

Modernising the grain supply chain

- from Drought, through Covid-19 to 2030

An Innovative Growth & Investment Strategy for the Grain Supply Chain



Welcome & Introduction
Andrew Goyder – Chair, GTA



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Program

- ✧ Welcome – Andrew Goyder – GTA Chair
- ✧ Grain Industry & Government Strategy Overview
 - ✧ GTA Modernising the Grain Supply Chain Strategy - Pat O'Shannassy – GTA
 - ✧ DAWE Plant Operations Strategic Plan 2020-2030 - David Ironside - DAWE
- ✧ Grain Assessment Technology to 2030
 - ✧ Current State - Craig McLure – CBH
 - ✧ Advancements in Grain Technology – Rob Martin, Platypus
 - ✧ Opportunities to Modernise – Gerard McMullen, NWPGP
- ✧ Extending the Supply Chain
 - ✧ Grain Storage Assets & Operations – Tim Ross, GTA
 - ✧ Storage Standards Value Proposition, Financial Markets - TBC
 - ✧ Storage Standards Value Proposition, Supply Chain – Mark Lewis, Riordans
 - ✧ Q&A Panel
- ✧ The Road Forward
 - ✧ IT Road Map – Emma Weston, Agridigital
 - ✧ Q&A Panel
- ✧ Keeping a Market Focus During Modernisation
 - ✧ Global Frameworks – Rosemary Richards, Bowman Richards
 - ✧ Australia Industry / Govt Collaborative framework for Market Access – Pat O'Shannassy, GTA
- ✧ Transport & Logistics
 - ✧ Grain Industry Framework – Achievements & failings – David Chalmers, LEK Consulting
 - ✧ Existing Challenges- Neil Chambers, Container Transport Alliance Australia
 - ✧ Q&A Panel – Geoff Farnsworth
- ✧ Wrap up & Close – Andrew Goyder – GTA Chair





Modernising the Grain Supply Chain Summit

Pat O'Shannassy
CEO - Grain Trade Australia



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Supply Chain Modernisation

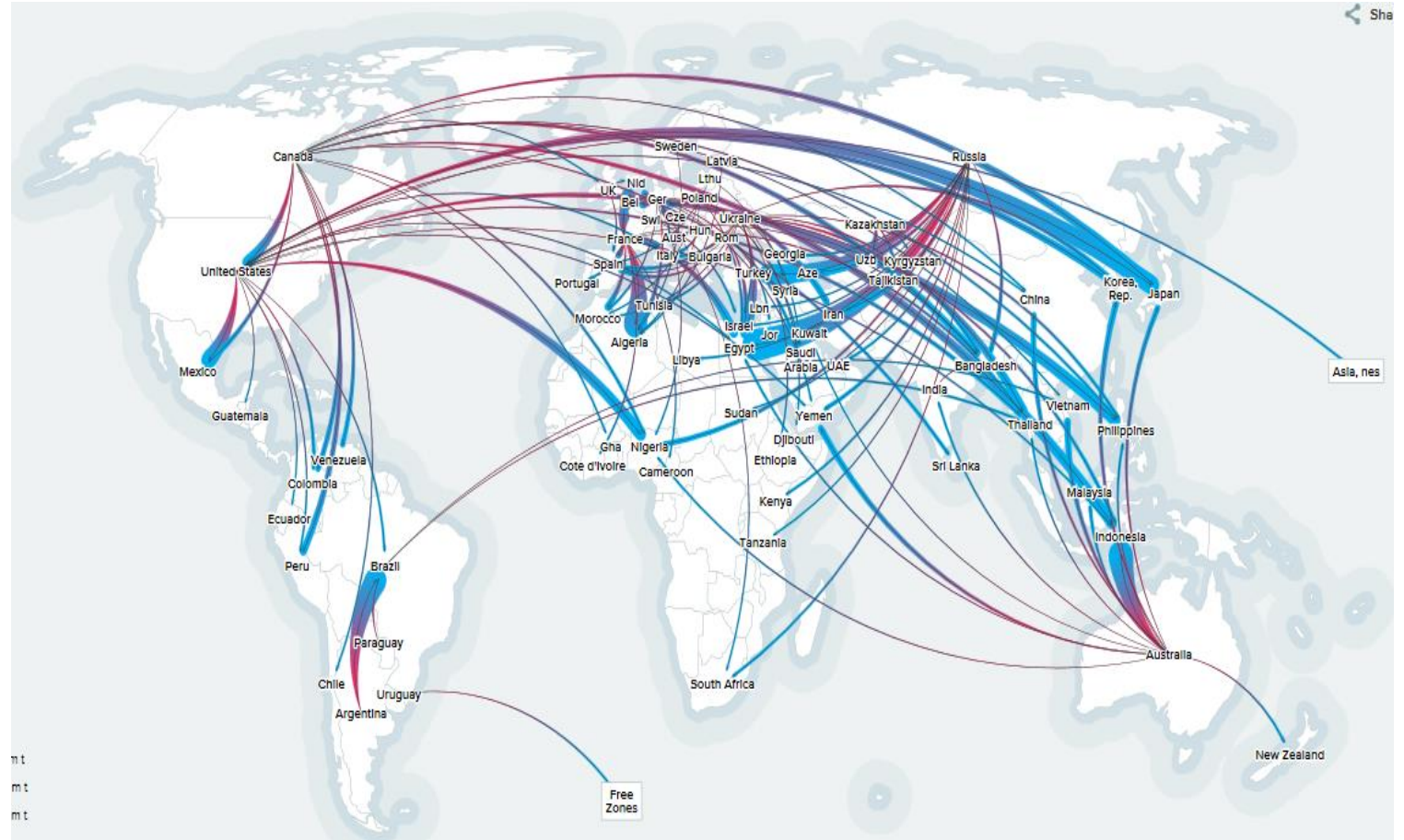
“complexity makes optimising asset utilisation and efficiency challenging particularly at a strategic industry level”

