



18 October 2019

Committee Secretary
Standing Committee on Agriculture and Water Resources
PO Box 6021
Parliament House
CANBERRA
Canberra ACT 2600

AUSVEG Submission to Standing Committee on Agriculture and Water Resources – Inquiry into growing Australian agriculture to \$100 billion by 2030

Dear Committee Members,

AUSVEG welcomes the opportunity to provide this submission to the Standing Committee on Agriculture and Water Resources for the inquiry into growing Australian agriculture to \$100 billion by 2030.

AUSVEG is the national Peak Industry Body representing the interests of Australian vegetable and potato growers and is committed to securing the industry's future. The Australian vegetable and potato industries have a combined production value of \$4.1 billion and are a vital component to the growing value of the Australian horticulture industry.

AUSVEG is run by growers, for growers. Its work includes industry advocacy, industry communications, export development and market access, biosecurity and a variety of other research and extension activities, working closely with Australia's growers to ensure their needs are reflected in its work.

On behalf of the Australian vegetable industry, **AUSVEG supports government's efforts to increase the value of the Australian agriculture industry to \$100 billion by 2030 and believes the Australian horticulture industry will be a major contributor to boosting the value of Australian agriculture** by:

- improving horticulture's access to a reliable and competent workforce;
- increasing domestic demand for fruits and vegetables;
- continuing investment into export market development and increasing market access into more international markets;
- supporting Australia's biosecurity system;
- encouraging the adoption of world-leading local and international research;
- securing adequate supply of affordable energy and water; and
- supporting producers and their communities to adequately prepare for and respond to severe weather events and emergencies.

For more information regarding this submission please contact AUSVEG's National Manager – Public Affairs Tyson Cattle on 03 9822 0277 or at tyson.cattle@ausveg.com.au.

Yours sincerely

A handwritten signature in black ink that reads "James Whiteside". The signature is written in a cursive, slightly slanted style.

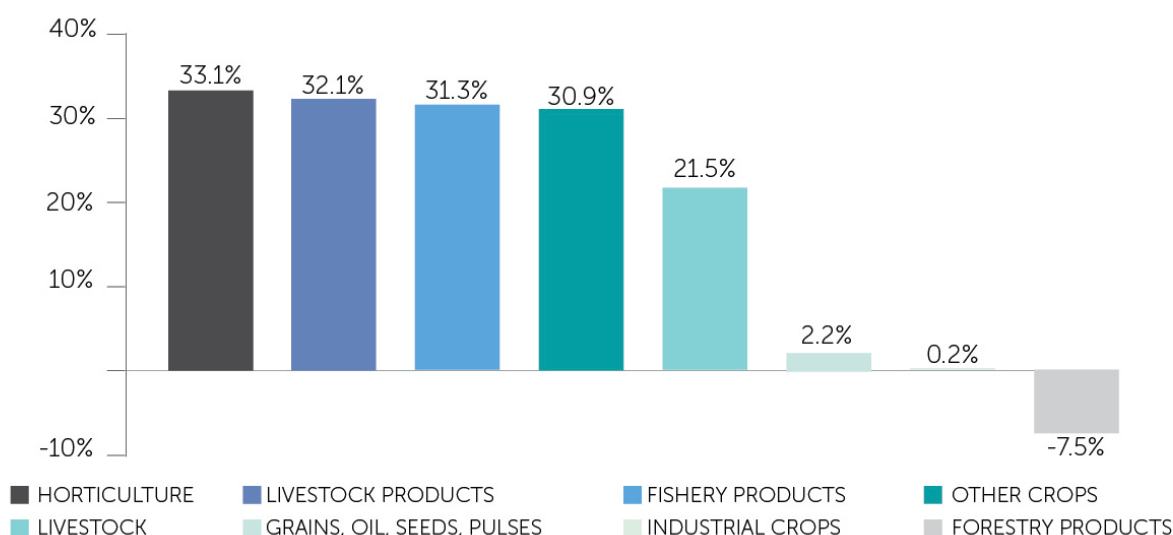
James Whiteside
Chief Executive Officer

About Australian horticulture

According to the Australian Bureau of Statistics, Australian horticulture crop production was valued at \$10.1 billion in 2017/18, making it Australia's third highest valued agricultural sector¹. The vegetable industry contributes a significant proportion of the value of Australian horticulture, with vegetable production valued at \$4.1 billion in 2017/18, making up over a third of the total production².

