



South Australian Horticulture Industry Blueprint 2017

*Supporting growth in horticulture -
South Australian food, value and jobs*





Horticulture Coalition of SA

The organisations which make up the Horticulture Coalition of SA are the:

- Almond Board of Australia Ltd
- Apple and Pear Growers Association of SA Inc
- Australian Mushroom Growers Association
- AUSVEG SA
- Citrus Australia - SA Region
- Hortex Alliance Inc
- Nursery and Garden Industry of SA Inc
- Olives SA Inc
- Onions Australia
- Pistachio Growers' Association Inc
- South Australian Chamber of Fruit and Vegetable Industries
- SA Produce Market Ltd
- Summerfruit SA
- Women in Horticulture

Every effort was made during compilation of this document to gain input and feedback from the member organisations of the Horticulture Coalition of SA. The recommendations within were compiled through early 2017 and were based on market conditions, policy and legislation at that time. They are intended as broad guidelines to drive the over-arching interests of horticulture in South Australia, where common themes have been identified. The policies of individual member groups may vary in detail or due to changing circumstances over time.

Images courtesy of Primary Industries and Regions SA and Horticulture Coalition of SA members.





Contents

Part 1: Overview - Horticulture in SA

Part 2: Business Sustainability

Part 3: Infrastructure

Part 4: Water

Part 5: Biosecurity

Part 6: Workforce

Part 7: Planning

Part 8: Research, Development and Extension (R, D & E)

Part 9: Food Labelling

Part 10: Environment

[illegible]

PART 1:

Overview - Horticulture in SA

Overview



Part 1: Overview - Horticulture in SA

South Australian Horticulture Industry

The estimated farmgate value for 2015-16 was over \$920 million from over 45 different significant horticultural commodities.

In 2015-16, PIRSA estimated horticulture contributed approximately \$3.232 billion to the SA economy in Gross Food Revenue.

This document is a blueprint for supporting and nurturing growth within the horticulture industry in South Australia, focusing on key policy areas and initiatives put forward by the Horticulture Coalition of South Australia (HCSA). HCSA is the peak industry organisation for horticulture in SA and promotes a united voice for horticulture and industry groups representing specific commodities. Early and adequate engagement is sought on all policy matters relating to the horticulture sector in SA.

Over a five-year period (2010/11 to 2015/16) there has been a 37% increase in the farmgate value of horticultural produce in South Australia. Over the past 10 years (from 2005/6 to 2015/16) the farmgate value of horticultural produce has increased by 84%, Gross Food Value of horticulture has increased by 85% and the value of exports increased by 131%.

The horticulture industry has considerable potential for continued growth in value of production and jobs through improved efficiencies, investment in new technology and capitalising on our natural environmental attributes to capture export growth opportunities.

A continuation of these growth levels would see more than 3000 additional new full time jobs and over \$330 million in additional farmgate value delivered to South Australia over the next 5 years. This growth is entirely achievable and will be driven by a highly motivated and professional industry. However, it must be supported through development of policy and investment in projects that provide a competitive, innovative and low-cost business environment.

Key priority areas are:

- Sustainable profitability and competitiveness
- Water - access, security and costs
- Biosecurity
- Labour/workforce issues
- Planning/development regulations and policy

Specifically:

1. Support profitable businesses by enhancing opportunities to realise greater grower returns.
2. Reduce government imposed input costs (including for labour/employment, power, water and transport costs and levies and taxes) to achieve a competitive cost base relative to interstate competitors (see Part 2 - *Business Sustainability*).
3. Invest in infrastructure (including power, transport and water infrastructure) to encourage further investment and growth in the industry, as well as supporting existing businesses and jobs, and supply reliable and affordable power (see Part 3 - *Infrastructure*).
4. Improve government water policy and management to facilitate confidence in investment and business decisions, utilising the best available science and local knowledge (see Part 4 - *Water*).
5. Retain and enhance current biosecurity arrangements (see Part 5 - *Biosecurity*) to protect our clean environment and competitive advantages in national and international markets.
6. Improve training, recruitment and succession planning provisions (see Part 6 - *Workforce*).
7. Ensure early and adequate engagement of industry in the development of planning policy (see Part 7 - *Planning*).

Additional areas of consideration are: research, development and extension (R, D & E - Part 8); food labelling (Part 9) and the environment (Part 10).

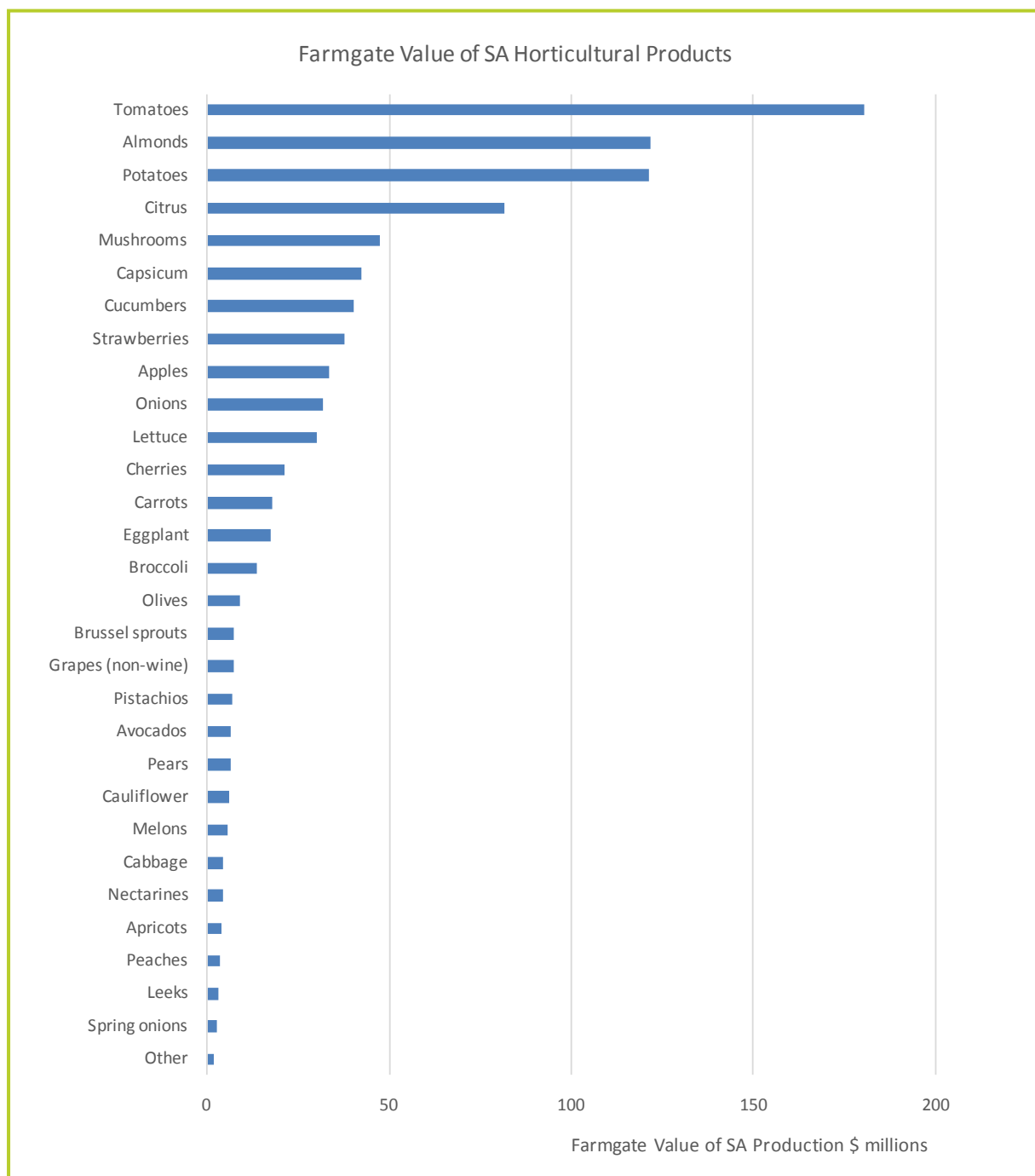
The South Australian horticulture industry is a critical business sector for South Australia. The industry, worth over \$920 million at the farm gate, consists of 3,500 businesses employing an estimated 13,500 permanent and an additional 24,000 seasonal staff and contributing over \$3 billion in gross food revenue to the South Australian economy.

