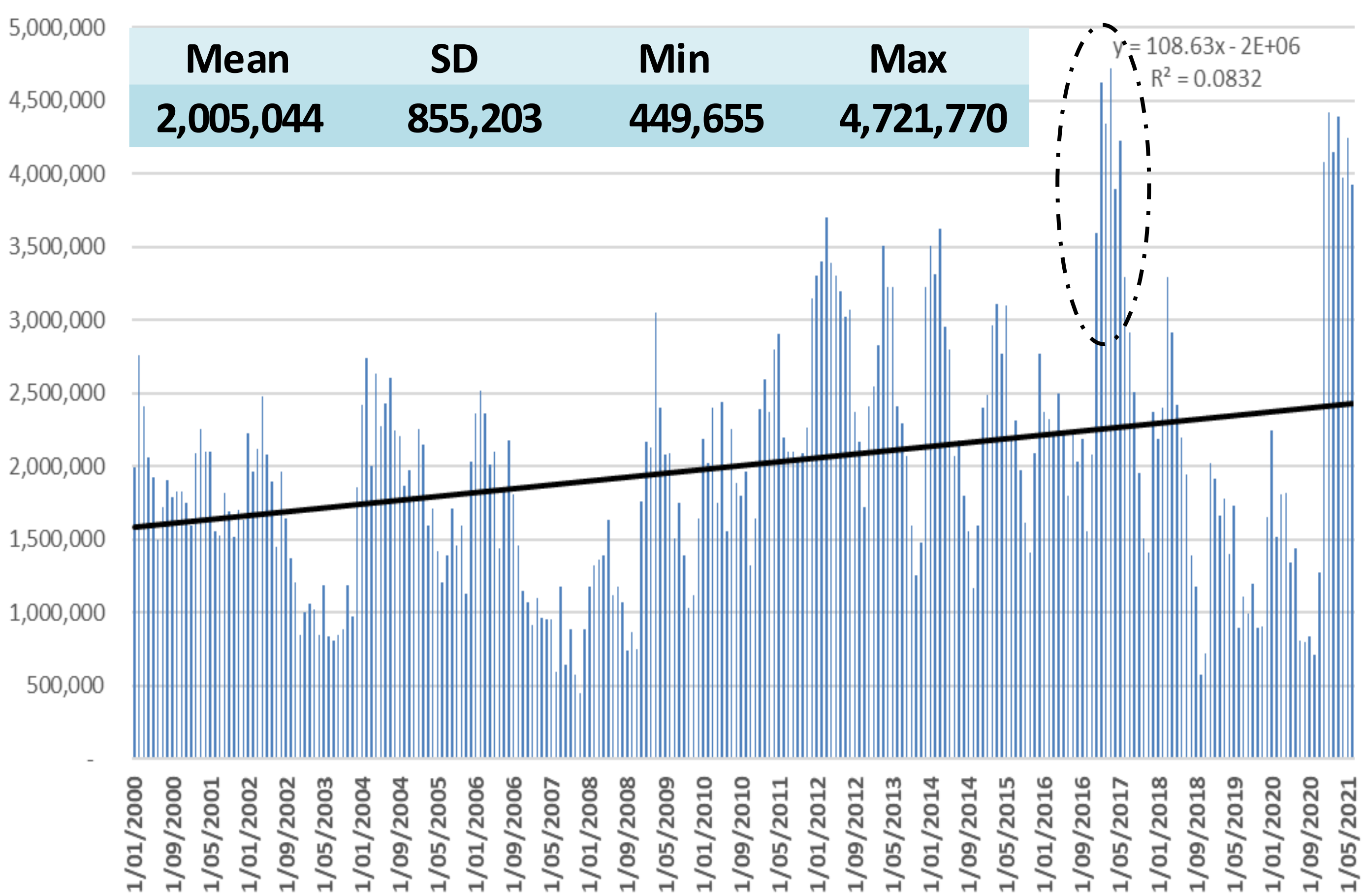
Source: ABARES

Australian Exports



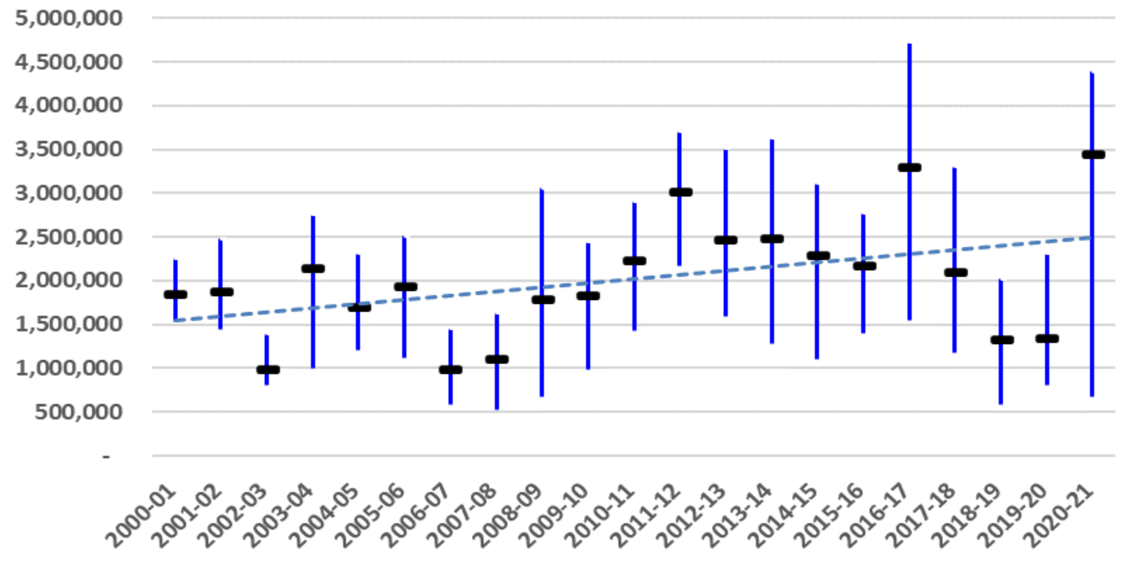
Australian Exports – Supply Chain

Monthly Grain Exports - All States (2000 to Jun-21)

