

ECONOMICS

Policy statement

The issues:

Throughout Queensland's history, primary industries have been a significant contributor to the state's economy. Horticulture is a large, growing sector worth around \$2 billion at the farm gate and is Queensland's second largest primary industry. Horticulture is also a major driver of regional development and employment.

The horticulture sector plays a vital role in regional economies of Queensland, enhancing the economic diversification of small communities. This was demonstrated during the devastation to the far north Queensland horticulture industry as a result of Cyclone Larry.

Queensland's horticulture industry is:

- A major contributor to regional economies, and the mainstay of many regional communities.
- Forecast to exceed beef in value in 2011 as Australia's largest agricultural commodity produced
- The largest high quality supplier of fresh fruit and vegetables to Australian consumers.
- A diverse industry utilising a range of production methods in different locations and climates.
- A resource base for significant value adding throughout the food, transport, wholesale and retail industries.
- The most labour intensive of all agricultural industries, with labour representing as much as 50% of the overall operating costs.
- A high value and efficient user of water resources in terms of agricultural production.
- A source of income for many families and businesses in regional Queensland.
- An industry with significant links to the tourism industry, providing income for thousands of backpackers and "grey nomads" each year.
- The site for a number of emerging agricultural industries including olives, Asian vegetables, exotic tropical fruits, culinary herbs, bush foods, functional foods and nutraceuticals.

Horticultural enterprises operate subject to numerous factors including rising input costs, market variability in supply and demand, climatic conditions, biosecurity issues, labour shortages, government policy and international economic conditions, making economic, social and environmental issues a major influence on farm profitability.

Despite the increasing pressure on individual businesses, the horticulture sector has continued to grow in recent years (between 2002 and 2009, the gross value of fruit and vegetables produced in Queensland increased by 130%¹).

Our position

Growcom's policy is to support an economic climate favourable to enhance the viability of farming enterprises, and to support and lobby for programs and policies that will benefit horticulture and rural communities.

Our commitment

Growcom will support the continued improvements in performance and growth of the horticulture industry by:

- Promoting the position of horticulture as the 'new economy' in agriculture – the major growth sector in primary industries.
- Lobbying government to ensure that legislation impacting horticulture is not burdensome and does not produce unintended consequences.
- Ensuring that decision makers, key stakeholders and the public understand the importance of the horticulture sector in Queensland's economy.
- Creating an understanding about the operation of the marketplace and supply chain as it relates to horticultural produce and on the policies that need to be implemented if it is to operate effectively, producing commercial, social and environmental benefits.
- Promoting the environmental, economic and social sustainability of the horticulture industry and lobbying government on policies and programs that enhance the industry's ability to further achieve these goals.

Our expectations

Horticulture businesses have an expectation that Government policies and programs are conducive to economic conditions that allow industry to perform to the best of its ability.

Our agenda items

Issues to be considered under the economics policy area include:

- Labour and skill shortages.
- Market dominance of retail chains.
- Transparent and fair trading environment.
- Managed Investment Schemes.
- Climate change.
- Terrorism and national security issues impacting on the horticulture industry.
- Horticulture Industry Future Directions plan.
- Cost of production and input cost issues.
- Enhancing triple bottom line sustainability through economic success.
- Encouraging R&D investment and extension activities.
- Developing capability within the industry and incentives for structural adjustment.
- Finance availability, taxation and interest rates.
- Exchange rates.

¹ Source *Australian Bureau of Statistics, Value of Agricultural Commodities Produced, 2001-02 and 2008-09.*

- Industry packages and programs – Farm Management Deposits, FarmBis, adjustment, natural disaster relief assistance, exit strategies.
- The potential impact of policies implemented to meet National Competition Policy objectives.
- Diesel fuel rebates.
- Stamp duty.