April 20th 2012

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Senate Select Committee on Australia’s Food Processing Sector,  
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Further allied comments on TFGA submission  
You will recall our brief conversation over lunch when I made brief reference to the  
historical role that grower owned co-operatives had played in facilitating the flow of supply chain  
financial information back to growers – where supported by properly structured boards and their  
independent management. (McKinna et al also made oblique reference to it in their submission to the  
Inquiry)  
Whilst growers often remained suspicious of the money being made by their value-adding organisations  
– some boards not being able to overcome the “us and them” mentality between grower production and  
processing - the disappearance of co-ops means this mechanism is largely gone.  
Accordingly, it is considered important that an Inquiry such as this does what it can to present data which  
dispels myths and encourages collaboration that helps “pain sharing” – especially in this very tough – high  
$A currency environment.  
We know growers are very good at dealing with adversity where staying competitive is a shared battle  
and rather than assume the competitive structural pressures will win out, my experience tells me that  
open-book sharing of financials can play a huge role in what is a cyclically tough time for relatively labour  
intensive industry.  
That said, many value-adders are quietly making adjustments that are improving processing efficiency  
and with tax effective R&D support and competitive pricing of government services, they can continue to  
do so.  
The sustained highest value of the $A in 30 years coupled with labour cost inflexibility has, caught  
industry by surprise. And, it needs to be remembered that it is the production scale and market access for  
existing products that underpins the development of innovative new customer focused products.  
With this in mind, we can be reasonably sure that the rapidly rising standard of living of our Asian  
partners will do the rest. It just takes time.

Kind regards,

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