



# Submission

## *Discussion Paper - Competitiveness of Tasmanian Agriculture for 2050*

February 2020

## About

The Australian Fresh Produce Alliance (AFPA) is made up of Australia's key fresh produce growers and suppliers. The members include:

- Costa Group,
- Perfection Fresh,
- Montague,
- One Harvest,
- Pinata Farms,
- Fresh Select,
- Mackay's Banana Marketing,
- Driscoll's,
- 2PH Farms,
- LaManna Premier,
- Rugby Farming,
- Freshmax, and
- Fresh Produce Group.

These businesses represent:

- half the industry turnover of the Australian fresh produce (fruit and vegetables) sector - \$4.5 billion of the \$9.1 billion total,
- a quarter of the volume of fresh produce grown in Australia - 1 million of the 3.9 million tonne total,
- more than a third of fresh produce exports - \$410 million of the \$1.2 billion export total,
- more than 1,000 growers through commercial arrangements, and
- more than 15,000 direct employees through peak harvest, and
- up to 25,000 employees in the grower network.

The key issues the AFPA is focusing on include:

- packaging and the role it plays in product shelf life and reducing food waste landfill,
- labour and the need for both a permanent and temporary supply of workers,
- market access to key export markets for Australian produce,
- product integrity both within and outside of the supply chain,
- pollination and research into alternative sources, and
- water security, including clear direction as to the allocation and trading of water rights.

The AFPA's aim therefore is to become the first-choice fresh produce group that retailers and government go to for discussion and outcomes on issues involving the growing and supply of fresh produce.

Products grown by AFPA Member companies include:

Apples	Broccoli	Fioretto	Oranges	Strawberries
Apricots	Broccolini	Green Beans	Peaches	Sweet Corn
Asparagus	Brussel	Herbs	Pears	Table grapes
Avocado	Sprouts	Lemons	Pineapples	Tomatoes
Baby Broccoli	Butternut	Lettuce	Plums	Water Cress
Baby Corn	Pumpkin	Mandarins	Potatoes	Wombok
Bananas	Cabbage	Mango	Cucumber	
Beetroot	Cauliflower	Mushrooms	Raspberries	
Blackberries	Celery	Nectarines	Salad leaf	
Blueberries	Cherries	Onions	Spinach	



## Summary

The Tasmanian Government's Discussion paper '*Competitiveness of Tasmanian Agriculture for 2050*' highlights that the farm gate value of Tasmanian vegetable production is \$251 million, while the value of Tasmanian fruit production is \$197 million (2017/18). Combined, fruit and vegetable production is the largest agricultural industry by value for Tasmania (\$448 million).

Tasmania's fruit and vegetable production plays a key role in both Australia's domestic market, and into overseas markets. Tasmania provides a wide range of high quality produce for Australians at seasonal times of the year where other locations in Australia are not producing. Tasmania's production of potatoes, carrots and onions provide staples for Australians and are also used in food processing.

Tasmania has built a solid export profile with strong exports built by Tasmanian cherries, apples, onions, carrots, with an increasing number of products building into export markets. Tasmania's strong positioning as an idyllic and unspoilt island is a marketing benefit while the status of Tasmania as a pest free area (for fruit fly for example) has been key to establishing technical market access protocols for export.

Tasmania's agriculture sector has been built on the four key factors:

- Strong economic policy creating a conducive business environment
- Significant natural capital in water and soils
- A 'clean and green' reputation
- Access to Australian and export markets

Key policies to be addressed for further growth in the fresh produce sector are:

- Economic policies which are sustainable over the long term and support continued development
- Implementation of the bumblebee trial to support pollination
- Continuation of the Tasmanian Freight Equalisation Scheme
- Further investment in and development of the world class Tasmania Irrigation Scheme

Tasmanian agriculture and fresh produce industries have grown significantly and have the potential to drive sustainable economic growth, jobs, exports and improved living standards in Tasmania. The policy and regulatory officials need to work closely with business to identify problems and implement solutions in a step by step manner.



# Tasmania - White Paper Focus Areas

## 1: Innovating for the Future

**What are the innovation barriers or opportunities to be further pursued in your industry or agriculture more broadly?**

The Australian Fresh Produce Alliance White Paper<sup>1</sup> *Growing a Healthier Australia* identifies a range of key policy requirements at the national level to support the goal of reaching a \$20 billion fruit and vegetable industry in Australia by 2030. Some of the key requirements are access to more consumers in international markets, an increase in fruit and vegetable consumption in Australia, implementation of the bumblebee trial in Tasmania, and implementing an agriculture workforce strategy with clear measures for fresh produce.

