



# COLD STORAGE FORUM

TUESDAY 10<sup>TH</sup> SEPTEMBER  
STRUAN HOUSE, NARACOORTE

## OVERVIEW

Regional Development Australia Limestone Coast (RDALC) in collaboration with Primary Industries and Regions South Australia (PIRSA) facilitated a forum at Struan House, Naracoorte to further understand the demand and opportunities associated with Cold Storage in the Limestone Coast. The forum's aim was to bring the regions agriculture, seafood, aquaculture, viticulture & horticulture industry and potential investors together to investigate further the need, supply, demand and potential opportunity that may exist to further develop the regions cold storage infrastructure.

Businesses within the Limestone Coast region identified a significant lack of cold storage available for a range of products from the region. Facilitated by Grant King, over 30 attended the forum, with representation including current growers of Onion, Potatoes & Apples, potential new growers & investors, Seed producers, Distributors, Financial Institutions, Viticulturist, Seafood, Transport providers, potential cold store operators and local and state government representatives.

## **WHAT IS THE CURRENT SITUATION?**

Limestone Coast producers are currently utilising facilities in Portland, Ballarat & Loxton due to lack of cold storage capacity within the Limestone Coast. 600-700 tons of produce are currently stored in Ballarat, with 2000 tons stored in Loxton. The freight costs are significant for these businesses as they are required to freight their produce out of the region to access cold storage, only to then return the produce to the region to process and package. The final process involves the produce then being freighted again out of the region to markets. Current market rates \$80 per bin from 6 months storage.

## **WHAT IS THE DEMAND?**

Producers clearly stated that if cold storage facilities were available closer to their business the potential then existed to expand and increase their production. Having cold storage facilities closer to business and on site enables growers to monitor produce on a regular basis, which is important for quality assurance. Of those in attendance one producer required an additional 1000 tons capacity with a second producer requiring an additional 2000-3000 bin storage space.

## **WHAT ARE THE PRODUCTS?**

Seed Potatoes, Onions, Potatoes, Apples, Herbs. Potential produce includes but is not limited to broccoli, carrots and lettuce.

## **SEASONALITY**

Seasonality is an impediment to the effective utilization of cold storage within the Limestone Coast. As an example Onions, Potatoes & Seeds require storage from May through to October. As a region we need to further investigate the utilization of cold storage across the full year. Opportunity could exist to collaborate with the seafood industry in particular the Rock Lobster industry as their facilities aren't utilized October through to May.

## **ISSUES**

The following issues were identified as constraints to the development of the region, hampering or compromising potential opportunities;

- Transport logistics were identified as a major impediment. How can transport costs be minimized? Potential exists for growers to work more collaboratively with the freight/transport industry to ensure that if we move produce out of the region we ensure that trucks aren't returning empty. Producers indicated they deliver their produce interstate and have actively engaged with those interstate producers to ensure trucks return full, reducing their overheads. A possible shortage of trucks in the region could exist should supply increase.
- Currently producers are sending small volumes to their markets (ie couple of pallets) to maintain customer base, client relationships and ensure contracts are maintained. This is often done at a loss to the business. Many of these smaller producers in the Limestone Coast as a result are selling their business or ceasing to trade, due to costs associated with getting produce to market along their supply chain, ie freight/storage.
- Lack of small storage facilities for smaller producers, producing less volume within the region. Need to find ways to foster their growth by reducing logistical costs such as transport which make it cost prohibitive along with improving access to storage.

- Distribution to market and market access limiters have restricted growth within the region and closed businesses, especially smaller producers.
- In flux of cheap imports into Australia.
- Government – Federal & State, including compliance costs, regulations, paperwork, taxation systems, ‘red tape’. There is a perceived lack of regional support and priorities for the Limestone Coast. Government representation and presence in regions is reducing.
- Cost of doing business in South Australia is increasingly high compared to other states. Before a business even opens its doors their costs are significantly higher than other states. As an example wages for some producers have increased by 27% this year (2013)
- Portland is now one of the most expensive container ports in Australia to move produce out of the region and export.
- Seasonality of produce, results in storage being underutilized in the non-growing season and a continual loss of a skilled workforce at the end of each season.
- Future markets may exist where no cold storage is required and produce needs to be sent fresh to market, making long term storage redundant/not needed.

## OPPORTUNITIES

- Development of smaller storage rooms/facilities with different temperature settings, to encourage smaller producers (ie 3-4 pallets) in the region to continue growing.
- Developing the regions frozen storage capabilities to enable snap freezing.
- Increase the growing season within the Limestone Coast to enable year round demand.
- Glasshouses development
- Actively entice growers to utilize our storage facilities from outside the region in our non-growing seasons.
- Existing infrastructure has been identified, including:
  - **Southern United** located at the Old Mount Shank abattoir facilities. Currently owned and used by Southern United to store Rock Lobster, King Crabs and Abalone. Facilities available include smaller Cold Room 6m (length) x 4 m (width) x 4 m (height), large cold room 17m (length) x 11 m (width) x 10 m (height). Large dry storage area also available. Storage requires new refrigeration units to be installed. Export accredited.
  - **McDonnells Industrial** located in Tantanoola. Facilities include 23m x 23m, 42m x 15m & 20 x 42m rooms, which can be further divided dependent on demand. Loading bay, Laboratory facilities and office areas also available. Site requires refrigeration to be installed.
  - **LCW** (previous Stonehaven Winery) Facilities include a 117m (length) x 34m (wide) shed, approx. 1000 pallet spaces, currently temperature controlled at 18 degrees. Site requires refrigeration to be installed.
- Potential to establish a Distribution hub in Bordertown. It was identified that there is currently plenty of movement of produce coming and going from Bordertown with the meat industry and seed industry. Other industries could tap into the current infrastructure and services available. Bordertown has two DAFF inspectors currently based in the region to monitor loading for Export.

