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Attn: Agriculture Strategy Discussion Paper
AgriGrowth Tasmania
Department of Natural Resources and Environment Tasmania
agrigrowth@nre.tas.gov.au

Fruit Growers Tasmania welcomes the opportunity to make a submission in response to the Discussion Paper – Developing a New Tasmanian Agriculture Strategy.

Our submission is structured around what we believe are the most important key themes and seeks to incorporate the Discussion Papers Focus Areas within those themes.

Accordingly, we have not attempted to answer the questions raised throughout the paper. That said, we in no way seek to diminish the importance and relevance of many of the questions and would welcome the opportunity to comment further on those that remain central to a future strategy.

We also appreciate that the Discussion Paper is the first step in the consultation and strategy development process and would welcome the opportunity to participate in subsequent consultation and any roundtables that are organised.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Peter Cornish", with a stylized flourish at the end.

Peter Cornish
Chief Executive Officer
Fruit Growers Tasmania

Fruit Growers Tasmania's Submission in Response to the Tasmanian Agricultural Strategy Discussion Paper

Scope and context:

"The new long term Agriculture Strategy for Tasmania will focus on land based agriculture and the policy settings and potential investment, programs and initiatives that would continue to foster a competitive, productive and sustainable agricultural sector."

Fruit Growers Tasmania supports this statement in both the nature of its focus – policy settings and potential investment, programs and initiatives – specifically, a focus on the role of government; and the outcomes – foster a competitive, productive and sustainable agricultural sector – albeit we would definitely add "profitable" to these outcomes.

We also support the statement that the strategy "will consider all aspects of the supply chain including freight, logistics, agritourism, accommodation and education." However, we suggest 'freight and logistics' and 'accommodation' have been understated thus far in the discussion paper.

Fruit Growers Tasmania also appreciates the identified link to the previous *Competitiveness of Tasmanian Agriculture for 2050 White Paper*. While competitiveness must remain a central focus we would respectfully suggest insufficient progress has been made in implementing competitiveness improvements in line with this previous strategy. Accordingly, we would emphasise that no future strategy will deliver any benefits without appropriate strategic actions that see it implemented.

Lastly, from a scope and context perspective, there must be recognition in the strategy of the challenging budgetary position facing the Tasmanian Government. There has never been a more important time for government expenditure not to be wasteful, clearly returning value for any investment, as well as recognising the multiplier effect that any expenditure will deliver through supporting growth of the private sector that will in turn deliver budgetary improvement.

Key themes:

The Government links this new strategy to its key previous plans. In particular, we suggest two are key.

1. Competitiveness of Tasmanian Agriculture for 2050 White Paper from 2020 = themes of **COMPETITIVENESS & PROFITABILITY**
2. AgriVision 2050 = themes of **GROWTH, JOBS & INVESTMENT**

While the Discussion Paper covers some 10 focus areas, what aren't mentioned in the Paper that are worthy of particular note are:

- Payroll Tax
- Freight and Logistics
- Plastic Recycling

While we appreciate the 10 focus areas from the previous Competitiveness White Paper are used as a starting point, we suggest a future strategy might be better served by a focus on key themes rather than focus areas and perhaps could at least include the following.

COMPETITIVENESS & PROFITABILITY

GROWTH, JOBS & INVESTMENT

DEMAND

SUSTAINABILITY

THE ROLE AND INVOLVEMENT OF GOVERNMENT IN THE STRATEGY

Competitiveness & Profitability:

A future long term Agriculture Strategy for Tasmania must have at its absolute core Tasmanian Government policies, programs, investments and initiatives that foster competitiveness and profitability.

Tasmanian Government Taxation:

A strategy that does not benchmark Tasmanian Government taxation against those levied by other jurisdictions, particularly those that Tasmanian agriculture competes with, would be a seriously deficient strategy.

Tasmanian Government taxation is a lever which is 100% within the control of the Tasmanian Government to determine. Chief amongst these taxes is **payroll tax**.

