



# Inquiry into Food and Beverage Manufacturing in Australia

House of Representatives Standing Committee on Industry,  
Science and Resources

May 2024



QUEENSLAND FRUIT  
& VEGETABLE GROWERS



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## About AUSVEG

AUSVEG is the prescribed Peak Industry Body representing the interests of the Australian vegetable, potato, and onion industry. AUSVEG is a not-for-profit, member-based organisation that is run by growers, for growers.

AUSVEG represents over 3,600 vegetable producers that account for 3.6 million tonnes of vegetable production, and an annual farmgate value of \$5.8 billion.

AUSVEG is a nationally federated body with the following members: AUSVEG VIC, AUSVEG SA, Queensland Fruit and Vegetable Growers, vegetablesWA, NSW Farmers, NT Farmers, WA Potatoes, and TasFarmers.

The purpose of AUSVEG is to advocate on behalf of industry at local, state, and federal levels with the core purpose of enhancing the economic, social, and commercial environment for growers so that the industry can continue to produce outstanding vegetables, potatoes, and onions for Australian and international consumers.

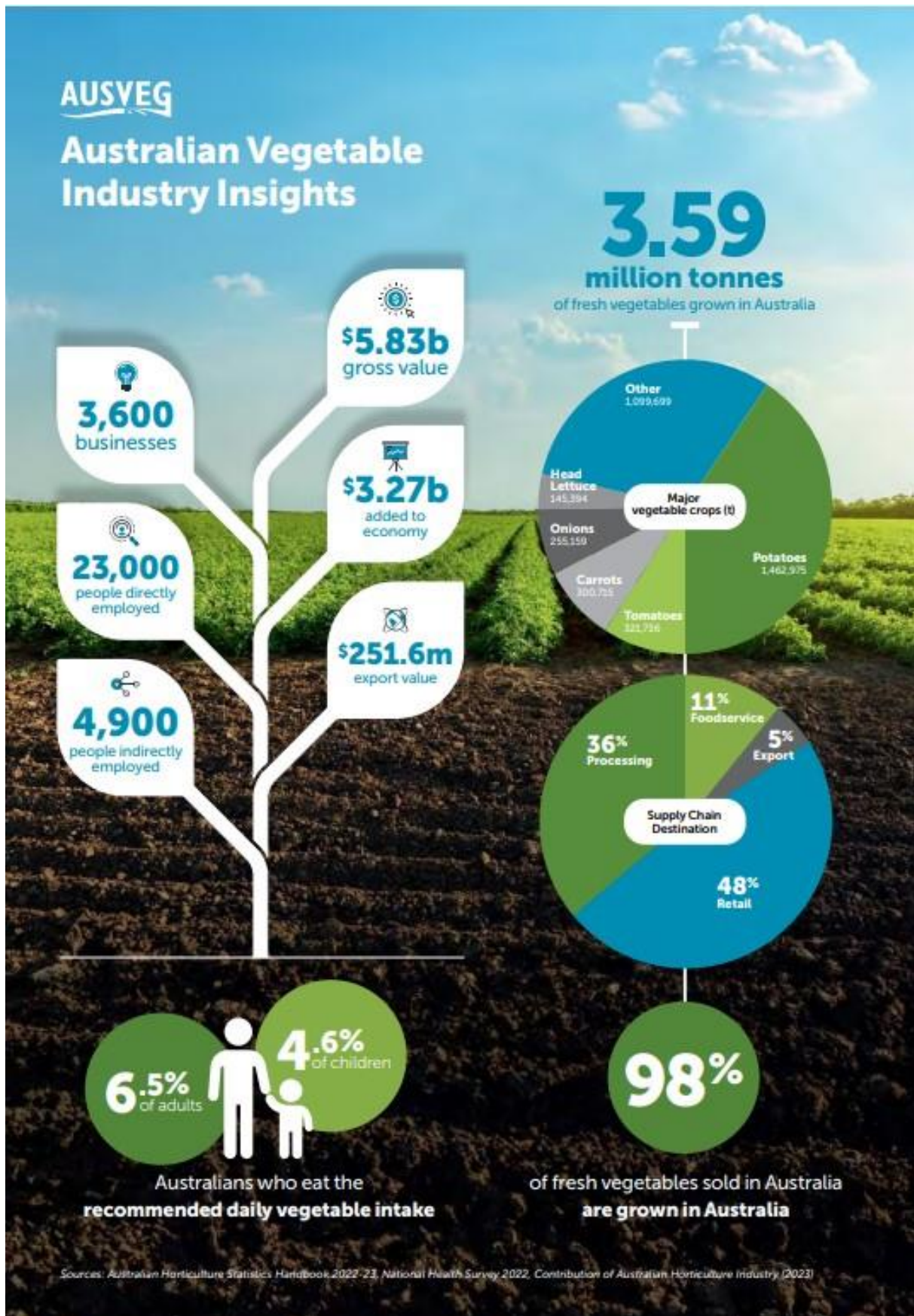
AUSVEG also delivers services for growers around Australia in the areas of extension, communication, environmental sustainability, biosecurity, export development and market access, working closely with growers to ensure their needs are reflected in this work.

