

16th February 2016



Submission from Tropical Pines Pty Ltd

Tropical Pines Pty Ltd operates in the pineapple industry and is head quartered in Yeppoon in Central Queensland. The company provides packing, sales and marketing, agronomy, logistics and administrative services to 20 pineapple farmers throughout Queensland. The company operates packing facilities in Yeppoon and Beerwah, on the Sunshine Coast.

The farming business activities, governed by various legislative requirements, are:

- Clearing and preparing land
- Application of fertilisers, pesticides and herbicides and knowledge of withholding periods for chemicals
- Use of water, if available, to manage several weather related risks
- Access to and cost of labour as pineapple farming is very labour intensive. Plants are planted by hand and harvested by hand.
- Biosecurity management
- Business and farm planning
- Financial management
- Mechanical repairs as needed
- Transport by truck to packing sheds
- Investment in heavy machinery on farm and for transport
- Quality checks prior to and at harvest and management of waste

It takes almost 2 years to grow a pineapple and there is one piece of fruit per plant.

Once the fruit is harvested it generally has a maximum shelf life of 2 weeks.

When considering the impact of legislation changes on farmers it needs to be recognised that farmers have very little opportunity to pass on any cost increases to customers. Therefore changes tend to impose a further cost burden, which further reduces the profitability of farming enterprises. From our interaction with pineapple farmers, I suggest that the regulatory areas that have the greatest impact on their businesses are as follows:

- The risk of imported disease
- Loss of chemicals
- Access to water
- Ability to clear land for food production
- Access to workers, who are mainly backpackers
- Ability to construct sheds/infrastructure on rural land
- Compliance with WH&S legislation

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The Risk of Imported Disease

The regulatory issue here involves the import risk analysis undertaken by the Federal Biosecurity department. The industry argued strongly against the federal department's decision to allow the import of fresh decrowned pineapple from Malaysia because of the risk of importing a disease that is not in Australia. That disease is a bacterium known as *Dickeya* sp, which is a strain of *Erwinia Chrysanthami*. It creates an internal rot in pineapples and can affect up to 40% of the crop. There is no known method treating the disease and it can remain resident in the soil. The disease can also lay dormant in a low percentage of pineapples, meaning it can't be detected when it enters the country.

The industries position was supported by the Queensland department for Biosecurity and a senate inquiry was held to examine how this decision was made. The difficulty is that once the decision is made it can only be questioned on grounds of whether the department followed its own processes properly. There are no grounds to question the decision. The issues arising out of this example are:

- Lack of industry involvement prior to the decision.
- The federal department has to balance biosecurity and trade interests when making their decision. This should be separated. The department should be focused on biosecurity.
- There should be an ability to question a decision if it is wrong.
- The risk assessment matrix used by the department needs to be independently reviewed because it is very unusual and it is very difficult to arrive at an overall risk higher than very low.
- Information provided by credible, experienced and well qualified scientists from overseas should not be dismissed on the basis that their information has not been published in a scientific journal.

Loss of Chemicals

Due to a report compiled by the WWF, a decision was taken by federal authorities to ban the use of Diuron. The intention was to prevent the use of Diuron on cane farms that tend to be in low lying, wet areas near the coast. The pineapple industry was collateral damage as Diuron is the most effective chemical to combat particularly damaging weeds during the two year lifecycle of the crop. The cane industry has been successful in retaining access to this chemical but the pineapple industry does not have sufficient funds and people available to overturn the decision for the pineapple industry. Therefore it remains collateral damage. Diuron is only banned in Australia, based on one WWF report. It is still used on pineapple farms throughout the world, including Hawaii. The argument used in the WWF report was that this chemical is harmful to the reef. The banning of the chemical does not take into account the following:

- The chemical is used for antifouling on ships
- The distance between farms and the coast or river systems
- The capture of chemicals on farm and the gradient of farms

This chemical was banned without any meaningful consultation with pineapple farmers to understand the impact of the decision and it is now left to the pineapple industry to refute what is stated in the WWF report and try to find another chemical to replace Diuron. Finding another chemical is very problematic because of the length of the growing cycle for pineapples and the fact that it is a small industry and therefore of little commercial interest to global chemical companies, especially when the chemical can be used overseas.

Access to Water

Farmers need access to water to manage the risk of drought. Pineapples need very little water, however, they can't survive for an extended period without any water. Because it takes two years to grow a pineapple, pineapples are at far greater risk of a bad weather event eg a drought, than most crops. Water is also used by farmers to protect the fruit against heat damage on very hot days and can be used to protect a crop against frost, which will kill pineapple plants. Therefore, farmers need to be able to access water from small scale dams or underground water on their properties to effectively manage weather related risks that can destroy their crops. Farms have become much larger in size in the last few decades so they can remain viable and therefore dams need to be of sufficient size to be effective.