The fruit industry operates with a very large labour component. Payroll tax can represent the third highest cost faced by those who pay it, with some labour intensive crops facing an annual payroll tax expense regularly above \$6-7,000 per hectare and at times exceeding \$15,000 per hectare. This is simply an unacceptable burden on growers.

We estimate the fruit industry contributes around \$10 million annually in payroll tax.

Wages have increased significantly over the last 10 years but there has been no indexing of the \$1.25 million payroll tax free threshold or the \$2 million step up to the higher marginal rate of tax. Every time wages increase the amount of payroll tax increases for employers.

Furthermore, Tasmania's high level of payroll tax penalises Tasmanian growers who chase economies of scale and fulfil their requirements under the Pacific Australia Labour Mobility (PALM) scheme. These growers offer efficiencies to other growers to utilise PALM labour but in doing so extend the application of payroll tax to smaller growers who would not normally have payroll tax imposed upon them as they would be below the threshold.

Relative to our key competitors such as Regional Victoria, the burden on Tasmanian regional employers is far higher and poses a significant barrier to sustainable and profitable business operation and growth.

The payroll tax in Regional Victoria is 1.2125%. While additional surcharges for health and wellbeing and COVID-19 debt also exist they only apply to businesses with a national annual wages bill of more than \$10 million.

	Tasmania:	Regional Victoria	
		Payroll Tax +	Excess tax on
Payroll	Tax Payable	Surcharges	Tas growers
\$1,000,000	\$0	\$0	\$0
\$1,250,000	\$0	\$3,031	-\$3,031
\$1,402,250	\$6,090	\$4,877	\$1,213
\$2,000,000	\$30,000	\$12,125	\$17,875
\$4,000,000	\$152,000	\$36,375	\$115,625
\$5,000,000	\$228,750	\$48,500	\$180,250
\$10,000,000	\$533,750	\$109,125	\$424,625
\$15,000,000	\$838,750	\$219,750	\$619,000
\$20,000,000	\$1,143,750	\$330,375	\$813,375
\$100,000,000	\$6,023,750	\$2,100,375	\$3,923,375

The table above demonstrates the disadvantage for Tasmanian regional employers. As at 1 July 2025, the Victorian Government increased the tax free threshold for regional employers to \$1,000,000, this has resulted in an even greater disadvantage for Tasmanian businesses when competing in the market.

Tasmania's fruit industry faces a complex landscape, including challenges related to wages, input costs and market prices. The recent changes to the Horticultural Award and continued change to the PALM scheme only add further strain to the industry.

Freight and logistics play a key role in getting agricultural produce to markets and bring in the inputs we require for production and the infrastructure to improve efficiency. We are reliant on the shipping services across Bass Strait. Freight and logistics is amongst our growers top five expense items and a key for future competitiveness and profitability.

Government must continue to build the infrastructure and systems that underpin trade routes – shipping, road, air. Further and most importantly in must advocate for improvements to the Tasmanian Freight Equalisation Scheme on behalf of Tasmanian industry and jobs and support the efforts of industry in their advocacy. The suggestion by many within State Government that Tasmania could potentially lose the Scheme if we raise issues is ridiculous and has been detrimental to making progress. The sea freight disadvantage is at a level now that industry will not accept anything less than a permanent improvement to the rates of assistance. It is too critical to the competitiveness of our businesses.

The Tasmanian Government must play an active positive role in the current review of the Scheme. The review and the future shape of the Scheme is too important an issue for the Government not to throw its full support behind, working with industry to analyse the model and propose a revised future Scheme that will serve Tasmanian industry well for decades to come.

It is so important that a sound scheme is in place that offers surety to industry, effective equalisation and one that supports future investment being made with confidence!

Industry analysis and advocacy delivered a 25% increase in the Scheme and the commitment to a review. The Tasmanian Government must now commit fully to that review.

The price leadership of TT-Line for Bass Strait freight rates must also be examined by Government. Again this is a lever that the Tasmanian Government has at its disposal. It must be recognised that TT-Line freight rates affect all shippers across Bass Strait not just TT-Line users.