The industry is integral to many other sectors including health, tourism, education and employment. With the projected growth of state, national and international

populations, securing food production and supply will be a priority issue for the next decade. This growing population, including an expanding middle class in Asia, is creating real opportunities as people demand access to higher quality produce.

Fresh, healthy, locally produced food is also critical for the health of the South Australian population, reducing demands on the health system and maximising wellbeing and productivity, while also minimising biosecurity risks (associated with imported produce) and associated quality, health and environmental risks.

The ABARES Outlook to 2020-21¹ projected increases in the gross national value of horticultural production and exports. There is strong potential for increased exports, with clear quality (including pest free) selling points, but competition from both interstate and overseas is very strong across most products. Therefore, South Australia must provide a supportive environment to nurture export development, in order to capitalise on its natural advantages. It should be noted that Free Trade Agreements only provide export benefits because, and where, there are producers able to deliver products for export.



¹ Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) Outlook 2016. Agricultural commodities March Quarter 2016.

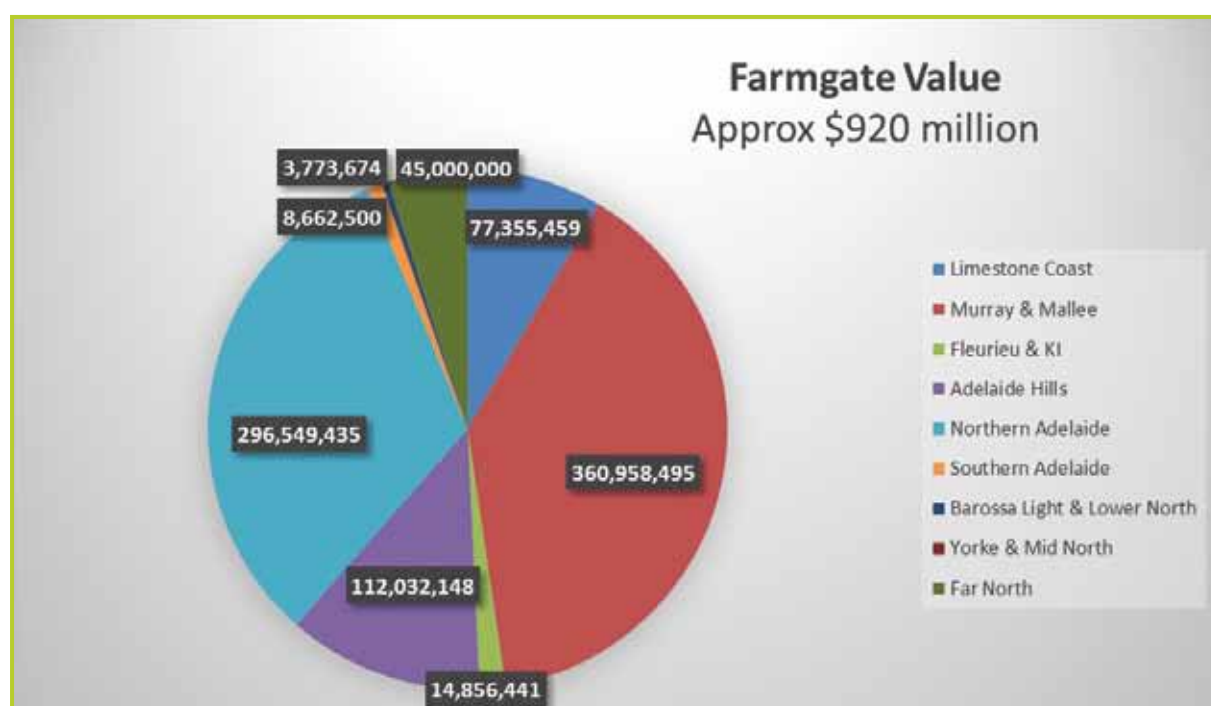
Australian farmers are among the most self-sufficient in the world. The level of government financial support for primary producers in Australia and New Zealand is the lowest in the OECD and among the lowest in the world², while very high standards are consistently expected from Australia's primary producers - across a range of areas including food integrity and safety, natural resource management (NRM), wages, employment conditions, work health and safety, biosecurity and associated cost recovery.

In addition to ongoing increases in input costs in a very competitive and often difficult trading environment, in recent years growers have faced floods, storms and droughts. In a volatile industry like ours³, so reliant on

weather and other external factors, it is a credit to the growers, wholesalers, retailers and staff of the industry that it has continued to grow and provide such benefits to the South Australian community.

The Horticulture Coalition is seeking early and genuine consultation from government with industry on policy and business matters, with the ultimate aim of real and sustainable partnerships that support the profitability and development of South Australian horticulture.

The Horticulture Coalition of SA is committed to work with the government of the day to achieve the full potential of the South Australian horticultural sector.



The regions used are the SA Government regions, with a map of these regions available at: www.sa.gov.au/__data/assets/pdf_file/0019/9442/SA_Government_regions_State_map.pdf.

² Australia had the lowest estimate of total support for primary producers (as a percentage of GDP) of all of the countries analysed by the OECD. The OECD estimated the total support provided by Australia to primary producers to be 0.1% of GDP, in comparison with the EU (0.7%), the OECD (0.6%), Iceland (1.2%), Japan (1.0%), Korea (1.7%), Switzerland (1.3%), Turkey (2.0%), China (3.2%), Colombia (1.4%), Indonesia (4.6%) and Kazakhstan (1.4%).

Australia provides the second lowest level of government support for primary producers in the OECD (as a percentage of farm gate returns), with only New Zealand having a lower level of primary producer support in the OECD (and only the Ukraine and Vietnam having lower levels of support amongst all of the non-OECD countries analysed by the OECD). The OECD has estimated the level of primary producer support in Australia for 2015 at 1.3% of farmgate returns, in comparison with countries and groups of countries such as the EU (18.9%), the OECD (17.1%), Iceland (56.3%), Japan (43.1%), Korea (48.9%), Switzerland (62.4%), Turkey (19.8%), China (21.3%), Colombia (13.8%), Indonesia (29.1%) and Kazakhstan (14.6%).

Source: OECD, 2016, Agricultural Policy Monitoring and Evaluation, http://www.oecd-ilibrary.org/agriculture-and-food/agricultural-policy-monitoring-and-evaluation-2016_agr_pol-2016-enjsessionid=5uhdi490bpsau.x-oecd-live-03.

³ Australian Farm Institute (2012) Farm Policy Journal Vol 9 No 1 Autumn 2012.

Alignment with SA Government priorities

Premium food and wine from our clean environment

Vision for the future:

- South Australia is renowned as a producer of premium food and wine from its clean water, clean air and clean soil.
- More high quality food and wine produced across the state is consumed locally and exported around the world.
- South Australia is recognised globally for its premium food, beverages and culinary tourism. The food industry holds a competitive edge in both domestic and export markets through innovation and a strong reputation for being clean and safe.

Objective: Increase international exports of differentiated and processed food and wine from \$2.8 billion in 2013/14 to \$3.6 billion in 2016/17

South Australia's Strategic Plan Targets

- Exceed the national economic growth rate over the period to 2020
- Increase the value of SA's export income to \$25 billion by 2020
- Maintain Adelaide's rating as the least costly place to set up and do business in Australia and continue to improve our position internationally
- Grow the contribution made by the South Australian food industry to \$20 billion by 2020
- Increase employment by 2% each year from 2010 to 2016

Other specific SA Government priorities, policies and objectives are aligned with SA Horticulture Industry Blueprint recommendations in sections to follow.

South Australia is the best place to do business

- "We'll support business prosperity, reward individual effort and promote innovation and opportunity"
- "We'll be quick to address the changing needs of businesses, and build industries that will generate the jobs of the future"
- "...But we need to do more by removing barriers to business growth, accelerating approval processes and making sure our regulations support opportunity, rather than create burdens"

Objectives for 2017:

- Create the most cost-competitive business environment in the nation
- Establish the most efficient and certain system of development control in the nation
- Establish the most responsive and efficient public sector in the nation
- Ensure the long-term sustainability of our state tax system, while minimising disincentives to economic activity and promoting fairness
- Create a system of regulation which promotes innovation and removes unnecessary burdens on business and the community, while safeguarding consumers and the environment

PART 2:

Business Sustainability

Business
Sustainability



Part 2: Business Sustainability

Support for sustainable profitability of horticultural businesses is an overarching priority for horticulture in South Australia. Businesses must be profitable in order for industry to thrive and grow and support employment. The trend of rising costs of production and increased pressure on returns should be addressed by:

- maximising opportunities to improve grower returns and;
- identifying opportunities to reduce costs.



