Grains
Invest in Victorian agriculture and food
August 2018
13% of Australian grains are produced in Victoria.

$1.7BN worth of grain exports came from Victoria on average annually between 2011-12 and 2015-16.
Why invest in Victoria’s grain industry?

Close to key markets and export ready

Victoria is located in a prime strategic position for supplying grains to Australia and emerging economies in Asia. Grain production also underpins food processing such as milling, malting and brewing and Victoria’s extensive animal feed industry. Recent free trade agreements and relationship building with Japan, South Korea and China are further promoting Victoria’s grain export potential.

High quality grains

The extensive size and maturity of Victoria’s food industry enables it to produce high value, high quality grain products. Victoria has a reputation for clean and green food products. Its institutional frameworks for food safety and regulation, and its unique quality and classification systems ensure the production of high quality, high protein grains.

Supported by cutting edge research

Victoria is a world leader in grains research and innovation. Major Victorian facilities such as the Centre for AgriBioscience, the Australian Grains Genebank and the Grains Innovation Park underpin our global reputation, and commitment to innovation in grains. Victoria is expanding its competitive advantages in grains through investment in strategic areas such as information and communication technology, plant phenomics, drought tolerance, and cropping in high rainfall zones.

Supported by the private sector

A number of major grain companies are continuing to invest in Victoria’s grain industry, including Emerald Grain and GrainCorp. Private investment is also occurring in grains research, including Bayer’s $14 million wheat and oilseeds breeding centre in Horsham, which opened in 2014.

Ideal agricultural land

Victoria’s extensive grain regions have the soils and climate to produce premium quality cereals, pulses, legumes and oilseeds on a large scale. In the north west, conditions favor highly sought-after milling wheat, malting barley and culinary pulses. Elsewhere, Victoria’s higher rainfall zones offer high yields for cereals and canola, with great potential for development. Victoria’s grain growers have the expertise and technology to manage climate variability and capitalise on diverse conditions.

Compelling investment opportunities

There are strong global and domestic growth prospects for Victoria’s grain products, driven by factors such as the increasing adoption of western diets in emerging economies and the demand for grains to feed livestock. These demand drivers combined with Victoria’s competitive advantages (including strong record of exports and world-class export infrastructure) mean that Victorian grain offers compelling opportunities for those looking to invest.
Victoria produces world class grains

Victoria’s production of high quality, high protein grains is supported by unique quality and classification systems, its reputation for ‘clean and green’ food products, and its institutional frameworks for food safety and regulation.

**Victoria averaged 5.9 million tonnes of grain per year between 2011-12 and 2015-16.**

- In 2015-16, Victoria produced 12 per cent of Australia’s cereal grains (in value terms). The largest grain crops (by volume) are wheat, barley, canola, oats and lentils. Hay is also a major broadacre crop valued at $551 million in 2015-16.1
- There is demand for high value grains for food processing such as canola, hard wheat, malting barley and pulses.
- Genetically modified varieties now account for 13 per cent of Victoria’s canola production, with future growth driven by improved weed control and higher yields.
- Increased production of other grains could be driven by the use of land in Victoria’s southern and eastern regions for grains. The South Western and Gippsland regions are in Victoria’s higher-rainfall zone and continue to offer opportunities for increased grain production using new cropping and breeding techniques.

**Victorian grains at a glance (annual average 2011-12 to 2015-16)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total area of grain farming</td>
<td>3.0m hectares</td>
</tr>
<tr>
<td>Average grain production</td>
<td>5.9m tonnes</td>
</tr>
<tr>
<td>Average value of grain produced</td>
<td>$2.1bn</td>
</tr>
<tr>
<td>Grain processing (2016)</td>
<td>$2.0bn</td>
</tr>
</tbody>
</table>

Sources for this page: agriculture production, ABS 7121 and 7503 2005-16; food processing value, Victorian Government estimate based on 2016 REMPLAN data and 2011-12 RISE data.

1 Unless otherwise stated, all dollar values refer to gross values in this publication.

**Chart 1: Victoria’s wheat and oilseeds production, by value, 2005-16**

[Diagram showing the production of wheat and oilseeds in millions of dollars from 2005-06 to 2015-16.]
Competitive advantages of the Victorian grain industry

**Deloitte Access Economics has assessed data on numerous factors of competitive advantage relating to agriculture and food at the regional and industry levels. Victoria’s grain industry is competitive and efficient, and is located in an excellent strategic position to supply Australia and emerging economies in Asia.**

**Close to key markets**
- Australia is close to key markets, especially in South East Asia (Indonesia, Malaysia, Vietnam and Thailand).
- Victoria has world-class export infrastructure – home to Australia’s largest container and general cargo port in Melbourne. The Port of Melbourne includes a bulk grain facility.

