Creating a more dynamic and resilient economy inquiry

Questionnaire response 95

Name: AUSVEG

Submission date: 13/06/2025

1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

   The participant did not respond to this question.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

   The participant did not respond to this question.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

   The participant did not respond to this question.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

   Certain regulatory frameworks play a critical role in maintaining the integrity and sustainability of Australia's horticulture industry. In particular, some regulations surrounding food safety, phytosanitary trade requirements, biosecurity, and occupational health and safety, are seen as essential and largely beneficial. These areas of compliance help safeguard public health, protect domestic and international markets, as well as ensure the health, safety and wellbeing of employees. Regulation can also preserve Australia's competitive advantage as a producer of clean, safe, and high-quality produce. Growers generally support the intent of these regulations, recognising that the costs of compliance are justified by the long-term benefits of consumer trust, market access, and risk mitigation.

   Strong and well-considered biosecurity regulations, for example, provide a robust defence against pests and diseases that could decimate crop yields and disrupt supply chains. Similarly, food safety standards ensure that producers adhere to best practices that reduce contamination risks and maintain the reputation of Australian produce both domestically and abroad. These regulations also enable access to export markets, which require stringent traceability and hygiene systems. In this sense, certain compliance frameworks underpin business resilience by creating a foundation of quality and risk assurance that benefits the entire supply chain.

   However, for regulations to enhance dynamism, they must be designed and implemented in ways that are proportionate to the risk, streamlined, cost effective, and harmonised across jurisdictions. The benefits of regulation can only be fully realised when the frameworks avoid duplication, are science-based, solve problems rather than create a raft of new problems, and are supported by practical guidance and meaningful consultation with industry stakeholders.

2. How has your regulatory burden changed over time?

The regulatory burden on horticulture businesses has grown significantly in recent years. Growers face a more complex and fragmented compliance environment, with obligations imposed not only by multiple levels of government, but also by retailers, service providers (such as gas, water and electricity), and industry codes. This has led to a cumulative and overlapping burden, where growers must navigate differing requirements for similar outcomes—such as multiple audits for food safety and ethical sourcing that vary slightly between stakeholders but require significant administrative duplication.

This increase in burden is compounded by a lack of harmonisation between federal, state and local regulations, particularly in environmental, land use, and workforce compliance. For example, water management and environmental reporting requirements can vary substantially by region, leading to confusion and inefficiency, particularly for growers who operate across state borders. Another example is the lack of nationally consistent regulations relating to labour hire companies, which means that growers utilising labour hire companies in different states all have different rules and regulations to abide by.

Many growers report spending more time and money on compliance-related activities, often at the expense of core business functions, or pushing business owners to undertake compliance activities outside normal business hours. The pressure is particularly acute for small to medium-sized enterprises, which may lack dedicated compliance staff and must divert management attention to meeting regulatory requirements. The compliance and regulatory burden has been identified by vegetable growers as one of the key reasons for them considering exiting the industry permanently. In the latest AUSVEG Vegetable Industry Sentiment Survey (see attachment) in September 2024 over one third of the vegetable growers were considering exiting the industry which would have significant detrimental impacts on fresh produce supply in Australia.

The time and cost involved in meeting regulatory requirements could be significantly reduced if regulatory agencies invested more in digital transformation. Many forms and audits are still paper-based or require manual submission processes that could easily be automated or digitised. Transitioning to online systems, incorporating AI-driven reporting tools, and enabling cross-agency data sharing would ease the administrative load on growers. However, the adoption of these technologies must also be supported by targeted investment to improve digital literacy and compliance capacity on-farm, particularly for smaller operations that do not have dedicated administrative or IT staff.

Access to modern compliance tools is also limited by poor connectivity infrastructure in regional Australia. Many growers continue to face barriers to digital adoption due to unreliable internet and mobile coverage, which prevents real-time data entry, slows down audit processes, and makes it difficult to access or submit regulatory information online. To reduce compliance burden meaningfully, governments must prioritise improving digital network capability in regional areas, while also supporting the uptake of on-farm technology and workforce training to help growers meet modern compliance demands more efficiently.

An example of a changing (and increasing) compliance burden is the Food Standards Australia New Zealand (FSANZ), Primary Production and Processing Standard for Leafy Vegetables Standard that were introduced in 2023. The production and processing for leafy vegetables can be effectively covered by any recognised (GFSI) food safety standard such as SQF2000 and Freshcare, and any grower suppling to a retailer or other major customer (such as a food service company) would have an audited HACCP based food safety accreditation.

