Chapter 1

Australia's food processing sector

Introduction

1.1 On 24 March 2011, the Senate established the Select Committee on Australia's Food Processing Sector to investigate possible policy responses to the challenges and pressures within the broader economy that threaten the ongoing viability and competitiveness of food processing in Australia. The committee was also tasked with examining certain broader areas of government policy, to assess the appropriateness of the overall regulatory environment in which Australia's food processing industry operates. The committee was asked to report to the Senate by 30 June 2012, which was subsequently extended to 16 August 2012.

Conduct of the inquiry

1.2 Information about the committee's terms of reference was advertised widely and on the committee's website, with submissions called for by 3 October 2011. However, submissions have been accepted by the committee throughout the term of the inquiry. The committee also wrote to relevant organisations and individuals to notify them of the inquiry and invite submissions. The committee received 70 submissions. A list of the submissions authorised for publication by the committee is provided at Appendix 1.

1.3 Public hearings were held in Canberra on 13 December 2011, on 11 May 2012 and on 15 May 2012, in Sydney on 10 February 2012, in Shepparton, Victoria on 8 and 9 March 2012, in Devonport, Tasmania on 12 April 2012, in Adelaide on 17 April 2012 and in Perth on 18 April 2012. A list of stakeholders who gave evidence to the committee at these public hearings is provided at Appendix 2.

1.4 The committee also conducted a number of site visits to gain insight into the complexities of running a successful food processing business. The following sites were visited by the committee:

- Campbell Arnott's factory, near Shepparton, Victoria;
- SPC Ardmona factory, Shepparton, Victoria;
- Simplot factories, Quoiba and Ulverstone, Tasmania;
- Field Fresh, Forth, Tasmania;
- Vili's Bakery, Adelaide;
- Haigh's Chocolates, Adelaide;
- Standom Smallgoods, Adelaide, South Australia;
- Gawler River Cattle Company, Adelaide South Australia;

- Cooper's Brewery, Adelaide, South Australia;
- Fremantle Octopus Company, Western Australia;
- Geraldton Fishermen's Co-operative, Western Australia;
- Kailis Bros, Canning Vale, Western Australia;
- Anchor Foods, Fremantle, Western Australia;
- Canon Foods, Canning Vale, Western Australia; and
- Mrs Mac's, Morley, Western Australia.

1.5 The committee particularly appreciates the time and hospitality afforded to it by these businesses.

Acknowledgements

1.6 The committee thanks all those who contributed to the inquiry by making submissions, providing additional information or appearing before it to give evidence.

Notes on references

1.7 References in this report to the Hansard for public hearings are to the official Hansard transcripts.

Overview of Australia's food processing sector

1.8 Australia's food processing sector is part of the nation's broader food industry, and is a key component of Australia's food supply chain. The food industry comprises farm and fisheries production, food and beverage processing, food and liquor retailing within Australia, food exports and food imports. An analysis of Australia's food processing sector requires consideration of the health of the entire food supply chain; from the cost of primary inputs, the price of imports and access to global markets, to the competitiveness of the retail sector as the point of supply for Australian families.

1.9 Data collated by the Department of Agriculture, Fisheries and Forestry demonstrates the industry's substantial contribution to Australia's economy. In 2010–11, the value of Australia's farm and fisheries food production came to $40.7 billion, while food and liquor retailing turnover comprised of over 50 per cent of Australia's total retailing generating over $130 billion for the Australian economy. The value added food, beverage and tobacco processing sectors contributed 1.8 per cent total share of Australia's Gross Domestic Product.[1] These statistics alone demonstrate the need to ensure that Australia's food processing sector remains viable, profitable and internationally competitive.

1 Department of Agriculture, Fisheries and Forestry, *Australian food statistics 2010 – 11*, 'Table 1: Overview of the Australian food industry', p. 1.

