



Submission to the

**Joint Select Committee on
Northern Australia 2014**

February 2014

About Growcom

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

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

Introduction

Growcom welcomes the opportunity to provide input into the Joint Select Committee on Northern Australia. In Queensland, the area extends from Rockhampton north, which represents a huge component of the horticultural production areas in Queensland and is one of the most significant growing regions in Australia.

Key growing areas include:

Table 1: Horticultural production in northern Queensland¹.

Region	Estimated Value (\$million)	Hectares of production	Principle crops grown
Far North Queensland ¹	>\$348.5*	27,317 (perennial) 1302 (annual)	bananas, watermelons, pineapples, papaya, other tropical fruit, potatoes, onions, citrus, avocados, cashews, macadamias, sweet potatoes
Cape York Region	>\$1.3	53ha (combined)**	Bananas, small scale vegetable production for local consumption.
Gulf Region	minimal	23ha (combined)	mangoes
Bowen/Gumlu/Whitsundays	\$232	8580 (annual) 1534 (perennial)	tomatoes, capsicums, chillies, french and runner beans, sweet corn, mangoes, lychees, pineapples, macadamias, rockmelons, bananas
Burdekin/Charters Towers	\$88.1	1232 (annual) 4167 (perennial)	mangoes, pumpkins, pineapples, rockmelons, sweet corn, beans, capsicum, watermelons, zucchini, cucumbers, marrows, squashes, potatoes, tropical fruit, bananas
Central Queensland	\$54	300 ha (annual horticulture) 6000 ha (perennial)	Sweet potatoes, zucchini, pineapples, pumpkins, papaya, mangoes, lychees, macadamias, grapes, citrus and watermelons

* The land audit did not provide value of production figures for this region

** doesn't include the new 70ha indigenous banana farm at Hope Vale

Many of the commodities grown in North Queensland operate in counter-seasonal windows with the intention to supply Southern markets for a reasonable rate of return. Additionally, many growers spread risk by owning enterprises in both northern and southern growing areas. There are some commodities such as bananas and mangoes which are predominantly grown in north Queensland due to their suitability for tropical climates.

Growcom, after consultation with members and local growers associations, strongly supports the concept of maximising the potential of Northern Australia. However, we

¹ Information in this table was largely derived from data from the Queensland Agricultural Land Audit. <http://www.daff.qld.gov.au/environment/ag-land-audit>

contend that the focus should be on removing barriers and constraints to existing enterprises and growing new markets, rather than opening up new areas for horticulture production. The domestic market is often oversupplied resulting in low prices and poor profitability. Drastically increasing production with no regard to market development will simply exacerbate existing problems with farm profitability. There must be a clear primary focus on growing demand for Australian fruit and vegetables, both here and overseas.

Examine the potential for development of the region's mineral, energy, agricultural, tourism, defence and other industries;

As described in the Queensland Government's agricultural land audit², there are significant opportunities for development of the horticulture industry in every major region in North Queensland. We urge the Commissioners to refer to this document in their deliberations. We see that developing these existing growing areas further as an important action for the longer term.

As an overarching comment, Growcom would like to support the *Queensland Agriculture Strategy*³. The Queensland Government has developed a strategy with the intent primarily around "growing" the Queensland sector and doing so via strategic leadership and collaboration between Government and industry. Any development of Northern Australia requires consideration of this strategy.

In the short term, the most important actions are removing barriers and impediments to existing enterprises and building demand by developing export markets before any new areas are opened up for horticulture. We will discuss the specific actions required later in this submission.

Growcom would like to sound a strong note of caution regarding promoting large green field sites such as the Gilbert and Flinders catchments as opportunities to expand production of traditional horticulture products. An assessment of the CSIRO reports examining the feasibility of these areas highlights some key issues. Firstly the cost of water (\$1900 M/L) and transporting product would be far greater than in other growing regions. The reports state that these costs would potentially be offset by the fact that they are growing counter-seasonal product. This seems to disregard the fact that North Queensland is already the major source of counter-seasonal product for the commodities identified in the report and for many of these commodities there is already over-supply. For example in 2013, many North Queensland vegetable producers had difficulties obtaining prices that covered the cost of production (Bowen District Growers Association pers. comm.).

