

Single Vision Grains Australia

Proposal for the formation of an Independent Cross Value Chain Strategic Action Research Management Organisation

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Summary

Since the launch of the original Single Vision research prepared by Pocknee and Benjamin in March 2004, a significant implementation program has been pursued in two main areas of activity.

1. Formation of a series of Task Groups supported by GCA, Grain Growers Association, United Grower Holdings and the GRDC, that successfully reported to Grains Week 2005.
2. Pursuit of broad industry agreement on the formation of an organisation to foster the implementation of the Single Vision strategy. This is a project that was led by GCA and was carried out independently of the Task Groups mentioned above.

In both cases the original Single Vision researcher Colin Benjamin was acting as a coordinator, to ensure the core principals of the original Single Vision project were followed.

The original Single Vision document identified the need for an organisation to foster the development of the industry and the full implementation of the Single Vision strategy and proposed the formation of an 'Australian Grains Industry forum'.

There is a widespread belief that there is a need for a non-aligned, non-political industry forum to bring the various components of the value chain together. The large number of nominally representative bodies identified in this study and reported widely in the media strongly suggests the need for a business forum to bring together the diverse interests in the industry and reduce the overlap of industry associations, adding to costs.

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Over the past year, such an organisation has been proposed and given the name, 'Single Vision Grains Australia'. The proposed new organisation would fill the following roles.

- a) Act as a 'strategic research facilitator' to fill in the strategic research / cross value chain gaps that were identified in the original Single Vision research released in March 2004
- b) Act as the focal point for Single Vision related industry development activities
- c) Provide an 'independent', non-political or non-commercial forum for the identification of significant development opportunities and 'new' industries and technologies
- d) Develop cross value chain process for the development of whole of chain problem solving for problems that are causing development drag on the industry

The proposal outlined in this document is the product of;

- I. Feedback from the forum sessions held at Grains Week 2004
- II. Outcomes from the 2004 Single Vision regional forums
- III. Extensive consultation with State Farming Organisations and 34 'drafting and feedback' presentations to industry organisations
- IV. A survey posted to 30 000 grain producers

At all stages of the development and drafting of this proposal, two main principals were supported by all parties consulted;

1. That any organisation formed for the purpose of facilitating the implementation of the Single Vision strategy *must be* independent of current industry organisations (including representation groups, commodity groups and the GRDC) but it must *work with* existing organisations to reduce fragmentation in the value chain.

2. That producers who are to be the main beneficiaries of the Single Vision strategy¹, should initially fund the establishment of Single Vision Grains Australia from its current research and development expenditure; on the understanding that over time, the rest of the value chain would contribute to the projects undertaken by Single Vision Grains Australia.

The original funding proposed for the new organisation suggested by Pocknee and Benjamin was based on the need for;

- a) A cross industry forum to fill the roles described earlier with a budget of approximately \$6 to \$7 million PA.
- b) The development of a strategic investment vehicle with the capability of directly investing in new industries, bringing new grains technologies to Australia, entering into joint ventures with global partners and commercialising producer owned intellectual property, with an annual investment from industry of approximately \$6 to \$7 million PA.

During the development of the Single Vision Grains Australia proposal, the following was agreed to by industry;

- I. That Single Vision Grains Australia should initially be funded from producers research and development levy up to a full operating budget of \$4 million PA by the 3rd year of operation
- II. That Single Vision Grains Australia should be provided with a guarantee of funding for a period of 5 years to ensure that the organisation can be established and operate successfully and with some assurance of longevity
- III. That Single Vision Grains Australia should be review by the industry after the period of 5 years to ensure its value has been established
- IV. That sectors of the value chain other than producers should contribute to the development and funding of Single Vision Grains Australia.

There was strong feedback from the industry that the Single Vision strategy *is* appropriate and that producers, producer and commodity organisations and representatives from the corporate sector wanted the initiative to continue.

After the successful launch of the strategy in March 2004, the encouraging cooperation between organisations to fund Single Vision implementation activities through 2004 and into 2005, the process of developing an organisation to facilitate the full implementation of the strategy hit a 'snag' at grains week 2005.

