

The top half of the page features a photograph of a person's hands holding a fresh, green broccoli head. The hands are positioned on either side of the broccoli, with fingers gently gripping it. The background is a soft-focus green, suggesting a garden or field. A solid green horizontal bar is located just below the photograph, separating it from the text below.

# Vegetable Industry Sentiment Report

September 2024

The bottom right portion of the page is decorated with several large, rounded green shapes. These shapes are arranged in a way that they appear to be overlapping or stacked, creating a modern, abstract design. The colors range from a medium green to a vibrant lime green.

## INTRODUCTION

The Australian vegetable, potato and onion industry is facing a range of severe operating challenges which are threatening the viability of the growers who supply 98 percent of the fresh vegetable produce bought and consumed in Australia.

While business conditions within Australia's vegetable industry have been difficult for some time, the need to clearly identify and understand the impact of specific issues on commercial vegetable growing businesses has prompted AUSVEG to seek insights directly from growers on how the challenges they are facing are affecting sentiment, business operations and future viability. Since mid-2023, AUSVEG has conducted Industry Sentiment Surveys every six-months, gleaning invaluable insights from a cross section of small, medium and large-scale vegetable growing businesses from all Australian states, and the Northern Territory.

This has provided a recurring snapshot and summary of sentiment in the national industry, while also allowing the tracking of industry and grower sentiment over time. This report contains a current summary of the key issues and challenges facing Australia's vegetable industry, and the growers who operate within it, informed by the latest survey responses, provided in July 2024.

It is a valuable resource which not only identifies the most pressing issues impacting vegetable growing businesses, but which also can be used to inform adjustments to Government legislative, policy and regulatory settings to better contribute to the long-term viability of a sector which is crucial to the national economy, the health of Australians and national food security.

AUSVEG thanks all growers who provided insights to this confidential, anonymous survey.




# Vegetable Industry Insights



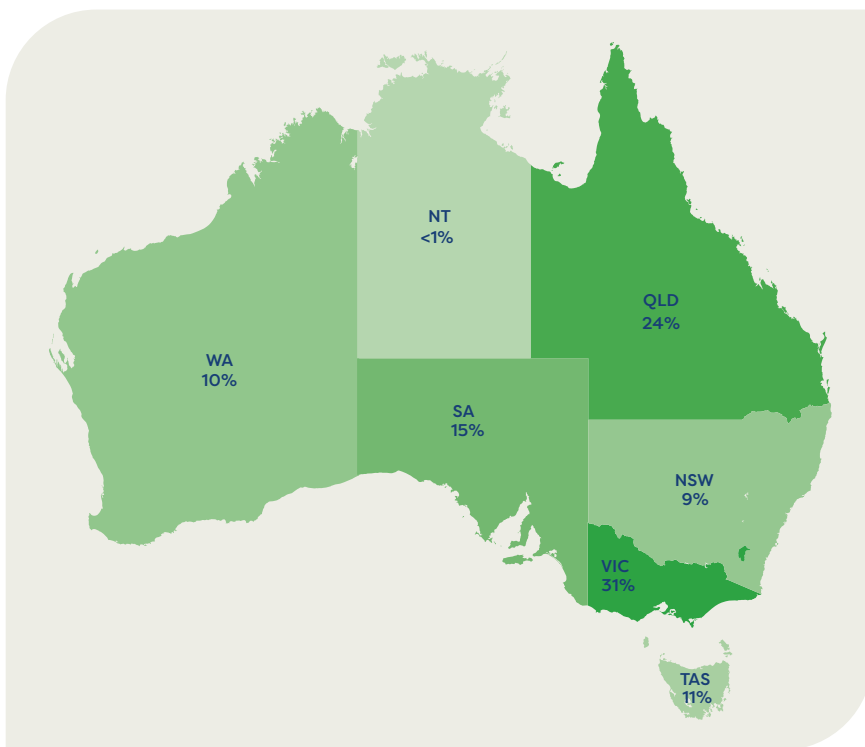
Gross value of Australian vegetable, potato and onion industry is **\$5.8B**