The Australian vegetable industry is a significant player in Australian agriculture and will play a major contributing role in government's ambitious target for agriculture to increase its value to \$100 billion by 2030. According to ACIL Allen Consulting, the unadjusted projected farm-gate value of horticulture is \$14.6 billion by 2030, a 33 per cent increase on its 2016/17 value and the highest percentage growth of any Australian agriculture sector (see below).

PROJECTED CHANGE IN FARM-GATE VALUE OF AGRICULTURE BY SECTOR – 2016/17 TO 2029/30



Source: [Agriculture – a \\$100b sector by 2030?, ACIL Allen Consulting, August 2019](#)

It is AUSVEG's view that the projected growth of the horticulture sector is highly possible, and that the vegetable industry will play an important role in the sector achieving this growth. However, there are issues identified by AUSVEG that could impede the Australian horticulture industry from achieving a higher-than-projected growth of 33 per cent indicated by ACIL Allen if the Australian agriculture industry is to achieve its target of \$100 billion by 2030. These issues include labour, market access/international trade, biosecurity and research and development adoption, and require government and industry to work together to develop solutions that will help grow the value of the horticulture industry – and the agriculture industry as a result.

¹[VALUE OF AGRICULTURAL COMMODITIES PRODUCED – Australia – 2017-18, Australian Bureau of Statistics](#)

²[VALUE OF AGRICULTURAL COMMODITIES PRODUCED – Australia – 2017-18, Australian Bureau of Statistics](#)

Labour

Australian vegetable and potato growers have significant challenges in being able to find a competent, reliable and efficient workforce. There are a range of issues contributing to this problem, including being unable to access a local workforce, inadequate career pathways to horticulture and issues with the current visa system. All of these issues have a significant effect on grower's ability to be as efficient and productive as possible, as well as impacting their confidence to reinvest into the sector, which reduces the potential of the vegetable industry to maximise its potential value.

Most vegetable and potato growing businesses grow, pack and transport fresh produce all year, with their aim to supply the best possible produce to the consumer all-year round. This means these businesses have transitioned from growing and picking seasonal crops to a highly-skilled and complex industry requiring a permanent workforce for 12 months of the year.

Creating robust and sustainable mechanisms to access labour from Australia and around the world was identified by the National Farmers' Federation as part of the *Capable People, Vibrant Communities* pillar in increasing the overall value of the agriculture sector; this is particularly relevant to the horticulture industry³. On average, labour accounts for around 60 per cent of the total cost of production for a horticulture business. Therefore, it is vital that horticulture businesses have a skilled, reliable and competent workforce to achieve the required productivity and efficiency gains for Australian agriculture to increase its value to \$100 billion by 2030.

Local workforce

Horticulture growers would ideally employ a local workforce. There is a range of examples around Australia where growers have tried different avenues to incentivise locals to work in their businesses; however, these have not succeeded. Many growers have tried to access local workers through the Federal Government's Seasonal Worker Incentive Trial (SWIT), but the many examples of workers arriving on property drug- or alcohol-affected, workers not turning up to work the next day and the immense time and expense in hiring and managing these workers have destroyed growers' confidence in being able to access a quality, efficient and effective local workforce for their business.

As a result, growers have become reliant on many different visa programs for the workforce it requires. But the current visa system is inadequate. The most commonly used visa programs in horticulture are the Working Holiday Maker Program (WHM), Seasonal Worker Program (SWP), the Pacific Labour Scheme (PLS) and the Temporary Skills Shortage visa (TSS).

Working Holiday Maker Program

The WHM provides a range of workers, but largely for an 88-day period for those who to qualify for their second-year visa, or up to six months for those who want to access their third-year visa. This has catered for some businesses, particularly businesses in locations where they have a short harvest window and are

³ [2030 Roadmap Australian Agriculture's Plan for a \\$100 Billion Industry, National Farmers' Federation](#)

in 'travel-friendly' destinations. But for a large proportion of horticulture businesses this workforce is insufficient. Many of the workers on WHM visas are not committed to working in horticulture, which can often mean they are there to 'tick-the-box' for the 88-day visa requirement rather than be productive. This is problematic for growers, as they are dealing with an inefficient workforce that needs replacing every three months. This is significantly problematic for all businesses in the sector, particularly those that require workers 12 months a year or those that can require more than 200 workers and need to continue to go through this process every three months with most of their workers.

