Changing community expectations

Implications and strategies for the Australian Agribusiness Industry

Agribusiness Australia

Contents

Foreword from the Chairman

"By 2030, the Australian agribusiness industry will be world-leading in all aspects of sustainability challenges like climate change, energy efficiency, greenhouse gas emissions, product & packaging waste, product safety & quality, biosecurity, biodiversity, nutrient & pesticide use, animal welfare, water availability & efficiency as well as work health & safety. Through a collaborative, proactive and across multi-commodities approach, the Australian agribusiness industry can meet our community expectations while remaining commercially viable."

This report forms the third in a series of reports commissioned by Agribusiness Australia that seek to identify and explore key macro trends that will play a leading role in shaping the future direction of Australia's agribusiness industry. Having previously viewed the industry through both an economic and a geopolitical lens in the respective 2020 State of the Industry and Belt and Road Initiative reports, here we adopt an Environmental, Social and Governance (ESG) lens to assess the significant external influences that will impact the sector's growth and sustainability.

There can be little question that the expectations Australian society has of the agribusiness industry in today's world have evolved significantly over the past decade. Growing awareness and a sense of urgency around environmental and social issues has led to an expectation that the agribusiness industry must act responsibly and sustainably. Indeed, all industries are subject to this same scrutiny. Still, agribusiness stands out to be one of the most closely monitored owing to its vital connection to the natural environment and the social welfare of the community.

To achieve its stated growth ambitions to build a $300 billion (AUD) Australian food and agribusiness industry (pre and post-farmgate) by 2030, the industry must increasingly engage with the Australian community and adopt new and innovative ways to validate its social licence to operate. Reliable access to essential resources such as land, labour, water, and capital is at stake, in addition to the industry's ability to maintain access to and compete profitably in vitally important high growth and high-value markets at home and abroad.

Fortunately, the Australian agribusiness industry has a long history of both environmental stewardship and animal welfare. As a result, we have a solid base of goodwill amongst the community to further build the necessary levels of credibility and trust in its sustainable practices. Innovative strategies, big data, technologies, good governance and planning will enhance our ability to achieve the ESG best practices more effectively. However, there are challenges we need to face too. Naturally, in such a diverse sector, the specific ESG priorities differ as does the degree of preparedness to meet stated goals. Some of the community expectations might not be real or doable in a sustainable framework. This report seeks to provoke debate and discussions about the convergence of agribusiness and community expectations to come up with a plan that is profitable, productive and sustainable.

This report provides the latest update on the forces of change in the community as well as current community issues and industry actions as the base for debate and discussions. We hope to promote a cross-sectoral collaboration to share insights, leverage resources and drive timely action. Collectively we will shape a prosperous agribusiness industry of the future that Australians can be justifiably proud of.

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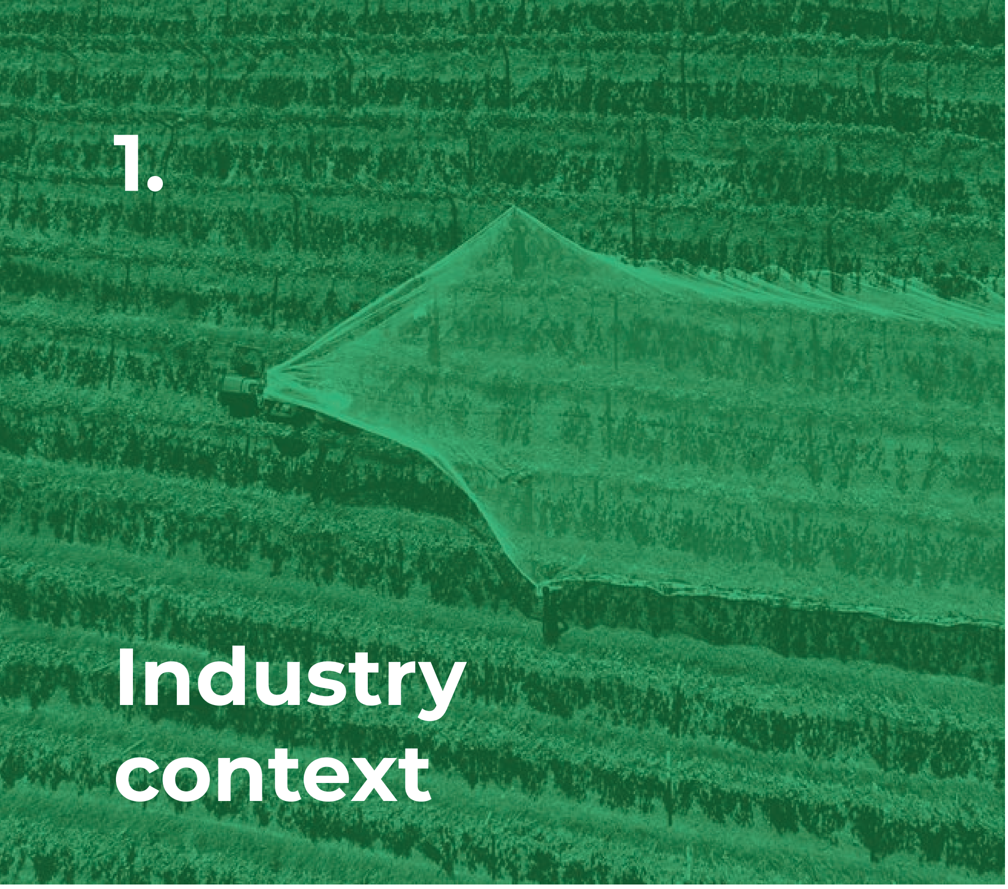
Mark Allison
Chairman, Agribusiness Australia



1. Industry context

In its *2030 Roadmap* launched in 2018, the Australian agribusiness industry endorsed a strategy designed to drive the Australian agriculture, forestry and fishery sector towards a farmgate value of $100 billion (pre-farmgate) by 2030 (NFF, 2018) – well in advance of the $62.2 billion estimated value of the sector in 2018-19 (ABARES, 2020).

Further, after incorporating the contribution of allied food manufacturing and inputs businesses in the supply chain, the industry has stated ambitions to build a $200 billion (post-farmgate) Australian food and agribusiness sector by 2030 (FIAL, 2020). While these targets represent ambitious goals by historical measures, some may say achieving this growth trajectory in an environmentally and socially sustainable manner is an exceedingly difficult challenge.

The reality, however, is quite the opposite. Today's changing and increasingly demanding environmental and social standards expected of agribusiness operators means that the industry's ability to meet community expectations is not an impediment to growth, but rather a precondition for growth. This critical need to adopt a sustainable approach to growth is rightly recognised in the NFF Roadmap that specifies 'growing sustainably' as one of the seven pillars underpinning the plan.

More and more we are seeing real examples of how ESG considerations are influencing the opportunities agribusiness producers have to both grow and sell their products. This includes the setting of public policies that govern the access Australian agribusiness producers have to critical resources such as land, water and labour, as well as directing private investment capital through the use of decision-making frameworks such as Socially Responsible Investing (SRI). Figure 1 illustrates how the banking and investment industry is already quantifying ESG risks in a way that can be incorporated into investment decision-making, with the agribusiness and commodity foods industry assigned with a relatively high ESG risk rating by S&P Global Ratings.

