



PILLAR 2:

---

# CAPTURING VALUE

“There are plenty of lessons to be learned from the eastern seaboard, especially when it comes to containerised exports of grain as a way of capturing more value from what we grow.”

PILLAR CHAMPION MARK SCHILLING

# 2030 VISION

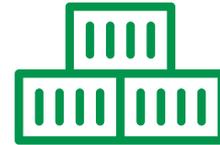
The South Australian grain industry will capture additional value by developing domestic processing pathways, markets that diversify from bulk grain export and by producing differentiated products to target high-value markets.



Double grain consumption/processing in SA – currently worth about \$1.7b – to c.40% of production or 2.8m tonnes of consumption



Align production quality with ingredient production requirements to develop value-added grain products



Triple container exports to 15% of total grains exports from about 335,000 tonnes to 1m tonnes

One of the greatest opportunities for the South Australian grain industry is to increase demand for grain within the state to capture additional value during processing.

A domestic customer pays a premium to divert grain from the export market, particularly in SA where the international market is the natural pathway for grain. Once established, domestic customers depend on local producers for their grain supply. Put simply, domestic markets are reliable customers who pay a premium. These are significant motivators to grow the domestic market in SA, which is why a key target of this pillar is to double the state's domestic grain consumption, taking it to almost 40% of total grain production.

When considering the development of SA's domestic market, there are lessons to be taken from the growth of the domestic market on the east coast of Australia. However, there are also significant differences to factor in, most notably the greater population density and different climatic conditions on the eastern seaboard.

It is important for SA to develop its own point of difference and build on existing strengths in the feed grain market. SA is already the second-largest producer of poultry meat and the largest producer of pig meat in the country. With chicken and pork demand estimated to increase significantly over the coming years, SA is well-positioned to take advantage of this expected increase in feed demand. Beef consumption is also expected to increase globally, which represents an additional opportunity.

This includes the container grain trade, which is an export market that is more mature in eastern Australia, yet one that SA can clearly participate more fully in. The Blueprint is targeting a tripling of the state's container exports to 15% of its total grain exports.

Other value adding processing opportunities are identified in this pillar, building on some of the initiatives from the Market Opportunities Pillar.

If reached, the targets in this pillar will transform SA from an export-focused state to an industry where 40% of the state's production is consumed domestically. In addition, another 15% would be exported in containers, meaning more than 50% of total state production would be away from the bulk grain export market.

All of these opportunities are designed to maximise the return for South Australian growers.

## ALIGNED PLANS

The National Farmers' Federation (NFF), *2030 Roadmap*

Primary Industries and Regions SA, (PIRSA) *Food, Wine and Agribusiness Discussion Paper 2019*

Grains Research and Development Corporation (GRDC), *Research, Development and Extension Plan 2018-23*

South Australian Research and Development Institute (SARDI), *Strategic Plan 2018-2023*

Livestock SA & SA Sheep Advisory Group, *The South Australian Sheep Industry Blueprint – 2015 to 2020 and beyond*

Livestock SA, *The South Australian Beef Industry Blueprint – 2018 to 2028*

Australian Export Grains Innovation Centre (AEGIC), *Structural change in SA's grain industry (2019)*