While it is correct that GRDC have announced 'seed funding' of an organisation, the announcement and any conditions attached to the funding were done in isolation from key industry stakeholders. This was against the spirit of the Single Vision approach, which emphasises transparency and cooperation.

For the strategy to proceed, it is essential that a cooperative approach is resumed and that organisations such as GCA and GGA lead the development of any implementation initiatives, with GRDC playing its most appropriate (legal) role of providing funding for research and development at the request / advice from industry.

What is now required is for the organisations in the industry who are capable of investing in the establishment of Single Vision Grains Australia, including GRDC (on behalf of producers), GGA and the corporate sector, to do so.

The industry should aim at having Single Vision Grains Australia Ltd established as an operational entity by the end of July 2005, and having the new company commence its activities (see page 9) soon after that date.

¹ It is the clearly stated aim of the strategy to increase the value of the whole of the value chain and to capture a greater share of the increased value for producers, to increase their share of the value of the grain dollar from the current \$0.19 to \$0.25 by 2015.

Funding Single Vision Grains Australia

As funding is the key element to the establishment and operation of Single Vision Grains Australia, the following is proposed for funding Single Vision Grains Australia over its first 5 years of operation.

The funding model includes contribution from producers (via research and development levy funding²) and from other industry sources such as GGA, AWB, ABB, CBH, grain processors, banks, food manufacturers, etc.

Year	Producer R&D funding	Other Value Chain funds	Total project
1	\$1 million	\$750,000	\$1.75 million
2	\$1.5 million	\$1 million	\$2.5 million
3	\$2 million	\$1.5 million	\$3.5 million
4	\$1.5 million	\$2 million	\$3.5 million
5	\$1.5 million	\$2 million	\$3.5 million
<i>Totals</i>	<i>\$7.5 million</i>	<i>\$7.25 million</i>	

At all times, Single Vision Grains Australia would seek to leverage all funds against any available from other sources for particular project purposes.

Proposed Approximate Budget Expenditure Summary

Commissioned Strategic Research Investment	\$	850,000
Market Signals Discovery Research	\$	500,000
Publishing and Communication	\$	150,000
Leadership Capacity Building	\$	150,000
Forum and Task Group Running Costs	\$	450,000
Administration	\$	317,500
Staff	\$	690,000
	\$	3,107,500

Structure of Single Vision Grains Australia Ltd

Single Vision Grains Australia will be a company limited by guarantee and registered with ASIC.³

As a company limited by guarantee, Single Vision Grains Australia Ltd will have to have an 'ownership'.

During the development of the SVGA proposal, several ownership models were proposed, with the eventual 'favoured' structure having SVGA owned by a 'membership' of existing organisations from across the value chain.

Logically this ownership would be related to funding and as such could include organisations such as GRDC, GGA, GCA (and its membership), other industry organisations, grain handling and marketers, processors and end users, etc.

Drawing funding and membership from existing industry organisations should not 'compromise' the independent of SVGA, as its operations will primarily be determined by the 'industry', through participation in the National Strategic Network, the Strategy Reference Groups and the outcomes from the Task Groups.

² It is envisaged that GRDC would provide additional funding on behalf of producers in years 3, 4 and 5 for SVGA via negotiation of strategic research provision projects, such as in the areas of Strategic Commissioned Research, Discovery of long term market signals and trends.

³ A company called Single Vision Grains Australia Ltd has already been registered and an ABN has been allocated. GCA took the step of ensuring that the company could be registered once the name of the proposed industry development vehicle became public.

However, to encourage 'full participation' from all relevant groups, a tiered membership structure for organisations may be appropriate.

Shareholders - who are the 'owners' of the company via their role as founders of SVGA.

- A. Class members – organisations that provide the majority of operational or project funding to the organisation
- B. Class members – organisations that join SVGA but are unable to contribute significant operational or project funding

Company Board

It was considered during the 10 month development of this proposal that direct election of the board would lead to politicisation of the company and a range of other problems experienced in other producer owned companies.