The CSIRO reports also did not cover pest and disease pressure in these regions which is always a significant concern in tropical areas. This issue is compounded by the long and expensive process for getting new crop protection chemicals registered in Australia.

Growcom would support the development of these areas if they were growing new commodities with pre-defined markets such as guar beans.

² <http://www.daff.qld.gov.au/environment/ag-land-audit>

³ <http://www.daff.qld.gov.au/business-trade/development/queenslands-agriculture-strategy>

Provide recommendations to enhance trade and other investment links with the Asia-Pacific;

Growcom sees the development of strong trade ties with the Asia-Pacific region as absolutely critical for the development of the horticultural industry in Northern Australia and in fact Australia as a whole. The domestic market for fresh fruit and vegetables has limited capacity for growth and competition from imports and the closure of processing facilities has further limited options for processed product.

The ABARES report *What Asia Wants* (2013)⁴ identifies a number of important trends and highlights that there is not a great untapped market for Australian horticultural products just sitting there waiting for us to exploit. While there is evidence to suggest that there will be increased demand for protein and dairy products that cannot be met domestically within Asian countries, the same cannot be said for the majority of horticultural products. In fact, countries like Thailand are major producers of horticultural products and have significantly lower costs of production. This doesn't mean there are not opportunities for Australian horticultural products but rather that we have to be smart about accessing them, focussing on particular products and market windows.

Based on the information in the ABARES report and a recent KPMG report on Chinese Investment⁵ as well as anecdotal evidence from growers already exporting to Asia, the key opportunities are:

- High quality products with a strong, traceable food safety dimension for wealthier Asian consumers.
- Counter-seasonal products which don't compete with local growers.
- Niche products not grown domestically.

According to growers who have recently attended international trade fairs, Australia is suffering from a lack of a cohesive brand identity for our agricultural product. We can definitely supply high quality safe product but need to promote that better to our Asian trading partners. There are a number of branding strategies operated by different commodity organisations both within horticulture and with other commodities but the perception is that we need a cross-industry single brand to promote our high quality "safe" produce. We recommend the development of a single "brand Australia" spearheaded by the Australian government and a promotional strategy around that branding. Interestingly the "100% Pure New Zealand" branding which was developed initially as a tourism campaign has had crossover into the perception of New Zealand agricultural products.

Additionally we see the following actions as critical to improve our access to Asia Pacific markets:

- A mapping exercise to determine what commodities are wanted and when by which countries. The *What Asia Wants* report is a good start but the break down into just fruit and vegetables is too broad and provides no real guidance as to what the opportunities are. There is also no insight into counter-seasonal opportunities.

4

http://data.daff.gov.au/data/warehouse/research_reports/9aat/2013/WhatAsiaWants/longtermFoodConsumptionTrendsInAsia_v.1.1.0.pdf

⁵ <http://www.kpmg.com/au/en/issuesandinsights/articlespublications/china-insights/pages/demystifying-chinese-investment-australian-agribusiness-october-2013.aspx>

- Market access negotiations progressed in a timely manner for a suite of horticultural commodities and continuation of the work being done to overcome trade barriers to horticulture. This includes ensuring biosecurity protocols are reasonable and realistic.
- Research into opportunities for high value commodities.
- Agricultural research and development extension into the Asia Pacific region
- Increased expertise within the Department of Agriculture regarding trade issues with Asia and a dedicated go to person to assist with trouble shooting for each major trading partner (e.g. a dedicated “Indonesia expert”) as each country is unique.