In partnership with the International Fresh Produce Association A-NZ, AUSVEG hosts Hort Connections, Australia's largest horticulture conference and trade show which attracts more than 3,500 delegates annually. This event brings growers, supply chain, government and industry members together to increase awareness and uptake of the latest industry innovations, research and development outcomes, and to facilitate vital industry networking opportunities.

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## Introduction

At almost every meal, half a plate is dedicated to the Australian vegetable industry. Vegetables are the core of our diet, we cannot survive without them, unlike many other foods. Whilst many of the vegetables on the plate are fresh produce, which is overwhelmingly grown in Australia, the current cost-of-living crisis has seen an increasing trend toward frozen and canned vegetables – many of them cheaper overseas imports.

The Australian vegetable industry faces significant challenges, including extreme weather events, the constant threat of biosecurity incursions, as well as shortages of workforce, and vital farm inputs such as fertiliser and chemicals. The impacts of these challenges, in terms of both higher costs, lost produce and productivity limitations, are felt more acutely by vegetable growing businesses than many other industries. These impacts can have serious flow on implications for the national supply of fresh vegetables in Australia.

In this submission, AUSVEG will be focusing on nine areas, including:

1. National Supply Chain resilience
2. Demand and Consumption
3. Competition
4. Cost of production
5. Biosecurity
6. Food Waste
7. Food Safety and Quality
8. Branding
9. Innovation

Each aspect is critical the enabling the horticultural sector to operate sustainably and in ensuring the necessary raw products are available for downstream manufacturing. Australia produces an abundance of food with our farmers providing over 90% of domestic food supply. Whilst Australia has little risk of becoming food insecure, there is the risk that our food will become increasingly unaffordable and unavailable.

AUSVEG does however acknowledge that food insecurity already exists in parts of Australia. Regional and remote communities as well as lower socio-economic communities do have issues accessing healthy, nutritious food at affordable prices, and this has been exacerbated by the recent cost-of-living crisis. The tyranny of distance can significantly decrease the availability of fresh produce and therefore Australian manufactured products such as frozen and tinned vegetables are important to ensure these communities can access healthy and nutritious food products.

The horticultural sector is vulnerable to climatic and political changes, as was demonstrated during the pandemic with imports such as fertiliser, chemicals, machinery, and packaging affected by disruptions to global supply chains. The pandemic also saw a mass exodus of foreign workers, many of whom were working in agriculture, and whilst many overseas workers have returned there are still significant workforce shortages across agriculture in Australia. Again, with the Russian invasion of Ukraine, horticulture was severely affected by fuel and electricity hikes. And lastly, the severe flooding caused by climate change has wiped out entire horticultural businesses.

Each of these events affect the availability and affordability of Australian vegetables, as we saw from the \$12 lettuce in supermarkets in mid-2022. It is important that we highlight these issues and prepare for the future, particularly as extreme weather events are becoming more common<sup>1</sup>.

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<sup>1</sup> <https://soe.dcceew.gov.au/overview/pressures/climate-change-and-extreme-events>  
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AUSVEG welcomed the final report released in late 2023 on the inquiry into food security in Australia, *Australian Food Story: Feeding the Nation and Beyond*. AUSVEG fully supported many of the recommendations in the report, including establishing a National Food Council and appointing a designated Minister for Food. Unfortunately, there has been little progress in implementing the recommendations, and AUSVEG is hopeful that appropriate resources will be allocated in the upcoming Federal Budget.

Whilst our current trajectory sets us to reach \$8 billion by 2030, the industry is also contending with a range of other challenges, including aging farmers, few people entering the industry and ongoing global and geopolitical instability.

Like most industries through the food supply chain, the Australian vegetable industry faces significant challenges in securing a sufficient, capable and reliable workforce. Changes to the PALM scheme, overseas student work hours, industrial relations reform and changes to the UK backpacker visas have all compounded an already challenging workforce environment.

The economic cost of the ongoing labour shortages for vegetable growers is not just the lost profits, or the lost production that couldn't be planted and harvested, but also the longer-term impact for vegetable growers who must reduce investment in areas that would increase their production efficiency and profitability for future seasons.