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



The need for Supply Chain Investment

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



The need for Supply Chain Investment

30-35% of a grower's total cost are supply chain costs

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



Figure 7: Supply Chain Comparison

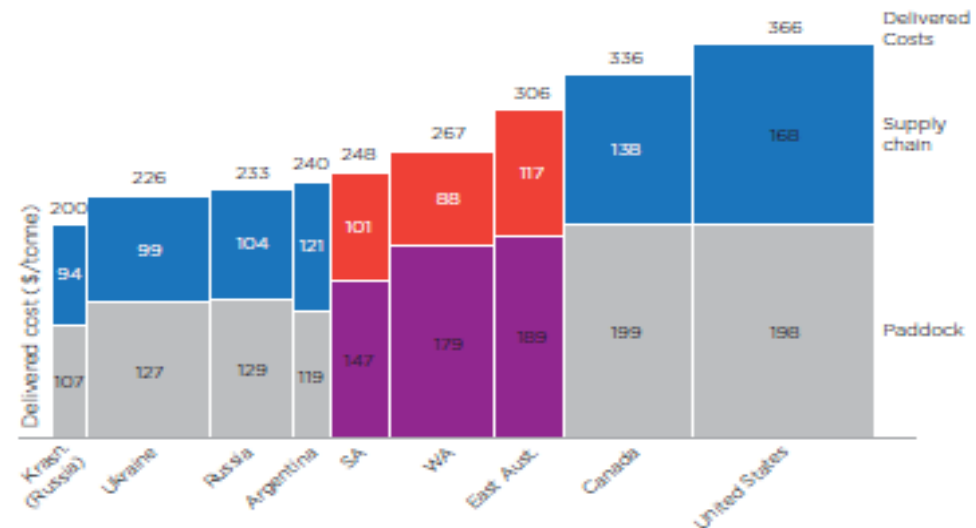
Source: AEGIC

	2013	2014		2015-16	2016		2017	
Costs (\$/t)	Australia	Canada	Australia	Ukraine	Russia	Australia	Argentina	Australia
Cartage farm-site	8.9 (12%)*	0.7 (10%)	8.9 (11%)	4.3 (8%)	3.5 (6%)	7.8 (9%)	2.9 (5%)	7.8 (11%)
Upcountry handling	1.9 (16%)	5.2 (14%)	14.4 (17%)	7.7 (14%)	9.2 (16%)	18.4 (22%)	13.2 (21%)	10.4 (15%)
Storage	6.8 (9%)	7.7 (16%)	8.9 (11%)	2.9 (5%)	5.1 (9%)	9.0 (11%)	1.4 (2%)	5.0 (7%)
Transport upcountry to port	11.6 (29%)	6.8 (44%)	27.8 (33%)	13.3 (23%)	15.5 (28%)	26.7 (32%)	29.5 (47%)	23.6 (33%)
Port charges	11.2 (29%)	13.9 (13%)	21.0 (25%)	23.8 (42%)	22.4 (40%)	19.9 (24%)	15.5 (25%)	21.7 (30%)
Levies and check-offs	2.9 (4%)	3.0 (3%)	2.8 (3%)	4.9 (9%)	0.1 (<1%)	2.8 (3%)	nd*	2.8 (4%)
Total supply chain cost	73.3	107.3	83.8	56.9	55.8	84.6	62.5	71.3
Production cost	nd*	139.1	157.1	133.0	121.1	148.3	140.0	148.8
Supply chain proportion	nd*	0.44	0.35	0.30	0.32	0.36	0.31	0.32

* Percentages in brackets are the cost item as a proportion of the total supply chain cost.
 * nd - no data

Industry cannot make the required investments or drive system wide operational efficiencies on its own

Figure 8: Supply Side Competitiveness Source: CBH



- Due to several reasons including:
- a) Overall **quantum** of investment
 - b) **Risk** around developing new technology
 - c) Broad base of **beneficiaries** across value chain
 - d) Limited “**first mover advantage**” in developing new tech
 - e) Limited “**first mover advantage**” for investing in infrastructure relating to **pre-competitive activities**

Supply Chain – impacts every tonne



Against the Grain...A Fragmented Supply Chain

↗ *Multiple Storage Operators:*

- ↗ *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 Challenges

Evolving Supply Chain

- Customer requirements are more demanding and seeking transparency
- BHC industry stewardship is evolving
- Rather than consolidating the supply chain is fragmenting into a multi operator model with narrowing planning windows

Technology

- Technology is coming - but how does industry uptake, manage and monitor technology?
- Where does the reference material come from and how is it managed ?

