

FIAL'S IMPACT

Growing the share of Australian
food in the global marketplace

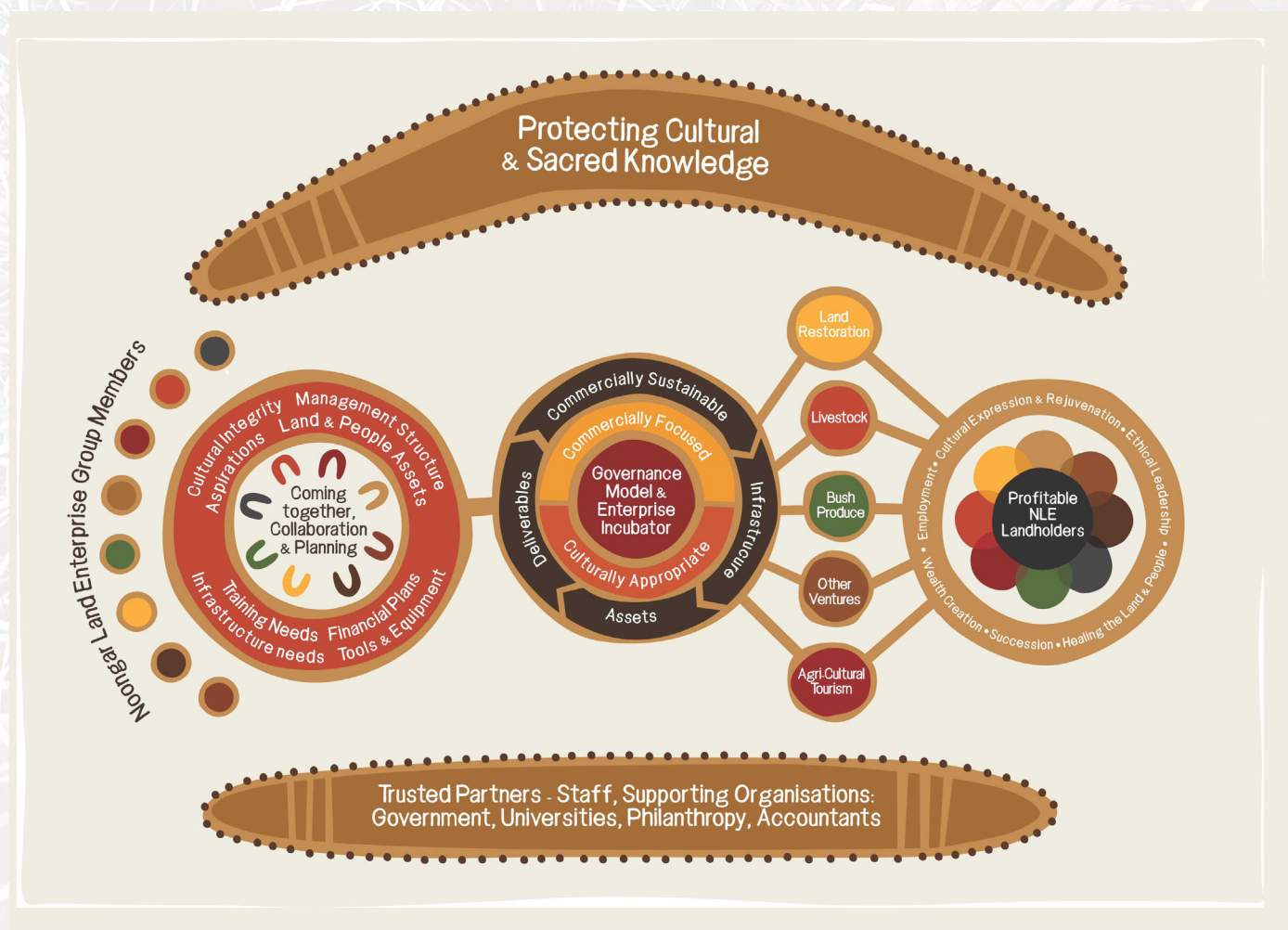
MARCH 2024





Acknowledgements

Acknowledgement of Country



This image has been kindly provided by the Noongar Land Enterprise Group as part of the project: 'Yoordaninj-bah' Coming Together - Growing the Australian bush produce industry with Aboriginal Participation.

Food Innovation Australia Limited (FIAL) recognises the First Peoples of this nation and their ongoing connection to culture and Country. We acknowledge First Nations Peoples as the Traditional Owners, Custodians and Lore Keepers of the world's oldest living culture and pay respects to their Elders past, present and emerging.

Funding Sources

FIAL acknowledges the funding support received from the Australian Government's Department of Industry, Science and Resources under the Industry Growth Centres Initiative for the period 2015-2023.

In addition, FIAL acknowledges the support from the Commonwealth Department of Environment and Energy for leading the implementation of the National Food Waste Strategy.

Organisational Resources

A special acknowledgement goes to FIAL's board for providing the strategic direction that enabled the team to make FIAL's impact possible. The positive can-do attitude, ingenuity, dedication, and belief in making a difference allowed the team to deliver targeted initiatives that facilitated in the growth of Australia's Food and Agribusiness Sector. Thank you!

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FIAL also acknowledges the great contribution of casual employees, contractors and many others across the sector that were integral in the delivery of initiatives during the period 2015-2023.

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Foreword

‘Drive the cultural and business change needed to help Australia’s Food and Agribusiness Sector overcome barriers to innovation, productivity, and growth.’

This was the challenge set by the Commonwealth Government when it established the Food and Agribusiness Growth Centre in 2015 under the Industry Growth Centres Initiative. Eight years later, the Industry Growth Centre, trading as Food Innovation Australia Limited or FIAL, has provided system leadership to facilitate this transformation. During this time, the Sector grew by 77.9%, and in 2023 contributed \$95.9B of Gross Value Add (GVA). The food manufacturing industry remains the largest manufacturing today.

FIAL was provided with \$45.96M of Commonwealth funding to facilitate and

support driving this cultural change. A total of \$15.6M of this funding was spent on innovation grants to turn the great ideas into products and services. These have led to an economic contribution of \$231.7M to Australian GDP and the creation of a total of 1,481 full time equivalent (FTE) jobs in 2021–22, according to an analysis by ACIL Allen. For every dollar of Commonwealth funds invested on innovation activities, there was a return on investment of 14.9 of direct and indirect benefits.

Beyond innovation, FIAL’s knowledge sharing and capacity-building activities helped more than 9,000 businesses and other stakeholders improve their innovation and market readiness. This also included increasing their awareness of technical and research priority areas of the Sector, and accessing domestic and international customer and market insights for productivity, growth and profitability improvements.

With innovation and capacity-building the engine rooms of FIAL’s efforts, collaboration was at the heart driving these forward. FIAL’s cluster program established or

accelerated growth in 12 regional clusters, targeting the 98% of Sector businesses who are small to medium sized enterprises (or SMEs). Most of these SMEs are located in regional Australia and lack the economies of scale to fully participate in domestic and international market opportunities, and research and development activities. These activities were supported by on-line digital tools developed by FIAL: *Market Insights and Information Portal, Business Health Check, FIAL’s Food Matrix, FIAL’s Australian Food & Beverage Catalogue, Food Industry Index, and Trade Barriers Register*.

By providing a framework for information sharing, knowledge building, and problem solving, FIAL’s cluster program helped drive the cultural and business change that saw more than 2,000 food and agribusinesses collaborate – often for the first time – to unlock value, scale and competitiveness.

FIAL’s vision has always centred on moving towards one Sector, one value chain, and one food system where agriculture and food manufacturing are working together as one. In this way of operating, the culture

FIAL has achieved much during eight years, but there is more work to be done.

of connectedness and willingness to cooperate facilitates industry participants who want transformational change, and are proactively seeking collaborations that deliver domestic and global market success.

There is an exciting opportunity for the Commonwealth to build on FIAL’s past and future efforts, and partner with industry, researchers, investors, and the broader community, to support system leadership in the Sector. This will help challenge convention, break down barriers to improving the productivity and competitiveness, and champion collaboration needed for Australia’s Food and Agribusiness Sector to thrive in an increasingly uncertain world.

Professor Roy Green, Chair
Dr. Mirjana Prica, Managing Director



Executive Summary

Capable of producing enough to feed 4-5 times Australia's population, the Australian Food and Agribusiness Sector has an important role to play in helping to feed the projected global population of 10B by 2050.

The Sector is well placed to leverage its production and manufacturing capability and capacity to support this future global demand for food. As Sector growth will be fuelled primarily by demand from overseas, continued investment in innovation is critical to ensure the Sector remains relevant to future consumers and markets.

FIAL was established to help the Sector uncover the Sectoral market failure and unlock barriers to achieve its potential. Putting to one side the extraordinary challenges of the past three years – from COVID-19 and natural disasters, to supply-chain dysfunction caused by trade tensions, inflation, and war – FIAL's work uncovered several systemic barriers that impede the realisation of the Sector's full potential:

- Imperfect competition arising from the lack of an unified national innovation ecosystem
- the large geographic spread of growers, producers and food processors
- dominance of few retailers stifling competition
- the handful of large foreign owned corporations
- SMEs who lack the resources to achieve the economies of scale for commercial activity making up over 98% of employing businesses
- a large disconnect between research and development providers, and firms capable of addressing industry technical challenges, and seizing growth opportunities
- the low sophistication of firms operating in the Australia Food and Agribusiness Sector

FIAL's Sector Competitiveness Plan provided the direction and strategic framework for overcoming these barriers and growing the share of Australian food in the global marketplace. It also highlighted industry knowledge priority areas for research and development, and requisite management and workforce capabilities, instrumental for alignment of Sector resources to unlock industry growth and competitiveness.

The independence and industry-led focus of FIAL has provided much-needed leadership and oversight of the whole food system in Australia during what has turned out to be a tumultuous eight year period for Australian food and agribusinesses.

As the organisation transitions to a new operating model, the opportunity exists for other players to partner with FIAL to support system leadership and growth of the Sector. This also includes supporting pathways FIAL identified in 'Capturing the Prize', and championing the 19 growth opportunities for unlocking \$200B of GVA, including addressing the systemic challenges of scale for the Sector.

FIAL's Key Achievements

FIAL's holistic, integrated, and national approach to innovation and market preparedness saw the organisation implement 66 pioneering innovation and market facing initiatives that supported industry growth and profitability delivering:



Commercialised 96% of innovation projects, delivering new food and agribusiness products to domestic and international markets;



Increased GVA of \$42B and export income of \$25B since 2015;



Improved industry-research and intra-industry collaboration through the creation of an ecosystem of 12 clusters across Australia;



Integration of more than 2,500 businesses, including SMEs, into domestic and global supply chains and markets;



Improved management and workforce skills of 9,000 businesses and stakeholders through their participation in 54 unique capability market and innovation development programs;



Improved business growth and performance in over 5,000 businesses;



Increased business awareness and uptake of enabling services and technologies through FIAL's reach to over 8,000 stakeholders and trusted networks and relationships established across Australia;



Greater visibility of trade barriers through the creation of a central on-line portal to support regulatory reform;



Economic contribution of \$231.7M and 1,481 new full time employment opportunities, contributing to the creation of high-skilled jobs;



A more resilient and competitive Food and Beverage manufacturing sector, now the largest manufacturing sector in Australia.



Background



cultural change and overcome barriers to innovation, productivity, and growth.

Each Growth Centre focused on:

- **increasing collaboration and commercialisation**
- **improving international opportunities and market access**
- **enhancing management and workforce skills**
- **identifying opportunities for regulatory reform**

To do so, each Growth Centre was required to develop a Sector Competitiveness Plan that described:

- **a 10-year strategy for the Sector**
- **identified regulatory reform opportunities**
- **industry Knowledge Priorities such as skills and research requirements**

For the Food and Agribusiness Sector (the Sector), FIAL's Sector Competitiveness Plan (the Plan) – most recently updated in 2022 – outlined a ten-year vision that matched the Sector's unparalleled ambition to become more resilient, more collaborative, more innovative, and more prosperous than ever.

In 2020, the Initiative was aligned to the Modern Manufacturing Strategy² to build a more resilient manufacturing sector for Australia.



On 14 October 2014, the Commonwealth Government announced its Industry Innovation and Competitiveness Agenda – the overarching objective was to drive innovation that boosted the productivity and competitiveness of key growth sectors in the Australian economy: Advanced Manufacturing; Cyber Security; Medical Technologies and Pharmaceuticals; Mining Equipment, Technology and Services; Oil, Gas and Energy Resources; and Food and Agribusiness.

A key enabler in realising the Agenda's ambition was the Industry Growth Centres Initiative (the Initiative)¹, built on the foundations of Australia being famous for turning great ideas into profitable commercial realities.

The Government tasked the Industry Growth Centres with taking a leadership role in fostering cultural change in their respective sectors, as industry was best placed to drive

¹ <https://business.gov.au/grants-and-programs/industry-growth-centres-initiative>

² <https://www.industry.gov.au/news/modern-manufacturing-initiative-and-national-manufacturing-priorities-announced>

FIAL's Landscape

The Food and Agribusiness Sector operates in a diverse, dynamic, and complex landscape – its 'farm to fork' value chain spanning primary producers, manufacturers, distributors, exporters and retail providers, all the way through to consumers (see Figure 1).

This spans raw material producers in farming and fishing to flour and bread manufacturers. It also includes the packaging, sales, and marketing of these products for domestic markets

through retailers, food service distribution companies, e-commerce traders, and exports to Asia and beyond.

Another critical part of the landscape is those providing services that support the Sector's performance and success, from warehousing and logistics over land, rail, sea, and air – to the research organisations and educational institutions that help the Sector innovate through targeted courses and research to the industry.