The Government should also review the tax equivalents and dividends it extracts from a relatively small 'tax base' of TT-Line users. This directly affects the competitiveness and profitability of businesses exporting from the state. At the same time this practice has significantly affected TT-Line's capacity to fund vessel and infrastructure replacement, causing it to overly rely on debt, hence increasing future costs for TT-Line and users.

Research and Innovation:

The Discussion Paper identifies that the Tasmanian Government has invested \$34 million in the Tasmanian Institute of Agriculture (TIA) since 2019-20. This is a very sizeable investment.

Fruit Growers Tasmania believes this investment may have worked well for some sectors but it has been less than ideal for fruit. In our case a greater focus on commercial outcomes and not novel research to support post graduate studies is what our growers would like to see.

In addition, with national and international research never having been so accessible and available, we believe a concerted effort on repeating research and development already advanced elsewhere by extending their application through trials in Tasmanian conditions may prove the most beneficial to Tasmanian agriculture including the Tasmanian fruit industry.

That said there would be a reasonable argument to suggest that the fruit industry could be clearer on its own priorities. We are now focusing on working more collaboratively with TIA to communicate our needs and support the research funded projects they are currently working on.

The Discussion Paper also outlines that the Tasmanian Government has invested \$7 million in modernising the Crown's research farm portfolio. With the closure of the former Grove Research Station over two decades ago, none of this \$7 million has been beneficial to the Tasmanian fruit industry.

Fruit Growers Tasmania is seeking a more directive voice at the research, development, extension and adoption table, to ensure greater commercial relevancy and focus for research work. We are also seeking to reverse a two decade absence of fruit industry directed investment from the Tasmanian Government.

The solution we propose involves no additional funding from the Tasmanian Government. We seek to supplement the Government's investment in TIA and for TIA to support research, development, extension and adoption efforts directed by Fruit Growers Tasmania funded by the sale of the former Grove Research Station and administered jointly by Fruit Growers Tasmania and the Tasmanian Government.

Approval to commercialise bumblebees as pollinators is a potential game changer for Tasmanian agriculture.

Experience conducted in other countries clearly demonstrates the economic benefits that bumblebees bring to agricultural production through increased crop yield and quality. Bumblebees are highly effective pollinators, more active earlier in the season in colder and wet weather and are not susceptible to the inevitable arrival of varroa. Varroa will not only increase costs for European Honey Bee operators, but also destroy feral European Honey Bee colonies removing the current free pollination they provide farming.

Fruit Growers Tasmania view bumblebees as a much needed supplement to European Honey Bees not a replacement. In some circumstances, particularly weather conditions and in protected cropping including glasshouses, bumblebees are highly effective and their availability could see increased investment in this mode of farming.

The Tasmanian Government needs to do more than advocate for trials to be conducted for the use of bumblebees in horticultural crop production in Tasmania – it needs to deliver them through working effectively with the Federal Parliament and Tasmania’s federal representatives.

Jobs, Growth & Investment:

Tasmanian fruit growers produce some \$400 million of fruit each year, directly employ 10,000 people in ongoing and seasonal roles and contribute \$45 million in exports to the state’s economy. It has seen the strongest growth of any of the major agriculture industries over the last decade, but in recent years has encountered a number of headwinds.

Payroll Tax (Again)

The current additional payroll tax burden imposed on Tasmanian fruit growers not only affects their competitiveness and profitability, but it also acts as a disincentive to employ people.

As mentioned above the Tasmanian fruit industry employs some 10,000 people each year. As a tax on employment, payroll tax disincentivizes the very companies who are driving that employment.

For a state that is challenged to grow its population, jobs are a key to attracting more workers and more families to come to the state. Yet Tasmania’s high level of payroll tax works directly against this.

The fruit growing businesses that pay the \$10 million in Tasmanian payroll tax each year all either operate in more than one state or territory or have the clear capacity to do so. Accordingly, when significant differences exist in the level of payroll tax across states, this affects the returns of their Tasmanian operations and works against increased investment and expansion in Tasmania.

Tasmania is a tremendous place to grow temperate fruit. But it is an expensive place to grow and an expensive place to get product to market. Tasmania’s high payroll tax, particularly relative to its main seasonal competitor regional Victoria, is a significant factor holding back further investment, growth and jobs.