1.10 The economic significance of Australia's broader food industry was emphasised by submitters to the inquiry. Positioning the food manufacturing sector within Australia's other manufacturing industries, the Australian Food and Grocery Council highlighted the sector's scale:

> Representing 28 per cent of total manufacturing turnover, the sector is comparable in size to the Australian mining sector and is more than four times larger than the automotive sector... The growing and sustainable industry is made up of 38,000 businesses...[2]

1.11 Similarly, the Australian Made Australian Grown Campaign highlighted the sector's contribution to job growth:

> The manufacturing sector is fundamentally important to the Australian economy, especially in terms of jobs, skills and training opportunities, exports and innovation. It is also critical to the fabric of Australian society because of the multiplier effect of the opportunities it creates and its strategic importance to Australia’s economic and national security. The food processing sector is a major part of that, with particular importance as a regional employer and for food security reasons.[3]

1.12 It is estimated that, combined, the sectors forming Australia's food supply chain provide in excess of 939 000 jobs.[4] Statistics provided by the National Farmers Federation indicate that approximately one-third of the employment opportunities generated are in rural and regional areas, with the agricultural sector employing 317 700.[5] The correlation between a vibrant food industry and employment opportunities in rural and regional areas was a theme in evidence before the enquiry. Lion stated that:

> The food processing industry is a significant contributor to the local economy, currently employing around 300,000 people, half of them in rural and regional areas, and paying about $14 billion in wages. The focus of this inquiry should be on how we grow this local industry to capitalise on emerging global trends.[6]

1.13 Similarly, representatives of Greater Shepparton City Council highlighted the importance of the industry to regional communities:

> Whilst Greater Shepparton's major employment sector is retail, our economy is most definitely underpinned both by agricultural production

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2 Australian Food and Grocery Council, *Submission 12,* p 2.

3 Australian Made Australian Growing Campaign, *Submission 56*, p. 1.

4 Australian Bureau of Statistics 2010a *Labour Force Survey, ABS Survey of Education and Work*, as cited in Australian Government, *Issues paper to inform the development of a national food plan*, June 2011, p. 47.

5 National Farmers Federation, *Issues paper – population policy: labour pains*, 2010, p. 1.

6 Mr Duncan Makeig, Group Sustainability Director and General Counsel, Lion Pty Ltd, *Committee Hansard*, 10 February, 2012, p. 50.

> and by manufacturing based around that production. When we talk about the importance of food manufacturing to our region we acknowledge that it flows on not only to the grower sector but also to the transport sector and into the retail sector, because the basis of all our employment is underpinned by agricultural production and manufacturing based around it.
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> …for us it is not just a discussion around food manufacturing; it is about the viability of our entire economy, because we are still very much underpinned by that layer of agriculture.[7]

Challenges for the food processing sector

1.14 This inquiry has gathered considerable evidence from a range of stakeholders on the competitiveness and future viability of Australia's food processing sector. The evidence revealed strong concerns regarding the health of Australia's food processing industry and, more broadly, all sectors on Australia's food supply chain. An undercurrent of pessimism is reflected in submissions from participants in sectors across Australia's food supply chain. Summerfruit Australia advised that 'there is very little that is positive in the food production and food processing sector'.[8] The bakery Mrs Mac's stated:

> The global competitiveness of the Australian Food Processing Sector is diminishing […] Unless this situation changes, then with the exception of niche products, or some radical innovation to processing techniques developed in Australia, there is not a bright future for Australian food processing and manufacturing companies.[9]

1.15 The views of Food South Australia Inc. were indicative of the warnings given by many submitters that without efforts to address various competitive disadvantages faced by the Australian sector relative to its foreign competitors, the food processing sector will struggle:

> It will be a very precarious situation if the food industry is truly on its knees, with old infrastructure, low margins and a flood of imported product, where companies stop investing. As we have seen in some recent examples, when there is a choice of which factory to close, Australia often comes up first. It will be impossible to get back what we lose.[10]

1.16 As will be explored in subsequent chapters, the inquiry found that the challenges facing Australia's food processing sector, and all sectors across Australia's food supply chain, are multifaceted. Internal pressures affecting the sector identified

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7 Mr Dean Rochfort, General Manager, Sustainable Development, Greater Shepparton City Council, *Committee Hansard*, 8 March, 2012, p. 11.

