National Food Plan Response

Submitted by Food Industry Association, WA

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1. What is the most important thing you think a national food plan should try to achieve?

Be an overarching vision for the future, that guides and supports the sustainability of the food industry, but does not provide additional burden or cost to the production of food or seeks to push added regulatory costs onto the supply chain.

2. What do you think the vision and objectives for a national food plan should be?

Vision:

To have a sustainable secure food industry supported by a wide range of industries.

Objectives:

To be proactive in protecting the long term food security future of Australia, identifying and protecting potential areas of risk.

To reduce the increasing regulatory requirements for food companies and ensure consistency across Australia. (certification, labeling and packaging requirements)

Reduce the overlap and duplication both inter and intra government agencies.

3. What do you see as the major risks to Australia's food supply in the coming years and decades? How could they be avoided or managed more effectively?

Urbanisation pressures on productive land – ie the production of vegetables requires sandy soils and water access, currently experiencing pressure from urban expansion.

FIRB rules meaning purchasing critical infrastructure by foreign companies may not be recognised (such as abattoirs) – potentially strangling access to services.

Strong duopoly of supermarkets in Australia reduces options for food processes and large companies. Major supermarkets are moving to purchase nationally and supply nationally *which often restricts smaller WA producers from having the capacity to grow and supply this market.*

4. **What does food security mean to you? How would this be achieved? How would we know if/when we are food secure?**

Food Security is having a diverse food manufacturing industry that is sustainable across Australia – not just Eastern states focus.

Cost of living is not substantially different in various parts of Australia when looking at average price of a basket of goods.

5. **What are the most important benefits that Australian consumers get or should get from our food supply? Why?**

Quality, consistent product that is safe and clean.

6. **What two or three actions:**

- **by the government sector would most benefit food consumers?**
  1. *Promoting to consumers how safe Australian made food is and standards that are applied ie create a 'value' for food.*
- **by the non-government sector would most benefit food consumers?**
  1. *Provide consistent and accurate labeling of origin*

7. **What do you see as the major opportunities for Australia's food industry in the coming years and decades? How could they be realised?**

   Producer of quality, consistent product that is safe and clean. Regulation and land planning which supports access to productive land and water for food production.

8. **What two or three actions:**

- **by the government sector would most benefit businesses that make, distribute and sell food?**

  Reduce the burden of regulation for food processing companies – cost of navigating regulatory maze, significant regulation of offsite impacts, delays in gaining approvals to operate/function and planning mismatches

  Improve access to skilled and unskilled labour, currently 457 legislation is quite restrictive

- **by the non-government sectors would most benefit businesses that make, distribute and sell food?**

  Developing strong manufacturer/supplier relationships to ensure reliable supply of good quality basic food ingredients

  Food sector needs to promote and market the sector as an attractive sector to work, invest and develop

9. **What specific food policy and regulatory functions within or between governments:**

    - **overlap?**
        - *Land and water access (State and local government)*
    - **are at cross-purposes?**
        - *Infrastructure development and investment (Federal and State government)*
    - **have gaps?**
        - *Inconsistent legislation for exporting companies inter state*

10. **Which regulation or regulatory regime poses the greatest burden on the food industry along the food supply chain (production, processing/manufacturing, transport and logistics, wholesale, retail)? What could be done to reduce this burden?**

    Reduce the burden or regulation for food processing companies – cost of navigating through the regulatory maze, significant regulation controlling offsite impacts (eg waste water management), delays in gaining approvals to operate/function and land planning mismatches (such as urban expansion and zoning issues for food manufacturing)

11. **What two or three actions:**
    by the government sector would most benefit communities that are highly dependent on food production, processing, distribution or sale?

    Legislation controlling access to land and water for food production and manufacturing

    Improve access to skilled and unskilled labour

Chapter 2 Current approach to food policy

12. **Do you think that the development and implementation of government policies related to food are adequately coordinated? If not, please explain why and provide examples. What *mechanisms could the government consider that might address your concerns?***

No.

Examples

Companies that export can be subject to different rules between states yet are expected to export under one set of rules.

Decisions made in one state can impact other states with consistency, eg QSR changes in NSW affecting rest of Australia.

Solutions

COAG – take food production as a priority for reducing inconsistencies in policy, requirements and regulations.

Consideration should be given to focusing on the whole of Australia and production not just the Eastern Seaboard.

Chapter 3 Food security

13. Have all the possible risks to Australia's food security been identified in this paper? If not, what other risks are you aware of?

Recent decisions by Federal Government based on social pressure rather than facts, which stopped the live beef export trade with Indonesia, has jeopardised the future of the Australian agricultural and food industry.

Potential for carbon tax, depending on how it is applied may see a loss of many food businesses unable to absorb additional cost which is contradiction for government's position to keep food reasonably priced. Companies may not be able to absorb another cost to business and production, especially compared to import product price.

