



# State Election Statement 2015

January 2015

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## Chairman's Foreword

Queensland's production horticulture industry delivers the fresh fruit and vegetables that grow healthy Australians. Our industry directly contributes more than \$2.5 billion to the Queensland economy, supports significant regional employment, and is the only agricultural sector to consistently achieve strong growth over the past five years. Horticulture is Queensland's second largest agricultural sector after beef<sup>1</sup>.

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. Growcom does not represent the lifestyle horticulture sector although we work closely with their representatives under the banner of the Queensland Farmers' Federation.

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 field tomatoes and capsicums. Queensland's 2500 production horticultural farms produce more than 120 types of fruit and vegetables and are located from Stanthorpe in the south to Cooktown in the far north.

Growcom has been proud to work with successive Queensland governments on a number of initiatives that are supporting our industry's success. To help our growers succeed and to build on our industry's strengths, an ongoing partnership approach with the Queensland Government is essential – a partnership that recognises that production horticulture is quite distinct from broad-acre agriculture and has a specific set of issues that require tailored responses. We appreciate that industry needs to also take responsibility for its own destiny, but over the next term of government we seek your assistance in these key areas:

- Improved farm profitability including reducing energy costs
- Increased investment in plant biosecurity and a strong pest management capability
- Ongoing investment in developing a more proficient horticultural workforce
- Protection for horticultural production areas
- Fostering a healthy eating culture in Queensland
- Sustainable on-farm natural resource management
- Enhance Supply Chain (Including Exports) and Business Development Opportunities.

We look forward to your support in growing a vibrant production horticulture industry in Queensland that sustains successful businesses and contributes to our state's health and prosperity.

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## Farm Profitability

While the performance indicators for the industry as a whole paint a picture of growth, at the individual business level profitability is under sustained pressure. A major contributing factor is the rapid escalation of costs of production – particularly of key inputs – while returns remain static. We strongly urge action to address those costs that can be directly influenced by the Queensland Government.

Energy costs are the industry's primary concern. The horticulture industry is a high user of energy due to its requirements for irrigation, hi-tech packing facilities, cold rooms and the maintenance of climate controlled facilities throughout the supply chain to ensure freshness and food safety. Electricity tariff increases for 2014/15 will lead to electricity price increases of 10-18% for horticultural businesses, with crippling impacts on their profitability. The Queensland Competition Authority (QCA) has released its draft determination for 2015-2016 electricity tariffs, which are generally in the order of 5% for farmers, creating a further cost burden.

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<sup>1</sup>DAFF 2013, Queensland AgTrends 2013-14 and DAFF 2014, AgTrends Update April 2014.

Poor access to reliable and affordable water supply continues to constrain the horticulture industry, particularly in some key growing regions such as the Lockyer Valley, Granite Belt, Emerald and Burdekin. To date, water trading has progressed very slowly in most areas and has not delivered adequate solutions. A multi-faceted strategy for ensuring long term water security for key agricultural areas needs to be developed in consultation with agriculture and other key water users.

An efficient transport system is a critical component of fresh produce supply chains and transport costs represent about 20% of growers' costs of production. The fresh produce system requires rapid transport to processing facilities, distribution centres or wholesale markets; strict maintenance of the cool chain; minimal handling; and compliance with short delivery time slots.

Opportunities to improve the business environment for horticulture include:

