

Invitation Blurb (approved by AW)

I want it fresher, I want it healthier and I want it now. Australian consumers are changing fast. What defines the Australian businesses successfully meeting these new expectations? What does it mean for traditional food and beverage businesses like SPC and Coca-Cola Amatil? Both have adapted for over 100 years – can they continue to adapt and what will it take? How will they support and be supported by the communities in which they operate?

Thesis:

“I want it fresher, I want it healthier, I want it now” is not only the mantra for businesses in FMCG, it’s reflective of the Australian tradition (SPC, the Fairley’s and rural Australia over a century); and of Australia’s demand for a “practical excellence”.

We’ve met these challenges before – look at the example of Amatil, SPC (and note the Fairley **contribution**). **We’re capable of meeting it again** today, if as a nation we focus on a pivot to innovation and delivery, and on building trust in our national institutions from politics to business.

Structure:

Thank you for your introduction.

I acknowledge the traditional custodians of the land and pay my respects to their elders past and present.

I would also like to thank Andrew Fairley, the Fairley Foundation and La Trobe **University for the invitation to be a part of this year's Sir Andrew & Lady** Fairley Foundation Lecture. And a special thanks to all those here tonight from SPC – 100 years in the Goulburn Valley and still going strong.

We're gathered here for three reasons. First, to celebrate the achievements of Sir Andrew Fairley, and the Fairley Foundation in rural Australia.

Second, to celebrate rural Australia itself, and its continued vibrancy and contribution to local and global markets.

And third, for me to offer what I hope are some interesting views on the nature of Australian consumers, how business is responding to their **desires, and where we're being tested to meet future demand. I'd like to** advance the theme that consumers have entirely abandoned our **traditional "she'll be right" culture in** favour of an insistence on excellence and immediacy – and that this has significantly changed the way we do business, interact with each other and even practice politics.

In relation to food and beverages, we see this change in the mantra that headlined this speech – **“I want it fresher, I want it healthier and I want it now.”** There is declining trust in institutions and brands, and a healthy desire to be re-**convinced in every transaction that what they’re buying is the best.** How to do that – or even if we can do that – are topics I will come to later.

But **I’d** like to start by recognising the Fairley Foundation, La Trobe University and saying a little about country Australia, country businesses and about the Fairley family who are a driving force behind this event who have done so much to even-handedly promote rural interests nationwide.

Country Australia is a topic close to my heart. I grew up on a farm in Tasmania, helping dad in the shearing shed, and occasionally even using the shears. It was, what people have described, the quintessential rural experience – I learnt a wealth of information about the practicalities of farming – and I learnt the importance of economics, profit and loss. As with many farmers, Dad kept an eye on markets and national financial issues and tried to instil that interest in us kids as well. One year his birthday gift to me was a shotgun. Another year it was a parcel of shares. **I’ll leave you to work out which was most useful in preparing for my current career.**

After school I studied accounting, and moved to **'the mainland'** with Rod, my husband leaving farm life behind and started a new chapter. My life since then has been a series of new experiences with some great organisations including McKinsey, ANZ, Berri, Graincorp and now Coca-Cola Amatil.

And I know at the time it felt like I was heading for a big-city life and leaving behind the life I had known growing up. But perhaps because of **my background, there's been a consistent intertwining of rural interests in** my own story, be that as head of regional banking with ANZ, as CEO of Berri with its country production facilities, or as CEO of Graincorp.

That mix of city and country is a lot more common than it might appear. Most Australians **live and work in the cities, and because we're a coastal** nation we tend to look outward and overseas for innovation and opportunity. The inward gaze to country Australia seems like a glance into history. But ask about the personal background and experiences of many Australians and you find strong rural roots and ways of thinking. **That's as true of those who migrated to Australia more recently, as it is of those who've** been here for many generations. **We're a more country-**oriented nation than we recognise, or like to believe.

So I am sure that rural background has definitely helped me steer my way on the mainland and has **helped me in my career. Hopefully I've** been able to give something back.

