

# SUBMISSION

TO: Agriculture and Food Policy  
Reference Group

FROM: Cherry Growers of Australia Inc.

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## Executive Summary

1. Inadequate market access for Australian cherries has resulted in an over supply on the domestic market resulting in diminished returns to growers.
2. After extensive expansion of the industry and substantial investment growers are questioning the investment as a result of reduced and delayed market access.
3. Additional resources are required for Biosecurity Australia to improve the results of market access applications.
4. Bilateral talks have achieved very little advantage for Australian cherries.
5. Negotiation of Bilateral Agreements by Australia appear to be less advantageous to Australian horticulture than those negotiated by other countries, eg Australia – Thailand v New Zealand – Thailand.
6. Domestic market is dominated by the duopoly to the disadvantage of small and medium growers.
7. Food labelling relating to country of origin labelling must be developed around full country labelling which is obvious and transparent to the consumer.
8. Food safety and associated testing should be the same for imported food as for locally produced food.
9. The Australian social system does not encourage unemployed people to seek work. Those people of ethnic backgrounds who wish to work seem to be

targeted by Government agencies, eg Immigration, Taxation.

10. The Governments at national and state level have effectively closed down the effective Industry Training Board network through the reduction of funding. Government needs to re-establish the effective and efficient network of specific industry Industry Training Boards.
11. Government must take industry training and education back to the basic level and assist in the development and implementation of 'in-house' training/education systems.
12. Government, national and state, must return to funding effective and efficient extension services and throw out the fee-for-service systems, which are disincentives to growth and export.
13. Government and R & D agencies must build a process of succession for research, development and extension staff to ensure that there is a new generation of researchers, technicians and extension staff always coming through the system.
14. For good technology adoption Government must support the establishment of a one-on-one system of offering extension services to growers.
15. Government must put a priority on funding Government agencies like Biosecurity Australia and AQIS to ensure market access for horticultural products is achieved in a rapid manner.
16. Governments, national, state and local, must do more to collect and recycle stormwater and wastewater within water hungry urban communities.

17. Trading of water **MUST** only occur within catchments.
18. Stock and domestic water use **MUST** be included within **ALL** water prescription programs throughout Australia.
19. Governments must get past the rhetoric and seriously encourage and fund the uptake of solar and wind as sources of clean energy.
20. A new Risk Management model must be developed for Biosecurity Australia, which is effective, efficient and transparent and is agreed upon by all parties, before it is utilised to undertake any risk management.
21. All and every NRM program must be based at sub-catchment level.
22. A minimum of 90% of all NRM funding must be made available to the community at sub-catchment level to ensure high quality programs are implemented.
23. Funding 'one-on-one' programs are essential to ensure the best possible improvements in Natural Resource Management.
24. Environmental Management programs must be owned, controlled and implemented by the 'grass roots grower' and not by the bureaucratic network.
25. Governments must go back to the basics and support the basic primary producer. **Without fresh food** all the value-adding programs and food plans are useless.

## Markets for Agriculture and Food

### Market Access

Recent expansion of the Australian Cherry Industry (past 5-7 years) has been based around the opportunity to export cherries to many parts of the global market.

Market access has not kept pace with production resulting in an over supply in the Australian domestic market.

Examples of market access problems –

- a) Taiwan market is restricted due to changes in the quarantine protocols being delayed in their introduction.
- b) The China market via Hong Kong being closed and the need to negotiate access through direct channels.
- c) Delays in achieving access to the USA market.

The process in negotiating market access for Australian cherries is long and at times difficult. Industry believes that Biosecurity Australia is inadequately resourced to undertake the level of market access work required for all Australian horticultural produce.

### Multilateral Trade

While the concept of multi lateral trade negotiations may have some overall use in breaking down the barriers of trade throughout the global market they offer very little benefit to the Australian cherry industry.

The concept of a 'level playing field' is far from a reality, particularly with regards Australia.

The true value of the WTO must be questioned given the large number of bilateral discussions and agreements being investigated and developed by Australia and other countries within the global market.

WTO is a legalistic process, particularly when disputes occur and the grower gains very little from the process.

### Bilateral Trading Agreements

So far the Bilateral Trading Agreements have achieved no real market advantage for the Australian cherry industry. In some cases they have resulted in some negative results.

Industry does not believe Australia has negotiated strongly enough within any of the Bilateral Agreements. We appear to have a range of Agreements that are lopsided, and/or not as good as other countries have achieved.

The Bilateral Trading Agreement with the USA has not resulted in the approval for Australian cherries into the USA. The process will go through the normal systems and will not be hastened by any Free Trade Agreement.

The Bilateral Trading Agreement with Thailand has resulted in new additional quarantine requirements being put in place by the Thai authorities.

In addition the Australian Bilateral Trading Agreement is far less advantageous than the one negotiated between New Zealand and Thailand.

In general, Bilateral discussion and Agreements do not guarantee nor hasten market access.

