



Hon Nicola Centofanti MLC  
 Chair  
 Parliamentary Select Committee into the Timber Industry  
 Parliament House  
 Adelaide SA 5000

ABN: 58 601 467 583  
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 South Australian Produce Market  
 Burma Road  
 Pooraka SA 5095

Dear Chair,

**Re: AUSVEG SA Vegetable Industry submission to the Timber Industry Parliamentary Select Committee Inquiry**

AUSVEG SA is the statewide peak industry body representing South Australia's \$2 billion vegetable production sector.

AUSVEG SA welcomes the opportunity to make a representation to the Parliamentary Select Committee, *Matters Relating to the Timber Industry on the Limestone Coast and other regions of South Australia*.

Our association is making a submission due to concerns that some of the proposals put forward by the South Australian Forest Product Association (SAFPA) and broader Forestry Industry stakeholders around water regulation and resource management would have adverse affects on vital food production in the South East region and the future of the water resource if not appropriately managed.

Food Security is an increasing concern in Australia and AUSVEG SA argues that protecting our food productive capacity is vital to all South Australians and Australians more broadly. The South East region is a vibrant food bowl producing 40% of Australia's processing potatoes as well as significant onion production. AUSVEG SA notes, in light of current cost of living pressures affecting all Australians, potatoes are an important staple crop in Australian households with Australians consuming 17 kilos per capita in 2021/22<sup>1</sup>.

Concerningly, Australia has been an importer of frozen potato products since 2006 with 155,511 tonnes of frozen and preserved product being imported into Australia in 2019-20<sup>2</sup>. Increasing imports along with post COVID-19 and climatic events have increased volatility in the Australian processed potato market. This emphasises the need to protect regions such as the South East which are nationally-important food producing regions providing strong and stable domestic supply of these staple lines.

At a broader level, South Australia's vegetable sector is both productive and diverse, with our great state home to around 80 per cent of Australia's fresh (or table) potato production, 40% of Australia's processing potato production and 40% of Australia's onion production. In addition, South Australia is home to the largest protected cropping industry in the Southern Hemisphere and our state truly punches above its weight nationally in terms of horticulture production.

<sup>1</sup> *Australian Horticulture Statistics Handbook (2020/21)*, Hort Innovation 2021

<sup>2</sup> *Australian Horticulture Statistics Handbook (2019/20)*, Hort Innovation 2021

This production underpins a significant proportion of Australia's fresh produce production and relies heavily on access to a number of irrigation schemes throughout the state in order to provide fresh produce Australia-wide. South Australia is a key producer of many staple crops relied upon by all Australians, more so in recent times given the well publicised cost of living crisis impacting everyday Australians.

AUSVEG SA did not intend in the first instance to make a submission to this inquiry, however, on consideration of aspects of the SAFPA and Forestry Industry submissions relating to water and the resulting concerns raised with us by members we have prepared the following submission.

Our submission raises the following key issues:

- The water resources which fall under the Limestone Coast Water Allocation Plan require more precise management than most other aquifers, with the ongoing sustainability of the resource requiring active management and regulation for the benefit of all users in the region. This Water Allocation Planning process is currently managed by the Limestone Coast Landscape Board which has established an industry group to review the current plan as an election commitment by the current SA government.
- The reality of this finite water resource means that increases in water use for specific purposes (ie Forestry) will likely require offsets or efficiencies to be sourced impacting other industries such as vegetable production and dairy in the South East.
- It is the view of many landholders and leaders in the South East that the current water resource is near its limit. It is our concern that, should the proposals put forward to the Committee by the Forestry sector be enacted, this would likely mean other users would need to take less and impact available water for food production.
- In placing judgements on the value of respective industries it is not as simple as assessing the job or economic output of any individual industry as industries such as fresh produce production play a vital role in keeping food prices low on key staple lines and ensuring ongoing food security for all Australians.
- The South East region is a key producer of processing potatoes in particular and supply disruptions in interstate regions last year showed the importance of protecting these food productive regions due to well publicised price spikes for staple produce like potato chips which occurred and the fact that SA produce was keeping these products on the shelves Australia-wide.
- In considering the needs of the Forestry industry, AUSVEG SA asks that the committee also balance this against the needs of other sectors in the region such as food producing irrigators and the need to protect Australia's food security in the current cost of living crisis.
- AUSVEG SA is critical of elements of the South Australian Forestry Products Association submission calling for lifting of water restrictions for forestry which we will address directly further in this submission. Water is a finite and valuable resource which must be effectively managed with all parties at the table. It is the strong view of AUSVEG SA that the Forestry Industry continue to abide by regional water allocation planning process and be required to be part of a water licensing regime due to the fact that Forestry prevents recharge of the aquifer from canopy closure onwards. It is the view of AUSVEG SA that this needs to be accounted for as part of a licensing and regulation regime as with all other agricultural water uses, so that the overall health of the aquifer and water resource can be managed.
- The South East is a nationally-significant food bowl and AUSVEG SA implores the committee to give this significant consideration in considering submissions put forward by the Forestry Industry to amend the current water licensing regime. Any proposals for economic growth in