**3,600+**  
vegetable  
businesses  
in Australia

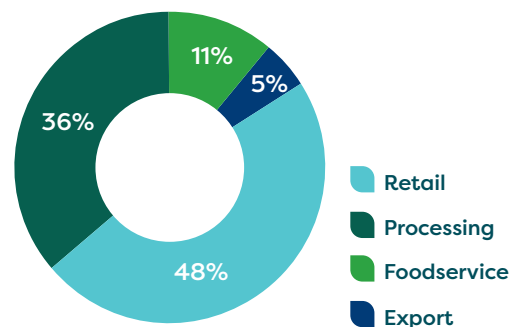
**3.6M**   
tonnes of fresh  
vegetables grown  
in Australia

**48B**  
serves of  
vegetables



**98%**  
of fresh vegetables  
sold in Australia are  
grown in Australia

## SUPPLY CHAIN DESTINATION



**34%** of growers are considering leaving the industry in the next 12 months

**50%** growers are financially worse off than they were in June 2023

**42%** of those expect it to worsen by June 2025

**50%** of vegetable enterprises rate their business outlook as either very poor or poor

## Top 5 reasons for exiting are:

- Input cost increases
- Poor retail pricing
- Increased labour costs
- Lack of operating profit for improvement, expansion and innovation
- Compliance and regulation burden

# Industry Viability

The compounding challenges confronting growers have contributed to rock bottom sentiment in the sector, with an average of **34%** of respondents across the sentiment surveys indicating they are considering leaving the industry within the next 12 months.

Growers are leaving the industry. That is obvious from survey responses, and anecdotal reports. This situation could have been avoided, and failing to reverse it will have serious implications for Australia's food security.

A lack of operating profit, input cost increases, poor retail prices, increased cost of labour, and compliance burden were identified as the top factors informing growers' decision about whether to leave the industry, in the most recent survey.

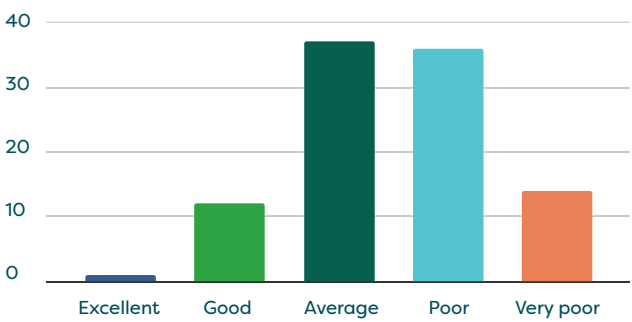
In July 2024, **50%** of growers indicated they were financially worse off than they were 12 months ago, and **28%** indicated that they would be financially worse off by June 2025. Only **9%** identified they were financially better off compared to 12 months ago and just **6%** expected they would be financially better off in another 12 months.

The severe margin squeeze being experienced by vegetable growing businesses has also severely affected their ability to invest in innovation and farm productivity initiatives. More than **70%** of growers indicated they had reduced or delayed spending and activity in capital infrastructure improvements, more than **64%** indicated they had delayed or reduced investment in innovations such as new equipment purchases, **56%** indicated they had delayed or reduced expansion through acquisition of new property and more than **45%** indicated they had delayed or reduced investment in implementation of sustainability and other environmentally responsive practices.

