

An abstract graphic featuring a large, irregular green shape on the right side and a red shape on the left side. A red line with a white outline starts from a red circle on the right and extends towards the left. The text is centered over the green shape.

When will the Vegetable
Industry benefit from
Increased Exports

Summary

The background features a large, abstract graphic composed of several overlapping shapes. A prominent red shape, resembling a stylized arrow or a thick brushstroke, points from the top left towards the bottom right. It overlaps a large, irregular green shape that occupies the right and bottom portions of the frame. At the bottom right, a solid red circle is positioned, with a white outline that appears to be part of a larger, faint circular graphic.

- Why Could Exports Grow
- How do we Compare on Price
- Why the Differences?
- Investment
- Inputs
- Innovation
- Conclusion

Why Could Exports Grow

- There is 100 times Australia's population North of it
- Asia is becoming more educated and the economies are growing
- The consumers want safe and sustainable vegetables
- The consumers want better quality vegetables
- The consumers have more disposable income
- Asian food production is limited by land & water availability
- There is Government support for Export – Free Trade Agreements
- There is a push by HIA & Ausveg



But.....

Vegetable Export Growth (with the exception of Carrots) has been **SLOW**



Opportunity

The background features abstract, overlapping shapes in shades of red and green. A prominent red arrow points from the top left towards the right side of the frame. The text is overlaid on these shapes.

- The Asian market is growing
- It is being served by Europe, USA, South America
- That's despite higher freight costs and transit times

How do we Compare on Price?

	Carrots 1kg loose	Potatoes 1kg loose	Onions 1kg loose	Broccoli Loose/kg	Cauliflower Each	Iceberg Each	Beans PP/kg
Australia	2.20	3.00	2.90	5.00	4.50	3.00	13.33
New Zealand	2.30	3.20	2.25	4.80	2.75	1.80	9.20
UK	1.05	1.05	1.32	2.37	1.75	1.05	8.80

Transport – Australian market is very spread

- True - with Carrots, Potatoes & Onions
 - But these crops have been stored for 7/8 months in UK vs direct harvest in AU
- All green products in April/May will be imported from Spain / Morocco
 - They have travelled equivalent of Adelaide to Brisbane to get to UK
 - 20 pallet semi only no 30 pallet B doubles
 - Diesel Fuel \$ 2.35 / Litre
 - Channel crossing costs

Subsidies – European Farmers get handouts

- True
 - In 1990's and early 2000's age of set aside, did not include vegetable crops
 - Changed in 2005 when Agri-environmental schemes introduced
- There are multiple levels of payment
 - They all involve environmental stewardship
 - This would include
 - Restrictions on Fertilizer use
 - Restrictions on Pesticide use
 - Development of habitats
 - None production areas

Subsidies – European Farmers get handouts

A stylized map of Europe is shown in a light green color. A thick red arrow originates from the top left corner of the image and points towards the bottom right, ending in a red circle. The arrow passes over the map, symbolizing the flow of subsidies from the top-left region towards the rest of Europe.

- Basic Environmental Scheme
- Worth \$ 400 / Ha / Yr
- So for:–
 - Carrots 0.8c/kg
 - Potatoes 1c/kg
 - Onions 1c/kg
 - Broccoli 4c/kg
 - Cauliflower 4c each
 - Iceberg 4c each

Retail Margins – Australian Supermarkets most profitable in the World

- True
 - Lets look at other fresh food items

	Jazz Apples /Kg	Leg of Lamb /Kg	Rump Steak /Kg	Eggs Doz. Large
Australia	5.00	9.00	20.50	3.80
New Zealand	4.25	16.60	20.30	4.00
UK	5.25	14.10	22.00	4.00



Whilst the Australian domestic prices are high
we do not compete in the export market.....

But it could change....

In fact some have started

3 areas to look at:

Investment

- Australia has the highest labour costs in the world (if we can find workers)
 - Basic casual labour costs \$28 - \$30/hr
 - UK cost \$18 - \$20 / hr (Headline figure \$13/hr)
- The number of labour units per unit of vegetable production in Australia is the highest in the developed world
- Investment priority to reduce the labour component individually or collectively

Inputs

- Look at direct machinery purchase from overseas
- Input costs are high – investigate sourcing options
 - Asparagus packed in wooden and plastic boxes
 - 2 years ago all local sourced
 - Rapid transition to import
 - Savings between \$1.00 and \$2.00 per box
 - When you buy >300,000 boxes / yr
- We source import plastic boxes for our growers domestic business