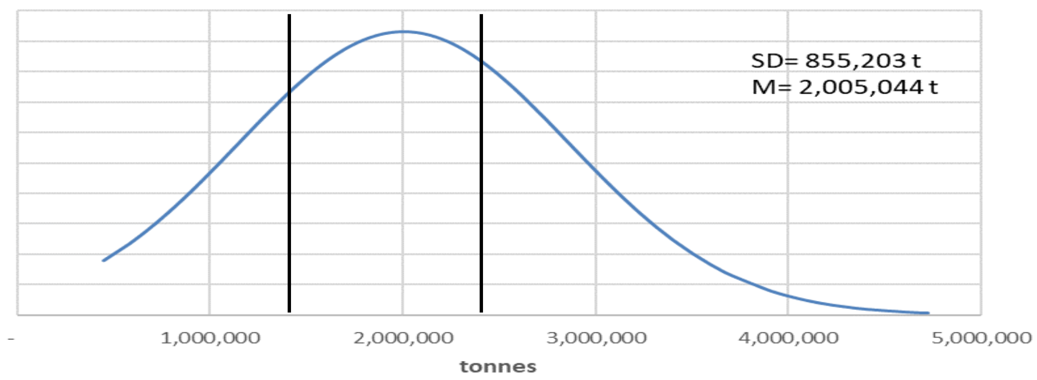


Mean	SD	Min	Max
2,005,044	855,203	449,655	4,721,770

Australian Monthly Exports - (min,max,avg)



Normal Distribution of Monthy Exports (2000 - 6/2021)



