



TASMANIAN FARMERS & GRAZIERS ASSOCIATION

April 20th 2012

Dr Richard Grant
Acting Secretary,
Senate Select Committee on Australia's Food Processing Sector,
P.O. Box 6100,
Parliament House,
CANBERRA ACT 2600



Further allied comments on TFGA submission

You will recall our brief conversation over lunch when I made brief reference to the historical role that grower owned co-operatives had played in facilitating the flow of supply chain financial information back to growers – where supported by properly structured boards and their independent management. (McKinna et al also made oblique reference to it in their submission to the Inquiry)

Whilst growers often remained suspicious of the money being made by their value-adding organisations – some boards not being able to overcome the “us and them” mentality between grower production and processing - the disappearance of co-ops means this mechanism is largely gone.

Accordingly, it is considered important that an Inquiry such as this does what it can to present data which dispels myths and encourages collaboration that helps “pain sharing” – especially in this very tough – high \$A currency environment.

We know growers are very good at dealing with adversity where staying competitive is a shared battle and rather than assume the competitive structural pressures will win out, my experience tells me that open- book sharing of financials can play a huge role in what is a cyclically tough time for relatively labour intensive industry.

That said, many value-adders are quietly making adjustments that are improving processing efficiency and with tax effective R&D support and competitive pricing of government services, they can continue to do so.

The sustained highest value of the \$A in 30 years coupled with labour cost inflexibility has, caught industry by surprise. And, it needs to be remembered that it is the production scale and market access for existing products that underpins the development of innovative new customer focused products.

With this in mind, we can be reasonably sure that the rapidly rising standard of living of our Asian partners will do the rest. It just takes time.

Kind regards,

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