



**Lion - Submission to the Senate Select Committee on Australia's Food  
Processing Sector**

**18 October 2011**

## Background

Lion welcomes the opportunity to make this submission in response to the Senate Select Committee Inquiry into Australia's Food Processing Sector which was announced in July 2011 to investigate the numerous challenges faced by the sector and assess the sector's future viability and competitiveness.

Lion is a group that includes the former Lion Nathan business of production, distribution and marketing of alcoholic beverages in Australia and New Zealand, and the former National Foods food and beverage business. Lion's head office is located in Sydney with operations in every State as well as New Zealand, Singapore, Malaysia, Indonesia and the US. Through its Dairy and Drinks division, Lion also has a developing food and beverage export business into South East Asia.

Lion employs close to 8,000 people, and in addition to direct employment, makes a significant contribution to the Australian and New Zealand economies. Lion's Dairy & Drinks business has 20 food & beverage processing facilities across Australia, in both metropolitan & regional areas. These facilities directly employ 2,300 employees. The Lion beer business operates 5 Australian and 3 New Zealand breweries employing approximately 1000 people.

We are one of the region's largest purchasers of agricultural goods and an integral component of the retail, hospitality and tourism industries. The total direct plus indirect economic contribution we make to the Australian and New Zealand economies is estimated at more than \$5.5 billion annually.

Our milk business services the entire national market, buying 2.3 billion litres of milk that comes from more than 1,000 Australian dairy farms to produce our products. Through our citrus and fruit processing business, Lion purchases and crushes around 90,000 tonnes of fresh citrus fruit annually.

Our beer business has led the way in developing less-than-full-strength (LTFS) products that contribute positively to moderate consumption in the community. Like our dairy & drinks business, our alcohol business is a significant supporter of agriculture in Australia. We spend more than \$85 million on grains, sugar and hops for beer production every year and source around 90,000 tonnes of barley from more than 5,000 Australian farmers annually.

Lion makes a significant contribution to Australia's economy by producing a wide variety of products delivering wellbeing benefits to consumers. Our continued business success is inextricably linked to the success of Australia's agricultural and retail industries and thriving regional communities.

Lion - and the food industry in Australia more broadly - is subject to a number of key pressures including varying climatic events, complex layers of regulation and governance and rising food and commodity prices. These pressures are collectively reducing the financial returns Lion makes from the manufacture of certain food products, in some cases (for example, fresh white milk) to marginal levels.

We believe this inquiry, along with the development of a National Food Plan currently being established by Minister for Agriculture, Fisheries and Forestry, Senator Joe Ludwig, provides an opportunity to look holistically at the spectrum of regulatory and sustainability issues faced each day by the food industry and deliver coherent, consistent policy and regulatory outcomes.

## **Executive Summary**

As a company with operations in every Australian state, New Zealand, the US and Asia, Lion supports the development of food policy and regulation that is consistent both nationally and across the Tasman. We recognise that our continued business success is inextricably linked to the success of Australia's agricultural and retail industries and our ability to continue providing our products and innovating to deliver further wellbeing and lifestyle benefits to consumers relies on our ability to operate in clear, coherent regulatory environments that encourage investment in research and development.

We strongly support the intentions of this Inquiry and believe the Australian economy, consumers and food processing and manufacturing companies will benefit from regulatory and policy outcomes that support and sustain rather than constraining the food production and manufacturing industries. There are particular food production/manufacturing industries, including fresh white milk, that face significant and increasing financial pressures as a result of unsustainably low retail pricing and that may benefit from regulatory action to ensure they can continue meeting consumer demands.

To ensure we provide the Senate Select Committee with the sufficient information it requires for this inquiry, our submission has been structured around the terms of reference however we have not sought to address certain issues.

