



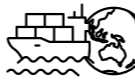



# TRENDS & DRIVERS

## WE MUST ADDRESS

	<b>More mouths, wealth &amp; health</b>	<b>Opportunity</b>	Long-term grain demand outlook is strong over coming decades – driven by a growing global population and a rise in wealth. Dietary health-related issues will drive opportunity for healthy, nutritious grains. With a clean green reputation and proximity to Asian markets, we are well placed to capitalise on these opportunities.
	<b>The next agricultural revolution</b>	<b>Opportunity</b>	From gene editing to blockchain, new biotech, agtech and fintech solutions can transform the grains industry. With a proven hunger for technology, grain growers are poised to gain from data and new technologies if adopted. Bringing these together can accelerate genetic gain, drive efficiency and precision, improve traceability, support decision-making and management of risk.
	<b>Larger farms</b>	<b>Opportunity &amp; Threat</b>	Increased scale of family farms and expansion of corporate investment provide opportunities to leverage economies of scale. But – coupled with increased land values – farm aggregation has working capital implications and threatens the ongoing sustainability of regional communities.
	<b>Australia's growing appetite for grain</b>	<b>Opportunity &amp; Threat</b>	With the Australian population tipped to hit 30 million by 2040, domestic grain demand will proportionately increase, especially on the east coast for livestock feed. Seasonal variability and drought will see fluctuating domestic production and present supply chain efficiency challenges.
	<b>Sustainable &amp; ethical production</b>	<b>Opportunity &amp; Threat</b>	Increasing consumer demand for foods that are safe, sustainable and ethically produced provides opportunities for growers to leverage our clean green reputation. On the other hand, industries who cannot substantiate their green credentials may suffer reduced access to markets or capital.
	<b>Energy, feed or food?</b>	<b>Threat &amp; Opportunity</b>	The shift to renewable technologies will impact global grains markets, with maize, soybean and canola currently destined for biofuels potentially diverted to alternative markets. Impacts on the global crop mix may see new competition emerge around Australia's key crops. The growth in demand for plant proteins presents market opportunities for Australian pulses.

	<b>Action on climate</b>	<b>Threat &amp; Opportunity</b>	Consumers and governments are demanding all sectors do their bit to reduce global warming. Failure to do so represents a threat to ongoing market access and the sustainability of grain farms. Industry has an opportunity to ramp up efforts to demonstrate its carbon credentials and further reduce greenhouse gas emissions intensity on-farm and across the supply-chain.
	<b>Yield gains are getting harder to find</b>	<b>Threat</b>	With much of the low hanging fruit already picked for major crops such as wheat, further yield gains through RD&E are becoming increasingly harder to find. While Australian grain growers are technically advanced and crop water use efficiency continues to improve, climate change poses a strong headwind to crop yield potential.
	<b>More cost, same profit</b>	<b>Threat</b>	Increasing input costs continue to squeeze growers' profit margins. With input prices largely driven by international supply/ demand and exchange rates, the pressure will be on growers to make informed purchasing and cost management decisions.
	<b>Seasonal variability &amp; production risk</b>	<b>Threat &amp; Opportunity</b>	The impacts of a changing climate are expected to increase seasonal variability and exposure to risk. Increases in temperature and changes in rainfall patterns will present both challenges and opportunities depending upon when and where these changes occur. Biosecurity incursions and more extreme weather events will present ongoing challenges to grains production.
	<b>Price &amp; market volatility</b>	<b>Threat</b>	Geopolitics and international trade policy, including tariff and non-tariff measures, biosecurity breaches and supply chain disruption can impact import of crop inputs, market access and export of Australian grain.
	<b>Competition for the talent to innovate</b>	<b>Threat</b>	People are needed to discover and drive adoption of new innovations and competition for the best talent remains strong. People want job security, change careers more regularly and what they expect from employers is changing. It is getting more expensive and difficult to attract and retain people to small, more remote regional communities.