Key Recommendations

- Fast track investment in on-farm efficiencies and hence improved productivity and growth through the provision of low interest loans.
- A mandatory Food and Grocery Code of Conduct at the national level is supported, seeking consistency between that and the Horticulture Code of Conduct.

Taxes and levies

- Make SA the best place to do business by creating the most cost-competitive business environment in the nation.
- Make payroll tax for the South Australian horticulture industry the most competitive within Australia (with the lowest rate and highest thresholds) to ensure employment growth is strong.
- Review land tax and stamp duty exemptions to ensure that the exemptions are available to all businesses that grow, process and market horticultural produce - including packing facilities, nursery structures and wholesale markets - and any transactions related to horticultural production, processing and marketing, particularly in situations where transactions are within a family business.

Grower returns - market development

- Continue support for market access programs and biosecurity - such as Pest Free Areas.
- Provide market intelligence to inform industry export focus areas.
- Support ongoing trade missions - both inbound and outbound - targeted to industry needs.
- Advocate market access to the Australian Government.
- Provide extension and business coaching support to assist growers to become export ready.
- Support the development of the one-stop accredited treatment facility at the SA Produce Market (including irradiation, cold treatment and fumigation) to allow for improved market access and provide alternative pathways to market in the occurrence of a fruit fly outbreak.
- Expand the Food Innovation Grants programs to include horticultural activities.

Marketing - health benefits

- Provide specific resourcing for the partnership between the South Australian horticulture industry (HCSA) and the SA Government (particularly SA Health) for delivery of the *Eat Well Be Active Strategy* [and subsequent policy and/or strategies] and the supply and promotion of fresh, local produce and healthy eating through supporting existing industry led marketing campaigns.
- Continue to put strategies in place to increase the consumption of fruit, vegetables and nuts, with strong and early engagement of the SA horticulture industry (HCSA).
- Local food production stories, including South Australian family businesses and people, should form part of the promotion of healthy eating.
- Work with industry to promote healthy eating with SA fruit, vegetables and nuts in schools and ensure the availability of fresh local in-season produce to educational and aged care sites, workplaces, sporting and cultural facilities, correctional facilities and Aboriginal communities.

Costs of production

Some of the key costs of production include:

- Labour (please refer to Part 6 - Workforce)
- Power/electricity (please refer also to Part 3 - Infrastructure)
- Water (please refer to Part 4 - Water)
- Other inputs - including fertiliser, pesticides and insecticides
- Capital expenses
- Taxes and levies - see Taxes and levies (below)

The South Australian Government's aim to be "the best place to do business"⁴ is supported and should be a strong driver to continually seek to reduce costs and bureaucracy for businesses⁵.

On-farm and pack house efficiencies and resilience to weather extremes

In order to remain competitive globally, industry is investing in technology to improve efficiencies on-farm and in pack houses, as well as to provide protection and resilience to extreme weather events. New technology is allowing improved efficiencies from field or orchard right through to the packing house and beyond. However this requires a high capital investment. In order to grow our exports, capitalise on opportunities to employ more people, build our resilience and reduce our overall costs, horticulture must continue to invest in improved technologies and infrastructure.

Investment assistance, through the provision of grants or low-interest loans, will greatly assist in fast-tracking the industry transition to meet and exceed global standards in quality and efficiency.

Power and gas

Both reliability and costs of power supplies are critical for horticultural production, storage and value-adding. The system (including infrastructure) needs to be robust to extreme weather events, to keep losses of supply to an absolute minimum. Electricity costs in SA must be competitive with other states. See Part 3 - Infrastructure for further detail.

Taxes and levies

Payroll Tax

Payroll tax is a tax on the wages paid by employers. A tax on labour is a disincentive for employers to recruit as it adds further costs to the direct cost of employing people. It is a disincentive to employment growth, especially for small business.

The South Australian horticulture industry is a major employer of both permanent and seasonal labour. At the height of some harvest activities, single employers may need to employ up to 1000 staff. Input costs like payroll tax are business costs that need to be built into the cost of the final product and can make products more expensive than interstate or international produce.

Reducing or totally eliminating payroll tax in South Australia in the area of food production would improve competitiveness of South Australian producers and increase potential to provide more jobs.

Land Tax

Many businesses associated with primary production, including horticulture, have been faced with large increases in land tax. Where these taxes are applied to the production of food, beverages or other horticultural products, the ultimate flow-on effect is an increase in the cost of products to the consumer or impacts on the profitability of the producer as they are often unable to pass on these costs.

Land tax has increased by 400% or more in 14 years. Packing houses are often not on agricultural land holdings and are therefore charged land tax. This creates significant inequity between horticultural businesses which have packing or processing sites separate from their agricultural land and businesses which have packing or processing sites located on their agricultural land.

The SA Produce Market, which is the state's grower wholesale market, has seen land tax increase from \$86,000 in 2002/3 to \$466,000 in 2016/17 and these costs are passed back to the grower.

The average rate that our industry members with non-agricultural holdings pay for land tax is 3.5 cents per capital dollar, compared with other states at the rate of 1.0 cent per capital dollar.

Any horticultural business involved in the growing, packing, sorting, storing and wholesaling of horticultural produce should be exempt from land tax. These savings could significantly increase the number of horticulture sector jobs in South Australia.

⁴ <http://economic.priorities.sa.gov.au/>; http://economic.priorities.sa.gov.au/priorities/best_place_to_do_business

⁵ Recent relevant government policy documents include:

The Productivity Commission's report on the Regulation of Australian Agriculture (Final Report released March 2017 <http://www.pc.gov.au/inquiries/completed/agriculture/report>)

The Australian Government's Agricultural Competitiveness White Paper: Stronger Farmers, Stronger Economy (2015)

The South Australian Government's State Tax Review Discussion Paper (February 2015) and responses

Final Report of the [South Australian Parliamentary] Select Committee on Sustainable Farming Practices (November 2013)

Stamp Duty

The operating environment for primary producers has driven a number of producers to vertically integrate their operations or “value-add”, to diversify their businesses (e.g. adding complementary tourism operations, incorporating off-farm income) and/or operate at large scales. These are often very good business strategies, supporting resilience and business sustainability, and should be supported rather than penalised by the tax system and rules.

The Stamp Duty exemption for transfers of primary production land currently requires land to be used wholly or mainly for the business of primary production

and the sole or principal business of the transferor (immediately before the transfer) to be the business of primary production. There is also a requirement for “a business relationship with respect to the use of the land for the business of primary production” between the transferor and transferee/s for at least 12 months immediately before a transfer, which can be restrictive even in genuine cases of family farm succession.

Stamp duty should not be applied on any transactions related to horticulture production, processing and marketing, particularly where transactions are within a family business.



Grower returns

Export opportunities

The value of horticultural exports more than doubled between 2005/6 and 2015/16, from \$128 million to \$297 million⁶.

There are a number critical success factors for continued export growth - as well as maintenance of existing export markets - including a competitive cost base (and therefore competitive pricing)⁷, training and capacity building, labour⁸, water⁹, biosecurity management¹⁰, quality assurance and continuity of supply.

Market power, trade and marketing

Horticultural producers are generally “price takers”, positioned at the end of the supply chain and often unable to fully pass on costs. Therefore, maximising grower returns is critical to ensuring industry sustainability.

The appointment of an Agricultural Consultative Committee by the Australian Competition and Consumer Commission, including horticultural representatives, is supported. This follows the encouraging appointment of an ACCC Commissioner with specific responsibility for agriculture (Mick Keogh). Steps to make the *Food and Grocery Code of Conduct* mandatory at the national level are supported, seeking greater consistency between that and the *Horticulture Code of Conduct*.

Support for export development, to build on existing export capabilities, is needed to meet state targets and objectives. This could also include regional branding and the achievement and promotion of Pest Free Area status. South Australia is particularly well placed to capitalise on Pest Free Area status, with the right support from government.

Other support for export development could include fast tracking investment in innovation (for example visits regarding overseas technology), interest free loans and grant incentives, extension support (considering the New Zealand model - *Future Orchards*) and pilot programs.

Marketing - health benefits

The SA horticulture industry has invested heavily within the health sector by promoting the value and importance of eating fruit and vegetables. This has been done both by individual sectors and the broader industry.