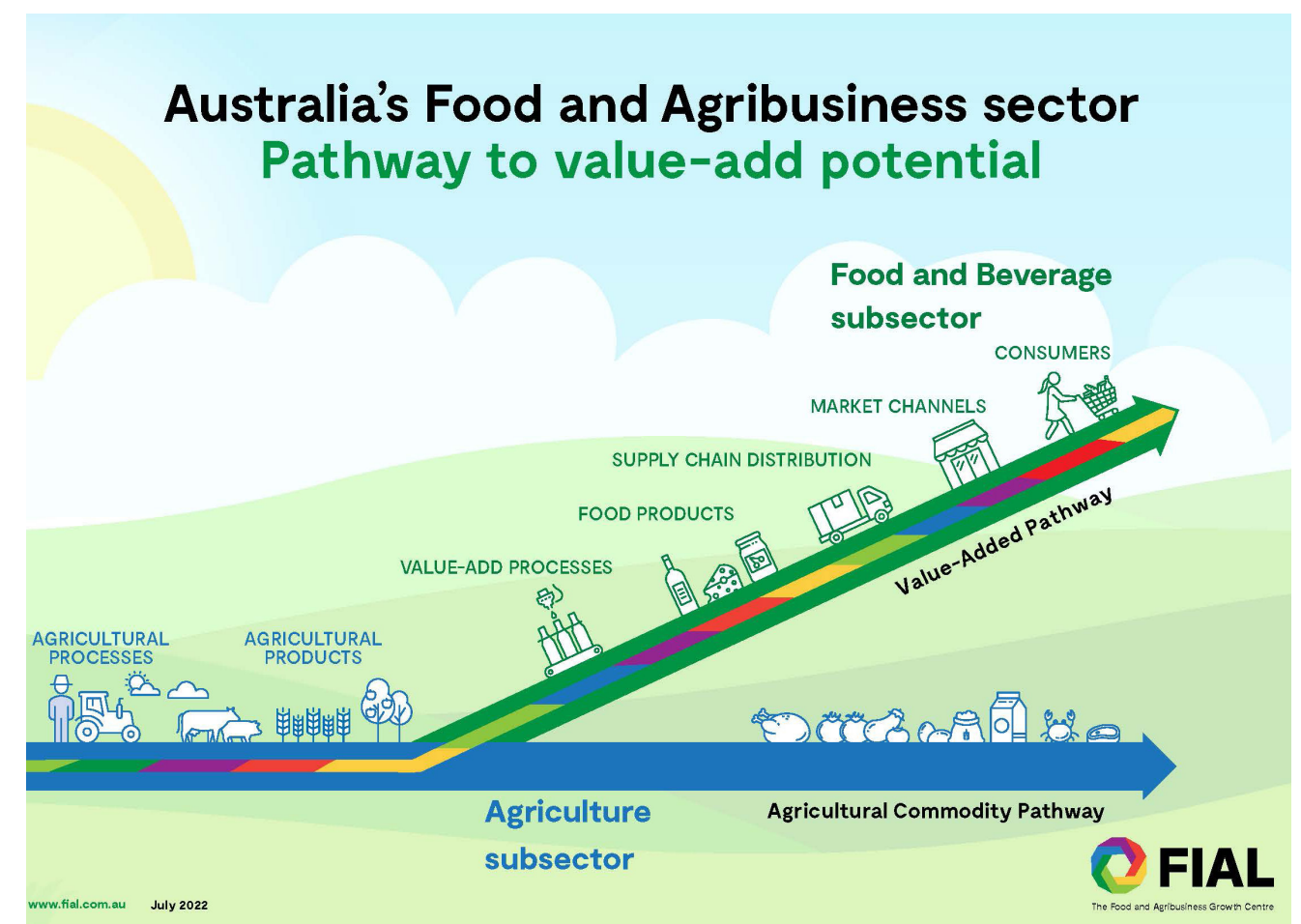
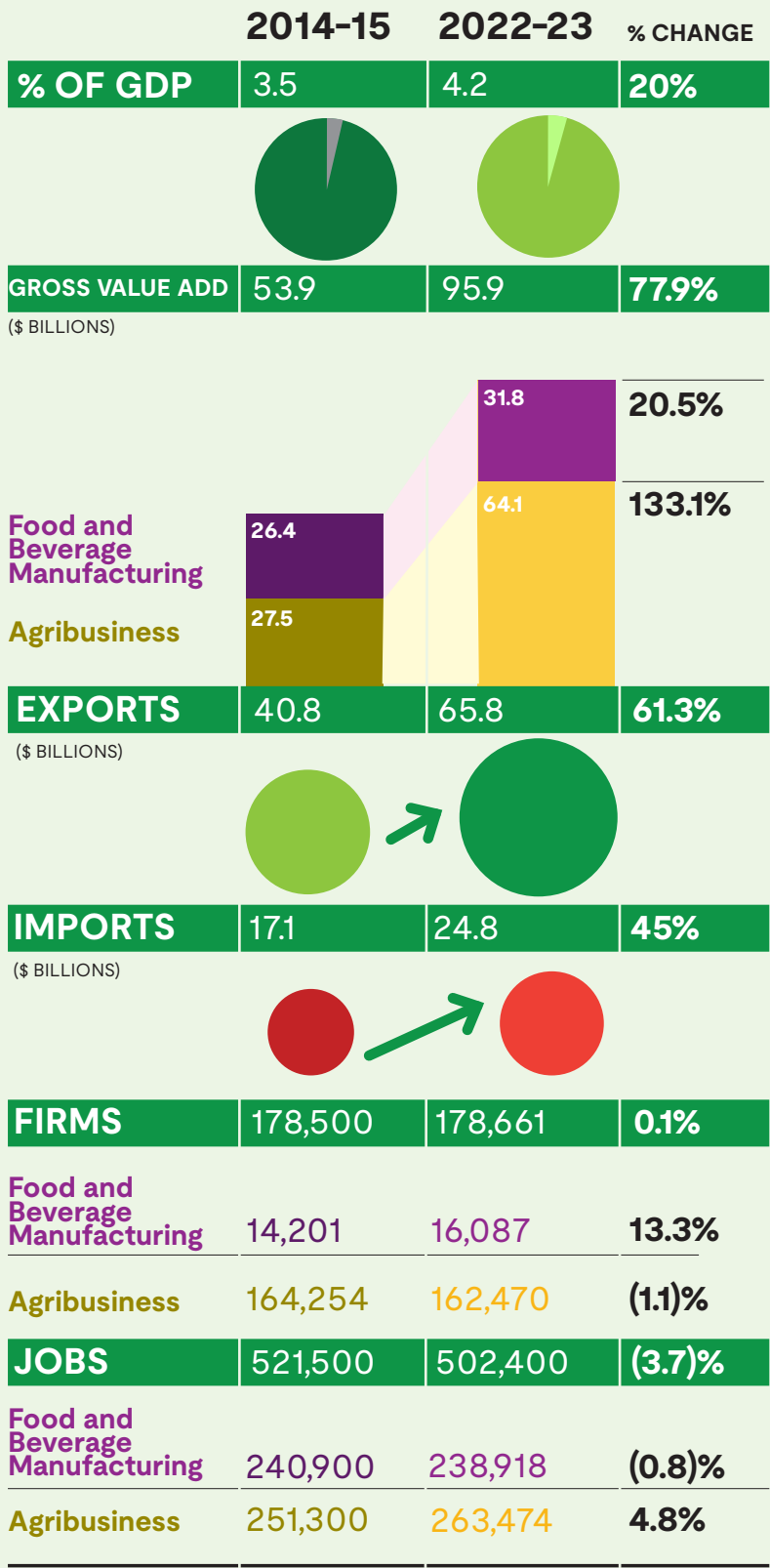


Figure 1. The Food & Agribusiness Sector is comprised of the Agriculture sub-sector (pre-farm gate) and Food & Beverage sub sector (post-farm gate). The agriculture sub-sector produces the raw commodity products for raw commodity markets, and critically, the inputs (or ingredients) for food and beverage manufacturing.



Key Food & Agribusiness Sector Statistics



The Food and Agribusiness Sector is the largest and fastest growing manufacturing sector in Australia. Between 2015 and 2022, the Sector grew by 77.9%, or \$42B, to contribute \$95.9B in GVA – equivalent to 4.2% of Australia’s total Gross Domestic Product (GDP). Two-thirds of that GVA came from the agribusiness sub-sector, with the food having the greatest growth potential.

A key component of Sector growth over this period was a strong rise in demand for Australian food and agribusiness exports, which have grown by 61.3% - from \$40.8B to \$65.8B - since 2015. By 2022, 11.1% of all Australian exports came from the Food and Agribusiness Sector. At the same time, imports increased from \$17.1B to \$24.8B, or 45%, representing 6% of all Australian imports in 2022.

The Food and Agribusiness Sector is Australia’s second-largest employer, accounting for 3.7% of all Australian jobs. As at February 2023, 502,400 people were employed in the Sector – a figure that has remained relatively stable since 2015.

87% of those jobs are located in regional Australia, where the Sector continues to play a vital role in the continuation of prosperous and thriving rural and regional communities.

The total number of businesses in 2021-22 was 178,661 - 98% of which are SMEs. Signifying the importance of family-run operations, 125,147 of Australia’s food and agribusinesses are non-employing (representing 70% of total businesses) – a characteristic feature of the Sector which has remained static over the past 8-years.

While the Sector growth is positive, the release of FIAL’s seminal report, *Capturing the Prize*, quantified the potential is far greater. By 2030, Australia’s Food and Agribusiness Sector could contribute \$200B, at least two times its current value, and create an additional 300,000 jobs

About FIAL

FIAL was originally established as an industry-led and not-for-profit company limited by guarantee in 2013³.

The organisation successfully transitioned to the Food and Agribusiness Growth Centre on the 1st of July 2015. Other Growth Centres were designed on FIAL’s operating model⁴ to fast track their establishment.

FIAL was governed by industry experts from the outset. There was no founding membership to avoid a closed-shop mentality. This approach encouraged broad and deep participation and engagement across the Sector. All stakeholders were viewed as ‘Associates’ of the Growth Centre and characterised using the following segmentation:

- Enterprise Associates – SMEs that employed between 0-199 employees, and large businesses or multinationals (MNEs) that employed 200 or more employees
- Network Associates – Company or organisation that represented a particular geographic region or segment of the industry, i.e., Australian Food Grocery Council, etc
- Government Associates – A representative of any government, or a department or agency representing any government, i.e., Austrade, Entrepreneurs’ Programme, etc
- Research & Development Associates – Any company, association or organisation, including a university, faculty or school of a university or other educational or research institution, e.g., CSIRO, Melbourne Business School, etc
- Public Associates – Any individual that is not part of the industry but is a beneficiary of the products and services developed through the support of the Growth Centre.

³ In 2013, FIAL was set-up under the Industry Innovation Precincts Program as part of: A Plan for Australian Jobs: The Australian Government’s Industry and Innovation Statement. The Plan aimed to drive business growth and create new high-skilled jobs backing Australian firms to win more work at home; supporting Australian industry to increase exports and win business abroad; and helping Australian small and medium businesses to grow and create new jobs.

⁴ See Industry Growth Centres Initiative: initial impact evaluation published 22 November 2022, available at www.industry.gov.au



FIAL's Role

FIAL's primary role and purpose was to lead transformation of the Sector by supporting both cultural and business change. FIAL did this by supporting stakeholders to develop successful and collaborative partnerships to enable industry growth and profitability.

FIAL worked to form new relationships and strengthen existing ones with diverse and multiple stakeholders, particularly SMEs. These 'invisible touch points' provided the organisation with deep and intimate understanding of different stakeholder needs and wants. These insights underpinned the development of appropriate programs and projects aimed at accelerating commercialisation outcomes and market diversification pathways for increased growth and profitability.

As an organisation, FIAL was committed to being flexible and agile in thinking and approach, enabling timely responses and delivery of initiatives to emerging and existing forces shaping the Food and Agribusiness Sector. FIAL was, and still is, the only organisation within the Sector that takes a holistic, integrated, and national approach to supporting industry growth and profitability.