- Investigate establishing small power generation plants to generate our own regional power supply, reducing power costs and reliance on grid. This shouldn't be exclusive to specific industries ie Horticulture, potential exists for diverse range of industries to access and utilize.
- Potential exists for greenhouse/glasshouse development within the region with produce often requiring longer growing seasons. Water and land in the Limestone Coast is considerable cheaper when compared to other states such as Victoria and New South Wales. Should we be doing more to attract these industries to the region, especially if we get the infrastructure in place?
- The apple industry maintains its own cold storage database. As a region it was suggested that we look to develop a database of current storage within the Limestone Coast that includes Frozen, Cold and Dry.
- If we minimized the transport costs, then storage outside of the region is potentially no longer an issue.

## PROPOSED SOLUTIONS

SOLUTION	ACTIONS	WHO
<b>GOVERNMENT SUPPORT</b>	<ol style="list-style-type: none"> <li>1. Investigate state and federal funding available to support investment</li> <li>2. Encourage and lobby state government to re think regional support and priorities</li> <li>3. Investigate further Tasmania's framework and government support</li> </ol>	RDALC/PIRSA Industry
<b>OTHER MODELS</b>	<ol style="list-style-type: none"> <li>1. Investigate other models and what's happening elsewhere, suggestions include Tasmania, Werribee, Virginia and the Casey Food Hub.</li> <li>2. What are the current and future trends? Are other produce growing regions growing or declining? Is urbanization now an issue for these regions and how can we capitalize on this?</li> </ol>	RDALC
<b>CLUSTER &amp; SUPPORT</b>	<ol style="list-style-type: none"> <li>1. Investigate cluster opportunities and financial support</li> </ol>	PIRSA/RDALC
<b>CO-OPS</b>	<ol style="list-style-type: none"> <li>2. Is the region large enough to support a Regional hub – Is a central co-op the solution.</li> <li>3. Would that see an increase in smaller growers and their produce moving out of the region and encourage smaller growers to continue to produce.</li> <li>4. Do shared facilities work?</li> <li>5. Investigate Co-ops to assist absorb costs?</li> </ol>	RDALC
<b>INFRASTRUCTURE</b>	<p>The forum identified 3 sites currently within the region that have the capacity to provide cold storage.</p> <ol style="list-style-type: none"> <li>1. Are there other facilities within the region that are available that we aren't aware of?</li> <li>2. Establishment of a database of who has current facilities in the region and those who has infrastructure that could be further developed</li> </ol>	RDALC/Councils/ PIRSA/Industry

<b>INDUSTRY COLLABORATION</b>	<ol style="list-style-type: none"> <li>1. Encourage growers to engage with identified owners of current infrastructure within the region.</li> <li>2. Increase awareness of current infrastructure within the region</li> </ol>	RDALC/PIRSA/ Councils/Industry
<b>TRANSPORT</b>	<ol style="list-style-type: none"> <li>1. Is transport the solution to our storage gap?</li> <li>2. Are we utilizing our established transport network as well as we should be?</li> <li>3. Engage and liaise further with current freight providers within the Limestone Coast to determine current situation</li> </ol>	RDALC/Freight Industry
<b>DIVERSIFICATION</b>	<ol style="list-style-type: none"> <li>1. Investigate in partnership with industry what else could be grown in the region, what are our other produce opportunities?</li> </ol>	RDALC/PIRSA/ Industry/Grow SA
<b>EXPORT</b>	<ol style="list-style-type: none"> <li>1. Encourage those looking to invest in cold storage infrastructure to investigate and obtain export accreditation</li> </ol>	RDALC/Tradestart
<b>REGIONAL APPROACH</b>	<ol style="list-style-type: none"> <li>1. Investigate if this can be a whole of region solution or do we have a sub-regional answers? ie Upper &amp; Lower</li> </ol>	RDALC/PIRSA
<b>BUSINESS CASE</b>	<ol style="list-style-type: none"> <li>1. Is there a business case for investment, can a stand-alone investment work? Is it better to integrate into the functions of an existing producer?</li> </ol>	RDALC/PIRSA

**FOR ADDITIONAL INFORMATION OR TO MAKE FURTHER COMMENT PLEASE CONTACT:**

Michaela Bell  
 Business Development Officer  
 Regional Development Australia Limestone Coast  
 Ph: 0887231057      Email: [bdo@rdalimestonecoast.org.au](mailto:bdo@rdalimestonecoast.org.au)