## Detailed Positions

### (a) The competitiveness and future viability of Australia's food processing sector in global markets

- There are significant export market opportunities available to our food industry as global population growth and food security concerns cause international markets to look to Australia to meet their food supply needs.
- The competitiveness and future viability of Australia's food processing sector in global markets requires a vibrant and sustainable domestic food industry. Lion believes that Australia's food processing sector needs dual strategies that support domestic viability alongside global opportunities.
- For example, farmers supporting commodity businesses in southern "manufactured milk" markets are enjoying arguably the most favourable conditions for a decade, with good export demand growth, competition for suppliers and favourable seasonal conditions<sup>1</sup>. In contrast, participants in the domestic fresh milk supply chain (Queensland, much of New South Wales and Western Australia) are under enormous margin pressure with limited growth prospects<sup>2</sup>.
- This situation demonstrates the need for Government to take a holistic view when considering food policy and regulation, to ensure the viability of the entire food supply chain across both domestic and export markets. In the case of dairy, Government needs to consider the entire dairy sector addressing the industry's varying circumstances in terms of market exposures.
- Lion believes the Government should consider committing significant resources to support innovation and investment in research and development by the food and beverage production and manufacturing industries. It is only through innovation and R&D that the industry can ensure that it continues to meet consumer demands for quality nutritious food choices – as well as developing viable export opportunities. For example, there are several potential new technologies being investigated in the dairy industry that would facilitate exportation of fresh dairy products to South East Asian markets.
- Government should also consider the significance of infrastructure to the competitiveness of the food industry and ensure there is sufficient infrastructure supporting farmers and food manufacturers to get their products to global markets quickly and efficiently.

### (b) The regulatory environment for Australia's food processing and manufacturing companies

- Lion believes there are opportunities for the regulatory environment of Australia's food processing sector to be improved.
- There are currently a number of regulatory regimes that pose a significant burden on the food industry, including those relating to container waste management, food labelling, preventative health and environmental requirements, as well as the proposed carbon price mechanism.
- The proposed carbon price mechanism and its complexities alone will impose a heavy regulatory burden on the food industry. This burden will be apparent to the food industry in the form of increased requirements around data gathering processes, quantification of cost impacts and quantification of supply chain impacts which will likely require detailed review of all relevant procurement contracts involved in the production of food.
- The Government should be wary of amplifying this impending burden with additional regulation where there are already feasible self-regulatory options.

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<sup>1</sup> Dairy Australia, *Dairy 2011: Situation and Outlook*, May 2011, p.5.

<sup>2</sup> Ibid.

- Below are our comments on certain aspects of the regulatory environment for Australia's food processing sector:

i. Research and development

- From a research and development (R&D) perspective, there are a number of regulatory challenges faced by the food processing sector.
- For example, when developing new products for school canteens, businesses must currently adhere to government nutrition criteria, which varies state by state and often is lacking scientific credibility or consistency. The lack of a national approach to school canteen criteria makes it very challenging for businesses to develop innovative products that meet the multiple guidelines. It also makes it difficult to deliver the best products suited to all markets.
- The Australia New Zealand Food Standards Code (the Food Standards Code) which is evidently a centrepiece regulation for the food processing sector, can be difficult to use, ambiguous and very much open to interpretation. As a business, we often need to seek legal or technical advice for interpretation of key elements of the regulation only to find that other businesses in the sector have taken an entirely different understanding. Lion suggests that Government consider developing an improved and expanded user guide to ensure it is being interpreted consistently within the food processing sector.
- A further example that demonstrates the ambiguity of the Food Standards Code is how matters are interpreted by the ACCC under the Food Standards Code. To be able to make a 'no fat' claim, the Food Standards Code will allow <0.15% total fat in a product. This threshold acknowledges the technical impossibility of removing every last trace of fat from many products (in particular, dairy). However, the ACCC appears to take a more literal view point on this matter and interprets 'no fat' to mean 0%.
- Under the Food Standards Code, the process required to submit proposed changes to products is laborious and often results in a lost business opportunity due to the inordinate length of time (2 years plus) to complete the process. Lion acknowledges and supports the paramount need to ensure food safety but believes the regulatory process needs to be streamlined. To 'fast track' the process, large fees are required which we believe are unjustified and costly to the business. Overall, such a process does not promote innovation or flexibility in the food processing sector.
- Products that are imported or that are manufactured by smaller players in the sector are often labelled incorrectly (in accordance with the Food Standards Code), with little to no consequences from the regulator. We believe that all industry participants should be monitored with the same level of rigour so that the current situation does not result in reduced competition in the marketplace.
- Currently, the government is reducing support for innovation by tightening the claimable activities for the R&D tax concession. In addition to this, it can be challenging to obtain grants for innovation as there is no centralised function supporting innovation meaning businesses have to commit significant time and resources investigating available funding opportunities. We believe Government should consider establishing a centralised function to facilitate the administration of grants dedicated to R&D and innovation making them more accessible to businesses in the food processing sector.