- Cap the electricity price increase for the 2015/2016 financial year at a modest rate and require the Queensland Competition Authority to publish windows for transitional tariff increases for at least three to five years to enable investment decisions to be made with confidence
- Reform of the National Electricity Market to increase efficiencies, reduce costs to end users and implement realistic electricity tariffs for rural producers for whom high electricity consumption is unavoidable for the production and distribution of fresh, clean and safe food
- Continue the new Agriculture Energy council and ensure it delivers meaningful outcomes for industry
- Invest in programs that encourage energy efficiency on farm and within water supply schemes and pursue renewable and waste/biomass energy systems applicable in rural and agricultural businesses
- Develop a multi-faceted strategy for ensuring long term water security for key agricultural areas in consultation with agriculture and other key water users
- Establish the West Moreton Recycled Water Scheme from the Bundamba treatment facility to the Lockyer Valley, ensuring the water is supplied as fit for purpose (not treated) to ensure it is appropriately priced for fruit and vegetable production
- Maintain an appropriate level of investment in road and highway upgrades
- Review transport industry regulations to identify opportunities to safely improve flexibility and to reduce regulatory costs
- Explore incentives to re-establish distribution centres in regional areas, in collaboration with the food industry
- Assist industry to develop robust transport contingency plans to be enacted in the event of natural disasters or other disruptions to normal transport arrangements
- Continue to support the Code of Practice for Flying Fox management and provision of damage mitigation permits under controlled circumstances.

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## Increased Investment In Plant Biosecurity

Plant biosecurity within the Department of Agriculture, Fisheries and Forestry (DAFF) is currently funded at significantly less than half the rate of animal biosecurity and yet the value of plant-based production is more than \$2 billion greater. Recent incursions such as Cucumber Green Mottle Mosaic Virus and banana freckle highlight the need for vigilance in this area. Prevention is significantly less expensive than cure and Growcom is concerned that our scientific capacity to respond to such incursions has been significantly eroded.

Due to our proximity to Papua New Guinea, Queensland experiences more pest and disease incursions than any other state or territory in Australia. It is therefore essential that a strong emergency response capacity is maintained, including flexible arrangements to draw in additional resources and personnel when needed. We are concerned that if a major incursion occurs, such as foot and mouth disease, all resources will be diverted to managing the incursion at the expense of normal operational activities.

In addition, the new Queensland Biosecurity Act represents a paradigm shift in biosecurity management with the emphasis on shared responsibility. There is clear need for an industry-led

transition package to enable growers to understand their responsibilities and demonstrate they are meeting their general biosecurity obligations (GBO). There are significant risks in moving to the new approach without an accompanying support program.

Opportunities to improve biosecurity and pest management systems in Queensland include:

- Restore adequate levels of investment in plant biosecurity to match the economic importance of plant industries and the risk levels faced, and to ensure teams of adequately experienced and qualified personnel capable of leading biosecurity assessments and responses. In particular additional high level scientific and risk management expertise must be funded within DAFF plant biosecurity as a matter of urgency
- Maintain an emergency response capacity and ensure reliable arrangements are in place to draw in interstate resources if required in an emergency incursion
- Provide a substantial industry led Best Management Practice (BMP) based package to help industries build their capacity to better understand and deliver on their biosecurity roles, especially if there is an expectation that they will be called on in the event of an incursion.

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## Enhanced Proficiency In The Horticultural Workforce

Central to the success of horticulture is the proficiency of the people who work in the industry – from the managers, supervisors and workers on farms to the people in technical, research and professional services roles supporting the industry.

Horticulture is the most labour intensive of all the agricultural industries. Labour costs account for as much as 60 per cent of a horticulture business's costs of production. Growers need reliable access to skilled workers for day-to-day farm management tasks and short-term labour during harvest and other busy times. Attracting, retaining and developing a skilled workforce remains a major challenge for our industry. On a more positive note, the horticulture industry is a key regional employer with significant potential for growth so enhancing the proficiency of our workforce will also have long term benefits for regional areas.

Significant progress on these issues is being made as a result of the Queensland Government's support for the Queensland Production Horticulture Workforce Development Plan, regional workforce development team and state coordinator, and the Blueprint for Agricultural Education. Having people on the ground is bringing about genuine improvements and is increasingly leading to successful outcomes – for example, the team has helped more than 200 production horticulture employees obtain funding to undertake accredited training. Moreover, it has exposed the industry to more than 3000 students and 115 career advisors/teachers. Ongoing investment is required to capitalise on this momentum and to deliver sustainable change.