Pulse Australia, *Pulse Growing industry outlook (2019 – 2024)*

AEGIC, *Australia's grain supply chain: Costs, risks and opportunities (2018)*

# PILLAR 2. CAPTURING VALUE



PRIORITIES	TARGETS	PROJECT AREAS
<p><b>Support the expansion of intensive animal production in SA.</b></p>	<p><b>1.1</b> Increase feed demand in SA by 1m tonnes, worth about \$1.2 billion per annum.</p> <p><b>1.2</b> Support the expansion of feed demand in SA by producing grain specifically for feed usage.</p> <p><b>1.3</b> Target future chicken meat demand and aim for 15% of national growth to occur in SA (the equivalent of about 1.25m birds processed per week), creating additional demand of 170,000 to 200,000 tonnes of grain.</p> <p><b>1.4</b> Supply an additional 500,000 tonnes of feed grain to meet the projected increased demand as part of the implementation of the South Australian Beef Industry Blueprint.</p> <p><b>1.5</b> Improve access to infrastructure to end-users to enable efficient and cost-effective delivery of product.</p>	<ul style="list-style-type: none"> <li>• Work with the feed milling sector to increase production capacity to meet projected demand</li> <li>• Support plant breeders to develop and commercially release germplasm that permits higher yielding varieties to be grown in SA.</li> <li>• Establish infrastructure to meet chicken meat expansion including a processing facility, fertile egg production facility, hatchery and poultry farms.</li> <li>• Identify the best areas of SA to increase feed grain production and demand and provide information to feed producers.</li> <li>• Seal or cap the Strzelecki Track to attract livestock to 'finish' in SA rather than other states.</li> <li>• Establish a more rigorous End Point Royalty system for feed grains to provide commercial incentives for plant breeding.</li> <li>• Identify opportunities to provide compound feed to aquaculture.</li> <li>• Identify and supply export opportunities for compound feeds.</li> <li>• Engage with and educate growers to enable the sustainable production of grain specifically suited to the feed sector.</li> </ul>
<p><b>Support the development of value-added grain products for domestic and international markets, including ingredients for processing and health foods.</b></p>	<p><b>2.1</b> Develop value-added SA grain products which meet growing consumer demand for plant-based protein alternatives and functional food products.</p> <p><b>2.2</b> Establish pulse fractionation and processing capability in SA.</p> <p><b>2.3</b> Determine the feasibility of establishing a new oat processing plant on the upper Eyre Peninsula or in the Lower North.</p> <p><b>2.4</b> Explore opportunities for the processing and utilisation of specialty oils.</p>	<ul style="list-style-type: none"> <li>• Explore the feasibility of developing novel value-added grain products for human consumption to meet market opportunities in Australia and regionally.</li> <li>• Focus on the increased production of oats high in beta-glucan.</li> <li>• Develop an integrated framework for confirming the provenance of grain products from paddock to processor.</li> </ul>

PRIORITIES	TARGETS	PROJECT AREAS
<p><b>Support the development of and access to container packing/export pathways.</b></p>	<p><b>3.1</b> Increase the availability of food grade containers for non-bulk export pathways.</p> <p><b>3.2</b> Develop an on-farm protocol to support the integrity of container packing for the export market.</p>	<ul style="list-style-type: none"> <li>• Investigate the economics of manufacturing food grade containers in Whyalla.</li> <li>• Investigate the feasibility of incentivising the import of food grade containers versus non-food grade at the point of import.</li> <li>• Investigate opportunities to cost-effectively 'line' non-food grade containers.</li> <li>• Increase the awareness and ability of growers to fill containers for export on-farm.</li> <li>• Develop pathways for the movement of empty containers, linking with the inland rail project.</li> </ul>
<p><b>Increase wheat milling capacity in SA by 300,000 tonnes (worth about \$360m).</b></p>	<p><b>4.1</b> Identify the opportunity to attract a new flour milling facility to SA based on an efficient supply chain, consistency of supply and potential functionality benefits of SA-grown wheat.</p>	<ul style="list-style-type: none"> <li>• Proactively develop a prospectus for flour milling in the area north of Adelaide.</li> <li>• Develop and grow varieties of wheat that qualify for an 'elite baking' class.</li> <li>• Enhance varietal segregation capacity for supplying milling wheat to the domestic market</li> </ul>
<p><b>Build an oilseed crushing facility in SA capable of crushing at least 50,000 tonnes per annum.</b></p>	<p><b>5.1</b> Support the development of other non-canola, high-value or niche oilseeds such as linseed.</p> <p><b>5.2</b> Develop partnerships with the feed sector to take canola meal.</p>	<ul style="list-style-type: none"> <li>• Conduct a feasibility study into the commercial viability of an oilseed plant with a 50,000-tonne capacity.</li> <li>• Develop breeding programs and pathways for other oilseeds in SA.</li> <li>• Develop a prospectus of SA oilseeds for potential investors drawing on the reliability and continuity of supply benefits in SA.</li> </ul>