

30 April 2021

Productivity Commission  
Level 8, Two Melbourne Quarter  
697 Collins Street  
Docklands Vic 3008, Australia



To whom it may concern,

**Re: Interim Report into Vulnerable Supply Chains**

The Victorian Farmers Federation (VFF) welcomes the opportunity to comment on the Productivity Commission's Interim Report into Vulnerable Supply Chains.

The VFF has been the voice of Victorian farmers and rural communities since 1979, helping to create a profitable, sustainable and socially responsible agricultural industry connecting with all Victorians.

Recognising the critical role of agriculture in ensuring Australia's food security, the VFF are deeply concerned that agricultural production is not included within the scope of the inquiry and do not support the assumption stated in the report that 'no disruptions to global supply chains are likely to affect access to food within the six month time frame under consideration so the remainder of the report excludes food'.

There has been little formal examination of the broader risks to the agricultural production supply chain within previous reviews of food security which have instead largely focused on the impact on consumers rather than potential risks for food production itself.

While Australia is considered one of the most food secure nations in the world, exporting around 70% of produce, agricultural production is highly reliant on imported inputs such as fuel, fertiliser and chemicals with very limited stocks typically held onshore.

Supply chains for these inputs are highly concentrated, with the vast majority of chemicals and fertiliser are sourced imported from China.

As producers of essential perishable goods with set periods of annual production, security of supply and timelines of supply of critical inputs are essential.

For example within the grain industry, the annual seasonal periods of sowing represent high risk periods for Victorian producers with any delays in accessing fuel, chemicals or fertiliser risking significant impacts to annual production.

The finding that *'though important in the long run, disruptions to the supply of capital goods that might appear vulnerable are unlikely to affect wellbeing in the short run'* fails to understand the time sensitive nature of agricultural production.

The vulnerability of Australia's reliance on such a concentrated supply chains was highlighted during the early stages of COVID-19 when many farmers experienced delays accessing chemicals and

fertiliser during the critical sowing period. After a number of years of drought, there were already very limited stocks of grain and rice available in the country and any further difficulties accessing chemicals could have severely curtailed production.

The VFF would urge the Productivity Commission to review agricultural production security and to explore the feasibility of increasing domestic manufacturing for critical inputs.

Please do not hesitate to contact Grains Senior Policy Advisor Annabel Mactier if you would like to discuss this matter further.

Yours sincerely,

Emma Germano,  
**President, Victorian Farmers Federation**