

21 December 2022

Committee Secretary
House of Representatives Standing Committee on Agriculture
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ARA SUBMISSION TO HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON AGRICULTURE REGARDING THE INQUIRY INTO FOOD SECURITY IN AUSTRALIA

INTRODUCTION

The Australian Retailers Association (ARA) welcomes the opportunity to make a submission to the House of Representatives Standing Committee on Agriculture (the Committee) regarding the inquiry into food security in Australia.

The ARA is the oldest, largest and most diverse national retail body, representing a \$400 billion sector that employs 1.3 million Australians – making retail the largest private sector employer in the country. As Australia's peak retail body, representing more than 120,000 retail shop fronts and online stores, the ARA informs, advocates, educates, protects and unifies our independent, national and international retail community.

We represent the full spectrum of Australian retail, from our largest national and international retailers to our small and medium sized members, who make up 95% of our membership. Our members operate in all states and across all categories - from food to fashion, hairdressing to hardware, and everything in between.

The ARA's membership includes Australia's largest supermarket retailers and quick service restaurants, as well as many small businesses retailing food, thus accounting for a significant share of the food market and supply chain. We have consulted with our members in relation to this submission, including the members of our Supply Chain Advisory Committee.

Our comments in this submission relate to our members' concerns with the distribution and sale of food within Australia. We have not commented on issues around the export of food.

We have made comments on the terms of reference and recommendations for the Committee's consideration below.

STRENGTHENING AND SAFEGUARDING FOOD SECURITY

1. National production, consumption and export of food

While Australia enjoys comparatively favourable food security, recent events and global economic pressures have demonstrated the need to ensure the country's long-term food security.

The fresh produce sector is particularly vulnerable to the impact of climate change and weather events such as the floods that we experienced in the last two years, as well as droughts and bushfires. Specifically, recent floods have resulted in damaged crops or delays to typical planting seasons due to soil erosion.

Labour shortages, exacerbated by the impact of COVID-19, have also continued to disrupt the production and distribution of fresh produce.

For example, primary producers have struggled to find pickers for fruit crops, with the Department of Agriculture¹ estimating that the total number of workers in Australian horticulture has decreased 20% over the last three years, mostly driven by a 66% decrease in the supply of overseas contract workers.

While there have been increases in the labour supply from Pacific Island contract workers, production increased 2021-22 due to efficiencies gained through changing production systems and management practices. However, more work is needed to ensure long-term resiliency and adequate labour supply for seasonal demand, particularly for smaller scale horticulture industries.

2. Access to key inputs such as fuel, fertiliser and labour, and their impact on production costs

Increasing costs of key inputs has impacted on businesses all along the food supply chain. This is particularly impacting on more energy-intensive food processing and manufacturing businesses, and those businesses with high fuel costs due to transport and on-farm equipment.

At the retail level, these rising costs are inevitably passed onto consumers in the form of price increases, despite the best efforts of retailers to minimise costs and keep prices affordable.

3. The impact of supply chain distribution on the cost and availability of food

Several factors have impacted on supply chain in 2022 that have, in turn, impacted on the cost and availability of food. These include:

- Access to transport has been affected by both a labour and infrastructure shortage with increased competition for both drivers and vehicles
- Flooding events have meant re-routing was necessary, in turn, increasing distance and travel times by road.
- Rail lines have been closed due to flooding events, putting even more pressure on road transport alternatives.

4. The potential opportunities and threats of climate change on food production in Australia

Climate change clearly poses a risk to food production and security. As outlined above, the increasing frequency of floods, droughts and bushfires will disrupt food production and distribution. Further, climate change also introduces a heightened risk of pests and diseases. Maintaining Australia's biosecurity is fundamental to ensuring long-term food security.

ARA RECOMMENDATIONS

The ARA makes the following recommendations that we strongly submit would assist to strengthen and safeguard Australia's food security, particularly as the impacts of climate change are expected to continue to disrupt both production and supply chain distribution.

- 1** Further investment in rail infrastructure to build resilience and minimise interruptions to freight services due to flooding and other adverse weather events.
- 2** Consider and potentially invest in domestic shipping as an alternative to rail and road transport, particularly between Western Australia and the eastern states.

¹ [Labour use in Australian agriculture: Analysis of survey results, 2021–22 - DAFF](#)

- 3 Continue to invest in skills and training to alleviate the labour and skills shortages.
- 4 Adjust migration policy settings to ensure seasonal demand for labour in horticulture can be met.
- 5 Improve efficiency of emergency management protocols processes for when road and rail lines are disrupted and alternative modes and routes need to be used.
- 6 Invest in further research into innovative farming and growing technologies to ensure Australia is safeguarded from the effects of climate change on crops.
- 7 Encourage collaboration between government, agencies and industry to develop a national food security roadmap, potentially through the Food and Grocery Sector Group under the auspices of Home Affairs Trusted Information Sharing Network.

Thank you again for the chance to provide a submission to the committee. We look forward to further engagement and would welcome the opportunity to appear at any public hearings as the inquiry process progresses.

Any queries in relation to this submission can be directed to our policy team at policy@retail.org.au.

Yours sincerely,



Paul Zahra
Chief Executive Officer