**Are there Tasmanian Government policies that would promote greater innovation or uptake of technology in agriculture?**

The Australian Government's R&D Tax Incentive is a welcome benefit to agricultural companies investing in new plant varieties, process and product improvements. The Australian Government's plan to reduce the incentive are currently before the Federal Parliament – these changes would halve the tax benefit for Australian fresh produce companies. This will significantly reduce the incentive to innovate, and lead to more R&D being conducted offshore. The Tasmanian Government can support the continuation of the R&D incentive.

## 2: Smarter Regulation

**What types of service improvements and management solutions can be considered to maximise value from our infrastructure and natural resources?**

Harvest management systems are being trialled by fresh produce growers as a way to maximise the efficiency of growing operations. Supply chain technology is being trialled to test the ability to measure and record factors like temperature, location, humidity and other variables to maximise transport efficiency. The trial and adoption of fully integrated harvest management systems which utilises blockchain technology could be encouraged to maximise the value from natural resources (soil and water in particular) and infrastructure (particularly transport) in the movement of produce from farm to market.

**What new tools could be used to enable an adaptive and outcome-based approach to regulation?**

Integration of the harvest management and supply chain technology could be established to provide an outcome based approach to regulation of food safety, biosecurity and other matters. The starting point of any regulation should be an analysis of the cost and benefit of the regulation and the public good that is promoted from such regulation. It must also be assessed on how it impacts the supply chain and at every point in that chain, in order to determine what if any additional costs it adds to the production of the product at the farm gate and beyond, including when it is ultimately purchased by the end consumer in a retail setting.

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<sup>1</sup> [http://www.freshproduce.org.au/static/90ab0d377021c5e311c539f0690b9b2e/afpa-white-paper-2019\(2\).pdf?dl=1](http://www.freshproduce.org.au/static/90ab0d377021c5e311c539f0690b9b2e/afpa-white-paper-2019(2).pdf?dl=1)



## **What further opportunities do you see for red tape reduction, streamlining or harmonisation for your industry or agriculture more broadly?**

There are always opportunities to reduce both red and green tape which lead to a real reduction in compliance costs for farmers and the elimination of compliance activity which is nothing more than economic dead weight loss.

The 'right to farm' on agricultural zoned land must not be eroded with changes to planning schemes which would require a development approval. Planning schemes must be sufficiently modernised to take account of the fact that agronomic practices are changing and that some crops are now grown out of the soil under protective cover (temporary as opposed to permanent structures). These crops still meet the definition of 'agriculture' and should be exempt from requiring development approvals when undertaken on agriculture zoned land. This would be a significant step in ensuring that red tape is minimised.

## **3: Investing in People**

### **What other ways can Government support industry to help workers undertake ongoing training and skill development in response to technological advancements and innovation?**

Encouraging Tasmanians into work in the fruit and vegetable industry means people will gain valuable skills and knowledge that can be built on. Incentives for Tasmanians to work in agriculture, and fresh produce specifically, will be welcomed by agricultural companies seeking to build a long term workforce. Ongoing training and skill development must be industry led to ensure that the appropriate skills and expertise are being adopted to position workers for success.

There are opportunities to develop training tools specific to agriculture, including the use of virtual reality technology to train people in the picking of horticultural crops. This could be developed by industry in partnership with training/educational institutions and government, in recognition of the fact that it would be adaptable across a number of different crops and that training modules could be developed covering trainees and to train the trainer.

Industry must also continue to promote the attractiveness of a career in agriculture through funding tertiary scholarships for the study of agriculture and providing a platform for tertiary students to undertake in field R&D projects.

An overly bureaucratic approach will not be effective.

### **What else can the Tasmanian Government do to deliver skills for a modern and evolving agricultural sector?**

The Tasmanian agricultural sector will be a key employer and driver of economic growth into the future. Practical initiatives like funding for schoolchildren to visit farms, experience and understand food production and learn about agricultural production are key elements of developing a future workforce. The development of an agricultural workforce for Tasmania must be broad based and multi-faceted supporting the wide range of skills and expertise required for a modern workforce. Working with schools, TAFE, universities and other educational providers is essential to ensuring that young people in Tasmania have the opportunity to take up careers in agriculture in Tasmania.



