The food processing industry is faced with the toughest conditions I have seen in my 14 years as a Managing Director in the industry. This spells the end of the line for many small to medium sizes businesses and is even putting significant pressure on large businesses as well.

I would say that we are fighting for survival and that the factors facing all of us, as briefly detailed below, are creating unsustainable conditions for local food processors that have a reasonable portion of business in the retail market segment.

Some of these factors include;

- A lack of competition in the retail sector and abuse of market powers by the 2 major retail chains in Australia is leading the cause.
- Independent retailers are unable to compete and deliver sustainable volumes for manufacturers that have invested in growth to supply the national market.
- Weakness in the food service industry has meant alternative domestic markets are not sufficient or available to provide a sustainable supply base.
- The cost of employment has significantly increased with no reasonable increase in the industry's ability to get better prices or even maintain sustainable operating profit margins or ROI.
- The flexibility of employment terms has gone with casual employment getting smashed with a 5% increase and then any form of regular hours requiring an offer of full time employment when this isn't practical for the business.
- The cost of compliance plus the time to keep up with and administer it in small-medium business has become overwhelming, absolutely terrifying as an employer, and realistically unachievable for majority of operations.
- The ever changing and increasing employer obligations under the current government have become so arduous that it has become disincentive for employing staff in Australia.
- The only path forward, as we are locked in to this cycle, is to mechanise everything possible to reduce labour cost and staff which requires significant investment and capital to be able to do so.

- The price we are able to achieve for our products is stagnant at best, and in many cases deflationary due to the promotional requirements being forced upon us by the 2 major chains to keep our placement on their shelves.
- Almost every input ingredient, labour included, has increased significantly over past few years and in many cases we are having difficulty even getting core ingredients due to market shortages or monopolies control the supply for higher prices.
- The Australian dollar has made export markets difficult if not impossible to compete and closes the door on the final market opportunity outside of the domestic conditions above.
- China is buying our major farming land with the strategy to feed their own population, not ours, and we are letting this happening under our noses. In 2050 the world will not be able to feed itself and we have (or did have) the resources to sustain ourselves across all industries and yet we do not create a fair trade environment where we can value add our own resources through Australian industry. China and the world are laughing at us!
- Cheap imports are competing with our domestic market that do not have the quality, conditions, regulatory requirements, compliances or controls that we are required to meet and nothing is being done to stop this.
- Now electricity, water, gas are all increasing at a rate that will significantly impact all manufacturing businesses with no way in the current market to raise prices and remain on shelves in the major retailers.
- The carbon tax will further impact this and add more compliance and price/margin pressures.

When will we realise that this is killing local industries and that this is not the right strategy for the long term sustainability and security of our food resources and industry?

The scary answer and reality seems to be when it is too late and we grow products that get sent offshore, processed by cheap labour in third world conditions, and then sold back to us with no comparable level quality or safety but at a cheaper price… Or even worse seeing our own food grown and sold offshore to countries that recognised and embrace (or now own) our quality produce while we import cheap inferior products from third world producers.