Rather than FSANZ acknowledging that a suite of food safety schemes would be a suitable prerequisite for compliance to the Standard they left it to every state and territory to assess the Standard against their own methodology, and put in place their own state-based requirements to meet (or exceed) the Standard. As a consequence, growers in every state are now faced with a range of different compliance requirements, a host of additional fees and compliance costs, and for those suppliers that send product across multiple sites, a logistical and costly nightmare.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

The most time-consuming and constraining regulations are those that are duplicative, fragmented, or disproportionate to the scale of risk. Growers are subject to overlapping compliance requirements from local, state, and federal authorities—particularly in areas such as food safety, biosecurity, workforce management, environmental protection, and water use. These systems often lack coordination, resulting in growers needing to comply with multiple audits, reports, and standards that deliver limited additional outcomes, yet demand significant time and resources. (This is highlighted in the FSANZ case study above).

Workforce compliance is a key pressure point. Growers must navigate a complex web of obligations spanning Fair Work legislation, visa conditions (e.g. PALM Scheme, WHV), and state-based labour hire licensing laws. These are particularly difficult for small and seasonal businesses without dedicated HR staff and often require legal or external advice. Likewise, environmental and planning regulations—including land use approvals, irrigation restrictions, and nutrient management rules—are often inconsistent across jurisdictions and difficult to interpret. Many growers also report that the paperwork burden tied to accessing government grants and R&D programs is excessive and can outweigh the value of the support being offered.

AUSVEG has recently contracted an independent agricultural economics consultancy firm to undertake a project to map compliance and regulation in horticulture, understand the reasons why compliance and regulation is a burden, the cost of compliance within a horticultural business and what actions can be taken at all tiers of government to reduce the burden of compliance and regulation. This project is due for completion in September 2025 and AUSVEG would be happy to discuss the outcomes of this project with the Productivity Commission.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

Industry does have good engagement with many agencies such as Food Standards Australia New Zealand (FSANZ), APVMA (Australian Pesticide and Veterinary Medicines Authority) and the ACCC. Regular engagement fosters trust and a more collaborative approach to issues. Engagement also has the ability to feed into policy decisions around compliance and regulation before it actually becomes a draft or operational policy. Lack of engagement during policy formation results in unworkable policies that generate angst and conflict – also resulting in a lot of unproductive time for both industry and government.

The vegetable industry have also expressed concern over overlapping and poorly coordinated government regulations, particularly where responsibilities are split between different departments or levels of government. For example, inconsistent rules around water access and land use planning between state and federal jurisdictions can cause delays, confusion, and missed investment opportunities.

Similarly, growers participating in workforce programs such as the PALM Scheme often report duplication in visa, employment, and accommodation reporting requirements across different agencies, with little coordination or support. At times the PALM scheme goes over and above Australia's industrial relations laws which causes issues between Australian resident employees and those migrants on a visa through the PALM scheme. Additionally, government regulation can be contradictory or out-of-scope to compliance systems such as SEDEX, a compliance scheme sometimes required to be implemented by suppliers providing product to major retailers.

Too many regulations are introduced without proper consultation, and the policymakers not understanding the operating environment to which the regulations apply. This can often be seen in policies that effect rural and regional Australia, that are developed by city-centric policy makers or are generated in departmental silos without understanding the consequences of a policy across a broader range of stakeholders.

For instance, the recent proposal to ban machetes in Victoria to reduce injuries and deaths caused by using machetes as weapons, originally failed to recognise the vital role machetes play in harvesting vegetable crops such as broccoli and cauliflowers. It was only after lobbying from the agricultural industry that the final legislation gave exemptions for the use of machetes in agriculture.

Alternatively, new compliance and regulatory requirements are often introduced with very little supporting materials such as fact sheets, training, or FAQs. The new Australian Food and Grocery Code was introduced in April 2025 however there has been no training available for suppliers on understanding the new Code, and how they can utilise the new Code effectively.

These experiences highlight the need for better inter-agency cooperation, early and meaningful industry consultation, and a focus on reducing administrative duplication while still achieving policy objectives.

Cover sheet: Supporting document #1

Vegetable Industry Sentiment Report

September 2024

INTRODUCTION

The Australian vegetable, potato and onion industry is facing a range of severe operating challenges which are threatening the viability of the growers who supply 98 percent of the fresh vegetable produce bought and consumed in Australia.

