



SUBMISSION ON THE
Agricultural competitiveness
green paper

December 2014

About Growcom

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

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

Growcom welcomes the opportunity to respond to the Agriculture Competitiveness Green Paper and the ongoing White Paper process. We commend the government for taking a pro-active approach to ensuring agriculture can reach its full potential. That said, we have engaged in a number of similar consultation processes over the last decade and we hope that the policy initiatives that emerge from this process are able to address the long-standing issues raised by the agriculture sector and go beyond short-term political fixes. We look forward to working with government as part of the push to maximising Australia's agricultural competitiveness and support the position put forward by our umbrella organisation The Queensland Farmers' Federation (QFF) which raises the need for a proactive approach to promoting agriculture as a positive brand across a range of activities.

General Comments

Growcom supports the general policy principles articulated in the document. In particular principle one, relating to farm gate returns, is absolutely pivotal to the future of Australian agriculture. If farmers are not profitable the whole supply chain collapses which has dire consequences for the economy and consumers. We do recognise however that there are a huge number of factors impacting on farm profitability and it is challenging to get the policy settings right.

From the perspective of the horticulture industry, it is difficult to obtain accurate information about the industry as a whole to inform policy decisions and provide a benchmark to use as a reference point to evaluate the effectiveness of policy implementation. The data we do have suggests that horticulture is the third largest sector after grains and beef and is currently valued at \$7.658 billion according to the latest Australian food statistics report¹. A close examination of that report highlights the paucity of data for the horticulture sector as there is no data for most horticulture commodities across the reporting period compared with full data sets for all other agriculture commodities. In addition, it seems curious that the figures for employment for the grains, beef and sheep sectors have been lumped together for no apparent reason. It is our contention that the horticulture sector is the largest agricultural employer by sector employing some 58,600 people.

The Australian government fully funded farm-gate profitability studies undertaken by ABARES for the Australian broadacre grain, livestock and dairy industries for many years. Given the status of horticulture as the third most important sector in agriculture from a GVP view and being the largest employer, we contend that a similar investment be made by the ABS and ABARES in the horticulture industry for a defined period to at least establish baseline datasets.

The importance of accurate data is twofold. Firstly, it enables horticulture to attract the level of interest and engagement by government that is commensurate with its importance to the economy, something that is currently lacking. Secondly, it is a key mechanism to strengthen the profitability of the sector. Good business and farm planning requires access to accurate, relevant and timely data

¹Department of Agriculture 2014, Australian food statistics 2012-13. CC BY 3.0.

that enable growers to understand their industry and product operating environment. Accurate data on average farm input costs and grower and packing shed returns would enable benchmarking and better business decision-making is severely lacking within the horticulture sector. Better data would also potentially facilitate investment in the horticulture sector.

In line with Apple and Pear Australia Ltd (APAL), Growcom recommends that funding be provided by Government for ABARES to undertake commodity profitability studies for major horticultural commodities. ABARES has undertaken detailed studies of the input costs and farm-gate profitability of the broadacre grain, livestock and dairy industries. We believe that similar data and analyses would be highly valuable to horticulture producers as it would enable them to benchmark their own businesses, which in turn can improve expenditure, investment and marketing decision-making. We note that a similar exercise has been undertaken for many years by New Zealand's Ministry of Agriculture.

We support in general terms the Categories for policy ideas set out in Figure 10 with the exception of number seven which deals specifically with drought. Whilst we acknowledge the huge impact of drought on all aspects of the agriculture sector it should not be singled out from other natural disasters. Floods, cyclones and hailstorms have a much bigger impact on the Queensland horticulture industry (and indeed much of the irrigated cropping sector) than droughts. It would perhaps be churlish to consider that the exclusive emphasis on drought belies a broadacre focus and we contend that many of the appropriate risk management measures for drought apply equally to other natural disasters.

Growcom would also like to see a greater focus on climate with respect to natural disasters and at least an acknowledgement that there is evidence suggesting that the climate will change in such a way that more of these natural disasters will occur. We see action on this issue from the horticulture sector to lie firmly on the adaptation spectrum but horticulture with its sensitive temperature tolerances is at the forefront of any potential climate impacts.