**Transport connectivity**
- Recent investment by the Victorian Government in the Murray Basin Rail Project will further facilitate the efficient transportation of grains.
- The Geelong grain export terminal, which is currently under construction, will be another major transport option for grains.

**Innovative production**
- Victoria’s grain industry benefits from continual productivity improvement stemming from research, development and extension (RD&E).
- Through the Grains Research and Development Corporation, the Australian government and grain growers co-invest in Victorian grain RD&E.
- The Grains Innovation Park at Horsham has become a national centre for breeding pulses and also carries out pre-breeding research in cereals and oilseeds.
- Private investment is also occurring in grains research, including Bayer’s $14 million wheat and oilseeds breeding centre in Horsham, which opened in 2014.

**Export ready**
- Around 70 per cent of Victoria’s annual grain output is exported.
- Victoria’s top three grain markets from 2011-12 to 2015-16 have been China, Indonesia and Vietnam.
- Victoria has strong relationships with major export partners including China, USA and Japan across a range of food products.
- The Australian dollar is relatively low compared to the $US, which makes Australian exports more competitive.
- Victoria is ideally suited to the production of canola and other oils which are increasingly demanded globally as healthier alternatives to tropical oils.
- Victoria’s production of high quality, high protein grains is supported by unique quality and classification systems, its reputation for ‘clean and green’ food products, and its institutional frameworks for food safety and regulation.

**Ideal agricultural land**
- Victoria’s extensive grain regions have the soils and climate to produce premium quality cereals, pulses and oilseeds on a large scale.
- In the north west, conditions favor highly sought-after milling wheat, malting barley and culinary pulses.
- Elsewhere, Victoria’s higher rainfall zones offer high yields for cereals and canola.
Victoria’s major grain growing regions

The northern and western regions of Victoria have the ideal climate to grow grains. But climatic changes are creating opportunities to grow grains in southern and eastern Victoria as well.

- Victoria’s grain farms are predominantly located in western and northern Victoria, with the majority in the Mallee and Wimmera regions.
- Grain growing in Victoria is continuing to expand into the high rainfall zones of southern Victoria on land previously used exclusively for pasture production and livestock.
- Hay is produced in all parts of Victoria and in 2015-16 was worth $550 million.

Sources for this page: map, VLUIIS 2016; ABS Agricultural Census 2016, ABS 7121 2015-16; agriculture production, ABS 7121 and 7503 2015-16.

invest.agriculture.vic.gov.au
interactive mapped data; industries; regions
The Victorian grain industry is export focused

On average, Victoria exported 4.1 million tonnes of grain annually between 2011-12 and 2015-16, at a value of $1.7 billion.

- Victoria accounted for almost 14 per cent of the value of Australian grain exports from 2011-12 to 2015-16.
- Grains accounted for 11 per cent of total Victorian agriculture exports in 2015-16, by value.
- Victoria’s top three grain markets from 2011-12 to 2015-16 were China, Indonesia and Vietnam.

**Chart 2: Grain exports by broad market (left) and type (right)**

- Exports to Asia: 52%
- Exports elsewhere: 48%
- Wheat exports: 54%
- Other exports: 46%

**Victoria’s grain exports have a strong outlook**

- Recent free trade agreements and relationship-building with Japan, South Korea and China are assisting Victoria’s grain export outlook.
- Japan has expressed keen interest in strengthening relationships with Australian grain producers.
- Following a successful mission to meet with Korean grain importers in 2016, there is growing demand for Australian specialty grains in South Korea.²
- Victoria’s world class transport infrastructure means the State is well-positioned to become Australia’s key grain exporter.

**Chart 3: Average annual exports 2011-12 to 2015-16**

- Japan: $52m
- South Korea: $71.6m
- China: $168.6m
- Taiwan: $476m
- Philippines: $44m
- Vietnam: $120.8m
- Myanmar: $42.2m
- Thailand: $73m
- Malaysia: $74m
- Indonesia: $134.2m
- Nigeria: $20.4m

² Austrade (2016), Demand for specialty grains in Korea opens up opportunities for Australia

Sources for this page: exports, Victorian Food and Fibre Export Performance Report 2015–16.

invest.agriculture.vic.gov.au
interactive mapped data; industries; regions
Strong demand for quality Victorian grain

Victoria has diverse grain regions. Hotter and drier conditions in the North West produce highly sought-after characteristics in cereals and pulses. More temperate regions elsewhere produce higher yields and have great development potential.