14. What specific additional actions by:

- **the government sector would most benefit our food security status?**
  1. *Reconsidering FIRB rules relating to purchase of agricultural land or key infrastructure.*
  2. *Reviewing impact of carbon tax on food processing companies and ability to compete against imported product.*
  3. *Continual grants for upgrading of capital investment to continue encouragement for growth and innovation.*
  4. *Decisions regarding trade should be made not on emotion rhetoric but on fact and genuine industry consultation.*

- **the non-government sector would assist in maintaining our food security status?**
  1. *Many other industries have business continuity plans – assistance for food companies to develop these should be in place, especially in locations of potential natural disaster risk.*

15. Are current arrangements adequate to ensure continuity of Australia's food supply during significant national emergencies? If not, what further action is needed to prepare for food supply emergencies and improve our ability to manage emergencies if they occur?

The greatest distances from major capital cities and infrastructure is in the West. A major push to increase size of towns in the North West, (areas renowned for cyclones etc) will increase level of risk if infrastructure is not available and local companies do not exist.

Federal Government needs to recognise value of states input as opposed to centralization of all activities.

16. What specific actions would help improve food security in remote Indigenous and low socio-economic populations?

More purchasing decisions being made at state level from state based companies as opposed to push for national suppliers only.

Chapter 4 Diet, nutrition, food safety and the consumer

17. Do you see a role for the food industry in supporting population health and nutrition outcomes? If so, what do you believe that role is and what support might industry need in fulfilling this role?

National guidelines and programs should provide information for companies to use to support the initiatives, but with consultation from food industry. Changes to labeling laws etc can have major cost imposts on companies if sufficient time lines are not provided for. Many purchasing decisions are made 12 months or more ahead.

18. Some food industry sectors have developed tools to demonstrate desirable product attributes to consumers, for example through organic or environmental certification. Do you know of any examples of food supply markets that are not adjusting to evolving consumer demands (that is, potential market failures)? What are they and how could they be encouraged to adjust (that is, not fail)?

Not aware of any food industry sectors that are not responding to consumer demands.

19. How do consumer perceptions of food production (across the food supply chain) affect food-related businesses and regional communities? What research has been done on this?

Expectations for rapid adjustment by companies not always possible, R&D etc can be done over a number of years.

20. Are you confident in the food you eat? If not, what aspects concern you? Do you believe food in Australia is safe? If not, please outline which aspects of food in Australia you believe are not safe and what needs to be done to ensure all food in Australia is safe?

Yes, food standards are very high in Australia.

Chapter 5 Competitive, productive and efficient food industry

Investment

21. What are the main drivers of, and barriers to, domestic and foreign investment in Australia's food industry?

Barriers

- *Access to appropriate sites and protection of land availability eg housing developments encroaching on traditional processing sites.*

- *Cost of doing business cited by WA companies as a major issue – energy, land, labour, water*
- *Lack of dedicated food transport network*
- *No incentive schemes dedicated to establish food business in WA*
- *Remoteness in WA, distance from markets, customers, clients,*

22. What would encourage more investment in the food industry?

- *Incentive schemes to establish food businesses*
- *Access to productive land and water*
- *Access to skilled and unskilled labour force*
- *Reduced regulation – regulatory maze difficult to navigate, environmental regulation, planning approval timeframes, planning mismatches*

23. For each part of the food industry, where can new or additional investment contribute to a more competitive food industry and to economic growth? Where do gaps currently exist:

- **along the food supply chain**?
  1. *Investment transport infrastructure*
  2. *Incentives for food processing expansion*
- **in technology or in skills?**
  1. *Improved access to skilled and unskilled labour (overseas)*
  2. *Affordable access to basic industry training*
- **in infrastructure to support the food industry?**
  1. *Access to innovation grants that encourage upgrading of facilities for smaller companies.*
- other (please explain)?
- **Could these be addressed by productive foreign direct investment?**

Not all, some require federal and state government investment.

Capital, stock and infrastructure

24. What are the key issues relating to infrastructure that positively or negatively affect the food businesses along the food supply chain? Is there a role for governments in addressing those issues?

- *Access to land, water and energy*
- *Government needs to ensure that state planning strategies include food as a priority for planning (not just residential)*

25. What barriers to integrating new and emerging technology into Australian infrastructure hinder improvements to the efficiency of the food supply chain?

- *Finance to implement new technology changes are beyond many companies without a substantial grant or business development incentives*

26. What regulatory conflicts in the passage of food or livestock on Australian infrastructure significantly impair the food supply chain?

- *Different regulations relating to licensing of premises and requirements hinders new production sites across states.*

Innovation

27. How could the food industry develop more value-adding and product diversification opportunities? What stops businesses from doing this now?