In the global marketplace, ESG issues influence everything from trade negotiations to the buying decisions of downstream manufacturers, importers, retailers and consumers. Not only does this have potential future consequences for the ability of Australian agribusinesses to secure valuable price premiums and/or preferential trading terms over foreign competitors, but also the degree to which producers will have access to foreign markets in the first place.

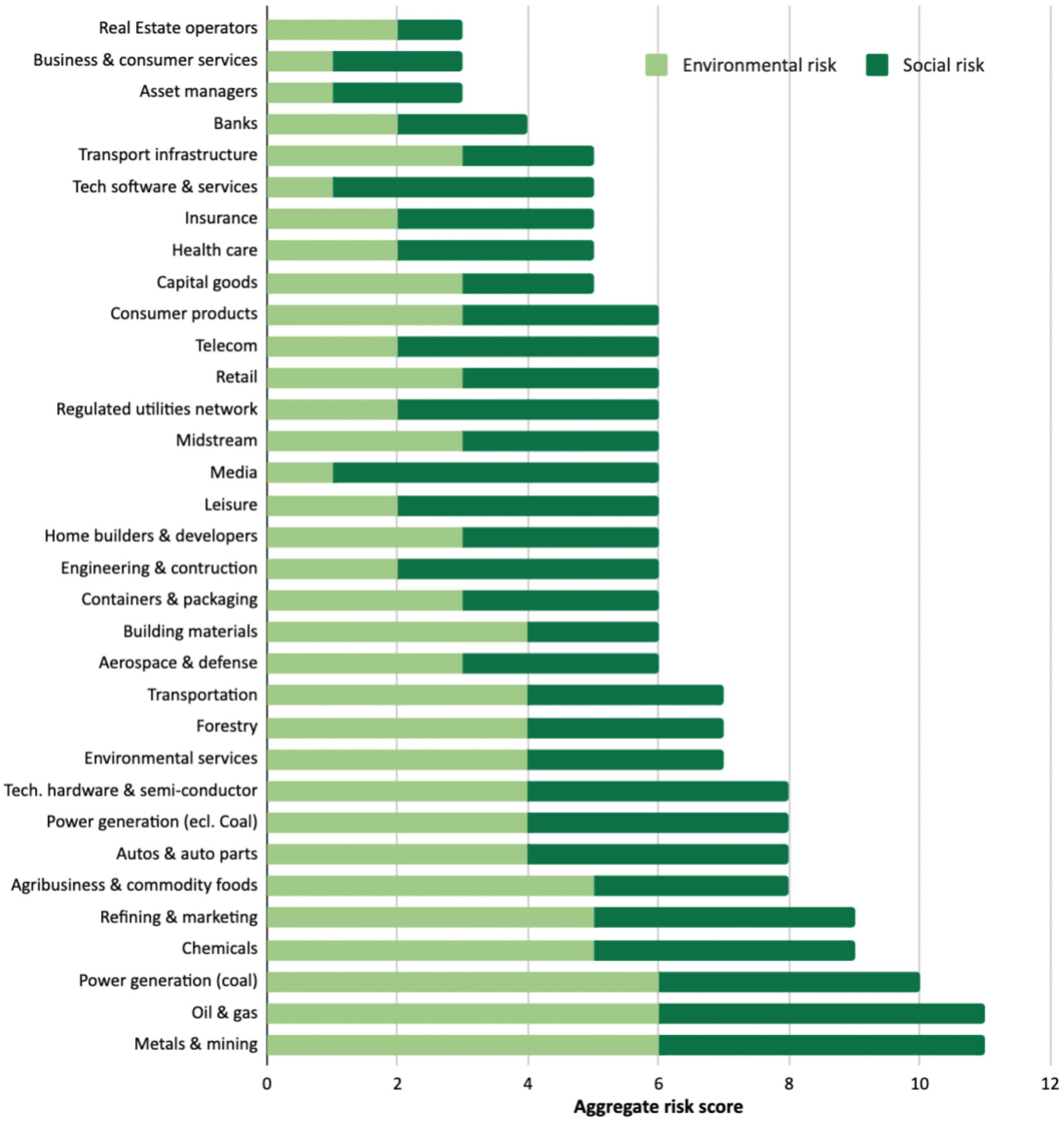


Figure 1 – S&P Global ESG Sector Risk Atlas, Source: S&P Global Ratings, 2019

2.

How community expectations influence industry

The term ‘community’ is a concept that is broad and hard to define. In reality, agribusinesses find themselves operating at the centre of influence of a diverse range of stakeholders in the community, who each have complex relations with industry, and with some having a further set of stakeholders as well.

Figure 2 specifies how community expectations act to influence the agribusiness industry, categorising the principal stakeholder groups by the proximity of their relationships to business, and also by how their views and actions work in practice to influence business and industry, and the other stakeholders around them.

The degree and direction of influence are shown to work from the outside-in, with those stakeholders furthest removed from business and industry being the most influential actors in shaping community expectations. Rarely does the general population interact directly with farmers and agribusiness companies, but instead exert influence through other stakeholders like government agencies, downstream manufacturers, and retailers to express their needs and desires. These stakeholders within the general population – such as everyday consumers, special interest groups and the media – not only seek to overly influence the stakeholders positioned closer to business, but they also exert influence and embolden each other.

This dynamic, where the stakeholders most removed from the agribusiness industry have the most influence in shaping expectations, is what makes managing community expectations especially challenging for the industry. The implication is that the agribusiness industry must work particularly hard to find ways to connect and communicate with consumers, the media, key opinion leaders, as well as special interest groups to proactively manage their expectations.

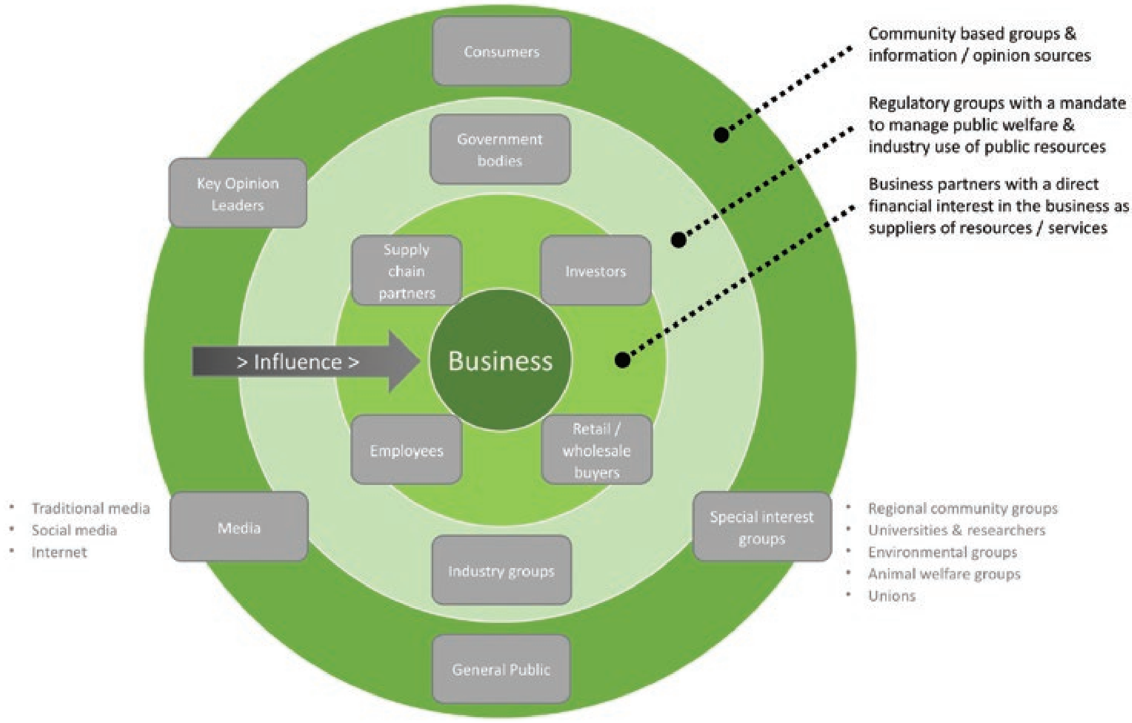


Figure 2 – Spheres of Community Influence on Agribusinesses, Source: AgInfinity, 2020