The current rate poses a significant obstacle to the very sector that can play a pivotal role in helping Tasmania achieve its ambitious goal of increasing the value of the State’s agriculture to \$10 billion by 2050.

We appreciate that payroll tax is an important revenue source for the Tasmanian Government and we have been asked to identify alternative revenue sources to offset any reduction in payroll tax revenue.

While we are far from specialists in this area, we are as always happy to work with government to identify possible solutions. In this regard we suggest consideration should be given to a tax on visitors to Tasmania, collected through the points of entry – airports and shipping terminals. With some 1 million visitors to the state each year, changing a modest fee to assist in funding essential services such as biosecurity measures would be easily justifiable.

Victorian Government implemented a short stay levy from 1 January 2025. The levy is 7.5% of the total accommodation booking fee paid and applies to stays shorter than 28 days. This is estimated to raise \$75 million in 2025-26. Many countries have an entry tax or visitor tax, including Italy, Spain, Thailand, Japan, New Zealand, Greece, Austria, Indonesia, France, and the Netherlands. Some states of USA and Bali within Indonesia have it. The funding is used to support infrastructure and maintenance and repair of public facilities. It can be collected on accommodation nights or through point of entry facilities.

Irrigation has been a game changer in Tasmania and has made a significant contribution to the shift from broad acre farming to intensive agriculture including fruit growing. Continued investment and improved access and efficiency of the system, such as the Greter South East and Tamar schemes, will continue this transition.

Improved water storage arrangements and management of irrigation availability from natural water courses is also essential. Particularly when there is competing demand from residential expansion into long term productive agriculture lands, access to irrigation water is vital.

The irrigation schemes managed by Tasmanian Irrigation also represent a sensible and commendable balance of Federal Government, Tasmanian Government and farmer investment in critical infrastructure, with the provision of user funds to maintain and replace that infrastructure into the future without that process being compromised by unreasonable extraction of dividends and the like.

Biosecurity or the loss of fruit fly area freedom is another game changer and for the fruit industry offers huge market advantage particularly in export markets. Continued investment in a robust system is so critical. If we lost fruit fly freedom, the cost of fulfilling additional phytosanitary treatment requirements and the subsequent loss of the premium positioning in our markets would be enormous.

The Tasmanian brand is underpinned by our Pest Free Area status – our physical isolation and the biosecurity system which ensures that we are free from many pests and diseases allows not just access to markets but premium positioning within those markets. It is very important to the brand.

Cherries are Australia's fourth largest fruit export and half of all Australia's cherry exports are grown in Tasmania. In the 2024-25 season 57% of all Tasmania's cherry exports went to countries that only Tasmania can export to due to the Pest Free Area from fruit flies or utilised treat free pathways based on the Pest Free Area.

Exports for Tasmania's largest fruit crop berries will also become more dependent on this Pest Free Area status as exports grow and further market access is achieved.

Investing in People

The Government could materially assist in overcoming the barriers to attracting the skilled workforce needed by committing to the establishment of a Tasmanian Designated Area Migration Agreement (DAMA).

This new visa option will complement Tasmania's ongoing efforts to address its workforce challenges through tailored migration solutions and more options for Tasmanian employers.

This new visa option will provide a range of benefits to employers and offer a broader pool of skilled overseas workers available in standard employer sponsored visa programs by:

- increasing the age threshold (generally 55 rather than 45)
- adding more occupations
- including lower-skilled roles
- reducing the minimum income threshold
- providing a clear permanent residence pathway.

We think that this added flexibility will help to ease some of the disadvantage Tasmania experiences in attracting employees relative to mainland states and territories.

Smarter Regulation

We question whether the Tasmanian Government's red tape reduction effort could be considered a great success. The Discussion Paper mentions a portal to enable easier reporting and has assisted the Government in collating the issues but has not tackled the compliance cost for industry.