AUSVEG outlines in this submission its recommendations to address the vegetable industry's core issues and create changes that will have a positive impact on food and beverage manufacturing in Australia.

## Recommendations

1. Develop a National Food Supply Chain Resilience Plan.
2. Government supports the development of a national strategy and behaviour change program to increase vegetable consumption, which would drive value added or preserved vegetable manufacturing.
3. Implement the Recommendations as outlined in the Interim Report of the review into the Food and Grocery Code.
4. Amend legislation to adopt fairer Unfair Practices Provision and Unfair Contract Terms in the Competition and Consumer Act.
5. Invest in local manufacturing facilities to develop key inputs such as fertiliser, chemicals and packaging.
6. Support on-farm initiatives to increase farm sustainability i.e. renewables fundings and waste recycling including bioenergy plants.
7. Improve the PALM scheme to reduce the compliance burden on employers, and increase flexibility, including portability between employers and work locations.
8. Develop a dedicated Agriculture Visa or Harvest Work Visa.
9. Develop a National Labour Hire Licensing Scheme to improve working conditions and attract more workers into the sector.
10. Increase adoption of agriculture more proactively within the Australian primary and secondary curriculum.
11. Government reform to increase capacity and capability of critical government services in biosecurity through increased and sustained funding.
12. Increase biosecurity resources to support plant pest incursions and on-going threats.
13. Food waste needs to be given integral consideration in the development of any food related plan, whether that be manufacturing, food security, agriculture, supply chain etc.
14. Support a national harmonised approach to food safety to reduce duplication and red tape.
15. Liaise with industry to facilitate uptake of training and skills development for identified workforce shortages in food safety such as auditors and food safety technicians.
16. Establish initiatives to label and promote Australian grown and manufactured food products.
17. Establish a grant program to assist industry in adopting innovation in food and beverage manufacturing including:
  - a. building capacity through international study tours, training, industry insights etc
  - b. capital grant program to expand and modernise manufacturing capability

## National Food Supply Chain Resilience Plan

Despite countless reports and research in recent decades, Australia has so far failed to produce a nationally coordinated, cross-portfolio assessment of risks to its food supply chain, along with measures to mitigate those risks.

The need for such an assessment continues to grow as the rate and severity of disruptive events has increased in recent years, and that trend set to continue.

There are many existing and emerging threats that could hamper Australia's ability to meet its own food security needs, as well as its ability to contribute to global food security. Many of these are already inhibiting Australia's food production. Many more still, including future risks and vulnerabilities, could be identified through comprehensive supply chain risk mapping.

All these potential disruptors have never been brought together under 'one' co-ordinated national strategy. In order to prepare and plan for disruptions, government and industry must work together to fully understand the complexities of our food system and how specific events might impact the various links in the food supply chain.

From both government and industry perspectives, research has shown the many social and economic benefits of a more efficient, sustainable, and self-sufficient national supply chain. A more efficient and robust supply chain will provide more stability to food related businesses, boost innovation and technology, enhance the nation's food processing capacity, create jobs and, most importantly, protect Australia's most vulnerable community members who feel the effects of food insecurity most acutely.

The development of the Plan should be undertaken between the Australian Government and the food industry, with input from state and territory governments and relevant NGOs. This must be a truly 'whole of government' initiative – working across all relevant portfolios. All relevant industry stakeholders should be consulted to ensure current and emerging risks to Australia's food system are considered.

### Recommendations:

- Develop a National Food Supply Chain Resilience Plan.

## Demand and Consumption

The recent cost-of-living crisis has seen the supermarket retailers report a change in consumer behaviour with a swing away from fresh produce to frozen and tinned produce. Unfortunately for Australian vegetable growers many of the frozen and tinned vegetables on offer at supermarkets are imported.

To the year ending June 2023, Australia imported over \$990 million of processed vegetables, largely potatoes, tomatoes and beans.<sup>2</sup>

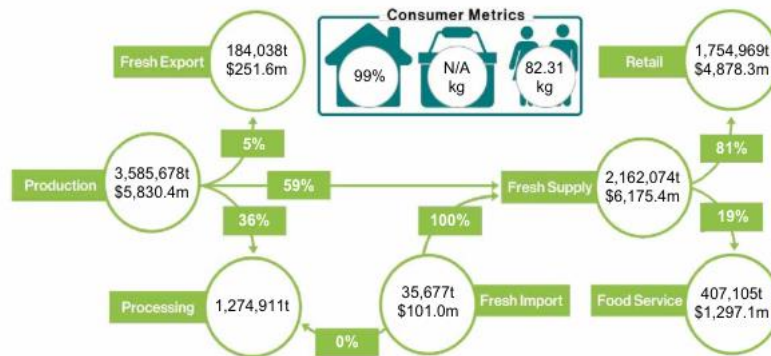
### Import/exports of other processed vegetables 2022-2023:

202,800 tonnes of frozen potatoes imported	10,200 tonnes of frozen potatoes exported
17,100 tonnes frozen peas imported	29 tonnes frozen peas exported
14,000 tonnes preserved cucumbers imported	97 tonnes preserved cucumbers exported
6,900 tonnes processed spinach imported	4 tonnes processed spinach exported
3,900 tonnes dried onion imported	74 tonnes dried onions exported

<sup>2</sup> <https://www.horticulture.com.au/contentassets/3f91006fdf6940fab7d4753987e871af/ort-stats-intro-22-23.pdf>  
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# All Fresh Vegetables Overview

ALL FRESH VEGETABLES SUPPLY CHAIN – YEAR ENDING JUNE 2023



Sources: ABS, AC, AUSVEG, CFVIWA, GTA, MP & DD (Freshlogic Analysis)

The recent tinned beetroot shortage in Australia is also an example of processing capacity declining and production moving to more competitive countries. Golden Circle relocated its beetroot processing facility from Australia to New Zealand in 2011, with the majority of beetroot production focused in one location around Hawkes Bay. Storms in Hawkes Bay in 2023 decimated the beetroot crop which has since led to a shortage of the tinned preserve in Australia.

This also highlights the benefits of Australian vegetable production, with diverse growing regions across the country, providing the ability to deliver supply of most fresh vegetables across 12 months. Adverse weather events in one part of Australia which can dramatically impact crops in that region, can often be offset by crops grown in another part of the country.

The issue of alarmingly low and declining domestic consumer demand is now a multi-billion-dollar problem that is impacting the economic, health, social and environmental wellbeing of all Australians.

This problem starts at the paddock, threatening operating viability and the confidence of Australian growers, and flows right across the fresh food supply chain. It directly impacts the livelihoods of regional communities, with low economic growth, low investment, and the loss of jobs. This flows into Australian homes with poor dietary choices directly impacting physical and mental health, and on to our health care system with overweight and obesity now the leading cause of chronic disease. This in turn drives an escalating health cost burden which flows directly back to Government and Australian taxpayers.

Australians are currently consuming on average 2.4 serves of vegetables a day, well under the recommended five serves a day. Since 2001, we are consuming ½ a serve fewer vegetables per day, equating to 13kg per person per year. This equates to staggering \$1.2 billion of GDP per year that is lost from the farmgate. This is felt right through the fresh produce supply chain, and is directly contributing to our escalating health burden, social isolation, and environmental footprint.

Investing to grow vegetable consumption offers a compelling business case:

- If Australians consumed just one additional serve of vegetables per day, this would deliver:
  - \$200 million reduction in health expenditure per annum.
  - \$1.3 billion increase in returns to Aussie growers and food supply chain operators.
- Driving an increase of just a serve per day will lead to improved health and wellbeing – reducing mental and physical health issues, obesity, and other illnesses – generating more than \$1 billion economic value after 11 years to Australian taxpayers and governments at all levels.

- Every \$1 invested in a behaviour change program to increase vegetable consumption results in a \$10 return on investment.
- Every new job created in the Australian food industry supports an additional job in the regional economy.

Research undertaken in 2022 by the Fruit and Vegetable Consortium highlighted that the key barriers for increased vegetable consumption were:

- Cost of vegetables.
- Short shelf life.
- Lack of skills in planning and preparing vegetables.

These barriers can be offset by pre-prepared and ready-meal manufactured products, although convenience often comes at a price. The scalability and innovation required to deliver these packaged food options may make them less accessible to lower socio-economic consumers.

The cost of vegetables is a barrier to many Australians meeting the dietary guidelines, as many people do not have the financial means to purchase fresh fruit and vegetables. The Foodbank Hunger Report 2022 states that over 2 million households in Australia (21%) have experienced severe food insecurity in the last 12 months. Case studies demonstrated that people were forced away from healthy food choices to cheaper, more filling food options.

People in rural and remote Australia cited more expensive food due to freight and logistic costs, and transit-time related reduced shelf life as reasons for food insecurity or poor diets.

#### Recommendations:

- Government supports the development of a national strategy and behaviour change program to increase vegetable consumption which would drive value added or preserved vegetable manufacturing.

## Competition

Australia has a unique retailer environment, which is dominated by two key players (Woolworth and Coles) accounting for 65 per cent of grocery retail revenue. Aldi accounts for 9.8 per cent, followed by Metcash at 6.9 per cent of the market share. Thus, only 17.8 per cent of the market share is held by other retailers such as Amazon, Costco, and independent retailers.