While business conditions within Australia's vegetable industry have been difficult for some time, the need to clearly identify and understand the impact of specific issues on commercial vegetable growing businesses has prompted AUSVEG to seek insights directly from growers on how the challenges they are facing are affecting sentiment, business operations and future viability. Since mid-2023, AUSVEG has conducted Industry Sentiment Surveys every six-months, gleaning invaluable insights from a cross section of small, medium and large-scale vegetable growing businesses from all Australian states, and the Northern Territory.

This has provided a recurring snapshot and summary of sentiment in the national industry, while also allowing the tracking of industry and grower sentiment over time. This report contains a current summary of the key issues and challenges facing Australia's vegetable industry, and the growers who operate within it, informed by the latest survey responses, provided in July 2024.

It is a valuable resource which not only identifies the most pressing issues impacting vegetable growing businesses, but which also can be used to inform adjustments to Government legislative, policy and regulatory settings to better contribute to the long-term viability of a sector which is crucial to the national economy, the health of Australians and national food security.

AUSVEG thanks all growers who provided insights to this confidential, anonymous survey.

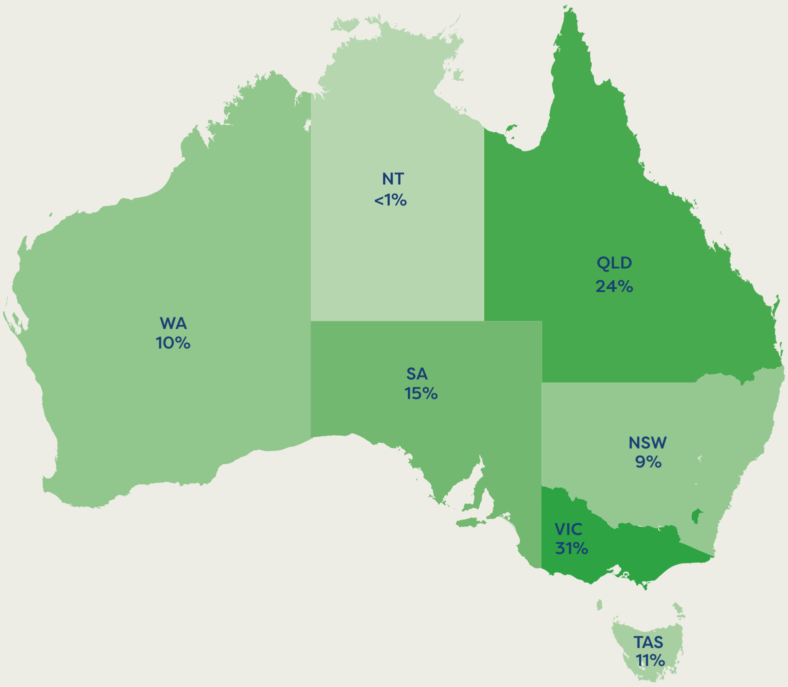
Vegetable Industry Insights

Gross value of Australian vegetable, potato and onion industry is **$5.8B**

3,600+ vegetable businesses in Australia

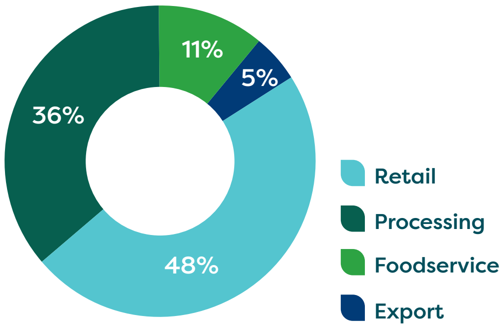
3.6M tonnes of fresh vegetables grown in Australia

48B serves of vegetables



98% of fresh vegetables sold in Australia are grown in Australia

SUPPLY CHAIN DESTINATION



34% of growers are considering leaving the industry in the next 12 months

50% growers are financially worse off than they were in June 2023

42% of those expect it to worsen by June 2025

50% of vegetable enterprises rate their business outlook as either very poor or poor

Top 5 reasons for exiting are:

- Input cost increases
- Poor retail pricing
- Increased labour costs
- Lack of operating profit for improvement, expansion and innovation
- Compliance and regulation burden

Industry Viability

The compounding challenges confronting growers have contributed to rock bottom sentiment in the sector, with an average of 34% of respondents across the sentiment surveys indicating they are considering leaving the industry within the next 12 months.

Growers are leaving the industry. That is obvious from survey responses, and anecdotal reports. This situation could have been avoided, and failing to reverse it will have serious implications for Australia's food security.