Over the past eight years, FIAL's goal has been to assist the Sector to work together to grow the share of Australian food in the global marketplace – through articulating

a vision for the Sector and desired outcome (see Figure 2). This was complemented by the following outcomes of the Growth Centre:

- **A reduction in the cost of doing business through regulatory reform**
- **More businesses, including SMEs, integrated into domestic and global supply chains and markets**
- **Increased export income**
- **Improved management and workforce skills of businesses**
- **Increased commercialisation outcomes and improved industry-research and intra-industry collaboration**
- **Increased business awareness and uptake of enabling services and technologies**
- **More businesses with improved business growth and performance**
- **Employment opportunities fostered, contributing to creation of high-skilled jobs**
- **A more resilient and competitive Food and Beverage manufacturing sector**

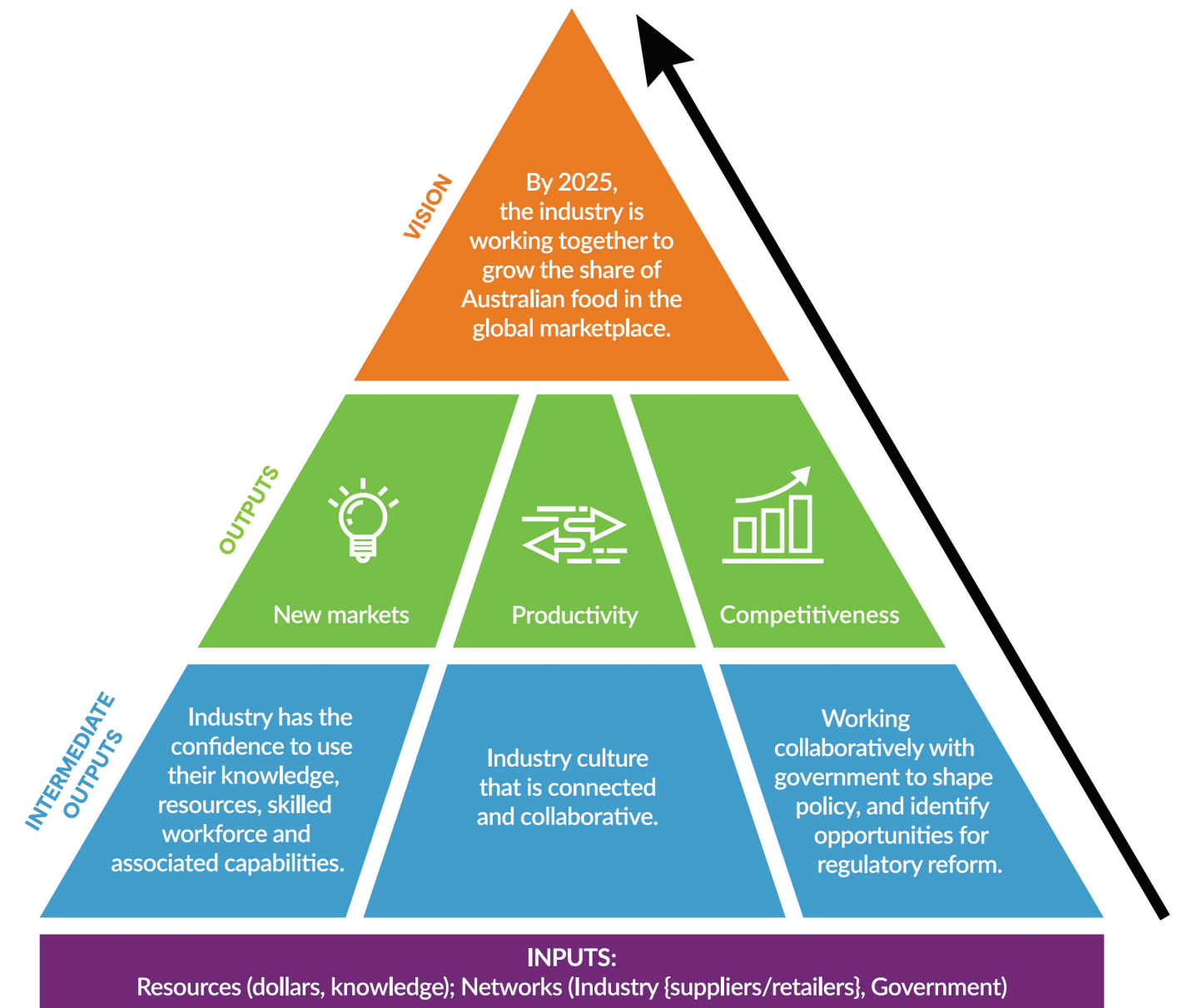


Figure 2. Vision for the Australian Food and Agribusiness Sector.

To achieve this vision, FIAL worked to support industry's access to new markets, and increase their productivity and/or competitiveness.

The inputs necessary to achieve these outputs were:

1. **Industry players needed to have the confidence and capacity to use the appropriate knowledge, resources, skilled workforce, and associated capabilities to develop innovative, cost-effective and differentiated offerings that met the wants and needs of Australian and international markets and consumers**

2. **A culture of connected, collaborative industry participants who desired transformational change, and continued to proactively seek and utilise collaborations for national and international market and supply chain success**

3. **The cohesive and clear voice of industry that influenced and shaped policy, and identified opportunities for regulatory reform, fostering industry-wide innovation and entrepreneurship, in partnership with government**

FIAL's Impact

Over the term of FIAL's operation, the organisation received \$45.96M of Commonwealth Industry Growth Centres funding to drive cultural change in Australia's Food and Agribusiness Sector, and overcome barriers to innovation, productivity, and growth.

Of this total funding, almost one-third (\$15.6M) was invested in co-matched innovation grants, where over 700 collaborative partners contributed \$17.55M of their own funds to projects aimed at commercialising new food and beverage products. Attracting better than dollar for dollar investment from industry, the program's joint \$33.05M co-investment resulted in an increase of \$119.2M in the value of Australian food and agribusiness production, with a further \$14.61M of capital investments to grow future food production.

This increase in the production value and additional capital investments contributed to an economic⁵ contribution of \$231.7M⁶ to Australian GDP in 2021-22. This is made up of \$58.4M from the direct value-added of grant contributions. A further \$173.3M of indirect contribution is derived from demand generated through grant and investment spending on purchases of inputs and services. This represents a direct return on investment

⁵ The lower-bound assessment of the economic contribution includes the direct contribution made by all grants to Australia's GDP, employment, and the contribution embodied in the industry's supply chain.

⁶ A snapshot of the financial year 2021-22 shows FIAL grants contributed a minimum of 0.010% to Australian GDP.

of 3.8, and indirect of 11.1 with a total benefit of 14.9 for every dollar of Commonwealth funds invested on innovation activities.

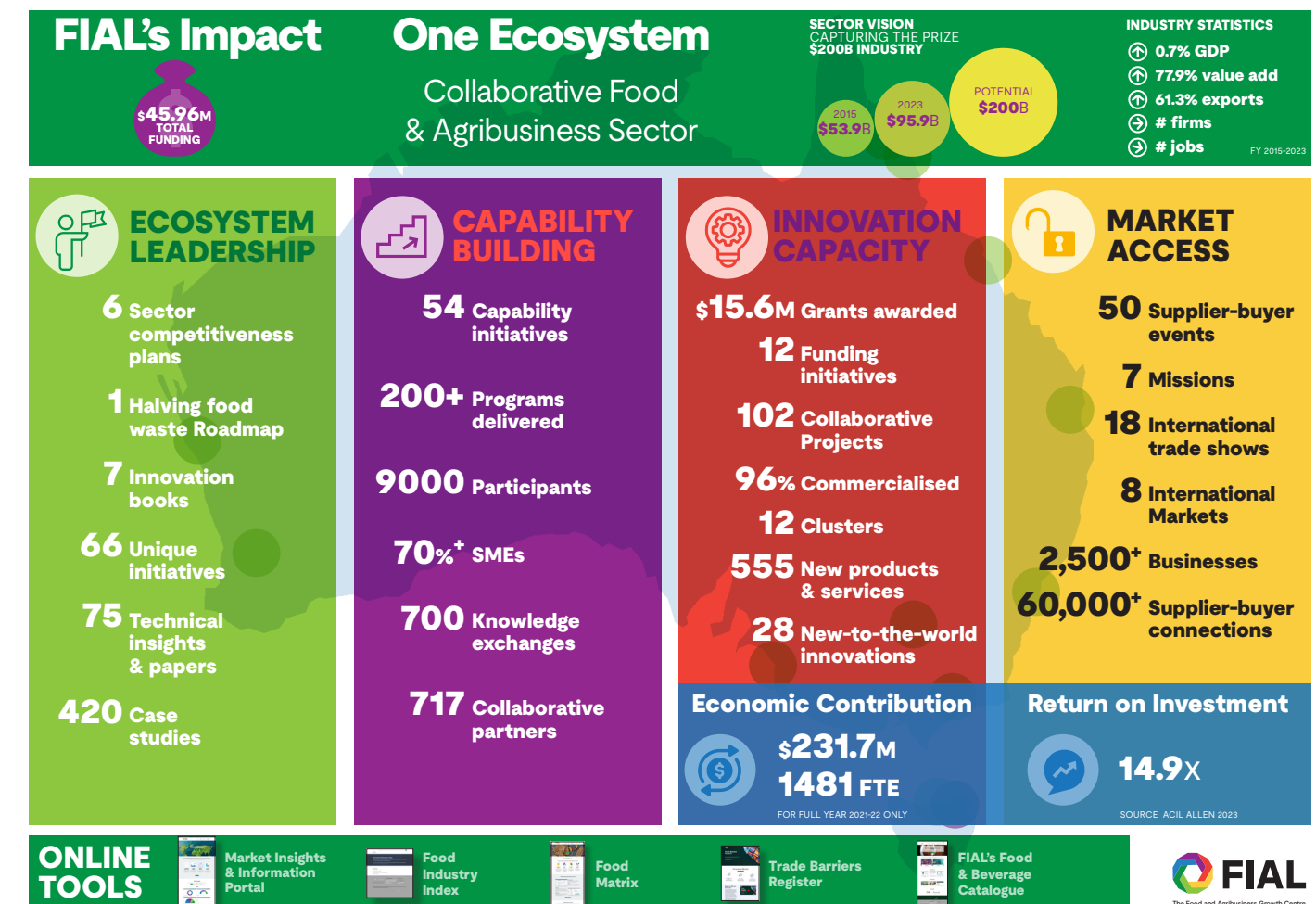
In addition, the estimated employment generated from FIAL innovation grants in 2021-22 is a total of 1,481 full time equivalent (FTE) jobs, of which there are 529 direct and 952 indirect FTE jobs.

This snapshot of the economic contribution for the financial year 2021-22 was conducted by an ACIL Allen analysis using data supplied by FIAL and data sourced from the Australian Bureau of Statistics (ABS), including the National Accounts Input-Output data and additional industry-level data from ABS. The cumulative impact of this investment to the Australian economy beyond the 2021-22 financial year was not calculated.

Over the course of eight years, FIAL has built a database of more than 8,000 stakeholders across the Sector, whose engagement with FIAL's outreach publications and knowledge sharing has increased their awareness of the Sector's vision, research priority areas, and innovation and market growth opportunities.

Outreach publications of most interest to our stakeholders included:

- 6 Sector Competitiveness Plans that drove alignment to Sector vision
- 75 papers and technical insights which inspired industry-research and intra-industry collaboration across the ecosystem
- 420 case studies of businesses commercialising outcomes, or who were integrated into domestic and global supply chains and markets
- 7 innovation books that showcased innovations from across the value chain and Sector, supporting the uptake of enabling services and technologies and encouraged further industry-research and intra-industry collaborations



Source: https://www.fial.com.au/sharing-knowledge/FIAL_impact_Oct2023.pdf

More than 9,000 business and other stakeholders across the Sector improved their management and workforce skills through participation in the following:

- Development and delivery of 54 unique capability development programs in response to industry innovation and market needs, of which 43 programs helped business, primarily SMEs, integrate into domestic and global supply chains and markets
- More than 200 capability and upskilling programs were delivered across Australia to increase business awareness and uptake of enabling services and technologies

Over 2,500 businesses improved their business growth and performance including more than 60,000 connections between suppliers and buyers that resulted in increased exports from

being better integrated into domestic and global value chains and markets through participation in the following:

- 23 Meet the Domestic Buyer events held in cities and regions across Australia
- 27 Virtual Meet the Buyer events to connect international buyers with Australian export ready suppliers from across the Sector
- 18 Australian stands at major international trade shows across 8 international markets, targeted to support SMEs, with 70% exporting for the first time
- 7 missions involving key international markets that raised business awareness of export growth opportunities, resulting in increased export income

More than 2,500 researchers and businesses participated in one or more of the following funding innovation initiatives,

leading to increased commercialisation outcomes and improved industry-research and intra-industry collaborations:

- 12 unique funding programs were designed and delivered, increasing market and product development capabilities including the uptake of enabling services and technologies for enhanced business commercialisation outcomes
- \$17.55M of additional funding was co-invested in 102 innovation projects, bringing the total innovation investment to \$33.05M, that resulted in 555 new products and services launched, of which 28 were new-to-the-world innovations
- 33 new patents or trademarks were registered to protect intellectual property
- 700 instances of knowledge sharing between the 167 business across the 102 projects, resulted in 17% of projects exporting for the first time
- 12 clusters were either established or growth was accelerated, collectively supporting the connection of more than 2000 business, mostly SMEs, and gaining economies of scale through increased intra-industry and research-industry collaborations across regional Australia

In addition to the \$45.96M awarded to FIAL, the organisation received \$1M from the Commonwealth Department of Environment and Energy to lead the implementation of the National Food Waste Strategy. With food waste costing the Australian economy more than \$20B per annum, FIAL delivered the following to support collective action towards halving Australia's food waste by 2030:

- Roadmap for reducing Australia's food waste by half by 2030
- National food waste strategy feasibility study
- Revised national food waste baseline data

A suite of enabling on-line digital tools developed by FIAL supported Australia's food and agribusiness ecosystem to overcome barriers to innovation, productivity, and growth. They include:

	MARKET INSIGHTS AND INFORMATION PORTAL access to 35,000 reports across 38 product categories and key overseas markets to inform business decision-making on which international markets to target for expansion and growth
	BUSINESS HEALTH CHECK (PART OF THE FOOD INDUSTRY SUPPLY CHAIN INDEX) diagnostic and guidance framework delivered as a self-assessment that helps determine if your business is ready to meet the expectations of buyers within the international food and agribusiness supply chain
	FIAL'S FOOD MATRIX a community of practice portal that hosts trusted knowledge and facilitates collaborations between food and agribusinesses including suppliers, consultants, government agencies and academics to provide market, innovation and technical expertise to solve commercial business challenges
	FIAL'S AUSTRALIAN FOOD & BEVERAGE CATALOGUE a platform that connects 1128 market-ready Australian food and beverage businesses, with 705 international qualified buyers across 45 countries, and is facilitated by 705 representatives from Australian state and federal agencies
	FOOD INDUSTRY INDEX a free service to help stakeholders find Australian suppliers, products, co-manufacturers, or service providers to support innovation and growth
	TRADE BARRIERS REGISTER gives visibility to trade barriers affecting Australian businesses, allowing better preparation for businesses and data for government to pursue regulatory reforms to cut red tape and improve regulatory performance

A Roadmap for reducing Australia's food waste by half by 2030

FIAL'S OUTCOMES

2030



FIAL's Outcomes

Since 2015, FIAL has provided ecosystem leadership to support the productivity, growth and competitiveness of the Australian Food and Agribusiness Sector.