But whatever the contribution of ordinary Australians such as myself, it pales against the laser like **focus on country advancement that we've** seen from the Fairley Foundation, and from the Fairley family stretching back to Sir Andrew Fairley, **whose family owned what's been described as a "large emporium" here in Shepparton a hundred years ago, and who** would be instrumental in the early days of the Shepparton Preserving Company.

I think most people here would be aware of the role SPC has played in **Shepparton's history. It's worth noting that the founding of SPC was** hailed across the nation as a sign of rural vitality and optimism. The Age newspaper described the new SPC cannery as a triumph of decentralisation – the first of its kind to be located near the growers and not in a major urban centre. It featured American-built can-making equipment – another Australian first.

The concept itself was a major **innovation in a time when the world's first** commercial cannery was only a hundred years old, and the first household can-opener had only been launched forty years earlier.¹

And even in those first formative years it adopted a relentless focus on quality – a hallmark of SPC production for the next century.

¹ The first household can-opener was patented by William Lyman (USA) in 1870, featuring a wheel that rolled around the can edge and removed the entire upper surface. Source: Weaver et al., "Processed Foods: Contribution to Nutrition." *American Society for Nutrition* 2014

A good-natured poem was penned to that effect and published in *The Age* – possibly the only poem ever written about tinned fruit sorting – from the perspective of an anxious grower delivering supplies to the SPC cannery:

*As he sits upon his lorry
Waiting to approach the door
Where his fruit has been rejected,
He is trembling to the core.*

*And his nervous strain is painful
As he prays to the Unseen
Lord in mercy I beseech thee
Be it neither marked nor green.*

***"take that load home to your orchard
For it cannot enter here!"***
*So he drives away in silence
Shedding one salt bitter tear.*

I think you can see in these early days the principles of freshness, wellbeing and immediacy that would be the hallmarks of SPC, and are the reason its survived. Those very early years generated fair profits, and **The Age's view of optimism and** innovation seemed borne out.

This changed in the 1920s with the advent of another hallmark of SPC – the battle against cheap imports. It was not Italian tomatoes back then –

instead a flood of cheap, badly-preserved American produce that **undercut SPC's sales and** damaged the reputation of tinned fruit as a reliable household staple.

After extended losses, the company sought a business manager, and attracted Mr Andrew Fairley, a shareholder and part owner of a local department store. After much persuasion, the board convinced Andrew Fairley to advise on finances at SPC; Mr Fairley stipulating that he would do so on the condition - that he not be paid for his advice. By 1923 he was chairman and managing director and refocused the business so that it returned to profitability within two years.

A contemporary, describing Andrew Fairley, said anyone not satisfied with **his efforts at SPC "must be of that breed of Scotsman who died and found himself in paradise, where he straight away began to find fault with his halo."**

I wonder if, at the time, Andrew Fairley knew how important he would be to SPC, and how important SPC would become to him. Despite taking important roles including Commissioner of the State Electricity Commission for twenty years, the cannery and the people became a constant and a deep expertise in fruit canning and Australian primary industry ensued.

In 1951, Andrew Fairley was knighted in recognition of this expertise and dedication.

By the time he died at the age of 81 – **and still serving as the company's** leader – Sir Fairley had turned a modest factory in a weatherboard shed into a cannery with an international reputation.

This year, SPC celebrates 100 years – or as I would like to think - Australia celebrates SPC achieving 100 years of business.

Now, the **business wasn't always peachy...** aside from the 1960's when peaches and ice cream were at the peak of their popularity. From a profitability and growth perspective **the iconic and popular brand wasn't** immune from political, environment and social challenges, and definitely was immune from the changing behaviours of consumers.

And definitely some of the toughest times the organisation has faced have been over the last eight years as we have felt the full impact of the changes in consumer preferences and a market flooded by cheaper imports.

In 2014 it was clear that in order to ensure SPC was going to be a part of Australian culture for another 100 years the business had to transform. And with this realisation both Coca-Cola Amatil and the Victorian Government, embraced the spirit of Sir Fairley and committed to an investment of \$100 million in the facilities here at Shepparton. With this investment the last remaining major fruit and vegetable processor in Australia was protected along with 2,500 jobs in the Goulburn Valley region.

