



Board of Directors

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Doug Phillips | Chairman, Australian Banana Growers Council

Patrick McNamara | Walnut, grape and wheat farmer

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John Tyas | Chief Executive Officer, Avocados Australia

Director and Company Secretary Alex Livingstone | Chief Executive Officer, Growcom | (07) 3620 3844 | alivingstone@growcom.com.au

2014 Policy Platform

Members:

| | |
|--|---|
| Almond Board of Australia | Apple and Pear Australia Limited |
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| Citrus Australia Ltd | Custard Apples Australia Inc. |
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| Passionfruit Australia Inc. | Persimmons Australia Inc. |
| Raspberries & Blackberries Australia | Summerfruit Australia Limited |
| Turf Producers Australia | |

Horticulture is important to the economy

Horticulture is Australia's second-largest and the fastest growing industry in agriculture, with some 30,000 businesses nationally, and a farm gate value of \$10 billion. Total fresh horticulture export value was \$1.36 billion for 2014 (including fresh fruit, vegetables, nuts and plants including flowers) and \$1.544 billion when processed juices and frozen vegetables are included¹. As the most labour intensive of all agricultural industries, horticulture employs around one-third of Australia's total agriculture workforce.

The Voice of Horticulture (VOH) acknowledges that the Government is progressing its election commitments and other measures to promote a strong, vibrant agriculture (including horticulture) sector.

The importance of an efficient Australian horticulture industry and its significant contribution to the agriculture sector was highlighted in the *Agricultural Competitiveness Issues Paper* (February 2014):

A vibrant, innovative and competitive agriculture sector will create jobs, encourage investment and help build stronger rural and regional communities, and, in turn, a stronger Australia. The Government's overarching objective is to assist the farm sector become more competitive, profitable and sustainable. (Policy Context, pg. 3)

¹ Wayne Prowse, DAFF (ABS Fresh Intelligence Analysis)



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Policy Platform

VOH has identified the following as its top priorities going forward:

1. Ensuring Horticulture Innovation Australia Ltd (HIA) provides better outcomes for growers
2. Trade and market access
3. Employment and conditions and innovation
4. Biosecurity
5. Better regulation of Agvet Chemicals
6. Clarity in food labelling

Each of these issues is discussed, with recommendations, in the following briefing paper.

1. Ensuring Horticulture Innovation Australia Ltd (HIA) provides better outcomes for growers

Continued and increased investment in research, development and extension (R, D&E) is essential to improve the productivity of the horticulture industry. Strong R&D increases the sustainability of production and allows improvements in supply chains for better quality outcomes for consumers. Continuing matched levy R&D funding boosts Australia's knowledge and expertise capability for the future and enables Australian horticulture to seize the opportunities presented by the growing food requirements of Asian economies.

Generic marketing also plays a key role in building consumer demand for Australian horticulture domestically and in international markets. This is essential to develop strong, viable markets for expanding production.

The management of industry R&D and marketing levies has a dramatic impact on the future of Australian horticulture. The VOH will play an active role in ensuring that the recently formed Research and Development Corporation, HIA, delivers benefit to levy payers.

Horticulture is a very diverse sector with complex, highly variable supply chains; industries within the sector are at different levels of maturity; varying in scale and geographical spread. This all means that industries have very different R&D and marketing needs. Horticulture grower-representative organisations play a significant role in understanding and servicing the various needs of each industry. These organisations have very effective networks across their industry to provide leadership and identify strategic development needs. They also provide considered input to the development and implementation of projects and programs to address these needs and provide effective communication throughout the industry to build industry knowledge and capacity. The service role provided by grower-representative organisations is critical for the effective and efficient management of R&D and marketing investments.



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Grower-representative organisations also have the knowledge, expertise and networks to deliver effective and efficient R&D services in some areas. The steady withdrawal by state governments from extension has left a significant gap which the grower-representative organisations have increasingly fulfilled. Extension and industry development are areas that require solutions tailored to individual industry needs, and often on a regional basis. Tailored industry programs are the most effective way to achieve technology adoption from research supported by levies and other sources.