ECOSYSTEM LEADERSHIP

Since 2015, FIAL has provided ecosystem leadership to support the productivity, growth and competitiveness of the Australian Food and Agribusiness Sector. FIAL's Plan, first published in 2016, was instrumental in establishing the strategic framework of bringing the vision to life for the industry and Sector. This Plan described the Sector landscape, the challenges and growth opportunities, and the industry knowledge priority areas for research and development, and management capabilities to unlock growth and competitiveness. The information contained in the Plan, and advice

from Growth Centres, helped to align industry and innovation policy and programs through setting priorities for the Australian Research Council Industrial Transformation Research Program, Cooperative Research Centres Program, Entrepreneurs' Programme, SME Export Hubs Initiative, among others. The Plan was refreshed regularly to reflect new challenges and opportunities, with 6 Plans released over 8 years. FIAL's Plan helped increase government and business awareness of global market dynamics, including supporting business uptake of enabling services and technologies.

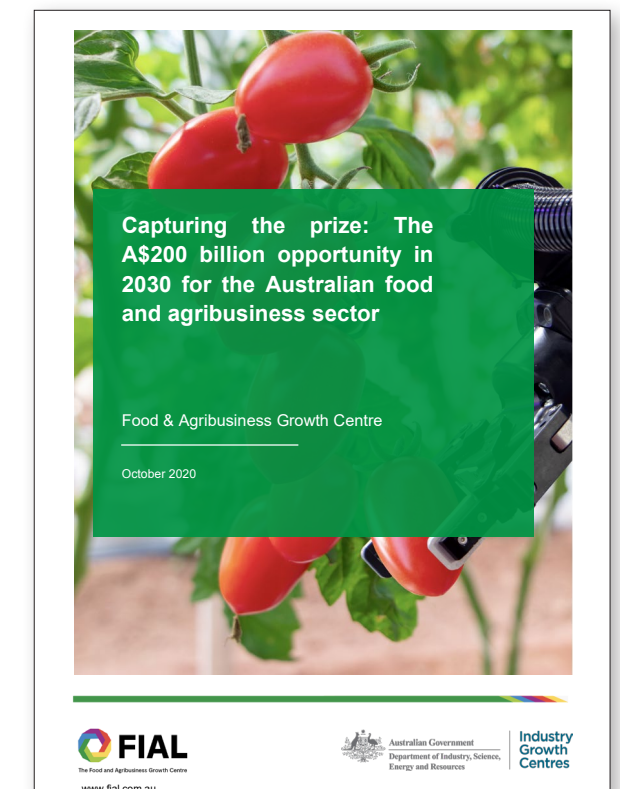
FIAL's Plan focused on four priority areas in which innovation was required to ensure the growth and sustainability of the Sector. They are:

- 1. Food security & sustainability. Protecting Australia's economy, environment and people from climate change, pest and disease through improved integrity and traceability systems that target food safety and biosecurity risks**
- 2. Enhanced production & value addition. Using better genetics, novel technologies and processing techniques to optimise operational efficiencies, minimise waste, and produce highly differentiated and value-added foods**
- 3. A global marketplace. Increasing connectedness with the emerging middle class in Asia, and with global value chains, provide new market insights into the needs of future consumers, identifying new opportunities, markets and supply chains**
- 4. The future consumer. Feeding the growing and ageing population with functional and nutritional foods, personalised to their taste, health and lifestyle preferences**

The industry priority areas were important for stakeholders working within and across the Sector, as they set the scene for a robust dialogue between researchers and businesses to ensure research and development focused on business and industry challenges and opportunities. Often FIAL facilitated conversations between researchers and industry to expedite discussions. Over 8 years, the organisation supported the development of proposals for Cooperative Research Centres, Cooperative Research Centres Projects, Australian Research Council grants, Entrepreneurs' Programme support and other initiatives, reinforcing alignment to these priority areas. This involvement improved the industry-research and intra-industry collaborations and design of projects, amplifying concerted efforts to realise the Sector's full potential.

During the past eight years, FIAL supported the establishment of 11 Cooperative Research Centres that had a combined investment of over \$1B from Commonwealth and collaborative partners. FIAL directly supported the establishment of seven Cooperative Research Centres that involved Commonwealth investment of at least \$209M: Food Agility, Fight Food Waste, Future Food Systems, Blue Economy, Marine Bioproducts, HoneyBee and Saafe. Further, FIAL became a core participant of the following Cooperative Research Centres: Food Agility, Fight Food Waste, Future Food Systems, and Saafe.

One of the key objectives of the Plan was to challenge current thinking through fresh insights for policymakers and business leaders. Following 4 years of research, FIAL released the *Capturing the Prize* report which,



for the first time, quantified the Sector's potential: \$200B of value-addition by 2030. With the convergence of socioeconomic, geopolitical, technological, and consumer trends, 10 structural trends were identified as having important implications for Australia's Food and Agribusiness Sector. These trends informed FIAL's research that identified 19 areas worth exploring for Australian businesses willing to take the lead in unlocking new markets and/or cost savings. These 19 global growth opportunities are underpinned by rapidly emerging technologies, such as the Internet of Things, and advanced genomics, which are transforming how food is produced, how it is distributed and tracked in the supply chain, and how it finally





11
INNOVATION READINESS
PROGRAMS,
IN PARTNERSHIP WITH
24
ORGANISATIONS
...SUPPORTING
AN ECONOMIC
CONTRIBUTION
OF AT LEAST
\$231.7M
TO GDP
IN 2021-22

reaches our plates. Other opportunities include changing consumer tastes and preferences, such as alternative proteins.

With the continued promotion and encouragement of a whole-of-Sector approach for collaboration, many stakeholders today are using *Capturing the Prize* to understand the scale of the opportunities and associated jobs at the state and territory level. Further, the report informed the development of the Modern Manufacturing Food and Beverage road map.

Another example of FIAL's leadership has been the development of a Roadmap to halve Australia's food waste by 2030. Being an independent and industry-led organisation, FIAL won the bid to lead the implementation of the National Food Waste Strategy for the country. The Roadmap has been adopted by governments and the private sector across Australia to inform their key steps and initiatives to achieve this ambitious target. Further, FIAL's National Food Waste Strategy Feasibility Study updated the National Food Waste Baseline, identified hotspots for waste and environmental impacts, and provided most cost-effective approaches for reducing food waste.

As the Sector continues its journey of transformation, the future is promising with the potential to create an additional 300,000 jobs by 2030. FIAL's research also highlighted the critical skills that underpin this success: (1) critical thinking and complex problem solving; (2) written and verbal communication; (3) numeracy; (4) managerial skills; (5) social skills; (6) evaluation, judgement and decision making; and (7) technical and ICT skills such as computer literacy.

With the Sector already a strong contributor to the Australian economy, producing goods and services, contributing \$95.9B in 2022-23, there is more scope to unlock value by making the most of these exciting shifts in science, technology, and consumer markets worldwide.

OVER 80% OF MEET FIAL PARTICIPANTS AGREED OR AGREED STRONGLY WITH INDUSTRY CHALLENGES ON THE DESIRE, CAPABILITY, AND CAPACITY TO INNOVATE AND TAKE ADVANTAGE OF MARKET AND OTHER GROWTH OPPORTUNITIES LOCALLY AND OVERSEAS



INNOVATION PREPAREDNESS

Over eight years, FIAL designed and delivered 11 innovation readiness programs. In partnership with 24 organisations, these programs supported economic contributions of at least \$231.7M to the Australian GDP in 2021-22.

They also upskilled more than 900 participants on how to develop and launch new products, services or ideas including the resources, capabilities, and processes to undertake innovative activities. Collaboration was at the core of every activity undertaken where participation between and within the different groups of stakeholders across Australia worked together to increase commercialisation outcomes to deliver optimal productivity and competitiveness gains.

The first innovation programs delivered by FIAL were *Food Futures* and *Food Catalyst*. These programs created pathways and increased connections for business leaders to collaborate on common challenges and growth opportunities. Upskilling industry on areas such as taking an idea to market, design-led thinking, and scale up processes accelerated the development and commercialisation of new products and services.

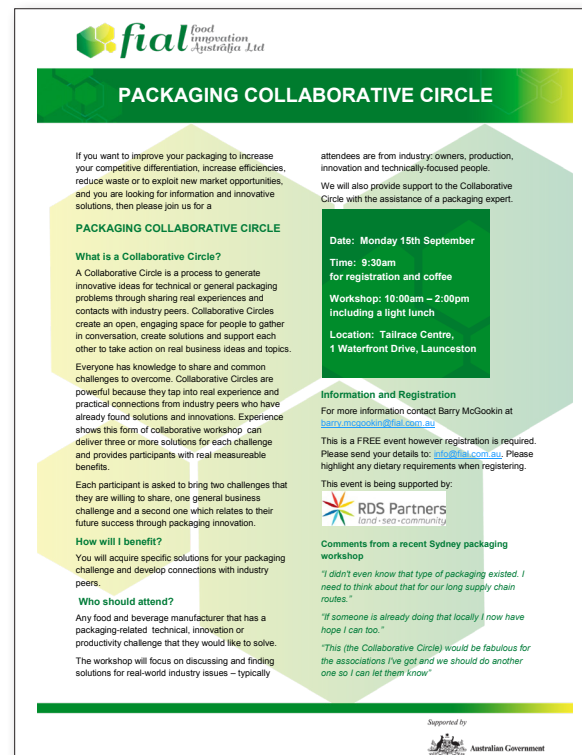
The large number of SMEs, and their small size, meant business managers often could not afford time away from their business. Their capacity to innovate was, therefore, restricted because they were too focused on the day to day challenges of producing their product, rather than on future consumer or customer needs and wants.

Through these programs, a new initiative, *Collaborative Circles™*, was introduced that allowed companies to share their challenges with their peers and invite solutions from people who had experienced similar challenges in their business. It was found for every challenge shared by a business,

IDENTIFYING, CO-CREATING, REDESIGNING, DELIVERING

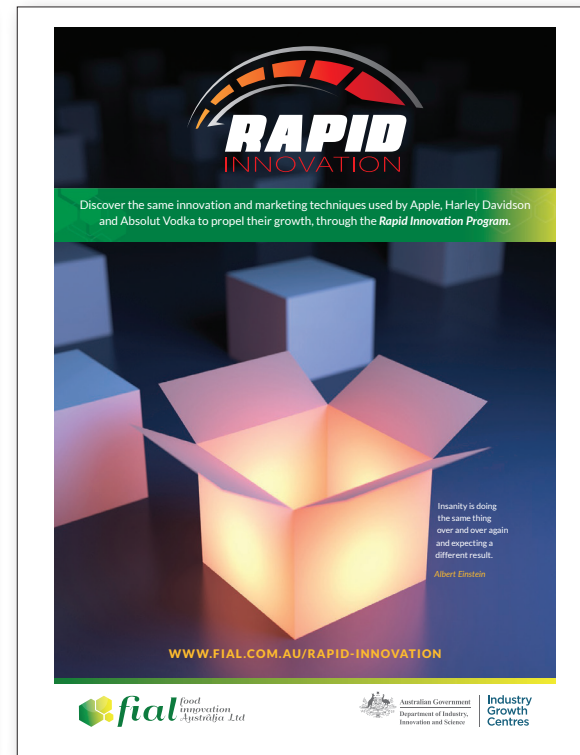
At the outset, FIAL led 'MEET FIAL' events, engaging and consulting widely with the diverse stakeholders across the industry to better understand the challenges and growth opportunities for the Sector.

FIAL found that over 80% of MEET FIAL participants either agreed or strongly agreed with industry challenges on the desire, capability, and capacity to innovate and take advantage of market and other growth opportunities locally and overseas (2015 FIAL Business Plan). In addition, stakeholders prioritised improving engagement between research and industry, and within industry ahead of, for example, regulatory reform. Based on these industry insights and other knowledge gleaned through these consultations, FIAL focussed efforts on industry preparedness for innovation and market access, domestically and overseas.



an average of four solutions were provided by their peers. The innate trust built among participants during this facilitated process provided the foundations for future constructive and ongoing collaboration. The program also highlighted local providers were critical for ongoing support to businesses as they transitioned through the different business growth stages.

With face-to-face activities being time-intensive, it was found business leaders were reluctant to leave the workplace to attend



training workshops. This highlighted the need for greater on-line facilitation. The concept of clusters or grouping like-minded businesses and researchers around common challenges and growth opportunities was also identified as a mechanism for connecting and collaborating to get economies of scale in regional areas of Australia.

At the same time, another program, **Future Leaders**, piloted an approach for building future industry leaders to improve the management and workforce skills of businesses. This program explored how to shift thinking from operating as an individual or 'in a silo', to inspiring and encouraging contributions from others that would lead to improved business growth and performance. Future Leaders created cohorts of emerging future leaders, supporting greater intra-industry collaborations on Sector challenges and growth opportunities.

These early programs highlighted collaboration was difficult to embed in a business; innovation processes from an individual and business perspective

were not well understood by many across the industry; and businesses generally had a very low skills base and reduced risk appetite for innovation. With these challenges in mind, FIAL's Fast n Furious program combined a design led thinking approach and the lean canvas business model for bringing an idea to market.

The need to accelerate business innovation and commercialisation activities to meet the evolving consumer and market opportunities was behind the design of **Rapid Innovation**. This program expedited pathways for local food and beverage manufacturers to collaborate, form alliances, combine skills and introduce different tools for business growth. More 'front end' thinking around innovation and getting new insights to spark innovations was identified as challenging for many participants. Further analysis was also undertaken to delve into innovation definitions and to understand why attending innovation programs to accelerate business innovation activities was not a high priority for many. The way participants clustered during the innovation training, paved the way for future collaboration around common challenges and opportunities identified by businesses at these workshops.