I commend the Victorian Government for understanding the value of investing in food processing for the State and especially the rural communities that benefit from having a local manufacturer sourcing from local quality producers.

And today, Business Victoria's Regional Manufacturing Clusters initiative is an inventive approach to supporting manufacturers of any size to innovate, develop capability and grow – which will grow jobs and boost investment in the State. Together with new government funding for developing regional Victoria, including \$174 million for the La Trobe Valley, regional centres in Victoria can be optimistic about delivering on the changing needs of consumers.

Since 2014, SPC has embraced the opportunity to transform into the business that it needs to be for the future. While our much loved Goulburn Valley peaches and pears, and our tasty tomatoes, baked beans and spaghetti are still core to who we are, there are new products, innovative products like ProVital and some of these old favourites have **received a 'make-over'**.

SPC's 100-year milestone is a massive achievement in the face of many battles over the years. SPC is the Aussie battler that digs deep and keeps reinventing itself for the future.

We have heard the 'Fresher, Healthier, Now' mantra of consumers and we are responding, both at SPC and across all of Amatil's portfolio.

Delivering what Aussies demand – Fresher, Healthier, Now

So what does this demand from consumers mean for businesses like Amatil and SPC.

'I want it fresher'...

Our expectations of how we shop and what is available when we shop has changed. Increasingly the long weekly or fortnightly shop for most households has gone and has been replaced by the nightly, just-in-time purchase of that evenings ingredients for dinner.

And what we expect to find there, night after night, is the same - high quality, fresh food. How many people here tonight have arrived at the store after work, ahead of dinner, disappointed not to find a perfectly ripe avocado?

And even with the increasing demand for convenience and pre-packaged meal options, we are looking also for assurance that the food is fresh and of a high quality. And even with processed foods, consumers want a more **'natural' processed option such as fermented products and cold brew tea** and coffee.

What we're seeing here is the antithesis of the "she'll be right" stereotype that perhaps prevailed in previous decades.

Notwithstanding some recent issues with berries and rockmelon, Australia has never had the food scares of other countries – such as mad cow disease, or widespread outbreaks of salmonella or bird flu. We grew up with processed foods – geography and demographics prevented us from being a nation of market gardeners, and so we relied on manufacturing and packaging to supply reliable, safe food and beverages. At least until **the 1950s a majority of consumers associated “fresh” with “perishable”** and having variable quality.² Manufacturers like SPC and Amatil benefited from the sense of reliability and security that processing delivered.

But the paradigm has changed. **“Fresh enough”** has become **“fresher than ever before”** and **“preserved”** and **“processed”** have lost their appeal. The Nielsen Global Health and Wellness Survey in 2015, conducted in 60 countries and involving 30,000 participants, found the most desirable modern food attributes were freshness, naturalness and minimal processing.³ **Interestingly, consumers were not associating “freshness” or “naturalness” with characteristics like “less risky, healthier or tastier.”** Freshness and naturalness were perceived as positive attributes in themselves.

Food safety remained an issue but is no longer beneficially associated with preserving and processing – indeed the public now sometimes associate processing with *lower* **food safety compared with “fresh”** alternatives.

² Roman, Sanchez-Siles, Siegrist, “The importance of food naturalness for consumers: Results of a systemic review.” *Trends in Food Science and Technology*. 67:44-57, 2017

³ Roman et al., “The importance of food naturalness.”

That's a challenge for everyone in food and beverage processing, and particularly for rural businesses like SPC which are a long distance from their markets and reliant on third-party supply chains and resellers.

Now **I've seen first**-hand the incredible, immediate freshness of SPC fruit and vegetables as they enter the Shepparton plant and are lovingly prepared and packed for distribution. In its first century, SPC emphasised **quality, reliability, consistency, and built one of Australia's longest**-lasting manufacturing operations on fulfilment of those claims. The challenge for the next hundred years – in SPC and in food and beverage manufacture in general - is how to convey an **"orchard-to-table"** naturalness for our comparatively long-life products, shipped around the country on thousand-kilometre supply chains.