A prime example of this has been the ***State Planning Provisions Amendment - 05/2024 - Agriculture Worker Accommodation & LUPA Regulations***. While the Government's election policy was to facilitate increased investment in on farm accommodation through sensible regulation, the bureaucratic red tape implementation saw regulations with arbitrary and over zealous provisions and restrictions. The disconnect within government was clearly demonstrated when the Office of the Coordinator-General immediately raised concerns with industry upon its release. Why is a review by the Red Tape Reduction Coordinator not organised within government prior to draft regulations being released?

As a reduction this much needed improvement in facilitation for on farm accommodation has stalled at the 'Review of Submissions' stage following the completion of consultation in August 2024.

We would argue that consideration be given to entrenching in these state planning provisions the right for growers to invest in modern day and efficient protected cropping structures such as netted orchards, rain covers and poly tunnels. On appropriately zoned land, these should be subject to neither development nor building regulation by local government. Even more importantly local government should not be allowed to regulate tree support infrastructure such as trellis construction.

Demand:

The Tasmanian brand is underpinned by a range of attributes – cool climate, fertile soils, clean air, pure water, pest free status, GMO freedom, hydroelectricity and export culture. Our story resonates well with customers and buyers in premium markets.

On the flip side, Tasmania as a growing region has a range of drawbacks that impact on our competitiveness and profitability – labour costs, input costs, distance from markets, etc. Support with marketing and promotion is important for the industry which often struggles to successfully engage with and promote to, our 20+ global markets.

Fresh fruit is a highly traded commodity particularly in Asia. Produce is sourced from all over the world and being noticed by customers and consumers is difficult. Industry greatly appreciates the support with marketing and promotion and market access initiatives that the Tasmanian Government funds. It's critical especially as we don't get the same support or access that other states receive through the nationally funded industry activities.

Fruit Growers Tasmania has worked hard to develop and promote the *Tasmanian Grown* brand. Connected to the general TASMANIAN brand, the *Tasmanian Grown* brand was developed for all horticulture, has its own website and currently includes three promotional videos.

Sustainability:

We note the aspirational ***Circular Economy*** vision of Tasmania as “a place where nothing is wasted”. However, the real world Tasmanian experience of recycling of the major waste streams means this is far from a reality.

With the introduction of the Tasmanian Government Landfill Levy there is the opportunity to address the undoubted market failures that exist in this area, the number one being plastics.

Piecemeal solutions and dilution of the available funds across many areas is simply not working. To address the plastic recycling issue requires a significant investment and given the market failure in this area and the enormous public good that would be generated, this investment needs to come from government and the funds are there.

While scale is often discussed as a barrier, Sustainable Plastic Solutions located in the Western District of Victoria has proved that a regional solution is possible. The model seems to exist, but how can we translate that to the Tasmanian context?

The role and involvement of government in the strategy:

The role of government in agriculture (as in many areas) is to create a supportive environment that allows industry to grow, invest, employ, trade and prosper, while addressing significant market failures, investing in public goods particularly infrastructure, addressing areas of long term or unreasonable risk and setting appropriate regulation while ensuring the protection of people, our environment and way of life.

In other words, there are certain fundamentals that government must provide and often only the government can or will provide. There are a myriad of other things that government could choose to provide, but in short we are suggesting the government should have a strategy to stick primarily to delivering its fundamentals, not try to be all things to all people hence prioritise, spend what industry and the public can afford to fund and not try to pick winners.

In terms of picking winners, governments love new innovations and ideas – but rarely have the capacity to choose these well. Focus and spending on picking winners regularly distracts and compromises their ability to deliver the fundamentals.

So at the opposite end of ‘picking winners’, we suggest it is essential that the Tasmanian Government focus on the fundamentals and in particular the critical fundamentals or ‘game changers’.

All government expenditure should be assessed against the return it delivers to the state.

Finally, while the Strategy is likely to apply to all agriculture, public and private, it is vital that government clearly identifies its own role and not measures success generically through incorporating the growth and activities of industry.

As identified at the outset, we support the strategy articulating clearly the **Tasmanian Government** *“policy settings and potential investment, programs and initiatives that would continue to foster a competitive, productive and sustainable agricultural sector.”*