As a final comment on the overall policy ideas, we see enhanced cooperation with and between the States and territories as cutting across all policy areas rather than a specific objective on its own. Almost every aspect of farming would be improved by harmonised regulation and a spirit of cooperation between states. Frustratingly, the examples of where inconsistent regulation has hampered profitability and efficiency are too many to mention. We will discuss the most glaring examples in the appropriate section

For the purposes of this submission we will confine our responses to those areas where we have particular interest or our perspective is divergent or expands on the one put forward. We also stand-by the positions put forward in our earlier submissions and consultation processes.

Transport and infrastructure

Overall Growcom supports the policy ideas put forward in this section and applauds the government for taking action on key areas like the upgrade of the Bruce Highway. In terms of additional activities in this area, there needs to be some consideration of the impacts of natural disasters on supply chains and some capacity to relax load limits for local roads to allow product to move freely if major roads are cut. Obviously safety is paramount but we advocate for a common sense approach. Perishable product cannot just sit and wait until the waters go down and the highways are fixed and it is frustrating for growers that access is stymied by regulation in these exceptional circumstances.

Growcom supports the position put forward by APAL in their submission relating to inconsistent transport regulation between States. Growcom welcomes recent moves toward the national harmonisation of heavy vehicle road transport laws. The establishment of the Heavy Vehicle National Law (HVNL) and a national regulator should in theory have reduced the compliance burden for business, increased industry international competitiveness, and made it easier for horticulture businesses to operate across state and territory borders. However a number of states, such as NSW, have introduced variations to the national model which have subverted the move toward a harmonised approach. Please refer to the APAL submission for specific examples of the cost and compliance burden this inconsistency creates.

With respect to enhancing communications, it is no secret that regional areas lag behind in terms of access to reliable and affordable communications systems. We support the roll-out of the NBN

and related long-term satellite services however there must be effective auditing to ensure that those areas most in need get basic service rather than just creating a Rolls-Royce service for urban dwellers. A possible option could be to require large infrastructure projects in remote areas such as mines to invest in digital capabilities that extend to other businesses in the region. It must also be recognised that access is only one part of the story and there must be investment in training and extension for growers to enable them to fully utilise communications technology. Many growers have rudimentary computer skills at best and will be left further behind in the push toward e-extension.

Working with the States and Territories

As discussed earlier, this is less a policy idea than a cornerstone of governance across the whole Australian economy. As a grower representative body we are probably not best placed to discuss how to reform the whole system but the current piecemeal approach focusing on individual issues and legislation is slow and inadequate. We anticipate this will be dealt with thoroughly in the Reform of the Federation process.

Priority issues include finalising the harmonisation of Control of Use chemical legislation which has been ongoing for many years. Additionally it should be recognised that the harmonisation of the work health and safety requirements resulted in unnecessary compliance costs for no corresponding improvement in safety on Queensland farms, particularly in the area of electrical safety.

Growcom would also like to see greater cooperation between the Australian government and state biosecurity agencies in relation to Import Risk Analysis processes. It is confusing for growers and creates great bitterness if opposite perspectives are put forward with respect to the level of risk a particular import presents. We point to the pineapple and ginger examples whereby the expertise relating to the particular commodity lies in the State agency however the opinion of these experts has been overruled at the Federal level through the IRA process. We will discuss this issue more fully in the biosecurity section.

Domestic market access remains an issue for the horticulture industry and the stripping back of resources within state biosecurity agencies means negotiations are slow and opportunities to cooperate are overlooked. It is hoped that initiatives such as the national fruit fly strategy enable states to take a less protectionist view.

Growcom is strongly supportive of mechanisms to support the resource base. We need to be sure that resource activities occurring now do not adversely affect the long-term viability of the agriculture sector, which not only is a pillar of the economy but provides food and fibre for the Australian people. We see an urgent need for detailed conclusive research to be undertaken on the impact of CSG and other mining activities on aquifers. Australia's groundwater systems are critical to the long term survival of our agriculture industry and yet the common consensus is they are poorly understood.