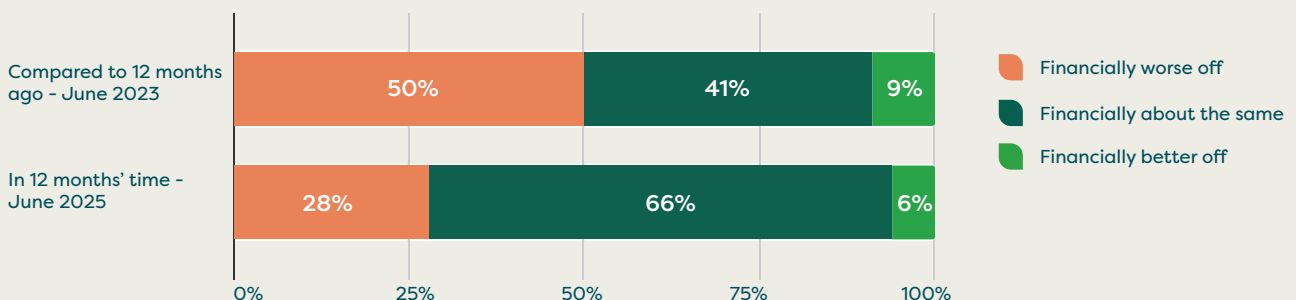
## 1 in 3

of growers are considering leaving the industry in the next 12 months

## 2024 BUSINESS OUTLOOK



## BUSINESS FINANCIAL VIABILITY



**Top reasons that Australian growers cite are the cause of them considering to exit the industry\*.**

- 56% cite input cost increases
- 45% cite poor returns from retailers
- 41% cite labour cost increases
- 40% cite lack of operating profit for capital improvements, expansion or innovation
- 35% cite the burden of compliance and regulation

This compares to the Global Coalition of Fresh Produce 2024 survey which showed that:

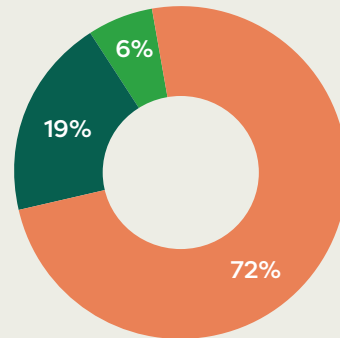
**The top 5 factors endangering the medium-term sustainability (two to three years) of operations were:**

- Input cost increases
- Poor prices paid by buyers
- Increased labour costs
- Cost of compliance with regulations and standards
- Lack of profits for capital investment and innovation

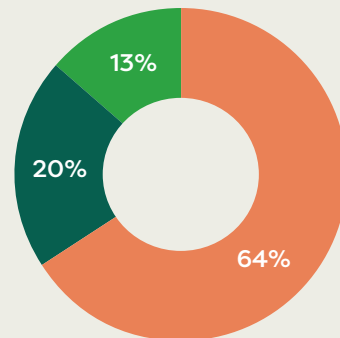


(\*Survey respondents could choose 3 reasons)

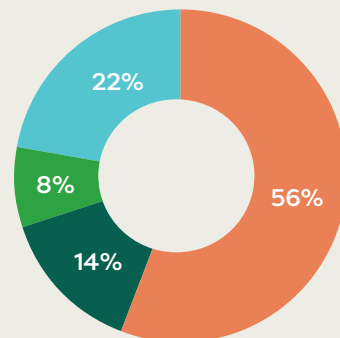
**CAPITAL INFRASTRUCTURE**



**INNOVATION (NEW PLANT & EQUIPMENT)**



**EXPANSION THROUGH NEW PROPERTY ACQUISITIONS**



- Reduced/ Delayed Spending
- Maintained Spending
- Increased/ New Unplanned Spending
- Not applicable

# Workforce Overview



In 2024, 46% of growers experienced workforce shortages

In 2024, on average, **38%** of production costs are attributed to labour.

In the top 10 percentile, labour accounts for **71%** of production costs.

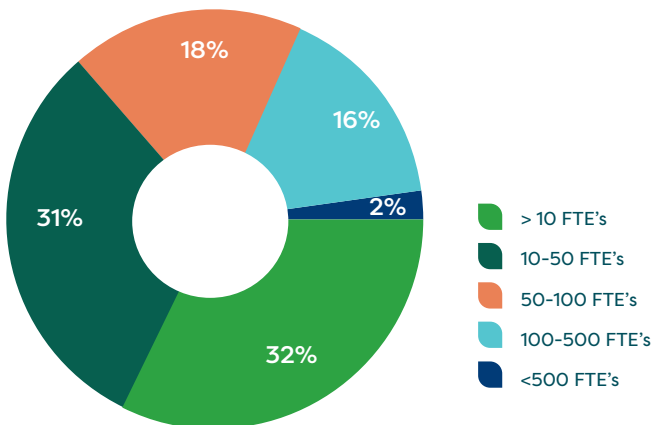
Workforce shortages and labour costs are regularly identified as one of the key issues facing commercial vegetable growing businesses. In 2024 surveys, **46%** of growers indicated they were experiencing workforce shortages.