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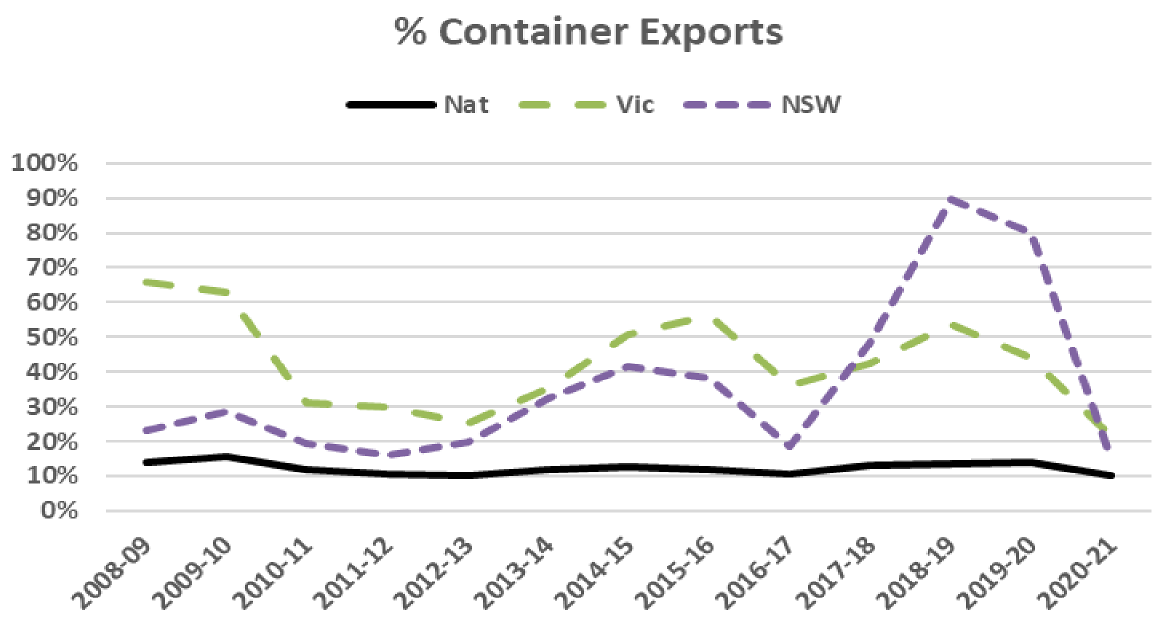