Fortunately, positive steps are being taken to better gauge the level of trust Australians have in the agribusiness industry to act responsibly and sustainably. Earlier this year, industry research body AgriFutures Australia released findings from the most comprehensive study of this kind to date. It indicated there is a solid basis of public trust in the agribusiness industry to build upon, with a broad acceptance of the significant socio-economic benefits that the industry delivers for the wider community. However, considerable uncertainty was expressed in the industry's ability to manage its obligations towards the environment, animal welfare and workplace conditions, along with the willingness of some (unspecified) rural industries to respond to community concerns (AgriFutures Australia 2020a).

It is unclear whether the uncertainty the wider community had of the industry's ESG practices was due to either a lack of awareness of what those ESG practices are, or due to a view that the current actions taken by the industry are inadequate. The truth is believed to lie somewhere in between, and this balance will also vary across industry sub-sectors.

But what is clear is that as community expectations evolve, regulation and industry innovation will follow. This dynamic has been illustrated over many decades, right back to the 1960s when the community's attention was first drawn to the relationship between prevailing industrial practices and increasingly evident signs of environmental degradation.

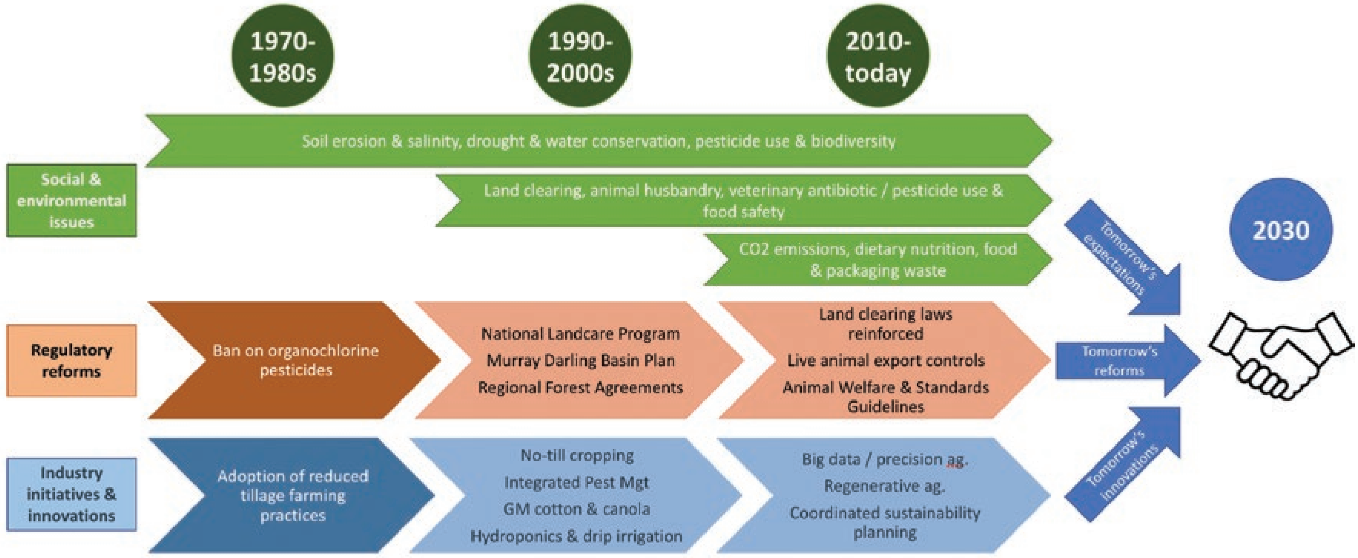


Figure 3 – The Journey to Building Community Trust in Australia's Agribusiness Sector, Source: AgInfinity, 2020

Figure 3 provides examples of how the interplay between issues of community concern, regulatory reforms and industry innovations have enhanced industry sustainability over the past 50 years. Such a model is ultimately moving the agribusiness industry closer towards its goal of establishing full community confidence and trust in years to come (AgInfinity, 2020).

The agribusiness industry is well advanced in finding productive ways in which to address many issues of community concern that have arisen in the past. While these issues must remain clearly in focus, community expectations continue to evolve with new issues coming to the fore, and new regulatory reforms and industry initiatives will inevitably be necessary to address them.

The issues that have risen to prominence over the past decade – such as greenhouse gas emissions, dietary nutrition as well as food and packaging waste will gradually assume prominence in community consciousness and government policymaking. **The industry must openly and proactively engage in guiding regulation in ways that allow the industry to function efficiently, while also continuing to prioritise ongoing investment into research and development, as well as the adoption of industry best practice. By doing so, the industry will maximise its chances of finding the most productive ways possible to meet community expectations while remaining commercially viable.**

3.

Forces of change in the community

Having explored how community expectations act to influence industry, it pays to understand better the forces that are causing expectations of industry to change fundamentally.

DEMOGRAPHIC CHANGE & CHANGING VALUES

In short, younger generations are not especially happy with the world they are inheriting and are beginning to make their feelings known. Many studies, including the annual Deloitte Global Millennial Survey, have identified 'Generation Z' (16-24 years old in 2020) and the 'Millennial Generation' (25-36 years old) as being filled with a strong sense of purpose and responsibility towards their community. Little wonder given their values have been formed during a period of severe economic crises, growing alarm over climate change, and mounting evidence of social injustice (Deloitte, 2020).

These younger generations are now of voting age and making inroads in the workforce, allowing them to express themselves through public policy and as influential consumers and community members. Unlike many in the generations before them, the overwhelming majority (roughly 4 out of 5) believe that climate change is a real and man-made phenomenon, fuelling a growing sense of urgency around the need to address issues such as CO2 emissions, product and product packaging waste, as well as the conservation of precious public resources such as water and biodiversity.

Scepticism around the social intent of business in general is also elevated, with only half of the younger generations said to believe that industry is a force for good for society. Instead, greater attention is being placed on issues such as business transparency, product safety and traceability, human rights and animal welfare.

DWINDLING CONNECTIONS TO INDUSTRY

At the same time, community ties to the agribusiness industry are becoming more tenuous, making it increasingly difficult for the general population and media to relate to industry circumstances. Australia's highly urbanised community and steadily declining agricultural workforce mean fewer people have a social connection to agribusiness or have a meaningful understanding of food, fibre and forestry production (CSIRO, 2020). An Australian community poll conducted for National 'AgDay' in late-2018 indicated that over half of respondents aged 18-29 years old felt disconnected from farming and uninformed about the industry (NFF, 2018).

