

1. Overview

Australian horticulture is a labour intensive, seasonal industry characterised by small-scale family farms, that are increasingly becoming medium to large operations. Australia's horticulture industry has long enjoyed a domestic and international reputation for quality, primarily because of high standards in all stages of the supply chain, from farm to consumer.

The horticulture industry in 2006-07 was the second largest agricultural industry in Australia and contributes significantly to non-metropolitan areas, employing some 81,500 people growing fruit, vegetables and nuts for the domestic and export markets. A further 9,300 are employed in fruit and vegetable processing (excluding wine manufacturing). A survey of recruitment agencies estimated there are also 175,000 seasonal positions available each year. Annual and perennial horticultural crops hold approximately equal shares by value-of-production, and the total area under production in Australia is around 250,000 ha.

The major growing areas for horticulture in Australia include the Goulburn Valley of Victoria; the Murrumbidgee Irrigation Area of New South Wales; the Sunraysia district of Victoria/NSW; the Riverland region of South Australia; northern Tasmania; southwest Western Australia and the coastal strip of both northern New South Wales and Queensland. Nursery production generally occurs close to the capital cities. Some horticultural produce from the southern states is directed to processing while Queensland vegetables typically supply the southern states during the cooler June to October period.

Banana, pineapple, mandarin, avocado, mango, fresh tomato, capsicum, zucchini and beetroot production is concentrated in Queensland; stonefruit, oranges and grapes in New South Wales, Victoria and South Australia; processing potatoes in Tasmania; fresh pears, canning fruit and processing tomatoes in Victoria; and apples and fresh vegetables in all states.

Australia has a significant tropical horticultural industry including large irrigation schemes in the Ord River in Western Australia and the Burdekin River in Queensland. Bananas, mangoes, avocados, papaya, lychees, cucurbits (rockmelons, watermelons, pumpkins) together with tropical nursery plants and vegetables are important industries. There is also a growing "rare and exotic" fruit industry producing fruits such as: rambutans, durians, tamarillos, carambolas, jackfruit and mangosteens.

Irrigated agriculture in Australia accounts for approximately 70 per cent of total water usage. 13 per cent of this water is utilised in horticulture and viticulture (vegetables 4 per cent, fruit 5 per cent and grapevines 4 per cent).

2. Production Statistics

Australia's horticulture industry comprises fruit, vegetables, nuts, flowers, turf and nursery products. In 2006-07 Australian horticulture had a gross value of production (GVP) of \$9.2 billion, ranking behind the meat industry but larger than the drought impacted grain industry. This compares with a GVP for 2005-06 of \$8.3 billion.

The major product groups had the following GVP in 2006-07: fruit and nuts \$4,637 million; vegetables \$3,103 million; nursery, flower and turf production \$1,465 million. The GVP of major individual commodities in 2006-07 were: grapes \$1,138 million; bananas \$860 million; apples and pears \$590 million; potatoes \$514 million; citrus \$513 million; stone fruit \$415 million; tomatoes \$296 million; lettuces \$283 million; mushrooms \$260 million; and strawberries \$201 million.

It is not beneficial to compare the above GVP figures with previous years because ABS changed its method of collection for 2005-06 and data from that date are not exactly comparable with earlier data.

3. Trade Statistics

Horticulture imports (fresh and processed) have been rising faster than exports, resulting in Australia becoming a net-importer of horticulture produce.

Exports in 2006-07 for fresh, dried or frozen produce were valued at \$759.2 million (based on chapters 06, 07 (excluding leguminous vegetables) and 08 of the Harmonised Statistical (HS) Nomenclature).

Export growth has stalled and declined since the peak year of 2001-02 (\$966.2 million), due to a number of factors including drought, a higher-valued Australian dollar, an increase in horticulture production in other countries and changes by importing countries to quarantine market access.

Trends in Australia's Horticultural Primary Produce*1 Exports 2003-04 to 2006-07 (A\$M) by Export Markets

Exports	2003-04	2004-05	2005-06	2006-07	% change 3 years
Total	729.9	824.0	834.9	759.7	+ 4.1
<i>of which</i>					
Hong Kong	95.0	97.4	108.8	84.1	- 11.5
Japan	92.2	105.6	95.3	82.1	- 11.0
United States	73.7	88.7	85.8	67.3	- 8.7
Singapore	61.1	57.7	56.5	56.5	- 7.5
New Zealand	41.1	50.8	60.0	54.2	+ 31.9
Malaysia	60.7	56.6	47.5	50.7	- 16.5
United Arab Emirates	20.1	27.8	37.4	36.7	+ 82.6
Indonesia	30.7	36.7	30.9	30.3	- 1.3
United Kingdom	22.6	25.2	26.5	28.0	+ 23.9
No country details *2	33.4	38.5	33.2	24.0	- 28.1
Germany	16.4	17.2	17.9	22.3	+ 36.0
Netherlands	20.8	26.9	21.8	21.9	+ 5.3
Others	162.1	194.7	213.3	211.6	+ 30.5