### Domestic Market

The Australian domestic market is being dominated by the duopoly of Coles and Woolworths. The establishment of category managers is resulting in reduced opportunity for medium and small growers to market product directly to the retailers.

This will ultimately drive small, and some medium growers, from the industry.

Overall this will have a negative impact on the industry, regional economics and communities.

The recent action of FSANZ to try and reduce the requirements relating to country of origin labelling is totally unacceptable to the industry. We have difficulty understanding why agencies such as FSANZ are trying to down grade food labelling when consumers, both overseas and in Australia, are demanding more sophisticated and detailed labelling.

Industry has concerns that the requirements placed on Australian grown produce relating to food safety, quality, chemical residues etc are not being placed on imported goods at the same stringent levels.

If this is occurring there is very little reporting of the results either to the industry or the community in general.

Again, we believe the Australian agencies are not communicating information to industry/community at an appropriate level and in a transparent manner.

### Competitiveness of Australian Agriculture and Food Business

Industry struggles with the report of the ACCC in 2002, which indicates no evidence of 'systematic price discrimination' by suppliers in favour of the major retailers.

Most small and medium growers are being widely discriminated within the market. These growers do not come forward to complain or give evidence to agencies like the ACCC because they

- a) are busy trying to survive and make a living,
- b) are scared of recrimination by the suppliers, and
- c) feel that they should not be forced to complain, but instead the system that is there to protect them should be working to protect them.

Ultimately, small and medium producers will be forced out of production as a result of diminishing market opportunities and poor returns for their produce. This will have a negative effect on the industry, community, economy and environment.

Government and Government agencies offer rhetoric relating to the importance of small and medium businesses but fail to support this rhetoric with effective and efficient policies.

In reality the Trade Practices Act has and continues to fail small and medium business within Australia.

The ability to process product like cherries is becoming more difficult as major processors are diminishing. In addition, imports of processed product is increasing making it even more difficult to undertake cost effective processing within Australia.

Cherry growers are, in the main, in the business of producing fruit for the fresh market rather than for large quantity processing.

Any processing is for the utilisation of 2<sup>nd</sup> and 3<sup>rd</sup> grade fruit as a secondary activity. As the quantities are often small and supply is irregular then development of new business opportunities is difficult and will only ever be localised activities.

### Education Skills and Labour Supply

This is one of the most difficult areas for growers.

The education system fails to promote horticulture/agriculture as an appropriate and attractive form of training and employment.

Counsellors within the education system continue to fail to promote this sector as an alternative opportunity to other more high profile training.

The systems need to return to the basics at primary and secondary school to highlight the importance of horticulture/agriculture and the varied opportunities with regards training and education.

There is a basic lack of labour across most sectors of the industry – both skilled and unskilled labour.

The Australian social system doesn't encourage many Australians to pursue full time employment within the horticultural industry. Most labour is coming from ethnic communities like Vietnam, Turkey, Iraq and other Middle Eastern and Middle European countries. These people are willing to work and work hard. Often these groups are continuously challenged by Government agencies with regards illegal/immigration/inappropriate papers and other issues.

If the industry loses access to these ethnic workers and are not replaced by other such workers the industry will face even greater labour shortages.

The Australian Government needs to establish some very broad and flexible systems with regards accessing good labour, particularly during harvest time.

In a broader sense the failure of both Federal and State Governments to support the network of Industry Training Boards has created problems for the industry. These specific Boards were integral in developing awareness within Government, industry and the community of the industry(s) and their training needs and requirements.

Government needs to re-establish these networks, particularly at the state level to ensure the correct and appropriate level of funding is made available for a period of at least fifteen (15) years.

The concept of recognition of current competencies and/or recognition of current skills must be further developed and expanded within the horticultural industry. Such programs must be implemented, not only for the owner/operators, but also for the current employees within the industry.

Developing and expanding skills recognition programs within industry will build a training/education ethos that will result in a highly trained skills base which industry can build from.

Again, Government must take training and education back to the basic level and offer greater support for businesses, particularly

small and medium businesses, to undertake in-house training and develop a highly skilled permanent workforce.

### Research, Development, Innovation and Technology

The changing nature of Government funding of research and development has created new issues for industry.

The removal of extension services within Government has created a major void within the research and development network.

Government has seen the removal of such systems and people as 'cost cutting' measures. Often in their place the Government has replaced them with a 'fee-for-service' program. Many of these are subsidised programs with charges outside the normal consultants range.

The removal of such services and people has created a void, particularly between the researcher and the grower. Extension people were the conduit of practical information from the researcher to the grower.

There is no succession planning within either Government agencies and other R&D agencies, which means very few new researchers are being introduced into horticultural R & D. As individuals retire or move on a lot of knowledge and expertise is being lost to industry and the community. Australia's competitors have strong R & D and effective and efficient extension services.

