



SUBMISSION ON THE

Agricultural Competitiveness Issues Paper

April 2014

About Growcom

Growcom is the peak representative body for the fruit and vegetable growing industry in Queensland, providing a range of advocacy, research and industry development services. We are the only organisation in Australia to deliver services across the entire horticulture industry to businesses and organisations of all commodities, sizes and regions, as well as to associated industries in the supply chain. We are constantly in contact with growers and other horticultural business operators. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

The organisation was established in 1923 as a statutory body to represent and provide services to the fruit and vegetable growing industry. As a voluntary organisation since 2003, Growcom now has grower members throughout the state and works alongside other industry organisations, local producer associations and corporate members. To provide services and networks to growers, Growcom has about 30 staff located in Brisbane, Bundaberg, Townsville, Toowoomba and Tully. We are a member of a number of state and national industry organisations and use these networks to promote our members' interests and to work on issues of common interest.

Growcom welcomes the opportunity to respond to the Agricultural Competitiveness Issues Paper and the ongoing White Paper process. We commend the government for taking a pro-active approach to ensuring agriculture can reach its full potential. That said, we have engaged in a number of similar consultation processes over the last decade and we hope that the policy initiatives that emerge from this process are able to address the long-standing issues raised by the agriculture sector and go beyond short-term political fixes. As part of taking a pro-active and positive approach, Growcom is outlining solutions as well as issues in this response.

About the horticulture industry

The Australian horticulture industry is a highly valuable component of Australia's agricultural sector and in 2012 was valued at \$7.56 billion¹. Queensland is Australia's leading state for fruit and vegetable production, growing one-third of the nation's produce and supplying most of Australia's bananas, pineapples, mandarins, avocados, mangoes, beetroot, fresh tomatoes and capsicums.

There are two components of the horticulture industry: production horticulture which includes the fruit, vegetables, mushroom and nut industries; and lifestyle (or non-food) horticulture which includes turf, cut flowers and nursery production.

The production horticulture industry is:

- **Diverse** – well over 100 different crops are grown in a wide variety of locations and climates
- **Intensive** – growers achieve high levels of production on comparatively small areas of land through high capital investment, intense crop management methods and efficient use of water.
- **Highly productive and high value** - the market value of horticultural produce per hectare of production is very high compared to most other agricultural commodities.
- **Extremely competitive and market driven** – competition amongst growers within and among horticultural production regions is intense. The industry is highly geared towards meeting customer requirements and market trends. Growers invest significant effort to deliver high standards of quality and food safety. Yet growers are price takers rather than price makers, because the retail trade of horticultural produce is dominated by Australia's two retail giants.
- **Labour intensive** – horticulture is a highly labour intensive industry, where labour costs represent as much as 50 per cent of overall operating costs for many businesses. There is a very strong dependence on both permanent and casual labour for the production, picking and packing of horticultural produce.
- **Energy intensive** - production, packing, transportation and maintenance of the cool chain for horticultural products from farm to consumer is highly reliant on electricity and diesel power.
- **Driven by family businesses** – horticultural enterprises are typically family businesses, and while most would fall within the small business classification, some have grown into large, family-run but corporate-style enterprises.

In the development of agricultural policy, it seems horticulture is often positioned as a minor industry, very much in the shadow of broadacre agriculture. Yet, horticulture is Australia's second largest primary industry (see Table 1).

Table 1: Value of selected agricultural commodities (\$ million) (ABS 2010a).

Commodity	2008	2009	2010
Total grains	9,164.60	8,906.90	6,897.60
Total production horticulture	7,813.80	7,096.30	7,083.00
Cattle and calves	7,353.30	7,451.70	7,267.70
Sheep and lambs	2,167.90	2,492.20	2,627.00
Whole milk	4,571.70	3,987.60	3,371.30

The Australian Horticultural sector is made up of over 18,158 businesses that directly employ 59,500 people employed in growing fruits, vegetables, nuts and extractive crops for the domestic and export markets, and a further 6,250 persons are employed in fruit and vegetable processing (excluding wine manufacturing). Approximately 87% of horticultural production is irrigated (ABS 2010b).

Horticulture products are predominantly consumed domestically, with 98% of fresh product being grown in Australia. That said, when processed fruit and vegetables are included (i.e. frozen or canned) we are actually a net importer of fruit and vegetables.

¹Australian food statistics 2011-12, produced by the Commonwealth Government's Department of Agriculture, Fisheries and Forestry

Introduction

The horticulture industry is quite distinct from the broader agriculture sector and has a unique set of constraints and opportunities. It is essential that policy makers appreciate horticulture's specific characteristics and needs when developing strategies for a competitive agricultural sector. As a matter of priority there is a need to raise the profile of the horticulture sector to ensure the Australian community appreciates the value and importance of the industry and to ensure our growers can continue to be proud to be farmers. A positive industry profile will increase the attractiveness of the industry to young people leading to enhanced innovation and profitability. Profitability leads to investment, ensuring the long term survival of this important industry.