A lack of operating profit, input cost increases, poor retail prices, increased cost of labour, and compliance burden were identified as the top factors informing growers' decision about whether to leave the industry, in the most recent survey.

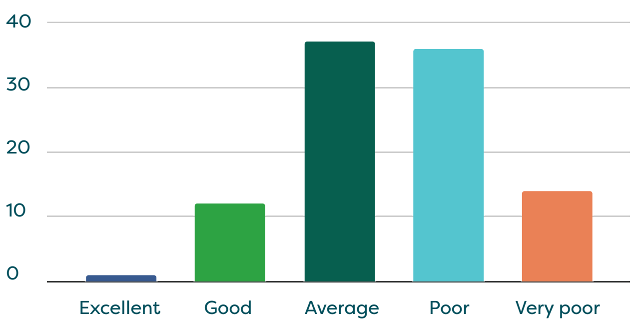
In July 2024, **50%** of growers indicated they were financially worse off than they were 12 months ago, and **28%** indicated that they would be financially worse off by June 2025. Only **9%** identified they were financially better off compared to 12 months ago and just **6%** expected they would be financially better off in another 12 months.

The severe margin squeeze being experienced by vegetable growing businesses has also severely affected their ability to invest in innovation and farm productivity initiatives. More than **70%** of growers indicated they had reduced or delayed spending and activity in capital infrastructure improvements, more than **64%** indicated they had delayed or reduced investment in innovations such new equipment purchases, **56%** indicated they had delayed or reduced expansion through acquisition of new property and more than **45%** indicated they had delayed or reduced investment in implementation of sustainability and other environmentally responsive practices.

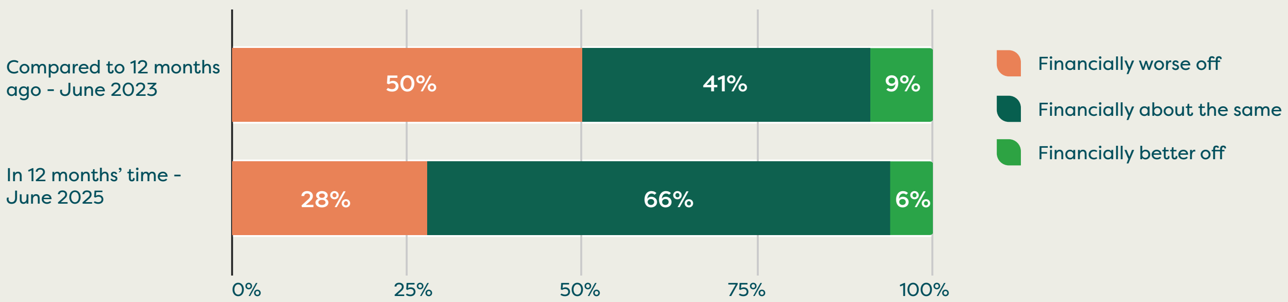
1 in 3

of growers are considering leaving the industry in the next 12 months

2024 BUSINESS OUTLOOK



BUSINESS FINANCIAL VIABILITY



Top reasons that Australian growers cite are the cause of them considering to exit the industry*.

- 56% cite input cost increases
- 45% cite poor returns from retailers
- 41% cite labour cost increases
- 40% cite lack of operating profit for capital improvements, expansion or innovation
- 35% cite the burden of compliance and regulation

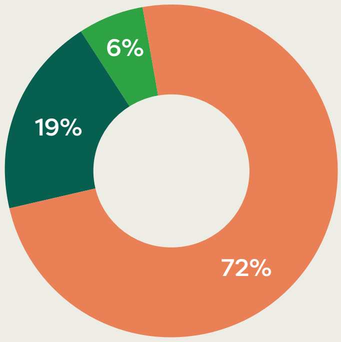
This compares to the Global Coalition of Fresh Produce 2024 survey which showed that:

The top 5 factors endangering the medium-term sustainability (two to three years) of operations were:

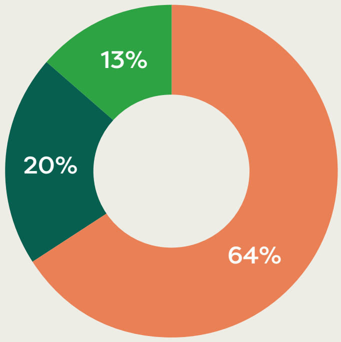
- Input cost increases
- Poor prices paid by buyers
- Increased labour costs
- Cost of compliance with regulations and standards
- Lack of profits for capital investment and innovation