Unlike other countries such as the United States of America, France, and England, which have at least six or more core supermarkets chains, Australia's market is highly concentrated. The highly concentrated market share in the Australian system gives the duopoly a high degree of bargaining power in commercial negotiations with suppliers.

The concentrated retail sector limits supplier options and significantly reduces their bargaining power, meaning many struggle to receive fair prices for their product. With rising input costs suppliers are becoming financially unviable as they are unable to pass on price increases to the supermarket retailers.

The power imbalance is further exacerbated by the lack of market transparency in the vegetable industry. Growers are unable to see what price their product is being sold for around Australia making it difficult to know what a competitive price is. Most other agriculture industries have visibility over pricing Australia wide, for example the Eastern Young Cattle Indicator (EYCI), the ADPF Milk Value Portal and the AWB grain prices index.

The concentrated marketplace and lack of transparency has made it increasingly difficult for growers to receive a competitive and sustainable price for their goods. Even growers supplying into the processing or food service industry are struggling to remain financially viable as processors are also getting squeezed by retailers. In an Industry Sentiment Survey by AUSVEG in January 2024, 37% of growers indicated that they were considering leaving the industry in the next 12 months.

If growers continue to exit the industry then there are considerable flow on effects to food processing. Declining efficiencies of scale will lead to reduced throughput, increased prices and vulnerabilities in the supply chain.

There needs to be more control and visibility over retailer and supplier relationships and dealings to ensure a fair negotiation system. Such a system must allow suppliers to negotiate fair prices and terms without fear of retribution. The Food and Grocery Code is the code that regulates this relationship, this code has no teeth as it is a voluntary code.

A system that ensures suppliers receive fair prices will help growers remain in the industry, producing vegetables to feed Australian communities.

To address the unfair retailer behaviour, Australia needs to develop an Unfair Practices Provision within the Competition and Consumer Act. Both the United States of America and Great Britain have these provisions, which are designed to protect grower suppliers to retailers from unfair dealings.

#### Recommendations:

- Implement the Recommendations as outlined in the Interim Report of the review into the Food and Grocery Code
- Amend legislation to adopt fairer Unfair Practices Provision and Unfair Contract Terms in the Competition and Consumer Act.

## Cost of Production

The cost of production includes all inputs required to grow produce, including but not limited to labour, fertiliser, water, land, chemicals, fuel, energy, packaging, and seed.

Since the start of 2020, these prices have seen extraordinary increases due to disruptions to global supply chains. Most of our inputs come from overseas, including fertilisers, chemicals, packaging and labour. When the pandemic hit, Australia's vegetable production was left in a vulnerable position, as the imports of essential inputs slowed or ceased, and products could not be sourced locally. Four years on from the pandemic these issues are still relevant.

A survey in 2023 by the Global Coalition of Fresh Produce showed that Australian vegetable growers input costs had increased 37% over two years, with the most significant increases in fertilisers, packaging and fuel<sup>3</sup>.

The increases in costs-of-production have for the most part been shouldered by the growers, as retailers have failed to accept price increases from growers.

To safeguard the Australian economy, government needs to think smarter, not harder, to protect local businesses. For example, the vegetable industry needs secure access to green fertiliser. By using industry by-products and waste such as household food waste, livestock manure, and gypsum waste from the mining industry, Australia can develop high quality fertilisers.

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<sup>3</sup> <https://producecoalition.net/wp-content/uploads/2023/09/Producer-Costs-and-Prices-Report.pdf>  
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Such initiatives would help safeguard Australia's food security. During the next global supply chain interruption, Australia will be able to produce its own fertiliser and continue to produce vegetables as normal. Investing in local manufacturing will have flow on benefits to the economy as well as regional and rural communities.

As global energy prices also increase and industry emissions come under the spotlight, it will be up to growers to make changes to reduce their emissions. Producing renewable energy on farm will both decrease emissions and save growers money in the long term as energy prices increase.

Another input, less publicised, that is becoming increasingly more expensive is land prices and rates. A grower's farmland is becoming worth more than the product they can produce from it. In 2021, land prices increased 20 per cent to an average of \$7,087 per hectare. This was the largest year-on-year increase in dollar terms in the last 27 years and the largest rise in percentage terms since 2005. The national median price has now increased for eight consecutive years, in which time it has risen by 123 per cent. As a result, growers are increasingly selling their land to developers, which is contributing to urbanisation and leaving less agricultural land for farming.