Note: *1 Primary produce HS categories 06, 07 (excluding leguminous vegetables) and 08; Source: ABS

*2 Exports under 'no country details' are believed to be principally to Hong Kong/China

The above table reveals horticultural exports have declined in 2006-07 to levels consistent with the trade performance of the late nineties. Exports have recorded substantial declines over the past three years into major markets such as Hong Kong/China, Japan, Malaysia, the US and Singapore.

Exports to other key markets have also declined. For example the Taiwanese market for Australian horticultural exports has fallen significantly, declining from \$46 million in 2001-02 to \$14.8 million in 2006-07, mostly due to the partial closure of the market to certain Australian horticultural exports from the start of 2006 as a result of new Taiwanese quarantine regulations.

Trends in Australia's Horticultural Primary Produce* Exports 2003-4 to 2006-07 (A\$M) by Produce Type

Exports	HS Code	2003/04	2004/05	2005/06	2006/07	% Change
Total		729.9	824.0	834.9	759.7	+ 4.1
<i>of which</i>						
Citrus fruit	0805	153.7	161.3	173.0	172.9	+ 12.5
Nuts nesoi	0802	138.1	185.8	197.0	166.6	+ 20.6
Table grapes	0806	99.6	124.4	133.1	109.5	+ 9.9
Carrots, turnips etc	0706	40.3	37.9	41.7	42.0	+ 4.2
Stonefruit	0809	37.7	48.8	42.7	38.5	+ 2.1
Vegetables nesoi	0709	38.1	42.7	37.6	34.2	- 10.2
Onions, shallots	0703	25.6	23.0	24.2	29.1	+ 13.7

Fruit nesoi	0810	22.8	27.7	31.4	26.0	+ 14.0
Apples & pears	0808	32.6	29.2	21.4	18.1	- 44.5
Melons & Papayas	0807	14.5	16.1	15.6	16.8	+ 15.9
Tropical fruits	0804	12.1	14.8	14.6	16.7	+ 38.0
Potatoes (except sweet)	0701	26.8	26.1	24.0	15.8	- 40.0
Cut flowers	0603	17.2	19.5	16.9	15.1	- 12.2
Cabbages, cauliflower	0704	27.0	19.5	14.2	12.1	- 55.2
Others		43.8	47.2	47.5	11.0	- 74.9

Note: *Primary produce HS categories 06, 07 (excluding leguminous vegetables) and 08; Source: ABS

The picture in most recent years for individual commodity exports is mixed, although most commodities excepting tropical fruit and some vegetables are affected by the impact of drought for the year 2006-07. In addition to fruits and vegetables, nut industry exports have also recently been affected by loss of markets.

Primary horticultural produce imports continue to grow strongly, reaching \$729.8 million in 2006-07, or roughly 96 percent of the value of horticultural primary produce exports in the same year. Quarantine market access into Australia is an important issue for many countries which are seeking access for their horticultural commodities into Australia's market. The trend in growth of primary produce imports is continuing virtually across the board in terms of both import sources and commodity types.

Trends in Australia's Horticultural Primary Produce* Imports 2003-04 to 2006-07 (A\$M) by Import Sources

Imports	2003-04	2004-05	2005-06	2006-07	% change 3 years
Total	573.6	619.2	693.5	729.8	+ 27.2
<i>of which</i>					
New Zealand	122.6	125.8	163.8	145.0	+ 18.3
USA	96.6	98.9	106.6	116.7	+ 20.8
China	40.0	49.1	57.3	76.2	+ 90.5
Vietnam	56.7	69.5	77.6	72.1	+ 27.2
No country detail	31.7	44.7	68.2	58.9	+ 85.8
Turkey	42.3	42.1	30.9	53.0	+ 25.3
Netherlands	25.8	28.0	31.0	33.9	+ 31.4
Greece	33.6	25.5	25.8	18.6	- 44.6
India	7.3	13.2	12.2	16.4	+ 124.7
Thailand	11.8	12.9	13.7	15.5	+ 31.4
Others	105.2	109.5	106.4	123.5	+ 17.4