As an arid nation with generally poor soil, we need to protect all our high quality agriculture regions, not just from mining impacts but from urban encroachment. Growcom would like to recommend the Queensland Farmer's Federation's Guiding Principles for Planning

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

An example of the pressures on the horticulture sector relates to the Lockyer Valley situated 90 minutes drive from Brisbane. The Lockyer Valley is one of the most fertile regions of Australia and reputedly has the seventh most fertile soil in the world. In addition, its unique climatic parameters mean that it requires very low chemical input to grow a diversity of horticultural products currently accounting for around 25% of Queensland's horticulture production². Its proximity to Brisbane means that these products can be efficiently transported around Australia and internationally.

²Binney et al (2013) Growing Opportunities Information Report. A report for regional development Australia - Ipswich and West Moreton Inc.

The Lockyer Valley, due to its proximity to Brisbane and Toowoomba is threatened by urban encroachment and while this is being proactively managed by the current Council there is no long-term protection for this land. In addition, there are concerns that CSG has been found in the Valley which is heavily groundwater dependent. We would like to see an investigation at the national level into policy options for protecting key growing areas similar to the current approach to national parks.

At a national level the overall profile of the agriculture sector needs to be raised and our role as food producers should be celebrated and understood by the wider community. This would potentially reduce the all too frequent reality of horticulture's needs being traded off for other land uses. We also see an opportunity for rural planning to be recognised by Universities as an important area of study and innovative approaches to be developed to manage land use conflicts.

A key area of duplication relates to the presence of multiple state based trade bureaus in key export markets. It is difficult to identify what value these bureaus provide and there is significant anecdotal evidence from growers and exporters that they confuse the marketing message around Australian produce. On the international stage, States and territories should be working together to build export markets rather than cannibalising market share from each other in a parochial and uncoordinated fashion. This is not a criticism of individuals working within those organisations who often provide value to growers, but rather a call for a more coordinated and mature approach. This will be discussed further in the exports section.

Competition and Regulation

As a price-taking industry, reform in this area is vital. We are heartened by the efforts of the government to undertake reform of competition policy and the ongoing efforts of the ACCC to deal with unconscionable conduct. Growcom identified in numerous other inquiries into supermarket behaviour that until confidentiality could be guaranteed, growers and other suppliers would not come forward. This position has been thoroughly vindicated by the outcome of the most recent inquiry which was also strengthened by the ACCC utilising its compulsory information powers. There has recently been a change in rhetoric around this issue from outright denial from the major supermarkets to a more conciliatory approach and this stems from the findings of the ACCC inquiry. This gives credence to our concerns around other areas of the horticulture supply chain and we ask that this is noted in dealings with other lobby groups painting a rosier picture. We are encouraged by recent comments made by Minister Billson in relation to the Horticulture Code of Conduct and look forward to participating in the reform process³.

In relation to the proposed prescribed Supermarket Code, we refer you to our detailed submission on this issue. Our key points of concern are that it is not mandatory, there are too many opt out clauses which mean suppliers can continue to be pressured into unfavourable arrangements, the dispute resolution mechanisms are too weak and don't address imbalance of power issues and there is no external umpire. Whilst we would prefer a mandatory code, the prescribed nature of this code and the relatively few players it is designed to cover means that this of less concern than the other aspects raised. We strongly support the creation of a supermarket Ombudsman who has a clearly defined and ongoing role in handling disputes between supermarkets and their suppliers and direct financial penalties.

Reform of the Horticulture Code of Conduct is a matter of priority. In the first instance non-code compliant contracts, even those entered into prior to December 2006, must be phased out to ensure all of the industry is covered by the Code and secondly the dispute resolution process must move from a mediation approach to a conciliation model. Any review of the Horticulture Code must ensure that there is no watering down of the requirements for wholesalers to act as agents or merchants. Growcom, along with other horticulture bodies, has prepared a number of position papers on this issue and provided them to successive agriculture Ministers. We would be very happy to engage further with the current government on this issue.