With earlier work focused on individuals and businesses, the need to view innovation from the researcher's perspective was identified as a gap in the ecosystem. It was found that often researcher's commercial vocabulary was limited, and they lacked the skill to translate their research into 'commercial speak' for industry to understand and subsequently engage. Researchers also tended to inflate the relevance and applicability of their capabilities and knowledge. The 'Rolls Royce' solution was often based on their capabilities and awareness of technologies available, rather than tailoring the research to address the specific industry need or want. This led to poor industry engagement and reduced capacity for researchers to apply for research grants - a key metric to advance a researcher's career.

Mission Impossible looked at innovation from the perspective of a researcher and was successfully piloted with Charles Sturt University and University of NSW. The program improved researcher's ability to engage more effectively with industry, resulting in quality conversations and industry-research collaborations. Key was allowing sufficient time for researchers to shift their thinking from an 'academic to commercial viewpoint' and industry to feel more comfortable in engaging researchers on their problem solving and being commercially ready to undertake the research work.

Through this program, the concept of scaling up innovative ideas identified major regional initiatives like the development of a nutraceutical industry in one region. Further, some businesses identified the need to innovate around their business model, not just products. The **Mission Impossible** program was piloted in 4 regions across Australia with regional partners, where new learnings were embedded to accommodate local challenges and growth opportunities of each region.

WITH EARLIER WORK FOCUSED ON INDIVIDUALS AND BUSINESSES, THE NEED TO VIEW INNOVATION FROM THE RESEARCHER'S PERSPECTIVE WAS IDENTIFIED AS A GAP IN THE ECOSYSTEM.



Food Odyssey or Safari Program was developed to support businesses who were keen to explore areas to find the next spark of an idea for their innovation project. With many businesses reliant on their relationships with ingredient and equipment suppliers for the new ideas, there were information gaps in knowing where to go to find the emerging trends, or alternative ways for connecting with customers or markets for inspiration. These intensive and immersive experiential programs allowed business representatives to network with their peers; be introduced to new food and beverage products; and glean insights from market researchers and be exposed to emerging innovators and local trends.

Following the successful delivery of a range of training programs to get businesses and researchers' innovation ready for the commercial conversation to generate new ideas and methods, the focus shifted to entrepreneurship. Observations from the delivery of the earlier workshops highlighted businesses needed support on how to put processes around the great ideas and turn these into actionable next steps that would

lead to commercialisation and a robust model for creating sustainable business growth. This evolution of thinking led to the development of **Agrifood Evolution**, now referred to as **Seeds of Growth™**. This program supported regional start-up and SME businesses to tap into current and emerging trends to encourage entrepreneurship and building of sustainable businesses in their region. It was designed as a growth journey for businesses and entrepreneurs' so they could step back, evaluate their specific business proposition, and design a clear action plan for implementation around commercial ideas. Embedded in this design was the development of a regional innovation ecosystem and network of service providers and collaborators that could continue to provide vital support after program completion. This support network helped the diverse stakeholders navigate the plethora of information available to find the right resource to fast-track their idea to market and growth journey.

Positioning Australia's regional agrifood entrepreneurs for exponential growth

The challenge and opportunity for Regional Australia

The Seeds of Growth™ program is focused on developing a regional innovation ecosystem and network of service providers and collaborators that are vital to supporting and helping to fast-track the entrepreneur's growth pathway.

Through the extensive work, Bearstalk has been doing around Australia over the years, it became very clear to us that there is a big gap where ambitious and entrepreneurial primary producers and food businesses in regional Australia are looking to value add or diversify to new revenue streams and who are looking to capture the opportunity to move from being a price taker into being a price maker.

This shift in thinking and approach shows that the Australian agriculture industry more broadly is moving to a whole new world of possibility and profitability for the next generation of Australian farmers and food producers.

The vision for growth in regional Australia

Seeds of Growth™ is a program that supports regional agrifood start-up and SME businesses across Australia to tap into current and emerging global trends to build sustainable businesses and a community of entrepreneurship in regional Australia.

This program is unlike any other on the market.

Delivered over the past 5 years

Partnership between FIAL and Bearstalk:

- ✓ >70 entrepreneurs supported
- ✓ Footprint across 4 states / 7 regions across Australia
- ✓ Average participant rating of 9 for delivery and time investment
- ✓ Average stakeholder rating of 9 for offering and capability

The pathway and our solution

It is designed to meet business owners and entrepreneurs alike where they are at in their growth journey, helping to step back and evaluate their specific proposition and design a clear action plan for implementation.

What makes this program different to others on the market?

- It is open to all promising entrepreneurs in a region, not just the best talent
- We leverage the force of the regional ecosystem
- We offer a hybrid model of learning
- The program has an 'agripreneur' focus
- We offer local, regional, and global perspectives rolled into one program
- We build and strengthen entrepreneurial communities across Regional Australia

Program Objectives

- Inspire 8-12 entrepreneurial food producers and processors to begin their innovation journey
- Support participants to commercialise new and emerging revenue streams over 12-weeks of teaching and mentoring
- Build an alumni network of program participants that will continue to co-mentor beyond the program
- Build local entrepreneurship capability base and brand awareness to the region

How the program is taught

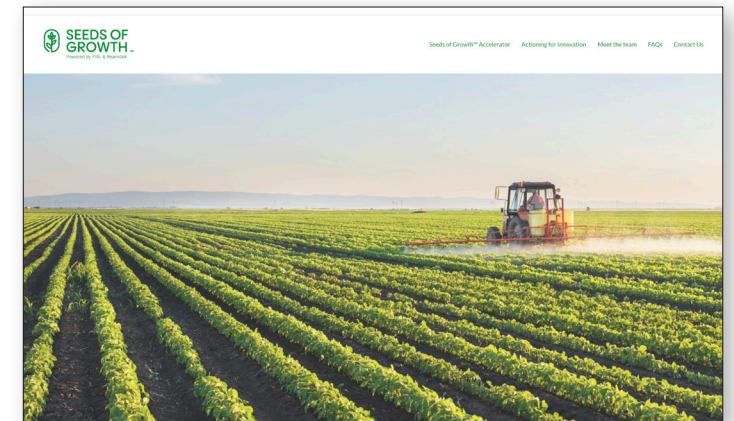
The program is taught over a 90-day period using a mixed learning approach utilising:

- Digital platform content
- Weekly online live workshops
- 1-2 in-person workshops (pending Covid19 restrictions)
- Program journal

With the world changing at a rapid pace and consumer needs evolving and new approaches and technologies transforming businesses, FIAL partnered with Mars Food Australia in their **Seeds of Change™** Accelerator. This partnership provided pathways for start-ups and SMEs to connect with resources and access networks and advisors from functional experts of a large multi-national player and others across the value chain. The aim was to catalyse forward-thinking innovators to bring their purpose-driven food-focused visions to life. Whilst the program created value for all start-ups from technical know-how to increased business valuation and venture capture raising, the elevated media profile helped accelerate market-entry. It was also a step-change for Mars. The organisation's interaction with passionate and driven entrepreneurs, inspired different thinking around food innovation and changed the boundaries around new product development and execution for Mars.

With many large corporates like Mars having rigid processes, they can be slow at implementing or taking up 'radical' innovations. Often, they turn to smaller and agile businesses for the next innovative products. This program highlighted the importance of large businesses working with start-ups and SMEs, and the mutual benefits of this exchange in accelerating management and workforce skills of businesses, and commercialisation, no matter their business size.

With cost being a major inhibitor in the delivery of innovation programs, **Seeds of Growth™** was redesigned as a hybrid model made up of online and face-to-face modules delivered over a period of months. It was found that the one-on-ones were particularly useful to allow a deeper dive into individuals' businesses. This allowed businesses to step back from the process and focus on what was most challenging for them. Conversations with the program facilitators and mentors were best done face-to-face, allowing relationships to form and trust to build. Case studies were useful



THIS PROGRAM HIGHLIGHTED THE IMPORTANCE OF LARGE BUSINESSES WORKING WITH START-UPS AND SMES

learning props as they were trusted sources of intelligence from their peers, with real experiences that they could relate to. Break-out sessions helped participants get to know each other, and offer support, whilst offering opportunities to learn from each other. A surprising outcome was it shone a light on start-ups and small-scale food producers in regions and the important role they play in these communities. It also highlighted the support they need to build capacity for long-term sustainability and growth.

This online program was delivered multiple times to regions across Australia, reinforcing the value of investing in improving management and workforce skills of businesses. The flow on effect is greater awareness and uptake of enabling services and technologies that can lead to increased commercialisation outcomes and enhanced industry-research and intra-industry collaborations. It also helped in the upskilling of local council's innovation support capabilities, critical to ongoing regional innovation that underpins Australia becoming a more resilient and competitive manufacturing sector.



NEED FUNDS TO INNOVATE?

DOES YOUR BUSINESS HAVE AN INNOVATION CHALLENGE? OUR CO-FUNDED GRANTS CAN HELP!

FIAL's Project Fund supports innovation projects that encourage collaboration between small and large businesses in the food and agribusiness sector. These projects help increase productivity and competitiveness across the industry.

HELPING SMALL AND LARGE BUSINESSES INNOVATE BY WORKING TOGETHER

We offer funding of \$100,000 to \$1 Million to help solve innovation challenges. Funding must be matched dollar-for-dollar.

This is a competitive programme guided by the priorities of the Growth Centre Initiatives. Projects that involve and benefit multiple businesses across the sector will be viewed more favourably for funding.

WHO: Any consortium of businesses in the Food and Agribusiness value chain who have a bold idea for the market and they need help to solve their challenge.

WHEN: We offer funding of \$100,000 to \$1 Million to help solve innovation challenges. Funding must be matched dollar-for-dollar. Research can be completed over 2 years and companies have 3 years to commercialise it.

WHAT: Projects can be found anywhere in the supply chain from agronomy to processing of new ingredients, to training and much more.

- ✓ funding to help you overcome technical challenges in your business
- ✓ work with the best researchers to develop breakthrough solutions
- ✓ work with others to move your business forward in an innovative way

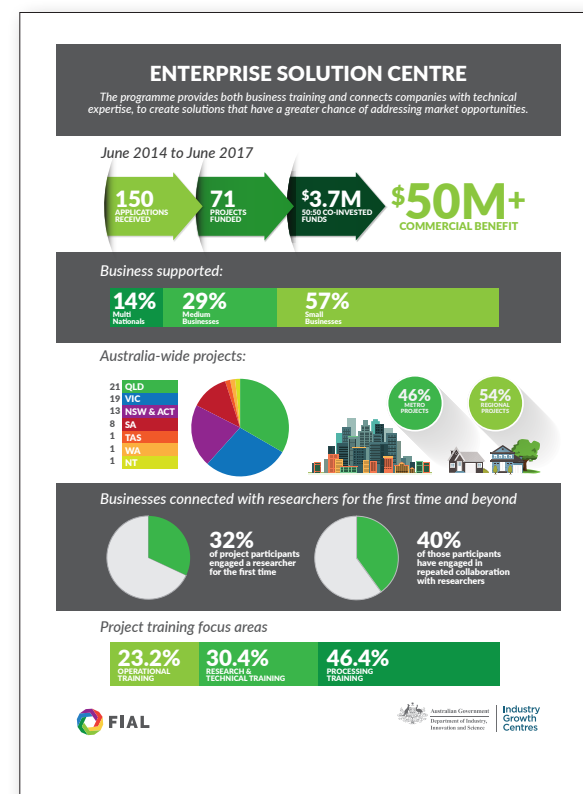
Apply for FIAL's Project Fund today at <https://fial.com.au/fial-project-fund>

FUNDING TO STIMULATE INNOVATION

An important component of stimulating innovation across the Sector was providing funding to support the commercialisation of ideas. During the past 8-years, FIAL designed and delivered 12 innovation funding initiatives of different levels of support to cater to the different challenges and opportunities, and size of businesses operating in the Sector. The cornerstone programme, **Project Fund**, funded large multi-million dollar projects to boost the competitiveness and productivity across the Sector. Matched funding was provided to multiple collaborative industry partners to deliver innovation projects that addressed one of the four objectives of the Growth Centres. The involvement of multiple industry players across the food and agribusiness value chain, including research organisations, allowed

problems to be solved that otherwise could not be resolved by the existing capabilities within a business; improving intra-industry and researcher-industry collaborations.

The Project Fund invested \$33.05M, of which \$15.6M was from the Commonwealth, on 102 diverse projects spanning the entire value chain and ranging in size from \$200K to \$4.5M. These projects involved more than 1600 participants who either directly or indirectly benefited from the collaborative support of the Project Fund. This led to the launch of 555 new platforms, products, or services for the Sector. Of the 102 projects, 96% of projects were successfully commercialised. The increased business awareness resulting from increased knowledge sharing amongst project participants, encouraged the uptake of enabling services and technologies, and increased commercialisation outcomes. Of all businesses contracted, 32% of these were introduced to a researcher for the first time, thereby improving industry-research collaborations across the



Sector. A total of 17 projects commenced exporting for the first time, increasing export income for businesses.

During the early years of the fund's release, industry was challenged by the ethos of working and sharing resources with other businesses and researchers. It took 5 years to fully allocate the \$15.6M Project Fund. Some stakeholders were initially hesitant to engage and closed to sharing, cooperating, and collaborating on projects. As relationships formed, participants become more open, and the instances of knowledge sharing amongst project participants increased to over 700 for the life of the program. As projects were supported, interest was sought from other groups, like agriculture, who subsequently accessed support through this fund.

With many SMEs operating in the landscape having limited resources, particularly cash, often they were reluctant to seek government innovation funding because they found them too bureaucratic to work with. Further, the lengthy approval processes resulted in many SMEs missing out on market growth opportunities where speed to market was essential. The design of FIAL's **SME Solution Centre** addressed this gap, providing an efficient and timely project approval and contract process to meet the needs of SMEs. This program, co-designed in partnership with CSIRO and Queensland Department of Agriculture and Fisheries, supported 53 SMEs who innovated and created commercial products, processes, or services that they otherwise were unable to support due to limited resources. Targeted funding of up to \$100K was found to be optimal for SMEs to respond quickly with an innovative product or service to a market need and growth opportunity for their business. Later the program was renamed the **Enterprise Solution Centre Programme** to accommodate and allow larger businesses to access support.

