

Submission to the Agricultural Competitiveness Green Paper

Horticulture Industry Development Group

The Horticulture Industry Development Group (IDG) is an industry committee that facilitates the growth and prosperity of the Queensland horticulture industry. The committee provides advice to the Queensland Minister for Agriculture, Fisheries and Forestry on:

- opportunities for and barriers to horticulture industry growth
- the development and implementation of key policies and strategies to promote horticulture industry growth
- key issues facing the horticulture industry in Queensland
- research and development priorities for horticulture.

The IDG appreciates the opportunity to provide comments on the policy ideas presented in the Agricultural Competitiveness Green Paper (the Green Paper).

Profitability

The committee is pleased to see that the policy ideas presented in the Green Paper are driven by the goal to increase returns at the farm gate. Issues affecting profitability are a major concern of the committee, which regularly discusses the lack of competition in the supply chain and price gouging by major suppliers taking advantage of their disproportionate market power. Accordingly, the IDG is supportive of the measures presented under Policy Idea 7 (improving market competition) and Policy Idea 8 (strengthening competition laws).

Australian growers face some of the highest production costs and lowest agricultural subsidies among members of the Organisation for Economic Co-operation and Development (OECD). Input costs, particularly energy, are increasing faster than farm gate returns, putting pressure on farm profitability. Fruit and vegetable growers are usually price-takers with a limited ability to increase prices to fully offset increased costs. Many of these input costs, such as energy, labour and chemical access, can be directly influenced by government policy and we encourage the Government to pursue options that will put downward pressure on these costs. The IDG believes that this critical element of farm profitability is not adequately addressed in the Green Paper, and would like to see further policy development in this area.

Energy costs

The horticulture industry is one of the most energy-intensive agricultural sectors, with a high reliance on electricity for irrigation, cold storage and on-farm packing operations. The increases in energy prices are having impacts on horticultural businesses that find it difficult or impossible to pass on these cost increases. While it is important that the Government pursues policy ideas that reduce electricity prices, particularly for rural users, there is also a need for ongoing investment in research, development and extension (RD&E) programs that drive improvements in on-farm energy efficiency or alternative energy sources (such as waste biomass). While on-farm energy audits are suggested in the Green Paper (Policy Idea

6b), the IDG argues that energy costs and efficiency measures deserve a higher profile given the importance of these issues for the horticulture industry.

Water

Water availability is often a limiting factor for new agricultural developments, and the reliability of supply is often a major constraint on current agricultural production. Significant production gains will result from investment in large-scale water infrastructure. Water use efficiency measures will provide an essential component enabling the effective management of this critical resource, as will increased flexibility in water markets. As a result, the IDG strongly supports the proposals listed under Policy Idea 18 (improving water infrastructure and markets).

Infrastructure

The horticulture industry is heavily reliant on road transport to move its perishable products from regional areas to markets in a timely fashion. However, the regional road system is in need of urgent investment to improve resilience to extreme weather events. In addition, investment is required to develop integrated transport systems to improve the speed and efficiency of delivering refrigerated products to markets, particularly for export.

Information technology is becoming increasingly important across the agriculture sector, enabling improved control systems, data capture and decision making. Reliable, high-speed internet access can help food producers engage directly with customers, particularly in export markets. Internet access is also now expected to access a range of services, including those provided by Governments and financial organisations. Unfortunately, internet access in many regional areas is still slow, unreliable and expensive, hampering access to these services and constraining the industry's efforts to adopt new technologies that will increase efficiency and productivity.

The IDG strongly supports the proposals to improve transport and communications infrastructure presented under Policy Ideas 1, 2 and 3.

Labour

Horticulture is a very labour-intensive industry, with labour costs often accounting for about half the costs of production. In addition, the industry's labour requirements are often seasonal, episodic, and dependent on the requirements of the crop and environmental conditions. As a result, it will be important to overhaul the industrial relations framework and wages to provide a fair and flexible system that works to the benefit of both growers and workers.

Skills development initiatives are required to ensure the availability of suitably qualified workers to meet the needs of a rapidly evolving industry, particularly in regional areas. Policy Idea 14 (strengthening agricultural education) highlights a number of initiatives that we believe deserve Government support. Policy Idea 15 (strengthening labour availability) lists a number of extremely valuable initiatives to enhance the availability of workers through changes to temporary visa programs and the Seasonal Worker Program. However, we believe there should also be a stronger focus on developing and retaining a skilled domestic workforce in regional areas.

There have been some recent high-profile examples where Labour Hire Contractors (LHC) supplying labour to the horticulture industry have been exploiting workers with poor pay and conditions. The industry is extremely concerned about this exploitation of workers and the effect it has on the industry's reputation. However, the industry believes that the current approach of agencies targeting these illegal practices is neither fair nor effective. For example, Fair Work Australia (FWA) is conducting audits in several regions in response to the exposure of illegal practices of some LHCs active in the horticulture industry. These audits appear to be targeting farming operations based on the profile and visibility of the business rather than on the suggestion or likelihood of poor labour hire practices. It has been suggested that this may be because of fears of violence or retribution from illegal operators. Industry believes that a more detailed review of the situation is required followed by a thorough investigation involving multiple agencies acting in a coordinated way (including the police and the tax office), and where audits or raids are targeted based on established risk of illegal activity. A suitable example is the coordinated raid on an organised crime syndicate in Western Australia in May 2014 which uncovered a range of illegal labour hire practices and harbouring of unlawful non-citizens, in addition to money laundering, drug and weapons offences.

Red tape reduction

There is a need to further reduce the regulatory burden on agricultural businesses. The cumulative effect of regulations imposed by different levels of Government with different goals results in unnecessary burden, duplication and inconsistencies. As a result, the IDG strongly supports the goal of Policy Idea 9 (improved regulation) and the removal of unnecessary red and green tape from agribusinesses. Alternative systems, such as industry certification and accreditation schemes, may be an effective way to achieve this goal.

Research, Development & Extension

Effective RD&E is critical to support growth in agricultural productivity and to ensure Australia's producers remain competitive in the international market. The IDG supports measures to strengthen the RD&E system (Policy Idea 20), particularly suggestions to better align the RD&E priorities to the industry's needs, improved support and coordination of cross-sectoral research, and enhanced support for extension services. However, any reforms must be carefully designed and considered to maintain the unique strengths of the existing system.

The Rural Research and Development Corporations (RDCs) are a critical component of the national RD&E framework. In general terms, the current RDC model has delivered a range of tangible benefits across multiple agricultural sectors, levy payers have been engaged in developing strategies and priorities, and the model has widespread support within the industry. While there are certainly improvements that can be made to the RDC model (Policy Idea 21), the IDG believes that these can be achieved through minor evolutionary adjustments rather than major reforms.



Selwyn Snell

Chair, Horticulture Industry Development Group

Members

Kieren Brown, OneHarvest Pty Ltd
John Bunker, Greenlife Solutions
Geoff Chivers, Bundaberg Fruit and Vegetable Growers' Association
David de Paoli, AustChilli Pty Ltd
Ian Groves, Groves Grown Tropical Fruit
Matthew Hood, Rugby Farms
Jamie Jurgens, Jurgens Produce
Alex Livingstone, Growcom
Doug Phillips, Australian Banana Growers' Council
Marie Piccone, Manbulloo Limited
Gavin Scurr, Piñata Farms Pty Ltd
Ros Smerdon, Smerdon Enterprises Pty Ltd
Andrew Young, Brisbane Markets Limited
Carl Walker, Bowen District Growers' Association