#### Recommendations:

- Invest in local manufacturing facilities to develop key inputs such as fertilisers, chemicals and packaging.
- Support on-farm initiatives to increase farm sustainability i.e. renewables fundings and waste recycling including bioenergy plants.

## Workforce

Workforce shortages are an ongoing and concerning issue for the vegetable sector with a recent AUSVEG survey showing that 55 percent of growers currently experiencing workforce shortages, with 69 percent expecting the shortages to continue and 16 percent expecting them to worsen.

Growers are seeking workers at all skill levels (skilled, semi-skilled and unskilled) and workforce hours (full-time, part time and casual). Labour costs make up a significant proportion of the overall cost of production on horticulture farms. The vegetable industry is a labour-intensive industry that requires a great number of workers along the supply chain. In comparison to other agricultural industries, the vegetable industry spends the most on labour, has the highest number of employees and employs the most contract/casual labour. The high number of workers are needed because many vegetables are delicate and need to be hand harvested in order to meet retailers' quality specifications.

The workforce needs of our industry fluctuate greatly throughout the year. During harvest periods, a workforce can swell from 20 to 200-300 workers on a large property.

The PALM Scheme, Horticulture Industry Labour Agreement and the WHM program have been vital in filling workforce gaps for the horticultural industry but these programs – particularly in light of recent changes to the PALM scheme – are unable to provide a workforce that meets the short-term needs of the horticulture industry. The vegetable industry also needs capable, efficient, reliable workers who can do harvest work on farms for 6 to 12 weeks at a time, and follow the harvest trail where needed.

AUSVEG has advocated for a targeted Harvest Work Visa or Agriculture Visa which would assist in filling workforce gaps and ensure the visa parameters are more flexible to better meet the unique needs of our industry. Please see the agriculture specific visa section below.

Enabling flexible and reliable workforce solutions will boost productivity for Australian vegetable growers and allow the Australian vegetable industry to fill its labour needs during peak harvest periods. This in turn will enable businesses to expand, and continue supplying high quality fresh produce to Australian and international communities, while also contributing to domestic food security.

#### Recommendations:

- Improve PALM scheme to reduce the compliance burden on employers, and increase flexibility, including portability between employers and work locations.
- Develop a dedicated Agriculture Visa or Harvest Work Visa.

#### National Labour Hire Licensing

Labour hire firms and workforce contracting firms play a pivotal role in the horticulture sector in supplying growers with an available workforce to harvest and pack crops. Around 52 per cent of the horticultural workforce is employed through labour hire firms. In 2019-20 this accounted for 52,000 workers during the peak harvest period.

It is critical that growers are able to use labour hire services with confidence knowing that their workers are treated fairly and paid their award wages.

A National Labour Hire Licensing Scheme for the horticulture sector will assist growers to check if a labour hire company is meeting government requirements around regulatory compliance. It will also give workers confidence that they will be treated fairly and paid appropriately without the fear of mistreatment.

The horticulture sector needs a scheme, such as a National Labour Hire Licensing Scheme, that is built with integrity and is well-resourced to ensure that action is taken against unlicensed operators.

The National Labour Hire Licensing Scheme must be well-resourced and funded to ensure enforcement activities are undertaken against rogue operators.

Many horticulture businesses in Australia rely on labour hire operators to access a flexible workforce that can meet the seasonal demands for increased labour. Confusion in the community about the operation of labour hire may allow operators to avoid legal obligations and take advantage of vulnerable workers easily. Evidence suggests that the horticulture, cleaning, meat processing and security industries are particularly high risk for unscrupulous labour hire practice.

AUSVEG supports better resourcing for the FWO to continue to audit farms so that we can remove/ fine these employers or labour hire companies.

#### Recommendations:

- Develop a National Labour Hire Licensing Scheme to improve working conditions and attract more workers into the sector.

#### Future Workforce

Australians lack awareness of the agriculture industry and have become increasingly removed from the food system. The future agriculture workforce is currently at school. We need to do more to educate and entice students towards opportunities to work in horticulture. This will achieve multiple outcomes:

1. Educate students about where food comes from and the food system.
2. Increase consumption of vegetables.
3. Improve connection between the regional and urban communities.
4. Show students the career opportunities available in horticulture.

## 5. Improve the perception of the Australian horticulture industry.

To achieve the above, we need to:

- Develop agricultural education modules for primary, secondary, vocational, and tertiary education (as part of specific agriculture study, electives, or short courses).
- Require a national curriculum unit of Australian agriculture.
- Engage heavily with industry to ensure curriculum is co-designed and relevant.
- Improve the perception of the horticulture sector.
- Through focused educational units, build students awareness of the career pathways in horticulture.
- Improve exposure to agriculture through programs like ‘city experience’, which takes students from urban and rural schools into cities. For students who live in cities or urban regions it would be more beneficial for them to do the opposite and do country experience’, helping to build their knowledge and understanding of agriculture.
- Continue to support programs such as ‘Kids to Farms’ to increase children’s exposure to farming.