Farm profitability is the number one issue raised by our members in discussions around the long term competitiveness of Australia's horticultural sector. Obviously there are a number of facets to this issue but the message is very clear, if farm profitability cannot be improved then the long term future of our horticulture sector is in doubt.

Growcom has identified a number of opportunities at a national level to build a more resilient and robust horticulture sector. The most important opportunities are to:

1. create the conditions for a competitive and profitable horticulture industry
2. invest in information and research for the future
3. strengthen Australia's biosecurity system
4. pursue a cohesive and strategic approach to maximising export opportunities
5. build a strong horticultural workforce
6. foster a culture of healthy eating amongst Australians
7. protect and support horticultural and agricultural production areas
8. support natural resource management

Fundamentally, to address the issues of farm profitability we must ensure input costs are kept to a minimum and opportunities for profit are maximised. Increasing production without increasing returns to growers, either through increased consumption or better prices, will not lead to a more robust horticulture sector.

1. Create the conditions for a competitive and profitable horticulture industry

Horticulture growers are experiencing excessive regulatory compliance costs and ever increasing constraints to their competitiveness in both domestic and international markets. It must also be recognized that farming is an inherently risky business. Risk management is increasingly understood to be an important dimension of any producer's operation and growers must have access to tools that help them to effectively understand and manage risk. There also needs to be recognition, however, that growers' capacity to manage risk has been compromised by policy decisions made by state and federal governments across a range of areas including planning and natural resource management to chemical regulation and workplace health and safety. An essential aspect of providing a policy environment conducive to a competitive horticulture sector, therefore, is an overt commitment by the Australian Government to the essential place of agriculture in the Australian economy and the establishment of a clear process to assess and mitigate unintended consequences of policy decisions on agricultural industries.

Beyond these overarching principles, we have outlined below specific issues and opportunities that would provide a supportive environment for a competitive horticulture industry.

Input Costs

Australia is considered to have the highest costs of production of any country in the world and is the second lowest recipient of Agricultural subsidies² in the OECD . For us to be able to compete domestically and internationally there needs to be downward pressure on input costs, as they are increasing at a much greater rate than farm gate returns. It is naive to assume that increased access to export markets will automatically redress this imbalance. For example, growers have been investigating selling premium broccoli into Japan and despite being able to attract a much higher price than equivalent product from any other country, the price on offer is still \$4/box less than the cost of production.

Obviously some of these costs are beyond the control of government but there are some areas which can be directly and positively affected by government policy. These include energy, labour, and chemical access.

Energy

Issue

The horticulture industry is a high user of energy, particularly with respect to packhouse cold rooms and irrigation infrastructure. Many commodities require the maintenance of climate controlled facilities throughout the supply chain. The rapid increase in energy prices in Queensland is having a major impact on horticultural businesses. For example, one major Queensland grower is facing an increased power bill of \$150,000 per annum.

Challenges and opportunities

There needs to be an investment in programs that encourage energy efficiency on farm and within water supply schemes. This needs to be in conjunction with policies that place downward pressure on electricity prices through reform of the National Electricity Market to increase efficiencies and reduce costs to end users. More specifically, there needs to be realistic electricity tariffs for rural producers as high electricity consumption is unavoidable for the production and distribution of fresh, clean and safe food.

There are opportunities for investment and R&D in waste/biomass energy systems that are highly suited to rural/agricultural systems and can complement the grid, reduce costs and increase flexibility while also addressing other issues like waste. There are also opportunities in promoting established renewable such as solar and wind in rural areas, as distributed generation is likely to be more efficient than a grid system in vast, low density rural areas. On-site generation can also assist with reliability of supply which can be an issue in some rural areas such as Stanthorpe, which are highly susceptible to hail storms.

²<http://www.abc.net.au/news/2014-02-14/malcolm-turnbull-correct-on-farmers-subsidies/5252596>

Labour

Issue

Horticulture is the most labour intensive of the agricultural industries. Labour costs commonly account for 50 per cent of a horticulture business's cost of production. Australia's labour costs are amongst the highest in the world³ and certainly the highest in the Asia-Pacific region. The horticulture industry is highly reliant on seasonal transient and backpacker labour and as such, is in an important symbiotic relationship with the tourism industry.