Opportunities to advance the horticulture industry's workforce development priorities include:

- Continue the tailored regional approach to workforce development established through the Queensland Production Horticulture Workforce Development Plan by maintaining Queensland Government funding for at least another three-year term (2016 – 2018).
- Increase the flexibility of funding to optimise engagement in training and the attainment of priority skills. Funding policies should be flexible enough to allow businesses to apply individually rather than in clusters as skill needs and time constraints vary not only from region to region but also within a region. Funding should also permit employers to train their staff in tailored skill sets that meet individual business needs. (There is also a need for a regional loading arrangement similar to that provided for remote regions.)
- Establish a discretionary funding arrangement for the delivery of training workshops targeting emerging areas of skills needs that are not yet addressed by established training packages, and that allow for the engagement of industry who can provide specialised expertise in their field outside the formal training framework
- Provide greater funding for Registered Training Organisations (RTOs) to deliver Certificate 3 Guarantee and Higher Level Skills training in regional areas. A thin training market means that there are few RTOs servicing regional areas. Regional loading will make training more affordable, potentially resulting in an increased uptake.

- Support the roll out of the Blueprint for Agricultural Education as a key long-term strategy to attract and retain talented people in the agricultural supply chain. In particular, continue to fund initiatives such as the Gateway Schools Program, the Agriculture in Schools Context Grant, the School to Industry Partnership Program, and Queensland Agricultural Educators Conference.
- Provide seed co-investment in Growcom's Women in Horticulture program as a key mechanism to drive innovation, upskilling, financial independence and sustainability of small to medium family-run horticulture businesses
- Continue and enhance collaborative work with industry and business to ensure roll out of WHS policy, guidelines and initiatives to improve health and safety outcomes for the horticulture industry
- Appoint a representative from the agriculture industry to the Ministerial Industry Commission to ensure that there is at least one member with a high level understanding of the challenges faced by agriculture, one of the state's economic pillars
- Improve the quality and availability of statistical training data for the production horticulture sector. This includes separating production horticulture data from lifestyle horticulture data, provision of data on skill set completions, and information on what qualifications are being undertaken by those transitioning into production horticulture
- Continue to support robust collaboration between industry, the state government and key government agencies to ensure industry's priority issues are better understood and addressed. This includes collaborative initiatives such as the Minister for Agriculture, Fisheries and Forestry's Industry Skills Advisory Group (ISAG), the Queensland Production Horticulture Industry, Education and Training Network, and the Queensland Agricultural Training Partnership (QATP).

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## Protect And Support Agricultural Production Areas

Horticulture is quite different from broadacre production in that some crops do not need large land areas to be productive. Most horticultural enterprises do, however, require access to labour, transport, affordable water and accessible markets. Many crops also have a specific range of temperature and other climatic requirements which means they cannot just move to other areas.

A long-standing issue in our industry is the need for an effective system to protect productive horticultural enterprises and districts from the threat of alienation by, encroachment from or conflict with other land uses and to maintain access and proximity to water resources, transport infrastructure, labour and regional markets.

Major horticulture production areas in Queensland (particularly regions adjacent to the cities of Bundaberg, Rockhampton, Mackay, Townsville, and Cairns) are experiencing increasing competition for both land and water resources from urban and industrial uses. Peri-urban conflict is a very real issue for the horticulture industry.

Tensions between the horticulture industry and minerals and coal seam gas developments are emerging. There is a paucity of good information relating to the long-term impacts of some extraction processes and until these are clear, highly productive agricultural land should be protected. There is also a growing awareness of the need to maintain flexible options to allow horticulture enterprises adapt to extreme weather risks and climate change through securing production sites in more than one region.

To some extent, the poor availability of statistical analysis and economic modelling contributes to a lack of understanding of the value of the horticulture industry and therefore the business case for prioritising its needs in land use planning and development approval processes.

