

Chapter 9

Concluding comments

9.1 Throughout the course of the inquiry, the Select Committee on Australia's Food Processing Sector received extensive evidence from representatives across the food supply chain. It is clear to the committee that, as a trade exposed sector, Australia's food processing industry is challenged by the sustained strength of the Australian dollar. Rising input costs and certain government policy decisions, such as the introduction of a carbon tax and changes that have led to inflexibilities in the labour market, place further pressure on participants in the industry.

9.2 The conditions facing the sector at this point in time could be described as the perfect storm; however, this view is not shared by all. Treasury take the view that the wider economy is in the midst of a structural change and that this change is impacting many sectors, not just food processing. This "structural change" could be less euphemistically described as an industry phase out.

9.3 In preparing this report, the committee was conscious that there are certain pressures to which the industry will need to adjust and that some of these pressures are not unique to the food processing sector. It is clear that some participants have recognised the need to adjust and to identify new opportunities, but there is a need for the sector, as a whole, to embrace this approach.

9.4 The uniqueness of the sector, however, does present significant opportunities. Australia is well placed to help fulfil the expected increase in demand for high quality food associated with the rising middle class in Asia.

9.5 To respond to the sector's challenges and to take advantage of its opportunities, what is most necessary is a multifaceted response, from both industry and government, which is coordinated and collaborative. The challenges within the food processing sector are complex and have flow on effects throughout the supply chain. The sector's response needs to focus on innovation and working out how best to compete, while government has a responsibility to support this by ensuring the appropriate policy settings are in place. Similarly, the opportunities available to the sector can be maximised by both industry and government being proactive.

9.6 The committee takes the view that its report should inform the development of the National Food Plan (particularly in the areas of research and development, access to export markets, biosecurity and food labelling, quality and safety) which will set out Australia's integrated food policy. However, some of the evidence the committee received suggests broader changes are required. In particular, the committee notes the urgent need for a review of the effectiveness of the *Competition and Consumer Act 2010* with a view to striking a better balance between the consumer and competitors and ensuring market participants enjoy a level playing

field. The committee also suggests that broader reforms are required to help attract and retain suitable and qualified workers.

9.7 The committee sincerely thanks all those who participated in, and contributed to, its inquiry. The evidence provided has been invaluable in informing the committee and shaping its recommendations. The committee now calls on the government to carefully consider the evidence it has gathered and to act on its recommendations.

Senator the Hon Richard Colbeck

Chair