



Submission to the Inquiry into Queensland Agriculture and Resources Industries

August 2012

About Growcom

Growcom is the peak representative body for the fruit and vegetable growing industry in Queensland, providing a range of advocacy, research and industry development services. We are the only organisation in Australia to deliver services across the entire horticulture industry to businesses and organisations of all commodities, sizes and regions, as well as to associated industries in the supply chain. We are constantly in contact with growers and other horticultural business operators. As a result, we are well aware of the outlook, expectations and practical needs of our industry.

The organisation was established in 1923 as a statutory body to represent and provide services to the fruit and vegetable growing industry. As a voluntary organisation since 2003, Growcom now has grower members throughout the state and works alongside other industry organisations, local producer associations and corporate members. To provide services and networks to growers, Growcom has about 30 staff located in Brisbane, Bundaberg, Townsville, Toowoomba and Tully. We are a member of a number of state and national industry organisations and use these networks to promote our members' interests and to work on issues of common interest.

Growcom thanks the Agriculture, Resources and Environment Committee for the opportunity to make a submission into its Inquiry into Queensland Agriculture and Resource Industries.

As many of the issues mentioned below are relevant to both terms of reference, we have not listed them under one or the other.

Growcom would like to underline that we believe that some regulatory requirements, such as Quality Assurance and Food Safety, are very important for our industry. They provide protections for business and consumers and instil consumer confidence.

We would also like to mention that many of the onerous regulatory requirements in our industry come not from government but from stakeholders such as retailers, whose various regulatory schemes do not always align.

Queensland agriculture could have a distinct competitive advantage if costs and regulatory burdens can be reduced.

Payroll Tax

This regressive tax is a disincentive to employing more people and a major cost to growers. A reduction in or abolition of this tax would not only reduce the cost burden on the growers but encourage increased employment, which would provide governments with the resultant increased income tax and GST to make up at least partially if not in full for lost revenue from Payroll Tax.

Transport

A weather-proofed Bruce Highway is an urgent need. This main trunk route for much of Queensland's produce is cut by natural disasters somewhere along its length at least once a week – sometimes for days at a time. Fruit and vegetables are time critical and delays on its way to market can result in produce being spoiled. Improved rail transport would also be also assist in reducing the burden of getting produce to market.

A new Toowoomba Range crossing is also an important need. The food bowl of Toowoomba and the Darling Downs was cut off from Brisbane markets and ports for several days during the early 2011 floods, with the Toowoomba Range and all alternate detours inaccessible.

Water

The period of time between implementing a water moratorium, developing a water resource plan, WRP, and finalizing a resource operation plan, ROP, is unacceptable as it creates uncertainty and stifles business development.

Property holders are expected to install water meters at their own cost of up to \$5000 each. These meters then become the property of the Department which then leases them back to the landholders and charges them several hundred dollars per meter per year to read and maintain them. This is clearly an inequitable position.

Electricity

Prices of Tariffs commonly used on farm are scheduled to increase by as much as 300% according to Queensland Competition Authority recommendations which have been accepted by the Queensland Government.

In a recent submission to the Queensland Competition Authority, Ergon Energy used real customer data to provide information on the level of change that would be experienced by customers on different tariffs. The data shows that users of tariffs that apply to farm use or irrigation may face increases in excess of 300%.

Growcom applied these tariff changes to real consumption data over the last 2 years for a typical small Queensland grower. His retailer has advised that for tariff 22, the peak charge will decrease from 23.3 to 20.7 c/kWh (-11%), but the off peak charge will increase from 8.3 to 19.3 c/kWh (+134%) while the supply charge will increase from 77.9 to 105.6 c/day (+36%). The analysis of his usage pattern indicates that these changes to tariff 22 costs alone will increase his quarterly electricity bill by up to 43.8%. Many other growers will be facing increases of the same magnitude.

Below are listed the most common impact level that affects the most customers for each tariff for Ergon customers. The ones in bold are the tariffs which apply to farm use for irrigation:

Tariff	Change in electricity bills in 2012-13
20	-10 to 0%
21	150 to 200%
22	0 to 10%
37	50 to 100%
41	-60 to -50%
62	0 to 10% (although quite a few >100%)
63	>300%
64	>100%
65	10 to 20%
66	10 to 20%

The Queensland Government recently made a public example of Origin Energy for imposing much smaller increases on retail customers. These increases are far in excess of normal price increases and punish a group which is already using much of its electricity off-peak.

To accommodate these price rises and the introduction of new tariffs, new electricity meters will need to be installed. For some growers as many as a dozen will need to be replaced. It has not currently been determined who will pay for these new meters, but if the precedent with water meters is followed, then it is likely to be the customer. This is obviously a major regulatory cost impact on growers.

Process Streamlining

Growers are required to undergo a number of approved processes for farm activities. These can include business activities, clearing, environmental programs, and development approvals. These approval processes often require significant effort, compliance costs, & involve significant duplication.

Processes governed by state government legislation and regulation should be more closely aligned and streamlined to reduce compliance burdens and costs.

Land and Water Management Plans

Irrigators must make a Land and Water management plan in some catchments. They could also benefit from a streamlining process to reduce costs and avoid duplication with other state government processes.

Self-certification of produce

Produce to be shipped interstate often has to be certified pest free by a departmental officer before shipping. In cases this occurs despite the particular pest/s not having appeared in that area for decades. Moves toward self-certification for such growers are appreciated, but this should be extended and accelerated.

Research, Development & Extension

Any expansion of production, such as the Government's plans to double agricultural output by 2050, will rely heavily on R,D, & E and on finding new markets for this project. This will require considerable investment.

Maintenance of DAFF Queensland

Key support staff who facilitate essential services, particularly Biosecurity Queensland and extension, should be retained.

National Harmonisation

The Queensland Government should take a lead in harmonising regulations across multiple jurisdictions in minimizing compliance burden and costs for growers accessing multiple markets.