³<http://www.queenslandcountrylife.com.au/news/agriculture/agribusiness/general-news/code-for-cracking-supermarket-power/2719151.aspx?storypage=0>

Growcom sees an opportunity to reform anti-dumping legislation to move the onus of proof onto the importing country rather than the affected industry. The current situation is cost-prohibitive for most horticulture commodities, despite there being many seemingly flagrant examples of dumping.

Growcom also supports efforts to improve price transparency in the supply chain, although this must be approached carefully.

Growcom strongly supports all suggestions to improve the viability and uptake of co-operative structures. In many cases the biggest obstacle is grower mindsets and therefore we see a role for grower representative organisations to be directly engaged by the Commonwealth to develop programs to inform their growers about the pros and cons of cooperatives and the steps required in establishing them. The provision of tools to assist in decision-making about establishing co-operatives would play a key role in this.

Growcom is encouraged by the proactive efforts by the government in dealing with the AgVet chemical access issue. We see the current investment of \$8 million as an important starting point in dealing with this critical issue and hope that lasting systemic reform will occur. The outcome must be faster access to newer chemistry as a consequence of better utilisation of overseas data, streamlined and coordinated approaches to minor use and mechanisms to overcome market failure. Growcom is pleased to be working with the Australian government and other industry players to investigate appropriate long-term solutions.

We do see an ongoing government investment to fund a minor use system akin to the US or Canadian system as the only lasting solution to this ongoing problem. We do not necessarily see this as an additional investment, as government already invests in chemical access through the matching levy system but a better utilisation of the existing investment, rather than an uncoordinated crop by crop approach.

In the short term, it is hoped that under the new horticulture research and development corporation (HIA), AgVet chemical access will be funded through the collaborative research fund to enable synergies and efficiencies across the system. This will build on the good work being done under the chemical access program developed by HAL and ensure that it attracts matching funds. This approach will be of particular benefit to small commodities such as pineapples who would otherwise gain little benefit from large scale cross-horticulture investments.

Finance and business structure

Growcom does not consider itself to have a high level of expertise in broader economic policy so whilst we support the principles put forward in this section we cannot make informed comment on many of the specific policy ideas. Tax reform is important for our sector and we would request a detailed expert analysis of all the proposals to ensure they do not have unintended consequences or unfairly disadvantage high performing producers.

We would argue that one of the key differences between the top performing growers and those in the middle tier relates to how well they manage the financial side of their business. Many of our growers are excellent farmers but poor business people. To ensure the family farm remains viable, the capacity of farmers in this arena must be enhanced and part of the issue is changing mindsets around processes such as financial and succession planning. For this reason, while we support a programme offering independent business advice, we feel uptake may be low unless the programme works with existing networks and industry organisations.

Growcom has a very successful women in horticulture (WIH) program with more than 400 women participating in our network. The consistent feedback from these women is that they want training in business management and through the WIH program 40 women were funded to undertake their diploma in business management. We see ongoing investment in these type of programs/networks as vital for improving the capacity of industry in this area with the potential for much greater reach than financial advisors or artificially created networks. There are many “young grower” networks and we also see these as important platforms for improving capacity around financial management. Growcom is also looking at potential opportunities to work more closely with Family Business Australia to enable our growers to learn from business people outside the farming sector.

The Rural Financial Counselling Service is supported by Growcom and it is a very important resource for growers in times of need.

Foreign Investment

Growcom supports the position put forward by QFF on this issue. Foreign investment is vital for the ongoing viability of the agricultural sector and we support the concept of an awareness campaign to address community concerns relating to this issue. Enhanced transparency as part of the investment register may go some way to addressing these concerns.

Education, skills training and labour

Education and skills training

The production horticulture industry is characterized by low engagement in skills development and training. To overcome this we have lobbied for improved training and development opportunities for employers and employees through targeted skill sets, timely training workshops (accredited and non-accredited), field days addressing specific knowledge needs, and flexible training delivery and funding support. It is crucial that funding for skill sets should not be limited to those who hold a Certificate 3 as this excludes the very people who need to be up-skilled. Feedback from producers is that funding should not be driven by employment outcomes alone but should also focus on up-skilling the existing workforce as this will support retention, productivity and sustainability.

