

# 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

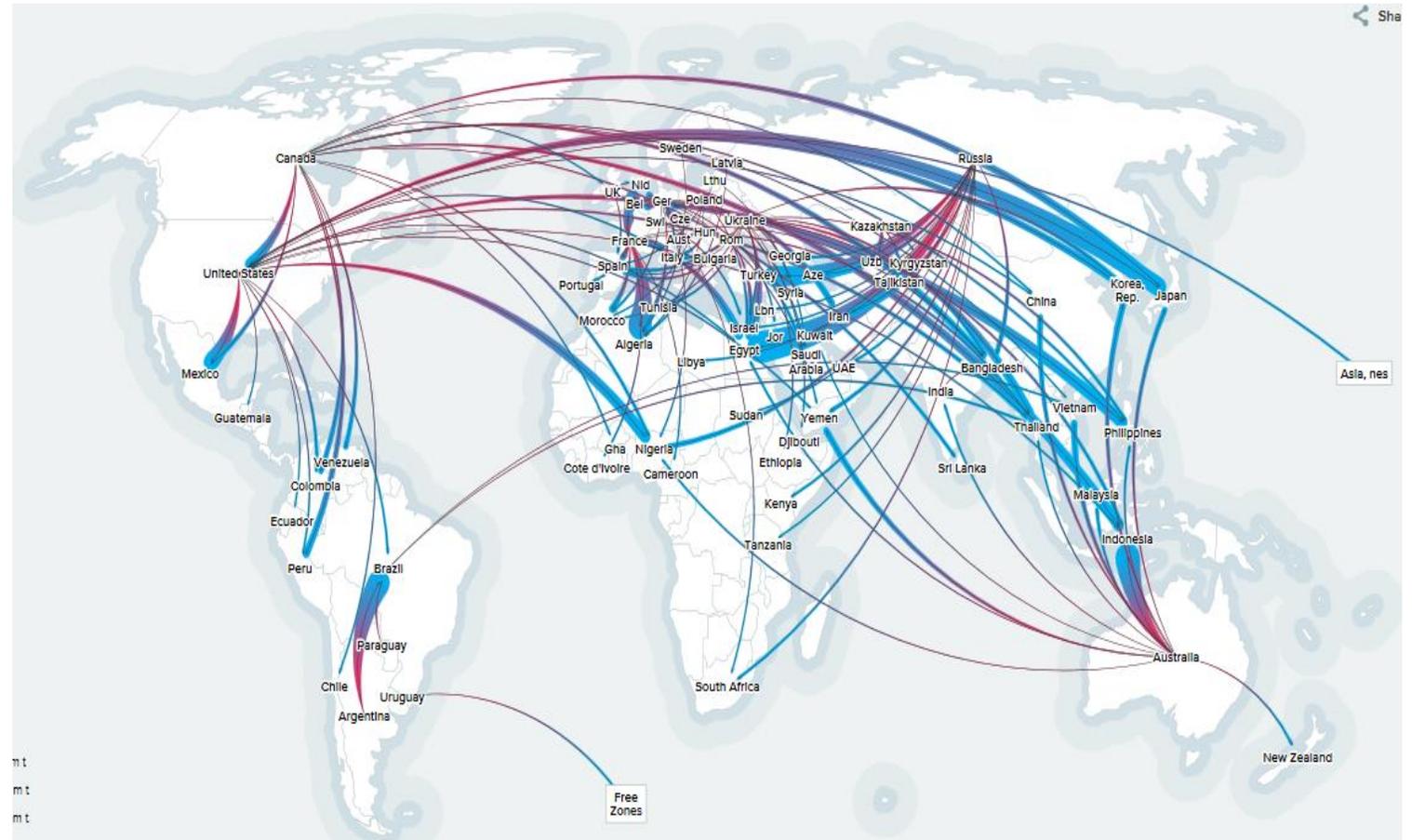
*“complexity makes optimising asset utilisation and efficiency challenging particularly at a strategic industry level”*