I am not aware of how the size of dams is determined but trust it takes account of the needs of farmers and the environmental impact on appropriate sized regions in rural areas. For example, any water from farms in Yeppoon travels into streams that join the Fitzroy River in Rockhampton. The volume of water that travels down the Fitzroy and out to sea is enormous and would not be affected by the size of dams on farms in Yeppoon that are 30-40 kilometres away. If the determination is made for a whole state then it is likely to be inappropriate for farming and environmental needs of many specific areas.

Ability to Clear Land for Food Production

The previous state government of Queensland allowed the clearing of suitable horticultural land for the purpose of food production. This is important for the following reasons:

- Farms that were close to the coast have been sold for residential property development. This has meant that new farms have needed to be established further inland and land has needed to be cleared to enable the establishment of new farms
- If land can't be cleared for food production it is likely that food production will reduce whilst our population grows. That means we will need to import more food from overseas that may or may not have been grown under the same high food standards that apply in Australia. That potentially will impact the cost of food or compromise the quality of the food we eat in Australia.

When considering this issue, we believe it is important not to legislate in absolute terms but allow sensible development of food producing land after considering the wider implications of any decision. We are currently faced with a potential ban on clearing any land in Queensland for food production for political reasons.

Access to Workers

Pineapple farmers and our company, which packs fruit on behalf of 20 farms, rely heavily on backpackers as a key source of labour. Horticulture generally is heavily reliant on backpackers for labour for the following reasons:

- The work is seasonal and intermittent and therefore suits a transient labour force.
- Much of the work is very labour intensive.
- When a crop is ready to be harvested there is very little time available to harvest before the produce becomes too mature and must be thrown away.

The Federal government recently announced its intention to change the tax arrangements for the visas granted to backpackers. The industry is very concerned about the impact this can have on the ability to attract backpackers to work on farms. If backpackers are not available to work on farms and in packing sheds then produce will rot in the field and not get to market. There is no effective labour source available

to replace the backpackers because of the nature of horticulture. Backpackers are also seen as attractive to rural communities because they support rural and regional economies by spending their wages locally.

If the Federal government is intent on implementing its taxation change for existing visas we ask that the government allow backpackers who wish to work in the rural industries an ability to retain the same taxation benefits under a new or separate visa that is designed for this specific purpose.

Apart from the risk of changes to tax legislation, the industry is also trying to defend the current Horticultural Award, which is balanced and works well for all participants in the industry. The current award recognises the unique challenges of dealing with fresh produce that needs to be harvested when it is ripe. That won't necessarily be on week days. The current award therefore provides flexibility for casuals working on any day of the week without incurring penalty rates. The casual loading was increased from 23% to 25% as compensation for this. There is currently a push by unions to change the award to require a minimum of 4 hours work for casuals on any given day and penalty rates to apply in line with full time employees. These changes could have a significant impact on farming businesses because the majority of the workforce is casual.

Ability to Build a Packing Facility on Rural Land

We have recently been exploring a need to build a new packing facility on rural land on the Sunshine Coast. The size of the shed that we plan to build is 1,200sqm but we would need a total land area of about 2 acres to provide ease of access for trucks, cold rooms, loading and unloading facilities, meeting room etc. The reasons for this investment and its location are:

- We have a growing industry in that area and it now accounts for about 60% of our supply of pineapples.
- The location we have in mind is close to the 12 farms that we support in that region. Proximity is important to limit any damage to fruit in transit to the packing shed.
- We wish to secure a suitable packing facility for the long term, rather than continue with a short term leasing option.

When we investigated the planning laws it became clear that we won't be able to gain planning approval due to the Rural Industries Code. That code, which is state government legislation, will not permit the construction of a packing facility on Class A or Class B agricultural land. The stated purpose is to protect agricultural land. Our argument is that if we are unable to build a packing facility to support the packaging and sale of fruit for 12 farmers in the area, then that could be very detrimental to the long term sustainability of the industry in that region. In other words there is no point in protecting agricultural land if farmers are prevented from packing and selling their fruit in a coordinated manner that provides them with a good farm-gate return and a sustainable farming business.

Compliance with WH&S Legislation

This legislation is very prescriptive and can place farming businesses at considerable risk because they do not have the resources or knowledge to build the systems and processes required under the legislation. An example of the prescriptive nature of the legislation is that all forklifts must have a flashing light attached even if they are only operated during daylight hours in open spaces. All new forklifts will have flashing lights attached but old forklifts will not. This is not an expensive issue to deal with but provided as an example for information only. Any defence under the legislation will require comprehensive, documented systems and processes and then a considerable amount of documentation to support the fact

that the systems and processes are working as documented. The amount of time required to complete the required level of documentation is also a significant burden on their productivity and profitability.

GST on Fresh Food

Currently GST is not charged on fresh food and we understand that there is no current inclination to change that. The only point that needs to be made here is that if GST was to be introduced for fresh food then it is likely to reduce farmers income by the percentage of the GST applied because they do not have the ability to pass the increased cost onto customers.