Challenges and opportunities

There is a need to refine the industrial relations framework and wage rates to deliver an affordable and flexible system for business owners and fair pay and conditions for horticultural workers. This should allow for enhanced flexibility in awards and agreements to accommodate the specific characteristics of horticulture: horticultural work is not a typical Monday to Friday job; the industry is subject to the vagaries of environmental and crop requirements (water, pests and disease, weather disasters which can dictate harvest requirements); and growers are 'price-takers' with an extremely limited scope to affect price while input costs are rising.

There has been strong feedback from growers about the need to review the current superannuation system for working holiday makers⁴. On a reading of the Superannuation Industry (Supervision) Act 1993, Sect 62, it would appear that these workers do not meet the "sole purpose test" of the Act as their working visa prohibits more than 12 months work in Australia and it is highly unlikely that any worker under this visa would meet any of the tests set out by Sect 62 (a) and (b) which would allow them to access superannuation as part of their "retirement". There is also an argument that as visa holders, working holiday makers are able to claim their superannuation contributions only on departing the country - perhaps superannuation payments could be withdrawn while the worker is still in Australia but no longer working so the monies can be spent in Australia rather than in their next onward destination.

The minimum threshold for receiving superannuation under the superannuation guarantee charge (SCG) needs to be lifted as the red-tape burden on growers for providing very short term workers with superannuation is significant. This threshold has not changed for many years and requires growers to provide superannuation and do the associated paperwork for employees who stay less than three days.

The sheer volume of workers processed by an individual horticulture enterprise means that any measure to cut paperwork in this area would have a huge cost saving across industry. For example an innovative option would be to have a single visa number, tax file number and superannuation number which would significantly cut down on administration costs.

Chemical Access

Issue

Growcom strongly supports the current regulatory objective of ensuring that risks to human health, welfare of animals and trade from Agvet chemical use are kept within acceptable limits while facilitating user access to appropriate products. That said, our chemical registration system is so slow and expensive that growers are being left without cost-effective alternatives to manage pests and there needs to be a major overhaul of our current system to improve chemical access.

Our regulatory system is too complicated and expensive and chemical companies have no incentive to invest in new chemistry for Australian conditions. It costs as much to register a product in Australia as it does in the US and our market is one sixth of the size⁵. There is clear market failure that is not being addressed by the current regulation process and the minor use system. For example, there has not been a single new chemical registered for use in pineapples in 20 years despite significant numbers of chemicals being reviewed and removed from use. It should be noted that the horticultural industry has a strong dependence on minor use permits due to the variety of crops and their very specific chemical requirements. At the moment, a significant proportion of levy funds in small industries such as pineapples (where the figure is currently more than half) are directed toward urgent pest management issues and ensuring ongoing access to crop protection chemicals by providing the required data. This means levy funds and the matched

³International Labour Organization, *Global Wage Report 2012/13, wages and equitable growth*, (2012-13).

⁴Superannuation Industry (Supervision) Act 1993 - Sect 62 Sole Purpose Test:

http://www.austlii.edu.au/au/legis/cth/consol_act/sia1993473/s62.html

⁵Deloitte Access Economics (2012) 'Review of APVMA Cost Recovery Discussion Paper', 13.

taxpayer dollar are not being used for true industry development or to pursue innovations or strategic opportunities but rather to maintain a defensive position against pests. Yet, without this investment, there would be no industry left to develop.

There is also a concern that Australia will not have the ability to manage a major biosecurity incursion as chemicals are being removed from the marketplace at a much faster rate than new chemicals are being made available. This requirement should be considered before restricting access to these chemicals.

Challenges and opportunities

Increased investment in a broken system will not fix the problem and is not delivering the best return on investment. To address the key issue of productivity impacts from declining technology access we support the position put forward by the Grain Producers Australia (GPA) submission which recommends that the government urgently address the following;

1. Establish a cross industry task force for improved technology access for agricultural production (ITAAP)
2. Provide government leadership in the establishment of a cross industry minor use and specialty production initiative (MUSPI)
3. Consider increased international partnership in co-regulation and look for efficiencies and incentives for Agvet investment in Australia
4. Consider regulatory forms to underwrite these opportunities and initiatives.

Market failure within the agricultural supply chain

Issue

As discussed above, growers are currently price takers and often have to accept prices that do not reflect the cost of production. Profitability is contingent on the ability of growers to sell their product competitively, which in turn is tied up in the lack of transparency of sale and the mark up that occurs by the handling through the supply chain. The supermarket duopoly along with the failure of the Horticulture Code of Conduct to address issues of transparency with wholesale transactions has resulted in many growers being subjected to unfair and often unconscionable conduct.

Many growers do not have the capacity to negotiate effectively on their own and are often exposed to both disruptive weather patterns and significant variations in price or farm gate returns as a result of supply and demand issues at time of sale.