Optimism that the situation will improve remains low, with just **10%** of respondents indicating they expected workforce shortages will improve, and the overwhelming majority indicating they believed the situation would either remain about the same or worsen into the future.

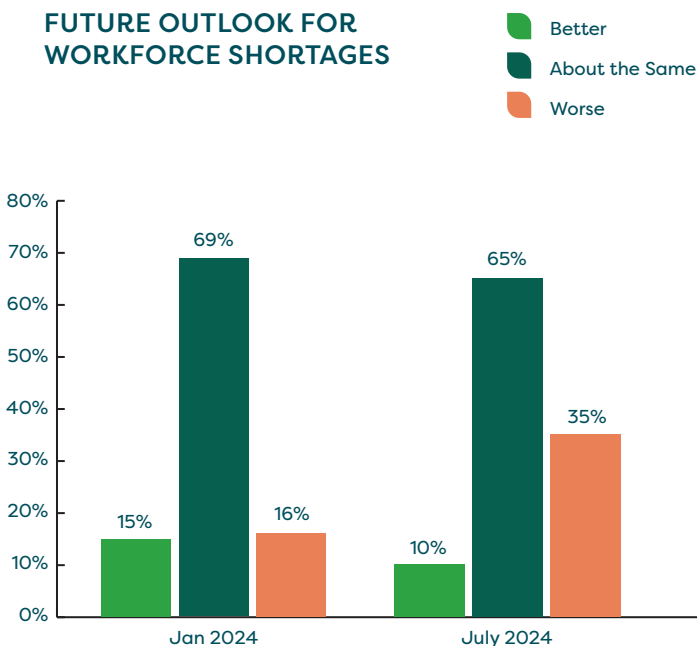
Concerningly, workforce shortages are being experienced across a range of full-time, part time and casual positions, as filling a range of skilled, semi-skilled and unskilled positions continues to prove challenging.

Labour costs are another major challenge, averaging **38%** of a grower's overall cost of production, and reaching as high as high **71%** for the top 10 percentile, in 2024.

## VEGETABLE INDUSTRY AVERAGE FTE'S



## FUTURE OUTLOOK FOR WORKFORCE SHORTAGES



## The reasons for not attracting workers to regional Australia include:



**Housing:** lack of affordable and/or suitable accommodation



**Education:** quality of education and choice e.g. religious schools



**Services:** healthcare, religion, recreational facilities, food (e.g. halal)



**Support:** community and specific migrant support, family support



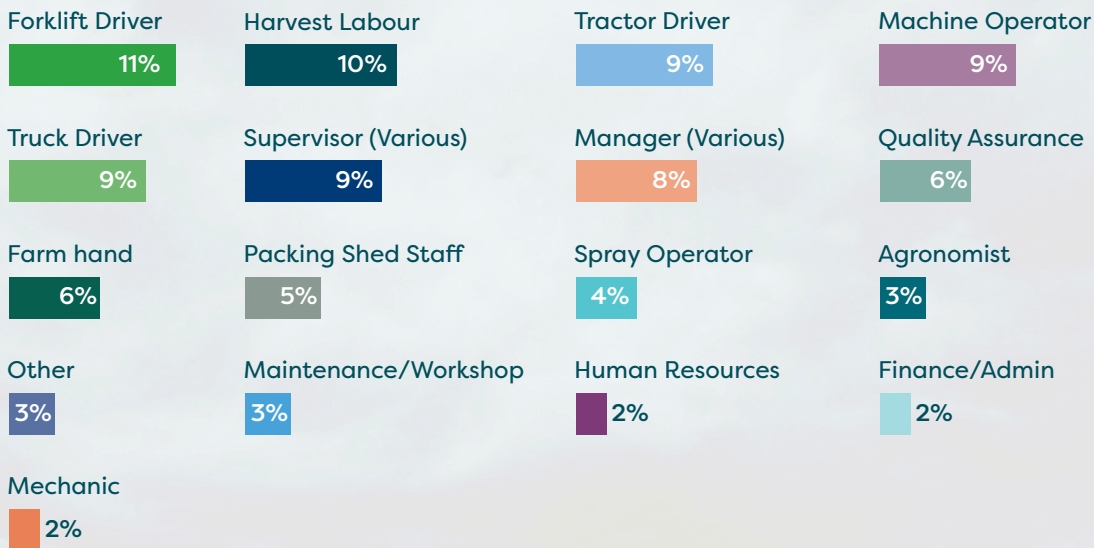
**Transport:** poor or no suitable public transport