ii. Food labelling

- Food labelling is an area where we believe the Government should be wary of implementing additional regulation where there are already feasible self-regulatory options.
- For example, recommendations made in the report *Labelling Logic* cover issues that are already being addressed through self-regulatory or co-regulatory options. Industry has already made significant progress in implementing the following voluntary schemes:

- the AFGC's Daily Intake Guide, a Front of Pack Labelling scheme, and
- the DrinkWise initiative whereby companies like Lion have chosen to voluntarily adopt consumer information messages on primary packaging to support responsible drinking choices.
- We believe, in line with best-practice principles, that sufficient time should be given to implement these systems (and other feasible self-regulatory programs), before mandatory regulation, as recommended in *Labelling Logic* is considered.
- Consistent with the overarching principles outlined in *Labelling Logic*, Lion supports a food regulation policy which establishes a risk management approach to food labelling and ensures food safety is prioritised. In our view, Government should not take an ad hoc approach to food regulation or introduce labelling regulations for the sake of it or in response to minority community interests. This position is supported by a recent example; the *Food Standards Amendment (Truth in Labelling Palm Oil) Bill 2011* was introduced to Parliament without having been submitted to the rigour of established national regimes for food regulation – and in contravention of WTO requirements.
- Rather, Government should ensure an organised, coherent and risk-based approach is taken to determine the appropriate level of regulation required. It should also allow industry to pursue and assess the efficacy of self-regulatory initiatives before imposing mandatory regulation.
- Our comments in the R&D section above in relation to the Food Standards Code apply equally in the food labelling context.

### iii. Cross-jurisdictional regulations

- Lion believes the Government should try to reduce the current regulatory burden created by overlapping cross-jurisdictional regulations by pursuing harmonisation state by state and where possible between Australian and international regulation.
- There are a number of regulatory regimes that currently overlap, particularly in the following areas:

#### **Environment**

- The continued development of environmental regulation and high levels of overlap and duplication within the environmental regulatory space at a State and Federal Government level is impacting on the delivery of greater efficiencies across the supply chain. The sheer volume of work to ensure compliance with these requirements creates a disincentive to efficiency.
- For example, currently in Victoria all large businesses or businesses that reach a certain energy and water usage threshold are required to submit Environment and Resource Efficiency Plans to the Victorian EPA. This is in addition to the Federal Government's Energy Efficiency Opportunities program and National Greenhouse and Energy Reporting System. These programs then overlap with the National Pollutant Inventory requirements at both a state and federal level.
- Many manufacturing businesses are already firmly focussed on delivering environmentally sustainable solutions across their businesses. The review and rationalisation of many of these pieces of environmental legislation would allow the business to firmly focus attention on delivering supply for the long-term.

#### **Food Regulations**

- Cross-jurisdictional regulations are common in the food regulatory space. For example, state and federal food safety regulations require all businesses to have an approved food safety program that complies with the Australian Food Standards Code (the Code). There are national guidelines to support the interpretation and implementation of the Code. Lion is a large organisation with operations in all states, and in order to obtain efficiency and effectiveness of our food safety management systems we attempt to establish consistent procedures nationally across our business.

- In order to do this Lion is first required to obtain approval for these systems by each state regulatory authority. In addition to these approvals, we may also need authorisation at a national level by the Australian Quarantine and Inspection Service for products that we are exporting.
- Whilst there are common national standards and guidelines, state regulators still apply their own interpretation of the guidelines, creating layer upon layer of regulation. It is not uncommon to receive inquiries from multiple state health authorities regarding the same issue. Given the level of resources required to respond to these sorts of inquiries, we would like to see Government investigate a mechanism to streamline regulatory processes between states and share information regarding issues that have been investigated and resolved.
- The Dairy Farm Food Safety Program, which is a condition of a licence to produce milk, provides an example of this unnecessary duplication of regulations across jurisdictions. Each state agency is required to approve the same program but all have their own interpretation of the standards and guidelines. In some cases, the states require additional non-food safety authorisation due to agreements they have with other agencies. This means the approval process is costly, frustrating and time consuming for businesses like Lion, which operates in many states.
- In addition to this, businesses have deadlines set by state regulators but a lack of coordination between them means that one delay in an agreement in one state can affect the entire timeline.
- In Queensland there are approximately twice as many food regulations as in the other states. One specific regulation – the Suspected Tampering Requirements under the *Queensland Food Act 2006* requires a business to report on the deliberate tampering of food to the Queensland Department of Health. This requirement is in addition to product recall regulations at a national level, creating an unnecessary layer of regulation.