Recommendations

The VOH recommends that:

1. HIA work closely with grower-representative organisations (including VOH) to ensure its new policies and procedures will deliver improved outcomes to levy payers as promised by the Minister in establishing HIA.
2. The role that grower-representative organisations must play in the management of industry levies be acknowledged, understood and embraced.
3. The role that grower-representative organisations play as legitimate, capable service providers be acknowledged, understood and embraced.

2. Trade and market access

The *Agriculture Competitiveness Issues paper* highlights significant opportunities for agriculture arising from a 75 per cent rise in worldwide demand for food in the first half of this century, with three quarters of this growth coming from Asia. Australian horticulture growers and exporters are keen to take full advantage of these opportunities by tapping into the growing demand within the Asian middle class for niche and high end-value products, which have been derived from production systems with due regard for food safety and the environment.

To adequately realise opportunities for horticulture within Asia, Australia needs to elevate the industry's level of importance to that of other key industries when conducting vital trade negotiations.

Furthermore, there are a number of factors that are increasingly frustrating horticulture's access to markets and hampering the industry's cost competitiveness overseas.

Recommendations:

The VOH seeks solutions to these impediments including:

1. Finalisation of Free Trade Agreements with Japan, China, Indonesia, India and the Gulf countries with the removal of non-trade barriers such as tariffs and quotas for all horticulture commodities;
2. A faster process to finalise phytosanitary and sanitary protocols, including increased frequency of bilateral negotiations;
3. The appointment of Horticultural Trade Attachés to follow up with, and maintain pressure on, foreign officials to progress access and protocol deliberations between formal trade negotiation events;

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4. The recruitment of high quality negotiators with commercial acumen to achieve better outcomes for Australian horticulture;
5. Increased resources for the Market Access Division to enable the Department of Agriculture (DOA) to negotiate several commodities with one country simultaneously, rather than one product at a time, and enable DOA to work concurrently on free trade and multilateral trade agreements as well as phytosanitary access issues;
6. Allowing industry to more-actively participate in bilateral trade events;
7. Engaging with industry before embarking on negotiations to develop the strategy to be employed – identifying the best treatment options (and fall-back positions) and the data and other reference points that can be put to the foreign government to advance trade and access for industry;
8. Reducing export compliance costs;
9. Achieving greater acceptance of the authorised officer system by foreign officials;
10. Development of an export strategy for horticulture and a ‘Team Australia’ approach; and
11. Development of an Australian “brand” (to build upon the clean, green, safe image of Australian agriculture and counteract those of our competitors such as the 100% Pure NZ).

Trade barriers on the domestic front must also be reviewed, with the following issues hampering the trade of horticultural products across state and territory borders:

- The lack of recognition for industry accreditation of phytosanitary or biosecurity risk management practices; and
- The lack of country-wide harmonisation in state trade codes adds red-tape to businesses that wish to trade.

3. Employment and conditions and innovation

Australia is at a major disadvantage compared to other food producing countries in terms of the cost of labour for semi-skilled and un-skilled horticultural work. In many cases, our unskilled workers are paid – on a cash basis excluding superannuation – 1.5 times more than a worker in New Zealand, three times more than a US worker, ten times more than a South American and twenty times that of a South African.

Given the horticulture sector is labour intensive, it is not surprising that, relative to the grain and livestock industries, horticulture is less-developed in export terms. However, the high Australian wage system also continues to price agricultural products out of the domestic market, with cheap imported produce (especially in private label areas) displacing Australian-grown in juice, frozen, dried and canned/package grocery products.

Recommendations:

The VOH seeks the following:

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1. Protection of the horticulture industry from an expansion of penalty rates and/or public holiday rates applying to casual labour in the workforce; and
2. Removal of superannuation payments for backpackers. In the absence of this measure, monies paid by the sector that are not repaid to back packers should be directed to Horticulture Australia Limited (HAL) for R&D purposes, rather than retained within the Commonwealth's Consolidated Revenue.