Another fund, the **Black Summer Innovation Program**, was developed by FIAL to help SMEs affected by the events of national natural catastrophies or global diseases outbreaks

TRAINING IMPROVED BUSINESS' CAPABILITIES AND THEIR COMMERCIALISATION SUCCESS RATE, LEADING TO

96%
OF FIAL'S INNOVATION PROJECTS SUCCESSFULLY COMMERCIALISED.

during 2019 and 2020. Funding of \$25K supported impacted businesses to innovate and create commercial products, processes, or services accelerating recovery and growth.

A fundamental differentiator of FIAL's innovation funding programs was the requirement for a business to undertake training to build their capability and capacity to improve commercialisation success and business growth. It was observed that doing the research or development was not the only reason for commercialisation failure or delay. There were gaps in a business' capability across all business functions: manufacturing or processing, quality control or assurance, operations, finance, marketing, and sales. These functions were all important during commercialisation. Of all innovation projects supported by FIAL, the top training topics selected by businesses were in manufacturing or processing, followed by marketing and sales. Training improved business' capabilities, and their commercialisation success rate, leading to 96% of FIAL's innovation projects successfully commercialised.



RECOGNITION

FIAL's funding programs gained recognition from across the Sector in their ability to bring disparate stakeholders together to work collaboratively on projects and deliver commercial outcomes. Consequently, other organisations adopted or used various elements of FIAL's program designs in their funding initiatives. For example, the Commonwealth used the design of FIAL's SME Solution Centre to inform the Project Fund guidelines. Further, the Fight Food Waste CRC and Queensland Department of Agriculture and Fisheries adopted the SME Solution Centre program to provide industry access to Australia's best food waste researchers and network of industry participants to half Australia's food waste by 2030. Such an outcome was positive for industry, as they could engage researchers without having to commit support for the lifetime of a CRC, typically 10–years.



CLUSTERING FOR SCALE

Early in FIAL's journey, clusters were identified as the vehicle for unlocking value, and facilitating collaboration for scale and growth. In 2016, an evaluation by FIAL of global business ecosystems that “punch above their weight” led to the realisation that Michael Porter's work on clusters could provide the solution to address the market failures of a highly fragmented Sector and dominance of SMEs who lack the economies of scale to compete in global markets.

Clusters are regional concentrations of interconnected businesses, research institutions and government organisations that work together to establish local ecosystems of resources, knowledge and relationships to support the growth of businesses in a particular field, sometimes referred to as the burning platform⁷. These ecosystems affect competition in three ways: by increasing the productivity of the companies in the cluster; by

driving innovation in the field; and by stimulating new businesses in the field.

The effectiveness of clusters relies on an unusual level of embeddedness and social interaction, facilitating regional conversations – the social glue⁸. Being open to change and having the ability to respond quickly are also other factors in the success of clusters. They are most powerful when they include a physical, often regional dimension, where member companies can come together to tackle shared problems and growth opportunities, learning from each other.

Successful global clusters often embrace the Triple Helix concept. In this model, there is an intimate connection between industry, government and research or knowledge institutes. At the heart is industry and their connection and understanding of markets and customer needs to drive the strategy. Business pull must drive universities and technical institutes. Research and development must be “with” industry, not “for” industry, and industry must be embedded in projects so that any generated IP and knowledge resides with businesses. Universities and technical institutes must also be engaged in developing skills and targeted training for clusters and their members.

Governments, local, state and federal are the third element of the model. Their role is a visible supporter, financier, and enabler of the ecosystem. There are various ways they can support such as research, simplifying regulations, upgrading transport infrastructure, access to wharves and airports, rebates on taxes, rates, power, or services for example.

Another dimension has been added to the model – Quadruple Helix. It relates to society and community engagement and integration of social and cultural issues in strategy and investment.

Since this work in 2016, FIAL has driven the growth of Australian food and agribusiness clusters. FIAL's Cluster Program, the first

of its kind for the Sector, provided \$3M of funding support that was co-matched, bringing the total investment to \$6M. This funding supported the growth of four clusters: Central Coast Food Alliance, FermenTasmania, Food & Agribusiness Network, and Food & Fibre Gippsland.

A review of this initial Cluster Program found that all the clusters managed to deliver and achieve against all areas in their plans (see FIAL's *Evaluation of Australian Food & Agribusiness Clusters Report – March 2023*). Whilst they continued to work to support their cluster members, adapting and innovating according to the market circumstances, they all grew their memberships, attracted investment, and built deeper relationships with local and regional governments,

On the back of the great interest garnered from the delivery of FIAL's Cluster Program, the Commonwealth invested \$20M to establish or support SME Export Hubs with the view to develop local, regional, and indigenous brands. In total, 17 hubs

■ **WE CHANGED OUR GOAL TO MAKING THE COMMUNITY-BASED MODEL WORK – IF THAT IS STRONG, THE CLUSTER WILL ATTRACT ADDITIONAL INTEREST AND INVESTMENT** ■

■ **OUR UNIVERSITY IS NOW INVESTING SIGNIFICANT FUNDS TO REFURBISH A LAB FOR FOOD & AGRICULTURE RESEARCH AND TESTING.** ■

■ **THE SUCCESS OF THE UNESCO CITY OF GASTRONOMY WAS BUILT ON THE PARTNERSHIP DEVELOPED BY THE CLUSTER AND WOULD NOT HAVE HAPPENED WITHOUT THE FIAL INVESTMENT.** ■

Testimonials from FIAL's Evaluation of Australian Food & Agribusiness Clusters Report – March 2023

⁷ Michael Porter, The Competitive Advantage of Nations, The Free Press, 1990.

⁸ Gordon I. R., McCann P. (2000). Industrial clusters: Complexes, agglomeration, and/or social networks? Urban Studies, 37, 513–532.



were funded that supported SMEs to take advantage of export growth opportunities.

In 2021, building on FIAL's strong track record in supporting regional ecosystems, a total of \$600,000 was provided to support four clusters: Tasmanian Agrifood Network, Tropical North Queensland Regional Food Network, Greater Whitsunday Alliance – Agtech Cluster, and Limestone Coast Food and Agribusiness Cluster. This funding support united these clusters with government and researchers, allowing them to take advantage of market opportunities in Australia and overseas.

MARKET PREPAREDNESS

The first *Export Market Readiness* workshops revealed a huge gap in the readiness of a business to enter new channels or markets. This gap made it more challenging for a product or service to be offered commercially to different customers and markets. A reason for the lack of these commercial skills is that most SMEs historically supplied the domestic retail market. There was less interest in entering other channels like food service, route, or even overseas markets because of the huge investment required for success. As margins gradually eroded due to the conduct of retailers and wholesalers, SMEs started to be more open to entering alternative channels and markets.

In response to feedback from food and agribusinesses, FIAL developed 47 bespoke market capability and workforce skills workshops, facilitating the expansion of businesses from their traditional channels to new channels and markets, domestically and overseas. More than 400 partners collaborated with FIAL in the development and delivery of these workshops. Some of FIAL's designed and tested workshops were run by the Department of Industry, Science and Resources' Entrepreneur's Programme to support business growth.

Some of the workshops:



IP Protection and International Brand Building
Businesses increased international market knowledge and built a marketing strategy to support growth.

Retail Readiness and Private Labelling
Program targeted to food and beverage businesses who wished to enter the retail world and learn more from industry experts on this important channel.

Win-Win Negotiations Workshop
New and existing businesses learnt about the tools to successfully negotiate any commercial environment.

Market Diversification Program
SMEs discovered domestic opportunities can deliver real growth and reduce their exposure. The course focussed on how to improve relationships with customers and channel planning and execution, including strategies to expand customer base for a more sustainable and profitable business.

Are You Ready for Export?
Course helped businesses build a world-class export plan including how to prioritise markets, and tips on brand positioning to a targeted customer.

Are You Ready for Export (Advanced)?
Participants were provided with an extensive overview in warehousing, logistics, export channels, biosecurity, and trade. The advanced course was held after the 'Are You Ready for Export?' to provide attendees with more in depth training and guidance as they entered new export markets.

Are You Ready for Export to China? Vietnam? Thailand? Indonesia? USA?
This course helped businesses evaluate their readiness to export to a specific country or region. Businesses learnt about a new country or region including the retail and food service landscape and how to manage the marketing, pricing, logistics, product liability and getting paid.

Winning Export Market Entry Program
A three-stage engagement program designed for companies to complete a draft 'Winning Export Market Entry Plan' tailored to their needs. It fast-tracked their training and understanding of export by leveraging the skill and expertise of the facilitator and other participants in the workshop.

E-Commerce Readiness Workshop
Food and beverage businesses learnt how to compete across various e-commerce platforms in various markets and how to develop an overall market entry strategy for a specific channel or market.

MARKET ACCESS

Domestic Tradeshows

Raising the profile of Australian food and beverages to the domestic market across all channels and customers was important. Many international buyers wanted assurances that Australian businesses traded locally, particularly to retailers, as this indicated they understood the conditions for retail trading. As FIAL had limited resources and did not want to compete with existing organisations, partnering with industry associations and state governments such as Investment NSW, TSBE, North Food Group, etc, provided a cost effective way to be present at major food and beverage shows across the country. As these organisations were already working closely with their local businesses, FIAL was able to complement their offering by delivering a range of capability building and upskilling events.

For example, FIAL had a free booth at the entrance of Fine Food Australia to showcase new products profiled in FIAL's book, *Celebrating Australian Food and Agribusiness Innovations*. This exposure provided excellent opportunities to promote the work of FIAL and highlight how FIAL's capability development workshops supported the growth and performance of businesses in the book.

A key feature of FIAL's attendance at major Australian tradeshows were events like *Meet the Buyer*. FIAL collaborated with Coles, Woolworths, Ritchie's, and other independent supermarkets including e-commerce platforms such as JD.com, T-mall, Lazada, Amazon, etc., to introduce buyers to Australian food and beverage suppliers from across Australia.

Often businesses, particularly SMEs, had been unable to get past the gatekeepers to showcase their innovative products to buyers. These events, facilitated by FIAL, included the direct one-to-one meetings between buyers and suppliers, and increased food and



beverage business awareness of how to trade with retailers and other customers. Most businesses won contracts from attendance at the FIAL events, improving their integration into domestic supply chains and markets.

International Tradeshows

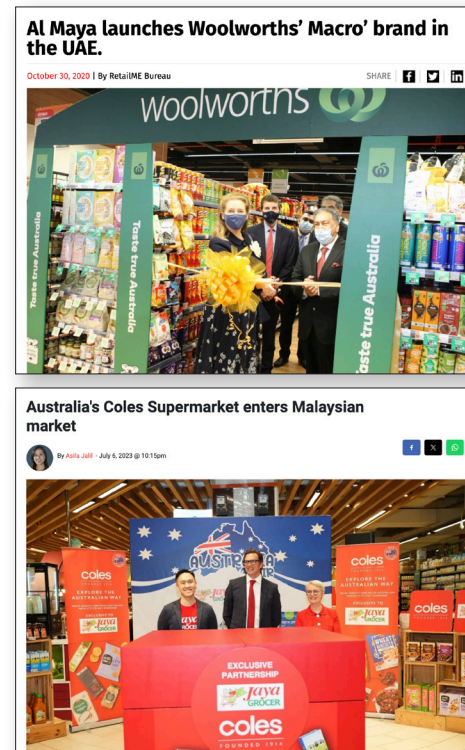
FIAL's passion for growing the share of Australian food in the global marketplace was facilitated by connecting Australian brands with international buyers. Over the course of eight years, FIAL successfully led 18 food and beverage stands at tradeshows in 8 international markets. In partnership with 60 collaborators from across the Sector, 542 Australian food and beverage suppliers showcased products to over 15,000 international buyers.

Prior to an international food trade show, FIAL facilitated full day guided insight tours to high-end retail outlets in-market for all exhibitors and other Australian food businesses and government agencies attending the show. FIAL's pre-show missions or study tours for emerging

exporters helped business wishing to be integrated into new international markets gain a comprehensive understanding from buyers at top tier supermarkets product categories of interest for their store and market. They also first-hand viewed competitor products, packaging, pricing, and positioning on shelves. Being completely immersed within the local culture at various stops throughout the day, businesses got a deep understanding of the key supply chain and market intelligences required for export success.

FIAL-led Australian stands provided companies with a low-cost entry to new export markets and connections to new buyers. The entire process from setting up the stand to product shipment, display and introduction to buyers was efficiently managed by FIAL. This was particularly important as 70% of businesses were exporting for the first time. Many had knowledge gaps on documentation, logistics and other export requirements. Multiple Australian companies were able to successfully negotiate and secure first orders after participating in the FIAL-led Australian food and beverage stands. More than 500 businesses, particularly

FIAL SUCCESSFULLY LED 18 FOOD AND BEVERAGE TRADESHOWS IN 8 INTERNATIONAL MARKETS. IN PARTNERSHIP WITH 60 COLLABORATORS FROM ACROSS THE SECTOR, 542 AUSTRALIAN FOOD AND BEVERAGE SUPPLIERS SHOWCASED PRODUCTS TO OVER 15,000 INTERNATIONAL BUYERS



SMEs, increased their capability for export and became better integrated into global supply chains, supporting Sector exports.

The FIAL-led stands were also attended by Australian retailers, Coles, and Woolworths, as they were aware of the Waitrose supermarket private label success in China. For example, Woolworths attended FIAL's stand at Food Hotel Asia and Gulfood, and secured distribution for their Macro health range of private label products.