Seasonal Worker Program

The SWP helps growers access a more efficient and reliable workforce. The feedback AUSVEG has received about this program is that workers enjoy the work and want to earn as much money as possible before returning home. However, one significant issue with the SWP is a worker can only stay for up to nine months – it was only six months up until this was changed last year. This again means a grower must change its workforce at the end of their visa period and bring in a new workforce, bringing on the same challenges as the WHM.

Another issue with the SWP is that the application process is expensive, and there is no guarantee that a grower can access the number of workers they need and deliver them at the time the grower requires. This creates a situation for a grower where they lack confidence to source them via this program, particularly smaller growers, as it is expensive and provides no assurances, while having a significant capital costs for the grower where they need to provide pastoral care for the worker.

The Pacific Labour Scheme

While the PLS is still very much in its infancy, AUSVEG believes it could be part of the solution for growers to access a reliable workforce.

Temporary Skills Shortage visa

The TSS is linked to the ANZSCO Skilled Occupations List, which does not match the industry's labour needs, meaning growers cannot access the skilled workforce for important skilled roles such as Irrigationists, Managers and Production Horticulture Supervisors. There is no visa pathway for growers to access these vital workers.

AUSVEG is advocating for a **Horticulture Industry Labour Agreement** on behalf of the horticulture industry to help growers access semi-skilled and skilled workers for the sector. Federal Government endorsement and acceptance of the Horticulture Industry Labour Agreement would be a significant step forward for the industry and help businesses get the skilled workforce they require. This will help the entire horticulture sector increase its productivity and profitability, making it able to contribute more towards making Australian agriculture a \$100 billion industry by 2030.

Improving Horticulture's image to attract workers

Horticulture is a highly technologically savvy industry that uses world-class innovations, logistics, machinery and software to supply local and international consumers with high-quality fresh produce all year round. It is vital that the horticulture industry can attract skilled local and international workers to ensure that it can continue to improve its productivity and profitability using the latest technologies to increase yields, reduce costs and improve supply-chain logistics.

There are tremendous opportunities for workers in the horticulture industry to build successful careers in sophisticated and highly skilled roles. This requires significant investment in building leadership and professional capabilities; however, there is currently a lack of training pathways for horticulture businesses to attract and retain highly skilled workers.

Building stronger training pathways for people interested in a career in horticulture and highlighting the myriad highly skilled career opportunities that are available in the sector will help build a skilled, reliable and efficient workforce and will help improve the profitability and productivity of the horticulture sector.

Increasing domestic demand of fruits and vegetables

Only around four per cent of Australians consume the recommended five or more serves of vegetables daily, and this percentage is declining. Furthermore, under-consumption of vegetables is common across all demographic and socioeconomic groups.

Not eating enough vegetables has a significant impact on the physical and mental wellbeing of people of all ages and places a severe burden on Australia's healthcare system; this is a preventable burden that can be remedied by encouraging more people to eat more vegetables.

There are also significant economic benefits to increasing vegetable consumption. A recent report by Deloitte Access Economics to model the impact of increased vegetable consumption on government health expenditure and producer returns found that if average consumption of vegetables across the population increased by 10 per cent (around a quarter of a single serve of vegetables), government and producers would receive an estimated **\$123 million in benefits annually**, of which:

- \$100 million is the expected reduction in government health expenditure; and
- \$23 million is the increased profit that would flow to vegetable growers.⁴

In 2018, agrifood specialists McKINNA et al undertook a major project for the vegetable industry to assess the business case for the industry to invest in marketing to grow domestic demand for vegetables. This report found that for a modest investment of around \$10 million per year over an initial five year period, a campaign that focuses on increasing the enjoyment factor of eating vegetables and educating consumers to increase the number of serving occasions and uses could conservatively increase consumption by **at least half a serve per person per day (twice the amount mentioned in the aforementioned Deloitte Access Economics report)**.⁵ Ideally the cost of this would be split between industry, government and other like-minded industries, which all have an interest in increasing vegetable consumption.