8 Summerfruit Australia, *Submission 13*, p. 11.

9 Mrs Mac's, *Submission 4*, p. 1.

10 Ms Catherine Barnett, Chief Executive Officer, Inc., *Committee Hansard*, 10 February 2012, p. 17.

included skilled labour shortages,[11] increasing costs of electricity and water,[12] transport costs,[13] retail competition,[14] and the complexity of cross–jurisdictional regulations.[15]

1.17 Other factors were submitted as presenting together additional challenges for the sector. The introduction of a carbon tax is widely expected to affect the industry, although witnesses were not able to quantify the degree of the likely impact prior to its commencement on 1 July 2012:

- It will impose $23 a tonne on all emissions of carbon from the largest 500 businesses. The price on carbon will add to electricity and gas prices. The food-processing industry obviously uses electricity and gas in its production processes, so that will increase their costs.[16]
- We are in a situation where we are having to face increased costs that will be coming forward from 1 July with the carbon tax and we are working with the federal government to look at mitigation plans around that. In the case of our business, we have five facilities in Australia which are over the 25,000 tonnes and will be directly impacted upon by the tax from 1 July. I understand from talking to the federal government that there are possibly 11 to 14, maximum, meat-processing facilities which are over that 25,000-tonne threshold.[17]
- What does a carbon tax means for me as a business. If I don't know the answers—and generally I don't—what do I need to do to be ready? Usually it is about data capture and often it is about utilising the skills of your workforce better. The engineer is already collecting all the energy bills. What he is not doing is understanding how he can manipulate that data and change the way he contracts with the energy provider to reduce the energy bill or, at the most fundamental level,

11 See for example, BusinessSA, *Submission 7*, p. 1; Food Technology Association of Australia, *Submission 16*, p. 2.

12 See for example, BusinessSA, *Submission 7*, p. 1

13 See for example, Department of Economic Development, Tourism and the Arts (Tasmania), *Submission 6*, p. 2.

14 See for example, Australian Manufacturing Workers' Union, *Submission 21*, pp 2–5; Food South Australia Inc., *Submission 52*, p. 2.

15 See for example, Campbell Arnott's, *Submission 34*, p. 2; Coca-Cola Amatil, *Submission 44*, pp 7–8.

16 Mr Antony Clarke, Senior Policy Adviser, Business SA, *Committee Hansard*, 17 April 2012, p. 1.

17 Mr John Berry, Director and Manager, Corporate and Regulatory, JBS Australia Pty Ltd, *Committee Hansard*, 12 April 2012, p. 35.

talking to the workforce and offering a bit of encouragement and TLC to get them to feel that they are part of the solution.[18]

- The meat industry is concerned at how the implementation of the carbon tax in Australia will change our competitiveness and productivity in an international environment, as our major competitors are not similarly impacted. While many large export meatworks are over the 25,000 tonne carbon emission threshold for direct payment, they do not emit enough carbon to attract the significant financial support that the steel and concrete industries and similar large-scale manufacturing industries have access to.

  Somewhere between 15 and 25 meat processing plants in Australia are likely to exceed the 25,000 tonne carbon threshold. [19]

1.18 The industry has also experienced volatile environmental conditions, reportedly affecting the viability of food producers and processors. Mr Roger Lenne, a representative of Fruit Growers Victoria Ltd, commented that one of the effects of the drought experienced during the early to mid-2000s was that it 'robbed the industry of capital', constraining innovation and expansion:

> There was an injection of cash into the canning and fruit growing industry when the two canneries merged and Coca-Cola took them over. Every single bit of that cash from our property went into buying water through the drought. The pressure on prices last year and this year have reduced our cash flow by just under $1 million from 12 months ago up to this point. Where do you think that has come from? The bank. When my son says, 'Perhaps we should do this,' I say, 'That'll be about a million dollars in investment. Where will we get that from?' That money is gone. The drought has taken it. That is why I am so depressed about it.[20]

1.19 His concerns were echoed by the Chief Executive Officer of the Greater Shepparton City Council:

> The downward spiral cannot continue, or our region and our rural areas will no longer be viable alternatives to invest in and viable alternatives to our major cities as living areas. We believe that will impede Australia's sustainable growth. Our producers, manufacturers and community have dealt with, in the last 10 years, long-term drought and now floods. We also have the Basin Plan and its uncertainty at the current time, and now carbon pricing will start on 1 July. They are very weary. They are uncertain of their

18 Mr Michael Claessens, General Manager Workforce Development and Analysis, AgriFood Skills Australia, *Committee Hansard*, 10 February 2012, p. 15.

19 Mr Gary Burridge, Chairman, Australian Meat Industry Council, *Committee Hansard*, 10 February 2012, p. 22.

20 Mr Roger Lenne, *Committee Hansard*, 8 March 2012, p. 11.

future. Without government support and intervention, this downward trend is likely to continue.[21]

1.20 Competitive disadvantages were also viewed relative to Australia's foreign competitors. For example, Mrs Mac's stated:

> Globalisation has enabled many countries to land similar processed foods into Australia at cheaper prices. While there are probably other factors involved, it is due in part to these countries having one or more of the following conditions that lower their costs of processing compared to Australian conditions:
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> - Cheaper labour, energy and associated on costs e.g worker safety, workers compensation and superannuation payments.
> - High populations in these countries assisting in generating better manufacturing economies of scale than the Australian population number can attain at a purely local level.
> - Lower standards of processing (building codes, food standards, not being signatories to international obligations)
> - Lower cost of many raw materials/ingredients
>
> The competitiveness of Australian processed foods at a global level is currently being further eroded by the strong Australian Dollar and a lack of any willingness by governments and retailers to consider applying a level manufacturing playing field by requiring foreign manufacturers that export food products in to Australia to meet the same processing standards and hence consequential costs that are imposed by government regulation here in Australia across all tiers of government.[22]

1.21 These concerns, particularly regarding the strength of the Australian dollar, were shared by other industry participants.[23] Treasury attributed some of the challenges facing Australia's food processing sector to 'the continuing strength of Australia's terms of trade and the high level of activity in the mining and energy sector'. These developments:

> …have contributed to a strong exchange rate and upward pressure on certain input costs. Those two factors have reduced the competitiveness of some trade exposed sectors, including the food processing sector.[24]

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21 Mr Gavin Cator, Chief Executive Officer, Greater Shepparton City Council, *Committee Hansard*, 8 March 2012, p. 2.

22 Mrs Mac's, *Submission 4*, p. 1.

23 See, for example, Australian Meat Industry Council, *Submission 36*, p. 3; Food Technology Association of Australia, *Submission 16*, p. 1.

24 Mr Bruce Paine, Principal Adviser, Infrastructure, Competition and Consumer Division, Department of the Treasury, *Committee Hansard*, 13 December 2011, p. 29.

1.22 The Australian Meat Industry Council also listed various challenges to the international competitiveness of its export-oriented industry. These include the continual need to invest in research and development and to widen access to export markets.[25] The Australian Food and Grocery Council reported that the impact of the external challenges currently facing Australia's food processing sector can be seen through recent market performance, which has been characterised by flat industry turnover growth and an increase in imports due to the high Australian dollar.[26]

Opportunities for the food processing sector

1.23 The inquiry has taken place at a time when the importance and role a vibrant food processing sector will play in the coming years is becoming increasingly apparent:

> There is a lot of public debate about the future of local manufacturing and industries in various sectors. But I suggest that the food processing sector is unique. The food processing sector is intrinsically tied to Australia’s agricultural industries for supply of quality, nutritious food to the population and to the food security of Australia. It is simply not possible to substitute all locally produced foods with imports. For example, if we do not have a viable dairy industry then we do not have a sustainable supply of fresh milk. This has not only economic implications for Australia but also health and nutrition implications as well.[27]

1.24 Amidst the challenges currently facing the sector, the committee was also informed of opportunities for growth and increased international competitiveness. Data collated in the 2010–11 Australian Food Statistics Report identified that while the value of imports increased over 2010–11, Australia's food export markets continued to grow.[28]

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25 Australian Meat Industry Council, *Submission 36*, p. 3.

26 Ms Kate Carnell, Chief Executive Officer, Australian Food and Grocery Council, *Committee Hansard*, 13 December 2011, p. 19.

27 Mr Duncan Makeig, Group Sustainability Director and General Counsel, Lion Pty Ltd, *Committee Hansard*, 10 February 2012, p. 50.

28 Department of Agriculture, Fisheries and Forestry, *Australian Food Statistics 2010–2011*, p. 1.

Figure 1.2: economic overview of Australia's food industry[29]

TABLE 1 Overview of the Australian food industry

		2005–06	2006–07	2007–08	2008–09	2009–10	2010–11
Value of farm and fisheries food production	$b	33.9	32.0	37.3	37.4	34.8	40.7
Value added, food, beverage and tobacco processing	$b	22.9	23.2	23.1	22.4	24.0	23.6
– share of total GDP	%	1.7	1.8	1.7	1.8	1.8	1.8
Food and liquor retailing turnover	$b	96.7	104.4	111.7	118.8	125.7	130.4
– share of total retailing	%	50.1	50.6	50.7	51.5	52.6	53.2
Value of food exports	$b	23.9	23.4	23.4	28.1	24.5	27.1
– share of total merchandise trade	%	15.7	13.9	13.0	12.2	12.2	11.0
– minimally transformed share	%	28.1	23.7	28.1	33.7	30.7	36.5
Value of food imports	$b	7.1	8.3	9.1	10.4	10.1	10.6

1.25 It was put to the committee that export markets provide significant opportunities for sectors across Australia's food supply chain. In particular, the committee's attention was drawn to opportunities presented by the expanding Asian markets.[30] The growing awareness of the importance of the growth in Asian markets to Australia's food processing sector is evident in the Prime Minister's recent assertion that '[j]ust as we have become a minerals and energy giant, Australia can be a great provider of reliable, high quality food to meet Asia's growing needs'.[31]

1.26 In outlining the challenges currently facing the sector Treasury conveyed similar sentiments to those recently expressed by the Prime Minister, noting the important opportunities that the rising middle class in the developing economies of Asia present to the future of food processing in Australia.[32] More broadly, opportunities arising from global population growth were noted, with BusinessSA advising that the growth 'is leading to stronger demand of food, both in terms of quantity and quality.'[33]

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29 Department of Agriculture, Fisheries and Forestry, *Australian Food Statistics 2010–2011*, Table 1: Overview of the Australian food industry, p. 1.

30 See for example, Tasmanian Farmers and Graziers Association, *Submission 26*, p. 12.

31 The Hon. Julia Gillard MP, Prime Minister of Australia, Address to the Global Foundation Summit Dinner, Melbourne, 3 May 2012, http://www.pm.gov.au/press-office/address-global-foundation-summit-dinner-melbourne, (accessed, 22 May 2012).

32 Mr Bruce Paine, Principal Adviser, Infrastructure, Competition and Consumer Division, Department of the Treasury, *Committee Hansard*, 13 December 2011, p. 29.

