

**SECURING FOOD
PRODUCTION AND SUPPLY
FOR
SOUTH AUSTRALIA
- TO 2025 AND BEYOND -**



**A BLUEPRINT FOR THE
SOUTH AUSTRALIAN HORTICULTURE INDUSTRY**

**HORTICULTURE COALITION OF SA INC
JANUARY 2014**

MEMBERS OF THE HORTICULTURE COALITION OF SA INC

Adelaide Produce Markets Limited
Almond Board of Australia Inc
Apple and Pear Growers Association of SA Inc.
Australian Mushroom Growers Association
Citrus Australia - South Australia Region
Landscape Association of South Australia Inc
Nursery and Garden Industry of South Australia
Olives SA Inc.
Onions Australia
Pistachio Growers' Association Inc
South Australian Chamber of Fruit and Vegetable Industries Inc
SA Vegetable Industry
Women in Horticulture Inc.

EXECUTIVE COMMITTEE

Chair - Trevor Ranford
Secretary - Angelo Demasi
Treasurer - Geoffrey Fuller
HCSA representative on Primary Producers South Australia board – Chris Tankey

COMMITTEE

Grant Dalwood
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Nick Femia
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Susie Green
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Anne Stepien

The South Australian horticulture industry is big business!

*“Despite the recent challenges of drought and water shortages, the value of South Australian horticulture products has grown steadily over the last five years.
Horticulture is a major South Australian Industry.”*

“In 2012/13 the wholesale (finished food) value of SA horticulture products had grown to \$1.134 b, and the net contribution to the state (food revenue) was over \$2.605 b.”(1)

“Horticulture is already big business but the potential is for much, much more.....”

Horticulture is a significant employer in the South Australian workforce employing 13,500 (permanent) South Australians and 24,000 seasonal staff.

We have major issues that threaten the growth, vitality, viability and health of the horticulture industry and all South Australians

(1) Extracts from the “SA Fruit, Vegetables and Nuts – Market Overview” PIRSA FOOD SCORECARD 2012/13.

INTRODUCTION

The South Australian horticulture industry is an important business sector for the South Australia. The industry worth \$677 million farm gate consists of 3,500 small to medium business employing 13,500 permanent and an additional 24,000 seasonal staff.

Most importantly the industry is the life blood of the broader food sector and integral to many other sectors including health, tourism, education and employment.

With the projected growth of state, national and international populations securing food production and supply is the major issue for the next decade.

Political will is needed to feed the world population of 9 billion in 2050.

“If our planet is to feed a projected population of 9 billion by 2050, political will and judgement is needed to manage a confluence of factors that are impacting production”, the UK’s former chief scientist has said.

Now director of Smith School of Enterprise and the Environment at Oxford University, Sir David King was addressing members of the UK food industry at the annual City Food Lecture in London. With science-based predictions of a huge population surge in the next 40 years, food production is not the only issue. The world is also struggling with the related issued of water resource, conflict and terrorism, energy security and supply, health and development, ecosystems, climate change and minerals.”

“Producing 70 per cent more food for an additional 2.3 billion people by 2050 while at the same time combating poverty and hunger, using scarce natural resources more efficiently and adapting to climate change are the main challenges world agriculture will face in the coming decades, according to an FAO discussion paper published. FAO is cautiously optimistic about the world’s potential to feed itself by 2050,” said FAO Assistant Director-General Hafez Ghanem.

FAO called for stronger interventions to make faster progress towards reducing and finally eliminating the number of hungry and poor people. Investment in primary agriculture should become a top priority and needs to increase by some 60 per cent since agriculture not only produces food but also generates income and supports rural livelihoods.

“FAO is cautiously optimistic about the world’s potential to feed itself by 2050,” said FAO Assistant Director-General Hafez Ghanem.

The South Australian horticultural industry is well positioned to ensure the state is self sufficient in the supply of fruit, vegetables, nuts and plants as well as supplying products for the broader Australian and global markets.

Even though we have seen growth in the past decade for South Australian horticulture to continue to grow we must take action now within key areas that are impeding growth. This 'blueprint' paves the way to address the issues that are impeding our growth.

To drive the 'blueprint' the industry groups representing specific commodities have united under a new umbrella organisation – the Horticulture Coalition of South Australia Inc (HCSA).

HCSA will present this 'blueprint' to the South Australian community and then look to work with the government of the day to achieve the full potential of the South Australian horticultural industry to secure food production and supply through to 2025 and beyond.

Unlike other sectors, the horticulture industry has been relatively self sufficient, and relies on very few government handouts. In fact Australian farmers are among the most self-sufficient in the world, with overall government support for farmers representing just 4% of farmers income (OECG Factbook 2010, Economic, Environment and Social Statistics). In a volatile industry like ours, so reliant on weather and other external factors, it is a credit to the growers, wholesalers, retailers and staff of the industry that it has continued to grow and provide benefit to the South Australian community.

The industry is seeking assistance through:

- Solid and sound policy change to bring about industry self-reliance and development.
- Investment in infrastructure to further grow the industry and reduce overbearing barriers and costs.
- A competitive taxation base from which industry can build.

Industry cannot do this alone and it needs the political will to work in partnership to ensure the South Australian horticultural industry reaches its potential.

Similarly, political will is needed to secure food production within South Australia.

To achieve this it is essential that the Horticulture Coalition of SA Inc (HCSA), which is the peak SA industry organisation for horticulture, is recognised by the government and that the government works in partnership with this organisation to achieve long term productivity and secure food production and supply for South Australia through to 2025 and beyond by establishing a 10-year horticulture vision and plan.

The 10 year plan would be built around the issues discussed within the policy documents and the recommendations drawn from those issues.

To achieve this there is a need to return ALL South Australian horticultural businesses to a level of profitability that ensures the survival and expansion required to compete locally and internationally. Government must establish a process whereby there is early consultation with industry, through the HCSA, with the ultimate aim of achieving real

and sustainable partnerships that lead to the ongoing expansion of South Australian horticulture.

VALUE OF SOUTH AUSTRALIAN HORTICULTURE INDUSTRY SNAP SHOT

Farm gate value	\$677 million
Finished product value	\$1,134 million
Overseas export	\$139 million
Net interstate trade	\$515 million
Retail and service sales	\$1,951 million
Gross food revenue	\$2,605 million

- (1) Extracts from the *“SA Fruit, Vegetables and Nuts – Market Overview” PIRSA FOOD SCORECARD 2012/13.*

RECOMMENDATION SUMMARY – INDUSTRY STRUCTURE

- ✓ Recognition by government that the Horticulture Coalition of SA Inc (HCSA), is the peak SA industry organisation for horticulture.
- ✓ The government consults with this organisation to establish programs that achieve long term productivity and secure food production and supply for South Australia through to 2025 and beyond by establishing a rolling 10-year horticulture vision and plan.
- ✓ Return ALL South Australian horticultural businesses to a level of profitability that ensures the survival and expansion required to compete locally and internationally.
- ✓ Government must establish a process whereby there is early consultation with industry, through the HCSA, with the ultimate aim of achieving real and sustainable partnerships that lead to the ongoing expansion of South Australian horticulture.

RECOMMENDATION SUMMARY – TAXATION

- ✓ That Payroll Tax for the South Australian horticulture industry be the most competitive within Australia to ensure employment growth is strong.
- ✓ That an exemption in Land Tax be granted in respect of structures associated with horticultural production including packing facilities, nursery structures and the Adelaide Produce Market at Pooraka, South Australia's only wholesale fruit and vegetable market.
- ✓ That all land used for primary production, either leased or owned to be exempt from Land Tax (in all circumstances) no matter what the business structure might be.
- ✓ That Stamp Duty on any transactions relating to horticulture production, processing and marketing be immediately eliminated particularly in the situations where transaction are between family businesses.