**Perception:** misunderstanding of career opportunities and job diversity, poor perception of working conditions and pay.

# Workforce Overview

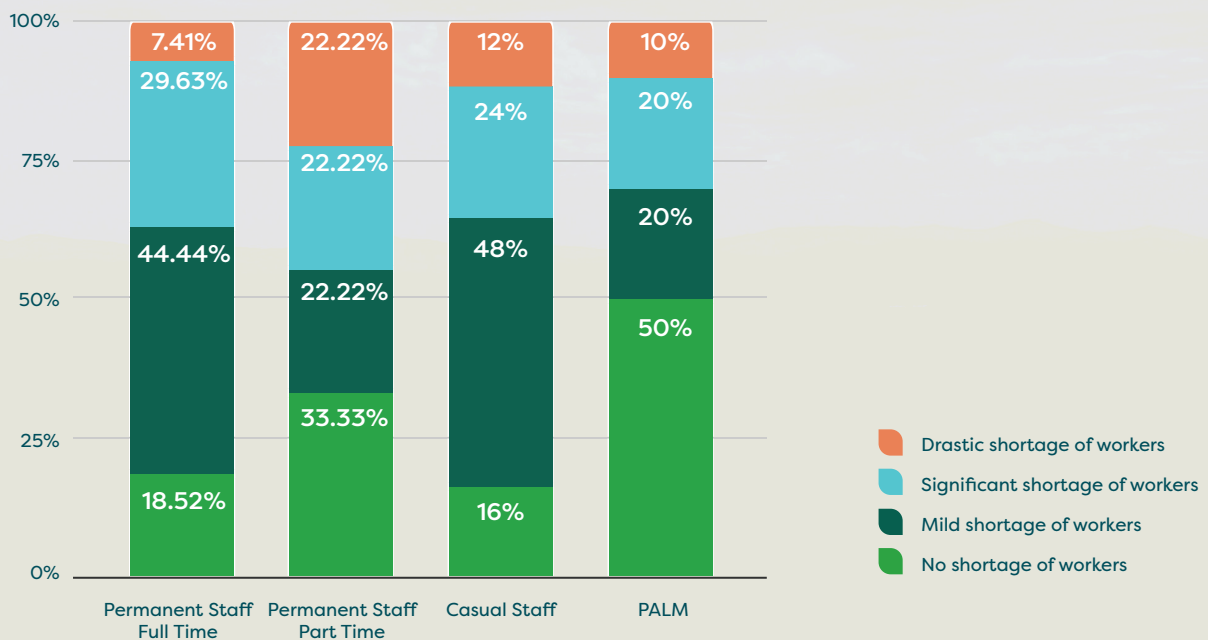
## WORKFORCE SHORTAGES - JULY 2024



Workforce vacancies, ranked by demand, as identified by growers



## IN WHAT TYPES OF ROLES ARE YOU CURRENTLY EXPERIENCING WORKFORCE SHORTAGES?



# International Labour: PALM scheme & WHMs

The importance of international workers in the vegetable industry cannot be overstated, with survey results indicating that Working Holidays Makers (Backpackers) and PALM workers account for nearly **65%** of farm workers.

Significant changes to employment schemes heavily relied on by growers have also contributed to ongoing workforce shortages and challenges for Australian vegetable growing businesses.

Changes to the Pacific Australia Labour Mobility Scheme which came into effect at the beginning of 2024, rendered it unworkable for many growers. This was reflected in the January 2024 survey which indicated that **32%** of growers who utilised the PALM scheme were intending reduce their PALM workforce. In July 2024, **24%** of respondents were still intending to reduce their engagement of PALM workers.

