



Queensland Competition Authority  
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Sent via [www.qca.org.au/submissions](http://www.qca.org.au/submissions)

Ref: 080319-BG-01

March 08, 2019

To whom it may concern,

**RE: BUNDABERG FRUIT AND VEGETABLE GROWERS COOPERATIVE LIMITED RESPONSE TO IRRIGATION PRICE REVIEW 2020-2024**

As a not-for-profit regional organisation Bundaberg Fruit and Vegetable Growers Cooperative Limited (BFVG) represents the interests of fruit, vegetable, nut and herb growers and the businesses that support them across the entire supply chain in the Wide Bay Burnett. The fresh sector has a farm gate value in the Bundaberg Region alone estimated to be over \$600 million.

There is significant potential growth for all commodities in the Region and BFVG actively supports and promotes the Industry resulting in its overall expansion, success and long-term viability.

BFVG was involved in consultation workshops for the QCA Water Price Review and is appreciative of the opportunity to provide comment for irrigators in the Bundaberg Irrigation Scheme. The Cooperative was also involved with Queensland Farmers Federation consultation submission and is fully supportive of their submission which speaks of the need for clear direction and policy in transitioning schemes to Cost Recovery, the need for a review of the Asset Management System and the need for efficient operational, maintenance and administration costs among other topics.

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**Bill Impacts – Capacity to pay**

The Wide Bay Burnett region is experiencing a changing landscape with reference to commodities grown in the area. Many farms are transitioning from sugar cane and ground crops to tree crops; predominantly macadamia and avocado. Macadamias are one of the most significant horticultural crops in the Bundaberg Region, placing second in terms of gross value of production to citrus which is predominantly grown in the Gayndah and Mundubbera regions and outside the scope of this Bundaberg scheme review.

The macadamia Industry has a national farm gate value in excess of \$280 Million dollars and Bundaberg is the largest producing region in Australia supplying over 50% of annual production. The macadamia is the only Australian native plant commercially grown for food production is and therefore a unique Industry. The avocado Industry is also expanding with the Bundaberg region supplying around 40% of Queensland production and 23% Nationally.

Whilst input costs differ for each commodity, an example of tree crop variable input costs can vary between \$21,000 and \$30,000 per hectare at establishment. This can then reduce to between \$3000 and \$13,000 per hectare reflecting the crop maturity. These input costs include land preparation, irrigation, the purchase of rootstock, nutrition, pesticides, plant hire and associated industry levies and fees. Significant income for some tree crops cannot be expected until the fifth or sixth year when trees are mature, however, accumulated costs often exceed accumulated income until much later.

Whilst these crops are considered high-value irrigated agriculture they also come with high input costs. Horticulture faces several challenges in the coming years much of which is attributed to our high input costs relative to our international competitors. Our Producers also continue to experience increased regulatory compliance requirements from areas such as biosecurity, labour,

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work health and safety and chemical use all of which hinder international competitiveness but are a necessary component in what's considered an inherently risky industry.

Electricity prices have increased significantly since 2006 and this has impacted on the overall cost of production. The cost of delivering water from the scheme plus the cost of irrigating the crop has led some Industries to declare irrigating their crops now unsustainable and the price achieved is below the cost of production. There are now significant concerns for the viability of many producers that cannot continue to absorb price increases.

Horticulture commodity prices are highly volatile and planting decisions are made prior to known prices, risk management is therefore an essential component of successful business. It is vital Agriculture policy include measures that reduce farm risk to ensure viability of the Industry.

There is growing demand for the branded clean and green produce Australia is known for, but secure and affordable water access should be the priority. Good government policy that provides the framework for horticultural producers to continue to expand to meet market demand will ensure this Industry thrives.

The Bundaberg Irrigation Scheme was developed to benefit the entire region and with continued growth in both the agriculture and peri-urban communities the cost of the scheme needs to be shared evenly among all users. Producers capacity to pay increased costs is crucial to the success of the scheme and they cannot continue to absorb these price increases. There are significant issues within the proposed price path for water and the economics of these have been outlined in the QFF submission which we support. We ask the QCA to consider these in detail.

Thank you for the opportunity to provide comment, if you require further information please don't hesitate to contact me.

Yours faithfully,



Bree Grima  
Managing Director