

19 April 2022

## **FRUIT GROWERS TASMANIA**

### **Federal Election 2022 - Requested Commitments to Policy and Support**

Fruit Growers Tasmania represents the interests of the Tasmanian fruit growers who produce some \$300 million of fruit each year. Fruit Growers Tasmania is a not-for-profit association with some 90 grower members of all shapes and sizes across the north, north-west, central and south of Tasmania, producing apples, berries, cherries, other stone fruit including apricots, and pears.

Fruit Growers Tasmania and Tasmania's fruit growers have worked co-operatively over many years with the Australian Government of the day to assist the government to connect with growers and effectively deliver their programs and policies, as well as to provide the timely, accurate and considered position of the fruit industry to government. To deliver this, Fruit Growers Tasmania relies on both funding from its members and industry partners, and even more importantly on grant funding from the Australian and Tasmanian Governments.

The industry directly employs some 1,500 people in ongoing roles, and some 8,000 people in seasonal roles at the peak of the harvest season. In addition, many more people are employed in areas which supply inputs to the fruit industry; provide it with agronomic advice; transport finished produce; and distribute to retail customers, restaurants and eateries.

As outlined in the Tasmanian Government's June 2021 Agribusiness Insights report 47,000 tonnes of fruit were produced in 2019-20 with a farm gate value for 2018-19 of \$275 million. The fruit industry was the 4<sup>th</sup> largest agricultural sector behind Red Meat (\$780m), Dairy (\$470m) and Vegetables (\$305m). The report also highlighted an average year-on-year growth in fruit farm gate value over the previous seven years of 17%. This growth is much higher than the other main agriculture sectors, (Red Meat 10%, Dairy 6%, Vegetables 3%, Field Crops 4%). Only the wine sector is similar (16%) albeit on a much lower value base (\$47m).

Our industry relies on the sensible and supportive policies of government to provide an environment where it will be encouraged to continue to invest, employ and grow.

Outlined in the attached are some of the key issues facing the Tasmanian fruit industry and requested practicable and affordable policies and funding commitments through which the Australian Government can provide real support in addressing these key issues.

Specifically, Fruit Growers Tasmania seeks the following commitments from your party to enable the Tasmanian fruit industry to continue to grow and contribute to investment, production, trade and employment growth within the economy.

- ✓ **The amendment of the Tasmanian Freight Equalisation Scheme southbound assistance arrangements so that empty wooden apple bins become eligible for assistance, in line with other inputs to production.**
- ✓ **Amendment of the Environment Protection and Biodiversity Conservation Act 1999 to implement the Senate Environment Committee's 2017 report recommendation to allow for the lawful possession of the existing Tasmanian bumblebee population within Tasmania and its use for commercial pollination, under a two year trial period to consider any adverse environmental impacts.**
- ✓ **\$10 million in additional funding for Tasmanian growers under the Horticultural Netting Program Trial to increase both the quantum of individual support (\$300,000 instead of \$150,000) and the number of growers supported (33 instead of 13).**
- ✓ **The extension of current Australian Government funding to Fruit Growers Tasmania of \$450,000 over 3 years from 1 January 2023 to allow us to support fruit producers and exporters to comply with international protocol market requirements, promote our produce and pursue further market access and technical market improvements.**
- ✓ **\$300,000 in funding over 3 years to Fruit Growers Tasmania to establish an Australian Cherry Improvement Program to match the Australian Pome Fruit Improvement Program and boost varietal advancement and new plant availability.**
- ✓ **\$2 million in up front funding, with an additional \$600,000 over 3 years for Fruit Growers Tasmania to develop a Temperate Fruit Industry Improvement Centre at the dis-used Tasmanian Government owned Grove farm site in the Huon Valley – the most significant of Tasmania's cherry and apple production regions.**
- ✓ **A \$60 million investment to complete Phase 2 and 3 of Hobart Airport's part completed runway and airfield upgrades, on Australian Government land, to provide the certainty for fruit producers from all parts of Tasmania to invest and pursue export markets. (A further \$20 million to be contributed by the Airport.) Direct flight capacity from Hobart airport to international markets is essential for northern Tasmanian berry growers to establish export markets.**
- ✓ **The introduction of more reasonable depreciation arrangements for business investment in worker accommodation both on farm and in regional and remote areas, and the inclusion of such investment in any initiatives to support business investment through temporary full expensing, increased instant asset write-off and accelerated depreciation.**