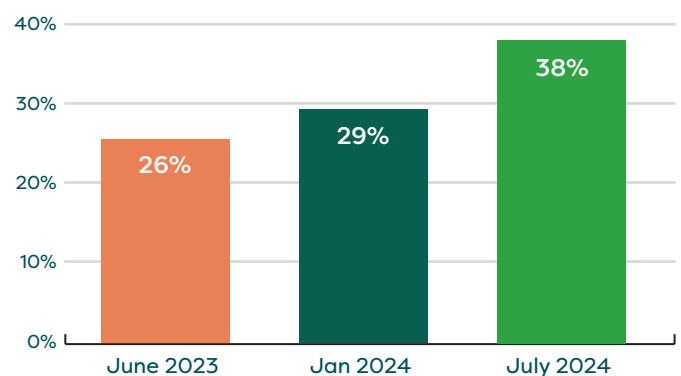
Likely reflective of the need to find alternative workforce options in light of the changes to the PALM scheme, growers identified in July 2024 that backpackers comprised **38%** of their workforce, up from **29%** in January 2024.

More than **62%** of growers indicated that the removal of the 88-day specified work requirement for working holiday maker visa extensions would have a severe or critical impact on their business.

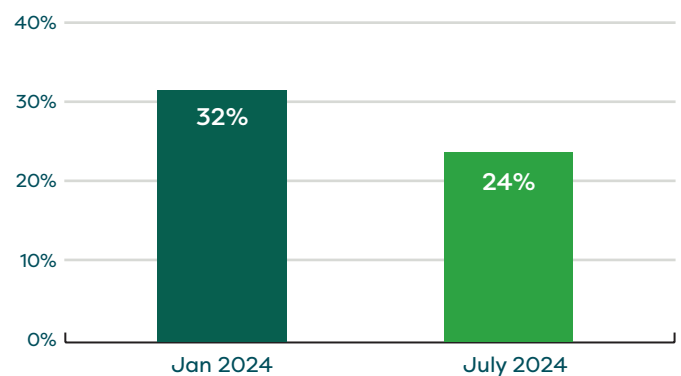
Removing the 88-day regional work requirement would have profound effect on Australian vegetable businesses with **23%** of recipients saying that WHM's were a critically important part of their seasonal labour and they would not be able to harvest their crops without backpackers.

A further **40%** said that backpackers were a very important part of their workforce mix and their business would be severely impacted if the 88-day work requirement was removed.

**% OF WORKFORCE THAT ARE BACKPACKERS**

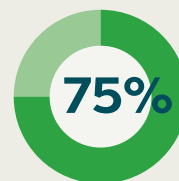


**% PLANNED TO REDUCE PALM WORKFORCE NUMBERS**



Utilisation of the PALM scheme by growers **dropped from 54% in June 2023 to 34% in January 2024**, attributed to changes to the PALM Deed and Guidelines.

Following changes to the 30-hr weekly averaging PALM utilisation increased to **45%** in July 2024.



**75%** of grower respondents would find an Agricultural or Harvest visa to fill employee demand during peak harvest windows useful, with **40%** saying it would be extremely useful.