We strongly support the intent of the Industry Skills Fund and it is hoped that it addresses many of the concerns raised above and during the consultation phase. That said, it is difficult to comment on the specifics of the program as the guidelines have not yet been released. It does appear that our message regarding flexibility has been heard and the program will support a range of training delivery formats. We are concerned that there is an expectation that organisations such as ours will act as "lead agents" to facilitate growers access to the training however there is no clear mechanism for funding such activities which are currently undertaken by the Queensland production horticulture workforce development team (the horticulture workforce team). These roles are fundamental to the success of the program and should not be taken for granted as it places a cost burden on organisations such as ours in the absence of ongoing funding support.

It is frustrating that the Department of Industry's Entrepreneur's Infrastructure Programme is not available to farmers, despite it supposedly being aimed at food and agribusiness. According to the eligibility criteria, primary producers who currently don't value add are ineligible, not only for funding but also to attend Programme workshops such as Supply Chain Facilitation. Growers need practical support to assist them in interacting with and supplying new and existing markets and excluding them seems counter-intuitive. Value adding, diversifying and accessing new markets is new ground for many growers and they need as much support as possible on how to proceed. Given the intent of the Programme is complementary to the Industry Skills Fund, it would make sense to widen the definition of agribusiness to include primary producers.

The horticulture workforce team has established strong links with key education and training providers, government departments and other relevant stakeholders who can support them to achieve successful outcomes, including local councils, Job Services Australia, Regional Development Australia and Regional Landcare Facilitators. Ongoing funding support for the workforce team is critical to the success of the horticulture industry. The Queensland government's relatively short-term funding contracts are at odds with the program's strategic intent - it will take a lot longer than two years to achieve the sustainable change required. For this reason we are seeking long-term investment by the Federal government.

There is a clear role for government to implement strategies to increase student understanding of the importance of agriculture and awareness of the career opportunities available, and greater uptake of upskilling opportunities among potential and existing agriculture employees including business owners.

Labour

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

The horticulture industry is subject to the vagaries of environmental, crop and supply chain requirements and demands. Unexpected changes in environment, eg cyclones, floods, droughts, pest/disease incursions etc. can drastically change harvest timing and labour requirements.

Horticulture producers also operate in a 'price-taking' market environment, with an extremely limited scope to increase their commodity price if affected by environmental or supply chain factors. With such a high degree of uncertainty and increasing input costs across the board, a rigid labour relations system which fails to recognise these specific constraints inhibits flexibility, ability of operate as required, and ultimately profitability.

There is a need to refine and simplify the industrial relations framework and wage rates to deliver an affordable and flexible system for business owners and fair pay and conditions for horticultural workers. This should allow for enhanced flexibility in awards and agreements to accommodate the specific characteristics of horticulture and be able to address those to suit the needs of the business. Growcom is contributing to the current award review process and it is hoped that these issues will be addressed through this process.

It must be said that our high labour costs are a significant impediment to our competitiveness on the world stage. Growcom has always advocated for reasonable remuneration for our workers however there must be some consideration of the time critical nature of horticultural production which means inflexible penalty rates have a disproportionate impact on our sector, with no capacity to recoup costs through the supply chain.

There has been strong and ongoing commentary from horticulture employers about the need to review the current superannuation system for working holiday makers. The Superannuation Industry (Supervision) Act 1993, Sect 62, suggests that these workers do not meet the "sole purpose test" of the Act as their working visa prohibits more than 12 months work in Australia and it is highly unlikely that any worker under this visa would meet any of the tests set out by Sect 62 (a) and (b) which would allow them to access superannuation as part of their "retirement".

The minimum threshold (\$450) for receiving superannuation under the superannuation guarantee charge (SCG) needs to be lifted as the administrative burden on growers for providing very short term workers with superannuation is significant. This threshold has not changed for many years and requires growers to provide superannuation and do the associated paperwork for employees who stay less than three days.

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

Currently the 462 visa allows workers to come to Australia during a harvest period for up to 6 months. We urge a change to the 2015 (SWP) Harvest Labour Contracts to include planting of crops and to cover horticulture nurseries. Placements to Labour Hire Contractors should be subject to high level probity review by the relevant department.