RECOMMENDATION SUMMARY – BIOSECURITY

- ✓ Retain and increase the Biosecurity SA within PIRSA with highly skilled technical personnel and appropriate resources to protect the \$1.1 billion food and amenity horticulture sector.
- ✓ Retain and increase the current Fruit Fly Program including trapping grids and road blocks – both permanent and mobile - and for that program to continue to be funded through the PIRSA/biosecurity budget.
- ✓ Increase the capacity within South Australia in areas of Plant Biosecurity surveillance and diagnostics through specific programs funded by government, research and development programs and/or industry.
- ✓ Re-establish the Horticulture Biosecurity Consultative Committee (HBCC) and maintain the South Australian Fruit Fly Committee as a sub-committee of the HBCC as a specific reference committee to PIRSA Biosecurity Section and a means of informing and assisting the Minister with relevant plant biosecurity issues.
- ✓ That the relevant components of the State Biosecurity Plan are built into the relevant Plant Biosecurity Programs.
- ✓ Government in partnership with industry investigate and invest in additional alternative methods of fruit fly treatment.
- ✓ Government in partnership with industry drive the development and long-term funding of a National Fruit Fly Action Plan.

RECOMMENDATION SUMMARY – RESEARCH & DEVELOPMENT

- ✓ To achieve functioning Research, Development and Extension industry believes that there is a need to immediately establish a Horticulture R, D & E Advisory Council to review current R&D and establish and co-ordinate a plan for the next 10 years. The Advisory Council is to be a partnership between government, the research organisations and the horticulture industry. This Advisory Council will require a level of resources, from both government and industry, to develop and implement programs.

- ✓ To immediately reverse the current trend of reduction in resources – people, funds and facilities – that is reducing the R, D and E capacity and service within South Australia.
- ✓ There is an immediate need to establish what R, D & E capacity is required and build the appropriate programs including a succession plan and program for scientists, researchers and extension personal.
- ✓ The current horticultural research stations must be retained as active research facilities and the management of the facilities need to be undertaken by a **joint** industry/government committee. The proposed Horticulture R, D & E Advisory Council would be the ideal management body.
- ✓ Going forward it is essential that the Horticulture R, D & E Advisory Council in partnership with the Government review the National R, D & E Framework for Horticulture before any final sign-off by government, industry and the research community.

RECOMMENDATION SUMMARY – PLANNING

- ✓ That the South Australian Horticulture Planning Advisory Group (SAHPAG) be established between government and industry to assist with the identification and protection of the necessary primary production land to ensure food production and supply is secured for the future. Each major production region would have representation on the SAHPAG.
- ✓ That the SAHPAG be immediately engaged to assist with implementing the primary production components of the Greater Adelaide 30 Year Plan and the appropriate Regional Plans.
- ✓ Where there is an agreement to relocate primary production the necessary infrastructure as identified by the SAHPAG is established before any relocation.
- ✓ Where particular exit packages might exist and/or land use changes occur there is a need to ensure that the land and/or infrastructure on the land is either maintained and/or removed to eliminate any biosecurity issues.
- ✓ Appropriate resources need to be allocated and programs need to be implemented to remove the biosecurity and fire threats from feral plants on roadsides and in public property and abandoned primary production plantings.
- ✓ Consideration of tourism must be built into any planning documents and linked with aspects such as the retention of primary production and biodiversity.

- ✓ Use Designated Primary Production Areas (DPPA) in regional development plans to establish well defined planning documents.
- ✓ Within DPPA appropriate 'Right to Farm' protection must be implemented.

RECOMMENDATION SUMMARY – WATER SECURITY

- ✓ The Horticulture Coalition of SA offers a level of knowledge and expertise that is most important in ensuring a Horticulture Industry Water Plan be developed and implemented in partnership with government.
- ✓ Critical water needs for maintaining permanent plantings and the production of food' to supply South Australia to 2025 and beyond must be the third pillar – alongside water for the environment and Critical Human Needs - in any Water Allocation Plan.
- ✓ Supply of critical water needs for horticulture must be an annual consideration by government.
- ✓ Additional resources are required to ensure any new and/or revised Water Allocation Plans are initiated/implemented and completed within a maximum of three years resulting in much simpler and practical water allocation plans
- ✓ Additional and ongoing resources are required to ensure appropriate and accurate data is collected in a timely manner. Utilisation of producers and industry organisations for the collection of data and ground truthing that data can be managed through Government working in partnership with HCSA.
- ✓ To minimise 'water miles' and 'food miles' it is essential that the appropriate product 'type' be grown as close to the water source as possible. The development of a plan detailing crop and water source can be developed in partnership with HCSA.
- ✓ All South Australian horticultural irrigators should be treated equitably, subject to the relevant geographic and hydrological characteristics of their location. Eliminating inequity is a major way of ensuring food production and supply in South Australia is secured.
- ✓ National Water Plans and Programs must not take until 2019 to complete as the transition period disadvantages SA Irrigators, and threatens their survival.

- ✓ Mining must not be given special treatment with licences outside the planning process to the detriment of all other water users within a particular region.
- ✓ Water allocations are a property right as agreed in the National Water Initiative and must be recognised as such in all Australian jurisdictions.
- ✓ Horticultural irrigators are food and fibre producers and must be recognised for their vital role in feeding and clothing South Australia, Australia and global markets and for the significant contribution they make to rural communities, exports and the state economy.
- ✓ Horticultural irrigators must be engaged early and often in the development of policy, particularly where changes to the nature of water entitlements are concerned and where the value of entitlements is diminished full compensation must be paid. Government should acknowledge horticultural irrigators as a valuable source of advice.

RECOMMENDATION SUMMARY – INFRASTRUCTURE

- ✓ The State Strategic Plan requires a new strategy that aims to maintain the highest level of local food production and supply within South Australia utilising local producers and ensures the appropriate level of infrastructure is maintained and/or built.
- ✓ More resources are made available to Local Government to develop and maintain the internal transport services with the major food production regions. A priority list is to be developed in conjunction with the HCSA.
- ✓ Forward planning of new infrastructure, detailing costs, dates and priorities, needs to be implemented for each food production region and the priorities for the development be set in conjunction with HCSA. Such a plan needs to be developed within the next twelve months.
- ✓ By December 2014 the government, in partnership with the HCSA, develop and plan for the implementation of green energy programs within major food production regions and facilities with the aim of reducing input costs and the carbon footprint for food production.
- ✓ By December 2014 the government in partnership with the HCSA develop a plan for the greater use of stormwater and recycled water within food production.
- ✓ Cheap alternative energy sources be accessible for all primary producers and installation programs be established for major horticultural facilities including

key cool-stores, packing and processing facilities and wholesale markets to reduce the carbon footprint and therefore reduce the burden of spiralling electricity costs on the industry.

RECOMMENDATION SUMMARY – INDUSTRIAL RELATIONS

- ✓ That government work with the HCSA to develop and train a ‘pool’ of permanent and seasonal labour to give further advantage to South Australia producers over interstate and international competitors.
- ✓ That there be a reduction in the high cost of WorkCover and other costs associated with labour to ensure that horticulture production in South Australia becomes more competitive.
- ✓ The operations of the South Australian WHS and WorkCover legislation be reviewed and simplified and that the WHS programs be handed back to the State authorities to manage.
- ✓ That more detailed, practical and specific programs of industry education relating to the new Industrial Relations System be developed for and in partnership with the HCSA.
- ✓ Ensure that any future wage increases are linked with productivity gains.

RECOMMENDATION SUMMARY – HEALTH

- ✓ \$4 million per year for the next five years be dedicated to an industry-based agency to better utilise industry in developing a practical health promotional program. Agency to be appointed through a transparent tender process.
- ✓ That the next phase of the health strategy of increasing the consumption of fruit and vegetables be undertaken through the investment of these funds.
- ✓ That through the school curriculum the government utilise South Australian fruit and vegetables for distribution through the education system to all kindergartens and primary schools, including those situated in rural and/or Indigenous communities.