Assets and Operational Standards

- How do we integrate the multitude of storage operators into a quality assured supply chain?

Skills & Capability

- How do we ensure the industry has the knowledge and skills to operate in the evolving paradigm?

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Grains Supply Chain & GTA Framework



Strategic Growth Pillars

Skills & Capability

Quality & Market Access

Technology

Transport & Logistics

"Strategy Enabling Projects" to:

1. **Modernise components of the supply chain**
2. **Increase Capability**
3. **Reduce the risk of reputational damage for the grain industry**

Industry and Government Alignment



GTA has a comprehensive strategy to improve the competitiveness of the grain industry through to 2030.



Similarly Government has released its PEO Strategy from 2020-2030 -

Opportunities to modernise and increase efficiency exist. Government and industry together need to take the initiative and seize the opportunity.

The Opportunities

Technology

- National Calibration Sample
- Maintenance of existing grain assessment technology
- Modernisation of grain assessment technology
- Digital consignments and CVDs – traceability

Assets and Operational Standards

- Storage asset and operational Standards
- Storage and storage operations assurance certification program

Skills & Capability

- Alignment of industry grain assessment training and certification How do we ensure the industry has the knowledge and skills to operate in the evolving paradigm?
- Code of Practice Assessment (on-line)
- Sample Preparation Assessment

Today is about the Concept & Strategic Direction

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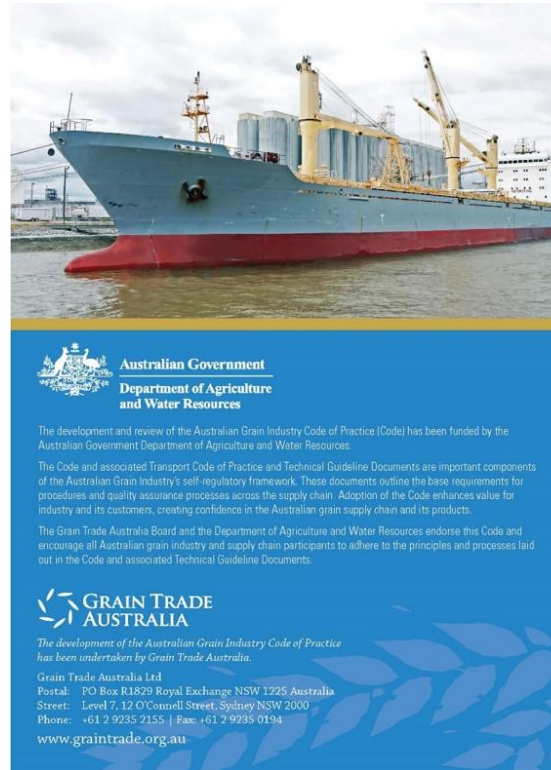
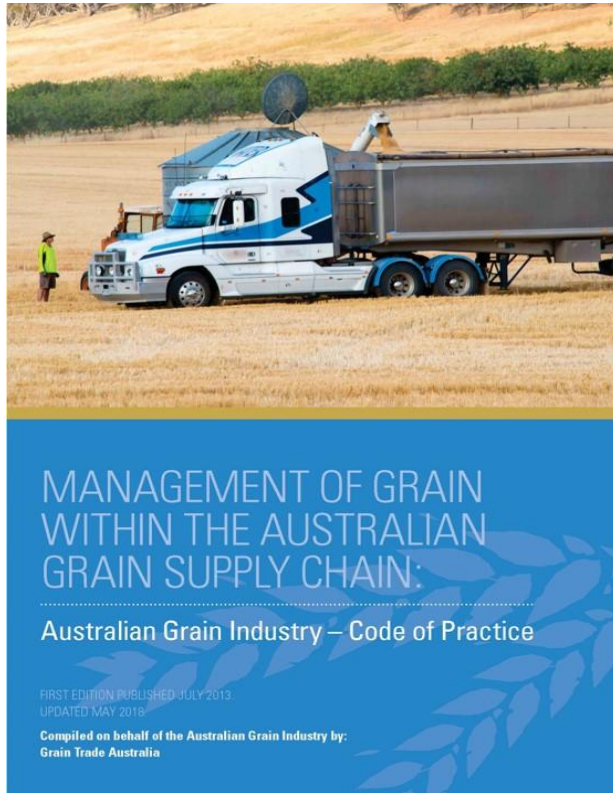
⌂ During the Day

- ⌂ Think conceptually and strategically
- ⌂ Tying in the realities & practicalities
- ⌂ Looking for opportunities
- ⌂ Identify the Challenges...so they can be overcome

⌂ End of the Day

- ⌂ Go home with the concepts
- ⌂ Strategic Direction
- ⌂ Alignment of:
 - Business Direction with
 - Industry Direction with
 - Government Direction...

Thank you!!!



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