Single Vision Grains Australia MUST be un-politicised and be independent of representation organisations.

A possible board structure of 7 could include; 4 members elected by the shareholders of the company and 3 elected by the A Class members. The board would elect its own chair.

Under the model proposed for Single Vision Grains Australia Ltd, decision making for investment in projects and other 'operational' expenditure would be devolved to Strategy Reference Groups, to take advantage of their expertise. It is anticipated that each Strategy Reference Group would include a member of the board.

This approach will allow the board to concentrate on ensuring that corporate governance standards are upheld and that the activities of the operational structures of the company are in line with the goals and objectives of the company, as laid out in the constitution.

Transitional Arrangements – Establishing the new company

It is unrealistic to expect the new organisation to be up and running straight away. Thus it is proposed that a group of experienced professionals if appointed to form an implementation committee to guide the establishment of Single Vision Grains Australia Ltd, to set up its business processes, etc.

The implementation board may consist of *independent* professionals with experience in relevant areas of the grains value chain appointed by the owners of Single Vision Grains Australia Ltd.

Of course this requires that the owners of SVGA are first established, possibly from the organisations that were responsible for the initial Single Vision implementation activities undertaken during 2004 / 05 (GCA, GGA, UGH & GRDC).

A logical first step for this implementation group will be to appoint a Managing Director.

As the corporate 'shell' for Single Vision Grains Australia has already been established, there will need to be a hand over of the registered company to new owners. This can be achieved by holding a meeting of the current temporary office holders where the transitional board can be installed. It is envisaged this will occur as soon as funding arrangements for SVGA are agreed upon.

Corporate Governance and Measuring Performance

Along with transparency, accountability and performance measuring are important factors to develop during the establishment phase of Single Vision Grains Australia.

The proposed implementation board that will guide the development of the company over its first year, will establish guidelines and reporting processes to ensure that the aims of the highest standards of corporate governance can be delivered.

Key performance measuring criteria for SVGA will include

- Feedback from producers during the proposed regional forums
- The interest the activities of SVGA generates from producers and others in regional areas
- Participation in the National Strategic Network from key sections of the value chain

- The relationships it is able to develop
- The quality of the research it produces
- The acceptance from industry of the recommendations produced from the action research processes of the National Network, Reference and Task Groups.

Key reporting activities will include

- Annual reporting in accordance with corporate law
- An annual report to industry provided to the annual industry search conference, via the web and delivered directly to registered A class stakeholders and B and C class members
- Regular reporting to the board of GRDC.

The Role of Single Vision Grains Australia

Taking on board the concerns producers expressed over wanting GRDC to focus on its core business, the Single Vision Grains Australia proposal seeks to fill in the 'cross value chain' research, discovery and analysis⁴ strategic gap identified in the original Single Vision research.

The grains industry is *information rich* and *knowledge poor*. A common complaint from producers participating in the regional forums was 'they were swamped with information', making the identification of what can be applied as knowledge in the context of their particular enterprise very difficult.

This feeling of being 'overwhelmed' with information contributed to a general sense of powerlessness felt by producers and led to them becoming disengaged from processes that were actually implemented to make their lives more rewarding.

Single Vision Grains Australia will increase the capacity of the industry to

- Develop and apply knowledge from existing information
- Manage information and knowledge
- Discover strategic information that is critical to the future growth and prosperity of the industry.

This will allow the industry to become 'smarter' and better at decision making and policy setting.

Single Vision Grains Australia will achieve these goals by playing a new role as a cross value chain facilitator of communication, interaction and relationship building in a manner outlined in the following diagram.