the region need to consider the needs of **all** industries operating in the region as well as the considerable public policy impacts of any reductions (including food security and affordability) for irrigators in the region.

AUSVEG SA thanks the committee for consideration of our submission. We feel that the issues at stake in our submission are of interest to not only all South Australians, but the Australian families who rely on fresh produce grown in this state.

In a challenging time for the fresh produce industry marked by input price rises, supermarket competition challenges and rising cost of living challenges for consumers food security needs to be a critical priority for governments of all persuasions.

This means ensuring that our existing and future productive capacity is protected as a matter of national priority and that future sustainable access to critical resources such as water are protected and expanded if necessary to ensure that critical staple produce such as potatoes are able to reach the tables of Australia at an affordable price.

### **About AUSVEG SA**

AUSVEG SA is the statewide industry association representing South Australia's \$2 billion vegetable sector.

AUSVEG SA represents the interests of around 200 members who comprise approximately 80% of the state's vegetable production and range from small producers (\$1 million turnover pa) to large corporate farms (\$100 million plus pa).

Field and protected cropping vegetable production comprises almost two thirds of the state's total horticultural production with produce grown in the state transported across Australia.

### **Key figures:**

- South Australia's vegetable sector provides 15,000 direct and indirect jobs<sup>3</sup>
- Vegetable producers are big contributors to their regional economies with every direct employee supporting another 1.6 jobs in the local economy<sup>4</sup>.
- Vegetable producers are high volume low margin producers with significant supply chains supporting regional businesses such as transport operators and labor hire providers. In addition, many businesses are investing heavily in housing stock in regional communities to alleviate workforce attraction pressures.
- South Australia produces 80 per cent of Australia's fresh market potatoes, 40% of Australia's processing potatoes and is home to the largest protected cropping region in the Southern Hemisphere which produces using world leading technology.
- As an industry intensive horticultural production such as vegetable production has remained competitive with limited government support and is continually investing in its own productivity with a number of \$50 million plus packhouse developments occurring in sectors such as potatoes in the last 3 years alone.

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<sup>3</sup> *Horticulture Industry Blueprint 2021*, Horticulture Coalition of SA 2021

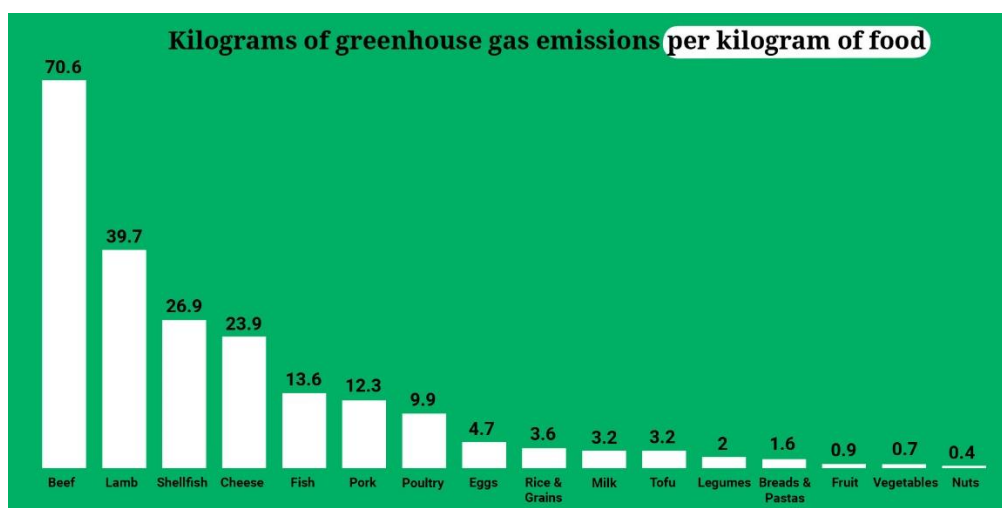
<sup>4</sup> BDO Econsearch Report, *Understanding the Economic Opportunity of Demand Driven Migration* 2021