The average age of a farmer is 56. In 2016 only 24 per cent of agriculture workers were under 35 years old. This shows we have an aging workforce and fewer people are entering into post-secondary studies in agriculture. For the long-term sustainability of our industry, we need to ensure we are forward thinking and actively engaging with schools to secure our future workforce.

The changing needs of our industry require more innovative, technical, and creative solutions to solve impacts of climate change and input shortages. With the help of industry stakeholders, we need to ensure the required skill sets are built during schooling to produce workers that are job ready and able to meet the food production requirements of a growing population both in Australia and overseas.

### Recommendations:

- Increase adoption of agriculture more proactively in the Australian primary and secondary curriculum

## Biosecurity

Growers and industry are currently bearing the cost of increasing biosecurity incursions, whether through partaking in eradication responses or increased management costs. However, there are entities along the risk pathways of cargo, sea vessels and aircraft, international travellers, post, and mail that, while contributing to the risk of new pest incursions, do not share the cost responsibility for the incursion.

The Australian vegetable industry is vulnerable to plant pests and diseases, which are becoming increasingly frequent. To protect our food system we need to ensure we have a robust and well-resourced biosecurity system.

Biosecurity is a ‘shared responsibility’ through the biosecurity continuum. AUSVEG strongly believes that the burden of cost should therefore be shared through stakeholders along the risk pathway.

AUSVEG is of the view that an import levy is critical to ensure biosecurity is a shared responsibility. Cost sharing of biosecurity risks should be equitable for all parties along the risk pathway. This will provide a pathway for sustained funding for biosecurity preparedness and response.

Over the last five years, the vegetable and potato industries have faced five major incursions – tomato potato psyllid, fall armyworm, serpentine leafminer, American serpentine leafminer and varroa mite.

Given the volume and frequency of incursions faced by our industry, as well as plant industries in general, there is a clear and obvious need for increased capacity and capability across all plant biosecurity agencies. Unfortunately, the opposite is transpiring, and plant biosecurity agencies are stretched beyond capacity, exacerbated by weather events that the agencies are responding to. This reflects a systemic lack of biosecurity support for plant industries by Government.

The varroa mite incursion puts further burden on an already strained plant biosecurity system, with state biosecurity staff being taken away from business-as-usual surveillance, further weakening the system and Australia's biosecurity vigilance.

AUSVEG calls on the Government to urgently increase support for plant industry biosecurity. This includes funding to build capacity within government agencies, as well as PIBs, many of which are single person operations due to lack of resourcing. Government commitment will also garner media support, enabling greater biosecurity awareness, community engagement and a true commitment across the biosecurity continuum.

#### **Recommendations:**

- Government reform to increase capacity and capability of critical government services in biosecurity through increased and sustained funding.
- Increase biosecurity resources to support plant pest incursions and on-going threats.

## Food Waste

Food waste is a significant environmental and economic issue in Australia and research shows that food waste equates to over 7 million tonnes per annum or an estimated cost to the economy of \$36 billion.<sup>4</sup>

Food waste includes waste products across the whole supply chain, such as on-farm waste, processing waste, household waste, spoiled food due to poor cold/supply chain management, and waste from other sectors such as hospitality.

In the horticultural sector, methods to reduce food waste include:

- Prevention of waste including planning of crops and supply chain demand, input management, varietal selection, increasing quality and packouts, improving post-harvest techniques, and changing consumer/retail quality specifications;
- Repurposing waste by finding alternative markets such as 2<sup>nd</sup>, 3<sup>rd</sup> grade, processing grade;
- Donating to charities and foodbanks to assist in feeding lower income Australians;
- Value adding, including products such as juice, powders; and,
- Diverting waste into alternative uses such as animal feed or biofuels.

#### **Recommendations:**

- Food waste needs to be given integral consideration in the development of any food related plan, whether that be manufacturing, food security, agriculture, supply chain etc

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<sup>4</sup> National Food Waste Feasibility Study - FIAL

## Food Safety and Quality

Australia's reputation as a reliable exporter of safe, high-quality food is a cornerstone of its agricultural industry, serving as a competitive advantage in the global marketplace. Australia has strict food safety regulations enforced by various governmental bodies, including Food Standards Australia New Zealand (FSANZ), the Department of Agriculture, Water and the Environment, and state-based departments. These regulations cover the entire supply chain from farm to table, ensuring that products meet high safety and quality standards before they reach both domestic and international consumers.