It's a tough new standard. We might wish for the magic touch of the late Sir Andrew Fairley in attaining it. **But I'm an optimist that it can be** done. And at the risk of appearing self-interested, **I'd support that** assertion by pointing to the way SPC is reshaping itself through Perfect Fruit, ProVital and the introduction of premium fresh fruit products in China. In an entirely unsentimental way, SPC is reshaping itself to be where consumers want it – as the manufacturer of fresh, natural products which fit the profile of the most discerning purchasers both here and overseas.

Within the core cannery market, with its emphasis on processing and **supply chains, there's a** renewed focus on highlighting the inputs.

Consumers want to know how and where their food and beverages are produced -and SPC is delivering with country-of-origin campaigns and

GPS markers on packaging that pinpoint the field where their fruit was grown.

Consumers want to know how it was produced, what additives are **included and whether processing used “natural” methods** -and SPC is delivering with a tireless focus on **product labelling and the “family”** nature of the relationship between the cannery and growers.

Lastly, consumers want to know that their fresh food is ecologically sound – naturalness extending from the produce to the process. SPC is again at the fore – witness the recent improvements in water efficiency at the Shepparton plant with a reduction equivalent to 135 Olympic swimming pools of water a year.

These things don’t happen by accident. They’re part of that unsentimental reshaping of the business that says “consumers want “fresh” and “natural,” and we’re going to deliver.”

These are just some examples. But overall, SPC is well placed to meet the **focus on “fresh.” That’s a great credit to the SPC management. I think it’s** an approach that can replicated across country Australia, and across all of our manufacturing sectors. **For example, we’ve seen that** same enthusiasm for renewal in projects like the revitalisation of Newcastle and the Hunter after the BHP closure in the early 2000s; and in the sustainability focus of industries such as sugar. We have a way to go as a nation in identifying and adapting to this consumer demand. But I think **there’s reason to be optimistic that Australia, by virtue of our “clean,**

green” image and willingness to reshape the way we work, can build another century of success in manufacturing with a focus on new consumer trends.

‘I want it healthier’...

Of course freshness isn’t everything. Insights from market research also finds that good health is a consideration for 62 per cent of people when they are grocery shopping

The abundance of personal wellbeing technology, apps and other **‘solutions’ allows today’s consumer to measure** each decision they make against their desired health objective. We live in the age of the **“quantified self” where our every thought and movement** is measured and becomes how we define our identity. As the population ages and grows in their health awareness, this demand for healthier options will increase.

As a consumer-led business, we have been moving over a number of years to match this trend to offer choices in both portion sizes and variety of beverages, through a wider portfolio. This is driving innovation across our beverage range as we reduce sugar in our beverages, increase **the functionality and ‘better for you’ attributes of some of our products.**

So at Coca-Cola Amatil we have definitely heard the message from consumers on the need for a focus on sugar and wellbeing. However

we're also engaged in a process of myth-busting, as the "good health" debate is occasionally hijacked by some hysterical commentary.

I'm reminded of a recent current affairs program which featured claims that sugar consumption was akin to smoking –part of a campaign in support of soft drink taxes as a "quick fix" to obesity. It made a catchy news piece, but it was wildly inaccurate. There is simply no comparison between sugar and tobacco. Tobacco in and of itself is harmful – in any quantity. Our beverages are not. They can be enjoyed as part of a balanced, active and healthy lifestyle which includes a sensible diet, proper hydration and some physical activity.

In passing it was disturbing to hear sugar tax advocates on *Four Corners* arguing that industry shouldn't be "allowed" to contribute to the public debate on wellbeing – as if the discussion on obesity would be strengthened if it was reduced to a pro-tax monologue.

The argument for a soft drinks tax itself is also a little misleading. Just two per cent of the average Australian's kilojoule intake comes from soft drinks.⁴ In fact that proportion is falling – in 2017 the Australian Bureau of Statistics reported consumption of added sugar has declined since 1995, driven by a 6% drop in adult consumption, and a staggering 23% drop for children.⁵

That's a credit to vigilant mums and dads around Australia, who are succeeding in changing the habits of the consumers of the future by cutting back on the daily intake of sugar in everything from breakfast cereals,

⁴ Australian Health Survey: Nutrition First Results – Foods and Nutrients, 2011–12 — Australia, Tables 9.1 and 9.2, released May 2014 (accessed 18 May 2015)

⁵ 4364.0.55.011 – Australia Health Survey: Consumption of added sugars, 2011-12: Children leading the way in falling sugar consumption. Australian Bureau of Statistics, 13 December 2017.

milkshakes, soft drinks and ice cream. It's also a credit to the Australian food industry, who have heard consumer demands and are producing more low- and no-sugar options in everyday foods.