## Potatoes: A Sustainable Crop Feeding the World

Whilst potatoes (and vegetables in general) utilise more water on a per hectare basis than other crops, they are extremely efficient as food sources when considering yield. One hectare of potato can yield two to four times the food quantity of grain crops. Potatoes produce more food per unit of water than any other major crop and are up to seven times more efficient in using water than cereals<sup>5</sup>. In addition, potatoes can be grown on a smaller scale of land and rotated with livestock and other uses over 3-5 year rotations ensuring the ongoing sustainability and productivity of agricultural soil. Potatoes as a crop are relied upon internationally in countries throughout the world like China where the crop's strong yields per hectare and water conversion are valued as a means of addressing global food security challenges.

Further to this, the United Nations and the Intergovernmental Panel on Climate Change research has found that vegetables like potatoes perform extremely well compared to other crops in terms of carbon emissions by kilo of food produced, making them a carbon friendly crop in comparison to other staples. Furthermore, the United Nations also recommends, where appropriate, shifting towards more plant rich diets (including vegetables) globally as a strategy to reduce greenhouse gas emissions<sup>6</sup>.

### Assessment of greenhouse gas emissions by crop: United Nations Intergovernmental Panel on Climate Change<sup>7</sup>



The South East region is one of the best climatic regions in Australia for processing potato production due to its suitability for key potato varieties, access to productive soil and close proximity to processing supply chains. Potatoes as a crop operate on a crop rotation utilising land on a three year rotation and when land is not in use or a crop lies fallow there is full recharge of the aquifer and maintaining the ongoing health of the soil as an asset to the region.

<sup>5</sup> International Potato Centre *Potato Facts and Figures* <https://cipotato.org>

<sup>6</sup> UN Environmental Program *Enabling Sustainable Lifestyles in a Climate Emergency* Report 2022

<sup>7</sup> United Nations *Food and Climate Change: Healthy Diets for a Healthier Planet* [www.un.org/en/climatechange/science/climate-issues/food](http://www.un.org/en/climatechange/science/climate-issues/food) Babiker, M., G. Berndes, K. Blok, B. Cohen, A. Cowie, O. Geden, V. Ginzburg, A. Leip, P. Smith, M. Sugiyama, F. Yamba, 2022: Cross-sectoral perspectives (Chapter 12). In IPCC, 2022: *Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*

## Why we are making a submission

AUSVEG SA are making this submission as a number of our leading members were concerned that should the recommendations of the SAFPA submission to this inquiry be implemented or an expansion of water allocations for Forestry pursued without due care for other irrigators it would likely lead to a reduction in availability of water for food production purposes.

In the hierarchy of government responsibility towards Australian citizens the need to ensure food security is a critical priority and it is up to organisations like AUSVEG SA to ensure that these important issues are considered by lawmakers and regulators as due to an urbanised population there is sometimes a challenge in building understanding of how policy decisions impact our highly-strained food production supply chains.

While AUSVEG SA would not in normal circumstances begrudge another industry growth in jobs and economic activity, this needs to be balanced against the needs of other sectors where there are finite resources such as water involved and in our opinion growth should be **never** at the expense of food security and affordability.

AUSVEG SA is making this submission on behalf of fresh produce production and the need to protect vital food production assets to keep food prices affordable for all Australians.

We are not addressing all terms of reference of this inquiry, just terms of reference e) and f) relating to water management and matters relating to the expansion of the forest estate for economic regions which in our view must be balanced against the needs of other water users in the region.

## Overall Statement Addressing Terms of Reference e) and f)

- (e) A review of water licensing laws applying to forest estates;*
- (f) Opportunities to strengthen the forest and timber products industries in the Limestone Coast and other regions of South Australia, and in particular:*
  - i. Barriers to investment in timber resource and processing capacity;*
  - ii. Opportunities to expand the plantation estate, including greater utilisation of farm forestry;*
  - iii. Strategies available to timber processing businesses to secure long term timber supply;*
  - iv. Strategies to grow domestic manufacturing;*
  - v. Opportunities to maximise returns for timber processors from forest and timber residues;*

AUSVEG SA makes the overall comment that review of water licensing laws related to a single industry in what is a diverse and productive farming/forestry region is generally not productive as the environment, social and economic interplay of **all** industries and water users must be viewed.