RECOMMENDATION SUMMARY – FOOD LABELLING

- ✓ That the Australian Government recognise industry codes of practice and mandate Australian quality standards where these have been established, and otherwise adopt the relevant international / CODEX standard for food products, and that these recognised quality standards be diligently and even-handedly policed to enable consumers to have greater confidence in the quality of the food products they purchase.
- ✓ That Government work more closely with Australian industry to develop codes of practice / standards, and consumer education materials to assist consumers in identifying quality Australian food products.
- ✓ That ‘Country of Origin’ labelling be more precisely and accurately defined and better policed within the retail sector within South Australia to ensure the consumers are fully aware of where their produce is grown and/or processed.

RECOMMENDATION SUMMARY – SUCCESSION PLANNING

- ✓ That a Young Grower Industry Support Scheme for Horticulture be established to assist in the retention of current young growers and attracting new participants.
- ✓ Implementation of programs that assist in retaining family farms as the fabric of South Australian horticulture and deliver better access to resources to invest into such farms.

RECOMMENDATION SUMMARY - WORKFORCE

- ✓ The horticulture industry and government must work in partnership in workforce planning and development to (a) better attract and retain skilled workers to match labour supply and demand (b) ensure flexible accessible training is available across the State, and (c) ensure the integration of employment and skills demand with industry development

- ✓ There is an immediate need to review horticultural training and education and that a new industry-lead primary production training council be established.
- ✓ Greater effort is required to ensure student counsellors are aware of horticulture as a career option and aware of the many and varied opportunities available.
- ✓ There is an important and urgent need for government and industry to work in partnership to ensure there are greater linkages with the education system – primary, secondary and tertiary – in regards to horticulture and the employment opportunities.
- ✓ Financial resources available for horticultural education must be increased and this needs to be urgently addressed.
- ✓ *The 'Grow Smart'* program requires greater support from government, the education sector and industry.
- ✓ Establish programs that expand on-site/on-farm training and minimise costs such as insurance that are currently detriments to this form of training.

RECOMMENDATION SUMMARY – ENVIRONMENT

- ✓ Through a joint partnership between government, the NRM Council, NRM Boards and HCSA a South Australia based Horticulture Environmental Stewardship Program be established.
- ✓ Industry Environmental Management Guidelines must form the basis of the South Australian Horticultural Stewardship Program.
- ✓ That there be a greater acceptance and reflection of the triple bottom line principles – economy, social and environment – within the Natural Resource Management Plans being prepared by the eight NRM Boards within South Australia.

POLICY DOCUMENT - TAXATION

The Consumer Price Index (CPI) shows regular fluctuations but when we see an increase as a result of supposed increase in fruit and vegetable prices at retail level this occurs even though the majority of fruit and vegetables sold at the grower and/or wholesale level was stable in the same corresponding period. Any change in the grower/wholesale price is as a result of the normal cycle of supply and demand, extreme weather conditions and drought. More importantly any increase the industry is facing is as a result of the burden of continued spiralling input costs and especially in state taxes.

Payroll Tax

ISSUES:

Payroll Tax is a tax on the wages paid by employers.

A tax on labour is a disincentive for employers to recruit as it represents another impost to the direct cost of employing people. It is a disincentive to employment growth, especially for small business. The introduction of the GST was a once in a lifetime opportunity for the governments to abolish such a tax.

Payroll tax rates vary across states while the thresholds range from \$600,000 in South Australia to \$1.25 million in the Northern Territory and ACT. The payroll tax base on which the tax is levied varies between the states. The definition of wages and the payment arrangements lack consistency. Differences in the treatment of employee benefits, contractors and apprentice wages cause the payroll tax base to differ from state to state. In addition, exemptions, due dates and grouping provisions are inconsistently applied.

The cost of the inconsistencies and different administrative arrangements imposed by states places a disproportionately large burden on small businesses which lack the resources to deal with such complexity.

The South Australian horticulture industry is a major employer of both permanent and seasonal labour. At the height of some harvest activities single employers may need to employ up to 500 staff. Given the need for large numbers of seasonal workers there is a strong tendency not to employ large numbers of permanent staff.

Input costs like Payroll Tax are business costs that are built into the cost of the final product making it more expensive than that of interstate or international produce.

Reducing or totally eliminating Payroll Tax in South Australia in the area of food production would give state producers a major advantage over the interstate and/or international competitors.

RECOMMENDATIONS:

- ✓ **That Payroll Tax for the South Australian horticulture industry be the most competitive within Australia to ensure employment growth is strong.**

Land Tax

ISSUE:

For many businesses associated with primary production, including horticulture, have been faced with large increases in Land Tax. Some increases have been as high as 400% and in some instances even higher.

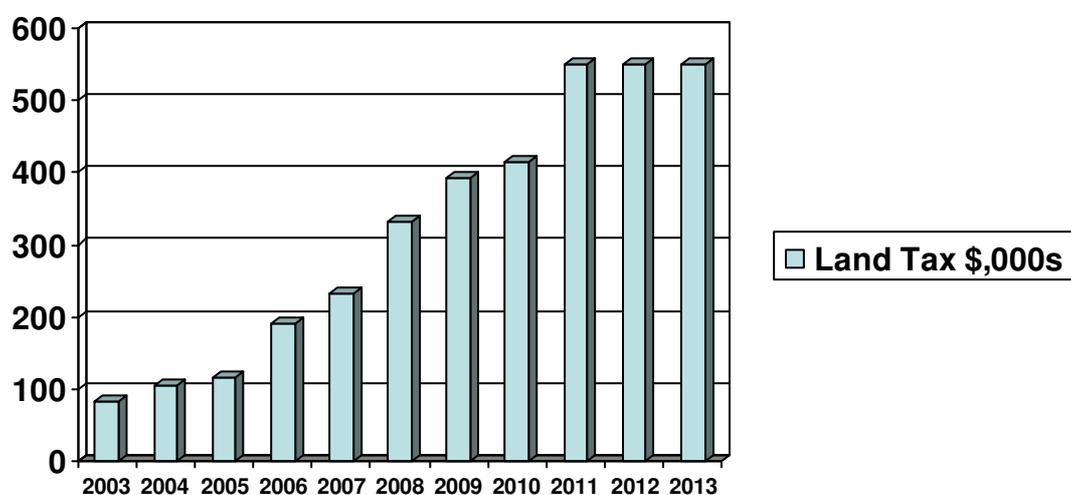
Land Tax was introduced as a tax to land bankers and was for the purpose of reducing the price of land by increasing supply. Businesses like the Adelaide Produce Markets who require large land holdings to carry on a business as an extension of the growing of fresh fruit and vegetables should be exempt in paying Land Tax.

Where these taxes are related to the production of food and or associated products the ultimate flow-on is as an increase in the cost of food to the consumer. Any additional costs that is greater than our competitors, interstate or international, results in South Australian producers finding it harder to compete. As a result some business have already closed and/or relocated. This then affects the employment levels within South Australia and ultimately the viability of the state.

An exemption is sought for land tax for all businesses that grow, process and market horticultural produce.

A prime example of how land tax is severely affecting the horticulture industry is the land tax paid by the Adelaide Produce Market Limited (APML), the primary market that growers in South Australia use to sell their produce.

Land Tax for the APML site has increased by **537%** in 11 years from \$86k in 2002/03 to **\$548k** in 2012/13.



The average price that markets around Australia pay for land tax is 1 cent per capital dollar, compared to Adelaide paying 3.5cents. It is also important to know that all markets around Australia have been built by their respective governments and have had subsidies in different areas of the business over the years.

Land Tax Comparison

	Capital Value	Land Tax \$	Cents/ Capital Value	
Adelaide	\$15,564,100	\$547,642	\$0.035	Market Only
Melbourne	\$77,500,000	\$350,000	\$0.005	Market Only
Brisbane	\$35,630,000	\$371,000	\$0.010	Market Only
Sydney	\$96,700,000	\$1,597,177	\$0.017	Includes commercial retail
Perth	\$50,000,000	\$211,070	\$0.004	Market Only
Total ex Adelaide	\$259,830,000	\$2,529,247	\$0.010	
Using average of other states	\$11,253,500	\$109,544	\$0.010	Based of current value

The ramifications of Land Tax on APML are:

- Cost increases ultimately end up in the price consumers pay for fruit and vegetables.
- Increased cost puts South Australia's fresh produce industry at a severe disadvantage compared to other states.