But despite these gains, the news is negative on consumer obesity. Sugar consumption is down on twenty years ago, but obesity rose from 19% to 26% of Australians over the same period. United States data is similar – US obesity rates have more than doubled since 1990 and 2015, while sugar intake fell. Clearly neither sugar, nor drinks sweetened with sugar, were the major cause of this obesity rise. Yet the debate remains locked on sugar taxes.

So if sugar taxes aren't the answer as we see it, what are we doing instead?

Four years ago, we made commitments to help address overweight and obesity in Australia⁶:

1. To increase the availability of smaller pack sizes
2. To offer more low kilojoule beverage options
3. To provide more transparent nutrition information

More recently we also committed to reducing sugar content across our portfolio by 20% by 2025 – an ambitious target but one for which we will hold ourselves accountable. We continue to make progress against each of these commitments. Sales of small pack sizes have grown by more than 100%, **we've reduced the sugar content in 22 products since 2015, and we added "serves per pack" to multiserve bottles to help consumers make more informed decisions.**

⁶ <http://www.coca-colajourney.com.au/announcing-our-commitments-to-help-address-obesity>

We know we need to do more, particularly in some specific groups in our community such as indigenous groups. Obviously, health and wellbeing in indigenous communities is complex, and there is no single cause or remedy **for any prevalent health concern. It's also an area where solutions are** sometimes trialed, without indigenous involvement, and then abandoned. As a community we need to do better than this.

So we aim to work very closely with our customers in remote indigenous communities, **on the four 'P's** of price, product, promotions and partnership.

On price, we work with customers to reduce the price of bottled water and low- or no-sugar drinks, compared to full sugar choices.

On product we make sure that low- and no-sugar options are available and given prominence in stores.

On promotions we encourage culturally appropriate marketing materials – ones that respect the history and identity of the communities where we operate – that also promote healthier beverage choices.

And on partnerships, we work with local retailers on issues to do with the layout of stores. For example, in many remote indigenous communities we partner with retailers to keep the low- and no-sugar beverages chilled while others are sold on-**shelf; we've also made sure the large pack sizes are all** low- or no-sugar, and **we've** delivered health messages in local languages and in proper cultural context.

These are useful **steps, but of course there's a lot more to be done.**

We need to go on shaping choice, by maximising the promotion and availability of low- and no-sugar options. Beyond the distribution of new and reformulated products, we will work closely with health and nutrition experts, and with authorities like the World Health Organisation which recommends that no more than 10 per cent of daily calories are sourced from added sugars.

We also understand our future is inextricably tied to the behaviour and **choices of our consumers. If there's anything to be taken from the industry response on sugar, it's that we've heard the message on the need for a focus on health, and on further innovations across our beverage range. We're** delivering, with less sugar, smaller packs and more low- and no-sugar choices than ever before.

Again, we've heard the message on good health – and we're moving fast to respond.

I should add **it isn't just the product that consumers are demanding have** healthier attributes, they want to know that the producer or manufacturer is sustainable in every way. More and more the consumer purchasing is taking into account issues such as ethical sourcing and environmental impacts.

At Amatil we are challenging ourselves to work towards a future where we will ensure that for every bottle or can we make one will be collected

and recycled. This will involve changes to how we design our packaging, improved collection infrastructure in the countries where we operate and increase recycling facilities globally.

Where does this leave the rest of Australia? I think we can see the **equivalent “good health” debate in discussions on sustainability in car manufacturing, aluminium smelting, mining and primary industry.** The **“good health” of the nation is more than a trend – it’s an obligation on business and the government establishment.** There are certainly false starts along the way, but also opportunities for excellence.