SAFPA and the Forestry Industry have in the instance of this inquiry put forward a position supportive of expanding current forestry production in the region, however, this is likely to impede on other industries depending on how this is addressed. Forestry currently struggles to compete with food irrigators on the open water market, so a reasonable assumption might be that to implement the

ambitions of the Forestry sector some kind of government intervention in the market or subsidisation would be necessary. Simple deregulation of forestry (that is, not requiring forestry water users to obtain a licence) is also against the interests of the region in protecting the aquifer as an environmental asset and ensuring that forestry can co-exist with food irrigators.

The SAFPA submission does not, in our view, delve into the issue of implementation and AUSVEG SA is strongly in opposition to any broad calls for lifting water restrictions to Forestry outside the current Water Allocation Planning Process unless a full implementation plan can be presented. Simply adopting the recommendations as put forward by SAFPA would, in the view of our organisation, be irresponsible from an environmental management and public policy perspective as it would in effect give unqualified and open support to expansion of a single industry when there are many competing interests and policy considerations in the region.

In Australia, water is the lifeblood of our regions and the interests of individual industries must be balanced against the ongoing sustainability of the resource, other industries in the region and overarching policy considerations such as food security implications.

**AUSVEG SA Recommendation 1:**

That the Committee reject recommendations 4 and 5 as presented in the SAFPA submission in its final report.

Furthermore, that in doing this the Committee recognises the important contribution of other water users in the region and the national importance of the South East foodbowl to Australia's food security.

AUSVEG SA has provided further rationale below addressing recommendations 4 and 5 of the SAFPA Submission which provide further information to support our position.

## Addressing recommendations put forward in the South Australian Forestry Products Association Submission

As part of our submission, AUSVEG SA would like to address the following recommendations proposed in the South Australian Forestry Products Association (SAFPA) Submission.

**Recommendations 4 and 5.**

Page 18 of the SAFPA Submission

**SAFPA Recommendation 4:** SAFPA urges the Committee to recognise the major contribution of the forest industries to the state and its people, including as a major employer in rural communities, and to refrain from **further hampering industry growth with water restricting policies**. The forestry industry has already been placed on hold in terms of potentially replanting in the overallocated zones and continuing in this regard until the 2023 Water Allocation Plan can be very damaging to the industry and communities it serves.

**SAFPA Recommendation 5:** SAFPA urges the Committee to support plantation expansion in South Australia by calling for the **urgent lifting of current water allocation restrictions** on the industry.

### ***AUSVEG SA response***

AUSVEG SA is of the firm position that forestry, like other industries in the region, must be part of an appropriately regulated system for water management which considers the interests of all parties in the region and the overall health of the resource. It is unclear what 'water restricting' policies exactly are referred to by this submission, but a water regulatory environment which appropriately manages the water resource, sets the rules for water pricing and trading to allow for transfer and competition and provides for regional variability depending on allocation is seen as essential. It should also be noted that under current conditions Forestry is fully able to participate in the water market with all other users to facilitate expansion if required.

This recommendation also recommends planting in overallocated zones, which are by definition overallocated therefore should not be planted or cropped in line with good management. It is our view that the recognition of one industry's economic contribution to a region is not sufficient rationale to allow for planting in overallocated zones or exempting that industry from aspects of water regulation which are applied to other industries. They are called overallocated zones for a reason. Should this recommendation be adopted by the committee there is a potential issue of equity, with different requirements being placed on Forestry when compared to other industries in the region. In addition, the issue of overallocated zones needs to be carefully managed with respect to the overall sustainability of the water resource therefore adopting a proposal to have these restrictions removed is potentially damaging to the environmental sustainability of the water resource.

The final element of this recommendation poses that the current Water Allocation Plan may not be developed in a timeframe appropriate for the Forestry industry and furthermore requests the "urgent lifting of current water allocation restrictions on the industry". While AUSVEG SA agrees that the Water Allocation Planning process can be slow, it is an important process which brings together all industries together under one process to manage water assets in the region. From the wording of these two recommendations a conclusion could be drawn that SAFPA is making a case for action outside of this process. If this is the case we need to be clear about what is proposed. For example is SAFPA proposing that Forestry be exempt from the Water Allocation Plan? Or that additional concessions are granted under the current water allocation plan, for example, with regards to unused allocations being moved from irrigator licence holders to the Forestry industry? Or that the current process is better resourced? Given the general nature of what is being recommended AUSVEG SA ask that the committee give particular care around supporting general recommendations regarding water allocations which could be prone to broad interpretation.

