

AFGC continues to support competitive tax reform

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"Unless Australia has a competitive economy – including taxation and production costs – and there is confidence in the future of the sector in this country, there could be the closure and or offshoring of domestic manufacturing. If offshoring occurs, it will be difficult to move these investments back to Australia, which will reduce the future diversity and resilience of the Australian economy," said Ms Barden.

"It is critical to the viability of the sector that companies increase investment in factory modernisation as well as increase value adding within Australia, while driving jobs growth. The sector requires a competitive, stable and growing economy to underpin long-term investments."

"We run the risk of being internationally uncompetitive, while Australia's company tax rate has remained frozen for the past 17 years, while our international rivals have reduced their company tax rates," said Ms Barden.

The AFGC has also been arguing for a suite of policies that stimulate business investment at a time when the \$127 billion food and grocery sector is facing rising input costs especially energy prices.

"Continuing to stimulate investment in site modernisation is critical particularly in light of mounting input cost pressures. We are now in danger of drifting into a low investment trap, where uncertainty about return on investment flowing from retail price deflation and rising costs are seeing investment decisions deferred or dumped," said Ms Barden.

"In its 2017-18 Pre-Budget Submission the AFGC recommended that a targeted investment allowance is adopted to bring forward investments in Australia, to retain jobs and businesses here, particularly in regional areas where approximately 40 per cent of the sector's jobs are located."

"Stimulating investment is critical at a time when a step change upwards in investment is required to fully capitalise on improved market access and growing demand from middle-class consumers in the emerging economies of Asia and the Middle East."

"The Australian food and grocery sector is Australia's largest manufacturing sector and roughly employs 2.6 per cent of the Australian workforce."

"We welcome an ongoing focus on the fundamentals for continued growth, including creating an environment conducive to higher business investment, with reduced red tape and other initiatives which will encourage jobs and growth," Ms Barden said.