It is well recognised that poor nutrition (along with physical inactivity) is a key cause of a large proportion of chronic disease in Australia. Healthy eating needs to be accessible and promoted to all South Australians, starting from a young age. If we do not contain the growth in preventable chronic disease, we will bear additional health costs on a recurrent basis into the future and high levels of poor health and wellbeing in the community. This is all acknowledged in the *Eat Well Be Active Strategy* for South Australia 2011-2016 (Government of South Australia 2011).

Government can assist industry by directing health budget funds to complement and value-add the funds being contributed within the horticulture sector on local industry led marketing campaigns and programs.

A strong partnership (as per action area 5 in the *Eat Well Be Active Strategy*) is required between the South Australian horticulture industry and government, focussed on the supply of fresh, local, in-season fruit, vegetables and nuts to schools, early learning centres, tertiary education campuses, workplaces, aged care facilities, sporting and cultural facilities, Aboriginal communities and government departments (including correctional facilities), as well as promotion of that produce and healthy eating. Healthy, local produce needs to be readily available and accessible for all government catering, as well as the educational and other sites mentioned above.

The NSW Government's *Healthy School Canteens Strategy*¹¹ is noted - requiring that fruit, vegetables and freshly made food (“Everyday Food and Drinks”) make up at least three quarters of canteen menus. There is also a national *Healthy Handful Daily* campaign to promote nut consumption and the associated health benefits¹².

In addition, there needs to be increased links between education sector programs and horticulture. By increasing both the education of children and consumption of fruit, vegetables and nuts through active programs in all schools over the next five years, the goals originally set under the *Go for 2 & 5* program can be achieved.

Horticulture champions can assist with promotion and marketing programs.

⁶ Source: PIRSA Pers Comm 2017

⁷ See also Part 3 - Infrastructure

⁸ See Part 6 - Workforce

⁹ See Part 3 - Water

¹⁰ See Part 5 - Biosecurity

¹¹ <https://healthyschoolcanteens.nsw.gov.au/>

¹² <https://www.nutsforlife.com.au/media/healthy-handful/>

PART 3: Infrastructure

Infrastructure



Part 3: Infrastructure

Key Recommendations

- Strong and early horticultural input into infrastructure planning and policy development within major horticultural production areas, as well as surrounding areas earmarked for horticultural expansion.
- Recognise power, water and transport infrastructure requirements for food, beverage and fibre production in all of the relevant policy documents, starting with the *Strategic Infrastructure Plan* and including the *Australian Infrastructure Plan*.
- Appoint a high level advisory body to involve primary producers, the transport industry, storage and handling operators, local government, education providers and health services to provide advice to government on infrastructure requirements and the implementation of policies that will support the economic and social viability of farming.

Energy

In order to address both the reliability and costs of power supplies for horticultural production, storage and value-adding:

- Ensure that the system (including infrastructure) is robust to extreme weather events, to keep losses of supply to an absolute minimum. Maintenance and standards of power network infrastructure must be improved to avoid unnecessary losses of power. Maintenance and upgrading failures result in costs being borne by businesses and the broader South Australian economy, rather than the network or infrastructure owners or operators.
- Ensure that Guaranteed Service Level payments from SA Power Networks are adequate to cover business impacts and are readily accessible, as well as providing an adequate incentive for electricity providers (including infrastructure providers) to meet appropriate standards.
- Strategies to improve maintenance and infrastructure standards need to be backed up with assistance to establish viable alternative energy sources.
- Make energy prices competitive with interstate prices.
- Make cheaper alternative energy sources more accessible for all primary producers and major horticultural facilities including cool-stores, packing and processing facilities and wholesale markets to reduce the carbon footprint and the burden of electricity costs on industry.
- Implement programs to enable strong uptake of green energy within growing regions and associated food facilities. This would contribute towards the aim of “almost completely decarbonising South Australia’s electricity supply] by 2050” (Carbon Neutral Adelaide) and would be assisted by interest free loans and/or grants; for example for solar energy projects and battery storage.
- Review the effectiveness of the Australian Energy Market Operator and Australian Energy Regulator and ESCOSA in carrying out functions previously performed by the Electricity Supply Industry Planning Council under the Electricity Act 1996.

Transport

- Review the SA Government and Primary Producers SA document, *A Modern Transport System for Agriculture - A New Partnership Approach*, with horticulture stakeholders to capture the key issues and priorities for horticulture. A plan for transport infrastructure to meet future needs for horticulture growth should be developed; including road, rail, sea and air freight.
- Provide more resourcing to local government to maintain and upgrade local roads, particularly in major food production regions (including designated Food Production Areas).



Horticulture is a rapidly evolving and complex industry. Therefore, strong and early horticultural input is required into infrastructure planning and policy development within major horticultural production areas, as well as surrounding areas earmarked for horticultural expansion¹³. Industry representatives can provide a deeper understanding of industry needs and implications of different policy options.

The Horticultural Coalition of SA is supportive of the recommendation of the SA Parliament's Select Committee on Sustainable Farming Practices that the SA Government "appoint a high level advisory body to involve primary producers, the transport industry, storage and handling operators, Local Government, education providers, and health services to provide advice to the Government on infrastructure requirements and the implementation of policies that will support the economic and social viability of farming". The Horticulture Coalition encourages a specific focus on infrastructure requirements that support future growth of the industry.

Energy

Electricity is a significant input cost within most horticultural businesses, with cool storage and pumping using large amounts of energy. The cost of electricity has increased dramatically in a number of cases, with a large number of horticultural businesses reporting increases in costs of 100% in 2016/17. These rises are placing many South Australian horticultural businesses under significant strain and making them uncompetitive relative to interstate and/or overseas businesses and products.

Transport

Road systems that take produce from production regions to major transport corridors are in some regions inadequate and/or poorly maintained. Many of these internal roads are used by large vehicles including semi-trailers. As a result, the safety of the truck drivers and other road users can be impacted because of poorly maintained or inadequate roads.

Other transport routes are not sufficient to support larger vehicles, which are required to improve efficiencies in moving product from farms to pack houses to markets and ports.

Much of the local infrastructure is maintained by local government but insufficient resources are made available for the level of maintenance and upgrading required.

Water

Water infrastructure is considered separately in Part 4 - Water.

¹³ Relevant government policy documents include the:

- Strategic Infrastructure Plan for SA and the Australian Infrastructure Plan
- Integrated Transport and Land Use Plan
- 30 Year Plan for Greater Adelaide
- South Australia's Climate Change Strategy 2015-2050: Towards a Low Carbon Economy and Carbon Neutral Adelaide initiative
- A Modern Transport System for Agriculture - A New Partnership Approach

PART 4:
Water

Water



Part 4: Water

Water availability, security and affordability are all critical for horticultural production.

The Horticulture Coalition of SA offers a level of knowledge and expertise that is most important in ensuring water provisions for horticulture are appropriate, reasonable and practical.



Key Recommendations

As a matter of urgency, the following areas should be addressed, effectively **incorporating local and industry knowledge**:

- Consider **critical water needs** for maintaining permanent plantings and the production of food to supply South Australia to 2030 and beyond alongside Critical Human Water Needs and water for the environment in any Water Allocation Plan and annual allocations. Irrigation allocations are not cut unless water restrictions are also in place for urban and other water users.
- Communicate and consult with the horticulture industry regarding decision-making on **River Murray allocations** (and prioritisation of allocations when they are reduced and use of the Adelaide desalination plant) and communicate information appropriately for industry decision-making.
- Engage horticultural producers early and often in the development of water policy generally, particularly where changes to water entitlements are being considered and, where the value of entitlements is diminished, ensure that compensation is paid.
- Keep **water costs** - including water levies, SA water charges and compliance costs - to a minimum if South Australia is to create the most cost-competitive business environment in the nation and “the best place to do business”¹⁴.
- Ensure a clear “line of sight” between **water levies** and **water planning and management costs** in each region, so that water users can see where their levy money is going. This must be clearly outlined in draft regional NRM business plans, so that levy payers can provide timely input on the expenditure and therefore levy rates. An independent review of water pricing at least five yearly would be supported¹⁵.
- Manage **Northern Adelaide Plains groundwater levels** and associated groundwater allocations to avoid detrimental impacts and implement effective flood mitigation as soon as possible.
- Existing growers and industry need to be an integral part of any decisions on the allocation of any **new water** made available for the **Northern Adelaide Plains** (e.g. wastewater) to ensure local industry is well supported and any future developments are not to the detriment of existing growers.