Recently, progress has been made towards addressing some of these issues through work done by the Queensland government (e.g. the Land Audit, recognition of agriculture as a State Interest in the planning legislation and the review of State Planning Policies). The Queensland Farmers' Federation's Guiding Principles for Planning for Agriculture in Queensland also provides valuable advice for local governments.

Opportunities to improve the protection of horticultural production districts include:

- Invest in the preparation of a comprehensive update of the Economic Contribution of Horticulture to the Queensland Economy report which contained valuable regional information but which is now 10 years old.
- Ensure appropriate planning controls and policy frameworks are implemented to protect horticultural enterprises and districts in particular in regional growth centres surrounding Cairns, Townsville, Mackay, Rockhampton and Bundaberg.
- Investigate options for protecting critical horticultural areas such as the Lockyer Valley from the impacts of mining and other resource extraction.
- As many planning decisions are made at a local government level, provide for the on-going education of local planners on the importance and value of the agricultural sector and the potential impacts of poor planning decisions.
- Maintain a high level policy principle that recognises the need to ensure future food security, to protect high quality agricultural land, and to maintain diverse options and locations for food production.

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## Foster A Culture Of Healthy Eating

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 adolescents<sup>2</sup>.

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<sup>3</sup>.

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<sup>4</sup>.

An ideal diet should include 30 per cent more green vegetables than are currently consumed by Australians, 140 per cent more orange vegetables, 90 per cent more other vegetables and 100 per cent more fruit<sup>5</sup>.

Despite the fact that the Queensland Government's investment in the Go for 2&5<sup>®</sup> campaign to tackle obesity was shown to be successful in lifting Queenslanders' consumption of fruit and vegetables in the short number of years in which it ran (2005-2010), the program is no longer funded. Growcom urges major government investment in this program (or similar public health activities and strategies involving industry) over a longer term and looks forward to working with the Queensland government to increase fruit and vegetable consumption.

Opportunities to foster a culture of healthy eating include:

- Identifying preventative health as a key priority for the Department of Health and initiating programs in consultation with industry that will drive up consumption of fruit and vegetables
- Redeveloping the Formula for Life website ([www.formulaforlife.com.au](http://www.formulaforlife.com.au)) and launching a smartphone/tablet application to provide credible, straight forward nutritional information via

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<sup>2</sup> National Health and Medical Research Council (2013) Australian Dietary Guidelines National Health and Medical Research Council, Canberra.

<sup>3</sup> National Health and Medical Research Council (2013) Australian Dietary Guidelines National Health and Medical Research Council, Canberra.

<sup>4</sup> Preventative 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.

<sup>5</sup> SDC, 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](http://www.parliament.qld.gov.au/documents/committees/SDC/2009/Chronic_disease/sdc-rpt002-29jan2010-cdi.pdf).

a simple tool for self-assessing and balancing the diet using up-to-date Australian nutritional standards and recipes.

- Continue to support and review opportunities to further expand the Live Well Farm Well workplace health and safety initiative - a key platform to driving workplace productivity as well as promoting broader health outcomes across the community.

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## Natural Resource Management

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 in meeting consumer expectations and market standards, achieving regulatory requirements, keeping pace with environmental science findings and participating 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 and the Rural Water Use Efficiency Initiative 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. The extreme sensitivity to even minor changes in temperature for many horticultural commodities requires an investment in climate adaptation planning and research for horticultural industries, separate and additional to the established research, development and extension 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 in delivering effective risk management and long-term industry resilience. We also see a role for improved insurance options for growers to enable them to proactively manage their risk.

Opportunities to enhance the horticulture industry's natural resource management include:

- Investment in the development and roll-out of a whole of farm horticulture BMP to enable the delivery of specific NRM outcomes such as water quality
- Ongoing investment in the rural water use efficiency initiative
- Development and implementation of a climate adaptation strategy for agriculture, recognising that temperature is the key issue for horticulture.
- Ongoing investment in determining the link between on-farm practices and NRM outcomes.