The current country of origin labeling laws are confusing and Australian consumers are unable to make informed choices. There is too much ambiguity, particularly around the labeling of processed food.

Challenges and opportunities

Growcom will be participating actively in the Competition Policy Review and is open to looking at innovative regulatory mechanisms to ensure growers are not unfairly treated. A potential option is to expand the Horticulture Code of Conduct into a comprehensive, whole-of-supply-chain, mandatory Food and Grocery Code that resolves identified weaknesses in the existing wholesale code and addresses unconscionable conduct and undue pressure on suppliers by food retailers. This would be backed by a strong enforcement framework for the Food and Grocery Code, including a Grocery Industry Ombudsman and conciliation or arbitration provisions for dispute resolution.

While the family farm model may continue to offer a robust and effective business structure into the future for many horticultural enterprises, there would be benefit in the industry taking stock of the full range of end-markets for horticultural produce across supermarkets, other retail outlets, food services, food and farm tourism, boutique markets and alternative food networks and considering the kinds of business models that could be implemented to efficiently and profitably supply these markets. For example, co-operative models for farm businesses may improve the ability of growers to manage supply and demand to the retail sector. The success of major co-operatives overseas is a demonstration of the potential benefit of this business model.

Large co-operatives have the capability to represent the interests of smaller farmers and compete on a national and global scale. Providing the conditions for the development of successful fruit and vegetable production and supply cooperatives may offer a key strategy to maintain the future viability of family farming.

It is imperative to introduce an effective, mandatory and properly enforced “Country of Origin Labeling” system for food products, including fresh produce that allows consumers to make informed purchasing decisions. In addition we would like to see a strengthening of the anti-dumping laws to enable a more level playing field for Australian food processors.

Transport and Infrastructure

Issue

The horticulture industry predominantly produces perishable product which makes access to appropriate infrastructure and transport options vital to our success. Transport costs make up a significant proportion of growers' costs of production; commonly around 20 per cent. Horticultural freight varies from bulk packed melons and pumpkins to highly perishable, delicate products such as berries. Critical freight needs include the need for rapid and efficient transport, maintenance of the cool chain, and minimization of handling and damage. There is an issue with over-centralisation of distribution centres and the reliance on central markets. Product can often be sent down to these centres and then transported back to where it was produced, which is costly and inefficient and has an impact on product quality.

The horticulture industry is heavily reliant on truck transport and the road system, with about 80 per cent of produce requiring refrigerated trucks (J. Bishop pers. com. 2011).

Challenges and opportunities

There is an urgent need to invest in road and highway upgrades, in particular to build the resilience on the road system to natural disasters and extreme weather events. This is particularly the case in Northern areas where distances are significant and often compromised by weather. This would also require investment in a robust and collaborative contingency planning process involving governments and key stakeholders to identify alternative transport systems for use in the event of disruption to normal services.

Excessive regulatory requirements and high operating costs which have a negative impact on the viability of trucking companies and the capacity of the industry to attract and retain drivers need to be reviewed. Growers are concerned that, if these business viability issues are not addressed, in future good seasons, there may be insufficient transport resources to move product to market.

Decentralising and establishing distribution and marketing centres in regional areas would reduce the unnecessary transport of perishable goods and potentially be a boost to regional economies. There should be incentives by all levels of government to encourage this decentralisation in line with efforts to boost regional economies.

2. Invest in information and research for the future

Issue

Australia's current decline in agricultural productivity growth is clearly linked to falling investment in agricultural research, development and extension (RD&E)⁶.

Horticultural RD&E is essential to drive on-farm productivity, efficiency and innovation; facilitate export market access; improve sustainability; minimise carbon emissions from production systems; and increase resilience to climate change and more frequent natural disasters.

Horticulture suffers as a result of very poor availability of industry information and essential statistics. Improved access to specific and detailed information is necessary to underpin industry planning, development and the design of future initiatives.

There has been a significant decrease in investment in agricultural RD&E by State governments across Australia. Concerningly, State governments are increasingly research providers rather than research investors. While we accept that industry needs to invest in its own future and appreciate the matched contribution by the Federal government, the retraction of base level State investment

⁶Sheng, Y, Mullen, JD and Zhao, S 2011, *A turning point in agricultural productivity: consideration of the causes*, ABARES research report 11.4 for the Grains Research and Research and Development Corporation, Canberra

means that the pool of funds and appropriate expertise across Australia is shrinking. Job options for graduates are limited and temporary, making entry into disciplines such as entomology and plant pathology increasingly unattractive. We appreciate that initiatives such as the National Horticulture Research Network are trying to address this issue but contend that State governments must continue to invest at an appropriate level and that this investment will have significant flow-on benefits to the economy.