- There is strong global demand for grains (especially legumes and oilseeds), driven by the increasing adoption of western diets in emerging economies and the demand for grains to feed livestock.
- There is also growing demand for grains within Australia, as the dairy, livestock and aquaculture industries require more feed grain.
- Analysis by Deloitte Access Economics highlights the oilseed industry as one of the ‘fantastic five’ sectors of Australian agriculture. This assessment was based on the strong opportunity for the sector to grow in the longer term. This growth optimism is based on the strong global and domestic demand outlook – the world wants the grain that Victoria produces – and numerous factors of competitive advantage that Victorian enjoys over competing grain export nations (see diagram below).
- The market opportunity for cereals may not be as compelling as for other agricultural commodities, but it is considered stronger than most non-agricultural industries, and an area of strong competitive advantage for Victoria.
- The chart below highlights the relative size of each agriculture and food processing sector (by the size of the bubble), the level of competitive advantage for each sector in Victoria (horizontal axis), and the opportunity for future growth based on long-term trends affecting domestic and global demand (vertical axis).
- This growth optimism makes it an ideal time to invest in Victorian grain. Victoria’s industry, with its strong competitive advantages (some of which are highlighted on page 3), is well positioned to grow and continue to be competitive as demand for reputable and quality-assured grain products continues to rise.

**Chart 4: Market opportunity and competitive advantage for Victorian agriculture (10 year estimate)**

Source: Deloitte Access Economics

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1 Deloitte Access Economics analysis

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interactive mapped data; industries; regions
A wealth of skills and knowledge

Victoria has a number of top universities teaching specialised courses in agriculture and food processing. These are building the agronomic, scientific, technological and agribusiness capabilities of today’s grains workforce and tomorrow’s leaders.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Specialist Agriculture Courses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills Victoria Technical and Further Education (TAFE) Institutes e.g. The Gordon, Melbourne Polytechnic, Bendigo TAFE</td>
<td>Certificates and Diplomas in Food Science and Technology, Agriculture, Agribusiness, and Rural Operations</td>
</tr>
<tr>
<td>Primary Industries Climate Challenges Centre (PICCC)</td>
<td>Graduate Certificate in Climate Change for Primary Industries</td>
</tr>
</tbody>
</table>
| RMIT University | Master of Food Science and Technology  
Bachelor of Science (food technology) |
| Victoria University | Bachelor of Applied Science (food science)  
Bachelor of Science (biotechnology) |
| The University of Melbourne | Master of Agriculture Sciences  
Master of Agribusiness  
Bachelor of Agriculture  
Graduate Diploma in Climate Change for Primary Industries  
Bachelor of Science (agricultural science) |
| Monash University | Bachelor of Food Science and Technology |
| Swinburne University | Certificate III in Rural Operations |
| Deakin University | Graduate Certificate of Agricultural Health and Medicine |
| La Trobe University | Bachelor of Agricultural Sciences  
Bachelor of Agriculture and Technology  
Bachelor of Business (Agribusiness) |
| Federation University | Certificate III in Agriculture  
Diploma of Agriculture |

Victoria also has a number of dedicated agricultural colleges such as Longerenong College and Marcus Oldham College.
Investment opportunities in Victoria’s grain industry

Grains are a key growth commodity in Victoria, for both domestic and export markets. This page summarises just a few of the numerous opportunities in Victorian grain.

1. Containerised grains for exports

Containerised grains are a rapidly growing sector in Victorian agriculture.

- Victorian exports of grain in containers have grown significantly from 215,528 tonnes in 2001, to 2,232,000 tonnes in 2011 in response to several market trends, including deregulation, accessing emerging markets without bulk facilities, and using large containers arriving with imports.
- Common grains exported in containers are wheat, malt and feed barley, pulses, corn, sorghum and canola.
- Key Asian markets are demanding Victorian grains: In 2013-14, China significantly increased its imports of Victorian containerised wheat to 230,000 tonnes from 55,000 tonnes in 2012-13.
- The Port of Melbourne is Australia’s largest container shipping port, handling 36 per cent of Australia’s container trade.

2. Grain processing in regional Victoria

The growth of containerised grains leads to opportunities in processing, including in partly processed product.

- Containers can be packed with grain anywhere along the supply chain from the farm to the Port. But containers are more commonly packed with grain at container packing and processing facilities located in regional Victoria close to the grain supply.
- Some companies such as Blue Lake Milling and PBSeeds are partially processing products including oats and lentils.

3. Lot feeding and animal finishing

Investment that combines Victoria’s strengths in grains and livestock.