In relation to 417 Visas, employers have suggested that a photo based Worker Entitlement Card with issue of all WHM visa information and right to work is immediately apparent. While employers can access the DIBP online visa checking system (VEVO), with large numbers of backpackers and high turnover, this can be a significant burden.

As the horticulture industry is so reliant on overseas labour in various forms the Outreach Officer program of the Department of Immigration was very important for our industry. This program provided a direct link to the department via embedded officers in industry bodies. These experts were invaluable in providing advice and assistance to employers trying to work within the complex visa systems and frameworks. This program was scrapped in 2014 and as a result industry has lost a valuable resource and we would urge government to renew the program.

While we recognise that labour hire contractors (of labour) have been a feature of the horticultural landscape for many decades, there has been a significant increase in reporting of 'dodgy' labour hire companies operating in the industry. Claims of non-payment of wages, entitlements and superannuation, no WorkCover insurance, exorbitant accommodation charges, and verbal and physical abuse and intimidation have become fodder for the tabloids in 2014. These operators exploit workers, make profits at the worker and horticulture employer's expense and tarnish the reputation of the industry and Australia in general. We urge the government to take strong legal action against these operators to stamp out these abuses.

Drought and natural disasters

As discussed earlier, the singular focus on drought to the exclusion of other natural disasters is perplexing and almost insulting to those growers who have been badly affected. The Queensland horticulture industry is particularly vulnerable to natural disasters and since 2006 has been significantly affected by two major cyclones (TC Larry and TC Yasi) and two major flooding events (2010-11 floods and ex-sub-Tropical Cyclone Oswald) as well as numerous other localised events. The banana industry alone lost around \$300 million after TC Yasi and the 2013 floods cost the Lockyer Valley region in the vicinity of \$750 million (including infrastructure).

We would like to see this section completely revised to encompass the full spectrum of climate related natural disasters affecting the Australian agricultural sector. We see that many of the initiatives and policy ideas put forward apply equally to other natural disasters.

Growcom strongly endorses the need for better climate information and additional weather stations. However, these should be part of a broader long-term climate risk adaptation strategy for agriculture which acknowledges that there is strong evidence that the climate is changing and the impacts on agriculture will potentially be significant in terms of extreme events, water availability and most importantly for horticulture, temperature variation. There is a clear role for government leadership on this issue which does not need to get bogged down by mitigation strategies or debates around causality. Interestingly this was a clear message from the Queensland Plan consultation process undertaken recently by the Queensland government.

Horticulture is highly temperature dependent and even slight variations, can devastate a crop. The horticulture industry would benefit greatly from investment in medium-range weather forecasting tools predicting temperature on a two to six month timescale. Such information would enable growers to select appropriate varieties when planting annual crops such as lettuce. It has been estimated that this could save up to \$5million in lost lettuce crop in Queensland alone and would have application across a broad range of annual crops.

With specific reference to drought we would like consideration of expanding the emergency water infrastructure scheme to cover perennial tree crops. We appreciate that it is designed as an animal welfare program but it must be pointed out that livestock can be moved or sold, whereas tree crops, many of which take up to seven years to mature, die where they stand. This has an enormous impact on profitability and grower welfare.

Our broader recommendations relating to natural disaster management are:

- Develop options for an effective and affordable multi-peril crop insurance scheme
- Replace concessional loans with direct grants until insurance options become available
- Provide mechanisms for immediate funding for industry organisations to expedite recovery through the provision of industry recovery officers (IROs)

Growcom sees that the most effective mechanism to engender a risk management mentality within horticulture producers – without jeopardising the important contribution that our industry makes to the resilience of regional economies and the broader community – is to facilitate an effective and affordable multi-peril crop insurance scheme. In light of clear market failure, there is a case for the federal government to underwrite such an insurance scheme with the cost offset against existing natural disaster funding programs. In fact, eligibility for other forms of assistance should be predicated on having taken out the appropriate insurance coverage. This is consistent with the situation in other countries. We appreciate that designing such a program is difficult, but contend that it is the only realistic measure in the long term. We therefore request that detailed investigation of options and models be investigated as a matter of urgency.