It is in the best interest of producers, government and the wider public to encourage increased consumption of fruits and vegetables and a modest investment in an industry-focused marketing campaign to increase domestic demand of fruits and vegetables has the potential to provide a significant economic return on investment that results in positive health outcomes for consumers – this should be a priority of the National Obesity Taskforce.

Growing domestic consumption of vegetables and fruits will deliver significant economic and health benefits to Australian consumers, as well as potentially delivering increased profits to growers. A coordinated approach to marketing that includes the horticulture industry, government and like-minded industries should be considered, as it has the potential to not only deliver over \$100 million in expected reduction in government health expenditure, but help to increase the value of the wider horticulture industry to deliver a higher-than-projected growth in value to 2030.

⁴ [*Economic Modelling of the Impact of Increased Vegetable Intake on Health Expenditure, Deloitte Access Economics*](#)

⁵ [*Building the Case to Grow Domestic Demand for Vegetables, McKINNA et al*](#)

International Trade

The value of fresh Australian vegetable exports has increased over \$110 million since 2015, to be worth \$287 million in 2018/19 from exporting over 253,000 tonnes of fresh vegetables. The vegetable industry is on track to achieve the target of increasing the value of vegetable exports to \$315 million in 2020, and to over \$400 million by 2025⁶.

While demand in international markets for high-quality fresh produce continues to increase, sustainable export growth does not simply happen organically, and requires ongoing support and investment from commercial businesses, industry and government. The establishment of Free Trade Agreements (FTAs), expanded phytosanitary market access for horticultural products, and strong investment in developing markets has underpinned the recent growth in vegetable exports.

Increasing market access and market development has been identified by ACIL Allen as a potential growth area to increase the value of the agriculture sector⁷. Further developing vegetable exports, and supporting the industry's efforts to create a viable and sustainable export sector, will contribute to increasing the value of Australian agriculture to \$100 billion by 2030.

Market Development

Australian vegetables are exported to over 20 international markets and the vegetable industry currently invests approximately \$2 million per year in export market development. The ongoing investment to support market development efforts is strongly recommended as an effective use of both industry levy funds and matched government funding. It is expected that increased future investment will lead to stronger gains in established markets, the capture of market share in emerging markets, and strengthened relationships in all markets which are critical to success when exporting fresh produce.

Market Access

Increasing the number of export markets that vegetables can access is critical to ongoing export growth. Obtaining expanded or new phytosanitary market access for fresh produce is complex and often takes many years. The vegetable industry has been working with government to identify market access priorities, develop market access applications and the necessary data to support bi-lateral negotiations with trading partners. Sufficient, ongoing resourcing within government and a concerted effort by industry and government is required to see these processes through to completion.

To achieve the industry's export growth target of \$400 million in annual exports by 2025 – and future 2030 export growth targets – there must be strong support for, and significant ongoing investment into export market development, and increasing phytosanitary market access into more international markets.

⁶ [Vegetable Industry Export Market Development Strategy 2020, AUSVEG](#)

⁷ [Agriculture – a \\$100b sector by 2030?, ACIL Allen Consulting, August 2019](#)

Biosecurity

Productivity and market access issues arising from pests and disease incursions threaten the financial viability of the agriculture industry. International, state and farm borders are all at risk from pest and disease incursions that have the potential to decimate crops and impact grower livelihoods; therefore, support and investment in biosecurity – a shared responsibility with the commonwealth, state governments, growers and citizens at large – is vital to protecting the economic interests of the industry.

Inadequate biosecurity regulations and protocols have been identified by ACIL Allen as one of the key risks to consider if the agriculture industry is to increase its value to \$100 billion by 2030⁸. While Australia has natural advantages due to our geographical location, we cannot afford to be complacent. Recent biosecurity outbreaks in this country have shown the tremendous economic and emotional toll that an incursion can have on an industry and its members.

Australia's strict biosecurity program has a strong global reputation for safeguarding our agriculture industry and our primary producers, and it is critical that all sectors of the community with a responsibility to maintain Australia's borders work together to ensure that our biosecurity system continues to work for producers to prevent pests and diseases from affecting their livelihoods.

While increasing international trade and travel increases the risk of incursions, early detection and reporting helps contain and often eradicate incursions; however, growers can be discouraged to report a pest or disease on their property because of the financial and personal toll that besets them if they report.