This apparent lack of connection to the agribusiness industry, however, should not be confused for an inherent lack of care in how the industry conducts its business. Some were alarmed by the statistic revealed in the NFF 2018 AgDay poll that almost a quarter of respondents aged 18-29 years old did not care about how their food and fibre was produced (NFF, 2018). But central to the concept of 'social licence' is the idea of implicit trust. Many in the community would naturally assume and trust that their food and fibre is produced responsibly. But should industry give them a real reason to doubt this assumption, the consequences can be severe and far-reaching.

THE CONCEPT OF 'SHARED VALUE' IN BUSINESS

The belief that business should be intently focussed on serving shareholder interests above all else has been widely accepted in business practice for many years. However, this guiding principle is now being fundamentally tested by a growing distrust in businesses to act in a socially responsible manner. Such a sentiment includes distrust in businesses to respond to community concerns in a meaningful way that goes beyond largely self-serving corporate social responsibility policies that have been put in place to primarily protect business reputations.

An alternative approach is gathering momentum in leading business circles, one which believes that businesses would be better served to position a broader group of stakeholders and community interests at the centre of their decision-making and objectives. In viewing these as complementary rather than competing interests, more and more businesses are showing that economic value can be created and shared with the stakeholders and communities that sustain them (Porter & Kramer, 2011). Not only is this considered to be a more commendable purpose, but also a more sustainable one that can be transformed into a key source of competitive advantage.

In practice, the long supply chains and extensive community reach of many agribusinesses make incorporating broader stakeholder interests into plans and actions especially complicated. But opportunities to do so are also more abundant as a result, with a growing number of agribusinesses showing that economic value can be created while also purposefully pursuing ESG goals with progressive business practices.

Example - 'Shared value' Creation in Action

Agribusinesses such as Blantyre Farms are showing exactly the sort of business and environmental value that can be created by incorporating a more diverse range of community stakeholder interests into their operations. Located near Young in south-central NSW, Blantyre Farms operates an integrated piggery and cropping business employing 40 staff and producing 40,000 pigs per year.

In the process of thinking laterally of ways to reduce input costs and boost their profitability, the business also saw fit to think about how they might address their environmental footprint by tackling social and environmental issues such as food waste and methane production – a damaging greenhouse gas. The resultant redesign of their supply chain through the incorporation of human food waste from food manufacturers into their pigfeed mix, as well as the capture and reuse of methane in their energy mix, has saved the business considerable expense while also acting to strengthen marketing relationships with key customers such as Woolworths (Preston & Hutchings, 2020).

This case illustrates how businesses are not alone in pursuing their ESG goals. Numerous stakeholders, whether they are supply chain partners, customers or government agencies, are becoming increasingly aligned and are searching for new and innovative ways to support better ESG outcomes for business and the community.

For more information on how this and other businesses are actively pursuing shared value strategies in their businesses – https://sharedvalue.org.au/resources/case-studies/

EVOLVING CONSUMER RELATIONSHIPS WITH PRODUCTS

Consumer needs from the food, fibre and forestry products they purchase are also evolving as society's needs evolve. Gone are the days when most consumers derived simply functional benefits from the relatively uniform products they consumed. Somewhat akin to how human motivations have been observed to evolve as their social needs are progressively met in frameworks such as Maslow's 'Hierarchy of Needs' outlined in Figure 4, consumers are progressively looking for a more diverse range of higher-order benefits from the agribusiness products they consume.

Today's products have become much more highly differentiated as supply chains and manufacturing technologies have become able to cater to the evolving needs of an increasingly socio-economically diverse community. It is only natural that as society's needs change and the choices available to it increase, so will the demands they make of the products they purchase and the businesses that they purchase them from.

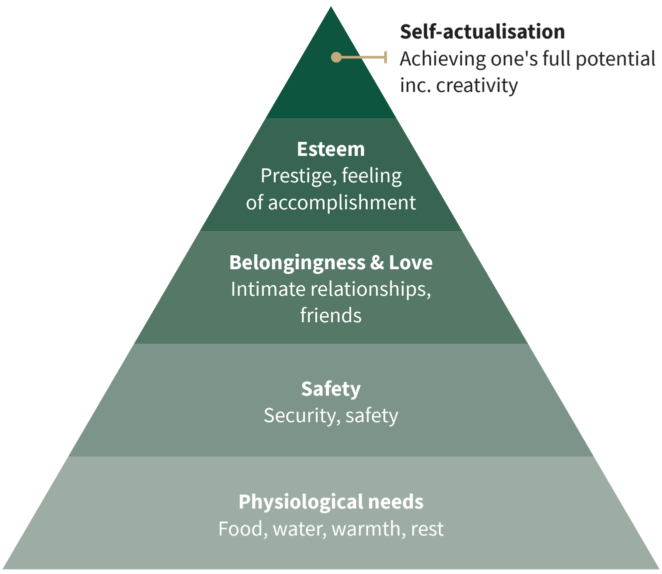


Figure 4 – Maslow's Hierarchy of Needs, Source: Maslow, 1954

A CHANGING WORLD OF NEWS AND VIEWS

The way in which people source information and form opinions in today's community is also undergoing seismic change. Figure 5 shows how Australians are now seen to increasingly source their information via new sources and media channels such as online newsfeeds and social media. With more news and information at people's fingertips than ever before, people themselves are in much more control over the information they do and do not see, with increasingly little bandwidth available for outside influences to cut through. Somewhat paradoxically, however, people are becoming increasingly passive in exercising this control, allowing media channels and organisations to control the news they see according to what they deem will prove popular.

In many ways, this dynamic is leading to a popularisation of the media, and a tendency for content providers to hurriedly prepare and sensationalise content for a story to garner interest and generate advertising dollars. Proportionately less and less news is fact-checked and balanced as a result, illustrating the difficulties industry will face in influencing the quantity and quality of news and information seen by the community about their businesses.

In addition to the work the agribusiness industry must do to bolster their ESG credentials, work must also be done to find effective ways of communicating it to public stakeholders in this new media landscape. While industry-based sources and channels of information tend to be far from the minds of the general public, activist groups with their own agendas are proving much more adept at leveraging new media and methods to draw the attention of the public and further their aims.