¹⁴ http://economic.priorities.sa.gov.au/priorities/best_place_to_do_business

¹⁵ This is consistent with National Water Initiative Pricing Principles; particularly Principle 3 for recovering the costs of water planning and management activities - the Cost-Effectiveness Test: Having identified water planning and management costs to be recovered from water users, in whole or in part, activities should be ‘tested’ for cost-effectiveness by an independent party and the findings of the cost-effectiveness review are to be made public.

- Address **Adelaide and Mt Lofty Ranges** water allocation issues, including conjunctive use, licence conditions, tradeability of water rights and “new use” - with the aim of a “fit for purpose” management system, taking into account local knowledge as well as knowledge and resourcing limitations.
- **Provide information** such as carryover notifications (e.g. for the River Murray and South East) **in a timely manner**.
- **Streamline water planning and administration processes**, where appropriate. However, there will still need to be appropriate investment in the underpinning science and good community engagement. Work is needed to **minimise any unnecessary uncertainty hindering business decisions and investments as soon as possible**.
- Conduct well targeted **monitoring and research**, utilising local and industry knowledge, to ensure appropriate and accurate data is collected in a timely and efficient manner. For example, this data should be used to ensure that the 2,750 gigalitres of River Murray water taken out of productive use and returned to the environment as a result of the Basin Plan is resulting in improvements to the environment. Scientific documents should be reviewed not only by other scientists (via peer review processes) but also by local communities and industry groups.
- **Ensure that there is adequate statewide economic analysis of water management issues** (e.g. property values, opportunity and compliance costs; “cost sharing” or allocation of costs; implications of tradeability, or transferability, of water rights in different regions; implications of the current division of water resources into management zones and other viable options; whether there are viable options other than water levy charges based on licensed volumes, e.g. incorporating volumes used).
- Treat South Australian irrigators equitably, subject to the relevant geographic and hydrological characteristics of their location. Eliminating inequity is an important element of securing food production and supply in South Australia.
- Mining and forestry must not be given special treatment with allocations or licences outside the planning process to the detriment of other water users within a particular region.
- The Australian Constitution allows the Australian Government to make laws for the acquisition of property (only) “on just terms”. Although there is no equivalent provision in the South Australian Constitution, compulsory acquisition of land is covered by the Land Acquisition Act 1969 (SA). Consideration must be given to any differences between the treatment of land property rights and water property rights.
- Recognise horticultural irrigators as food and fibre producers with a vital role in feeding and clothing South Australians, Australians and global markets and for the significant contribution they make to rural communities, exports and the state economy.
- Acknowledge horticultural irrigators as a valuable source of advice.





In South Australia, there are approximately 15,000 water licences and almost 2,800,000 megalitres of water allocated. It has been estimated that this water supports over \$1.5 billion in value from irrigated agriculture.

Horticulture producers within South Australia have led the way in implementing new irrigation methods and equipment with the aim of becoming the most water efficient users within Australia.

Finalisation of Water Allocation Plans has previously taken far too long. Within the Eastern and Western Mount Lofty Ranges producers have been restricted in making any new investment in their businesses for over 9 years because of the delays in finalising the Water Allocation Plans. Producers and industry organisations have substantial information and knowledge of the local water resources and this should be used to assist in ground truthing data.

Growers in the Riverland have at times been forced to commence a water year with a low or nil allocation. This makes any planning and investment extremely difficult and creates a high level of personal and business stress. In addition, low initial allocations have resulted in dramatic increases in temporary water costs. When these allocations have subsequently been quickly increased, growers who have purchased water early have paid large amounts of additional money for higher priced temporary water.

Over the years from 2002/3 to 2013/14, the average total River Murray flow over the border to South Australia was 4,114 gigalitres and the average total extraction in South Australia was 531 gigalitres.

For the Northern Adelaide Plains, water table and flooding issues need to be addressed as a matter of some urgency with better science, communication (i.e. dialogue with the local community) and action.

There is much to be done to improve water management - to make it highly responsive and provide transparent, evidence-based and widely understood processes for decision making. This needs to be underpinned by an adequately detailed understanding of the water resources being managed, requiring cost-effective investment in appropriate science and monitoring. With good science, IT and communication systems, good information should be quickly available and easily accessible to enable good policy decisions and good business decisions.

The triple bottom line - encompassing social, economic and environmental outcomes, as defined within legislation - must be the foundation on which all Water Allocation Plans are built.

The Horticulture Coalition of South Australia would like to work in partnership with government to prepare appropriate plans, policy and programs that maximise water security for food production.

Notes:

PART 5:
Biosecurity



Part 5: Biosecurity

Key Recommendations

- To be recognised as a leader of plant biosecurity in Australia, capitalising on these strengths to help open new international markets.
- Consult regularly with industry on plant biosecurity to allow for collaboration and two-way flow of information through a mechanism such as an industry consultative committee. Continue to build on a strong government/industry partnership approach to biosecurity and One Biosecurity Plant Health.
- Retain and enhance Biosecurity SA within PIRSA, with highly skilled technical personnel and appropriate resources to protect the horticulture sector, which is worth more than \$3.2 billion to South Australia.
- Retain and increase the current fruit fly management program including trapping grids and road blocks - both permanent and mobile - with ongoing funding from the PIRSA/biosecurity budget.
- Continue support for the establishment of new Pest Free Areas in the Mt Lofty Ranges and Northern Adelaide Plains and ongoing support for the Riverland Pest Free Area.
- Support the development of the one-stop accredited treatment facility (including irradiation, cold treatment and fumigation) at the SA Produce Markets to allow for improved market access and provide alternative pathways to market in the occurrence of a fruit fly outbreak.
- Increase the capacity within South Australia in areas of plant biosecurity surveillance and diagnostics through specific programs funded by government, research and development programs and/or industry.
- Continue support for SITplus and efforts to develop area-wide management techniques for fruit fly.
- Continue support for the National Fruit Fly Strategy.
- Provide adequate funding to support a full-time Bee Biosecurity Officer to help protect our commercial bee industry. Horticulture is heavily reliant on paid pollination services and this demand is likely to increase.
- The HCSA will work with PIRSA and SA Health on the regulation of, and compliance activities for, all roadside markets including pop-up markets.
- Explore the development of a grower registration system to effectively manage biosecurity issues and for efficient emergency response, through a government-industry partnership.
- Work with industry to build an accredited seedling industry within South Australia to minimise impacts of incursions such as Tomato Potato Psyllid.



Biosecurity is an integral component of sustainable horticulture and achievement of South Australian Government targets and priorities (particularly Premium Food and Wine from Our Clean Environment¹⁶ and exported to the world¹⁷). Having a state free of major pests and diseases is important for all South Australians including consumers, through to natural and amenity landscapes, home gardeners and the production community.

A number of recent incursions of exotic pests and diseases into Australia have highlighted the critical importance of maintaining strong biosecurity programs. In addition to the discovery of Russian wheat aphid in South Australia, there have been recent incursions of tomato potato psyllid (WA), chestnut blight (Victoria), cucumber green mottle mosaic virus (NT, Queensland, WA), Panama disease in bananas (Queensland), myrtle rust (NSW, Victoria, Queensland, Tasmania and Tiwi Islands), as well as fire ants (Queensland), yellow crazy ants (Christmas Island, northern Australia) and diseases affecting seafood. There are ongoing concerns about the varroa destructor mite, which could impact the pollination and honey industry, and which can be carried by the Java strain of the Asian honeybee (which has been found in Queensland).

There is clearly a need to prepare for potential biosecurity incursions or outbreaks, which can have devastating effects, while minimising the risks of those incursions or outbreaks happening. In the case of an outbreak, we must be prepared to act quickly in order to reduce the impacts. South Australian biosecurity programs are critical for both the state and national economies and industries.



The introduction of the Plant Health Act 2009 was an important action to maintain the unique position South Australia has in being free of Fruit Fly, Phylloxera, Fire Blight, Fire Ants, Citrus Canker and many other exotic pests and diseases. Cooperation by government and industry in the preparation and introduction of the legislation was a positive and important aspect and highlighted what can be done through the partnership approach.

There is now more than ever a need to maintain a strong and proactive approach to biosecurity, plant quarantine and plant health.

Retention and expansion of the current programs is essential for South Australia and all South Australians. While South Australia is a part of many national programs, it is critical that our current programs are not weakened by accepting national programs based on principles of the common ground of the “lowest common denominator”. The need for a stronger biosecurity system is recognised in the Agricultural Competitiveness White Paper, with risks on the rise and better surveillance and traceability needed.