*“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



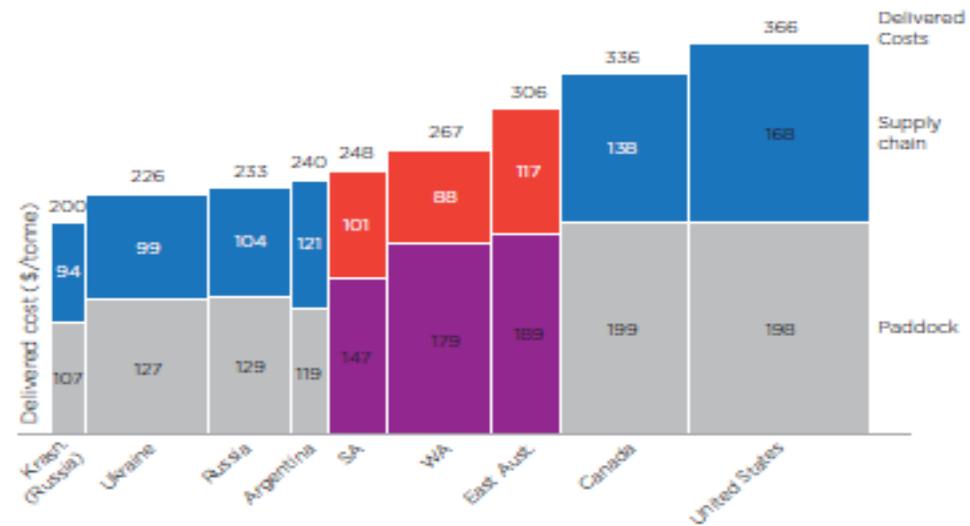
Figure 7: Supply Chain Comparison Source: AEGIC

Costs (\$/t)	2013		2014		2015-16		2016		2017	
	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	5.8 (9%)	7.7 (6%)	8.9 (7%)	2.9 (5%)	5.1 (9%)	9.0 (11%)	1.4 (2%)	5.0 (7%)		
Transport upcountry to port	11.6 (29%)	6.8 (4.4%)	7.8 (3.3%)	13.3 (2.3%)	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%)		
<b>Total supply chain cost</b>	<b>73.3</b>	<b>107.3</b>	<b>83.8</b>	<b>56.9</b>	<b>55.8</b>	<b>84.6</b>	<b>62.5</b>	<b>71.3</b>		
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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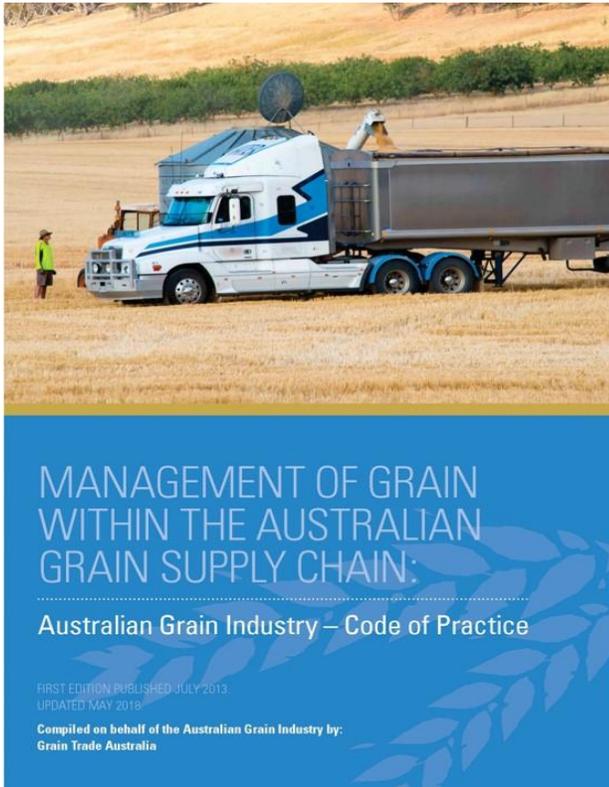
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### ↻ During the Day

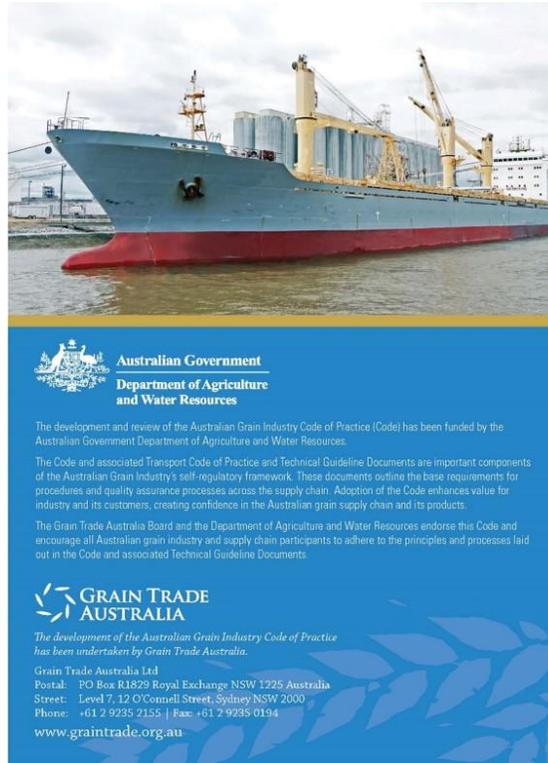
- ↻ Think conceptually and strategically
- ↻ Tying in the realities & practicalities
- ↻ Looking for opportunities
- ↻ Identify the Challenges...so they can be overcome

### ↻ 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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