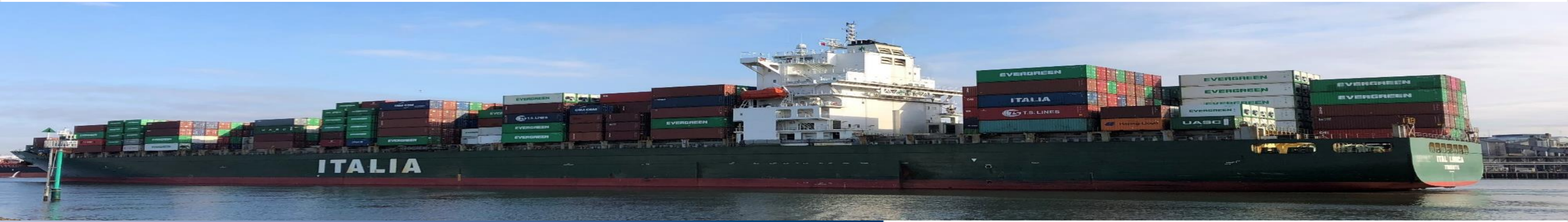
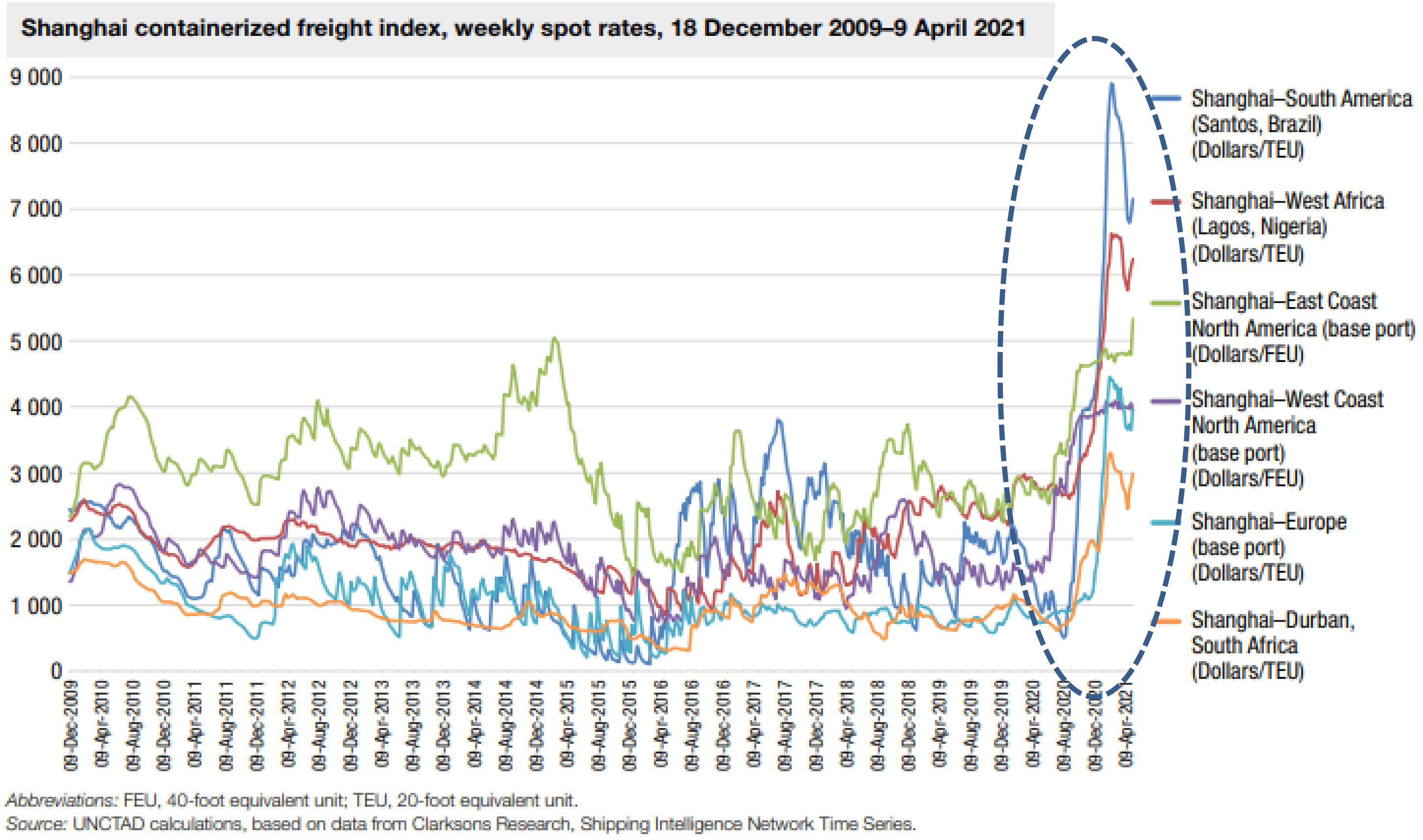
Containers



