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Committee Secretary  
Select Committee on Australia's Food Processing Sector  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Committee Secretary,



I write to you in relation to the Inquiry by the Select Committee on Australia's Food Processing Sector.

Business SA is South Australia's leading business membership organisation, representing thousands of businesses through direct membership and affiliated industry associations. We represent businesses across all industry sectors, ranging in size from micro-business to multi-national companies.

Australia's population is growing and is expected to continue to grow, creating an increasing demand for food. The global population is also growing, mainly in developing countries, where incomes and aspirations are rising and patterns of consumption are changing. This is leading to stronger demand for food, both in terms of quantity and quality. Health and nutrition are coming into sharper focus, as well as affordability at a time of rising prices for many food products.

Given Australia's geographic size and location, strong history of agricultural production, food processing and technological know-how, supply reliability and strong food and agricultural product standards, the country should be well placed to cater for a substantial part of this increasing food demand.

The farming and food processing sector should benefit from such opportunities and generate substantial export earnings, rising incomes and fulfilling jobs for rural and regional communities, as well as the broader Australian economy.

However, there are many risks facing the Australian food processing sector that may limit its ability to benefit from growing food demand, both domestically and overseas. These risks include:

- the strong Australian dollar
- restrictions in existing and potential export markets
- the impending carbon price
- declining agricultural productivity
- the rising cost of electricity and water
- the rising cost of labour and inflexibilities in the labour market
- tightening environmental regulations.

A number of actions are thus required to enable Australia's food processing sector to reach its potential:

- ensuring valuable agricultural land close to urban areas isn't impacted upon by continuing urban sprawl and other inappropriate developments
- reducing the regulatory burden on all parts of the food supply chain
- improving infrastructure – roads, rail and ports, in particular – so that food products can be distributed efficiently
- investing sufficient funds into research and development, to improve agricultural productivity and make food processing more efficient
- trialling genetically modified agricultural products
- encouraging further value adding food and beverage manufacturing, as well as the uptake of innovative approaches and new technologies, particularly in rural and regional areas
- ensuring that there is adequate competition along the entire food supply chain, so that food is affordable for consumers and excessive market power does not result in any efficient parts of the food supply chain closing down
- investing in training and education to better develop a skilled workforce and ensure the ageing of the agricultural workforce does not limit the industry's growth
- enabling migration to fill skills gaps or shortages
- providing more effective support to agricultural producers during times of drought and other extreme weather conditions that will minimise disruptions for food manufacturers
- maintaining strong food safety, biosecurity and quarantine regimes that are based on science and provide necessary information to consumers on the important aspects of food and to businesses on their production and labelling requirements
- gaining access to international markets in a cost effective way.

Should you require any further information or have any questions, please contact Antony Clarke, Senior Policy Adviser, Business SA on (08) 8300 0009 or [antonyc@business-sa.com](mailto:antonyc@business-sa.com).

Yours sincerely

Peter Vaughan

**Chief Executive Officer**