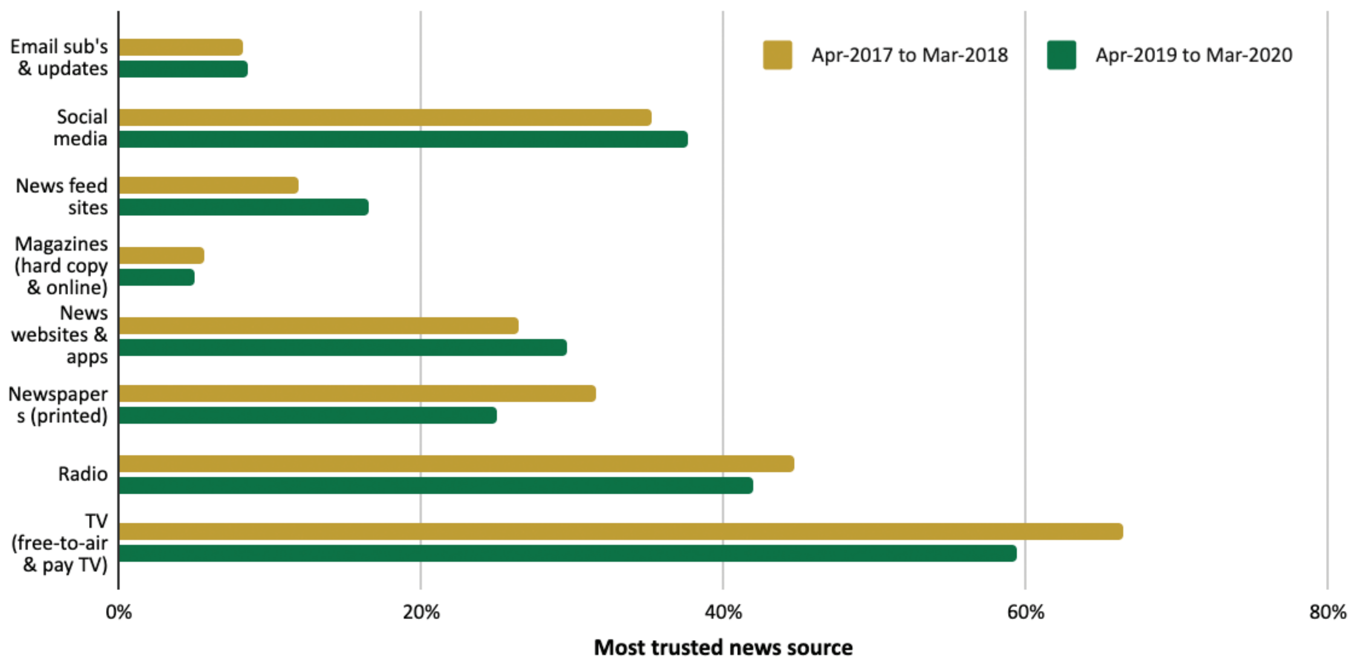


Figure 5 – Main Sources of News in 2020 vs 2018, Base: Australians aged 14+, Source: Roy Morgan, 2020

4. Current community issues and industry action

A handful of Australian agribusiness sectors, first and foremost led by the dairy sector, have been moving ahead with coordinated plans to promote their long-term sustainability and prosperity. In the process, a great deal of work has been undertaken to identify and consult with principal stakeholders around the issues of most importance to their ongoing sustainability, including those issues of greatest concern to consumers and the general public.

INDUSTRY JOURNEYS TO SUSTAINABILITY

It is no coincidence that the most progressive and well-informed industries in their sustainability planning i.e. dairy, beef and egg producers – are those where animal husbandry forms the basis of their production model. For many years animal welfare issues have dominated community concerns around agribusiness industry practices, with the possible exceptions of land clearing and the loss of old-growth forest and native habitat. But times have certainly changed, and these issues have been joined by a much broader range of issues of community interest that industry must now look to address.

Not all Australian agribusiness industries are yet at this point. A recent study commissioned by AgriFutures Australia to assist the wider industry along its sustainability planning journey has observed that a few agribusiness sectors remain weighed down by a somewhat defensive and reactive approach to engaging on issues of community concern (AgriFutures Australia 2020b). Other sectors are not so inhibited, and while they are mostly aware of their ESG obligations to the community, they are yet to jointly commit to any coherent objectives or course of action.

KEY COMMUNITY ISSUES IDENTIFIED BY INDUSTRY

For all the reasons previously identified, the industry now finds itself confronted by the most diverse and dynamic range of issues of interest to their community stakeholders than ever before. Figure 6 outlines some of the issues the dairy, beef, egg, grains, cotton and horticulture industries have identified to be of greatest significance to their community stakeholders. By and large, the most prominent issues can be classified into five categories: animal welfare; land, water, nutrient and pesticide use; workplace and community safety and vibrancy; biodiversity; and greenhouse gas emissions and product and packaging waste.

What is immediately apparent is the degree of commonality across the sectors, which gives rise to a wide range of opportunities for industries to collaborate in meeting their aims.

Of course, industry sustainability is not simply about satisfying community expectations but also the industry's own expectations around issues such as the profitability and resilience of their businesses, market access, farm biosecurity, people and practices, and the vibrancy of regional communities. In designing their sustainability frameworks, industries are taking the opportunity to align their objectives with the widely accepted United Nations Sustainable Development Goals to enable industries to better illustrate their sustainability credentials in a language increasingly understood by government agencies, supply chain partners, and customers all over the world.

Community Issue	Eggs	Dairy	Beef	Cotton	Grains	Hort.
Product Safety, Quality & Integrity	●	●	●		●	●
Product nutrition	●	●	●			●
Climate Change, GHG Emissions	●	●	●	●	●	●
Water Availability & Efficiency		●		●		●
Animal Care, Antimicrobial Stewardship	●	●	●			
Environmental Stewardship	●	●	●	●	●	●
Nutrient & Pesticide Use				●	●	●
Resilient Regional Communities		●		●	●	●
Biodiversity			●	●	●	●
Product & Packaging Waste	●		●			●
Work Health & Safety			●	●	●	●

Figure 6 – Issues of High Significance to Community Stakeholders by Industry Sector in 2019-20, Source: Australian Eggs Limited, Cotton Australia & CRDC, Dairy Australia Limited, GrainGrowers Limited, Horticulture Innovation Australia Limited, Red Meat Advisory Council.

Example - Sustainability Planning in Action

The Australian egg industry has shown that while the first steps along this sustainability journey might be difficult and confronting, they can quickly pay dividends. Launched in 2018, the industry's strategy is still very much in its early stages of implementation but the strong commitment to its objectives and investment behind the strategy is already showing positive results.

Improved community engagement and insight into community views on ESG issues forms the foundation of the industry's Sustainability Framework. This then assists with designing and refining industry policies that can more effectively promote sustainability outcomes and communicate these actions and outcomes to stakeholders. An annual survey conducted by the CSIRO of a representative group of 5,000 Australians is used to track community views of the industry and its practices. It points to steady progress being made, and helpfully guides the industry's efforts in highlighting where most work remains to be done.

In Figure 7, it can be seen that an overwhelming majority of respondents believe that the egg industry plays an important role in Australian society and that eggs are produced according to strict food safety standards – providing a strong foundation for community trust. Unsurprisingly, consumers overwhelmingly listed animal welfare as the most important issue to them when purchasing eggs. Over 90% of respondents to the 2019 survey indicated that they care about the welfare of hens, highlighting the importance of addressing this issue.

Encouragingly, the level of trust expressed in the industry to act in society's best interests has improved significantly in just two years. This in part, shows how the egg industry's willingness to engage with the community and address its expectations can be well recognised and appreciated. However, trust remains at levels lower than the egg industry would like, which is further emphasised by the support respondents showed for the industry to be accredited and audited to provide them with an added degree of confidence.

It is also worth noting that confidence in the egg industry's willingness to change its response to community concerns is improving, but there remains a high degree of uncertainty amongst many respondents who neither answered affirmatively nor negatively to this issue. This indicates there remains a significant opportunity to communicate this commitment by industry, as well as the work the egg industry does to promote and monitor best practices.

