

Media Release

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Gas price increases will contribute to higher fruit and vegetable prices

The ongoing escalation in gas prices is immediately adding millions of dollars of cost for fruit and vegetable companies. Widespread inflationary pressure is washing through the fruit and vegetable sector and the gas price increase will be felt at the checkout when Australian families do their weekly shop.

Recent gas price increases, of up to 400 per cent, are driving up the production costs for fruit and vegetable companies. With the increase in all energy costs, there are few alternatives or substitutes.

“The escalating cost of transport and shipping, labour, energy and inputs are driving up farmers costs and the retail prices of fruit and vegetables. The ongoing increases in gas prices are difficult to keep up with – companies are looking at multi-million dollar increases in their gas bill over the next six months” said AFPA CEO Michael Rogers.

The underlying global drivers of the gas price have been well covered by commentators. The agriculture sector understands that as a globally traded resource, the global gas price plays back into the Australian market. Any government intervention in the gas market will have far reaching consequences.

“Australia’s farmers are global exporters and would resist ‘export limits’ on food products or ‘food supply reservations’ in the same way that some gas companies are concerned about domestic ‘gas reservation’ in Australia. At the same time, the escalating gas price will cripple businesses and, by all accounts, have a significant effect on every Australian household energy bill” said Mr Rogers.

The global demand for energy is driving up Australia’s domestic energy prices, and the effect on Australian households, families and businesses is a wicked policy problem. We need a pragmatic approach from the Albanese Government to work with all business to find a way through.

“The Australian economy faces a number of challenges with energy price and availability becoming a key issue. Government and industry must work together to find an immediate solution to provide some relief, and a longer term framework to provide certainty for Australian businesses” said Mr Rogers.

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About the AFPA - The Australian Fresh Produce Alliance (AFPA) is made up of Australia’s key fresh produce growers and suppliers. The AFPA represents half the industry turnover of the Australian fresh produce sector - \$4.5 billion of the \$9.1 billion total; 1,000 plus growers through commercial arrangements and more than 15,000 direct employees through peak harvest, and up to 25,000 in the grower network.