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Opening Address

Joe Ludwig

Paper prepared for presentation at the “The Supermarket Revolution In Food: Good, bad or ugly for the world’s farmers, consumers and retailers?” conference conducted by the Crawford Fund for International Agricultural Research, Parliament House, Canberra, Australia, 14-16 August 2011

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Opening Address*

Senator the Hon. Joe Ludwig
Minister for Agriculture, Fisheries and Forestry



The Crawford Fund's work in promoting and supporting international agricultural research, begun in 1987, becomes more relevant with each passing year. I congratulate the Fund on its commitment to supporting developing countries, tackling food security and alleviating rural poverty.

Challenges and discussions

This conference agenda covers plenty of ground in what is a very wide debate that impacts right across our community. Food and supermarkets are a universal issue.

As this conference clearly is designed to discuss, we should not underestimate the impact that the supermarket revolution has had on the production, supply and management of food — and also on the understanding of food.

The divide, or the gap, between the farm gate and the consumer is larger than ever, and it sits at odds with modern consumer trends. Consumers can purchase a wider range of products than ever before and are aware of foods, flavours and meals that were unheard of a generation ago. Yet the typical consumer now has much smaller knowledge of, and is much further from, the farm gate and food processor than were earlier generations.

I raise this dichotomy between food knowledge and food production knowledge not to indicate a problem but to paint a picture of this changing environment. At the same time, discussions around supermarket power in the marketplace continue, highlighted most recently by the pricing decisions taken by retailers on milk, bread and beer. Those price decisions raised the underlying issues of supermarket power, the bargaining positions of farmers and processors, and community views around the price and production of their staple items. The question of dairy pricing is before a Senate committee at present. I note also important work and focus that Hon. David Bradbury MP, Parliamentary Secretary to the Treasurer, is doing in regard to competition policy, including in this sector.

We all face the challenges of diminishing natural resources, climate change, skills shortages and an increasingly integrated global marketplace. The value that conferences such as this can bring is through the sharing of ideas among colleagues and also, I hope, solutions and inputs for policy makers.

These are significant challenges right across governments, and as Minister I look forward to continuing to work with industry and organisations such as the Crawford Fund on them.

* This is an edited version of Senator Ludwig's address.

Domestic food security

In this country we are in the fortunate position of producing significantly more food than we consume. In recent years we have been able to export more than half of the food we produce, while still ensuring that around 98% of the fresh produce sold in Australian supermarkets is grown and supplied by Australian farmers.

However, even in our own country, where we have a consistent and reliable supply of high quality food, some challenges still remain. In particular, small and remote communities face high costs of freight and storage infrastructure, and their small size can make them unattractive to major retail outlets. I also understand that in our major cities and towns, information from not-for-profit organisations like Foodbank (a group that organises distribution of food to the needy in Australia) suggests that many Australians go without a consistent supply of food.

Of course environmental conditions and natural disasters can also threaten food supply, as we have seen during the extraordinary natural disasters early this year.

As you consider these very important issues here today, know that they are of utmost importance to the Government and high in our policy development priorities.

National Food Plan

The Australian Government is working to develop Australia's first National Food Plan, which links food security issues with a whole-of-supply-chain approach.

While there are currently many government policies, programs and regulations relating to food, these are not reflected in a single overarching national food policy. We need innovative and collaborative solutions that reduce regulation and ensure better integration of food-related policy across the supply chain, from producers to consumers and across all governments in Australia. A collective approach will help protect and improve Australia's enviable food security status, support population health outcomes and maximise food production opportunities.

The National Food Plan will be developed through a thorough, consultative and collaborative process and ideally will have input from all stakeholders in the food supply chain. Consultation also gives us a chance to examine the current regulatory environment across the supply chain to identify possible regulatory impediments and reforms.

Supermarkets and food continuity (Lessons from Queensland floods)

The Australian Government wants to ensure that mechanisms are in place to support food production and food supply when disaster strikes: disasters such as those of the summer of 2010–11, with floods at the east coast and in Tasmania and at Carnarvon on the west coast, cyclones in Far North Queensland, and bushfires in Perth.

Australia's summer of disasters severely tested many food supply systems, as initial reviews and advice have shown, although there were no long-standing food shortages. Where the risks of significant food shortages were minimised in towns and communities it was through good business planning by the major organisations, in particular the retail and transport sectors, which were able to provide very effective services. While the disasters hit individual regions hard, there was a national food-industry response. Food-industry resources and supplies were mobilised from across the country to support affected areas. I saw the good work of Foodbank firsthand just days after the peak of the Brisbane floods and saw also the emergency management and planning of some major retailers — including relocation of South East Queensland cold storage facilities by the major supermarkets. Quick action from major retailers and not-for-profit groups alike meant that while there was some delay there were not long-term food shortages, particularly in vital fresh items.

The natural disasters also highlighted some weaknesses in the system. The strict 'just-in-time' nature of supply chain logistics means that, when problems occur, they have an immediate impact. Priority access to additional transport resources, fuel, and continuity of packaging supplies, and the need for agricultural producers to have access to feed supplies and transport to get produce (especially milk) to markets or processing facilities, are often overlooked.

A number of regulatory impediments hindered the response, including unnecessary enforcement of local trading hours and transport registration restrictions. Significant responsibility is delegated to local governments to respond to the food needs of those people in their communities in distress in times of crisis. The government is in the process of reviewing the lessons learned to see what might be needed to address identified and emerging issues. Food continuity will also be addressed as part of the development of the National Food Plan.

Global food security

Touching briefly on global affairs, food security is at the nexus of many challenges confronting the international community, and it therefore requires a global response in which Australia must play an active role.

As the Crawford Fund knows and has long championed, multilateral cooperation is crucial to achieving successful outcomes. We have to work together, sharing information and streamlining processes as part of addressing the huge challenge of world poverty. The Australian Government has been engaged in the G20 Agriculture Ministers meeting and the United Nations FAO meetings in Rome. These forums are important for countries working together to lift agricultural productivity and meet growing demand globally for food.

In the current climate, in speaking about food security it is impossible to ignore the situation at the Horn of Africa. The images that have come out of that region demonstrate the global food challenge in a very confronting way. The Australian Government has made \$83.2 million in commitments to the

Opening Address

region for emergency food and nutrition support, water and sanitation services, emergency shelter and protection for women and children in refugees camps, along with agricultural and livestock support.

Conclusion

In closing, the Australian Government is keen to support a vibrant food industry across the entire supply chain to ensure the continued supply of high quality healthy food to Australians and the world.

With science, creativity, innovation, research and partnerships, we can continue to ensure long-term prosperity for our food production, processing and distribution industries, and take steps to improve food industries in developing countries.

The collaboration that is encouraged by organisations such as the Crawford Fund is important to ensure the food security of the most vulnerable communities. I commend the organisers and participants in this conference, and I am sure it will be informative and productive. I look forward to working with you all into the future.

Senator the Hon. Joe Ludwig, Minister for Agriculture, Fisheries and Forestry, a Senator representing Queensland, began his career as an Industrial Inspector and Training Consultant, before moving to the Queensland Branch of the Australian Workers' Union. First elected to the Senate in 1998, he was appointed to his current role in September 2010. Senator Ludwig has been Manager of Government Business in the Senate since 2007, having previously been Manager of Opposition Business in the Senate, 2001–07. He has also previously served as Minister for Human Services, Special Minister of State and Cabinet Secretary, Shadow Minister for Justice and Customs, Citizenship and Multicultural Affairs, Shadow Attorney-General, and Parliamentary Secretary to the Shadow Attorney-General and to the Shadow Minister for Homeland Security.