The industry does not believe the Adelaide Produce Market is in a position to relocate and plans to utilise the current facilities for many years to come.

In regard to Land Tax, there are plans to impose Land Tax on leased properties with a house on them, even if they are used as growing land. This goes against legislation that rules primary growing land as exempt from Land Tax, as growing lands may change uses seasonally and may required to be leased depending on the needs of the consumer and the ability for the grower to deliver that commodity.

Once again this cost will ultimately end up with the consumer when they purchase their fruit and vegetables.

RECOMMENDATION

- ✓ **That an exemption in Land Tax be granted in respect of structures associated with horticultural production including packing facilities, nursery structures and the Adelaide Produce Market at Pooraka, South Australia's only wholesale fruit and vegetable market.**
- ✓ **That all land used for primary production, either leased or owned be exempt from Land Tax in all circumstances.**

Stamp Duty

ISSUES:

Stamp Duty is significant cost to the horticulture business and needs to be eliminated.

RECOMMENDATIONS:

- ✓ **That Stamp Duty on any transactions relating to horticulture production, processing and marketing be immediately eliminated particularly in the situations where transaction are between family businesses.**

POLICY DOCUMENT - BIOSECURITY

ISSUES:

Biosecurity is an integral component of sustainable horticulture. Having a state free of major pests and diseases is important for all sections including the general community, the natural and amenity landscape, the home gardener and the production community.

The introduction of the Plant Health Act was an important action to maintain the unique position South Australia has in being free of Fruit Fly, Phylloxera, Fire Blight, Fire Ants, Citrus Canker and many other exotic pests and diseases. Cooperation by government and industry in the preparation and introduction of the legislation was a positive and important aspect and highlighted what can be done through the partnership approach.

Industry believes that there is more than ever a need to maintain a strong and proactive approach to biosecurity, plant quarantine and plant health.

Retention and expansion of the current programs are essential for South Australia and all South Australians. While South Australia is a part of many national programs it is essential that our current programs are not weakened by accepting national programs based on the principle of using the 'lowest common denominator' to build a national program on.

A major concern has been the increasing loss of scientists, researchers and extension staff within the relevant government departments and the research facilities. There appears to be limited or no succession plan in relation to maintaining a surveillance and /or diagnostic capacity. With this comes the real concern that if there was to be one or more outbreaks of exotic pests and diseases the state will not have the capacity to undertake the necessary eradication and/or containment programs required under state or national legislation and agreements.

RECOMMENDATIONS:

- ✓ **Retain and increase the Biosecurity SA within PIRSA with highly skilled technical personnel and appropriate resources to protect the \$1.1 billion food and amenity horticulture sector.**
- ✓ **Retain and increase the current Fruit Fly Program including trapping grids and road blocks – both permanent and mobile - and for that program to continue to be funded through the PIRSA/biosecurity budget.**
- ✓ **Increase the capacity within South Australia in areas of plant biosecurity surveillance and diagnostics through specific programs funded by government, research and development programs and/or industry.**

- ✓ **Re-establish the Horticulture Biosecurity Consultative Committee (HBCC) and maintain the South Australian Fruit Fly Committee as a sub-committee of the HBCC as a specific reference committee to PIRSA Biosecurity Section and a means of informing and assisting the Minister with relevant Plant Biosecurity issues.**
- ✓ **That the relevant components of the State Biosecurity Plan are built into the relevant Plant Biosecurity Programs.**
- ✓ **Government in partnership with industry investigate and invest in additional alternative methods of fruit fly treatment.**
- ✓ **Government in partnership with industry drive the development and long-term funding of a National Fruit Fly Action Plan.**

POLICY DOCUMENT – RESEARCH, DEVELOPMENT AND EXTENSION

ISSUES:

Only greater agricultural science co-operation will deliver production and sustainability gains were the conclusion of a conference held in the UK.

“Farmers, scientists, the food industry and the Government must work more closely if UK agriculture is to increase production while protecting the environment”. That was a key finding of two pieces of unique research into future agricultural science needs revealed at the Oxford Farming Conference (6th January 2010).

The OFC research was carried out in association with dairy nutrition company Volac and the Biotechnology and Biological Sciences Research Council. It consisted of a survey of 600 farmers by the National Farm Research Unit and the views of 10 technical specialists in the food industry gathered by the IGD. The results were presented to conference delegates by Professor David Leaver, former Principal of the Royal Agricultural College and a member of the Government’s Council of Food Policy Advisors.

Crop protection may have been seen as the most important past agricultural science advancement by farmers, but plant breeding was identified as the most important future production development, with GM technology seen as playing a significant role. Soil and water management techniques were also regarded as very important if farming is to be sustainable in the future.

The farmers were also asked who they believe currently delivers agricultural science research to them and who should do so in the future. Nearly 60% said the agricultural supply industry is the most important deliverer of science, with just 21% saying the Government is. However, 56% believed the Government should be responsible for agricultural science in the future. Only 10% thought the Agricultural and Horticultural Development Board is the most important deliverer of agricultural science now and just 7% thought it should be in the future.

Farmers also suggested that science research needs to be more applied and simpler to understand if they are to derive the greatest value from it. Communication of research is seen as key with around 80% saying that the press is the most important means of communicating scientific developments.

“These are very important pieces of work and should help politicians and the food and farming industry identify what the future direction of agricultural science should be and who should deliver it,” says Professor Leaver.

The 10 food industry members included retailers, processors, wholesalers and foodservice operators. They rated the importance of primary agricultural research to their business as eight out of ten, but judged the usefulness of current agricultural

research at just five out of ten. They wanted more research on improved cultivation techniques and methods of withstanding climate change, while improvements in the food processing and supply chain from farm gate to consumer were also important. The group also saw new technology as playing a key role in the future. However, they warned that – without the right research – food prices and imports are likely to rise, further eroding the UK's competitive advantage. Meanwhile, a fragmented approach to research would lead to duplication and confusion.

“The key messages from this research are that for UK agriculture to be competitive, we need a functioning R&D chain, which can deliver the new technologies needed to satisfy the food production and environmental demands of the future. This will require greater co-operation and engagement by all as well as more clarity as to how research is funded, prioritised and applied,” says Professor Leaver.”

Many of the points highlighted by Professor Leaver are relevant to the South Australian horticulture industry.

The need for a functioning R&D chain is one of the most important needs for the South Australian horticulture industry.

To achieve a functioning R&D chain industry believes that there is a need to establish a Horticulture R,D&E Advisory Council to review current R&D and establish and co-ordinate a plan for the next 30 years. The Advisory Council is to be a partnership between government, the research organisations and the horticulture industry. This Advisory Council will require a level of resources, from both government and industry, to develop and implement programs.

The current reduction in resources – people, funds and facilities – is reducing the R,D&E capacity and service within South Australia and this trend needs to be reversed. There is a strong need to establish what R,D&E capacity is required and build the appropriate programs including a succession plan and program for scientists, researchers and extension personal.

Horticultural research is built around infield programs and projects. Much of the required research cannot be undertaken in a laboratory and/or glasshouse situation.

South Australia had a network of research stations that have been the envy of other states. These research stations had undertaken extensive high quality research, development and extension. The downgrading of these facilities is inappropriate and not acceptable to industry particularly given that industry and researchers have been willing to fund on-going programs.

The current horticultural research stations must be retained as active research facilities and the management of the facilities need to undertaken by a joint industry/government committee. The proposed Horticulture R,D&E Advisory Council would be the idea management body.

Some of the research areas that need to be included within the new R,D&E plan are:

- Market chain development
- SA product differentiation and promotion
- Post Harvest
- Breeding
- Water efficiency
- Soil health and management
- Production costs
- Crop mechanisation.