Adequate succession planning for biosecurity staff and knowledge is necessary to ensure timely responses to biosecurity incursions or outbreaks. This would encompass surveillance and diagnostic capacity.

One of the significant restrictions to export growth in the horticulture industry is a lack of access into key protocol markets that have phytosanitary restrictions in place. There is tremendous opportunity to utilise our strong biosecurity programs in order to gain improved market access and capitalise on Free Trade Agreements.

The development of Pest Free Areas is an important step in capitalising on our freedom from Fruit Fly. It is estimated that in the Mount Lofty Ranges region alone, opening up new protocol markets through the recognition of the Pest Free Area could deliver more than 950 new jobs and \$110 million in revenue in 10 years through growth in exports, production and revenue. This will require an ongoing and sustained commitment from both government and industry.

Having an accredited irradiation treatment facility in South Australia will accelerate export growth through greatly improved opportunities for market access. Negotiation of Pest Free Areas into markets can be slow and difficult, so to strengthen our position we must also have access to alternative treatment pathways. The development of an accredited irradiation facility in South Australia (that can also deliver cool storage and fumigation treatments) will provide security and continuity of supply in the event of an outbreak impacting on a Pest Free Area. It will also attract produce from interstate to be treated in South Australia for export, generating greater demand for air and sea freight from our ports.

¹⁶ <http://www.priorities.sa.gov.au/content/premium-food-and-wine-from-our-clean-environment>

¹⁷ http://economic.priorities.sa.gov.au/priorities/premium_food_and_wine

PART 6: Workforce

Workforce



Part 6: Workforce

Key Recommendations

- Work in partnership with the horticulture industry on workforce planning and development to (a) better attract and retain skilled workers to match labour supply and demand (b) ensure flexible accessible training is available across the State, and (c) ensure the integration of employment and skills demands with industry development.
- Identify and address workforce training needs through a whole of industry workforce development plan.
- Work in partnership with industry to ensure there are greater linkages with the education system - primary, secondary and tertiary - in regards to horticulture and the employment opportunities.
- Reduce the high cost of Return to Work SA payments and other costs associated with labour to ensure that horticulture production in South Australia is more competitive.
- Develop more detailed, practical and specific programs of industry education relating to the Industrial Relations System in partnership with the HCSA.
- Establish programs that expand on-site/on-farm training and minimise costs such as insurance that are currently constraints to this form of training.
- Establish a Young Grower Industry Support Scheme for horticulture to assist in the retention of current young growers and attracting new participants - e.g. covering education and training, finance and succession planning issues - addressing constraints and issues and providing information and a network of support (involving industry and grower groups).



The horticulture industry provides a high level of permanent and seasonal employment across regional South Australia. Many regions rely heavily on horticulture as a major employing industry.

Most horticultural production is still highly labour intensive and labour costs are a significant component of input costs. Any add-on costs such as Return to Work SA therefore place significant stress on producers.

In 2015/16, South Australia's Return to Work SA premium rate of \$1.95 per \$100 of wages compared with \$1.272 in Victoria, \$1.20 in Queensland and \$1.48 in WA¹⁸.

The horticulture industry should be protected from an expansion of penalty rates and/or public holiday rates applying to casual labour in the workforce.

Training and skills

The Primary Industries Skills Council has had poor linkages with horticulture and the relevant industry organisations and 'grass roots' employers. There is a need for HCSA to have direct representation on the Primary Industries Skills Council and effective linkages with the national structures.

Within the educational system there is inadequate promotion of career paths within horticulture to students at the primary and secondary level. Greater effort is required to ensure that student counsellors are aware of the many and varied career opportunities available in horticulture.

There is an important and urgent need for government and industry to work in partnership to ensure there are greater linkages with the education system - primary, secondary and tertiary - in regards to horticulture and the employment opportunities.

The Grow Smart program¹⁹ is an example of what can be done but these types of programs require greater support from government, the education sector and industry.

There is a strong need to support succession planning within the horticultural sector within South Australia. Part of the process involves encouraging younger people to enter horticulture and removing or reducing barriers to entry. This is linked with both the profitability of horticultural operations and taxes - particularly any capital gains tax and stamp duty burdens associated with the transfer of farm/business assets to the next generations. South Australian horticulture has been, and continues to be, built on strong and viable family farms.

South Australian horticulture relies upon the utilisation of innovative and often highly technical processes and equipment. A skilled workforce and resources are imperative to the effective use of both current and new technology. Therefore training and education systems are a core element of succession planning.

These elements need to be in place to ensure the continuing growth of horticulture and ongoing and enhanced profitability of the many horticultural businesses and family farms. Support should be available to assist in retaining family farms as the fabric of South Australian horticulture and deliver better access to resources to invest into such farms.



¹⁸ For example, see www.safeworkaustralia.gov.au/sites/SWA/about/Publications/Documents/982/comparison-report-2016.pdf

¹⁹ <http://www.growsmart.com.au/>

PART 7: Planning Regulations and Policy

Planning
Regulations
& Policy



Part 7: Planning Regulations and Policy

Key Recommendations

- Engage the industry immediately to assist with the development of policy relating to Environment and Food Production Areas, the food production components of the *Greater Adelaide 30 Year Plan* and the appropriate Regional Plans.
This would encompass issues such as (but not exclusively):
 - definition, establishment and management of buffer zones;
 - the evolution of the industry and technology - for example, the ability for high-tech horticultural operations to be viable on smaller allotment sizes than in the past and associated subdivision opportunities;
 - exemptions for various horticultural structures that are not buildings, such as environmental covers, similar to exemptions in place in Victoria, reducing the regulatory burden and costs for horticultural practices;
 - streamlined planning approval processes for activities and structures consistent with standard horticultural practices;
 - any proposals that might entail relocation of primary production activities or exit packages - and the ability for growers to move to other areas with adequate infrastructure, management of biosecurity issues (e.g. through removal of abandoned orchards or vineyards, management of feral plants on public property and roadsides); and
 - fire risks.
- Collaborate early and closely with industry on the ongoing identification of food production areas and the development of policy for those areas to ensure food production and supply is secured for the future. This may be necessary for each major production region and might be incorporated into the Community Engagement Charter for planning.
In addition to supporting existing businesses, planning policy needs to facilitate the potential synergies between horticultural production and tourism, including farmgate sales and provisions for tourist operations and events.
- The HCSA will work with PIRSA and SA Health on the regulation of, and compliance activities for, all roadside markets including pop-up markets.
- Effectively regulate mining and gas activities in food production areas. Dialogue with the HCSA and other stakeholders should be part of policy development.

Sophisticated planning is required for South Australian horticulture to achieve its full potential over the next 30 years. This type of planning requires the strong involvement of industry in the development of policy and needs to enable existing businesses to operate and grow with minimal disruption and costs.

South Australia has the distinct advantage of major horticultural production regions close to the major population areas, minimising “food miles” and reducing the overall carbon footprint and this advantage needs to be retained through good planning. Much land used for horticulture is in peri-urban areas and therefore subject to increasing pressures from urbanisation and urban-based rules and regulations.

South Australian horticulturalists have shown themselves to be both responsible producers and technically advanced producers. Many producers have a long family history on the land - some family businesses have been in operation over 100 years and

are now being operated by 5th and 6th generations. These people have a deep understanding of the regions and can offer significant knowledge and expertise at the practical planning level.

South Australian Planning Legislation and Policy

The recognition of Food Production Areas (and other primary production) within the new legislation is generally supported but with the clear caveat that industry must be strongly involved in the development of any policy to be applied to these areas. Therefore, it is proposed that the industry be immediately engaged to assist with the development of policy relating to Environment and Food Production Areas, the food production components of the *Greater Adelaide 30 Year Plan* and the appropriate Regional Plans.

There are concerns about the protection and zoning of land around Virginia. While acknowledging the



need for protection of primary production land (e.g. from urban encroachment), policies need to support the ongoing activities and requirements of existing primary producers and should not introduce unnecessary bureaucracy. Through industry-government collaboration, the operation of policy should be evaluated and recommendations made for improvements.

30 Year Plan for Greater Adelaide

This plan covers an area extending to the Mallala, Light, Barossa, Murray Bridge, Alexandrina, Victor Harbor and Yankalilla District Councils, encompassing significant food production areas.

