

My name is Nigel Barrett and I have worked in the food industry for over 30 years. I have a BSc. in Food Technology, a PhD in Chemical Engineering and a Masters in Business and Technology. I have mostly worked in product and process development as an R&D manager. The first company I worked in was Goodman Fielder, a large Australian food company. Today, Goodman Fielder is much smaller than it was and owned by overseas interests. When I worked for Goodman Fielder, the company had over 200 people in R&D. Today you would be lucky to find 200 people working in R&D in the entire food industry.

Today the Australian food processing industry is not growing. Agriculture may be growing but not the manufacturing industry. More processed food is imported into Australia than is processed in Australia. The wages of Food Technologists are lower than all other university-trained scientists.

How did we get to this appalling situation? The reason is that the supermarket duopoly squeezes all the profitability from food growers and food processors. There is no money left for companies to invest or to survive tough times. When a company is innovative the supermarket duopoly demands that the company hands over their IP or that the product be made available as a home brand. If a company does get to a position of market power the supermarket duopoly brings in a foreign product at a loss to force the company to reduce its price. Eventually a local food company is so squeezed it is forced to sell to a foreign company. All technical development is moved overseas, and the company becomes a branch office.

While I have a view that the supermarket duopoly should be broken up, I recognise this isn't likely to happen. I also believe that supermarkets should not be able to have their own brands. Again, I recognise this is not going to happen. If it is not possible to reduce supermarket power, then we should at least tilt the playing field a little towards the Australian food industry. We need to help the Australian food companies to become more innovative and help boost the food industry ecosystem.

My suggestion is that the supermarket duopoly should pay a revenue tax that would be used to drive innovation and to support a network of food business clusters. A revenue tax of 0.1% would provide \$80 million of money to support innovation. This money would be made available to the Australian food industry to develop new products and processes. It could also be used to help SMEs invest in new equipment and technologies to grow their business and build in resilience. A competitive grant scheme would need to be set up that was available to businesses that are prepared to invest in Australia.

Another use for this money would be to support food industry clusters, such as the Food Agribusiness Network (FAN) to build networks and support for new businesses. Many of these clusters exist on a very slim budget and thus are not able to provide the support that is needed, such as training and building business resilience. Properly funded clusters could ensure that new food businesses and SMEs are not left on their own when dealing with the supermarket duopoly. Business could be educated as to their rights and what to accept or not accept in matters such as supply contracts. The clusters could provide legal services that many SMEs could not afford.

Along with being a renewable energy superpower, Australia should be a food industry powerhouse. We should be processing our clean and green food raw materials into value-added products that we sell into export markets. We should have a massive positive balance of payments in the food space not a negative balance as we have at the moment. This will not happen unless we help Australian companies to grow and prosper. This will not happen while the supermarket duopoly squeezes the industry. A very small revenue tax would go some way to addressing the massive power imbalance we have today.