In addition, South Australian horticultural industries face a number of common challenges into the future. These include:

Climate Change

Climate change and variability (e.g. reduced rainfall and higher temperatures in southern Australia, more extreme weather events in northern Australia) is a major R,D&E driver for all crops. Implications are reduced access to irrigation water in southern Australia (particularly along the Murray), heat stress and lack of chilling hours, major crop losses from severe weather events, increased risks of exotic disease incursions and changes in the distribution of pests and diseases. These threats apply to all crops and provide a possible driver for increased protected cropping in some horticultural industries.

Globalisation and Increased Biosecurity Risk

Increased global trade is both a threat and an opportunity. The need for international competitiveness is a major driver for the industries impacted. At the same time, increased imports heighten the biosecurity risk of exotic pest and disease incursions.

Labour

Shortages of labour, the productivity of labour and the cost of labour have a major impact on all horticultural industries - especially those that are faced with the challenge of being globally competitive. Mechanisation to replace labour and machines or techniques to make existing labour more efficient are major R,D&E drivers for all industries. Similarly, the need for recruitment of more management and other skilled labour to the horticultural industries is an identified issue for all industries.

Consumer Expectations

Increased expectations related to high product quality and price (e.g. appearance and size, freedom from residues, eating quality and shelf life), competitive pricing and year round supply are a major challenge for producers.

The South Australian R,D&E Framework for Horticulture needs to account for these issues if industries are to remain commercially viable.

The PISC National Framework for Horticulture fails to give industry confidence in the R,D&E process and programs within South Australia and at a national level.

The Framework has three basic terms of the “Major Priority” agency, leading R,D&E for that crop and the support and link agencies. Definitions for these terms are taken from the National Primary Industries Research, Development and Industry Development Framework Statement of Intent and are as follows;

- **Major Priority Role:** This is a national leadership role where there is a major priority for the relevant government agency and the government agency endeavours to give a high priority to funding research, including infrastructure, for that sector.
- **Support Role:** in this role the relevant government agency undertakes research, but leadership and the major activity is provided by another government jurisdiction or party.
- **Link Role:** in this role the relevant government agency will undertake little or no research but access information and resources from other governments or parties to meet industry needs through D&E.

Through the PISC process South Australia has taken the following responsibilities:

Major Priority Role: Cucurbit Vegetables and Melons (Crop Production and Plant Health)
Carrots (Plant Health, Environment)
Onions and Leeks (Plant Health, Human Health, Export)

Support Role: Stone fruit (Breeding and Post-Harvest)
Cherries (Breeding)
Citrus (Post Harvest, Plant Health, Market Access)
Brassica Vegetables (Plant Health)
Fresh Potatoes (Plant Health, Environment)
Processing Potatoes (Plant Health, Environment)
Almonds (Crop Protection, Plant Health)

Link Role: Pome - Apples
Berries
Lettuce, Celery, Leafy Asian (Plant Health, Crop Production)

No Role: Pears
Table Grapes
Dried Fruit
Sweet Corn
Asparagus
Beans
Peas
Mushrooms
Nursery/Garden
Turf
Exotic Flowers
Olives (not even in the PISC program)

There has been no consultation with industry relating to what crops and what disciplines should be included in this process.

Going forward it is essential that the Horticulture R,D&E Advisory Council be established to review any future details before any final sign-off by government, industry and the research community.

RECOMMENDATIONS:

- ✓ **To achieve functioning Research, Development and Extension industry believes that there is a need to immediately establish a Horticulture R,D&E Advisory Council to review current R&D and establish and co-ordinate a plan for the next 10 years. The Advisory Council is to be a partnership between government, the research organisations and the horticulture industry. This Advisory Council will require a level of resources, from both government and industry, to develop and implement programs.**
- ✓ **To immediately reverse the current trend of reduction in resources – people, funds and facilities – that is reducing the R,D&E capacity and service within South Australia.**
- ✓ **There is an immediate need to establish what R,D&E capacity is required and build the appropriate programs including a succession plan and program for scientists, researchers and extension personal.**
- ✓ **The current horticultural research stations must be retained as active research facilities and the management of the facilities need be to undertaken by a joint industry/government committee. The proposed Horticulture R,D&E Advisory Council would be the idea management body.**
- ✓ **Going forward it is essential that the Horticulture R,D&E Advisory Council in partnership with the Government review any future amendments to the National R,D&E Framework for Horticulture before any final sign-off by government, industry and the research community.**

POLICY DOCUMENT – PLANNING

ISSUES:

Good and advanced planning is the ultimate position that is required for South Australian horticulture to achieve its full potential over the next 30 years. So often in the past horticulture has been left out of the planning process resulting in ad-hoc planning decisions.

The advantage that South Australia has is that their horticulture production regions are close to the major population areas so minimising food miles and reducing the overall carbon footprint and this advantage needs to be retained through good planning.

Much of the land used for horticulture is in peri-urban areas and therefore subject to increasing pressures from urbanisation and urban-based rules and regulations.

Defining and retaining land for primary production particularly that required to secure food production for an expanding South Australian population is of an immediate and high priority.

While the Greater Adelaide 30 Year Plan offers protection of 375,000 hectares of primary production land the unanswered question is if this is sufficient land to produce the quantity of food required to feed Adelaide and South Australia. The Plan failed to give any detail about how the protection of this land will be achieved.

Horticulture has not been given the opportunity to have a practical involvement in the planning process.

Industry understands that the Greater Adelaide Plan will be implemented through Regional Plans but again there is very limited information about the process and the horticulture industry has not been included in the process going forward.

South Australia horticultural operators have shown themselves to be both responsible producers and technically advanced producers. Many producers have a long family history with the land – some family businesses are over 100 years old being operated by 5th and 6th generations. These people have an understanding of the regions and can offer significant knowledge and expertise at the practical planning level.

RECOMMENDATIONS:

- ✓ **That the South Australian Horticulture Planning Advisory Group (SAHPAG) be established between government and industry to assist with the identification and protection of the necessary primary production land to ensure food production and supply is secured for the future. Each major production region would have representation on the SAHPAG.**
- ✓ **That the SAHPAG be immediately engaged to assist with implementing the primary production components of the Greater Adelaide 30 Year Plan and the appropriate Regional Plans.**
- ✓ **Where there is an agreement to relocate primary production the necessary infrastructure as identified by the SAHPAG is established before any relocation.**
- ✓ **Where particular exit packages might exist and/or land use changes occur there is a need to ensure that the land and/or infrastructure on the land is either maintained and/or removed to eliminate any biosecurity issues.**
- ✓ **Appropriate resources need to be allocated and programs need to be implemented to remove the biosecurity and fire threats from feral plants on roadsides and in public property and abandoned primary production plantings.**
- ✓ **Consideration of tourism must be built into any planning documents and linked with aspects such as the retention of primary production and biodiversity.**
- ✓ **Use Designated Primary Production Areas (DPPA) in regional development plans to establish well defined planning documents.**
- ✓ **Within DPPA appropriate 'Right to Farm' protection must be implemented.**

POLICY DOCUMENT – WATER SECURITY

ISSUES:

Every South Australian recognises the importance of water to the environment, economy and social aspects of life.

Without water the production of food would not be possible.

Horticulture producers within South Australia have led the way in implementing new irrigation methods and equipment with the aim of becoming the most water efficient users within Australia.

While the horticulture industry understands the need to share the resource there is concern that there is a lack of equity in how water is being distributed and utilised.

For producers to secure the required food production and supply for the future there is an immediate need to introduce security in water supply to all producers.

Businesses cannot consider investment in their production unless there is both short and long term surety in access to water at an appropriate level.

In the past the finalisation of Water Allocation Plans has taken far too long. Within the Eastern and Western Mount Lofty Ranges producers have not been able to make any new investment in their businesses for over 9 years because of the delays in finalising the Water Allocation Plans. One of the reasons is the limited resources made available and the lack of accurate and up-to-date data. Producers and industry organisations have substantial information and knowledge of the local water resources and this should be used to assist in ground truthing data.