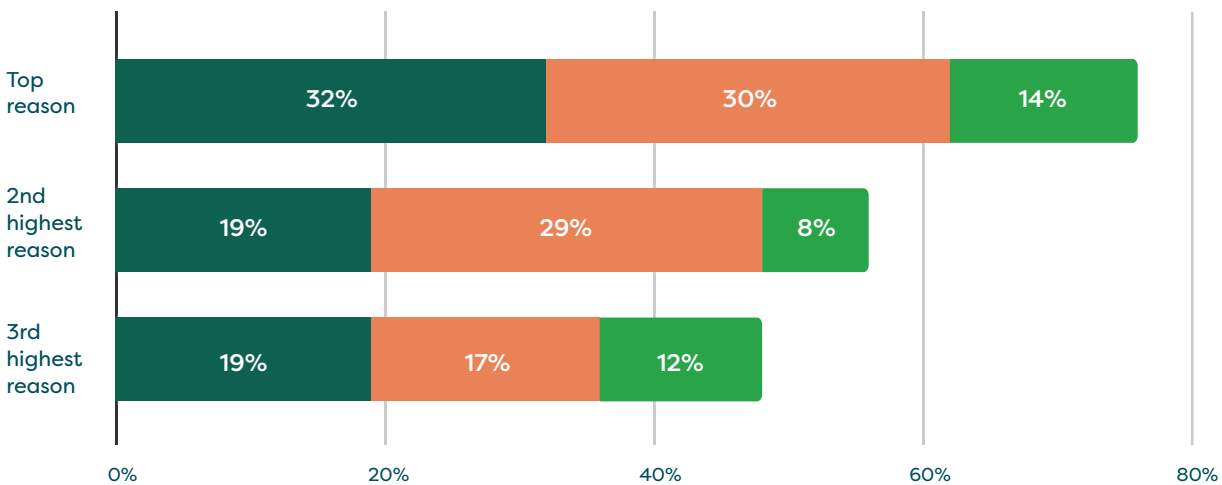
# Compliance and Regulation

The mounting burden of cost and compliance with a range of Federal, State and Local Government schemes, in addition to a multitude of third party requirements, are regularly identified by growers as among the biggest challenges facing their businesses.

In the most recent sentiment survey, the significant and growing cost, as well as the sheer volume, of schemes growers are required to comply with are the aspects of compliance identified as having the largest negative material impact on their businesses.

More than **64%** of growers identified that compliance requirements around food safety and quality assurance schemes were having a high or critical impact on their businesses. Requirements around industrial relations and workforce schemes, occupational health and safety, water catchment and irrigation, and taxation were among the other top compliance challenges growers identified in the latest survey.

## KEY COMPLIANCE AND REGULATION ISSUES



Sheer volume of compliance and regulatory requirements, and constant changes are just overwhelming

Cost of compliance and regulation

Lack of skilled staff to adopt, maintain or manage compliance and regulation



# Compliance and Regulation



Compliance and regulatory burdens that have the highest impact on vegetable businesses:



**Industrial relations and other workforce requirements**



**Taxation**



**Water management, including irrigation**



**Planning, zoning, building approvals**



**Utilities and services including energy, telecommunications, gas, water etc**



**Food safety, quality assurance, food labelling and other food manufacturing requirements**



# Vegetable Consumption

More than 80% of Australians recognise that a healthy diet will improve their long-term health and agree that eating an extra serve of vegetables daily is a simple way to improve their health.

Despite this level of awareness, many Australians struggle to meet the recommended daily intake of 5+ serves of vegetables each day. Consumers' top three reasons for not eating enough vegetables are linked to affordability, concerns over food waste/shelf-life and lack of cooking inspiration/time. Initiatives to address these barriers to vegetable consumption require highly integrated contributions and alignment across various sectors.

## Recommended vs current vegetable intake - Australia



### Recommended

5

### Women

2.5

### Men

2.3

### Children

2.1

Ref: Australian Bureau of Statistics

Recent industry research has identified that the reported average serves per Australian per day may be closer to **1.8 serves** per day when wastage is taken into account

**Only 6.5%** of the Australian population meet their daily recommendation of 5 serves of vegetables

**72%** of consumers indicate that the cost of vegetables have become more expensive



**39%** of consumers indicate vegetables take too much time to prepare and they struggle with a lack of cooking inspiration.



**44%** of consumers state their vegetables end up going to waste.



## Key Recommendations



By boosting vegetable consumption by just **one serve per person per day** by 2030, there is potential to achieve a **\$3.3 billion net vegetable supply chain economic benefit** spanning from growers to retailers and across vegetable growing regions; and the addition of almost 13,000 new jobs to the economy.

Increasing vegetable consumption by **one serve** has the potential to achieve **\$1.4 billion in healthcare system savings** due to reduced dietary-linked disease burden over time.





The Peak Industry Body for  
Australian vegetable, potato,  
and onion growers

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