(*Survey respondents could choose 3 reasons)

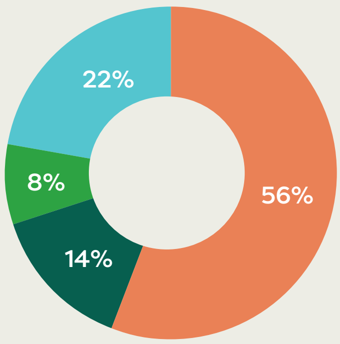
CAPITAL INFRASTRUCTURE



INNOVATION (NEW PLANT & EQUIPMENT)



EXPANSION THROUGH NEW PROPERTY ACQUISITIONS



Reduced/ Delayed Spending
Maintained Spending
Increased/ New Unplanned Spending
Not applicable

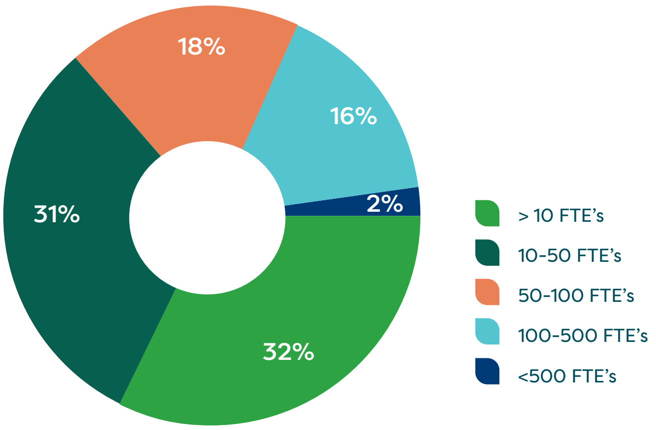
Workforce Overview

In 2024, **46%** of growers experienced workforce shortages

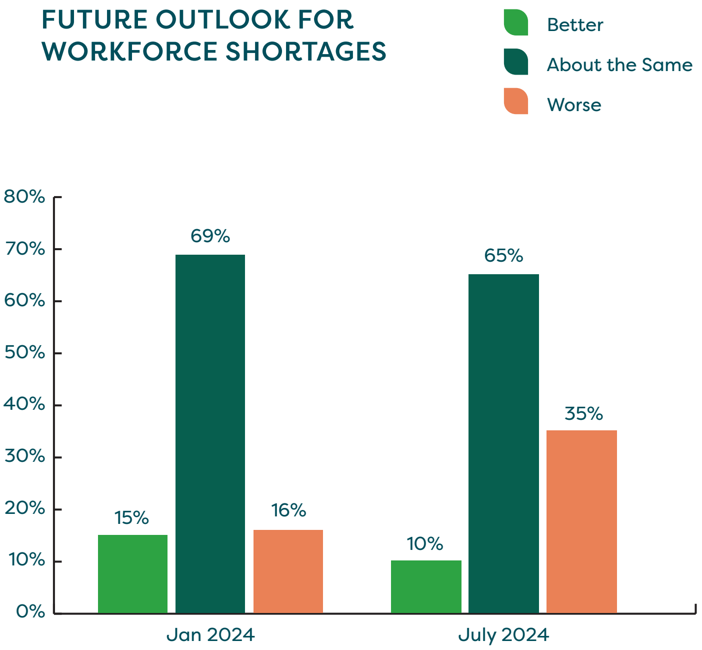
In 2024, on average, **38%** of production costs are attributed to labour.

In the top 10 percentile, labour accounts for **71%** of production costs.

VEGETABLE INDUSTRY AVERAGE FTE'S



FUTURE OUTLOOK FOR WORKFORCE SHORTAGES



Workforce shortages and labour costs are regularly identified as one of the key issues facing commercial vegetable growing businesses. In 2024 surveys, **46%** of growers indicated they were experiencing workforce shortages.

Optimism that the situation will improve remains low, with just **10%** of respondents indicating they expected workforce shortages will improve, and the overwhelming majority indicating they believed the situation would either remain about the same or worsen into the future.

Concerningly, workforce shortages are being experienced across a range of full-time, part time and casual positions, as filling a range of skilled, semi-skilled and unskilled positions continues to prove challenging.

Labour costs are another major challenge, averaging **38%** of a grower's overall cost of production, and reaching as high as high **71%** for the top 10 percentile, in 2024.