Over the last two financial years approximately 70% of South Australia's irrigation is from underground and/or local surface water. In terms of farm gate value, the total irrigated return for the state in the 2012/13 season from groundwater irrigation was \$1.2 billion of which horticulture is a major component.

Growers in the Riverland have at times been forced to commence a water year with a low or nil allocation. This makes any planning and investment impossible and creates a high level of personal and business stress. Critical water needs for primary production needs to be a standard part of any Water Allocation Plan along with water for the environment and water for critical human needs.

The triple bottom line – social, economic and environment – as defined within legislation like the Natural Resource Management Act must be the foundation from which all Water Allocation Plans are built.

The Horticulture Coalition of South Australia is available to work in partnership with government to prepare appropriate plans and programs that ensure water surety for food production.

While much of the water activities are defined by national plans it is of concern that the finalisation of some national plans and programs will not occur before 2019. South Australia cannot wait that long for such programs to be finalised. Many businesses will not survive until 2019 without an immediate water plan for food production.

RECOMMENDATIONS:

- ✓ **The Horticulture Coalition of SA offers a level of knowledge and expertise that is most important in ensuring a Horticulture Industry Water Plan be developed and implemented in partnership with government.**
- ✓ **Critical water needs for maintaining permanent plantings and the production of food' to supply South Australia to 2020 and beyond must be the third pillar – alongside water for the environment and Critical Human Needs - in any Water Allocation Plan.**
- ✓ **Supply of critical water needs for horticulture must be an annual consideration by government.**
- ✓ **Additional resources are required to ensure any new and/or revised Water Allocation Plans are initiated/implemented and completed within a maximum of three years resulting in much simpler and practical water allocation plans**
- ✓ **Additional and ongoing resources are required to ensure appropriate and accurate data is collected in a timely manner. Utilisation of producers and industry organisations for the collection of data and ground truthing that data can be managed through Government working in partnership with HCSA.**
- ✓ **To minimise 'water miles' and 'food miles' it is essential that the appropriate product 'type' be grown as close to the water source as possible. The development of plan detailing crop and water source can be developed in partnership with HCSA.**
- ✓ **All South Australian horticultural irrigators should be treated equitably, subject to the relevant geographic and hydrological characteristics of their location. Eliminating inequity is a major way of ensuring food production and supply in South Australia is secured.**
- ✓ **National Water Plans and Programs must not take until 2019 to complete as the transition period disadvantages SA Irrigators, and threatens their survival.**
- ✓ **Mining must not be given special treatment with licences outside the planning process to the detriment of all other water users within a particular region.**

- ✓ **Water allocations are a property right as agreed in the National Water Initiative and must be recognised as such in all Australian jurisdictions.**
- ✓ **Horticultural irrigators are food and fibre producers and must be recognised for their vital role in feeding and clothing South Australia, Australia and global markets and for the significant contribution they make to rural communities, exports and the state economy.**
- ✓ **Horticultural irrigators must be engaged early and often in the development of policy, particularly where changes to the nature of water entitlements are concerned and where the value of entitlements is diminished full compensation must be paid. Government should acknowledge horticultural irrigators as a valuable source of advice.**

POLICY DOCUMENT – INFRASTRUCTURE

ISSUES:

Food production is reliant on the supply of a range of services including electricity, water and transport. Overall the supply of such services to major production areas needs up-dating and further investment to bring it to a standard required to produce food at an efficient and cost effective manner.

There needs to be a state policy that maintains the highest level of local food production and in so keeps local producers in business and developing and expanding.

An essential part of the plan is to ensure the appropriate infrastructure is built and maintained.

In the area of transport there is a need to develop and improve the internal transport network within each of the regions. While major transport corridors are in good condition the road and rail systems that take produce from the production region to those major transport corridors are inadequate and at times poorly maintained.

Many of these internal roads are used by large vehicles including semi-trailers. As a result the safety of the truck drivers and other road users is threatened because of poorly maintained roads.

Much of the local infrastructure is maintained by Local Government but insufficient resources are made available for the level of maintenance required.

In the area of electricity there is a need to ensure sufficient electricity is available for those services relating to the storage and value-adding that occurs on or near the new and current production regions.

Another major issue is the cost of electricity spiralling upwards. One example being the Adelaide Produce Market's electricity rising by 39% (\$325K) from \$774,245 in 2008/09 to an estimated \$1.1 million in 2009/10. This is again a cost that is ultimately added to the price of fruit and vegetables.

In addition the implementation of programs to introduce new forms of green energy within growing regions or associated with food facilities is worthy of development. Support to implement solar power at the Adelaide Produce Markets similar to that given to the Adelaide Showgrounds would be most beneficial.

In the area of water there is a need to better focus on the specific water resources available to and used by food producers in each of the growing regions. There are five major sources of water – River Murray, groundwater, surface water, storm and recycled water and desalination water.

As previously indicated 70% of primary production utilises groundwater and/or local surface water.

Going forward one of the best ways to secure food production and supply in South Australia is to ensure maximum stormwater and/or recycled water is made available for use by the horticulture industry.

The industry has a policy that promotes the minimisation of storm and recycled water being released in to the sea and maximisation of such water for horticultural production. Working with Government to achieve this policy is industry's goal.

RECOMMENDATIONS:

- ✓ **The State Strategic Plan requires a new strategy that aims to maintain the highest level of local food production and supply within South Australia utilising local producers and ensures the appropriate level of infrastructure is maintained and/or built.**
- ✓ **More resources are made available to Local Government to develop and maintain the internal transport services with the major food production regions. A priority list is to be developed in conjunction with the HCSA.**
- ✓ **Forward planning of new infrastructure, detailing costs, dates and priorities, needs to be implemented for each food production region and the priorities for the development be set in conjunction with HCSA. Such a plan needs to be developed within the next twelve months.**
- ✓ **By December 2014 the government, in partnership with the HCSA, develop a plan for the implementation of green energy programs within major food production regions and facilities with the aim of reducing input costs and the carbon footprint for food production.**
- ✓ **By December 2014 the government in partnership with the HCSA develop a plan for the greater use of stormwater and recycled water within food production.**
- ✓ **Cheap alternative energy sources be accessible for all primary producers and installation programs be established for major horticultural facilities including key cool-stores, packing and processing facilities and wholesale markets to reduce the carbon footprint and therefore reduce the burden of spiralling electricity costs on the industry.**

POLICY DOCUMENT – INDUSTRIAL RELATIONS

ISSUES:

Labour costs are a significant component of input costs in relation to food production. Due to the high costs of labour and the associated add-ons such as WorkCover, leave loadings and superannuation, Australia is a 'high cost' produce particularly in comparison to countries such as China, India, Chile and South Africa.

Award Modernisation has created a difficult labour environment for the South Australian horticultural industry. Any advantages that employers had with the state based industrial relations system have now been lost through the nationalisation of Awards. Flexibility for both employers and employees has been lost.

What the South Australian horticulture industry requires is a highly motivated, trained and experienced 'pool' of both permanent and seasonal labour.

RECOMMENDATIONS:

- ✓ **That government work with the HCSA to develop and train a 'pool' of permanent and seasonal labour to give further advantage to South Australia producers over interstate and international competitors.**
- ✓ **That there be a reduction in the high cost of WorkCover and other costs associated with labour to ensure that horticulture production in South Australia becomes more competitive.**
- ✓ **The operations of the South Australian WHS and WorkCover legislation be reviewed and simplified and that the WHS programs be handed back to the State authorities to manage.**
- ✓ **That more detailed, practical and specific programs of industry education relating to the new Industrial Relations System be developed for and in partnership with the HCSA.**
- ✓ **Ensure that any future wage increases are linked with productivity gains.**

POLICY DOCUMENT – HEALTH

ISSUES:

The SA horticulture industry has invested heavily within the health sector by promoting the value and importance of eating fruit and vegetables. This has been done both by individual sectors and the broader industry.