As discussed previously, industry investment is drained by the continuous need to invest in data generation for crop protection. There is no capacity to invest in large, multi-disciplinary, multi-commodity blue sky research projects and as such, we see continued investment in CSIRO and Universities as important for our sector.

There is huge potential within the horticulture industry to better utilise digital technology throughout the supply chain, and while we have a number of outstanding leaders in this area many of our growers are not fully utilising digital opportunities. Unfortunately, many of our growers have very poor internet access; connections are slow, downloading large files is next to impossible and mobile phone coverage is patchy. Poor access, coupled with a lack of understanding about the potential for digital technology within the industry is hampering opportunities for growth.

There are also significant opportunities for mechanization which could revolutionise the horticulture industry in terms of cutting labour costs, however these will only be realized with significant investment in RD&E.

A strengthened information-base will help position horticultural industries to capitalise on growing domestic and international food markets.

Challenges and opportunities

The restoration of the Australian Government's contribution to agricultural RD&E programs to 5 per cent of industry gross value of production (GVP) is a clear priority. There is also a clear need for ongoing state government investment in agricultural R&D. We also see a need to boost public and private investment in improved statistical data collection and analysis regarding horticultural industries in line with the services provided for the broad acre and livestock sectors.

There is a need to increase digital engagement within the agriculture sector. This will require improved internet and telecommunications infrastructure in regional Australia. In addition, Growcom would like to see a widespread and detailed analysis of current use and barriers to digital engagement within the agriculture sector. Another key action could be to harness horticulture industry leaders to showcase the benefits of digital solutions across the industry.

3. Strengthen Australia's biosecurity system

Issue

Avoiding pest and disease incursions is critical to the viability of the horticulture industry. Australia's unique biodiversity and relatively disease-free status must be maintained, along with horticulture's reputation as a supplier of fresh, high quality, clean produce. Freedom from many of the world's major pests and diseases provides a clear advantage in both domestic and global markets.

While governments, industry members and the community all share important roles and responsibilities regarding biosecurity, Australia's biosecurity legislative framework provides the backbone for our collective efforts.

Challenges and opportunities

Biosecurity is a public good and should be recognized as such. It is concerning that it was not given high prominence in the issues paper. It is imperative that government provides adequate levels of investment in the biosecurity system to deliver effective surveillance and response capacities. We understand the need to move to a shared responsibility model but maintain that there needs to be a supported transition for industry to ensure that biosecurity is not compromised.

There is a clear need to continue legislative reforms to ensure Australia operates a cost-efficient and international best practice biosecurity system. In doing so however, it is critical to address the fundamental flaws in the current import risk assessment process by implementing the unanimous recommendations of the Senate Rural and Regional Affairs and Transport References Committee relating to proposed imports of pineapples from Malaysia, ginger from Fiji and potatoes from New Zealand⁷.

⁷http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Pineapples2012/Report/index

We also seek the development of a comprehensive and science-based appeal mechanism for import risk assessments to ensure transparency and rigour. The current situation whereby the only mechanism for appeal is through a Senate Inquiry is a waste of taxpayers' money and a significant drain on industry resources.

4. Provide a cohesive and strategic approach to maximizing export opportunities

Issue

Growcom sees the development of strong trade ties with the Asia-Pacific region as absolutely critical for the development of the horticultural industry in Australia. The domestic market for fresh fruit and vegetables has limited capacity for growth and competition from imports and the closure of processing facilities has further limited options for processed product.

The ABARES report *What Asia Wants (2013)*⁸ identifies a number of important trends and highlights that while there are significant opportunities for Australian horticulture product we need to actively and strategically pursue them as there is significant competition both domestically and from other exporting nations. In the first instance, we need to ensure market access and there is a need to focus on particular products and market windows. Growcom fully supports the positions put forward in the submission by the Office of Horticulture Market Access (OHMA) in terms of expediting market access.

Challenges and opportunities

Based on the information in the ABARES report and a recent KPMG report⁹ on Chinese Investment as well as anecdotal evidence from growers already exporting to Asia, the key opportunities are:

- High quality products with a strong, traceable food safety dimension for wealthier Asian consumers
- Counter-seasonal products which do not compete with local growers
- Niche products not grown domestically.

According to growers who have recently attended international trade fairs, Australia is suffering from a lack of a cohesive brand identity for our agricultural product. We can definitely supply high quality safe product but need to promote that better to our Asian trading partners. There are a number of branding strategies operated by different commodity organisations both within horticulture and with other commodities but the message is that we need a cross-industry single brand to promote our high quality "safe" produce.