- East Coast concentration
- Competitive freight to reposition boxes….still?
- Lower entry cost
- Lower working capital cost
- Logistics at destination
- Shipping line consolidation

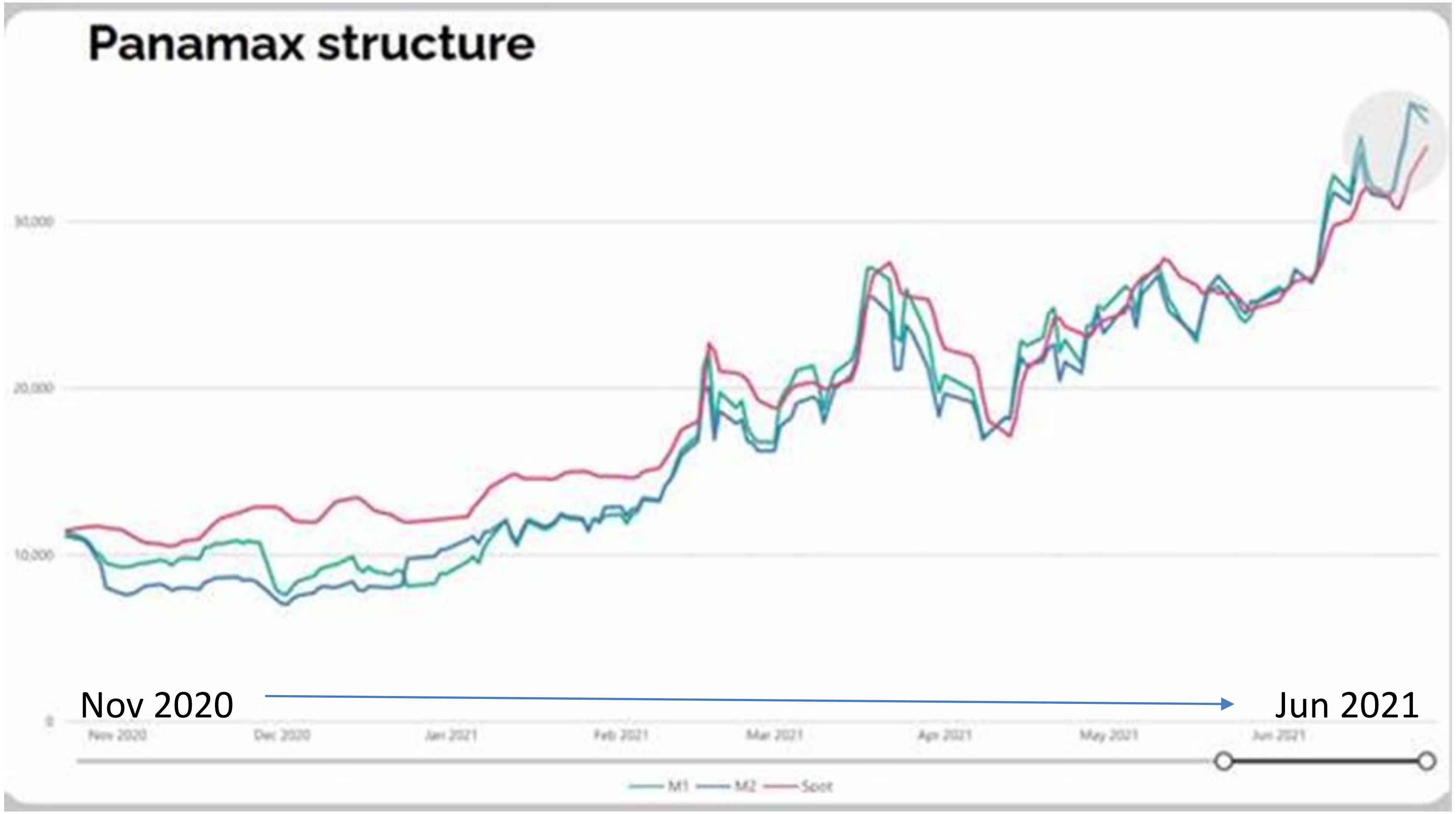


Containers



- Increase in Container frt costs
- Container Park Congestion
- Container Supply and demand

Increase in Bulk Freight Rates



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