Over Christmas last year, Coca-Cola Amatil joined with ANZ, Telstra and others to **pre-purchase the output of what will be Victoria’s largest wind farm – Murra Warra, near Horsham - not only committing ourselves to renewable energy but obtaining that forward supply at rates below those currently available through standard commercial means.**⁷

If we as a nation can produce business and consumer inputs that are **both good for national “health” and commercially advantageous,** then we are in an enviable position **relative to the rest of the world. “I want it healthier” is an ongoing challenge, but one we’re capable of meeting.**

‘I want it now’...

Lastly, “I want it now.”

⁷ Buying group announced in December 2017. Partners: Coca-Cola Amatil, ANZ, Telstra, University of Melbourne. Agreement to pre-purchase the equivalent full first year of energy production from Murra Warra - 226 megawatts. The agreement delivers this equivalent energy supply to the buying group at less than current commercial rates. This will be a 20% increase in the renewable energy capacity of Victoria (currently 1166 MW). Murra Warra Stage One will commence operation in 2019.

About ten years ago the concept of same day delivery for anything other than your local pizza or Thai restaurant was almost non-existent. With technology rapidly improving online purchasing, over the last few years we have seen a rise in on-demand services, infiltrating more and more areas of our life.

While at first thought you might blame millennials – I have four kids and know all too well how tempting that can be - the convenience economy **isn't only about the young and wealthy. I recently read that more than 52** per cent of the on-demand consumers are over the age of 35 years.

It makes perfect sense. Why shouldn't everyone have their lives improved – workers, parents, those in aged care. **Millennials aren't the only ones** being impacted by the haste of day to day life and the need to maximise convenience and minimise erosion of leisure time.

Currently the biggest sectors for on-demand include market places, transportation, food deliveries, home services and beauty – on-demand apps are permeating more and more categories. A survey by McKinsey found that almost a quarter of consumers were willing to pay a premium for same-day delivery, indicating the consumers desire. I have no doubt that this has grown.

Businesses as diverse as **The Iconic, Amazon and Dan Murphy's** are perfecting **the art of 'the last mile' to consumers through** easy to use

platforms, added convenience and the delight of almost instant gratification.

We're also playing our part, not through shorter delivery times but through the ready convenience of multiple pack sizes to suit the immediate need of consumers. Since 2015 the sales of our smaller packs sizes, the 250mL and 200mL sparkling beverages, have grown by more **than 100% as consumers choose the beverage that's right for them, at the time that they seek it.** Drink consumption has become about immediate personal satisfaction, over larger set-piece events. **It's part of the shift to "I want it now."**

Together the consumer demand for "I want it fresher, I want it healthier and I want it now" has had and will continue to have a transformative impact on the operations of Australian manufacturing. The demand for innovation, the highest quality of product, different types of ingredients, improved methods of packaging and faster supply of the ideal product will continue. Australian manufacturers must to strive maintain this pace of change.

I would content that "I want it now" is the hardest task for Australian business. Freshness and health are longer-term trends, focused on outcomes universally acknowledged throughout the community. The enthusiasm for immediacy is personal – **everyone's immediate need is** different, and delivering it requires personalisation of service on a level not previously experienced in Australia.

To achieve it, we – and all manufacturers and retailers - need to:

- relentlessly innovate
- be agile in our processes
- know the market, down to the level of niche communities and demographics; and
- **within each of those communities, shift our thinking from 'route-to-market' to 'route-to-me.'**

It's an ambitious plan. Delivery against it will determine the survivability of Australian manufacturers and retailers, from clothing to beverages to primary industries.

I'd like to pull these themes together a little, by concluding on a point that I started with. The insistence on freshness, healthiness and immediacy are built on a common base, which is trust. Consumers need to trust what they consume, and what their community provides.

And for all the good news about achievement in freshness and health, and aspirations of achievement in immediacy, it is in the area of trust **that we are failing to meet the community's expectations.**

Trust is very important when it comes to food and beverages – after all your diet is part of your basic survival. **We're all born with tastes, likes, and warning signals for what to trust. And we're most of us pretty good at judging what's okay for us or our families, even if we don't** always follow our internal advice.