The reasons for not attracting workers to regional Australia include:

Housing: lack of affordable and/or suitable accommodation

Education: quality of education and choice e.g. religious schools

Services: healthcare, religion, recreational facilities, food (e.g. halal)

Support: community and specific migrant support, family support

Transport: poor or no suitable public transport

Perception: misunderstanding of career opportunities and job diversity, poor perception of working conditions and pay.

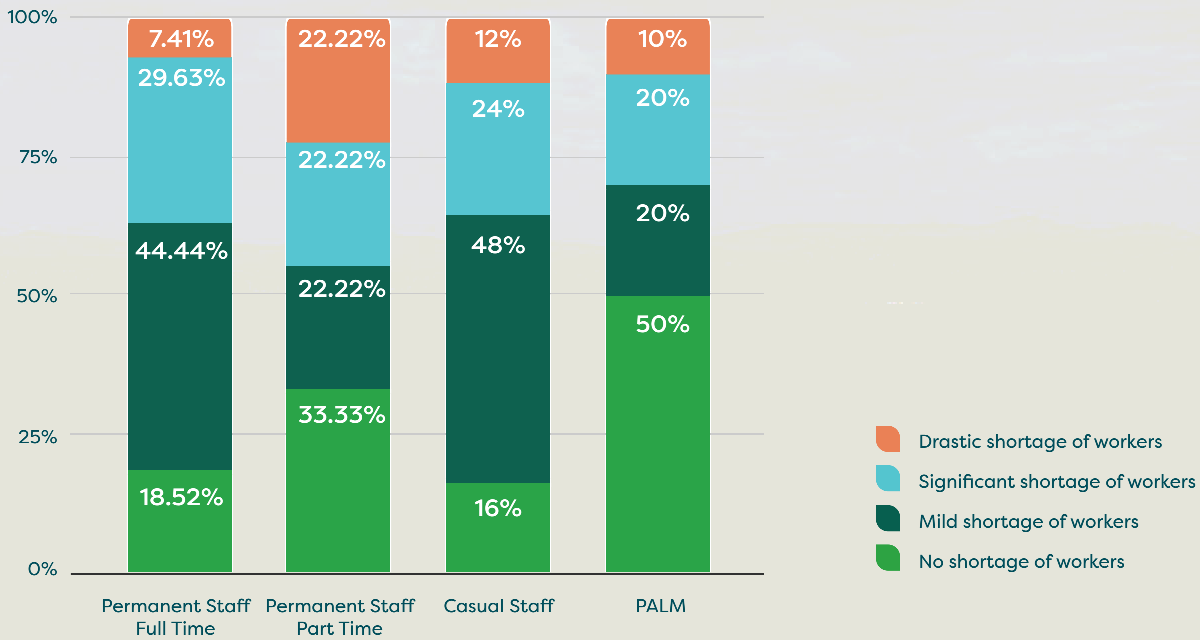
Workforce Overview

WORKFORCE SHORTAGES - JULY 2024

Forklift Driver	11%
Harvest Labour	10%
Tractor Driver	9%
Machine Operator	9%
Truck Driver	9%
Supervisor (Various)	9%
Manager (Various)	8%
Quality Assurance	6%
Farm hand	6%
Packing Shed Staff	5%
Spray Operator	4%
Agronomist	3%
Other	3%
Maintenance/Workshop	3%
Human Resources	2%
Finance/Admin	2%
Mechanic	2%

Workforce vacancies, ranked by demand, as identified by growers

IN WHAT TYPES OF ROLES ARE YOU CURRENTLY EXPERIENCING WORKFORCE SHORTAGES?



International Labour: PALM scheme & WHMs

The importance of international workers in the vegetable industry cannot be overstated, with survey results indicating that Working Holidays Makers (Backpackers) and PALM workers account for nearly **65%** of farm workers.

Significant changes to employment schemes heavily relied on by growers have also contributed to ongoing workforce shortages and challenges for Australian vegetable growing businesses.

Changes to the Pacific Australia Labour Mobility Scheme which came into effect at the beginning of 2024, rendered it unworkable for many growers. This was reflected in the January 2024 survey which indicated that **32%** of growers who utilised the PALM scheme were intending reduce their PALM workforce. In July 2024, **24%** of respondents were still intending to reduce their engagement of PALM workers.