In the past members of the South Australian Fruit and Vegetable Coalition have played a major role in linking industry programs with those of the community and Government. For example the *Adelaide Produce Markets Ltd* has partnered with SA Health in the past to run the “Go for 2 & 5” program. This organisation has in more recent years partnered with the SA Chamber of Fruit and Vegetables Industries Inc to launch of new marketing company *Market Fresh SA Pty Ltd* which runs a variety of fresh produce-base, healthy-eating programs, including in-store cooking demonstrations, recipe cards, mascot appearances, celebrity endorsement and an extensive print and social media campaign to promote the importance of our local South Australian growers and independent retailers. Other industry sectors have other similar programs with the same aim of increasing the intake of fresh fruit and vegetables.

While the relevant media campaigns have had some success the industry believes that the next phase of the program must be more intense and focused at the ‘grass roots’ community level. This means committing more of the financial resources at the community level.

Government can assist in this process by utilising sections of the health budget to compliment and value add the funds being contributed by the specific sectors with horticulture. Prevention is much easier and cheaper than cure so if more can be achieved in getting children to consistently eat healthy then in the future this will help the health system.

In addition there needs to be an increased linkage between education sector programs and horticulture. By increasing both the education of children and consumption of fruit and vegetables through active programs in all schools over the next five years, the goals originally set under the ‘Go for 2 & 5’ program can be achieved.

A program of horticulture champions needs to be established to assist within the promotion and marketing programs.

RECOMMENDATIONS:

- ✓ **\$4 million per year for the next five years dedicated to an industry-based agency to better utilise industry in developing a practical health promotional program. Agency to be appointed through a transparent tender process.**
- ✓ **That the next phase of the health strategy of increasing the consumption of fruit and vegetables be undertaken through the investment of these funds.**
- ✓ **That through the school curriculum the government utilise South Australian fruit and vegetables for distribution through the education system to all kindergartens and primary schools, including those situated in rural and/or Indigenous communities.**

POLICY DOCUMENT – FOOD LABELLING

BACKGROUND:

The aspect of food labelling is a complex area and one that requires some new clarity both at a state and national level. There are two key frameworks that regulate food labelling:

- The Food Standards Code administered by the Food Standards Australia New Zealand (FSANZ) in conjunction with State Government Departments of Health.
- Australian Consumer Law (ACL) administered by the Australian Competition and Consumer Commission (ACCC) in conjunction with State Government Departments of Consumer Affairs.

FSANZ sets standards for what information must be on food labels, including:

- Advisory statements must be provided for certain foods or ingredients which may cause health risks for some consumers.
- Country of origin labeling - Most foods in Australia are required by the Food Standards Code to have country of origin labeling. However, the rules for country of origin claims e.g. 'product of' or 'made in', are set out in Australian Consumer Law and these claims are regulated by the Australian Competition and Consumer Commission (ACCC). (Includes packaged and unpackaged foods).
- Nutrition content claims and health claims are voluntary statements made by food businesses on labels and in advertising about a food.
- Ingredients lists and percentage labelling
- Nutritional information panels
- GM food labelling

ACCC - The Australian Consumer Law (ACL) commenced on 1 January 2011. The ACL harmonised the consumer protection provisions in the Trade Practices Act 1974 (TPA) and in State and Territory fair trading laws, and replaced consumer protection provisions in at least 20 different Commonwealth, state and territory laws with this one law.

The ACL covers general standards of business conduct, prohibits unfair trading practices, regulates specific types of business-to-consumer transactions, provides basic consumer guarantees for goods and services, and regulates the safety of consumer products and product-related services, *including*:

False or misleading claims - Any statement representing your products or services should be true, accurate and able to be substantiated. There are fines for businesses that mislead consumers. It does not matter whether a false or misleading statement was intentional or not. It is illegal for a business to make statements that are incorrect or likely to create a false impression. This includes advertisements or statements in any

media (print, radio, television, social media and online) or on product packaging, and any statement made by a person representing your business. For example, your business must not make false or misleading claims about the quality, value, price, age or benefits of goods or services, or any associated guarantee or warranty. Using false testimonials is also illegal. When assessing whether conduct is likely to mislead or deceive, consider whether the **overall impression** created by the conduct is false or inaccurate - examples

Country of origin - It is illegal to make false or misleading claims about the country of origin of goods, that is, claims that a product (or part of a product) was made, produced, manufactured or grown in a particular country. This includes displaying symbols usually associated with a particular country (for example, the Australian flag or a kangaroo) on goods or their packaging.

Premium (or credence) claims - Premium claims may suggest a product is safer ('non-toxic'), offers a moral or social benefit ('free range eggs') or a nutritional benefit ('fat free'). The benefit may also be 'green' or environmental ('100% recyclable') or therapeutic ('the fastest pain reliever'). A premium claim may also promote a product as being of a perceived quality ('Swiss chocolate' or 'Belgian beer').

(Note: This includes quality claims of Extra Virgin Olive Oil)

Claims that give the impression that a product, or one of its attributes, has some kind of added benefit when compared to similar products and services can be made as long as the claims are not misleading and can be substantiated.

ISSUES:

While Country of Origin labelling is established at a national level there is a need to ensure that the legislation is more precise and clear and then adequately policed within the retail sector. There is a need for the state government to ensure that the legislation is policed correctly by taking the matter up with the federal government and/or taking appropriate action using complementary legislation.

One way of removing the ambiguity of Country of Origin and/or food labelling is for the development of Industry Product Standards and/or Codes of Practice, eg the 'Olive Oil Code of Practice' which has been developed with the support of the ACCC and which is now I use on a voluntary basis along with the Voluntary Industry Standard for Table Olives in Australia (RIRDC 2012).

Industry experience is the ACCC is inconsistent and superficial in its policing of ACL, with a marked reluctance to prosecute label breaches by imported products, and relying on 'making an example' of a few local companies to encourage compliance. This approach may also demonstrate a lack of resources to more comprehensively police ACL.

Case Study - Olive Oil:

Olive oil is variously classified as Extra Virgin, Virgin, Pomace, Lampante, and Refined, according to Australian and International Standards.

Extra Virgin Olive Oil is the premium product, physically crushed from olives without the application of heat (cold pressed), it contains high levels of anti-oxidants and other micro-nutrients - 90% of Australian olive oil is of EVOO classification. Older product (more than 2 years) or younger poorly processed or poorly stored olive oils will quickly deteriorate to the lesser Virgin grade and eventually to Lampante (lamp oil) - which is unfit for human consumption. Pomace oil is solvent extracted from olive processing waste, this along with Lampante grade oil is refined (which removes impurities and any nutrients) by the large EU processors to render it marketable and is sold as pure, light or some other vague term for olive oil, and frequently blended with VOO or EVOO and mislabelled as Virgin or Extra Virgin olive oil.

To defend the reputation of the Australian product the Australian Olive Association has developed an industry voluntary code of practice including Australian quality standards (AS5264-2011) that are now adopted by 2/3 of Australian producers covering over 90% of Australian olive oil production, with these products eligible to carry an Australian Extra Virgin™ Certification Trade Mark.

AOA has tested hundreds of brands of imported and Australian brands claiming to be of Extra Virgin quality, finding only about 1/3 of imported brands and 3/4 of Australian brands meet the EVOO quality specifications. There are also frequent breaches of labelling laws by imported products. Yet the regulators claim to have widely tested these same products and found few ACL problems!

The ACCC approach is to develop consumer education tools (brochures, smart-phone apps etc), without working cooperatively with industry.

Another confusion for consumers is that in the absence of a “mandated” standard for olive oil, the ACCC tests against voluntary standards applying to the particular product as part of its focus on “credence claims”. This means imported olive oil is measured against the International Olive Council (IOC) standard for olive oil, which is a lesser standard than the Australian Standard AS5264-2011 for olive oil.

Further where an importer can produce test data that establishes that the product was of EVOO quality at source, the fact that it is no longer EVOO when sampled from the retail shelf appears to be overlooked!

Industry is seeking the support and collaboration to develop Standards/Codes of Practice that offer the South Australian horticulture industry new competitive advantage over other interstate and international products.