- The priority placed on increasing business competitiveness is supported - encompassing costs of water and electricity (and the associated infrastructure and systems required to keep those costs down). Infrastructure provisions should include the whole electricity network which is vital for the Greater Adelaide region or important features of that whole network.
- There are concerns about blunt policy instruments based purely on the size of land sections, with high-tech horticultural operations able to be viable on much smaller block sizes than in the past.
- It is also noted that the Food Production Area map recognises the Virginia Horticulture District, a highly significant horticultural production area, even though part is not in the designated Environment and Food Production Areas.
- There needs to be much greater emphasis on the importance of the transport network and infrastructure to industry, as well as city commuters - for example heavy vehicle routes and access and the role of the ports and airports in importing inputs and exporting produce.
- Some work has been done on buffer issues, particularly relating to spray drift, and there is generally support for the need for buffers between new development growth areas (either rural development or urban development) but with the buffer on the side of the new land use (integrated within the growth area), not taken from existing primary production land use. It is noted that the determination of buffer width requirements is not a simple matter, with buffer specifications needing to be both reasonable (not excessive), effective (adequate) and on merit principles (accounting for specific situations). This is likely to require significant ongoing work. Buffers will need to allow for noise and light (e.g. for night movement and operation of machinery) and emphasising the principle that existing land user interests must take priority.
- As mentioned above, policy needs to enable existing businesses to operate and grow with minimal disruption and minimal costs (in order to increase competitiveness). This includes the incorporation of new policies into the Planning and Design Code and biodiversity policies. It is critical that these policies do not significantly or unreasonably increase business costs. For example, in the construction or expansion of sheds or in the establishment of environmental covers or other covered production systems (such as poly tunnels etc). There have recently been excessive cost issues associated with CFS policy for new sheds. These types of costs need to be kept down to a reasonable level and as low as possible.
- With regard to mining and the *Multiple Land Use Framework*, a number of concerns have been expressed by primary producer groups about the priority given to mining and petroleum activities, relative to other primary production activities including food production.
- Good design principles (e.g. liveable towns with recreation and “active transport” provisions) should be better extended beyond metropolitan Adelaide to rural and regional populations.

PART 8:

Research, Development & Extension

Research,
Development
& Extension



Part 8: Research, Development and Extension

Key Recommendations

- Work in partnership with industry to review the adequacy of current horticulture R, D & E in South Australia under the National R, D & E Framework - identifying strengths, gaps and opportunities to develop new programs to best address the needs of horticulture in SA (e.g. developing a centre for excellence in biosecurity to build on the current investment, establishing SA as a leader in covered cropping).
- Reverse the current trend of reduction in resources - people, funds and facilities - that is reducing the R, D & E capacity and service to horticulture within South Australia.
- Advocate greater access to R, D & E funds for horticulture projects in SA and associated opportunities.
- Identify the R, D & E capacity required and build the appropriate programs, including a succession plan and program for scientists, researchers and extension personnel.
- Review any future amendments to the National R, D & E Framework for Horticulture in partnership with the horticulture industry before any sign-off by government, industry and the research community.
- Horticulture research facilities and activities should focus holistically on industry needs and not just ebb and wane with current growth trends.

The need for a functioning R, D & E chain is one of the most important needs for the South Australian horticulture industry. This is critical to both optimise returns to growers and manage costs.

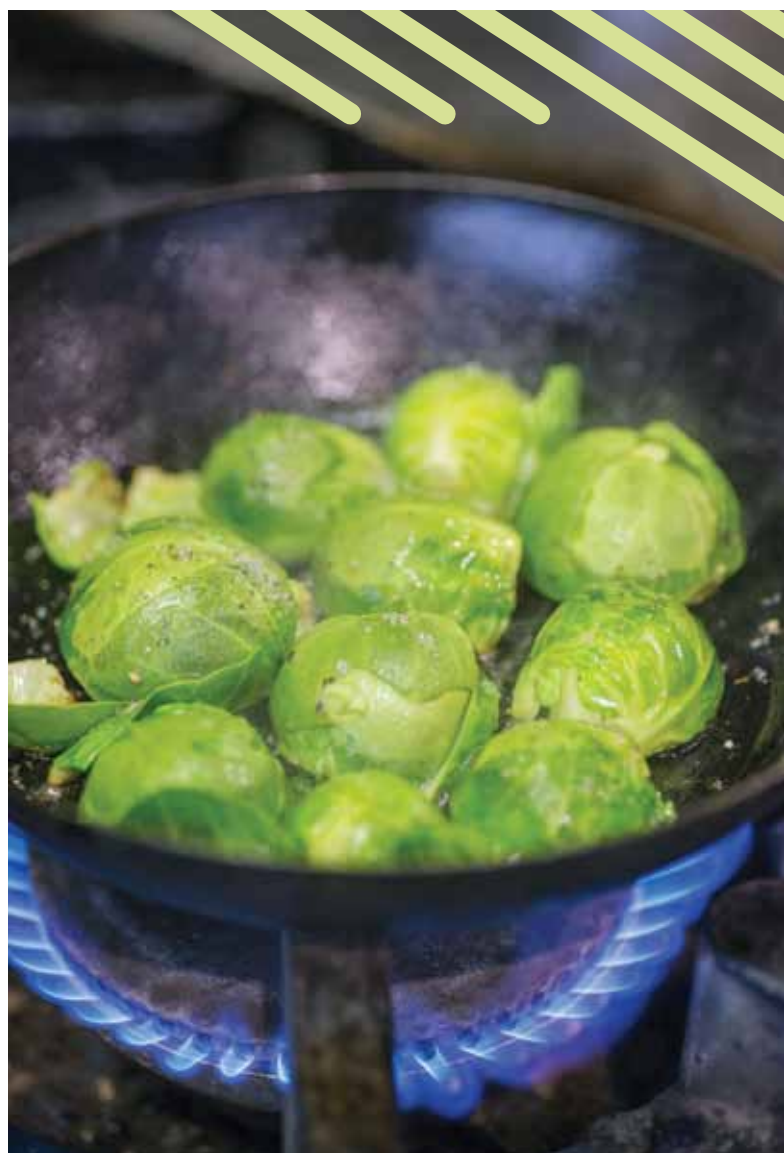
To achieve this, there is a need for industry and government to work in partnership with research organisations to review current R, D & E and establish and coordinate priorities.

The current reduction in resources actively involved in horticultural R, D & E - people, funds and facilities - is reducing the R, D & E capacity and service within South Australia and this trend needs to be reversed. There is a strong need to identify the R, D & E capacity required and build the appropriate programs, including a succession plan and program for scientists, researchers and extension personnel.

Horticultural research is built around in-field programs and projects. Much of the required research cannot be undertaken in a laboratory and/or glasshouse situation. Under the National Framework, much horticultural research is undertaken in other states. There is minimal capacity for local on-ground validation in South Australia and extension of findings to growers is minimal.

However, there is significant potential for horticultural research to be integrated into research programs centred around South Australia's priority R&D areas or strengths, including soils, plant breeding, food and packaging and water management.

South Australia, with the largest region of protected cropping (greenhouses and glasshouses) in Australia, should also bid to take on the priority R&D role in this field. This would greatly support development on the Northern Adelaide Plains and provide us with the knowledge and expertise to build new markets and attract investment to the region.





The current horticultural research stations must be retained as active research facilities and the industry must have strong input into programs.

The Primary Industries Skills Council (PISC) *National Framework for Horticulture* has failed to give industry confidence in the R, D & E process and programs within South Australia and at a national level.

The *Framework* defined three levels of roles. Definitions for these terms are taken from the National Primary Industries Research, Development and Extension Framework Statement of Intent and are as follows:

- **Major Priority Role:** This is a national leadership role where there is a major priority for the relevant government agency and the government agency endeavours to give a high priority to funding research, including infrastructure, for that sector.
- **Support Role:** In this role the relevant government agency undertakes research, but leadership and the major activity is provided by another government jurisdiction or party.
- **Link Role:** In this role the relevant government agency will undertake little or no research but access information and resources from other governments or parties to meet industry needs through D & E.