We recommend the development of a single "brand Australia" spearheaded by the Australian government and a promotional strategy around that branding. This should be supported by a collaborative approach between industry and government to open new markets and take full advantage of existing open markets.

Additionally we see the following actions as critical to improve our access to Asia Pacific markets:

- A mapping exercise to determine what commodities are wanted and when by which countries. The *What Asia Wants* report is a good start but the break down into just fruit and vegetables is too broad and provides no real guidance as to what the opportunities are. There is also no insight into counter-seasonal opportunities.
- Market access negotiations progressed in a timely manner for a suite of horticultural commodities and continuation of the work being done to overcome trade barriers to horticulture. This includes ensuring phytosanitary protocols are timely, reasonable and realistic.
- Market improvement activities carried out in cases where initial market access was obtained under sub-optimal conditions. Resources need to be applied to constantly seeking to improve the trading conditions between the parties and negotiating better ways to provide for more efficient and profitable trade.
- Efforts to up-skill and assist Australian growers to intelligently pursue market development opportunities, which requires a deep understanding of the requirements and interests of the target market and well-established relationships with key players in the target market.

⁸http://data.daff.gov.au/data/warehouse/research_reports/9aat/2013/WhatAsiaWants/longtermFoodConsumptionTrendsInAsia_v.1.1.0.pdf

⁹<http://www.kpmg.com/au/en/issuesandinsights/articlespublications/china-insights/pages/demystifying-chinese-investment-australian-agribusiness-october-2013.aspx>

- Research into opportunities for high value commodities and the development of industry export strategies
- Agricultural research and development extension into the Asia Pacific region
- Improved management of fruit fly issues and in particular the implementation of the national fruit fly strategy. Resources should be dedicated to developing effective and accepted disinfestations treatments as well as to maintaining the integrity of pest free areas.
- Increased expertise within the Department of Agriculture regarding trade issues with Asia and a dedicated “go to” person to assist with trouble shooting for each major trading partner (e.g. a dedicated “Indonesia expert”) as each country is unique.

5. Build a strong horticultural workforce

Issue

As production horticulture is the most labour intensive of the agricultural industries, a strong labour force is central to the industry's success. Faced with ever-increasing competition and economic and climate volatility, our industry cannot afford to conduct “business as usual”. Producers have to look at new ways to farm smarter, manage employees more efficiently and market more effectively. The future of the industry rests on a renewed focus on attraction strategies, skills development, business and risk management planning. Given the median age of growers is 55, succession planning is also a key concern.

Growcom is strongly committed to minimising harm at work and is a big supporter of effective workplace health and safety provisions. However it must be acknowledged that they do place a significant administrative burden on growers, particularly those heavily reliant on seasonal workers.

Challenges and opportunities

It is clear that there can be no “one-size-fits” all approach to workforce planning for the production horticulture industry. As highlighted in the Queensland Production Horticulture Workforce Development Plan (2013 – 2015), each growing region has its own specific workforce issues and challenges that require tailored, regional solutions. While this industry-developed Plan identified and addressed the industry-wide issues, one of its key recommendations was the provision of Regional Workforce Development Officers with placement in regional industry groups, where they exist, to identify regional issues and solutions.

The Queensland Government has subsequently funded four Regional Workforce Development Officers and a State Coordinator. Since 2013 the Production Horticulture Workforce Team has made substantial progress and is working in partnership to achieve genuine workforce development outcomes including raised awareness of careers within the production horticulture supply chain, increased awareness of workforce capacity building opportunities and available funding, and an improved understanding of the industry's skill needs among the education and training sector. They have established strong links with key education and training providers, government departments and other relevant stakeholders who can support them to achieve successful outcomes, including local councils, Job Services Australia, Regional Development Australia and Regional Landcare Facilitators. We see ongoing support for roles such as this as critical to the success of the horticulture industry.

The production horticulture industry is characterized by low engagement in skills development and training. To overcome this we see the need for improved training and development opportunities for employers and employees through targeted skill sets, timely information workshops addressing specific knowledge needs, and flexible training delivery and funding support. We recommend that funding policies be changed to allow subsidies for formally recognised as well as tailored accredited skills sets, which are the building blocks for ongoing skills and qualifications. In addition, funding for skill sets should not be limited to those who hold a Certificate 3 as this excludes the very people who need to be up-skilled. Feedback from producers is that funding should not be driven by employment outcomes alone but should also focus on up-skilling the existing workforce as this will support retention, productivity and sustainability.

There is a clear role for government to implement strategies to encourage more people into horticultural support roles (for example, plant pathology) and maximize retention by ensuring these are well-paid, secure and rewarding careers.