Note: Given ACL applies to all goods and services it may be difficult to convince government to remove coverage of food products from ACL and allow them to be

policed under PIRSA, and this recommendation may be a distraction from the other more important recommendations below.

For many Australian food products country of origin labelling continues to be a vexed issue, with the added confusion of the misleading rules for “Made in Australia” product labelling.

RECOMMENDATIONS:

- ✓ **That the Australian Government recognise industry codes of practice and mandate Australian quality standards where these have been established, and otherwise adopt the relevant international / CODEX standard for food products, and that these recognised quality standards be diligently and even-handedly policed to enable consumers to have greater confidence in the quality of the food products they purchase.**
- ✓ **That Government work more closely with Australian industry to develop codes of practice / standards, and consumer education materials to assist consumers in identifying quality Australian food products.**
- ✓ **That ‘Country of Origin’ labelling be more precisely and clearly defined and then better policed within the retail sector within South Australia to ensure the consumers are fully aware of where their produce is grown and/or processed.**

POLICY DOCUMENT – SUCCESSION PLANNING

ISSUE:

There is a strong need to develop succession planning within the horticultural sector within South Australia. Part of the process is encouraging younger people to enter horticulture and assisting them to establish their business particularly in the early years.

One way to promote horticulture to young people is to offer some assistance through training, planning support and even financial assistance.

South Australian horticulture has and continues to be built on strong and viable family farms. To maintain such farms there is a need for not only good succession planning but the ability of the current and future owners to have access to resources to invest and re-invest back into these farms and associated businesses.

South Australian horticulture is built around the utilisation of innovative and at times highly technical processes and equipment. A skilled workforce and resources are imperative to implementing the current and any new technology. These 'building blocks' will ensure the continuing growth of horticulture and a return to profitability of many of the businesses and family farms..

RECOMMENDATION

- ✓ **That a Young Grower Industry Support Scheme for Horticulture be established to assist in the retention of current young growers and attracting new participants.**
- ✓ **Implementation of programs that assist in retaining family farms as the fabric of South Australian horticulture and deliver better access to resources to invest into such farms.**

POLICY DOCUMENT – WORKFORCE

ISSUES:

The prospects for South Australia’s horticulture sector are positive. However there are challenges. A combination of factors including:

- the global financial crisis
- climate change
- value of the Australian dollar
- access to credit, and
- an ageing workforce

are all contributing factors to the challenges.

Agrifood Skills Australia reports “that while the economic slowdown will start to free up the labour market in the short term at least, Agrifood faces a long road ahead in rebuilding its workforce to acceptable numbers to the skill levels being demanded of its production systems and crucially putting in place solid attraction and retention strategies ready for when the economy rebounds and industry again faces competition for skilled labour.”

In South Australia there are a number of other global, national and local factors affecting the productivity and profitability of the horticulture sector and its capacity to attract, retain and develop its staff including:

- land water and the environment
- infrastructure development
- climate change
- food security
- value of Australian dollar
- Global trade and market access

The horticulture industry provides a high level of permanent and seasonal employment across regional South Australia. Many regions rely heavily on horticulture as a major employing industry.

While the Primary Industries Skills Council exists it appears to have poor linkages with horticulture and the relevant industry organisations and ‘grass roots’ employers. There is a need for HCSA to have direct representation on the Primary Industries Skills Council.

Within the educational system there is inadequate promotion of career paths within horticulture to students at the primary and secondary level. Greater effort is required to ensure student counsellors are aware of the career opportunities in horticulture and the many and varied opportunities available.

There is an important and urgent need for government and industry to work in partnership to ensure there are greater linkages with the education system – primary, secondary and tertiary – in regards to horticulture and the employment opportunities.

Similarly, there is a lack of financial resources available for horticultural education and this needs to be urgently addressed.

The '*Grow Smart*' program is an example of what can be done but it requires greater support from government, the education sector and industry.

RECOMMENDATIONS:

- ✓ **The horticulture industry and government must work in partnership in workforce planning and development to (a) better attract and retain skilled workers to match labour supply and demand (b) ensure flexible accessible training is available across the State, and (c) ensure the integration of employment and skills demand with industry development**
- ✓ **There is an immediate need to review horticultural training and education and that a new industry lead primary production training council be established.**
- ✓ **Greater effort is required to ensure student counsellors are aware of horticulture as a career option and aware of the many and varied opportunities available.**
- ✓ **There is an important and urgent need for government and industry to work in partnership to ensure there are greater linkages with the education system – primary, secondary and tertiary – in regards to horticulture and the employment opportunities.**
- ✓ **Financial resources available for horticultural education must be increased and this needs to be urgently addressed.**
- ✓ **The '*Grow Smart*' program requires greater support from government, the education sector and industry.**
- ✓ **Establish programs that expand on-site/on-farm training and minimise costs such as insurance that are currently detriments to this form of training.**

POLICY DOCUMENT – ENVIRONMENT

ISSUES:

All horticulture businesses understand and accept that biodiversity is a shared responsibility.

Biodiversity is of critical interest to farmers since biodiversity and agriculture are interdependent and both are pivotal in addressing looming climate change and food security pressures.

The challenge before all governments, as with world governments, is striking the right balance between biodiversity while, at the same time, ensuring that farmers are able to increase food production by the 70% needed come 2050 to feed a projected world population of nine billion people.

Australian farmers are crucial to conserving ecosystems, and this is reflected in Industry Environmental Stewardship programs..

Horticulturalists are South Australia's frontline in dealing positively and proactively in managing environmental needs. When we think of complex ecosystems, natural habitats and endangered species, people do not realise these state assets are literally in farmers' backyards.

Property-gate environmental management is two-pronged. Firstly, sound natural resource management drives effective and efficient farm techniques, making farming viable and sustainable. Increasingly, environmentally-friendly practices are generating long-term profitability, improved drought resistance and making our resources more sustainable.

Secondly, beyond the business, farmers are often required (by various local, state and federal laws) to lock-up large sections of their properties to preserve native vegetation, essentially having stewardship of those natural resources on behalf of all Australians.

However, as a consequence, growers lose the productive capacity of those areas from their properties, while incurring ongoing costs to conserve and protect the land, including pest and weed management and maintaining green corridors for wildlife conservation.

Horticulturists are the first to recognise they have a duty of care to sustainably manage the environment, but they also need help when going over and beyond that duty of care. Those taking extra responsibility for environmental management deserve recognition of the costs involved, as well as their time and expertise in delivering sound frontline land care.

Adoption of the Environmental Stewardship Program at a state level would recognise that growers have been improving environmental sustainability on-farm and taking greater responsibility for ecological land management – delivering positive outcomes for farms, the community and the environment. Through a joint partnership between government, the NRM Council, NRM Boards and HCSA a South Australia based Horticulture Environmental Stewardship Program can be established.

Such a program would cover a myriad of topics including:-

- Responsible use of chemicals and fertilizers
- Organics – Biodynamics
- Soil health and improvement
- Carbon credits and carbon storage
- Green energy including use of solar systems by major horticultural facilities
- Climate changes and dealing with extreme climatic conditions
- Biodiversity
- Food miles
- Water miles

Environmental Management Guidelines prepared by the Apple, Pear, Cherry and Wine Grape Industries for the Mount Lofty Ranges are the type of material that would form the basis of the South Australian Horticultural Stewardship Program.

As part of the process there is a need for greater acceptance and reflection of the triple bottom line principles – economy, social and environment – within the Natural Resource Management Plans being prepared by the eight NRM Boards within South Australia, a need for greater acceptance of triple bottom line.

RECOMMENDATIONS:

- ✓ **Through a joint partnership between government, the NRM Council, NRM Boards and HCSA a South Australia based Horticulture Environmental Stewardship Program be immediately established.**
- ✓ **Industry Environmental Management Guidelines must form the basis of the South Australian Horticultural Stewardship Program.**
- ✓ **That there be a greater acceptance and reflection of the triple bottom line principles – economy, social and environment – within the Natural Resource Management Plans being prepared by the eight NRM Boards within South Australia.**