The two main roles of Single Vision Grains Australia will be to;

- I. Foster the input and cooperation of all sectors of the grains value chain in the adoption and development of the Single Vision strategy
 - II. Become a strategic value chain research provider and project manager to compliment the current research being undertaken by the GRDC and the corporate sector and to increase the capacity of the industry to reduce research fragmentation and duplication across the value chain.
- Scenario Planning for long term strategy setting that will include a 'whole of value chain' perspective and input from all sectors of the value chain.
 - Encouraging leverage of knowledge capital and IP across the value chain to make better use of the information that has been generated from previous research (driving additional value from past / current investments) and addressing the 'information rich / applied knowledge poor' problem.
 - Gap analysis of industry operations to increase efficiency and profitability – working with key value chain participants to identify current and future value chain restrictions that are preventing the extraction of value, increasing the costs of doing business or compromising development of the industry.

⁴ The 'research, discovery and analysis processes' managed by Single Vision Grains Australia will be based on Action Research principals, where a systemic or whole of value chain paradigm will be employed. The action research process is based on grounding the findings on 'real world' conditions and is particularly valuable for problem solving and strategy development.

- Domestic and international strategic research to provide the Australian industry with independent analysis of market and consumption trends, identify emerging opportunities and to encourage investment in the Australian industry and to facilitate the development of new industries.
- Building bridges between all links in the value chain to drive strategic development in a more efficient and effective manner and to facilitate the free exchange of medium and long term strategic information between relevant parties across the value chain.
- Play the key role as a focal point for the strategic re-orientation of the industry and to drive cultural change across the value chain to ensure that the industry can grow in value at the fastest possible rate and that sustainable prosperity can be assured across the value chain.

Cross Chain Cooperation

As well as having a close relationship with GRDC, Single Vision Grains Australia will work with current producer organisations, corporations, government and directly with producers to help solve industry problems.

Single Vision Grains Australia will actively engage the rest of the value chain, including key organisations such as AWB, GrainCorp, ABB and CBH, millers and other users of grain, through the National Strategic Network and the Reference and Task group processes that comprise the main operational component of SVGA.

Operational Structures Within Single Vision Grains Australia

Key operating processes will be...

- ***Single Vision Regional Strategy Forums***
- ***A National Single Vision Strategic Network***
- ***A series of Reference Groups and***
- ***Research Task Groups***

To increase the transparency of the action research processes, all of the reports and research produced by the processes managed by Single Vision Grains Australia will be made publicly available to producers and their representative organisations.

National Single Vision Strategic Network

To ensure that the action research processes and the whole of the strategic research agenda of Single Vision Grains Australia is based on a cross value chain perspective, the proposal establishes a National Network that will provide a whole industry platform for strategic development.

The National Strategic Network will

- Be a network of producers and others from across the grains value chain
- Be based on an annual 2 day search conference held in conjunction with Grains Week
- Involve 60 to 70 invited participants from all sectors of the value chain
- Contribute to development of solutions for grain industry problems and guide the implementation of the Single Vision strategy by developing a Strategic Blueprint
- **NOT represent the industry politically.**

The role of the National Network will be to set the Strategic Blueprint for implementation of the Single Vision strategy.

The Strategic Blueprint will achieve two aims

1. It will provide the results of on-going re-evaluation of the whole Single Vision strategic aims that will be held during the annual strategic search conference

2. It will provide a prioritised inventory of issues the industry has to address to achieve the strategic restructuring of the industry required to meet the development and growth goals set by the industry at the annual strategic search conference.

Strategy Reference Groups

Along with the development of the Strategic Blueprint, the Network will also form 8 Strategy Reference Groups (RG) at the annual strategic search conference

- Research and Development for Growth
- Infrastructure and Transport
- Bio Tech and New Grains Demand
- Producer communication
- Government / Industry relations
- Leadership Capacity
- Environment and Economic sustainability
- Strategic Investment

Ideally each Reference Group will have 8 or more members with involvement from all sectors of the value chain. The Reference Groups will undertake the following activities

- Take issues and problems identified in the Strategic Blueprint and prioritise them for the action research process
- Form and manage Task Groups who will carry out Action Research
- Allocate and manage resources for individual task group action research. (The Single Vision Grains Australia board will allocate 'global' budgets for action research, administration and funding for implementation activities)
- Assume responsibility for agreeing to and overseeing implementation of projects developed with 'service providers'
- Assume responsibility for allocation of funds to implementation projects within budget guidelines developed by the board.