Encouragement ie incentives for small business to grow and expand. With a duopoly supermarket system making national decisions on product selection, it makes it very difficult for companies to grow and test products. Cost of transport from West to East and difficulty accessing markets for many it's easier to consider exporting than chasing domestic markets.

28. What are the main drivers of and barriers to innovation in Australia's food industry as a whole, and also the sub-sectors and with the different business models that comprise the industry?

Size of many companies is a barrier - as they don't meet the minimum thresholds in many cases.

29. What would encourage more innovation in the food industry?

- *Incentives or grants to support innovation.*
- *Government and industry support (through programs and education) to build awareness of the access to innovation, sharing of ideas etc..*

30. What are the top consumer priorities in product innovation over the next 5, 10 or 20 years?

Will have health and medical benefits:

- *Incorporating natural health attributes in food (eg increase fibre without compromising flavour,)*
- *Incorporating natural medical attributes within food (build immune system, reduce cholesterol, reduce obesity)*

31. What could government do, consistent with a market-based policy approach, to help the Australian food industry take a long-term strategic view to exploit growth opportunities?

Provide legislative, policy and financial support to exploit growth opportunities (eg grants and incentives for R&D to exploit growth areas, legislative relaxation to allow companies to invest in R&D)

32. How could the food industry make the most of emerging market opportunities, including niche markets such as food tourism? Could the Australian Government play a role in this area? Please explain.

Food based tourism already exists in WA, normally combined within wine region.

Dedicated state based positions 50% funded by Australian government to actively grow and develop niche opportunities.

33. How could the food industry research and development agenda be improved to ensure more involvement from industry and more effective identification of its needs and the needs of consumers?

Improved industry consultation (across the entire supply chain – genuine representation) and sharing of market intelligence across the entire food sector – each state of Australia has their particular niche and growth opportunities.

34. What should a successful, innovative Australian processed food industry look like in the short, medium and longer term?

Mix of small, medium and large companies with the ability to grow and develop and continue to innovate. Each State to have a thriving local industry.

Competition will exist in the market and won't be dominated by any 2 players.

Will be diversity in retail, food service and all aspects of the supply chain.

Manufacturing locations will be protected and encouraged and able to expand. (Local Government should protect existing industry sites and allow for food processing sites in all new industrial/commercial precincts)

35. What are the key areas for research and development investment that would produce the necessary productivity gains for the food industry?

Innovation and R&D investment in new technology for production and processing

R&D investment in the medical and health properties of food manufacture.

36. How could the tension between new technology adoption (such as biotechnology or nanotechnology) and public concerns about possible associated risks best be managed?

Genuine unbiased education program to 'debunk' the myths associated with the new technology. Consumer education is critical to the successful implementation of new technology.

37. What could government do to accelerate food research and development to successful commercialisation outcomes?

- *Improve access to R&D (both awareness and services)*
- *Incentives to invest in R&D*
- *Assist companies to build capacity for R&D for commercialisation outcomes*

38. What measures or alternative approaches could the government introduce or encourage that would facilitate greater use of public research facilities by small to medium enterprises in the food industry?

Awareness that research facilities are available but also working with the various state based industry associations in partnership.

Labour and skills

39. Are there labour supply issues with skilled and professional workers in the food industry? If so, what are they, and what causes them? What particular skills or professions are in short supply and why? Is there a role for government in improving the supply of skilled and professional staff?

According to the Food, Fibre and Timber Training Council in WA (FFTTC) , a large percentage of businesses reported difficulty in filling vacant positions in the last 6 months. However, a significantly larger percentage expects to have difficulty filling positions in the next 1 to 3 years. These positions range from unskilled labourers to highly skilled natural resources professionals. Reasons given include: increase in mining activity, no pool of skilled labour/trades, lack of suitable applicants, unattractive sector to attract workers, and uncompetitive wages.

A number of businesses indicated they use refugees visas and need to retain stable workforce. Government needs to work with industry and be more flexible in addressing labour shortages.

Members also indicated that the workforce is an ever increasing problem in WA with a two speed economy in place (mining vs the rest).

40. What aspect of workforce development for the food industry should take priority? Why? Possible choices may include (but are not limited to) building an evidence base, initiatives to attract and retain appropriately skilled people, training to upskill existing people, labour mobility, migration.

Migration.