A robust mechanism that does not discourage growers to report suspect pest and disease issues needs to be established as a high priority. This must be communicated to industry and the wider public to reiterate the shared responsibility that all sectors play in helping to safeguard Australia's agricultural sector.

Adoption of R&D

Investment of research in the horticulture industry is guided by a Strategic Investment Plans, which guide Horticulture Innovation Australia (the horticulture industry research and development corporation) to invest in projects that will grow the productivity, competitiveness and profitability of the industry. For the vegetable and potato industries, these two strategic plans have a potential impact of over \$500 million from approximately \$95 million investment – a return of more than 5:1^{9,10}. However, this research will not achieve its desired impact unless the results of it are adopted by growers.

As stated by ACIL Allen:

'Since the 1980s, Australia has invested heavily in R&D and delivered many discoveries that have improved the productive capacity of agriculture. However,

⁸ [Agriculture – a \\$100b sector by 2030?, ACIL Allen Consulting, August 2019](#)

⁹ [Vegetable Industry Strategic Investment Plan, 2017-2021, Horticulture Innovation Australia](#)

¹⁰ [Fresh Potato Industry Strategic Investment Plan, 2017-2021, Horticulture Innovation Australia](#)

*only a small proportion of this R&D has ever been adopted; the rest lies dormant ready for activation.*¹¹

Ensuring that the benefits of R&D investment make their way to growers, a robust mechanism and system of research adoption is required so that growers have the skills and knowledge required to take advantage of the world-leading R&D that is being undertaken on their behalf.

Energy & Water

The Australian horticulture industry is an energy-intensive sector, with rising electricity costs a major concern for producers who require affordable and reliable energy to ensure they can produce and supply fresh vegetables year-round to local and international consumers. The lack of a coherent, coordinated national energy strategy has raised prices for growers and has increased financial pressures that have impeded them from being able to operate a profitable business in this industry.

The importance of affordable and reliable energy for producers in the Australian horticulture industry must be considered during discussions around a national energy strategy.

The cost and availability of water is also a major concern for Australian horticulture growers and may impact the ability of the sector to achieve a higher-than-projected growth so that the Australian agriculture industry can reach a value of \$100 billion by 2030. Horticulture growers must have equitable access to water; insufficient water availability can significantly impede production across all of horticulture. Adequate water access and the infrastructure to ensure this occurs must be secured so that the horticulture industry can realise its productive and financial potential. There must also be a transparent marketplace that prioritises growers and other water-users rather than water traders that profiteer the system at the expense of horticulture producers and their customers.

Adequate water access and the infrastructure to support this must be secured to ensure the horticulture industry can realise its productive and financial potential. There must also be a transparent marketplace that prioritises growers and other water-users rather than water traders that profiteer the system at the expense of horticulture producers and their customers.

¹¹ [Agriculture – a \\$100b sector by 2030?, ACIL Allen Consulting, August 2019](#)

Climate preparedness and emergency response

Horticulture producers are facing increased extreme weather events, such as heatwaves, storms and drought, that severely impact production volume and quality.

The unpredictable nature of many of these weather events also make it hard for businesses to adequately mitigate these risks, which can cripple businesses that are affected by severe weather events and reduces their productive capability for subsequent seasons.

Ensuring that horticulture producers are able to adequately prepare and respond to extreme weather events and emergencies is critical for the industry to manage the impact on production and supply that result from these weather events and help the horticulture industry achieve a higher-than-projected growth in value to help the agriculture industry achieve its \$100 billion target by 2030. This requires government support to:

- Help horticulture businesses prepare for and mitigate risks from extreme weather events and emergencies to reduce the financial, productive and emotional toll of emergencies before they occur; and
- Provide adequate support and assistance packages to producers and communities that have been affected by extreme weather events and emergencies. This will ensure that they are able to quickly rebuild after an event and can receive ongoing support for infrastructure, production and supply, as well as emotional support to deal with traumatic and difficult experiences.

Government must support horticulture producers and their communities to deal with extreme weather events and emergencies by:

- Helping horticulture businesses prepare for and mitigate risks from severe weather events and emergencies; and
- Providing adequate support and assistance packages to producers and communities that have been affected by severe weather events and emergencies.