Mechanisation, Automation, Robotics and Remote Sensing (MARRS) Initiative:

The VOH believes that innovation should be a key driver to Australia's future competitiveness. Australia is currently at a major disadvantage compared to other food producing countries in terms of the cost of labour for semi-skilled and un-skilled horticultural work. Mechanisation is the key area of innovation that warrants significant Government leadership and investment as a means of improving our international competitiveness.

Key recommendation:

The VOH recommends a national initiative on Mechanisation, Automation, Robotics and Remote Sensing (MARRS) in horticulture. The success of this initiative would require leadership and support from the Commonwealth to help drive the required transformational research.

Given the financial scale of the MARRS initiative, the required funding would be beyond the realm of the industry's Research and Development Corporation – HIA. Despite its invaluable role in the industry, HIA does not have the financial capacity to raise adequate funds for an across-horticulture project of this scale. Current individual industry levies are inadequate for this initiative and are required for other essential ongoing R&D priorities.

4. Biosecurity

Protection against exotic pests and diseases is fundamental to the Australian horticulture sector and must remain a major priority for the Australian Government. In particular, policy makers must ensure that DOA-Biosecurity and AQIS are adequately equipped to address these challenges. The *Biosecurity Bill* introduced under the previous Government has lapsed.

Recommendations:

VOH requests that:

1. The recommendations of the Beale Review be implemented in such a way that industry is not put at undue risk and that there are no further costs passed onto producers.
2. There be a tightening of the definition of Australia's Appropriate Level of Protection (ALOP) in any new Biosecurity Bill with emphasis on the environment, community and industry.
3. Systems for Import Risk Analyses (IRA) be improved including:
 - a. a re-examination of the risk matrix employed in an IRA (or Non-Regulated Policy Review);



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- b. preserving the Eminent Scientists Group (ESG) to assess conflicting scientific views to ensure that:
 - i. all technical submissions received from stakeholders have been properly considered; and
 - ii. The conclusions of Biosecurity Australia are scientifically reasonable. Transparency around the use of new information and scientific assessment is critical to stakeholders. The ESG should apply to IRAs as well as Non-Regulated Policy Reviews;
 - c. improving the appeals process of an IRA (or Non-Regulated Policy Review) to ensure not only, that procedural steps are followed, but also that Biosecurity Australia has undertaken what is required of them during an IRA. For example, this includes having identified and evaluated all pests and diseases of quarantine concern, assessed the likelihood that an identified pest or disease would enter, establish or spread, assessed the probable extent of the harm that would result and identified appropriate measures to meet Australia's ALOP; and
 - d. cease the issuance of import permits whilst an IRA (Policy review) is underway.
4. Tasmania is recognised as an area of regional biosecurity differentiation.
 5. The Commonwealth and the State Governments increase resourcing (Commonwealth to ensure latter) to achieve:
 - a. improved surveillance co-ordination and enhanced pest and disease data collection;
 - b. adequate capacity to respond quickly to incursions and undertake diagnosis; and
 - c. maintenance of corporate knowledge and human capability of biosecurity within government.
 6. Biosecurity matters across all jurisdictions are harmonised, including removing duplication and closing gaps.
 7. Biosecurity is recognised predominantly as a public good to stem the continual shift of costs to industry.
 8. Enhancement of engagement and partnerships with industry on development of Regulations relating to the Legislation and review of performance. Overcome the situation in which Government refers to Biosecurity as a Partnership, but is currently acting in isolation e.g. Development of Intergovernment Agreement on Biosecurity (IGAB) and National Environmental Biosecurity Response Agreement (NEBRA).

5. Better regulation of Agvet Chemicals

5.1. Permits

The proposed move by the APVMA to full cost-recovery is likely to have a significant adverse impact the horticulture sector. We estimate that under a fully cost recovered approach the lowest fee for a permit renewal would be \$3,667, where no additional data is required, effectively a 10-fold increase when compared to the current \$350 fee. Should additional data be required the renewal

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fee would be \$8,933 per application. The financial burden this would place on existing permit holders would be significant and for many individuals and smaller industries effectively put paid to any possibility of them seeking renewal. Essentially, full cost recovery for permit extensions would be detrimental as it would severely limit the capacity of all growers, not just those of minor crops, to gain and maintain access to new Agvet chemicals.