- ✓ **The provision of an Australian Tax Office ruling to clarify and ensure that capital expenditure on crop protection structures, netting and covers can be depreciated on the same schedule as agricultural fencing for livestock and wildlife exclusion.**
- ✓ **The re-introduction of support for business investment through temporary full expensing, increased instant asset write-off and accelerated depreciation for the agricultural sector given the higher risk profile businesses in this sector face.**
- ✓ **The introduction of an increased Income Bank for JobSeeker, Youth Allowance (as a job seeker) and Age Pension in the same way and under the same conditions as that which currently applies to Youth Allowance (as a student or apprentice), Austudy and ABSTUDY Living Allowance, potentially restricted to rural and remote locations and/or income earned under the Horticulture Award.**

Thank you for considering the above practicable and affordable policy and support requests that would make a significant difference to the Tasmanian fruit industry.

I look forward to your support through your election commitments in response to the above requests.

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  
0429 588 481

## **FRUIT GROWERS TASMANIA**

### **Federal Election 2022 - Key Issues Facing the Tasmanian Fruit Industry and Requested Commitments to Policy and Support**

The Tasmanian fruit industry is an inclusive, progressive, sustainable and heavily trade oriented industry.

The industry benefits greatly from Tasmania's strong biosecurity credentials, in particular, the state's pest free area status from fruit fly. This has allowed Tasmanian fruit to develop preferential protocol access to a range of important markets. This has often provided a platform to build access from other Australian production areas.

However, like so many other Tasmanian sectors, the Tasmanian fruit industry also suffers from some of the disadvantages of the disconnect from the greater Australian mainland, particularly from a transport perspective. Below we outline the challenges and policy needs of key sectors within Tasmania's fruit industries.

#### **Cherries:**

Tasmania is Australia's largest cherry export state accounting for an estimated 61% of national exports this year. However, if the sector is to grow further the Tasmanian cherry sector needs to be promoted in-market and pursue further market access and technical market improvements to current and existing markets.

Supporting the pathway through to protocol markets and pursuing further market access and technical market improvements is a role Fruit Growers Tasmania has played for many years.

**We seek your commitment to the extension of current Federal Government funding to Fruit Growers Tasmania of \$450,000 over 3 years from 1 January 2023 to allow us to support fruit producers and exporters to comply with international protocol market requirements, promote our produce and pursue further market access and technical market improvements.**

Specific transport links like the state's only international airport in Hobart need to be improved to ensure our exporters remain competitive and services are available that shorten the length of the journey to market and remove transit stops.

**We seek your commitment to a \$60 million investment to complete Phase 2 and 3 of Hobart Airport's part completed runway and airfield upgrades, on Australian Government land, to provide the certainty for fruit producers from all parts of Tasmania to invest and pursue export markets. (A further \$20 million to be contributed by the Airport.)**

In addition, to grow cherry production in the most ideal conditions in Australia, the Tasmanian cherry sector will continue to pursue excellence in its production techniques and practices.

To support this **we seek your commitment to \$300,000 in funding over 3 years to Fruit Growers Tasmania to establish an Australian Cherry Improvement Program to match the Australian Pome Fruit Improvement Program and boost varietal advancement and new plant availability.**

Much research and development has been undertaken over many years, and while more is always required, what is required even more is a Temperate Fruit Industry Improvement Centre to test the local compatibility of new varieties; promote the extension of research and development; demonstrate the potential of research, new technologies and practices to growers; and most importantly, encourage adoption. Grower behaviour is greatly influenced by what they can observe, review and discuss.

To create this **we seek your commitment to \$2 million in up front funding, with an additional \$600,000 over 3 years for Fruit Growers Tasmania to develop a Temperate Fruit Industry Improvement Centre at the dis-used Tasmanian Government owned Grove farm site in the Huon Valley – the most significant of Tasmania’s cherry and apple production regions.**

This site would provide a permanent home for the new Australian Cherry Improvement Program.

Fruit growing is a risky business. Capital expenditure to expand and protect production areas and install improved grading and packing lines is significant. The returns on such investment are necessarily longer term but the expenditure is up front.

The recent initiatives to support business investment through temporary full expensing, increased instant asset write-off and accelerated depreciation, made a marked difference to the risk profile faced by businesses and did what they were designed to do – encouraged business investment.

Improved depreciation arrangements for business investment have no additional cost for government, only a delay to the timing of tax payments, and through encouraging investment lead to greater productive capacity, increased employment and higher tax returns over the longer term.