Unsurprisingly, relatively few people expressed an acceptance that egg prices would need to rise to address complicated issues such as hen welfare. This highlights the challenge that all industries face in meeting changing community expectations, and the critical role that adopting industry best practices and new technologies must play in supporting the sustainability journey.

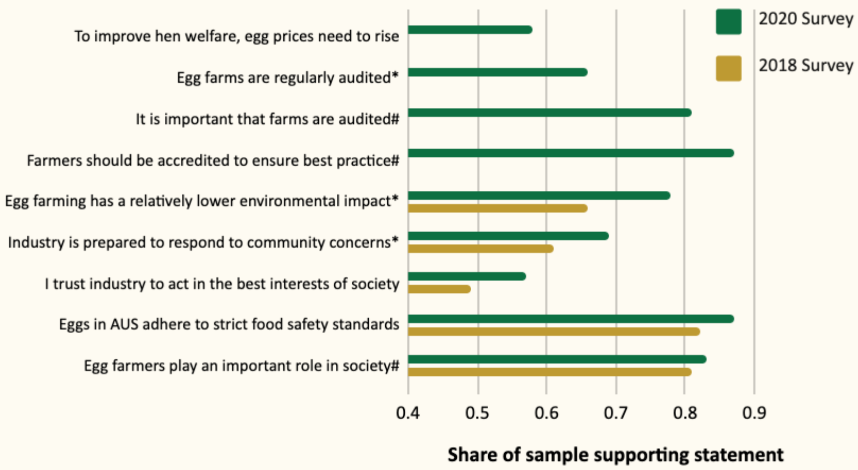


*Figure 7 – Australian Egg Industry Community Research Results, 2018 to 2020, *High degree of uncertainty in responses (>15% of responses = 'not sure'), # Low degree of uncertainty in responses (>15% of responses = 'not sure'), Source: Australian Eggs & CSIRO, Australian Egg Industry Community Research Reports*

AGRIBUSINESS AUSTRALIA SURVEY OF INDUSTRY ESG PROGRESS & PRIORITIES

In an effort to better understand the industry's own assessment of its progress in meeting community expectations and to identify their highest priorities for action, Agribusiness Australia conducted a short survey of 16 industry leaders and ESG managers across the entire agribusiness value chain. In addition to major industry subsectors such as dairy, eggs, beef, wine, horticulture, seafood and broadacre cropping, responses were also received from leading value chain partners spanning the grocery retail, food, timber manufacturing, farm inputs and packaging sectors. These groups provided a valuable perspective on how important stakeholders view their role in driving the sustainability of the agribusiness value chain.

There were no cases of industry reporting that it was either unaware or dismissive of its ESG responsibilities, and neither were there any cases of industry believing that their ESG objectives were fully met, monitored and calibrated. The results did emphasise varying degrees of progress is being made. More often than not, responses pointed towards a position where the industry is fully aware of its ESG obligation and jointly committed to action, but only modest progress towards its objectives have been made. Figure 8 illustrates where the various respondents believed they sat along their journey to meeting community expectations of them as an industry.

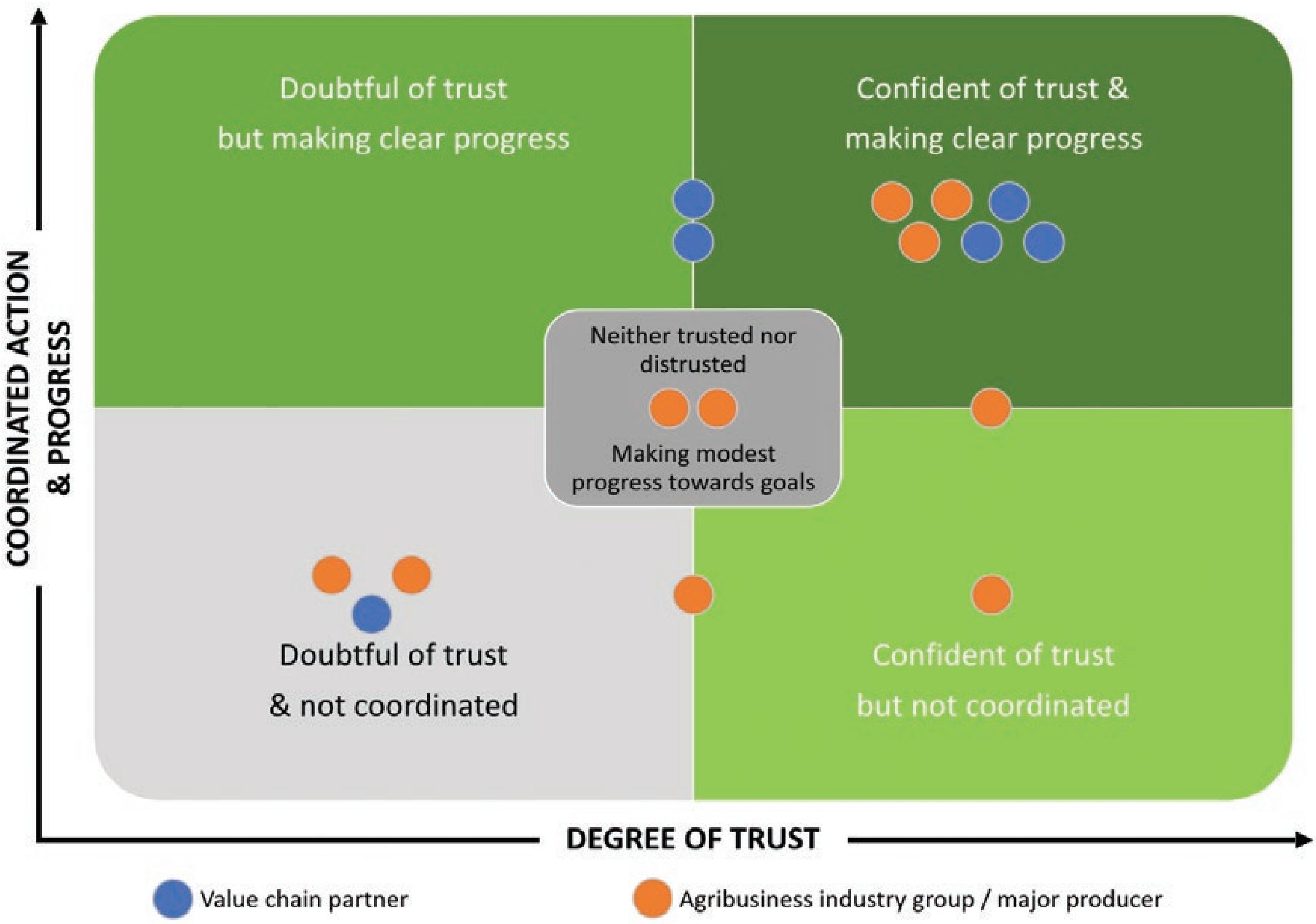


Figure 8 – Australian Agribusiness Sector's View of its ESG Progress, Source: AgInfinity, 2020

Some respondents reported a lack of joint commitment or coherent objectives and strategy at present in their sector. While this does not mean that significant and quite noteworthy efforts to address their ESG responsibilities are not being made, it does tend to make actions less efficient and the task of demonstrating and communicating progress far more difficult. In many other cases, the industry felt coordinated action was well progressed and believed significant progress had already been made. It is worthy to note that the majority of these cases were in fact agribusiness supply chain partners.