Note: *Primary produce HS categories 06, 07 (excluding leguminous vegetables) and 08; Source: ABS

Trends in Australia's Horticultural Primary Produce* Imports 2003-04 to 2006-07 (A\$M) by Produce Type

Imports	HS Code	2003-04	2004-05	2005-06	2006-07	% Change
Total		573.6	619.2	693.5	729.8	+ 27.2
<i>of which</i>						
Cashew, Brazil nuts etc	0801	73.2	95.7	104.8	99.7	+ 36.2
Vegetables, frozen	0710	73.1	77.3	87.9	96.9	+ 32.6
Nuts nesoi	0802	57.0	68.7	99.2	85.7	+ 50.4
Grapes, fresh or dried	0806	41.9	49.0	41.6	65.7	+ 56.8
Fruit & nuts frozen	0811	36.8	40.2	36.9	49.8	+ 35.3
Fruit nesoi, fresh	0810	35.6	40.5	42.7	48.6	+ 36.5
Trop fruit, fresh or dried	0804	37.3	41.0	61.3	45.3	+ 21.5
Vegetables, dried	0712	31.7	30.7	33.7	38.9	+ 22.7
Fruit dried nesoi, mixt	0813	33.0	21.2	26.0	35.0	+ 6.1
Citrus, fresh or dried	0805	23.3	22.9	26.3	26.9	+ 15.5
Vegetables temp pres	0711	34.7	29.1	28.8	18.3	- 47.3
Others		96.0	103.1	104.3	119.0	+ 24.0

Note: * Primary produce HS categories 06, 07 (excluding leguminous vegetables) and 08; Source: ABS

Further key factors affecting the trade performance of the horticulture industry are evident through the changes in the trade picture for the secondary sector covering preserved and prepared produce described in HS chapter 20.

Trends in Australia's Horticultural Secondary* Produce Trade 2003-04 to 2006-07 (A\$M)

	2003-04	2004-05	2005-06	2006-07	% change 3 years
Total Exports	259.2	243.3	253.6	269.2	+ 3.4
Total Imports	418.7	497.6	483.7	624.0	+ 49.0
Net trade	- 157.5	- 254.3	- 230.1	- 354.8	+ 125.3

Note: *Secondary produce HS category 20- prepared and preserved items; Source: ABS

The deficit on trade in this sector has increased substantially to \$355 million in 2006-07. When added to the trade surplus on primary produce of \$29.9 million, the horticulture industry in total, defined as primary and processed produce together, has an overall trade deficit for 2006-07 of \$324.9 million. The impact of a less competitive domestic processing sector continues to weaken the market for primary production and reinforces the need for primary produce to find and maintain the necessary export markets.

4. Horticulture Australia Limited (HAL)

HAL was established in 2001 to help Australia's horticultural industries achieve their full potential through research and marketing. It is industry-owned, which gives producers responsibility for its strategic direction and activities.

The budget for HAL in 2006-2007 was \$84 million, with its expenditure on R&D programs \$63 million (including Australian Government matching funds) and expenditure on its marketing programs \$11 million. The Australian Government matches statutory and voluntary industry contributions paid to HAL for R&D, up to 0.5% of the GVP of the horticultural industry (excluding the GVP for wine grapes).

For more information visit [HAL](#).

5. Horticultural Market Access Committee

The Horticultural Market Access Committee (HMAC) comprises industry and government representatives and helps set priorities for negotiations on improved access for Australian horticultural products in overseas markets. In recent years, HMAC has helped gain access for commodities to Asian markets, including mangoes and Tasmanian apples to China, Fuji apples, tomatoes, eggplant, capsicum and strawberries from Tasmania to Japan, and oranges and lemons to South Korea.

For more information visit [HMAC](#).

6. Rural Industries Research and Development Corporation

The Rural Industries Research and Development Corporation (RIRDC) helps small and emerging agricultural industries organise and invest in R&D. RIRDC invests R&D for industries not covered by HAL. The Government contributes around two thirds of RIRDC's funding each year.

For more information visit [RIRDC](#).

7. Horticulture Code of Conduct

The Trade Practices (Horticulture Code of Conduct) Regulation 2006 came into force on 14 May 2007. The objective of the code is to improve the clarity and transparency of transactions between growers and wholesalers of fresh fruit and vegetables. The code is mandatory under the *Trade Practices Act 1974* and is enforced by the Australian Competition and Consumer Commission.

More information is available on this website.