AUSVEG SA makes the further key points:

- That Forestry, like all other irrigators in the region, should continue to abide by the Water Allocation Planning process in the first instance (despite its challenges) as it is the best available means of assessing the current state of the water resource as well as future management which takes into account the needs of all water users and industries in the region.

- Should there be proposals for a better way to approach of managing the water resource by industry or government then AUSVEG SA is happy to consider these provided they involve all water licence holders in the region (including Forestry), appropriately licence and cost the water asset, and ensure the ongoing viability of the resource.
- That in the meantime no special concessions are granted to Forestry that aren't available to other irrigators in the region.
- As it is hard to determine how this recommendation may be interpreted AUSVEG SA makes the firm point that it does not support the arbitrary reduction or taking of allocations (unused or otherwise) of one industry and giving to another industry without due process (for example review of the WAP). We are also opposed in general to subsidies being given to any specific industry for water use on the basis of economic contribution and consider the market to be the best mechanism to determine a water price. The only exception to this, in our view, is where there is a market failure and need to protect vital domestic food production noting that this only applies in exceptional circumstances where there is a genuine food security threat. For example, cash crops like vegetables generally compete well as high value crops but we are concerned about issues such as permanent export-based plantations backed by superannuation funds potentially impeding available water for food production in the Murray Darling Basin due to these operations having a higher capacity to wear financial losses in time of drought. Our industry as a general rule is happy to participate in a free and open market for water due to the high value of our crops and opposes market distortions as a rule which impede the effectiveness of a water market. We are, however, supportive of measures which would potentially improve the operation of the water market (such as water trading information platforms etc).

In conclusion, AUSVEG SA is strongly opposed to the Committee making any findings in support of recommendations 4 and 5 – particularly given that SAFPA and forestry industry stakeholders have not provided any specific detail as to how a proposed water regulatory regime would be implemented outside of the existing allocations and Water Allocation Planning Process.

## Conclusion

While increasing jobs and economic output is rightfully a concern for government it should be noted that aside from Forestry there are other high value and job producing industries in the South East and environmental and social (food security) considerations at play which must be considered in the current inquiry.

The South East region is a fertile and productive irrigation zone which is a foodbowl producing produce which is sent Australia-wide. Post COVID our food system Australia-wide is struggling due to well publicised Labor challenges, supermarket competition issues and input costs. A vital food production region such as the South East must be protected in this environment for the benefit of all Australians and key regional assets such as water managed to allow for multiple uses. Any reductions in water in the South East for food production purposes are likely to have significant flow on effects for all Australians who are struggling with cost of living, as any decreases to production are likely to cause price increases on staple lines as we have seen over the past few years.

AUSVEG SA asks that in considering the stated needs of the Forestry industry, the committee also gives weight to the needs of irrigated horticulture and other industries in the region who play a vital role in ensuring that produce is delivered to the tables of all Australians at a competitive price.



It is our view that the role of the government is to take an overall strategic view of key assets such as water and consider not just the individual needs of a specific industry, but the overall health of the water asset and need to balance the needs of all sectors, while ensuring that we protect and conserve water for key uses such as food production.

In addition to the broad arguments put forward in this submission, AUSVEG SA also makes the specific recommendation that the Committee reject in whole **Recommendation 4** and **Recommendation 5** proposed in the SAFPA Submission to this Committee. This is for reasons outlined earlier in this submission including the impact that changes to water regulation are potentially going to have on other industries, the need to consider all industries in the region holistically when considering water regulation, potential impact on our national food productive capacity and a lack of a viable alternative to the Water Allocation Planning process being proposed by the Forestry industry.

It is AUSVEG SA's firm view that support of Recommendations 4 and 5 would likely impact other industries in the region and represents poor public policy when considering the need to effectively manage the water resource and ensure that key productive uses such as food production are protected.

**AUSVEG SA Recommendation 1:**

That the Committee reject recommendations 4 and 5 as presented in the SAFPA submission in its final report.

Furthermore, that in doing this the Committee recognises the important contribution of other water users in the region and the national importance of the South East foodbowl to Australia's food security.

Thank you for the opportunity to present our submission to the committee.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jordan Brooke-Barnett', written in a cursive style.

Jordan Brooke-Barnett, AUSVEG SA CEO

## **ATTACHMENTS**

1. AUSVEG SA Policy Platform *"Growing South Australia"*



AUSVEG SA is supporting our growers to reach their potential and grow our great state.