All Governments **must** return to a system

- a) of strong R & D within appropriate departments;
- b) with a network of industry extension services funded through the 'public purse'; and
- c) which promotes and implements succession.

### Technology Adoption

The best system to ensure technology adoption is through the re-introduction of an effective system of extension services and individuals.

The 'one-on-one' system of assisting growers, in the long term, is the most effective and cost efficient system for technology adoption, implementation of OHS&W, natural resource management and food safety.

## Infrastructure in Agriculture and the Food Sector

The most urgent need is to supply greater resources for people in agencies such as Biosecurity Australia and AQIS to ensure a more rapid system of market access approvals.

This is, for industry, the most important part of 'infrastructure' that needs to be fixed and funded before any other areas.

Without market access many other issues become irrelevant.

While transport and communications are of importance they have little relevance if produce cannot be produced in a cost effective and efficient manner and growers are receiving the appropriate returns and have access to both domestic and export markets.

## Water

Water is the most important component of infrastructure for cherry growers.

Access to the appropriate quantity and quality of water is essential if industry is to maintain and grow production.

So often the water debate is about ensuring there is sufficient water for urban users. Very often the primary producer has their access controlled to ensure urban users have sufficient water.

Given there is an economic return from water used to produce fresh fruit and vegetables such producers should have first access to the available water.

Urban users, particularly in capital cities, have shown themselves to be inefficient users of water. In contrast the majority of primary producers have shown themselves to be efficient and effective users of water.

More work should be undertaken to capture and recycle water within the urban areas. Supplying potable water for use in home irrigation systems, toilets etc is an extravagance that Australia cannot afford.

Governments, Federal, State and Local, must do more to collect and recycle stormwater and wastewater within the urban communities.

The use of water prescription, particularly when it relates to only a portion of the resource, will be ineffective and is discriminatory.

Stock and domestic water use **must** be included within all water prescription programs throughout Australia.

The trading of water outside of individual catchments is most inappropriate and creating economic problems within individual catchments. Water trading should **only** occur within specific and individual catchments.

Again the control of water-based programs must be returned to the 'community'. Unless there is 'community' – industry and urban users – ownership any water programs will fail to achieve the goals set and required by the community.

## Energy

The Government must offer far greater incentives for individuals and communities to take up and utilise more efficient sources of energy – solar and wind.

Government, again, is strong on rhetoric but poor in adequately funding the use of alternative energy sources within industry and the community.

## Biosecurity and Quarantine

Biosecurity Australia must 'get its act' together to improve risk management.

The recent process relating to the risk model used for the apple, banana and pork Pest Risk Analysis has been a major failure.

A new and effective risk model must be developed in partnership with industry to ensure the best possible decisions are made.

Again additional and urgent resources need to be put into both Biosecurity Australia and AQIS to ensure that both organisations are of the highest standard and are relevant.

The processes these agencies utilise must be transparent and open. In addition they must work more closely with industry in an effective and efficient partnership arrangement.

## Using and Managing Natural Resources

Cherry orchardists, like all other horticultural producers, are the true natural resource managers. For many businesses they have been using the water, soil and air to produce high quality fruit and vegetables. They have been doing this, in some cases, for over 100 years, and doing it in a viable and sustainable manner.

The major problems that the practical users have been, and continue to be forced to, are the resources using bureaucratic processes and programs.

We would agree with the position stated on Page 16 of the document that “farmers are more likely to support an outcome in which they are actively involved rather than one with which they are forced to comply”.

Natural Resource Management must return to the basics:

- 1) All and every program must be based at the sub-catchment level;
- 2) A minimum of 90% of the resources and funds must be made available at the community level and not be utilised by large bureaucratic Boards; and
- 3) Funding ‘one-on-one’ programs are essential to ensure the best possible improvements in natural resource management.

The current programs are failing to achieve true natural resource management and we will find that in 10 years time we will not have achieved any major and effective changes.

Ownership of **all** programs must return to the community – those dealing with natural resource management on a day-to-day basis – and not controlled by a highly bureaucratic system being currently established by all tiers of government.

Similarly, environmental management programs must be owned, controlled and implemented by the ‘grass roots growers’ and not by bureaucracy.

### Rural and Regional Communities

Governments must again stop the rhetoric and actually support and assist rural and regional communities.

Government policies, particularly for small and medium businesses, are sending many such businesses in rural and regional areas ‘to the wall’.

Once farms become unproductive and not farmed, Australia will face some major basic issues:

- 1) The economy will decline;
- 2) The land will become poorly managed, having a negative effect on natural resource management; and
- 3) Social decline in rural and regional communities will be even greater.

If basic food – fruit and vegetables – are not produced there will be no food value-adding industries. Production of basic food is the foundation for all state and national food programs yet Governments are not supporting and developing this basic foundation.

Governments must go back to the basics and support the maintenance and development of basic food production to ensure the survival of all other aspects of the marketing chain.