But the information overload of social media has had a genuine effect in **changing people's views**. Big brands used to be a proxy for trust and **reliability: increasingly they're portrayed as out of touch and** even dangerous to your health. Small local brands can enjoy a sudden cachet **as the "latest and best," but** trust requires time, and these brands can be short-lived. The social amplification of quality problems in one part of a market evolves into a general distrust for the whole. And so on it goes.

I should add that the problem is made worse when brands blithely outsource their production to suppliers and providers over whom they have little influence. Trust in brand flows along supply chains, so the lowest-quality link in that chain affects the reputation of the rest.

In these gloomy circumstances, a trusted brand like SPC is a very precious thing. Some of you might remember the #SPCSunday social media campaign in 2014 when there was a chance that SPC may have to close. This community led campaign generated several thousand tweets, 15 million impressions and 3,000 new SPC friends. Over four days shelves were emptied and sales boomed as families across Australia sat around their tables on #SPCSunday, rekindling their love for a proudly Aussie brand – be it, spaghetti, peach or bean.

It **didn't** last forever – **consumers weren't buying into SPC, as much as** they were buying into hope. But it is a good lesson that consumers can still be loyal to a brand, and are sometimes willing to pay for a premium product on the basis of trust.

I think there's a couple of things companies can do to build on this example. One is to do as you say, and be upfront about challenges and obstacles facing **the business. That was Sir Andrew Fairley's approach when he was persuaded** to take on SPC. It was our approach in 2014 when we highlighted the financial issues facing the company and committed to the reinvestment plan with the Victorian Government.

Another way to build trust is simply to recognise the importance of stakeholders beyond shareholders. Getting tomorrow right means doing the right thing by the communities we operate in, understanding and mitigating our environmental impact, playing our part in reducing obesity, keeping our people safe and well.

These demands from consumers and their uncompromising expectation that they are met, sit at the heart of our social licence to operate. Andrew Fairley and the founders of SPC 100 years ago can be proud of their legacy. **There's much we need to do to keep it alive.**

So can Australian manufacturing deliver against these expectations?

Well, I am an optimist with a passionate belief in our manufacturing capability, so my answer of course is yes.

Give or take a few years, SPC, Coca-Cola Amatil, and the Federation of Australia are roughly the same age. We have all grown up together and we have changed together.

The Australia of today isn't Henry Parkes' Australia. Our progress as a nation, our position in the global economy and the aspirations of contemporary Australians are something to celebrate.

The SPC of today isn't 90 women making 36,000 dozen cans of jam for Australian households for the year. It is ProVital to Australian health facilities, premium exports to China and Moroccan flavoured bean snacks to Australians.

And Coca-Cola Amatil is a very different organisation to what it was over 100 years as we have evolved from tobacco, to printing, to Ethiopian Stamps, chicken and now beverages.

During this time all three have had many challenges, but we are all still in operation because of our ability to change and adapt. For SPC and Amatil we have all done this by identifying what consumers want and working our absolute hardest to make sure we deliver. And, maybe unsurprisingly, I believe this will continue for the years to come.

We are less advanced in the "now" – innovations in markets like Japan, the US and Europe do take some time to reach us; as our experience with the NBN, with Amazon, with the Australian transport system might agree. It is possible for a fish caught in the North Pacific to be in a Japanese sushi restaurant within an hour. It is possible for Amazon to home-deliver products to an American family on the same day they were ordered online. These outcomes reflect consumer demand for immediacy –

Australia has some way to go before we can meet that demand. But **we're on the way** – and as with freshness and healthiness, its polite but persistent consumer pressure that carries us forward.

The reality, economically and socially, is that Australia is at the cutting edge of what consumers want. We trade far above our weight, particularly in agribusiness, intellectual property and consumer modernity. We are failing on trust, but we can see the work that needs to be done. And our standards for agricultural produce and consumer staples are legendary.

I might conclude on this note: for all the challenges we face, it's worth recalling that "I want it fresher, I want it healthier, I want it now" even "I want to trust" - in many countries these could be synonymous with "I want it from Australia."

Thank you.