

**Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry Portfolio  
Supplementary Budget Estimates Hearing 2013-14  
21 November 2013

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY

**TOPIC:** Food processing Sector

**REFERENCE:** Written Question - Senator Kim Carr

**QUESTION No.:** SI-113

1. In the Department's view, has the persistently high Australian dollar had a major negative impact on Australia's food processing sector?
2. Has the Department undertaken any work on further potential measures to assist food manufacturers?

**ANSWER**

1. The strong Australian dollar has contributed adversely to the trade exposed sector, especially companies with products that are price sensitive. However other factors can also impact food processors.

For example, the Productivity Commission in its safeguard inquiries into imported processed tomato and peach products found that for fruit imports, a number of issues also impacted the domestic industry including the long-term reductions in the domestic demand for processed fruit products, reduced exports, rising unit costs of domestic production and domestic retailers promoting private label brand products to compete with the sole domestic producer and with each other. Similarly for tomato product imports the domestic industry sustained competitive pressure from imports, supermarket private label strategies - facilitated by the appreciation of the Australian dollar - and extreme weather events.

2. The Department continues to assist food manufacturers through its support for Food Innovation Australia Limited and the Food Supplier Advocate; working with the Australian Food and Grocery Council on the Government's deregulation agenda; the publication of the Food and Beverage Workforce Study by the Australian Workforce and Productivity Agency; and cooperating with AusTrade and the Department of Agriculture in developing a food specific brand under the Brand Australia initiative.