We also contend that a relatively modest investment in industry recovery officers has demonstrated significant benefits in enhancing grower's resilience in responding to natural disasters. We seek to have these programs more explicitly and permanently recognised as part of the natural disaster response.

Growcom has concerns about ongoing reliance on concessional loans and requests further analysis of potential unintended consequences in terms of entrenching poor risk management strategies. In addition, the low uptake of these loans suggests structural issues which need to be investigated.

Water and Natural Resource Management

Considering the important nexus between natural resource management (including water) and agriculture, this section is very vague in terms of delivery. There must also be recognition that there is an expectation from the broader community in terms of environmental outcomes and innovative approaches need to be explored in terms of delivering those outcomes without compromising productive capacity. We see the current Reef Programme as being an exemplar for assisting farmers to deliver public good outcomes with respect to environmental management.

Growcom supports the current National Landcare Programme but would like to see more explicit detail on how it can benefit the intensive agriculture sector. In addition, we are unsure exactly how the Green Army can be utilised by the farming sector. We anticipate there will be very clear guidelines on how this important resource can be best used to deliver NRM outcomes on-ground and look forward to further consultation on this issue.

With respect to water management, we refer you to the submission prepared by QFF who have significant detailed expertise in this area. As a general comment, building new water infrastructure is only feasible if the water is cost-effective. We see dams as one important component in a water supply strategy and urge the government not to get distracted by large-scale infrastructure projects when less exciting options such as improving utilisation of existing schemes or facilitating access to cost-effective recycled water may be more appropriate.

Growcom is concerned that there is a diminishing level of publically accessible expertise nationally in the areas of hydrology, soil health and management. Many soil health and hydrology experts in state agencies are either retired or on the verge of retirement and there is no succession plan in place. We see this as a key area of investment as it cuts across all agricultural commodities and it needs a multi-staged approach starting with attracting students at the University level and early career path development. Without appropriate underlying expertise, mechanisms such as Landcare will be ineffective in the longer term.

Research, Development and Extension

Growcom has always been strongly supportive of the current Research and Development (R&D) model and see it as a cornerstone of agricultural productivity in Australia. There has been much public discussion of the levy system, particularly in horticulture and we request that the new Horticulture Innovation Australia (HIA) be subject to significant scrutiny to ensure that it is meeting the stated aim of delivering better value to growers on-ground with lower overheads. Queensland growers are deeply concerned that they will have less influence over the levy spend with fewer dollars targeting commodity specific research such as plant genetics, pest and disease management and industry development officers who provide an important extension function. They have asked us to make clear that the needs of the first contributor (i.e. the grower) must not be overlooked. The level of uncertainty around the new body remains high so it is difficult to make informed comment relating to its effectiveness.

With respect to the policy ideas put forward, we urge caution on the proposal to decentralise agricultural research functions and agencies. In some cases there are strong reasons for regional locations, however each case must be assessed on its merit and its impact on the broader agricultural sector. For example, there have been suggestions that the APVMA be relocated to Armidale. This would be an extremely negative step for organisations such as Growcom as we engage with them frequently (as the largest holder of minor use permits). Whilst most of our business is conducted by phone or email, it is useful to meet face to face as has been occurring as part of the AgVet chemicals reform process. The cost of these sorts of meetings would increase significantly as Armidale is unfortunately difficult and expensive to access from Brisbane. There is also some cost saving from having government agencies co-located as a trip to Canberra can involve meeting with many different agencies and stakeholders. Whilst regionalisation may benefit those in close proximity to the agency, if it has national stakeholders or has to engage regularly with other agencies at the national level then Canberra is a logical location and other approaches to improved stakeholder engagement should be explored.

We support the concept of developing a private market for extension services but again urge caution. Extension is part of a continuum not something to be tacked on at the end of the project as an added extra, nor it is something that can necessarily be effectively delivered by researchers. Effective extension is underpinned by relationship building and can often be best delivered by those who have a close link to the growers. This was one of the key strengths of the old state based approach to extension. Extension providers who parachute into a growing community with a flurry of brochures using “innovative” tools will have limited uptake. We have unfortunately had examples of such approaches to extension in the horticulture sector and whilst they may have developed slick proposal at the right price, the outcomes have been limited. We see that it is better to support existing tools such as industry development officers who have the industry knowledge and relationships to deliver effective extension across a range of disciplines.