Country of Origin labelling requirements presently sit under two separate pieces of regulation – the Australia New Zealand Food Standards Code and Australian Consumer Law under the *Competition and Consumer Act 2010*. This is just another example of regulatory duplication at a national level which creates further unnecessary layers of regulation for business.

### ***Liquor licensing***

- Liquor licensing and responsible service of alcohol rules are established at a state level. This means that there is a large number of state and territory legislation, regulations, director general discretions, and voluntary accords.
- For example, the regulation of on and off premise promotional activity falls under the jurisdiction of differing state-specific liquor licensing laws. It is also important for Lion to be aware of and understand the varying responsible service rules so that it can remain a responsible supplier of alcohol to its customers. While we impose highly stringent standards on all promotional activity associated with our brands, the practicalities of assessing compliance with differing state by state laws and regulations are highly onerous.
- Responsible service practices and licensing requirements are under constant review; this creates the need for continuous monitoring of the changes, amendment of business practices and ongoing training of our people in order stay abreast of developments and ensure compliance state by state.
- Lion believes that this is an area that would benefit from some harmonisation, for example Lion would support the development of a national approach to the responsible service of alcohol to ensure there is consistent regulation across the jurisdictions. A national approach will also assist in consistency of responsible service and consumption messages in the community.

### ***Occupational Health & Safety***

- We face similar challenges dealing with eight different Occupational Health & Safety jurisdictions across Australia. This regulatory regime has historically required food processors to deal with eight Health and Safety (H&S) Acts and Regulations.
- We are also impacted in the area of Workers Compensation where we have to again deal with eight different Acts and Regulations, including federal, states and territories.
- This creates an impost on the business in having to ensure we are meeting our responsibilities under these varying regulations. We are required to have a thorough knowledge of our responsibilities within each state and territory and to ensure our people receive the appropriate compensation according to the state or territory requirements.
- The new *Model Work Health and Safety Act*, introduced by the Federal Government, is aimed at reducing this impost but only applies to H&S and not workers compensation. The new Act is intended to come into effect in January 2012 however the state of WA has already expressed that it will not comply with components of the Act.
- The above situation increases an already complex area of employment law compliance.

#### iv. Export arrangements

- As an exporter of dairy products, we are required to satisfy significant regulations established by the Australian Quarantine and Inspection Service (AQIS) around microbiological testing that are over and above domestic requirements.
- AQIS requirements for export of dairy products involves the preparation of a series of documents including health certificates and transfer certificates to the place of export – while we understand that this process has been designed to protect the reputation of the Australian dairy industry and ensure the safety of dairy products, these documents are very rigorous and time consuming given they are required for every customer order.
- In addition to export testing, our sites that are manufacturing export dairy products are required by AQIS to be audited & approved – this is a lengthy process and again, is only required for export products, not domestic.
- This process can be a significant impediment to our business. For example, Lion recently sold one of its manufacturing sites to another company, who continue to manufacture certain dairy products for both the domestic and export markets and who we continue to purchase export products from following the change of ownership.
- Although there were no changes made to the site when it was sold, the moment the site ownership transferred from our business to theirs, the company was required to renew the approval and have another audit undertaken by AQIS. This process can be frustrating for our business as approximately 6-8 months' worth of product sales to the export market were lost, when essentially there had only been a change of ownership for the manufacturing site and no change to manufacturing practices.
- There are opportunities for these AQIS regulatory requirements to be streamlined.

#### **(c) The impact of Australia's competition regime and the food retail sector, on the food processing sector, including the effectiveness of the *Competition and Consumer Act 2010***

- As represented by Lion to the Senate Economics References Committee Inquiry into the impacts of supermarkets' price decisions on the Australian dairy industry, there are potentially detrimental long-term impacts of the current retail price of house brand milk on the sustainability of the Australian



dairy industry. Lower prices may be attractive in the short term – but unsustainably low prices are not in consumers’ long term interests.