Numerous Australian products are also part of quality assurance schemes that certify their provenance such as the "Australian Made, Australian Grown" logo. These quality assurance programs reassure consumers about the quality and ethical standards of the production processes.

Australia also benefits from a natural environment that is perceived as clean and relatively free from pollution and high pesticide use, compared to some other regions. This perception helps bolster its reputation for producing natural, high-quality agricultural goods.

Australia's reputation positions it favourably for future growth in the global food market. As consumers worldwide increasingly value food safety and quality, Australia's stringent standards and progressive practices set its agricultural products apart, ensuring continued demand and market expansion.

### Recommendations:

- Support a national harmonised approach to food safety to reduce duplication and red tape.
- Liaise with industry to facilitate uptake of training and skills development for identified workforce shortages in food safety such as auditors and food safety technicians.

## Branding

A vast majority of fresh vegetables in Australian supermarkets are unbranded or generic so growers completely miss out on the benefits afforded to branded products. Provenance is highly important information to consumers, especially the knowledge that their vegetables are grown in Australia, with a Hort Innovation study finding that consumers are willing to pay more for Australian grown produce<sup>5</sup>. Of those consumers who are willing to pay more for Australian grown vegetables, between \$0.50 and \$1.50 more than regular is considered reasonable.

The same report also found:

- That a majority of consumers state the country of origin influences their purchase.
- Compared with Millennials, the average Australian consumer believes that a higher proportion of fresh vegetables available at retailers are grown in Australia (Average Australian consumers 64%, Millennials 46%).
- Over one third of consumers (37%) indicated that they believe garlic is imported into Australia, exotic vegetables are commonly assumed to be imported (such as Asian vegetables). Education and clearer labelling is required to dispel misconceptions.
- The majority of consumers purchase frozen and canned/tinned vegetables at least monthly. Key reasons for purchase of frozen and tinned vegetables include convenience, shelf life and ease of storage. Preprepared vegetables are primarily convenience driven as they require less preparation.

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<sup>5</sup> <https://www.horticulture.com.au/growers/help-your-business-grow/research-reports-publications-fact-sheets-and-more/vg12078-and-vg14060/>

- When purchasing fresh vegetables, 'Australian grown' is the most important claim to see on pack (81%), whilst also having the greatest impact on the decision to purchase (8.5/10).
- Over half of respondents (55%) stated having nutritional information on pre-packaged vegetables is important. This information particularly appeals to our Conscious Improver consumers who are driven to purchase vegetables because of the health benefits.

It is important that more is done to promote Australian grown and manufactured to increase Australian consumers trust and recognition in Australian produce. Without clear messaging and promotion, Australian's will default to cheaper imports which will threaten the viability of Australian producers, and could ultimately lead to greater reliance on imported food products and vulnerabilities to Australia's food security.

#### Recommendations:

- Establish initiatives to label and promote Australian grown and manufactured food products.

## Innovation

The opportunities for adding value in Australian agriculture through innovation are extensive and hold potential for significant economic, environmental, and social benefits.

This includes:

- **Precision agriculture and data analytics**

Advanced technologies such as drones, IoT sensors, and satellite imaging can be used for precision farming, which can substantially improve yield and quality which can lead to better packouts and less waste in processed and value-added products. Utilizing big data can assist in analyzing farm data that can help make better decisions about crop management.

- **Biotechnology, including genetic engineering and biofortification.**

Developing crop varieties that are resistant to pests and diseases, can withstand harsh climatic conditions, or have better shelf life, flavour, nutritional value, or manufacturing capabilities are all possibilities with genetic engineering.

- **Supply chain innovations including block chain technology.**

Blockchain technology can improve traceability and help secure the supply chain, which can enhance the authenticity and safety of food products. Innovations in supply chain logistics and storage can prevent spoilage, increase shelf life and reduce waste.

- **New value added categories including functional foods, and plant-based proteins and other alternatives**

Developing foods with added health benefits such as probiotics, antioxidants, or enhanced vitamin content are becoming increasingly common. The development of the Nutri-V6 vegetable powders is an example of utilising waste vegetables to manufacture a value-added functional food product. Production of plant-based proteins and other alternatives to traditional animal products are growing in consumer demand both domestically and globally and opens up opportunities for the vegetable industry.

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<sup>6</sup> <https://www.nutriv.com.au/>

**Recommendations:**

- Establish a grant program to assist industry in adopting innovation in food and beverage manufacturing including:
  - a. building capacity through international study tours, training, industry insights etc
  - b. capital grant program to expand and modernise manufacturing capability