By devolving responsibility for the management of implementation projects to the Reference Groups, the administration processes within SVGA will be significantly simplified.

Reference Groups will have direct interest in and knowledge of action research priorities and processes, and as such will have a better knowledge of what implementation projects are most relevant and requiring funding. This methodology will also remove any prospect of the SVGA board becoming politicised in its operations, as the decisions for project funding will be made by a cross value chain group with appropriate issue experience and interest.

Regional Forums

The new company will run between 10 and 20 regional forums per year across all states which will

- Provide a means of communicating directly with producers and others about implementing the Single Vision Strategy
- Be held in conjunction with other functions in regional areas (eg. Producer and advisor research updates, pool forums, etc) to maximise use of participants time
- Provide a means to build a relationship between producers and Single Vision Grains Australia and to involve them directly in the action research process.

The findings from the 2004 Single Vision regional forums indicated that producers and their families wanted to be engaged in the strategic development of their industry and that the processes of setting these directions had to be carried out in a manner that would allow them the engagement they desired.

Action Research Task Groups

The core of the Single Vision Grains Australia strategic analysis and research process are Task Groups. Task groups are based on the 'Community of Practice' (COP) principle. Rather than forming traditional committees or similar processes, the COP brings together individuals of relevant qualification or with similar interests for a period of time to solve a particular problem. When the COP has 'solved' the matter it is working on, it disbands.

The Task Groups will include interested and or qualified professionals⁵ from all sectors of the value chain. They will be commissioned with the *task* or researching, analysing and making recommendations on a particular problems or matters identified in the Strategic Blueprint and by the Reference Groups. They will have set time frames within which to make reports back to their Reference Groups.

It is critically important that the process of forming task groups remains un-politicised.

The formation of Task Groups will be undertaken principally by Reference Groups, with the range and types of Task Groups determined by the National Network via the development of the Strategic Blueprint.

Selection of individuals involved in Task Groups will be undertaken using Community of Practice principals, where professionals with similar interests or similar expertise will be engaged to contribute to the action research processes.

Task Groups will not be representative processes. They will be groups of suitably qualified and experienced individuals who will work cooperatively to discover, analyse and recommend problem solutions and strategic interventions. As such, Task Groups will not be structured in a way that mirrors current representative processes.

The Regional Forums will play a very important role in bringing individual producers and their families into the process of a) implementing the Single Vision strategy, b) solving long term strategic cross value chain problems and c) directly presenting market signals to producers and communicating market opportunities to them. Of particular note should be the commitment of the process to making the results of the action research processes public.

This will allow transparency in the research, discovery and analysis processes and provide all actors in the value chain to access findings, recommendations and Green Papers, with an increased possibility of **common action** flowing from **common knowledge**. This will increase the speed of change across the value chain and positively contribute to reducing fragmentation between organisations and between sectors of the value chain.

Proposed 2005 / 2006 Operating Plan for Single Vision Grains Australia

The following activities that 'follow on' from the 2004 / 05 Single Vision implementation activities are listed (not in order of importance) as proposed activities for Single Vision Grains Australia during 2005 / 06.

1. Plan and execute the 2005 round of Regional Forums in conjunction with other industry events, research updates etc, to
 - a) update producers on the formation and activities of Single Vision Grains Australia
 - b) report back on the findings of the 2004 regional forums
 - c) continue to engage producers and others in the value chain in the development of the industry strategy
 - d) continue to encourage producers and their communities to 'own' the strategy and related industry restructuring.
2. Plan and deliver Single Vision Grains Australia sessions at the Agriculture Australia Conference in August. Both Pulse Australia and AOF have indicated a desire for a SVGA involvement prior to the conference.
3. Finalisation and distribution of the initial 2004 Task Group⁶ reports to the value chain.
4. Formation of first Reference Groups⁷ to examine the 2004 task group reports. The reference groups will examine the need for further research / development of 'Green Paper' recommendations from initial work. These 'green papers' will be the basis for adoption / advancement by representative organisations.