In terms of the perceived level of trust amongst the community, many respondents felt confident that key stakeholders trusted their industry to pursue its future ESG obligations with genuine commitment and purpose. However, there were just as many cases where the industry felt that the level of trust in the community was more fragile and that they had not done enough to prove this commitment. In a few other cases, respondents were sceptical of whether there was much trust at all and that much more work was needed to be done.

Figure 9 provides an overview of how the survey respondents view the various issues of importance to the wider community as priorities to their businesses and industry. Issues that have risen in prominence over the past decade all appear as top priorities. It is no surprise that the need to prioritise action in addressing climate change, energy efficiency and greenhouse gas emissions stands out with over half of respondents considering this a priority. Over a third of businesses surveyed also listed demonstrating action on their stewardship of natural resources and the need to minimise food and packaging waste throughout the supply chain.

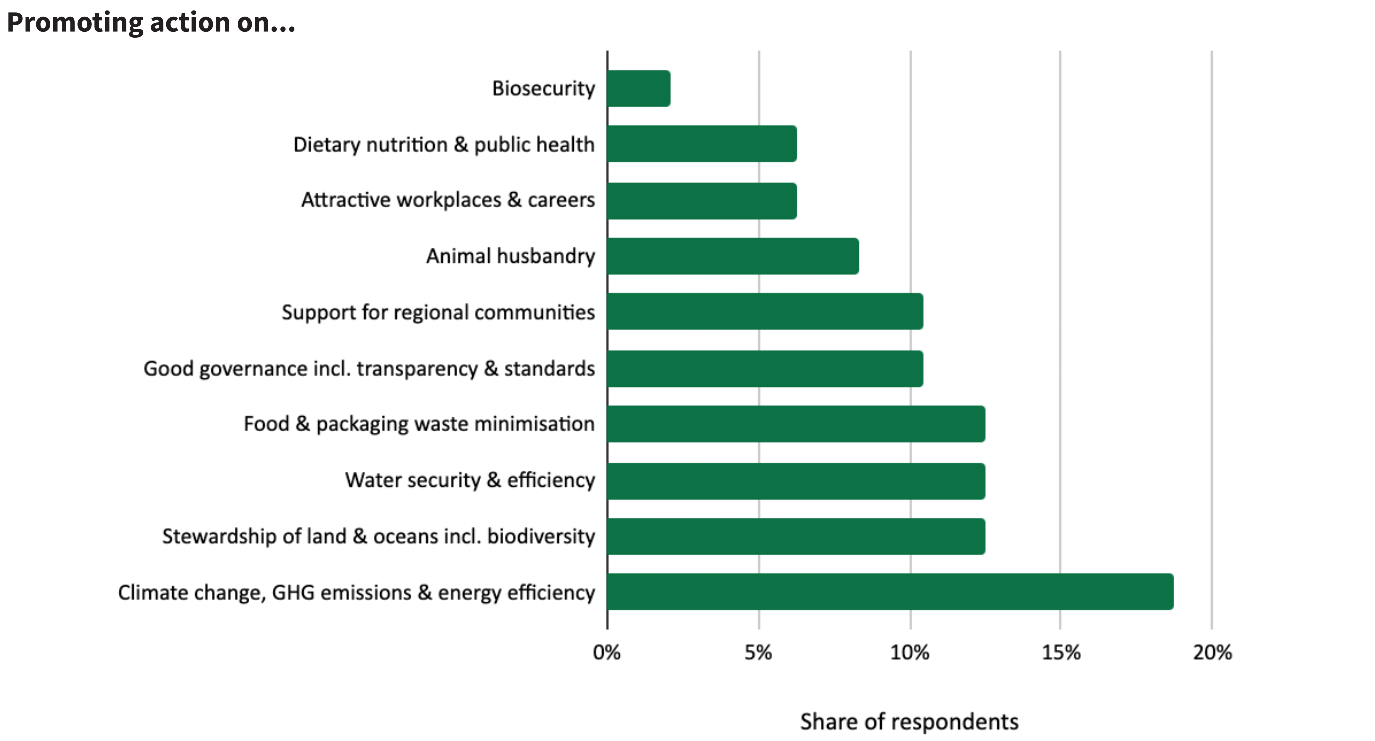


Figure 9 – The Australian Agribusiness Sector's ESG Priority Issues, Source: AgInfinity, 2020

‘SEARCHING’ FOR ISSUES OF INDUSTRY & COMMUNITY INTEREST

With so much information being sourced online these days, it is interesting to gauge which issues are of interest amongst the general population and how this interest has trended over time. Of course, this is not to say an issue is not of concern to the community simply because they are not ‘Googling’ it very often, but it is interesting to discover whether people are making an effort to explore topical issues, and which issues might be of interest at any given time. The analytical tool Google Trends can be used to view the popular search terms around broad topics such as ‘agriculture’, ‘sustainability’ and ‘food’ to discover which sustainability-related topics have been popular items on Google Search.

Scattered amongst the unavoidable gaming-related terms and topics that seem to permeate online search traffic, Figure 10 shows the top three topics related to the topic of ‘Agriculture’ rising most quickly in search popularity over the past two years. All three of them– ‘regenerative agriculture’, ’drought’, and ‘climate variability and change’ – are directly related to the sustainability of Australia’s agribusiness industry. This is further evidence that the issue of sustainability is now inextricably linked to agriculture.

While we do not have a detailed breakdown of the people doing these searches, it does however indicate awareness of these issues is clearly rising in the community. It is worthy of note that ‘digital agriculture services’ was the query related to the topic of ‘Agriculture’ rising most quickly in popularity over the past two years. Farmers are also doing their fair share of searching for solutions to their productivity and sustainability challenges.

The apparent search interest displayed on the topic of ‘regenerative agriculture’ is also worth exploring further. Search activity has risen to another level over the past 12 months as can be seen in Figure 11. Search activity is highest in Tasmania, and the related topic rising most quickly in search popularity is ‘Podcast’ indicating that many people, some of them are most likely farmers, are taking more than a passing interest in this issue.

In practice, this correlates with reports from leading global farm input suppliers that their small but growing offering of biological fungicide and soil treatment solutions are proving so popular that they are having to ration demand until greater manufacturing scale can be achieved.