**We seek your commitment to the re-introduction of support for business investment through temporary full expensing, increased instant asset write-off and accelerated depreciation for the agricultural sector given the higher risk profile businesses in this sector face.**

**In addition, we seek your commitment to an Australian Tax Office ruling being provided to clarify and ensure that capital expenditure on crop protection structures, netting and covers can be depreciated on the same schedule as agricultural fencing for livestock and wildlife exclusion.**

**Berries:**

Berries are the largest sector of Tasmania's fruit industry with production of an estimated \$200 million per year and growing. The sector employs around half of the people engaged directly in the industry, and unlike other sectors its harvest season is much longer, running from October through to June each year. The main production areas are spread across the north-east, north, north-west and upper central parts of the state.

This sector is growing rapidly and so too are its labour needs. Worker accommodation on farm and in rural and regional settings is recognized as a major issue and is an area where current disincentives to invest need to be removed. Harvest workers in particular also have to compete with Tasmanian residents to secure accommodation, exacerbating existing housing shortages.

Like capital investment in other areas, investment in worker accommodation both on farm and in regional and remote areas involve significant up front expenditure, with modest if any returns only over the longer term.

**We seek your commitment to the introduction of more reasonable depreciation arrangements for business investment in worker accommodation both on farm and in regional and remote areas, and the inclusion of such investment in any initiatives to support business investment through temporary full expensing, increased instant asset write-off and accelerated depreciation.**

The Tasmanian industry, Fruit Growers Tasmania and Tasmanian Government have increased their efforts throughout the COVID-19 pandemic to encourage and attract Tasmanian locals to participate in the seasonal harvesting of fruit, vegetables and wine grapes. In the fruit industry alone some 8,000 positions are available annually for work in seasonal harvest roles.

The Federal Government does not allow the recipients of JobSeeker or the Age Pension to manage their earnings and benefits via an Income Bank, unlike the arrangements for Youth Allowance (as a student), Austudy and ABSTUDY Living Allowance.

The Income Bank allows students to 'bank' up to \$11,300 in accumulated fortnightly income credits (at a rate of up to \$452 a fortnight) to be used to offset higher levels of income earned in short periods, without affecting their government payments. This is an ideal arrangement from the perspective of allowing Australian workers to fully utilize their Income Bank during the busy time of seasonal harvest windows.

Conversely, not providing an Income Bank for JobSeeker or Age Pension recipients creates a barrier to these recipients participating in seasonal work due to the effect it will have on their government payments. Currently JobSeeker recipients can only accumulate Working Credits of a maximum of \$1,000 (at a maximum rate of \$48 per fortnight) and Youth Allowance recipients (as a job seeker) can only accumulate a maximum of \$3,500.

**We seek your commitment to the introduction of an increased Income Bank for JobSeeker, Youth Allowance (as a job seeker) and Age Pension in the same way and under the same conditions as that which currently applies to Youth Allowance (as a student), Austudy and ABSTUDY Living Allowance, potentially restricted to rural and remote locations and/or income earned under the Horticulture Award.**

The berry sector will also have a requirement to participate in international markets given the high seasonal saturation of domestic markets. As is the case for cherries, if the sector is to continue to grow the Tasmanian berry sector needs to pursue exports in currently available markets as well as through further market access and technical market improvements to current and existing markets.

Exporting is an unfamiliar space for most berry growers and one where they will require support.

As mentioned above, **we seek your commitment to the extension of the very modest current Federal Government funding to Fruit Growers Tasmania of \$450,000 over 3 years from 1 January 2023 to allow Fruit Growers Tasmania to work with national bodies and provide support to berry exporters, especially to protocol markets.**

**Direct flight capacity from Hobart airport to international markets is important for northern Tasmanian berry growers.** This relies on the runway and airfield upgrade being completed.

#### **Apples:**

Tasmania's apple sector is facing one of its most challenging times since the late 1970s. Difficult restructuring looks all but inevitable.

- × Costs are increasing, prices are not
- × A key transport cost across Bass Strait is not covered by the Tasmanian Freight Equalisation Scheme
- × Crop protection to mitigate against storm damage and wildlife and conserve water are less affordable than ever
- × Changes to the Horticulture Award will affect smaller growers especially (which typify the apple sector more than most), in the way orchard supervision works and the need to invest in technology to minimize higher administrative costs.

The apple sector needs assistance. To be profitable it needs to pursue even better production techniques and practices, despite much investment in recent years in replacement orchards. A Temperate Fruit Industry Improvement Centre to test the local compatibility of new varieties; promote the extension of research and development; demonstrate research, new technologies and practices to growers; and most importantly, encourage adoption, would be a significant step forward.