Whilst employing and skilling-up Australians is a priority for the industry, the employment of overseas workers, particularly in a seasonal context is vital for the ongoing survival of the industry. To that end, we support the current rules around the 417 (Working Holiday Maker) visa and would like to see a relaxation of requirements to allow for extended employment options.

In recognition of the red tape burden created by the WH&S legislation there is an obvious need to roll out harmonized Work Health and Safety training to educate growers on new obligations and develop risk management strategies. A cross jurisdictional effort to develop WH&S information materials in a range of languages targeting backpacker workers would also be useful.

Although many industry, government, training and education providers are attempting to address production horticulture workforce development issues at national, state and regional levels these efforts often seem to be duplicated, fragmented and uncoordinated. Growcom recommends greater collaboration between Federal and State Education, Training and Employment Departments particularly with regard to VET reform efforts.

6. Foster a culture of healthy eating amongst Australians

Issue

In the past three decades, the rate of overweight and obesity has increased dramatically in Australia and is now around 60 per cent in adults and 25 per cent in children and adolescents¹⁰.

There is strong scientific evidence of the opportunities to improve health through improved nutrition – in particular, increasing the proportion of vegetables and fruit in people's diets. Sound nutrition is known to "contribute significantly to healthy weight, quality of life and well being, resistance to infection and protection against chronic disease and premature death"¹¹

Overweight, obesity and associated health problems place a significant economic burden on the Australian health care system. The direct costs of poor nutrition are conservatively estimated to be around \$5 billion per year while the costs of health problems caused by excess weight were estimated to cost Australian society and governments more than \$58 billion in 2008 alone.¹²

An ideal diet should include 30 per cent more green vegetables than currently consumed by Australians, 140 per cent more orange vegetables, 90 per cent more other vegetables and 100 per cent more fruit.¹³

Australia's current levels of horticultural production are actually not sufficient to ensure that all Australian citizens can access their recommended daily fruit and vegetable intake. Yet access to healthy food is often taken for granted in Australia – and this, in turn, raises the matter of Australia's future food security.

Growcom is pleased to see that food security has been given a high level of recognition in this paper. However, as outlined in our 2010 paper on food security¹⁴ and our submission to the National Food Plan¹⁵ the situation is more nuanced than is evident in much public debate. A sole focus on the quantity of food produced misses some very important considerations. The quality of food must also be considered. To have access to nutritious food, one must have access to fruit and vegetables, and if the issues around farm profitability and workforce development are not addressed, then horticultural production in Australia may actually decline.

By comparison with other nations, we are indeed relatively food secure¹⁶ however for a wealthy country with a large land mass and small population it could be argued that ranking 15th for food security globally suggests Australia is underperforming in this area. We also need to bear in mind that while we are a net exporter of food, we are a net importer of fruit and vegetables. With respect to vegetables, we export about 9 per cent of what we produce, but import about 19 per cent of what we actually consume. We import just over twice as much as we export. In terms of fruit, we export about 13 per cent of production, but import about 34 per cent of what we consume. We import about 2.6 times as much as we export.¹⁷

¹⁰National Health and Medical Research Council (2013) *Australian Dietary Guidelines National Health and Medical Research Council, Canberra.*

¹¹National Health and Medical Research Council (2013) *Australian Dietary Guidelines National Health and Medical Research Council, Canberra.*

¹²Preventative Health Taskforce (2009) *Australia: the healthiest country by 2020. Technical Report No. 1 Obesity in Australia: a need for urgent action Commonwealth of Australia, Canberra.*

¹³SDC, 2010. *Chronic Diseases in Queensland, Brisbane, Australia: Social Development Committee, Queensland Government. Available at: www.parliament.qld.gov.au/documents/committees/SDC/2009/Chronic_disease/sdc-rpt002-29jan2010-cdi.pdf.*

¹⁴http://www.growcom.com.au/_uploads/171320Food_Security_Report.pdf

¹⁵[http://www.growcom.com.au/_uploads/52524National_Food_Plan_Submission_\(September_2011\).pdf](http://www.growcom.com.au/_uploads/52524National_Food_Plan_Submission_(September_2011).pdf)

¹⁶[Foodsecurityindex.eiu.com/](http://www.foodsecurityindex.eiu.com/)

¹⁷DAFF, 2010. *Australian Food Statistics 2009-10. Available at: http://www.daff.gov.au/agriculture-food/food/publications/afs/australian_food_statistics_2009* [Accessed December 1, 2010].

A combined effort to increase consumption by Australian consumers must go hand in hand with increased production and farm profitability to assist in preventative health and contribute to long-term food security.

Challenges and opportunities

Growcom encourages the Australian Government to implement policy initiatives aimed at supporting Australians to make healthy eating choices and to increase their consumption of fruit and vegetables. Fostering a healthy eating culture amongst Australians offers a unique opportunity to not only improve the long term health of Australians and cut healthcare costs but also to increase the size of the market for this important agriculture sector.