Address Impediments to Growth

Apart from the issue of lack of markets for additional product, there are some key issues that need to be addressed to enable horticulture operations in Northern Queensland to realise their full potential. It should be recognised that Northern Australia is particularly prone to extreme weather events, such as cyclones and floods, and this should be factored in to all decisions made about development in the region.

Transport and infrastructure

One of the key impediments to the further development of the horticulture industry in Northern Australia is poor transport infrastructure. High freight costs, unreliable roads and limited alternative options are a real concern for our growers as they need to get a perishable product to market in short timeframes. Additionally some parts of North Queensland do not have any processing facilities, which limits growers options. Key priorities are:

- The urgent need to invest in road and highway upgrades, in particular to build the resilience on the road system to natural disasters and extreme weather events.
- The need to address excessive regulatory requirements and high operating costs which have a negative impact on the viability of trucking companies and the capacity of the industry to attract and retain drivers. Growers are concerned that, if these business viability issues are not addressed, in future good seasons, there may be insufficient transport resources to move product to market.
- Investment in a robust and collaborative contingency planning process involving governments and key stakeholders to identify alternative transport systems for use in the event of disruption to normal services such as cyclones and floods
- An investigation the potential future role of rail as a viable alternative to road transport in Northern Australia.
- An investigation of the transport needs of a more export focused industry in North Queensland including an examination of port and airport infrastructure.

Regional planning and peri-urban agriculture

Major towns in north Queensland (particularly Rockhampton, Mackay, Townsville, and Cairns) are growing regional centres that are likely to have an increasing demand for both land and water resources for urban and industrial uses. Expanding urban centres pose challenges for agricultural enterprises operating in peri-urban areas. Horticultural enterprises are often located close to urban areas or regional centres for better access to packing facilities, transport infrastructure and labour. Improved regional and rural planning processes and instruments will be required to support harmonious co-existence of agricultural, industrial and urban development in northern Australia. Growcom would like to endorse the work done by the Queensland government on this issue and the recognition of agriculture as a State Interest in the planning legislation. We would also recommend consideration of the Queensland Farmer's Federation's *Guiding Principles for Planning for Agriculture in Queensland*⁶

Labour

Labour and skill shortages are currently major constraints on horticultural businesses across Queensland, including in the north. Expanded production or an expansion of agricultural enterprises across the north is therefore likely to exacerbate these problems. Access to training opportunities and providers is another important consideration, especially in more remote regions. Backpacker labour is absolutely critical to the North Queensland horticulture industry therefore we support all efforts to enhance the tourism potential of North Queensland. An ongoing issue is provision of adequate accommodation for backpackers in areas off the main tourist track. We would support the examination of the regulatory restrictions around the provision of this sort of accommodation on rural land and an investigation into innovative alternative options.

Biosecurity

Movement of produce can increase the threat of biosecurity incursions, threatening the clean and green image of Australian horticulture. Biosecurity risks are very different for horticultural enterprises in the north and management strategies that apply in southern states may not be transferable. Climate change and other factors can also increase biosecurity risks. Biosecurity risk identification and management is likely to require significant investigation and ongoing investment as is a more effective system for the registration of crop protection products for the horticultural industry.

Climate limitations

Wet seasons, cyclones and other climatic events limit the available production windows in many northern regions. Horticultural production in the north is a very different business from operations in southern states. Some horticultural lines can be successfully produced in the climatic conditions of the north, however there are other crops that simply will not be able to be produced in major quantities or at adequate quality points in northern regions.

Climate change

Climatic shifts that are already apparent and projected changes to rainfall and temperature patterns in northern Australia pose ever greater challenges to maintaining successful production of existing crops and establishing production on new horticulture lines in the north. This is an extremely important consideration for the horticulture industry, as it is particularly susceptible to temperature changes. Climate change scenarios and their impact on agricultural production potential in northern regions require detailed investigation.

⁶ <http://www.qff.org.au/wp-content/uploads/2012/09/Guiding-Principles-for-Planning-for-Agriculture-V5.pdf>