Both Coles and Woolworths today have a dedicated export department, exporting Australian private label products all over the world.

In-bound Missions

FIAL led 4 in-bound missions of 70 high-end supermarket executive buyers from 8 Asian markets to meet 202 pre-approved export ready suppliers across Australia. Buyers wanted to see Australia's complete national offering rather than the narrow selection from a region or state or territory. Through the 4-missions, more than 4,500 connections

between suppliers and international buyers, led to new deals and increased exports for Australia.

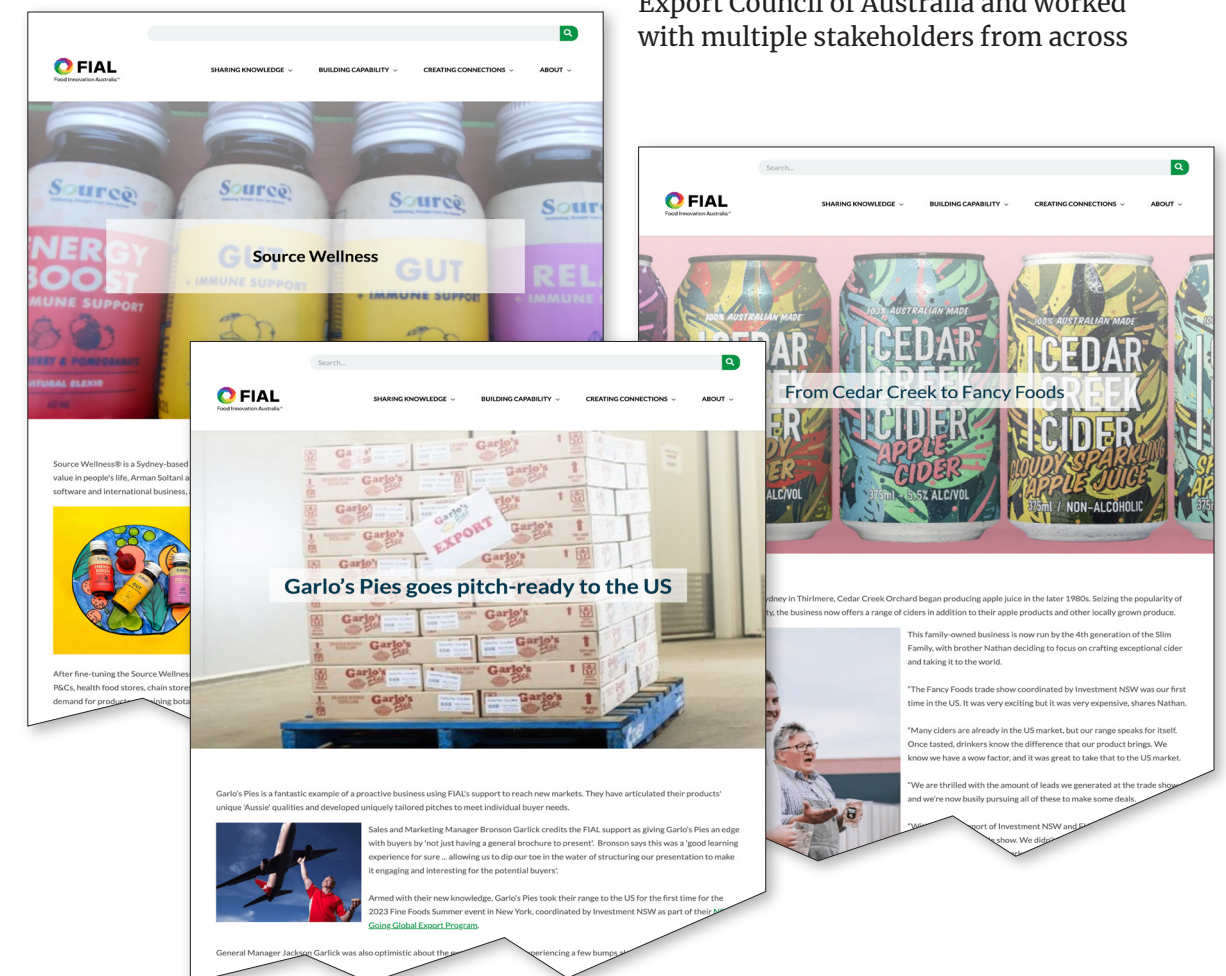
Out-bound Missions

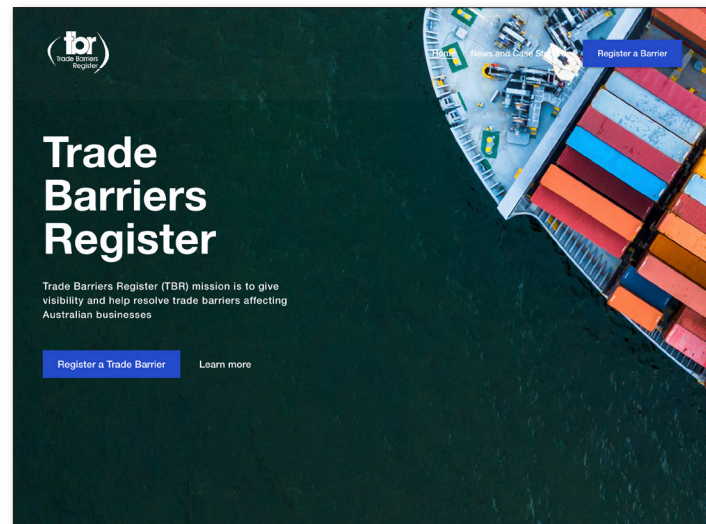
FIAL led 3 outbound missions to the USA, Thailand, and the UK. Missions were tailored for each market and Australian food and beverage companies increased their awareness of how to engage and export to each market. Participants gained an understanding of the local market from being in-market and first-hand connecting with buyers from main supermarkets, department stores, importers, brokers, and distributors. The insights gleaned from the mission helped businesses develop smarter entry strategies or find alternative buyers for existing export markets. These missions helped accelerate the process for market entry and drive export growth, saving time and money for businesses with a desire for export.

REDUCING THE COST OF DOING BUSINESS

The cost of doing business in Australia needs to decrease to support the growth and profitability of Australia's Food and Agribusiness Sector including attracting inward investment. The necessity to have the right data and supporting information to inform decision-making is important in determining the best way to address barriers to trade. With many organisations directly reporting to the Commonwealth on barriers to trade, industry was often left in the dark on what was reported, actioned, and resolved.

To support the collation of this important data, FIAL on behalf of the Industry Growth Centres partnered with the Export Council of Australia and worked with multiple stakeholders from across





**IN 2023, THERE WERE
337
BARRIERS REGISTERED
ACROSS ALL INDUSTRIES,
OF WHICH 71 WERE
ACTIONED, INCLUDING
143 INSIGHTS SUPPORTING
BUSINESSES TO ADVANCE
INTO NEW CHANNELS
AND MARKETS.**

the Sector, to develop an on-line tool called the Trade Barriers Register.

In 2023, there were 337 barriers registered across all industries, of which 71 were actioned, including 143 insights supporting businesses to advance into new channels and markets. The uniqueness of these barriers, and the comprehensive nature of the platform to capture data across multiple industries, cannot be found elsewhere in Australia.

The register aligns with the Australian Government's focus of improving international opportunities and market access and identifying opportunities for regulatory reform. The Trade Barriers Register also plays an important role in the growth of food and beverage businesses in accessing diversified markets, as outlined in the Australian Government's Food and Beverage National Manufacturing road map.

The creation of the tool has allowed businesses to easily report on domestic red tape issues and international non-tariff barriers. It has also provided one place for identifying, managing, and communicating industry regulatory and compliance issues to government, and vice versa, providing greater visibility for everyone in the ecosystem.

FOOD SAFETY AUDITING

Following the 2015 industry-wide consultations identifying stakeholders' messages and concerns on industry or regulation issues, food safety auditing was identified as a major priority of focus for FIAL. With food production in Australia needing to meet several regulatory and customer requirements, compliance is demonstrated through the auditing of company operations. Individual companies can be audited many times over short time periods by customers or enforcement agencies, imposing unnecessary burden and cost for businesses.

Studies carried out by FIAL and the Australian Food and Grocery Council found there were 36 auditing standards in addition to regulatory audits, with higher than 80% of the content common across all standards and differences related to non-food safety topics or the order of the audit process. Availability and level of competencies of auditors across all food categories was also creating difficulties for companies trying to schedule audits, with food safety auditing costs of businesses escalating. The conclusion from the study found that food safety auditing in Australia and New Zealand placed a substantial burden on the food industry because of the proliferation of many proprietary and private standards. The industry survey of 225 respondents revealed food safety management cost the industry at least \$49.7M per annum in 2015 and the average cost per food safety audit was \$4,400.

Subsequent studies identified a model for harmonisation of food safety auditing and a mechanism for greater cross industry coordination and recognition. Food Safety Certification was identified as the mechanism to streamline auditing and integrate assurance systems whilst maintaining high standards of food safety that characterised the outputs of the Sector.

This approach was tested for the Australian bakery industry, on low food safety risk products within that category. Proposals were developed for taking the concept of food safety certification and assurance systems developed for Australia's bakery industry to other food industries such as higher-risk food categories like dairy. Despite high interest from across the Sector, particularly regulators and industry groups, further support was not secured to test this harmonisation model. It was concluded that businesses see food safety auditing as a cost of doing business and the cost was not prohibitive from doing business.

These studies did, however, reveal there was lack of appropriately qualified food safety auditors. The development of an approach for attracting early career technical people into

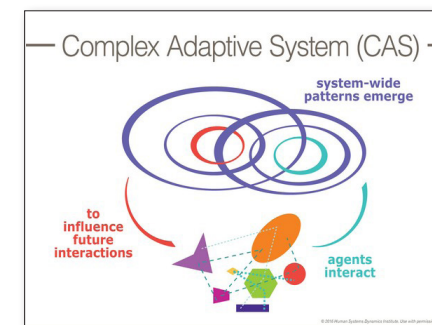
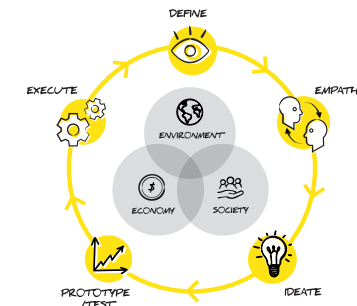


food safety auditing as a viable career path remains a future Sector challenge. Further, better coordination of activities for increasing food safety auditors would best be facilitated by a national secretariat to fast track results.

HIGHLIGHTS, BREAKTHROUGHS & DIFFICULTIES ENCOUNTERED

HIGHLIGHTS

A key highlight was the dual process FIAL used to develop the Plan (**Sector Competitiveness Plan**), as the vision and strategy created for the Sector in 2015 is still relevant today. The combination of a Design Led Approach and Complex Systems



SOURCE: <https://australiandesigncouncil.org>
<https://www.hsdinstitute.org/resources/complex-adaptive-system.html>

Foresight Process allowed stress testing of the future vision from different approaches and different representatives from across the Sector. The iterative design led approach viewed the vision from the perspective of a customer operating in the landscape, while the foresight process took a helicopter view of the Sector and mapped the different sub-systems impacting Sector dynamics. The insights gleaned on the innovation ecosystem from both processes outlined the pillars of focus for industry, research and government stakeholders to create high value-added products and services in areas of competitive strength and/or comparative advantage. Further, it provided the beacon for others across the industry to align and amplify collective action.

As previously highlighted, **collaboration** was critical to drive cultural change. To support

this transformation, the following ways of being or principles of operation were used by FIAL in every initiative to support and assist the industry to achieve these outcomes:

- **Communicative and sharing – of information and knowledge**
- **Optimistic, energetic and passionate – about the future of the industry**
- **Consultative – to enhance and support the skills in the industry**
- **Outcome focused – for industry success**
- **Accountability – to each other and the industry**
- **Integrative and transparent – to establish an environment of trust and collaboration**
- **Encouragement – of active participation and contribution**

With FIAL acting as a facilitative catalyst in leading and supporting transformative change, industry was held responsible and accountable for actions and behaviours. FIAL encouraged stakeholders to support the following norms to engender a culture of collaboration:

- **One shared compelling industry vision, goals and understanding of purpose and roles of the multiple stakeholders, encouraging alignment to minimise duplication**
- **Strong group identity and understanding of purpose that established boundaries and defined which participants collaborated**
- **Fair distribution of costs and benefits that established a basis of the value participants got from playing a role in the collaboration**
- **Fair and inclusive decision-making**
- **Monitoring of agreed behaviours**
- **Graduated sanctions for misbehaviour**
- **Fast and fair conflict resolution**
- **Authority to self-govern**
- **Appropriate relations with other groups**



AN ANALYSIS OF CULTURE DATA GATHERED FROM VARIOUS FRAMEWORKS AND TOOLS, HIGHLIGHTED GREATER LEADERSHIP WAS NEEDED ACROSS ALL PARTS OF THE LANDSCAPE.

IT RECOGNISED LEADERSHIP WAS NEEDED TO ADDRESS MANY OF THE CHALLENGES AND OPPORTUNITIES FACING THE INDUSTRY.

At the outset, FIAL recognised drivers for industry development were the beliefs underpinning business decision-making and that these were shaping the culture and direction of the Sector. These beliefs were influencing decision-maker's perceptions about market conditions and opportunities in Australia and overseas, and whether they were a Business of Today or a Business of Tomorrow.

- **Businesses of Today** – generally less growth-oriented and working to maintain market share. They tended to view a direct interest or involvement in overseas markets as outside their “need to know” area. As a result, they relied heavily on downstream processors or exporters to manage access to supply chains and markets.
- **Businesses of Tomorrow** – actively pursued new markets and were more inclined to take risks to secure those markets. Many of these businesses were directly connected to their end markets and continuously invested in building their skills and knowledge.