- The *Competition and Consumer Act 2010* (“CCA”) exists to “enhance the welfare of Australians through the promotion of competition and fair trading and provision for consumer protection”.<sup>3</sup> It is premised on the idea that “competitive markets lead to more efficient allocation of resources than do markets in which either buyers or sellers have significant market power”.<sup>4</sup>
- In the context of vertical supply chains, such as those in the food sector, the goal of competition laws is to promote rivalry at each stage of the supply chain so that suppliers and customers at all levels benefit from product and price competition. While the product and price offering that end-customers enjoy at any given time provides an indication of the state of competition in a particular sector, competition laws must be holistic in their focus. They are concerned with the efficient operation of all markets, including upstream markets.
- Competition laws must also be forward-looking. They exist to promote economic welfare and efficiency in the long run as well as the short run. Behaviour which appears to promote the welfare of consumers in the short run (such as artificially low retail prices for white milk) can detrimentally affect competition in the long run. It can also encourage inefficient allocation of resources from a social perspective and lead to sub-optimal decision-making by members of the supply chain.
- While competition laws do not exist to protect the profits or existence of individual market participants,<sup>5</sup> the ongoing participation of a range of competitive firms at all levels of the supply chain is a key driver of price competition, innovation and other forms of product competition. It is important that any focus on short term price reductions for end-customers does not preclude a broader assessment of impacts at other levels of the supply chain.
- In addition, the proliferation of supermarket house brand products and the increase in shelf space devoted to those products is creating significant changes in competitive dynamics in the retail sector. There is an increased blurring of the lines of the traditional customer / supplier relationship as supermarket brands compete with those of their processor suppliers.

#### **(d) The effectiveness of anti-dumping rules**

- Lion believes the current anti-dumping rules can be and have been applied in a manner that has the effect of being restrictive to competition and innovation in the food processing sector.
- Anti dumping rules can have the effect of deterring businesses in the food processing sector from acquiring packaging materials at best cost. A pertinent example for our business relates to milk bottle providers within the dairy industry supply chain who have been prevented from acquiring polyethylene resin internationally under the anti dumping system.
- Businesses in the food processing sector, such as Lion, will be forced to look at other avenues to ensure they acquire this essential material at best cost.
- Another issue under the current anti-dumping rules relates to parallel importers who are required to label products in accordance with the *Australia New Zealand Food Standards Code* (the Code), but with which compliance is not always enforced.
- It would be beneficial to the food processing sector if compliance with the Code was more closely monitored and enforced in relation to parallel importers. It would also be of benefit to industry if the

<sup>3</sup> *Competition and Consumer Act 2010* (Cth) section 2.

<sup>4</sup> Economic Planning Advisory Council, *Council Paper No 38: Promoting Competition in Australia* (1989).

<sup>5</sup> See, eg, *Boral Besser Masonry Ltd v ACCC* (2003) 215 CLR 374 at 411 (Gleeson CJ and Callinan J) and 429 (Gaudron, Gummow and Hayne JJ).

Code required importers to ensure that they provided a consumer help line so that responsibility for consumer complaints and potential recall issues resided with the parallel importer. Currently local brand licensees are likely to have to manage such issues on behalf of the brand as a practical matter, creating an additional burden and cost to the Australian food processing industry.

#### **(e) The costs of production inputs including raw materials, labour, energy and water**

- Businesses in the food processing sector are starting to see increased costs of production inputs as a result of legislative pressures stemming from the uncertainty of our current political landscape, particularly in relation to climate change.
- For example, we have seen the costs associated with renewable energy infrastructure established by energy providers being passed on to consumers through increased energy prices. We will expect to see a further increase in energy prices following the imminent introduction of the carbon price mechanism.
- We have also seen an increase in the costs of packaging, such as glass and aluminium, due to a rise in consumer demand for sustainable packaging. While we strongly support the use of packaging that will be sustainable in the long term, we believe it is an area in which businesses like Lion could benefit from Government support and innovation.
- These sort of increased costs of production reduce our level of global competitiveness and could potentially limit the profitability and viability of the business in the long term.
- In addition, the environmental impacts of changing climatic conditions are starting to affect the ability to source raw materials from certain regional areas. For example, as climate change issues cause farmers to leave the citrus industry, Australia is increasingly relying on fruit and fruit juice imports to meet demand. This has immediate flow-on consequences for the fruit juice supply chain, with negative impacts on processor/manufacturer returns and their ability to invest in innovation and technology and meet consumer demands for high quality, nutritious products.
- Costs of other raw materials used in our supply chain, such as fertiliser required for feed inputs on dairy farms, are also increasing due to current supply tightness.
- Water is evidently another key production input for our dairy business and as identified in *Dairy Australia's Dairy 2011: Situation & Outlook Report*<sup>6</sup>, current water policy developments for the Murray Darling Basin Plan could have far-reaching implications for dairying in the Murray Darling Basin. In October 2010, the Murray Darling Basin Authority released the 'Guide to the proposed Basin Plan'. It proposed reducing current surface diversions by 3000 to 4000 billion litres of water. This translated to an average 27-37% reduction, and up to 45% in some river valleys.
- For irrigated dairy in northern Victoria and southern NSW, this would mean a permanent 'drought', as the volume of water allocated to use and trade in average years would be much the same as during the worst of the drought between 2006 and 2010. This could prevent milk production recovering to pre-drought levels and contribute to regional factory closures and job losses<sup>7</sup>.