## 4: Managing Risk

**What are the prospects and major risks you are concerned about in your industry or the agri-food sector? What aspects should be a focus for Government?**

Climate change, broader economic policy, water and labour are issues which present risks and opportunities. Biosecurity and pollination are issues which need to be managed to ensure that the downside risk is minimised.

The Tasmanian Government can provide:

- Water policy for Tasmania which is developed with a long term perspective and effectively manages short term changes in water availability,
- Environmental policy which manages the risks effectively but supports business to make decisions which are based on sound rationale for improving environmental sustainability over the long term
- Sound and stable economic policies which support economic growth, regional development and social development
- Strong biosecurity policy and programs which supports Tasmania's status as a pest free production area for Australian domestic consumption of produce and for export
- Supportive pollination policies and programs which recognise the importance of pollination for the natural environment and the production of fruit and vegetables.

**What are the additional policy directions for the Tasmanian Government that would support preparedness, management, resilience and adaptation to risk?**

See response above.

## 5: Harnessing Natural Capital

**What additional steps can be taken by Government to take advantage of the opportunities provided by the state's unique natural qualities that you or your industry are progressing?**

Long term and effective policies and programs to protect and enhance Tasmania's soil and water assets are imperative for the long term sustainable future of agriculture in Tasmania.

**What other Tasmanian Government policies could be developed that would underpin the sustainable use of our natural resources to promote competitiveness in agriculture?**

As above.



## 6: Capitalising on our Brand

**Do you, or do you plan to employ strategies to capitalise on the Tasmanian Brand in domestic and international markets? Please provide examples.**

**What additional Tasmanian Government policies would support growth in high value markets and trade for Tasmanian agricultural and food products?**

Tasmania's pest free status means that Tasmanian fruit and vegetables have access to more markets than the mainland. There is the potential for Tasmanian producers to 'test' markets with Australian produce from Tasmania to demonstrate that Australian produce is clean, green and safe. Outside of a couple of key products, there may not be the current production volume or potential to create an export market with Tasmanian only product – particularly where seasonal Tasmanian produce meets demand on the Australian mainland. However, a test and trial approach for market access may be a valuable contribution to the development of market access protocols, particularly for companies operating across multiple Australian states and territories.

## White Paper Emerging Priorities

### 1: Circular Economy

**How do you think Tasmania could lead the way in building a circular economy?**

One of the key challenges facing agriculture is how to dispose of production and product waste. It is often uneconomical for waste generated on farm to be used in some other form, be it as commercial grade compost or converted into energy. The reasons for this include economies of scale, high cost/absence of technology and the expense involved in transporting the waste to third party users. Public investment in research and the development of cost-effective technology which either eliminates waste or turns it into a product which provides an economic return for farmers would go a long way to establish Tasmania as a leader in building a circular economy.

**Are you aware of examples of good practice which you can share?**

### 2: Digital Transformation

**Can you provide examples of global technologies and business models that have had positive impacts on agriculture?**

An ever increasing focus of application of technology for fresh produce is in the areas of quality, food safety, traceability, logistics/supply chain and specific measurements like storage temperature. Given the distances to market for Tasmanian produce, it is a key area of potential work/funding/policy and programs.



## **How could industry foster and government promote accelerated adoption of technologies in Tasmania?**

An effective way to promote accelerated adoption of technologies is through the tax system. R&D tax incentives are crucial for agricultural producers who face high costs of production and need an incentive to expend and risk their capital on developing new technologies. The most helpful thing the Tasmanian government could do in this space is to lobby the Federal Government to not proceed with its current intention to effectively halve the R&D tax incentive available to agricultural producers.

## **What projects have you identified that could create opportunities to increase scale and reduce input costs?**

### **3:Agricultural Innovation at the Core**

## **How can we translate marketing, cultural and production learnings from other successful sectors to agriculture, and across industries and the value chain?**

Collaboration, and the speed to develop and implement new ideas, are two key areas which can be emphasised in terms of opportunity for Tasmanian agriculture to grow rapidly. A highly connected business community will provide for collaborative approaches to solving problems and implementing solutions rapidly. A disconnected agricultural community will not support the goal of reaching a \$10 billion industry. Identifying common challenges and opportunities, and bringing together key players to implement a solution is the way forward. Tasmanian agriculture and the Tasmanian business community has the opportunity to drive solutions and economic growth.