Based on the type of business, this influenced their willingness to take on risk around capital, innovation and market investment. The end result of

such thinking was observed in the way businesses' behaved towards each other and to market opportunities, and the type of activities undertaken across the Sector.

An analysis of culture data gathered from various frameworks and tools, highlighted greater leadership was needed across all parts of the landscape. It recognised leadership was needed to address many of the challenges and opportunities facing the industry. The capacity for people to guide and influence others to strive towards a common purpose for greater impact was lacking. This capability is required at all levels of an organisation: from a technical person in a laboratory to middle managers leading an organisational function such as IT, and to managing directors who have oversight for the strategic direction of an entity.

Leadership was also interpreted from two perspectives. The first related to the personal values of leaders who generally were more giving of their time and information for the long-term benefit of the industry, and how could more of these types of leaders be engaged. The second perspective was about



leaders being more goal oriented and taking the risk to work differently and create new pathways for both business and industry growth. This enabled them to capture the collective wisdom and agree among them on issues and priorities. It also helped to develop another level of shared understanding and basis for action. In response to the leadership capability gap in the Sector, FIAL designed and piloted leadership programs for the food and agribusiness industry.

BREAKTHROUGHS

FIAL's work on clusters showed the value of investment in facilitators who led the development of ecosystems and collaborative approaches to supporting regional growth. With relationships deepening over time, and trust forming among the cohort of stakeholders, many of FIAL's supported clusters have attracted success and large infrastructure investments. For example, FermentTasmania was part of the bid to get Launceston designated as a UNESCO City of Gastronomy, one of only 49 around the world including securing \$10M for the Fermentation hub. The Food & Agribusiness Network secured over \$150M for Project Turbine to establish Australia's largest food and beverage manufacturing precinct on the Sunshine Coast, while the Central Coast Food Alliance received \$17.2M from the Commonwealth to create a Food Manufacturing and Innovation Hub on the Central Coast. Whilst a physical location is important as a place for stakeholders to congregate, co-design and create, it is the people, knowledge, and



expertise that goes alongside scaling ideas from the bench to manufacturing, developing markets, and overcoming collective challenges and realising growth opportunities that are fundamental to building more resilient regions and manufacturing capabilities across Australia

DIFFICULTIES

Lack of Available Data on the Food and Agribusiness Sector

At the outset, there was no data available on the size and related information such as productivity information on the Food and Agribusiness Sector as a whole. The Sector had never been grouped as food and agribusiness – perhaps an oversight of the intrinsic interconnectedness between the two parts of the value chain.

Historically, the definition of food and beverage manufacturing was changed, and some industry segments were included or excluded. Consequently, the baseline data had to be created for future reference and comparison of FIAL's impact on sector productivity, competitiveness, and growth proved challenging.

Lack of Bipartisan Agreement

With the lack of Commonwealth bipartisan support for existing policies and programs, and the short-term focus of these being generally 2–3 years, this meant industry were generally reluctant to engage and invest in larger and longer-term projects. This made it more challenging for FIAL to gain traction, and momentum to build and deliver significant impact for industry. This was further compounded by FIAL's contract with the Commonwealth which was initially for 4-years, followed by a 2-year extension, and then 3 lots of 1-year extensions. Such uncertainty over funding made it very challenging for FIAL to garner long-term support, deliver programs and have sufficient time to embed initiatives. Retention of staff



was also problematic. As FIAL was unable to offer employment security due to the short-term contracts with the Commonwealth, considerable effort was spent on recruitment and training, whilst ensuring the small team delivered initiatives and met Commonwealth contractual requirements.

The change in the initial program design and focus of the Industry Growth Centres was also problematic. Although the Growth Centres were set up to operate at a sectoral level, FIAL was often asked to provide case studies of individual businesses. This request shifted FIAL's focus from working on addressing the systemic issues of the Sector, to working more closely on a one-to-one basis with firms. As a result, resources were stretched and there was inadequate support for deep focus and broad Sector impact.

The government has an invaluable role to play to correct market failure associated with imperfect competition arising from the dominance of the duopoly, multi-nationals owning the handful of large corporations and many SMEs operating in the Australia Food and Agribusiness Sector. Government intervention could correct this market failure and send a signal of intent to industry through bi-partisan agreement on industry policy and the associated long-term investment for Sector success.

Confusion on the Role of Government

The role of the Australian government as both as a financier and supporter of the Sector caused confusion regarding roles.

FIAL formed a strong partnership with the Entrepreneurs' Programme to deliver a comprehensive range of capability building initiatives developed by FIAL for the Sector. During the 2016-17 financial year, a total of 49 innovation and market readiness workshops were delivered in cities and regions across Australia. Despite the success of this alliance, with 92% of attendees either rating the workshops as either 'extremely like' or 'like', FIAL was unable to offer the same workshops again. The Entrepreneurs' Programme were offering these workshops to industry for free. In effect, they became competitors of FIAL, making the self-sustaining operating more difficult to achieve.

Unable to Deliver Self-Sustaining Business Model

FIAL has always advocated the challenges of self-sustainability, particularly in an industry dominated by SMEs. Studies on different funding models of research organisations and industry led groups have been carried out across the world, and one of the reports: *'Catapult to Success: Be Ambitious, Bold and Enterprising, Learning from European technology and innovation centres,'* stressed the importance of multiple and flexible sources of funding. They reported that on average, about one third of funding should come from public sources, a third from other competitive public, or strategically allocated funding from both national and international sources, and the remaining third from industry.

Over the course of eight years, FIAL has advocated for this model and was able to secure \$8.59M of income from industry and other participant contributions, equivalent to 18.7% of the \$45.96M of Industry Growth Centre support received. These contributions brought FIAL's total funding to \$54.55M. The ability for FIAL to secure additional funding of \$8.56M highlights the importance of a shared business model

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between government, industry and research, and that long timeframes are required to achieve this. Although FIAL achieved 18.7% of industry and other competitive public, or strategically allocated funding in eight years, self-sustainability was not possible.

Lack of system leadership leads to poor cooperation and collaboration

With no system leader in the Food and Agribusiness Sector, various actors, particularly those with member-based models were unwilling to collaborate for the good of the industry. The focus of such organisations on their members without Sector or national vision, hindered the Food & Agribusiness Sector operating as one value chain to achieve its full potential.



Industry Growth Network



A key feature of supporting the Industry Growth Centres was a national Information Technology (IT) platform, the Industry Growth Network (IGN). This internet-accessible resource aimed to facilitate open access by Growth Centres to data and encouraged information sharing and linking of businesses to potential suppliers, partners, and customers. Funding was provided to METS Ignited to find a solution on behalf of all the Growth Centres, except AustCyber who received separate funding. Key requirements of technical functionality, implementation speed, ongoing support and cost were important factors that led to the engagement of the vendor). The company had extensive experience in designing Member Relationship Management systems and provided the

Growth Centres with a CRM system designed specifically for membership organisations.

FIAL was the last Growth Centre to migrate to this purpose-built IT platform in 2017. Whilst the look of the website remained modern and engaging, there were numerous issues with usability and navigation. Due to the complex rules established for creating modular pages and other content, a requirement set by the Growth Centres in the design stage, there were difficulties in managing content. Consequently, there were challenges in keeping the website up to date with fresh content, a prime factor in improving search engine performance and visitor engagement. Other features within MemberConnex were clunky, not user friendly, and processes were manual, particularly collection of data. This meant that reporting was time-consuming, and analysis of data was limited, preventing insights to improve user's experience, and FIAL's service offering.

Following a review of the vendor's offering, FIAL made a strategic decision in 2019 to migrate its CRM and website to Zoho. At the time, the vendor's contract with the Commonwealth had ended and the cost to rework the IT platform outweighed the benefits of continuing to work with the vendor. Zoho offered the entire operating system for the business. Further, it allowed the integration of different apps available on the web and mobile to cater to FIAL's existing and future business needs. In 2020, FIAL migrated its website and CRM to Zoho. Over the past 3 years, FIAL has gradually transitioned all digital assets, like FIAL's Australian Food and Beverage Catalogue, to this platform. This decision has enabled FIAL to fully integrate all digital assets. The one database has enabled FIAL to improve user's experience through the one portal entry. Further, reporting was faster and simpler because of the superior Zoho Analytics made collection and analysis of data easier.

CONCLUSIONS & RECOMMENDATIONS





Conclusions

FIAL received a total of \$45.96M from the Industry Growth Centres, delivering at least 66 unique initiatives across a range of capability development and funding programs. These initiatives supported more than 9,000 stakeholders, mostly SMEs, and 12 clusters from across Australia's Food and Agribusiness Sector to prosper and thrive in a global marketplace. An investment of \$15.6M from this Commonwealth support resulted in an economic contribution of \$231.7M to Australian GDP and the creation of 1,481 FTE jobs in 2021–22. This has provided a return on investment of 14.9 of direct and indirect benefit for every dollar of Commonwealth funds invested on innovation activities.

The suite of FIAL activities catalysed the continued contribution of Australia's Food and Agribusiness Sector to the Australian economy. In 2021–22, the Sector contributed \$95.9B GVA or an equivalent to 4.2% of total GDP and grew by 77.9% since 2015. Over the same period, exports grew from \$40.8B to \$65.8B, while imports increased from \$17.1B to \$24.8B. The agricultural sector experienced the largest growth in productivity and output out of the 16 industries in 2021–22, with total manufacturing sector sitting thirteenth¹⁰. Extreme weather conditions directly affected production and other measures relating to productivity.

Collectively FIAL's pioneering initiatives have driven cultural change as evidenced from the national cluster ecosystem working together to overcome barriers to innovation, productivity, and growth. Many of FIAL's initiatives have been replicated by other providers across the Sector, amplifying efforts to support Sector growth and competitiveness.

Over eight years, FIAL has established a

THE SECTOR CONTRIBUTED \$95.9B GVA OR AN EQUIVALENT TO 4.2% OF TOTAL GDP AND GREW BY 77.9% SINCE 2015. OVER THE SAME PERIOD, EXPORTS GREW FROM \$40.8B TO \$65.8B, WHILE IMPORTS INCREASED FROM \$17.1B TO \$24.8B

brand with high profile and reputation for supporting stakeholders to work collaboratively for the good of the Sector. The value of having a whole-of-industry and national approach to driving cultural change, productivity and growth has been demonstrated through FIAL's initiatives. The need for an independent and industry-led organisation, such as FIAL, to have oversight of the whole food system that cuts across the different jurisdictions, size and scale of business types operating in the landscape including the supporting research institutions, is important to address the systemic challenges of scale for the Sector. With 98% employing businesses being SMEs, and their lower levels of investment in research and development, and building the capacity and capability to compete globally, any aspirational Sector growth targets are challenging.

An exciting opportunity exists for the Commonwealth to partner with industry, researchers, investors, and the community, to continue to support system leadership of transforming Australia's food and agribusiness industry. This will ensure Australia continues to be food secure, cementing our sovereign food production and manufacturing capability for today and tomorrow.

Recommendations

The global population is projected to reach 10B by 2050 and the food supply chain needs to get smarter to be able to feed the future masses. Consumers worldwide are also increasingly focusing on food safety, food security and the origin of the food in their purchase decision. The global food supply has had a higher public profile over the past 4-years, especially the Australian Food and Agribusiness Sector.

It has been under siege on many fronts – with production challenges arising from a rolling catalogue of natural disasters (prolonged drought, Black Summer bushfires and floods) a persistent mice plague in the south-eastern states, escalating feral animal damage, biosecurity incursions like varroa mite – to the supply chain blockages and skyrocketing input costs created by the border closures during the COVID-19 pandemic.

The rising geopolitical trade tensions between Russia and NATO, cyberattacks, strategic competition between the US and China, and the Russia-Ukraine war, further compounded by rising inflation have impacted global food supply chains. Despite these many challenges, the Australia Food and Agribusiness Sector has continued to maintain its contribution to the Australian economy – both in terms of GVA and employment including feeding Australians.

For Australian food and agribusiness industries, the trend of consumers having greater interest in where their food comes from has presented them with a significant opportunity to leverage and build on Australia's already strong, and globally renowned reputation as a producer of clean, green food. In 2022, the Sector produced and manufactured enough food to feed 4 to 5 times Australia's population. Based on current trends, Australia's population is projected to reach 30 million people between 2029 and 2033. This means Sector growth will mostly likely come from overseas. The need

to continue to invest on innovation will ensure the Sector remains relevant to future consumers. Improving industry's awareness of and access to international opportunities and market access to sell their innovative food and beverages is as relevant today as it was back in 2015.

The ten future trends identified by FIAL highlight socioeconomic, geopolitical, technological, and consumer trends are converging to rapidly change the food and agribusiness landscape. The Sector knows what the future is likely to hold, and they know how to unlock the value by pursuing the 19 Growth Opportunities of FIAL's Capturing the Prize. Further, there are roadmaps developed by industry and research leaders outlining what needs to happen to unlock this hidden potential.

Nearly every industry and organisation in agriculture and food have commissioned studies of the Sector's potential. Almost without exception, they all say the same thing – the Sector could be much greater than what it is now. Now is the time to stop doing more studies to uncover answers. The Sector collectively already knows the answers. Let's get on with realising the Sector's full growth potential.

THE SECTOR COULD BE MUCH GREATER THAN WHAT IT IS NOW. NOW IS THE TIME TO STOP DOING MORE STUDIES TO UNCOVER ANSWERS, THE SECTOR, COLLECTIVELY ALREADY KNOW – LET'S GET ON WITH REALISING THE SECTOR'S FULL GROWTH POTENTIAL

¹⁰ <https://www.pc.gov.au/ongoing/productivity-insights/bulletins/bulletin-2023/productivity-bulletin-2023.pdf> Note that productivity data on food and beverage manufacturing was unavailable at the time of writing this final report.



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