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## Enhance Supply Chain (Including Exports) and Business Development Opportunities

Despite its position as Queensland's second largest primary industry, the horticulture industry is not well recognised in the community or government for its contribution or achievements. This is partly due to the poor availability of information, essential statistics and data regarding the horticulture industry although this has improved with the development of the Queensland land audit. There is a need for investment in improved data collection and analysis. Improved access to specific and detailed information is essential to underpin industry planning, development and the design of future initiatives.

We would like to work with government to improve the profile of horticulture. A key message should be that a strong horticulture industry benefits Queensland in many ways – providing fresh, local produce that encourages people to make healthy eating choices; providing a diversity of employment opportunities; and supporting businesses across the supply chain and food sector.

Growcom considers the development of strong trade ties with the Asia-Pacific region as absolutely critical for the development of the horticultural industry in Queensland and in fact in Australia as a whole. 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.

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 perception 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. Interestingly the "100% Pure New Zealand" branding which was developed initially as a tourism campaign has had crossover into the perception of New Zealand agricultural products.

Unfortunately, there is anecdotal evidence that the efforts of state based trade bodies tend to be counter-productive as they compete with each other and confuse overseas buyers. We would like to work closely with the Queensland government and the Australian Horticultural Exporters' Association to identify meaningful strategies to improve trade access for Queensland fruit and vegetables.

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.

Opportunities to enhance supply chain opportunities include:

- Maintaining the interaction between the horticulture industry and the Minister for Agriculture through mechanisms such as the Horticulture Industry Development Group
- Increasing the focus on horticulture within DAFF through the development of a long-term horticulture strategy developed in consultation with industry and supported by robust data
- Working with the Queensland government to identify opportunities to enhance exports
- Continued focus on agriculture as one of the four pillars of the Queensland economy
- Enhancing the digital capacity of the horticulture industry through education.
- Consider adoption of a policy that requires State government food buyers, such as hospitals and prisons, to procure Australian-grown or produced product if it is within 25% of the cost of its imported competitor.

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## 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 constantly in contact with growers and other production 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. Membership has been entirely voluntary since 2003 and 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 including AUSVEG the peak body for vegetables, and use these networks to promote our members' interests and to work on issues of common interest. There are 16 defined production horticultural regions in Queensland with a total area under fruit and vegetable production of about 100 000 hectares. In addition to mainstream crops, the industry includes a number of emerging industries including olives, Asian vegetables, exotic tropical fruits, culinary herbs, bush foods, functional foods and nutraceuticals.

The industry supplies local, interstate and overseas markets via a range of outlets including wholesalers, supermarkets, green grocers, farmers' markets and direct to consumers. Horticulture is a resource base for significant value adding throughout the food, transport, wholesale and retail industries. 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 for horticultural produce is dominated by Australia's two supermarket giants, Coles and Woolworths.

The Queensland horticulture industry is a major contributor to regional economies and the mainstay of many regional communities, providing primary and secondary sources of income for many Queensland families.

Horticulture is a highly labour intensive industry, where labour costs represent up to 60 per cent of overall operating costs for many businesses. The industry offers a diversity of skilled and unskilled, permanent and casual employment opportunities. Horticulture has significant links to the tourism industry, providing income from seasonal picking and packing work for thousands of travellers each year, particularly backpackers and "grey nomads".

Compared to other agricultural industries, horticulture is a high value and efficient user of water and land resources. The industry occupies only three per cent of the State's total land under crops and uses only 10 per cent of the State's irrigation water but produces almost 40 per cent of the value of all irrigated products. Approximately 87 per cent of production horticulture is irrigated. Growers are increasingly adopting sustainable farm management practices and have earned a strong reputation for safe, clean and green food production.

All Queenslanders, urban and rural, benefit from the industry's success: access to a plentiful and diverse supply of fresh fruit and vegetables helps maintain good health, a healthy weight and helps protect against a number of serious diseases.

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

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