Recommendation:

A consistent set fee, at the currently charged level, should be maintained.

5.2. Registration

Chemical tools are critical to Australia’s horticultural production and are increasingly being lost to the industry. This is a threat to both productivity and to trade access.

Too frequently, the large chemical companies do not bring their new technologies to Australia, or limit the crops placed on the label (see Table 1). This is because the timelines for registration are too long and the costs of registration (including chemistry, efficacy and residue data on every commodity listed on the label) outweigh the profit derived from product sales in Australia.

Table 1: Comparison of Recent Agricultural Chemical Registrations in Australia, Canada and the USA (2008 - 2012)

| Chemical Type | Australia | | United States | | Canada | |
|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|--------------------------|
| | No. of New Chemicals | Av No of Crops per label | No. of New Chemicals | Av No of Crops per label | No. of New Chemicals | Av No of Crops per label |
| Fungicides | 10 | 7 | 9 | 32 | 7 | 21 |
| Herbicides | 8 | 2 | 7 | 11 | 5 | 11 |
| Insecticides | 7 | 9 | 6 | 25 | 4 | 30 |
| Plant Growth Regulators | 1 | 1 | 0 | 0 | 0 | 0 |
| Total | 26 | 19 | 25 | 68 | 17 | 62 |

Recommendations:

‘Market failure’ in horticulture chemical registration should encourage government intervention through:

1. A greater emphasis on investment in R&D, in particular:
 - a. New technologies are required, not only to replace lost chemicals, but also to improve the effectiveness of chemical and non-chemical management tools, to lower farm and pack-house treatment costs, and to achieve greater market access; and
 - b. Funding new technologies is beyond the scope of the matched levy system and requires additional funding to develop game-changing innovations. Far greater investment is required in Sterile Insect Technology for fruit flies.



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2. A more effective regulatory environment, including:
 - a. National harmonisation of chemical management;
 - b. Cutting red tape costs associated with the minor use system - currently it is both time consuming and costly for growers, with industry having to fund data generation needed to support a minor use permit application, rather than the cost being incurred by the chemical companies;
 - c. Replacing existing regulatory arrangements with a system mirroring the best overseas practice (which might also alleviate the 'minor use of label' issue, which is contentious within horticulture where regions have differing views); and
 - d. Removal of the need for registrants to duplicate data already accepted by other western nations such as New Zealand and the USA.

6. Clarity in food labelling

The current country of origin labelling (CoOL) laws for food are insufficient to assist consumers in making informed decisions about the source of the fresh and processed foods they purchase. This has unintended consequences on the viability of Australian producers.

Recommendations:

The VOH requests that:

1. The system for CoOL required for all food products, including fresh produce, be simplified. This system should be mandatory and will enable consumers to easily identify whether a product is from overseas or, in the case of a mixed processed product, the product must meet a specific threshold of Australian ingredients;
2. A 90 per cent benchmark in relation to processed products be instituted - meaning that in order to make the proposed claim 'Made of Australian ingredients', a product must contain 90 per cent or more Australian ingredients by total weight excluding water;
3. A water neutral position with regards to processed products be adopted;
4. The use of "Made in Australia" to label foods, partly or wholly grown or produced in Australia, is prohibited;
5. 'Produced in Australia' and 'Product of Australia' be no longer valid labelling defences under Consumer Law. A simple 'Grown In' defence will be permitted, so that products that are grown in a particular country can be labelled as such;
6. Unpackaged fresh food is required to identify the country of origin where the food was grown; and
7. Food labelling laws be more effectively enforced.

Other issues – To be raised in second round discussions

In addition to the 6 priority issues, VOH has concerns regarding the following issues:

7. Post farm gate codes of conduct
8. Development of human capability



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9. Carbon pricing
10. Adaptation to climate variability
11. Access to data
12. Sustainable access to water and water infrastructure
13. Telecommunications infrastructure

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