33 Business SA, *Submission 7*, p. 1.

1.27 Indeed, industry participants, including Lion, who provided evidence to the committee also identified these opportunities as being those that would most likely ensure the viability of the sector into the future:

> In conducting this inquiry I think senators should consider the unique nature of Australia—its size and relatively small and concentrated population; its efficient and productive farm sector; its clean, green image internationally; and its proximity to the growing populations of Asia—and ask itself what sort of food processing sector Australia wants and needs for the future and what the government can do to help. I think in that regard that possibly Europe and the US do not provide a lot of insight into what is required in Australia. It is a uniquely Australian issue.[34]

1.28 Successive submitters advised that Australia is in a strong position to capitalise on the opportunities provided by expected population growth and expansion in the Asian markets. Comments by BusinessSA are indicative of the optimism that some submitters shared:

> 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 products standards, the country should be well placed to cater for a substantial part of this increasing food demand.[35]

1.29 As the statements by BusinessSA and Lion indicate, it was put to the committee that Australia's access to these markets is enhanced by the sector's 'clean green' image. As the Australian Meat Industry Council commented, opportunities exist in '[c]reating and promoting an image of the Australian food industry as vibrant and innovative, consumer driven, future focus, ethical, sustainable'.[36] This view was shared by other submitters to the inquiry.[37]

1.30 These opportunities, and others, are explored in subsequent chapters.

Context of the inquiry

The National Food Plan

1.31 Such challenging and multifaceted circumstances require a coordinated response from government. Although it conceded that to-date a coordinated government approach to the food processing sector has not existed, Treasury advised the committee that as a result of the government's commitment to a National Food

34 Mr Duncan Makeig, Group Sustainability Director and General Counsel, Lion Pty Ltd, *Committee Hansard*, 10 February 2012, p. 50.

35 Business SA, *Submission 7*, p. 1.

36 Australian Meat Industry Council, *Submission 36*, p. 4.

37 See for example, Australian Made Australian Growing Campaign, *Submission 56*, p. 3.

Plan, Australia will have an overarching and integrated policy for the food industry in the near future:

> At the 2010 federal election the Government committed to develop a national food plan and subsequently announced that it was providing $1.5 million over four years to support the creation of the Plan. The Government envisages that the Plan will outline the Australian Government's vision for the food industry and consumers, to guide Australian Government actions and provide certainty for other stakeholders. A national food plan, when finalised, would seek to better explain and better integrate Australia's approach to food policy, from production through to consumption, and be consistent with the Government's market-based policy approach.[38]

1.32 The Department of Agriculture, Fisheries and Forestry further explained how the plan would present an overarching policy:

> In terms of the food plan, as you would be aware the commitment was to develop a plan that covers from paddock to plate, so it involves production, manufacturing, distribution, retail, competition. The plan will deal with everything through the chain… The commitments made by the government in the food plan said it would be from paddock to plate. So the interactions through the chain are important in the food plan and the food plan will need to address the concerns that producers have raised.[39]

1.33 The announcement of a National Food Plan, and the steps that have been taken to develop that plan thus far, have been welcomed by industry stakeholders:

> [T]he AMWU recognises the work that this government has done to highlight the importance of the food manufacturing industry through its establishment of the Food Processing Industry Strategy Group, the national food plan group. It is a progressive step to support tripartite forums to examine our important industries and consider policy.[40]

1.34 The Public Health Association of Australia, however, identified various challenges that developing a coordinated approach will present:

> [T]he concept of the National Food Plan of course is to actually balance the different needs and the different policy areas that cover food. It is very easy to see the different areas when we have a parliamentary secretary for health responsible for food and food regulation, yet the National Food Plan has been developed through the Department of Agriculture, Fisheries and Forestry.

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38 Department of the Treasury, *Submission 18*, pp 12–13.

39 Dr Colin Grant, First Assistant Commissioner, Plant Biosecurity, Department of Agriculture, Fisheries and Forestry, *Committee Hansard*, 11 May 2012, p. 14, 19.

40 Ms Jennifer Dowell, National Secretary, Food and Confectionary Division, Australian Manufacturing Workers' Union, *Committee Hansard*, 10 February 2012, p. 2.