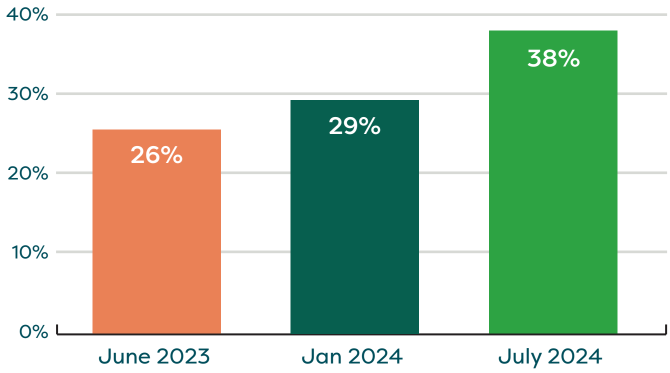
Likely reflective of the need to find alternative workforce options in light of the changes to the PALM scheme, growers identified in July 2024 that backpackers comprised **38%** of their workforce, up from **29%** in January 2024.

More than **62%** of growers indicated that the removal of the 88-day specified work requirement for working holiday maker via extensions would have a severe or critical impact on their business.

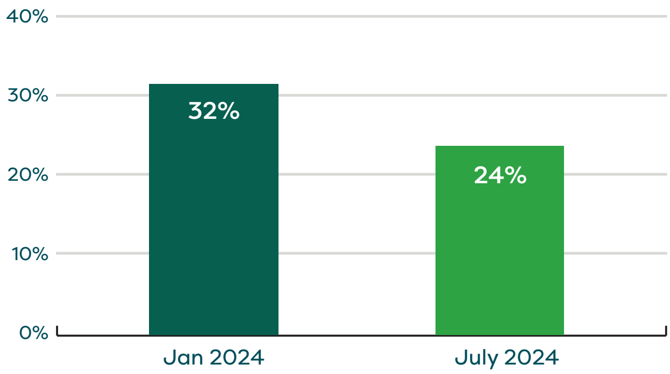
Removing the 88-day regional work requirement would have profound effect on Australian vegetable businesses with **23%** of recipients saying that WHM's were a critically important part of their seasonal labour and they would not be able to harvest their crops without backpackers.

A further **40%** said that backpackers were a very important part of their workforce mix and their business would be severely impacted if the 88-day work requirement was removed.

% OF WORKFORCE THAT ARE BACKPACKERS

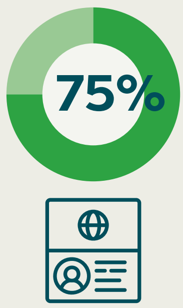


% PLANNED TO REDUCE PALM WORKFORCE NUMBERS



Utilisation of the PALM scheme by growers **dropped from 54% in June 2023 to 34% in January 2024**, attributed to changes to the PALM Deed and Guidelines.

Following changes to the 30-hr weekly averaging PALM utilisation increased to **45%** in July 2024.



75% of grower respondents would find an Agricultural or Harvest visa to fill employee demand during peak harvest windows useful, with **40%** saying it would be extremely useful.