Through the PISC process South Australia has taken the following responsibilities:

Major Priority Role

- Cucurbit Vegetables and Melons (Crop Production and Plant Health)
- Carrots (Plant Health, Environment)
- Onions and Leeks (Plant Health, Human Health and Export)

Support Role

- Stone fruit (Breeding and Post-Harvest)
- Cherries (Breeding)

- Citrus (Post Harvest, Plant Health, Market Access)
- Brassica Vegetables (Plant Health)
- Fresh Potatoes (Plant Health, Environment)
- Processing Potatoes (Plant Health, Environment)
- Almonds (Crop Protection, Plant Health)

Link Role

- Pome - Apples
- Berries
- Lettuce, Celery, Leafy Asian (Plant Health, Crop Production)

No Role

- Pears
- Table Grapes
- Dried Fruit
- Sweet Corn
- Asparagus
- Beans
- Peas
- Mushrooms
- Nursery/Garden
- Turf
- Exotic Flowers
- Other nuts
- Olives (not even in the PISC program)

For many of the support and link roles, there is no research or support currently being offered in SA.

When research and development is concentrated at a specific location or locations, it is critical that there are links between this work and growers in other locations, including via extension activities and feedback from other regions. In contrast, it has been observed that access to research being undertaken in other states is limited for South Australian growers.

PART 9: Food labelling



Part 9: Food Labelling

South Australian food producers have a strong interest in the following food labelling being both accurate and adequate, as well as appropriately enforced:

- Country of origin labelling
- Quality claims and standards

Labelling is clearly linked to branding and the ability to obtain market share and/or a premium price.

Two key frameworks regulate Australian food labelling:

- *The Food Standards Code* administered by Food Standards Australia New Zealand (FSANZ) in conjunction with State Government Departments of Health; and
- Australian Consumer Law (ACL) administered by the Australian Competition and Consumer Commission (ACCC) in conjunction with State Government Departments of Consumer Affairs.

FSANZ sets standards for what information must be on food labels, including:

- Country of origin labelling - most foods in Australia were required by the Food Standards Code to have country of origin labelling. However, the rules for country of origin claims (e.g. “product of” or “made in”) for food sold in Australia are set out in the ACL

and these claims are regulated by the ACCC. This includes packaged and unpackaged foods. On 1 July 2016, a new Information Standard regarding country of origin labelling under the ACL commenced, effectively replacing the Food Standards Code for country of origin labelling.

The ACL covers general standards of business conduct, prohibits unfair trading practices, regulates specific types of business-to-consumer transactions, provides basic consumer guarantees for goods and services and regulates the safety of consumer products and product-related services, including false or misleading claims. It is illegal for a business to make statements that are incorrect or likely to create a false impression. This includes advertisements or any public statements or on product packaging. Examples of this include country of origin and premium (or credence) claims.

Industry experience suggests that the ACCC is inconsistent and superficial in its policing of the ACL, with a marked reluctance to prosecute label breaches by imported products while “making an example” of a few local companies to encourage compliance. This is likely to be linked with limited and/or inadequate resourcing.



Case Study - Olive Oil

Olive oil is variously classified as Extra Virgin, Virgin, Pomace, Lampante and Refined, according to Australian and International Standards.

Extra Virgin Olive Oil (EVOO) is the premium product. Physically crushed from olives without the application of heat (cold pressed), it contains high levels of anti-oxidants and other micro-nutrients. Ninety percent of Australian olive oil is of EVOO classification. Older product (more than 2 years) or younger poorly processed or poorly stored olive oils will quickly deteriorate to the lesser Virgin grade and eventually to Lampante (lamp oil) which is unfit for human consumption. Pomace oil is solvent extracted from olive processing waste. This, along with Lampante grade oil, is refined (which removes impurities and any nutrients) by the large EU processors to render it marketable and is sold as pure, light or some other vague term for olive oil - and frequently blended with VOO or EVOO and mislabelled as Virgin or Extra Virgin olive oil.

To defend the reputation of the Australian product, the Australian Olive Association has developed a voluntary industry code of practice including Australian quality standards (AS5264-2011) that are now adopted by 2/3 of Australian producers covering over 90% of Australian olive oil production, with these products eligible to carry an Australian Extra Virgin™ Certification Trade Mark.

The Australian Olive Association has tested hundreds of imported and Australian brands claiming to be of Extra Virgin quality, finding only about 1/3 of imported brands and 3/4 of Australian brands meet the EVOO quality specifications. There are also frequent breaches of labelling laws by imported products. Yet the regulators claim to have widely tested these same products and found few ACL problems.

The ACCC approach to develop consumer education tools (brochures, smart-phone apps etc) has not previously worked cooperatively with industry.

Furthermore, in the absence of a “mandated” standard for olive oil, the ACCC tests against voluntary standards applying to the particular product as part of its focus on “credence claims”. This means imported olive oil is measured against the International Olive Council (IOC) standard for olive oil, which is a lesser standard than the Australian Standard AS5264-2011 for olive oil.

Where an importer can produce test data that establishes that the product was of EVOO quality at source, the fact that it is no longer EVOO when sampled from the retail shelf appears to be overlooked.

Industry is seeking support and collaboration to develop and apply Standards/Codes of Practice that allow the South Australian horticulture industry to exploit its product quality and competitive advantage over interstate and international products.





PART 10:
Environment

Part 10: Environment

Key Recommendations

- Keep NRM levies to a minimum for primary producers - and from the funds that are collected there should be adequate investment in soil and land management, animal and plant control, innovation and technology, as well as extension, and capital investments for NRM outcomes (e.g. environmental netting and precision agriculture).
- Better review and coordinate incentives paid by NRM boards to property owners across the eight NRM regions (e.g. for revegetation, fencing off remnant vegetation and other on-ground NRM works) with industry input early and throughout.
- Provide much better reward for set-aside areas on private property, to cover management costs such as weed and pest control and fence maintenance as well as opportunity costs.
- NRM boards should work with industry groups and primary producer networks to take a pro-active role in recruiting appropriate board members (board succession planning).
- Any reviews of the NRM Act should re-consider the composition of NRM boards and particularly the role of linking with primary producers and primary producer networks, e.g. via industry nominated board members.
- Resource industry groups and networks to assist with NRM communications - via early and ongoing dialogue about plans and policy development, including to work out the issues of importance (to primary producers) and how to strategically work together on those issues.
- Provide support to horticulturists for the sustainable management of native fauna species that impose a threat to production, including Grey Headed Flying Foxes, bird species and kangaroos. This should be through schemes such as the provision of low interest loans and planning approval exemptions for environmental covers, netting or other exclusion or deterrence methods.
- NRM should be community led, following the original intent of the NRM Act.





Horticulturalists are part of South Australia's frontline of environmental management. When we think of complex ecosystems, natural habitats and endangered species, people often do not realise these state assets are literally in farmers' backyards.

Property-level environmental management is two-pronged. Firstly, much natural resource management should facilitate effective and efficient farming techniques, generating long-term profitability, improved drought resistance and sustainably managing our resources.

Secondly, beyond the business, farmers are often required (by various local, state and federal laws) to lock-up significant sections of their properties to preserve native vegetation, essentially having stewardship of those natural resources on behalf of all Australians. However, as a consequence, growers lose the productive capacity of those areas from their properties, while incurring ongoing costs, including pest and weed management to maintain wildlife corridors.

Horticulturalists are the first to recognise they have a duty of care to sustainably manage the environment, but they also need help when going over and beyond that duty of care. Those taking extra responsibility for environmental management deserve recognition of the costs involved, as well as their time and expertise in delivering landcare.

There are already Environmental Management Guidelines prepared by the Apple, Pear, Cherry and

Wine Grape Industries for the Mount Lofty Ranges including:

- Responsible use of chemicals and fertilisers
- Organics - Biodynamics
- Soil health and improvement
- Carbon credits and carbon storage
- Green energy including use of solar systems by major horticultural facilities
- Climate changes and dealing with extreme climatic conditions
- Biodiversity
- Food miles
- Water use

The potential to better recognise and support these practices and further link the desired practices and outcomes with NRM incentives and other government incentives, ideally via a single channel, should be explored.

Primary producers can currently claim some expenses for "landcare operations" as tax deductions, however this excludes "capital expenditure is on plant, unless it is on certain fences, dams or other structural improvements²⁰". Current restrictions on both deductions and incentives for capital investments should be reconsidered in the context of the multiple positive environmental, social and economic outcomes that can be achieved with public support.

²⁰ <https://www.ato.gov.au/Business/Primary-producers/In-detail/Capital-expenditure/Landcare-operations/>





Horticulture Coalition of SA

PO Box 1211

Kensington Gardens SA 5068

President: Susie Green

Email: aplpear@ozemail.com.au

Phone: 0417 451 999