#### **(g) The access to efficient and quality infrastructure, skilled labour and skills training**

- As raised earlier in this submission, we believe Government should consider the significance of infrastructure to the competitiveness of the food industry and ensure there is sufficient infrastructure

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<sup>6</sup> Dairy Australia, *Dairy 2011: Situation and Outlook*, May 2011, p.62.

<sup>7</sup> Ibid.

supporting farmers and food manufacturers to get their products to global markets quickly and efficiently.

- The Australian food supply chain is large and organic. Its operations depend upon complex production and distribution logistics working to deliver product on a just in time basis with a minimum of waste. The supply chain employs more than 1.1 million people and at any one time, holds only 30 days worth of non-perishable stock and less than five days worth of fresh produce. It will break if critical infrastructure such as road, rail and ship transport fails, while an unexpected shock like a natural disaster can take as long to deal with as the preparation time for Christmas or Easter.
- In the case of Lion, about 12.5 million deliveries of milk are made each year, using a world class chilled distribution system. Before milk can be delivered, it is collected from more than 1,200 dairy farmers, transported to processing facilities, processed and then delivered to 75,000 retail outlets, five days a week and in accordance with strict food standards. This complex production and distribution chain ensures that Australian consumers' expectations of daily access to fresh white drinking milk are met.
- At times of national crisis, such as the recent flooding in Queensland, Government plays a crucial role in ensuring critical infrastructure is available and operational so that industry can play its part in supplying affected communities with food and beverage staples such as milk. That role is also crucial in helping affected local producers quickly recover their own operations.
- There is also a noticeable shortage of skilled workers in the food manufacturing sector, particularly where employers are competing with the mining sector and its higher level of wages. Labour shortages are limiting development and production opportunities in the food industry. We therefore recommend that Government adopt policies and measures that aim to increase employment and training across the industry.
- We believe the food manufacturing industry is made stronger and enriched by the employment and continuous training of people from diverse backgrounds, experiences and perspectives. To encourage diversity we provide flexible work arrangements to recognise the unique circumstances of individuals and provide a diverse range of career opportunities across Lion. Through this inquiry, we believe there is an opportunity to reinforce the importance of training and workforce participation across the entire food supply chain to ensure we nurture and grow our vibrant industry.
- Finally, to ensure the sustainability of our farmers, Government should continue improving the support provided to our agricultural production industries to ensure sufficient and best practice farming, including efficient and optimised water use.

## Conclusion

- The Australian economy, consumers and food processing and manufacturing companies will benefit from a regulatory and policy approach that supports and sustains rather than constrains the food production and manufacturing industries. Support of innovation, developing the viability of export markets and reducing the cost and time involved with business compliance across three levels of regulation and Government bureaucracy must all be a priority.
- We believe Government should focus on creating and supporting a regulatory framework that will ensure the long-term sustainability of our thriving food and beverage production and manufacturing sector. This regulatory framework should not create barriers, allow inefficiencies to thrive or impede innovation.
- Certain food production/manufacturing industries (for example, fresh white milk) will benefit from regulatory action to ensure they can continue meeting consumer demands. In other areas, however, Government should act to streamline and reduce the current myriad of regulation that constrains the food and beverage production and manufacturing industries.

- Finally, Lion believes any investigation into the food processing sector in Australia needs to take into account the challenges presented by the often vast geographical distance between populations. Australia's unique geography presents unique challenges for our food processing sector and supply chain, particularly for fresh and perishable food products. These challenges, and the resulting costs of operation, must be taken into account when considering measures to ensure the long-term viability of Australia's food processing sector. While international experiences and precedents may be helpful, they may have limited application in Australia's unique geographic context.