As a general comment, the current \$40million annual government investment in matched levy funds for horticulture is a very modest investment for a \$9 billion industry and we would like to work with the Australian government to explore options for leveraging increased private investment or increasing access to the horticultural levy system.

Biosecurity

Growcom is pleased to see many of the approaches put forward in our submission to the issues paper have been raised in the Green paper as well as taken forward by government. In particular, we commend the government for launching the review of the Import Risk Assessment (IRA) process. Growcom provided a detailed submission outlining key options for policy reform to address our major areas of concern (please see attachment 1). We have also engaged in a number of formal and informal conversations relating to this issue. We have been pleased to see a genuine effort to engage with industry on our concerns and hope this engagement translates into meaningful reform as the current approach is needlessly acrimonious with no mechanism for industry initiated review. Growcom is not against imports, we are against needlessly importing biosecurity threats.

Growcom is very supportive of the policy ideas articulated in the document but is concerned that there is a major under-investment in biosecurity and particularly plant biosecurity at all levels of government. The current investment is barely adequate to cover core business let alone manage a major incursion. The expectation of shared responsibility should not be used as a cost-shifting exercise and there is a clear need for greater coordination between states and territories and the Australian government.

Accessing international markets

Whilst traditionally horticulture has been domestically focused, the only real potential for growth lies in the export sphere. Without a corresponding increase in consumption, efforts to increase production of fruit and vegetables are pointless and will lead to a race to the bottom in terms of profitability. Australian growers face stiff competition for lucrative overseas markets and increasingly domestic markets, particularly for processed product. We see this as a key area for government and industry investment over the short and medium term to ensure that Australia reaps the full benefits of the so-called Asian dining boom.

Growcom commends the government on the recently concluded free-trade agreements. These are an important first step in gaining market access however there needs to be a continued focus on negotiating commercially feasible protocols after the FTA process is concluded. Many products are often excluded on phyto-sanitary grounds and inadequate resources are allocated to developing workable solutions. The rate at which negotiations occur is glacially slow and there needs to be some way that multiple negotiations can occur concurrently. Our international competitors will have well and truly saturated the market by the time some of our commodities can send their first shipment.

Industry is excluded from these negotiations, so therefore responsibility for resourcing and managing these negotiations lies firmly with government. There is a clear need for more skilled negotiators within DFAT and an increased technical capability within the Department of Agriculture. Perhaps a streamlining of the state trade bureaus and redirecting resources to these kind of negotiations would lead to more meaningful outcomes for growers.

A key role for state agencies would be to develop robust scientific “data packages” to support export negotiations. These would outline pests of concern and the control mechanisms utilised to manage them. The development of these packages could also highlight areas requiring future investment and could potentially head off issues like the fruit fly issue before they impact on our international trade. The Australian government would not necessarily have to make significant investment in the preparation of these data packages but rather play a coordination and oversight role.

Growers have indicated that the current AQIS costs represent a major barrier and are not market responsive in terms of timeliness and access. We appreciate that this is a difficult area to outsource to the private sector but perhaps some of the approaches being trialled for interstate market access like the Biosecure HACCP model being utilised by Nursery and Garden could be investigated. We also see a streamlining of our export and import systems as a way to reduce costs and improve efficiencies.

We strongly support the policy ideas put forward in relation to strengthening Australia’s overseas market efforts. In particular we see the development of a cohesive and overarching “Brand Australia” across all Australian export commodities as vital to our success. Whilst we had no specific experience with the previous Government’s Leveraging Australia’s Brand for Food programme we hope that its termination does not reflect a move away from this sort of approach by government. Only the Australian government has the capacity to facilitate the development of such a brand and whilst industry buy-in is important, there is a need for overarching coordination.

Growcom sees the time to act in this area is now. The opportunities are there, but we are not the only country to notice them. This may require potential investment from government in the short-term however the whole economy will reap the benefits in the longer term.