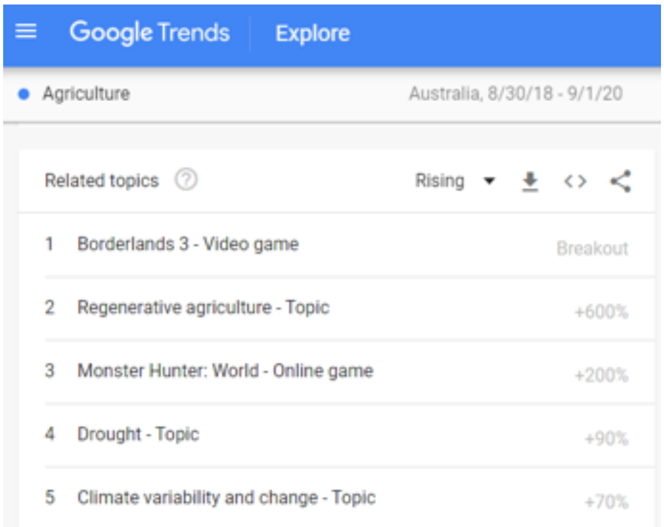


Figure 10 – Topics related to ‘Agriculture’ rising most quickly in Google search activity, Source: Google, site accessed September 2020

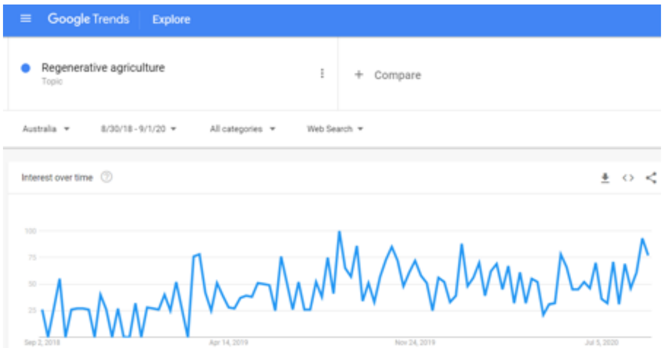


Figure 11 – Google search activity for the topic ‘Regenerative agriculture’, NB: Interest over time = the proportion of searches relative to peak search volume over the specified period Source: Google, site accessed September 2020

5.

Industry tools and strategies to meet expectations

In many ways there has been no better time for the agribusiness industry to tackle the mounting community expectations. As more of the industry takes concerted action to arm themselves with a more complete understanding of community expectations, the industry must avail itself of the best mix of tools and strategies capable of meeting these and other sustainability objectives.

Fortunately, the array of tools the industry has at its disposal is equally as diverse and dynamic as the issues it faces. Breakthroughs in business strategy around the concept of shared value are geared precisely towards addressing community needs that have gone unmet for too long with solutions that also make real business sense. Increasingly the theory has been shown to work in practice, but reaching critical mass will require more businesses to wholeheartedly embrace a new and different business philosophy.

Figure 12 – Tools & strategies available to agribusiness to meet community expectations, Source: AgInfinity, 2020

The world's agtech boom is already adding a new dimension to how we think about farming. Plant and animal breeding and biology, soil chemistry, GPS and satellite imagery have formed the vanguard of a new wave of technologies that will allow the agribusiness industry to farm smarter, along with more data and better interpretive tools, distributed ledger solutions, and next-generation biochemistry.

When those technologies and tools are combined, it can save water, improve nutrient uptake, reduce harmful pesticide and insecticide use, boost yields and productivity as well as improve supply chain efficiencies and transparency. This is on top of new ways of reimagining the old through regenerative farming systems that capture carbon in soils, foster biodiversity as well as bolster plant and animal health.

Example - AgTech in Action

The application of pesticides and herbicides in agriculture is a controversial topic, due to community concerns around the associated effects on human health and biodiversity loss, including the vitality of critical insect populations such as bees. Whilst acknowledging that the agribusiness industry goes to great lengths to follow the current laws and regulations governing the use of chemicals, exciting work is progressing to develop new, less harmful chemical compounds and biological agents as well as new AI technology and machinery that allows for much more precise on-farm application.

Nanopesticides and biologics are part of an emerging wave of biochemistry being pursued by the world's major crop science companies as they seek to develop a better future for crop pest control and nutrition. While in many cases still in the early stages of development and testing, these products are designed to provide more effective pest control or nutrient uptake either at a microscopic scale or by deploying naturally occurring biological agents, with the end result of improving efficacy, rationing use and reducing residue risks.

Other more conventional tools and strategies will be equally necessary for mobilising industry resources and capitalising on opportunities to create synergies. A number of sustainability issues faced by agribusiness industry sub-sectors are shared in common with each other and by business partners upstream and downstream of the industry. Being open to opportunities to collaborate, to explore new approaches, to pool resources and capabilities in ways that amplify their impact, and to improve efficiencies by minimising unnecessary re-work will be an important determinant of success.

Raising industry standards and the level of commitment to sustainability across the agribusiness industry will also require a significant collaborative effort. When it comes to sectors across the industry as well as businesses within individual sectors, to be successful, all industry participants need to take joint responsibility towards meeting industry best practice standards or risk becoming collateral damage when less capable or conscientious operators transgress. Tighter and more restrictive regulation is at stake when community trust is broken, and it does not always discriminate.

Existing strategies should be revisited and revised where they may no longer be fit for purpose in areas such as stakeholder communication. More modern communications strategies and tools need to consider today's trends in media consumption and the needs of the younger generations. This includes considering the type of information and messages that the agribusiness industry aims to convey and sometimes accepting that it is not always the facts that count as much as the story, and the how, when and where that story gets told. Effectively harnessing the new media landscape to deliver a proactive rather than a defensive stakeholder communication strategy and narrative will be a vital tool in years to come.

6.

Closing thoughts

Community expectations of the agribusiness industry are indeed changing and becoming more diverse and demanding. The reasons for this are many and varied, but the growing role that younger generations are likely to play in reinforcing this change would suggest that resistance is doomed to failure. It is clear that the industry's ability to meet community expectations of it is not an impediment to growth, but rather a precondition for growth, and critical to the future success of the industry's efforts to build a $300 (AUD) billion (pre and post-farmgate) Australian food and agribusiness industry by 2030.

This scenario is hardly new. In truth, the interplay between issues of community concern, regulatory reforms and industry innovations have all worked in concert to enhance industry sustainability for over 50 years. However, community expectations of industry are undoubtedly mounting. Wherever possible, the industry should look to engage openly and proactively to guide regulation in ways that allow the industry to function efficiently, while continuing to prioritise ongoing investment into research and development and the adoption of the industry best practices that will drive innovative solutions to community concerns.

The Australian agribusiness industry has chosen to engage with the community and is making encouraging progress towards their objectives, but the process is just beginning. Achieving sustainability is a constant work in progress, and a virtuous cycle that rewards progress. A cycle in which the industry's ability to produce the products that society demands of it in a sustainable manner will ultimately govern its ability to avoid excessive regulatory costs and burdens, to maintain efficient access to vital resources, and to access the high-value markets and customers that will be critical to a prosperous future.

The agribusiness industry's lack of proximity to the consumers and large swathes of the general public that ultimately shape expectations make the work to assess and plan around meeting these expectations especially challenging. However, the industry can do so safe in the knowledge that the tools and strategies necessary to meet their objectives are already available to them, or indeed will be available to them in time as new enabling technologies are brought to market. Ongoing investment by the industry in these areas is necessary for the industry's success.

But equally critical to the industry's success will be its ability to collaborate across the whole industry and within individual sectors to jointly raise the industry's level of commitment to meeting its ESG goals, and the community expectations attached to them.

Our vision for the Australian Agribusiness Industry is, by 2030, the industry will be world-leading in all aspects of sustainability challenges like climate change, energy efficiency, greenhouse gas emissions, product & packaging waste, product safety & quality, biosecurity, biodiversity, nutrient & pesticide use, animal welfare, water availability & efficiency as well as work health & safety. Through a collaborative, proactive and across multi-commodities approach, the Australian agribusiness industry can meet our community expectations while remaining commercially viable.

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