⁵ In the context of this paper, the term 'professional' *includes* producers, researchers, consultants, academics and other individuals with relevant experience.

⁶ The 2004 task groups have now been disbanded. It is anticipated that a different group of participants will be involved in developing the work of the initial task groups.

5. Set up the Single Vision National strategy network using the SFO's, GRDC link groups, Regional Advisory Committees and related industry groups as its base. Commence planning the initial cross value chain strategy search conference for the first quarter of 2006.
 6. Continue engagement with the Grains Week scholarship recipients to start forming a core strategic change constituency in regional areas across the value chain. The scholarship recipients were promised on-going engagement at Grains Week and there is a need to follow up with action to make the most of the momentum developed.
 7. Continual updating of the Single Vision website, amendment of issues for satisfaction ratings, and other reports from GW needing to be posted and updated.
 8. Move the national grains industry EMS project into Single Vision Grains Australia. This initiative lines with the finding from the Environmental Task Group and the presentations / relationships from grains week.
 9. Continue the development of the Greenhouse Gas / Plant Technology modelling research program (Lead researcher Dr Peter Grace) in consultation with the Australian Greenhouse Office.
 10. Develop market signals discovery and communication capability for the discovery of medium to long term domestic and international market trends, threats and opportunities. This would be carried out in conjunction with providers of short term domestic and international market signals generators; including domestic and international traders and exporters, ABARE, USDA, FAO, CBOT, etc.
 11. International market and production sector relationships. Including building stronger Australian ties with GAFTA, US, Canadian, European, South American and Eastern European producer and industry organisations.
 12. Act as a facilitator of the opportunities in new markets. Including the China Poultry supply opportunity and starch based polymer opportunity. The former in response to the continued impact of Avian Influenza and the latter in response to the national ban on plastic shopping bags in 2008.
 13. Continue to attract industry involvement in Single Vision strategy implementation by developing membership / investment in Single Vision Grains Australia by other sectors of the value chain.
 14. Establish a settled corporate structure for the on-going development of strategic research project management for the Australian grains industry.
 15. Develop linkages between Single Vision Grains Australia and the proposed National Feed Grains Initiative company. This may involve SVGA providing services to the NFGI. The aim of this linkage is to facilitate the development of a more stable and higher value feed grains industry for both producers and users.
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Background and Context

The Need for Industry Restructuring

The proposal for the formation of an independent organisation to fully implement the Single Vision strategy that was launched in March 2004 is driven by two main aims.

- A desire to use the principals described in the Single Vision strategy to grow the value of the Australian grains industry by differentiating its output from its competitors and
- To develop an Australian grains industry that is a world leader in adopting and producing advanced grain and grain technologies for the food, feed, industrial and novel use industries

There are a number of new externalities impacting on the medium term economic sustainability of the Australian grains industry, in particular the increasing competition in traditional markets from 'new' exporters who can produce commodity grains at much lower margins than Australian producers.

⁷ Delegates to Grains Weeks 2004 and 2005, as well as grains week scholarship recipients and participants in the 2004 regional forums will make the basis for drawing reference groups from.

The cost of producing grain is being heavily impacted on by rapidly increasing oil prices that increase the cost of diesel, fertiliser, crop chemicals and transport.

Increased energy costs are exacerbating margins that are already under pressure from a long term downward trend in real returns for undifferentiated commodity grains and a less than favourable exchange rate. The original Single Vision research, backed up by findings from the Boston Consulting Group, predicts the downward price trend to continue by as much as US\$15/T by 2008 and US\$25/T decline before 2015.

These gloomy forecasts add up to Australian grain producers' terms of trade declining by 3 to 4% PA. The terms of trade are balanced to some degree by the effects of on farm R&D providing an annual return of +1.7%. But this still leaves a gap of 1 to 2% PA decline in terms of trade that has to be reversed if the economic sustainability of the industry is to be assured.