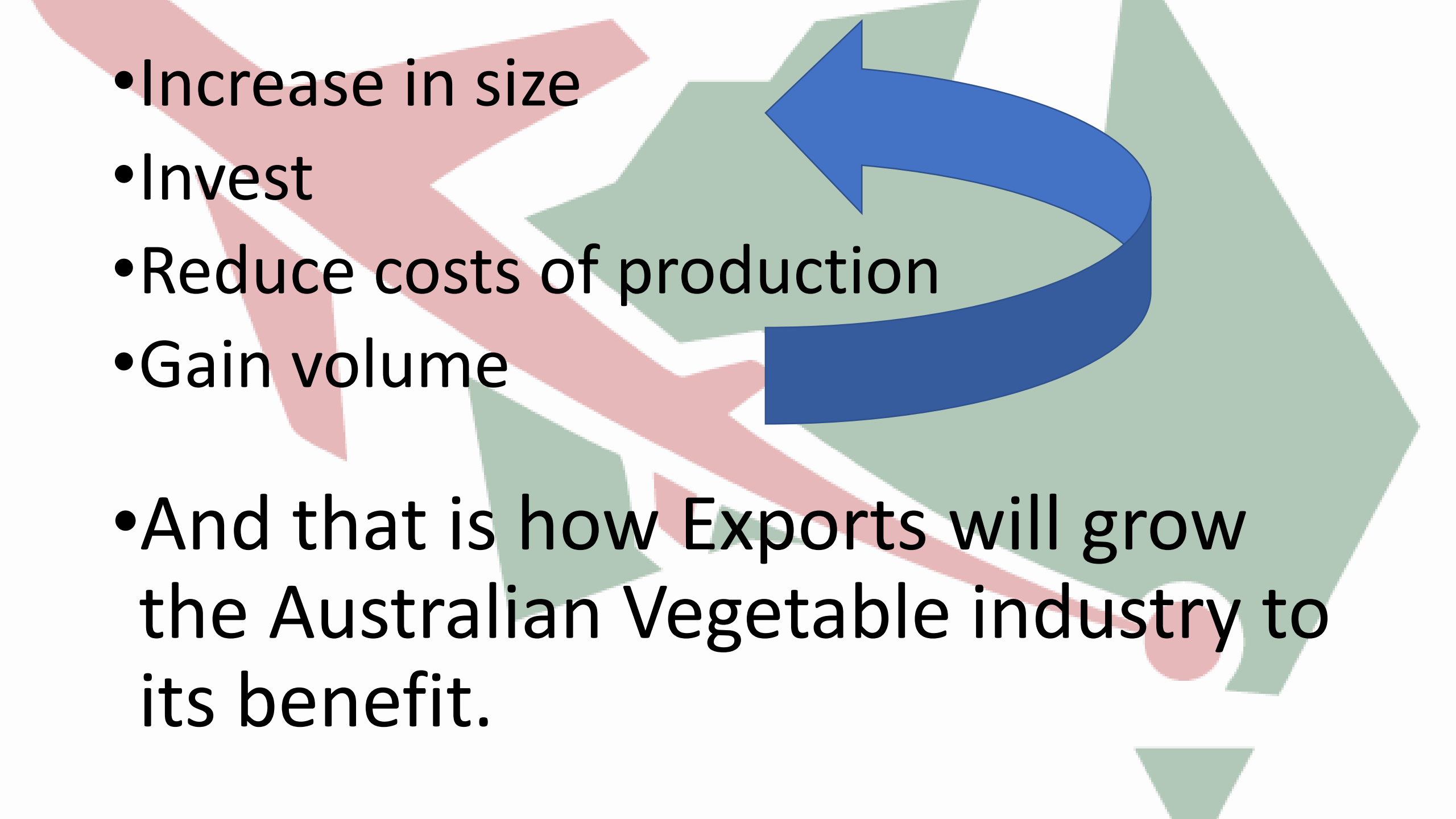
Innovate

- Export broccoli traditionally from Melbourne or Brisbane by airfreight in 8kg styrofoam box plus ice
- Singapore buy price \$24 / 8kg

	Air 8kg Styro Bris, Mel	Sea 8kg Styro Bris, Mel	Sea 10kg Card Bris Mel	Sea 10kg Card Fre	Sea 10kg wrap + card Fre
Transit Time Days	3	18	18	8	8
Freight Cost \$ / kg	1.00	0.60	0.40	0.25	0.20
Grower return \$ / kg	2.00	2.40	2.60	2.75	2.80

Conclusion

- We have a massive vegetable export market opportunity
- When the price is reduced volumes will grow
- Whilst there are some excuses for our high cost base by:-
 - Investment
 - Input Cost
 - Innovation
- We can reduce costs significantly
- Producers who go after export market will.....

- 
- Increase in size
 - Invest
 - Reduce costs of production
 - Gain volume
 - And that is how Exports will grow the Australian Vegetable industry to its benefit.