Horticulture

Charley Xia

Strong export growth to continue

In 2018–19 the export values for table grapes, citrus and stone fruit are forecast to increase with higher prices and volumes. Chinese demand is expected to drive most of these increases. Protocols between Australia and China have opened more competitive airfreight options and extended marketing opportunities for Australian fruit exporters.

Indian and Chinese tariffs on US almonds are expected to boost demand for Australian almonds and raise export returns. Increasing Chinese demand and limited global supply of macadamia nuts are expected to support favourable prices.

Exports of carrots are forecast to increase, driven mostly by growing demand from the Middle East for safe, high-quality produce. Moderate increases in the export of high-value vegetables, including beans, broccoli, lettuce and other leafy varieties, are expected to continue due to an assumed lower Australian dollar.

Consumer demand driving domestic fruit prices

The year-round availability of fruit is expected to drive greater competition in Australia's retail markets. Industry investment in effective pollination methods and pruning practices is working to meet consumer requirements for consistent quality.

In 2018–19 favourable winter conditions are expected to increase production of strawberries in Queensland and blueberries in New South Wales. Prices of avocados is expected to average lower than the high levels of 2017–18 due to increasing production from Queensland, Western Australia and New Zealand.

Warm winter conditions to increase vegetable supply

Favourable growing conditions are forecast to increase winter supplies of beans, broccoli, cauliflower, cabbage, lettuce, sweet potatoes and tomatoes in 2018–19. This is expected to reduce seasonal prices and increase consumption across Australia's domestic markets.

The health benefits of vegetables and the convenience of fresh-cut products are expected to continue to support consumer demand for leafy salad varieties and mushrooms.
Dry and warm conditions to increase irrigation costs
According to the Bureau of Meteorology, dry conditions are likely to extend into spring, contributing to higher water allocation prices in the Southern Murray–Darling Basin. Rising irrigation costs are expected to reduce the profit margins of horticultural farms outside metropolitan areas.

If dry conditions persist, rising irrigation costs could limit or postpone planned expansion of horticultural production in regions such as the lower Murray. Sustained high water prices would provide an incentive to invest in improved water-use efficiency.

Vegetable plantings in Australia’s eastern states are not expected to be significantly affected by dry conditions and rising water prices. High margins per megalitre of water are expected to continue to support stable vegetable production. In 2016–17 average water charges accounted for 0.5% of the total cash costs of Australian vegetable farms.

Horticulture Code of Conduct compliance
The revised Horticulture Code of Conduct came into effect on 1 April 2018. This mandatory industry code is designed to ensure transparency and clarity of trading arrangements in the wholesale horticultural sector. A goal of the code is to formalise traditionally verbal pricing agreements between traders and growers. An independent review of the code in 2015 suggested that industry investment in digital innovation, quality verification systems and price reporting services could complement the industry’s system of verbal contracts and help parties reach agreement.

Opportunities and challenges
Seasonal labour remains a challenge
In 2015–16 average farm expenditure on hired labour accounted for 20% of the total cash costs of fruit farms in the Murray–Darling Basin and 21% of the total cash costs of Australian vegetable farms. Ongoing collaboration between industry and policymakers will be needed to assist horticultural farms secure seasonal labour at competitive costs.

Initiatives such as the Harvest Trail job information service and streamlining the Seasonal Worker Programme will help reduce search costs and increase labour supply. New labour hire licence laws in Queensland, South Australia and Victoria have focused attention on whether a national scheme is warranted.

Value of Australian horticultural exports, 2010–11 to 2018–19

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