

BUSINESS MANAGEMENT AND DEVELOPMENT

Policy statement

The issues

Queensland is Australia's premier state for fruit and vegetable production, growing one-third of the nation's produce. Overall, there are around 2,800 farms producing more than 120 types of fruit and vegetables. Our state enjoys the advantage of being able to supply export and domestic markets all year, and is the dominant supplier during the winter months. The majority of Queensland's exports go to Asia, with our main export markets being Hong Kong, New Zealand, Indonesia, Singapore, Japan, Malaysia, Papua New Guinea and the Middle East.

The commercial fruit and vegetable growing industry is highly competitive, made up of small, medium and large enterprises operating with a range of business models and markets. The industry is driven by market forces, rather than being regulated by quotas or licenses. Growers expect that they will be able to operate in a reasonable business environment, with opportunity for fair competition.

Growcom undertook a study on the value chain in 2004¹ which provided insight into the factors impacting on horticulture business management and development. These factors include:

- Retailers having enormous power down the chain as they strive to secure the consumer dollar, which is driving the structure and nature of produce.
- A greater focus on the use of information technologies (IT) across the chain to provide improved information and communication dissemination.
- A greater focus on the domestic market, which is generally oversupplied, has many producers, has ineffective communication, is strongly competitive lacks price transparency.
- There was limited evidence of the use of formal contracts specifying the nature of the business relationship between producers and wholesalers.
- There are limited risk management strategies being undertaken by producers, however some more sophisticated growers are undertaking such strategies such as growing products across a variety of regions to minimise the impacts of adverse weather events.

Overall, the changing nature of the horticulture industry continues to have an impact on business management and development, as well as industry productivity and growth. This is

further being influenced by factors such as the size of farming operations, biosecurity issues, availability of labour, management of human resources, the value chain, international competitiveness, natural resource management and climate variability. These issues are placing enormous change pressures on the Australian production system

Our position

Growcom believes that horticultural enterprises should be able to operate in an environment:

- With transparent relationships in the value chain.
- Where relationships between suppliers and customers are not distorted by market power.
- With opportunity for market growth by meeting consumer demands.
- With a reasonable cost of doing business.
- With reasonable sharing of risks and rewards.

Our commitment

Growcom is committed to improving the business environment in which growers operate, through the value chain and the regulatory environment, and by providing pathways to practical outcomes for members, including continuous improvement in agriculture, marketing and business.

Our expectations

Growcom expects that horticultural producers will be able to operate in a reasonable business environment, with opportunity for fair competition. We expect that other stakeholders involved with the industry will consider the industry's costs of production when making decisions affecting our members.

Our agenda items

Issues to be considered within the broader farm business management policy heading include:

- Market development.
- Market access.
- Industry trends.
- Cost of production.
- The international competitiveness of the Queensland horticulture industry.
- Horticulture Code of Conduct and voluntary industry codes.
- Encouraging entrepreneurship and innovation
- Product development.
- Value chain alliances.
- Encouraging export opportunities.
- Ownership of produce and contract management.
- Best practice/benchmarking.
- Risk management.
- Financial management.
- Biosecurity.
- Labour and skill shortages.
- E-Commerce.
- Industry exit strategies.
- Succession planning.
- Managed Investment Schemes
- Food safety and food quality.