**As mentioned above we seek your commitment to \$2 million in up front funding, with an additional \$600,000 over 3 years for Fruit Growers Tasmania to develop a Temperate Fruit Industry Improvement Centre at the dis-used Tasmanian Government owned Grove farm site in the Huon Valley – the most significant of Tasmania’s cherry and apple production regions.**

This would provide a permanent home for the Australian Pome Fruit Improvement Program, and locate it alongside Australia’s most significant heritage apple orchard. The synergies with a new Australian Cherry Improvement Program would also be of major benefit.

The Federal Government’s Horticultural Netting Program Trial has seen \$61 million allocated to promote the installation of netting. Just 3.2%, \$1.96 million of this was allocated to Tasmania, despite the fact Tasmania is more than a quarter of Australia’s cherry production and 61% of cherry exports, and some 16% of all apple production – two of the key fruits requiring netting. Even the Federal Government allocated itself more than twice as much to administer the trial!

This inequity needs to be addressed at a time when it would be most useful to growers. That time is now.

The December 2021 hail storm in the Huon Valley which is estimated to have caused some \$4.5 million in damage to fruit and some \$1 million to infrastructure, clearly demonstrated the importance of the issue. Although the very recent approval of Fruit Growers Tasmania’s application for disaster recover assistance for the affected growers is most welcome, grants of up to \$10,000 plus concessional interest rate loans are not a solution. Prevention through netting is.

Cherries and apples are fruits that are regularly netted and yield clear benefits to the grower, workers (through more reliable production) and the environment (water conservation and wildlife). However, with the current challenging commercial situation facing apple growers, the affordability of netting has never been more difficult.

A 3.2% allocation of Australian Government netting support to Tasmanian growers is quite frankly an embarrassment.



To redress this situation, **we seek your commitment to \$10 million in additional funding for Tasmanian growers under the Horticultural Netting Program Trial to increase both the quantum of individual support (\$300,000 instead of \$150,000) and the number of growers supported (33 instead of 13)**, a level of funding that corrects past under funding and that will truly make a difference.

Given apples' volume (some 40,000 tonnes of Tasmanian production), their relatively low price per kilo, and the location of the largest apple packhouses and storage facilities in Victoria, the disadvantages of the disconnect from the greater Australian mainland, particularly from a transport perspective, is most keenly felt by apples.

A significant proportion of Tasmanian apples are picked into wooden bins then shipped immediately at ambient temperature to the major Victorian packhouses. The distance and additional costs facing growers due to the high cost of Bass Strait shipping for a high volume product like apples (albeit this receives Tasmanian Freight Equalisation Scheme assistance), reduce the returns to Tasmanian apple growers in comparison to other production areas. Furthermore, there is the additional cost of transporting empty wooden apple bins southbound across Bass Strait in readiness for the harvest. These empty bins, which occupy the same space as a full bin, do not receive assistance under the Tasmanian Freight Equalisation Scheme, and hence the cost of their initial transport further erodes the competitiveness of Tasmanian apple growers.

**We seek your commitment to the amendment of the Tasmanian Freight Equalisation Scheme southbound assistance arrangements so that empty wooden apple bins become eligible for assistance, in line with other inputs to production.**

Pollination is a constant challenge for the horticulture sector. This challenge will only increase as both fruit and vegetable production grows.

Tasmania's endemic bumblebees (*Bombus terrestris*) have existed in Tasmania since the early 1990s and the evidence is that they have not had a detrimental impact on the Tasmanian environment. With no feasible opportunity for eradication they offer an advantage in commercial pollination because of their size, social behaviours and tolerance to difficult climatic conditions, as they do widely in overseas locations.

The current Australian Government made an election commitment to amend the Environment Protection and Biodiversity Conservation Act 1999 to implement the Senate Environment Committee's 2017 report recommendation to allow for the lawful possession of the existing Tasmanian bumblebee population within Tasmania and use for commercial pollination, under a two year trial period to consider any adverse environmental impacts. This election commitment has not been delivered.

**Accordingly, we seek your commitment to the amendment of the Environment Protection and Biodiversity Conservation Act 1999 to implement the Senate Environment Committee’s 2017 report recommendation to allow for the lawful possession of the existing Tasmanian bumblebee population within Tasmania and its use for commercial pollination, under a two year trial period to consider any adverse environmental impacts.**

**Fruit Growers Tasmania  
April 2022**