South Australian vegetable growers contribute over \$2 billion to the state economy each year supporting jobs and growth in our regions and providing healthy produce Australia-wide.

# Growing South Australia







# AUSVEG SA represents vegetable growers, which is the largest sub sector within horticulture in the state.

## WHO WE ARE

### A STRONG VOICE FOR SOUTH AUSTRALIAN GROWERS

At **AUSVEG SA** we strive to improve the lives of South Australia's hardworking growers.

We welcome anyone to join us, no matter their role in horticulture and work every day to ensure that government and the broader public appreciate the **\$2 billion contribution** that South Australian vegetable and horticulture growers make in feeding the nation.

- We have roughly two hundred business members representing over 80% of the state's production.
- We conduct advocacy and run programs for industry with around 3 FTE staff out of the produce markets making us one of the best resourced Ag industry organisations in the state.
- AUSVEG SA is the state member of AUSVEG national which is one of the largest national horticulture advocacy groups with over thirty staff in Melbourne.
- AUSVEG SA and AUSVEG nationally have a strong history of working across parliament and do not align to a single party as with other groups.

*Kingsley Songer, General Manager 4 Ways Fresh.*







## KEY PRIORITIES MOVING FORWARD

- Doubling the value of product produced in the Northern Adelaide Plains to secure a \$3 billion industry by 2030, adding a further 6,000 jobs to the state economy.
- Attracting a greater share of workers to South Australia and addressing critical regional skills shortages.
- Ensure that consumers no matter their socio economic status have access to fresh, healthy produce improving health and social outcomes in South Australia.
- Improving international technology uptake in our sector to reduce costs for producers and consumers.
- Holding major supermarkets to account for current commercial practices which are eroding profits for growers and accelerating inflation on vital staple products for consumers.
- Growing export markets to an average of 15 per cent of business for major producers.

## KEY INDUSTRY CHALLENGES

- Continuing labour shortages due to industry reliance on overseas workers and working visas.
- Rising input costs including power, fuel, and fertilisers.
- Biosecurity risks continually threaten the production and distribution of fresh produce.
- Lack of consistency in quality assurance enforced by supermarkets, causing a lack of supply to shelves and increased costs to consumers.

## WHAT WE HAVE SECURED FROM GOVERNMENT

AUSVEG SA has enjoyed strong working relationships with the current South Australian Government and have successfully advocated for the following initiatives:

- A review into the operation and pricing of the Northern Adelaide Irrigation Scheme with a view to lowering costs for producers and unlocking 6,000 new jobs and \$1 billion in new production in Adelaide's North.
- Policy commitments to address housing and accommodation shortages in regional areas as a key plank of the SA Government's regional growth agenda.
- A commitment from Premier the Hon. Peter Malinauskas to become patron of our annual awards for excellence to support emerging leaders in our sector.
- A commitment to fund a state of the industry report to provide baseline employment, investment and economic outcomes which can provide better data on the impact of future government and industry policy.



INDUSTRY SNAPSHOT

80% of Australia's fresh potatoes are grown in South Australia

1

NORTHERN ADELAIDE PLAINS  
\$1.5 BILLION P.A

2

MURRAYLANDS AND MALLEEE  
\$500 MILLION P.A

SA VEGETABLE PRODUCTION

\$2 Billion Gross Production

15,00 Direct and Indirect Jobs



CEO SNAPSHOT

Jordan Brooke-Barnett

AUSVEG SA CEO

Jordan Brooke-Barnett has been AUSVEG SA CEO since the association's inception, growing it to become the best resourced and influential industry group in SA agriculture. In previous roles Jordan has led national public affairs functions for national industry associations and prides himself on his strong track record of campaigning and securing results for industry.



BUSINESS  
SNAPSHOT



4 Ways Fresh, CEO Duy Ly. Image courtesy of 4 Ways Fresh

4 WAYS  
FRESH

4 Ways Fresh is a \$40 million pa turnover greenhouse grower and packer run by the Ly Family.

4 Ways Fresh is a \$40 million pa turnover greenhouse grower and packer run by the Ly family, who emigrated to Australia after the Vietnam war. The business has farms in SA & WA, and provides greenhouse produce (tomatoes, capsicums, cucumbers) to supermarkets across Australia using both its own farms and roughly one hundred supplying growers. Currently the business is looking at expanding its land holdings and will invest significantly in new land in the Two Wells region



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