To achieve this requires an increased focus on preventative health initiatives in Australia and in particular the promotion of increased consumption of fruit and vegetables. Specific actions include:

- investment in major social marketing campaigns that aim to significantly boost consumption of fruit and vegetables across all age groups in Australia
- further development of the food and nutrition focus of learning in the Healthy and Physical Education component of the Australian Curriculum for schools through positive school interventions.

An important element of healthy food is safe food, and it is critical that we implement mechanisms to ensure compliance by all members of the food supply chain to appropriate food safety standards. This will require ongoing adequate resourcing for key food safety institutions, in particular Food Safety Australia and New Zealand (FSANZ) and the Australian Pesticide and Veterinarian Medicines Authority (APVMA).

7. Protect and support horticultural and agricultural production areas

Issue

There is an ongoing need for an effective system for protecting productive agricultural enterprises and districts from alienation by or encroachment from other land uses. Horticulture is quite different from broad acre production in that it does not need large land areas to be productive but it does need access to transport and affordable water and has a narrower range of temperature tolerances. This means the potential for land use conflict with urban and peri-urban uses is relatively high.

Major horticulture areas in Queensland (particularly Bundaberg, Rockhampton, Mackay, Townsville, and Cairns) are growing regional centres that are likely to have an increasing demand for both land and water resources for urban and industrial uses. Expanding urban centres pose challenges for agricultural enterprises operating in peri-urban areas. Horticultural enterprises are often located close to urban areas or regional centres for better access to packing facilities, transport infrastructure and labour. There is a need to maintain focus on this issue in the context of rapid population growth, conflicts between neighbours in urban fringe areas, minerals development, climate change and an increased awareness of the need to protect food security.

Challenges and opportunities

Growcom would like to endorse the work done by the Queensland government on this issue and the recognition of agriculture as a State Interest in the planning legislation. We would also recommend consideration of the Queensland Farmer's Federation's *Guiding Principles for Planning for Agriculture in Queensland*.¹⁸

As many planning decisions are made at a local government level, there is a continual need to educate local planners on the importance and value of the agriculture sector and the potential impacts of poor planning decisions. Horticulture, in particular, cannot just move out to the next region.

At a national level the overall profile of the agriculture sector needs to be raised and our role as food producers should be celebrated and understood by the wider community. This would potentially reduce the all too frequent reality of horticulture's needs being traded off for other land uses.

We also see an opportunity for rural planning to be recognised by Universities as an important area of study and innovative approaches to be developed to manage land use conflicts.

¹⁸<http://www.qff.org.au/wp-content/uploads/2012/09/Guiding-Principles-for-Planning-for-Agriculture-V5.pdf>

8. Support natural resource management

Issue

The horticulture industry has an impressive record of commitment to natural resource management. Queensland's horticultural growers are highly responsive to community concerns and invest significant effort and resources to meet consumer expectations and market standards, achieve regulatory requirements, keep pace with environmental science findings and participate in community-based regional natural resource management initiatives.

Over many years, the industry has worked successfully with federal and state governments to deliver state of the art environmental programs and professional development services to growers, particularly in the areas of water use efficiency and water quality management. Incentive programs such as Reef Rescue have been particularly successful. Through these programs, the horticulture industry has achieved significant improvements in its management of insecticides, herbicides, fertilisers, soils and irrigation. An increasing number of growers now use rigorous methods of risk assessment, farm planning, record keeping, monitoring and adaptive management.

The goal of ensuring adequate protection of natural resources whilst increasing productivity is a key challenge for our sector.

Climate adaptation stands out as a clear priority. Horticulture is one of the most vulnerable industries in the agricultural sector to projected changes to temperatures and water availability. We are also highly vulnerable to extreme events such as cyclones and flooding. Growers require support to adjust farm practices, employ new technologies, mitigate on-farm carbon emissions and drive energy efficiencies.

Challenges and opportunities

The extreme sensitivity to even minor changes in temperature for many horticulture commodities requires an investment in climate adaptation planning and research for horticultural industries, separate and additional to the established RD&E portfolio.

We see ongoing investment in industry led programs as a highly efficient and cost effective means of delivering government priorities in natural resource management. Most of these industry programs, and the Farm Management Systems (FMS) that underpin them, are predicated on a risk management model and are based on what is commonly known as Best Management Practice (BMP).

Growcom supports the reform of natural disaster relief programs based on a risk management approach. We see industry programs as a cornerstone of delivering effective risk management and long-term industry resilience. We also see a role for improved insurance options for growers who are able to demonstrate they are effectively managing risk.

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