Clear Strategic Messages from the Single Vision Research

- Global competition is increasing from lower cost emerging producers whose price / margin expectations, based on their production costs and standard of living, are much lower than those of Australian producers.
- There is 50 million T or more of additional cereal production capacity that could enter the global cereal commodity⁸ market by 2010. This is a major factor influencing the downward value projections for commodity grains and directly impacts on the majority of Australian cereal grain exports.
- The economic sustainability of producers and regional communities is at breaking point as input costs increase and real rates of return decrease.
- The erosion of profitability means that grain production is becoming a marginal economic activity. This in turn impacts on the ability of producers to invest in their enterprises and weakens the long term economic sustainability of their operations.
- Because of its relatively small size, the Australian industry should be capable of becoming a world leader at adopting new grain technologies and entering into new markets that have yet to become 'commoditised'.
- The industry has to restructure its decision making systems and develop capacity to identify market signals and trends earlier than its competitors and apply these market signals to its strategic research more effectively.
- Based on the rapidly changing dynamics of global production and the development of new grain technologies and the emergence of new demand streams, the Australian grains industry has to diversify its product range to meet new and emerging demands.
- By diversifying product range the industry will be managing and minimising its market risks more effectively, particularly if the Australian industry can move from the commodity markets into those that have higher returns.

Implementing the Single Vision strategy

Underlying the Single Vision strategy is the recognition that the Australian grains industry is under significant economic, social and natural resource stress.

The need for change in the strategic direction of the industry can be seen in the results of the studies of grain producers and their communities undertaken as part of the process of developing the Single Vision Grains Australia proposal between March 29th 2004 and March 16th 2005.

There is a starkly apparent desire for change across the whole of the industry, evident in the hopelessness and lack of confidence expressed by producers in their responses to the 2004 Single Vision Regional Forums and the Single Vision Grains Australia survey of 30 000 producers conducted in February / March 2005.

⁸ For the purpose of this paper, a 'commodity' market or commodity grains refers to a general purpose benchmark or price indicator grade, where price and availability are the main market determinants, rather than quality and speciality of use. Thus higher value special purpose grades are not included in the definition of 'commodity'.

'Independence' of the Strategy Implementation Vehicle

The message about the 'independence' of any organisation focusing on implementing the strategy was noteworthy. Producers expressed little confidence in the ability of current representation organisations to manage the strategic implementation process.

This agrees with the Grains Council position that it is clearly not the role of producer representation organisations, either at a state or national level, to under take the cross value chain change management facilitation role envisaged for Single Vision Grains Australia.

Producers also expressed their reservations about having the GRDC take on the role of change management facilitator. They understand the valuable role GRDC plays in funding research that enables them to address part of their declining terms of trade by increasing productivity on average by 1.7% PA.

The concern was that if GRDC took on an additional role, then its focus on boosting on-farm productivity might reduce. As most producers have a range of enterprises, they are familiar with systemic failures in other industry development organisations and related RDC's, where a fragmented focus has not delivered the value for money that GRDC has.

Conclusion

Put simply, the Australian grains industry has reached a point where it must focus more attention on its strategic positioning, both globally and domestically.

The range of forces placing pressures on the industry are such that, if they are not addressed, fracturing to the foundations of the industry will occur. Single Vision Grains Australia will unlock the ability of the industry to make major strategic transformations, allowing the industry to meet the Single Vision goals of

- Growing the value of the grains industry and
- Becoming a world leader in adopting and producing advanced grain and grain technologies for the food, feed, industrial and novel use industries.

As highlighted in the original report released over a year ago, it is essential that the Single Vision strategy is implemented. The activities of Single Vision Grains Australia will play a central role in increasing producers' share of the grain dollar from its current long term unsustainable level of \$0.19 to at least \$0.25 by 2015.

By working to grow the value of the *whole* industry and by working with the *whole* value chain, this strategy will deliver benefits to all participants in the grains value chain and allow producers to address long term problems with their declining terms of trade. This is the only way the Australian grains industry can create sustainable prosperity and growth in regional Australia.