- Livestock finished in feedlots are considered a premium product.
- The main markets for Australian grain fed beef are Japan, Korea, the USA and the domestic market; grain fed lamb is sold into both the domestic and export markets, with heavier carcasses destined for premium markets such as the European Union and USA.
- The goat meat industry does not yet have an established lot feeding sector.
Examples of major grain companies in Victoria

Many top global companies have a presence in the Victorian grain industry, reaping the benefits which come with operating facilities in the region. According to IBISWorld and Deloitte’s analysis, major grain companies in Victoria include:

**Emerald Grain (owned by Sumitomo Group)**
Emerald Grain is a Japan-owned company based in Richmond, Victoria, that operates ten grain storage facilities and owns a port terminal in Melbourne. Emerald buys oilseeds and grains from around 10,000 farming families across Australia and has a total grain storage capacity of around 1.5 million tonnes.

**Cargill**
Cargill is a major global food company that employs approximately 155,000 people worldwide, and operates in seventy countries. Cargill has over forty locations in Australia, with its headquarters based in Melbourne. Its main business operations include: grain and oilseed origination; storage and handling; oilseed and malt barley processing; vegetable oil refining; cotton oilseed production; and trading and marketing grains on domestic and international markets. Within Victoria, Cargill has a crush plant, a malt plant, three grain origination locations and four grain and storage sites.

**GrainCorp Limited**
GrainCorp is an international company with operations in Australia, USA, UK, Canada, Germany, China, Singapore and New Zealand. Within Victoria, the company operates six edible oil facilities, two malt facilities, and around 50 grain storage and logistics facilities. GrainCorp is now one of the largest malt producers in the world.

**Glencore Agriculture**
Glencore Agriculture is one of the largest buyers and exporters of Australian wheat, barley, canola, pulses, sorghum and cotton. Its national marketing business is headquartered in Victoria with accumulation offices across Victoria, New South Wales, Queensland, South Australia and Western Australia buying commodities directly from growers. It is part of the global Glencore Agriculture business, and uses the company’s world-class marketing, storage and logistics network to supply customers in Australia and overseas.
The Victorian Government can facilitate your next investment

What the State Government of Victoria can provide

The Victorian Government’s investment team provides free confidential services and professional advice to both existing and new investors. Invest Victoria is the first point of contact for new clients. It provides support to international investors, and can direct domestic clients to investment advisors specialising in Melbourne (Metropolitan Investment) or regional Victoria (Regional Development Victoria), including a dedicated Agribusiness Facilitation service.

Services include:

1. Help with your market-entry business case. Our dedicated team will supply you with up-to-the-minute information on market potential, existing companies, research and development capabilities, labour market skills and costs.
2. Introductions to our great industry contacts and local suppliers.
3. Confidential expert advice to help support your choice of investment. Our experienced team can help you work through the formal approvals you might need and even visit potential sites with you and speak to estate agents on your behalf.
4. On-ground support for existing and local investors seeking assistance for their business expansion plans through our metropolitan or regional investment engagement teams. Support for international investors in their home market through our extensive network of international offices.
5. Introductions to contacts across all levels of government. Financial support to attract projects of strategic significance may also be available.
6. A large team of experienced local and overseas officers ready to give you the practical support you need to maintain your new project’s momentum.
7. Investment facilitation specialists who can work with you in relation to sites, infrastructure connections and project approvals.

See the ‘Who to Contact’ section, on the next page, or visit: invest.vic.gov.au

Grants for businesses

The Victorian Government offers a range of grant programs to help grow Victoria’s agriculture and food processing industries, infrastructure and supporting systems. To identify the programs most relevant to your project, contact us directly using the details on the following page, or browse the links below.

- Grants directed at strategic priorities, including food and fibre: invest.vic.gov.au/how-we-can-help/planning/incentives-grants-and-programs
- Grants focused on regional development: rdv.vic.gov.au
- Targeted programs to support business growth: business.vic.gov.au/support-for-your-business/future-industries
- Programs to support infrastructure or innovation: rdv.vic.gov.au/programs-and-grants
Further Information

This document is one of 16, which describe the investment opportunities in each of Victoria’s agriculture and food processing industries and regions. The following documents are especially relevant to Grain industries: Wimmera Southern Mallee, The Mallee, Victoria and Food Processing. These are available at the website below. This website also has an interactive map providing access to data on rainfall, production, processing, infrastructure, and other factors relevant to agriculture and food processing.

invest.agriculture.vic.gov.au

Who to contact

All investment inquiries
Invest Victoria can put you in touch with the best advisors for your project:

@ info@invest.vic.gov.au
invest.vic.gov.au

Victorian regions
If you already know which part of regional Victoria you wish to invest in, you may wish to speak directly to Regional Development Victoria:

rdv.vic.gov.au/contact-us

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