> A national food plan should recognise, apart from the importance of profitability, that there are five important regulatory challenges, as we see it: food safety, which is at the moment conducted by FSANZ, we think largely very well, although occasionally we have issues; diet quality; food security; a healthy food economy; and a sustainable food supply. It is about trying to manage those competing challenges. Some of those things, of course, overlap.[41].

1.35 In its submission to this inquiry, Summerfruit Australia argued that there is a 'real lack of vision flowing from ALL governments in Australia'.[42] As will be explored, the evidence provided to the committee is clear that now is the time to act to secure the future of Australia's food processing sector, and all sectors across the food supply chain. Through this inquiry, the committee has focused on measures to harness available opportunities and address evident challenges, to promote the ongoing viability and international competitiveness of Australia's food processing sector. As further detailed in Chapter 9, the committee draws the government's attention to its findings for consideration as part of the development of a National Food Plan.

Concurrent and previous Senate inquiries

1.36 The health of Australia's food processing sector, and related sectors across Australia's food supply chain, is of enduring concern to the Australian Parliament. The committee acknowledges the work of other Senate committees in considering issues that affect Australian food processors, producers and retailers. In particular, the committee notes recent inquiries by the Senate Economics Legislation Committee into proposed amendments to Australia's anti-dumping laws and rules regarding foreign acquisition of Australian farmland;[43] the Senate Economics References Committee's inquiry into the impact of supermarket price decisions on the dairy industry and decisions of the Australian Competition and Consumer Commission on the proposed acquisition of Franklin by Metcash Trading Ltd[44]; the Senate Education References Committee's *Inquiry into all aspects of higher education and skills training to support future demand in agriculture and agribusiness in Australia*;[45] and the Senate Rural

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41 Adjunct Professor Michael Moore, Chief Executive Officer, Public Health Association of Australia, *Committee Hansard*, 10 February 2012, p. 31.

42 Summerfruit Australia, *Submission 13*, p. 10.

43 Senate Economics Legislation Committee, *Inquiry into the Customs Amendment (Anti-Dumping) Bill 2011*, 22 June 2011; Senate Economics Legislation Committee, *Inquiry into the Customs Amendment (Anti-Dumping Measures) Bill 2011*, 22 June 2011.

44 Senate Economics References Committee, *Inquiry into decisions of the Australian Competition and Consumer Commission on the proposed acquisition of Franklins by Metcash Trading Limited*, 28 February 2011; Senate Economics References Committee, *Inquiry into the impacts of supermarket price decisions on the dairy industry*, 3 November 2011.

45 Senate Education References Committee, *Inquiry into all aspects of higher education and skills training to support future demand agriculture and agribusiness in Australia*, 21 June 2012.

and Regional Affairs and Transport References Committee's inquiry into Australia's bio- security and quarantine arrangements.[46]

1.37 In preparing this report, the committee has not sought to replicate but to build on these inquiries. Collectively, the inquiries provide detailed evidence for the Senate's and the government's consideration.

Structure of the report

1.38 Certain challenges facing the sector are facts of life for many businesses. However, government has a clear role in ensuring that taxation and regulatory settings are appropriate so the sector can continue to innovate, access and effectively utilise skilled labour, and remain competitive in international markets. This report focuses on these types of issues. It is divided into nine chapters, as follows:

- Chapter 2 investigates the importance of the labour market to this sector.
- Chapter 3 considers the taxation and regulatory environment that applies to food processing.
- Chapter 4 examines the current retail environment characterised by concentrated competition.
- Chapter 5 examines the issue of food labelling.
- Chapter 6 explores matters of biosecurity and food safety.
- Chapter 7 looks at the role of innovation and research and development in the food processing sector.
- Chapter 8 investigates the role that export markets can play in promoting the long-term viability of Australia's food processing sector.
- Chapter 9 sets out the committee's concluding thoughts.

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46 Senate Rural and Regional Affairs and Transport References Committee, *Inquiry into Australia's Spies security and quarantine arrangements*, 10 April 2012.