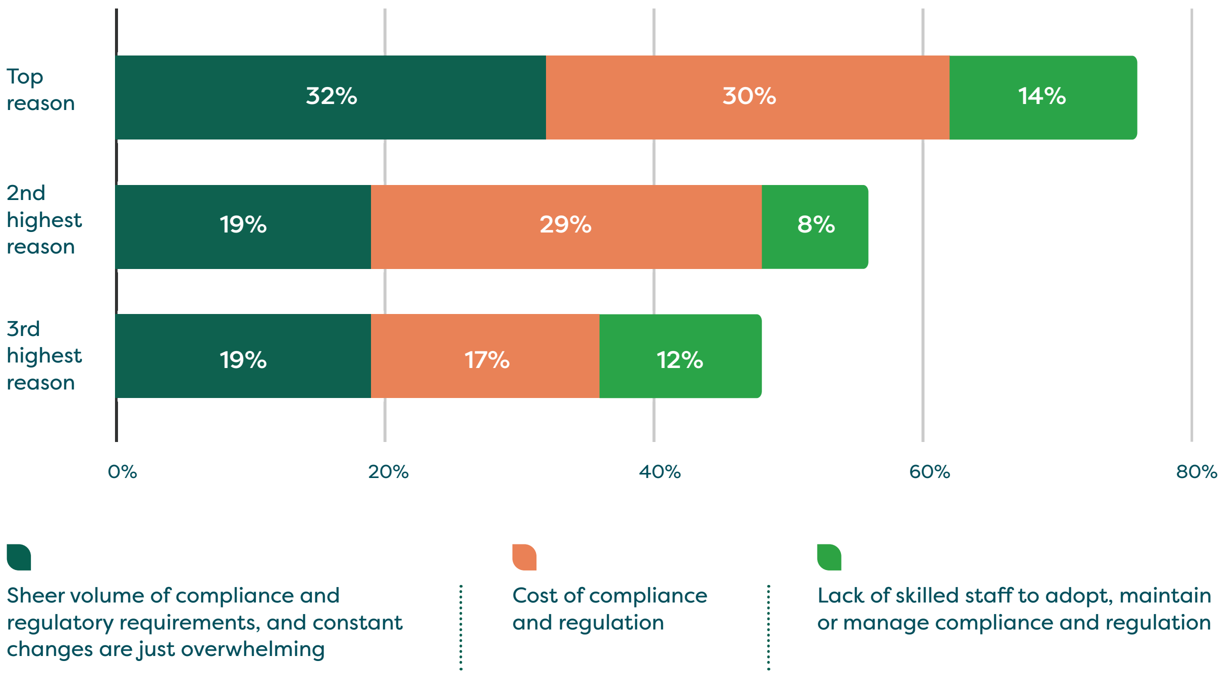
Compliance and Regulation

The mounting burden of cost and compliance with a range of Federal, State and Local Government schemes, in addition to a multitude of third party requirements, are regularly identified by growers as among the biggest challenges facing their businesses.

In the most recent sentiment survey, the significant and growing cost, as well as the sheer volume, of schemes growers are required to comply with are the aspects of compliance identified as having the largest negative material impact on their businesses.

More than **64%** of growers identified that compliance requirements around food safety and quality assurance schemes were having a high or critical impact on their businesses. Requirements around industrial relations and workforce schemes, occupational health and safety, water catchment and irrigation, and taxation were among the other top compliance challenges growers identified in the latest survey.

KEY COMPLIANCE AND REGULATION ISSUES



Compliance and Regulation

Compliance and regulatory burdens that have the highest impact on vegetable businesses:

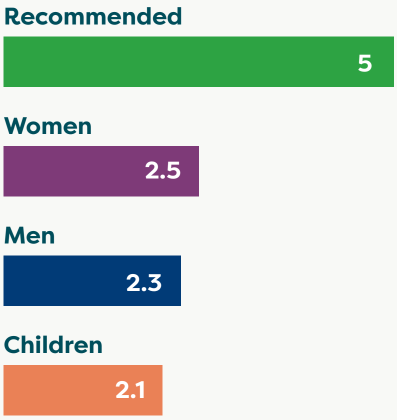
- **Industrial relations and other workforce requirements**
- **Taxation**
- **Water management, including irrigation**
- **Planning, zoning, building approvals**
- **Utilities and services including energy, telecommunications, gas, water etc**
- **Food safety, quality assurance, food labelling and other food manufacturing requirements**

Vegetable Consumption

More than 80% of Australians recognise that a healthy diet will improve their long-term health and agree that eating an extra serve of vegetables daily is a simple way to improve their health.

Despite this level of awareness, many Australians struggle to meet the recommended daily intake of 5+ serves of vegetables each day. Consumers' top three reasons for not eating enough vegetables are linked to affordability, concerns over food waste/shelf-life and lack of cooking inspiration/time. Initiatives to address these barriers to vegetable consumption require highly integrated contributions and alignment across various sectors.

Recommended vs current vegetable intake - Australia



Ref: Australian Bureau of Statistics

Recent industry research has identified that the reported average serves per Australian per day may be closer to **1.8 serves** per day when wastage is taken into account

Only 6.5% of the Australian population meet their daily recommendation of 5 serves of vegetables

72% of consumers indicate that the cost of vegetables have become more expensive

39% of consumers indicate vegetables take too much time to prepare and they struggle with a lack of cooking inspiration.

44% of consumers state their vegetables end up going to waste.

Key Recommendations

By boosting vegetable consumption by just **one serve per person per day** by 2030, there is potential to achieve a **$3.3 billion net vegetable supply chain economic benefit** spanning from growers to retailers and across vegetable growing regions; and the addition of almost 13,000 new jobs to the economy.

Increasing vegetable consumption by **one serve** has the potential to achieve **$1.4 billion in healthcare system savings** due to reduced dietary-linked disease burden over time.

The Peak Industry Body for
Australian vegetable, potato,
and onion growers

3 Glenarm Road
Glen Iris, VIC, 3146

T. (03) 9882 0277
E. info@ausveg.com.au

ausveg.com.au