- *The food sector in particular the meat industry utilises a number of migrant/refugee visas for workforce, especially outside of Perth.*
- *Process needs to be streamlined in terms of getting positions included on list as it hinders an organisations ability to be flexible and to adapt to changing conditions, in a tight labour market.*
- *Issue of base rates applied to positions, rate keeps climbing and is higher than most local position prices – need to differentiate between mining and other industries.*

Attraction and Retention

- *Strategies to encourage younger people into the workforce are vital to the sector, however there are few VET in School programs offered, with the exception of Aquaculture and Wine.*
- *The industry reports difficulty retaining lower level workers.*

Training and Workforce Development

- *The general perception of the food processing industry is poor and there is a lack of a training culture, with the exception of butchers, bakers and pastry cooks where trade qualifications are the industry standard.*
- *Language and literacy has been identified as a significant barrier to training with between 20 and 30% of students having low literacy and numeracy levels.*

- *Risk management and contingency planning is generally lacking across the entire food and beverage sector. Specific training required to develop skills in industry on how to develop plans that deal with crises such as a swine flu outbreak.*

41. Could the Australian Government's current range of initiatives designed to meet the current and future skills needs of employers be used to develop a skills strategy or plan for the food industry? How?

- *A current reform by the Federal Government, will have a negative impact on the Food Processing Sector.*
- *From 11 May 2011 access to the standard commencement incentives to employers for Certificate II level qualifications will only be available for Australian Apprenticeships provided to Indigenous Australians, apprentices with disability, Australian school-based apprentices, the mature aged, those in a rural and regional area and job seekers with severe barriers to employment. The universal access to Certificate II incentives has been removed.*
- *The Food Industry Association believes that this will have a negative impact on the industry stakeholders, particularly in the Perth Metropolitan area including Food Processing and Meat Processing sectors.*
- *These industries typically use Certificate II qualifications as point-of-entry for new staff. The food and meat processing sector uses this qualification for staff who operate and maintain the operation line.*

42. Are you aware of programs to attract and retain new entrants to the field of agriculture working? If yes, how could these programs be improved?

An issue is that the primary agriculture business skills farming courses are closing ie Muresk, etc. Need to identify how university training skills can be retained for agriculture based businesses.

Career pathways not promoted at school level. Training Councils and education departments not able to promote as the relevant schools are closing.

The FIA sits on a committee with the Food, Fibre and Timber Industries Training Council which is currently undertaking a research project into career development within WA high schools. The research is currently underway and a report will be out in August 2011.

Preliminary research has indicated that career development in the high school sector is very ad-hoc and inconsistent. Schools use a variety of methods in providing career information to their students. Some are very good, some are very poor. The research is also showing that people providing this information to students are generally not qualified in career development.

However, among the students, awareness of professional occupations is high. That is, more students are aware of occupations that lead to tertiary education, and many of them are choosing higher education options. However, awareness of semi-professional, semi-skilled occupations are low. Apart from trade qualifications, students don't seem to be aspiring to other vocational pathways.

43. What could be done to use growing student interest in environmental issues to meet the skills needs of the food industry? (For example, the decline in supply of agricultural science graduates has corresponded with growth in environmental science graduates—there are crossovers and shared interests for these study pathways).

In WA, the salary differential (for both skilled and unskilled labour) between the mining and the food industry sector is so great that environmental scientists/experts will more than likely move into the mining sector. There are clearly some crossovers for study pathways, but the financial incentive is not there.

44. What could food businesses do that would enable them to function effectively with a less abundant supply of labour? Are there any barriers to making these changes?

Financial cost of technology is a significant barrier. A different skill set for staff will be required. This would result in fewer staff, but an increasing in training or change in recruitment practices. For many the changes would require significant investment in technology such as robotics which is a significant capital and staff training cost.

Chapter 6 Sustainable food industry

45. What else could governments or non-government groups do to promote economic and social sustainability of food production, processing, or distribution (including resilience to economic or other shocks)?

The Australian food industry has some great expansion opportunities within the food security area which will need to be supported by appropriate legislation to manage foreign investment to ensure that the country has a secured food industry sector for all Australians.

46. What region-specific issues should be taken into account in a national food plan?

WA has some peculiar attributes to its food industry which need to be taken into consideration in a national food plan as they all contribute to the cost of doing business in this state, which include but are not limited to

- *No incentive schemes dedicated to establish food business in WA*
- *Remoteness – distance from markets, customers, suppliers constrains ability to build effective networks*
- *Lack of industry support services eg equipment and packaging*
- *Lack of dedicated food transport network (especially rail)*
- *Limited access to raw ingredients in WA, which adds to the cost of manufacture*
- *Competition from the mining sector for skilled and unskilled labour force.*
- *Issues relating to State Planning Strategy and increase of population by 2050 by 1.5 million*

48. What (if any) contribution could action on food waste make to improving the sustainability of Australian food supply chains? What are the best opportunities to reduce Australia's generation and landfill disposal of food?

Are these subject to market failures (that is, the private sector does not have commercial incentives to better manage food waste)?

There are a number of programs operating in Australia such as Foodbank WA(focuses on packaged and processed goods) and Food Rescue (focuses on restaurants and growers, fresh food products) to manage food waste, however commercial incentives may also be required to assist the private sector.