

MEDIA RELEASE

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Vegetable, onion growers at risk from rising labour costs

More than half of Australia's vegetable and onion growers are either making a loss or only just covering costs of production and depreciation, according to the first national benchmarking report on the sector.

The Level Up Hort report launched in Melbourne earlier this month (4 June) provides a nationwide snapshot of the Australian vegetable and onion industries, highlighting their strengths and some of the challenges growers face.

Analysis of farm business performance during 2023 or 2022-23 showed the average of all growers generated profit (measured as earnings before interest and tax) of \$2906/ha, while the least profitable recorded an average loss of \$16,827/ha.

Planfarm director of horticulture and agronomy Paul Omodei said the figures were a warning sign that action was needed to address rising costs such as labour, which was a major cost for growers and becoming increasingly expensive.

"Labour costs per hectare and as a percentage of income have increased significantly," he said.

"It's also taking more labour to do the same job than it was five to 10 years ago due to legislative changes imposed on growers.

"Good businesses are doing okay – they're spending more money to make more money – but that is a higher risk model than what we've seen in the past, so they're a bit more financially exposed if things go wrong."

For the most profitable businesses, labour accounted for 32% of income, compared to 40% for average growers and 63% for the least profitable.

The average and least profitable growers also relied on family labour three to eight times more than the most profitable.

Mr Omodei said the top 25% of vegetable and onion businesses – which weren't necessarily alike, covering a range of sizes, locations, and growing a variety of different produce – generated average profit of \$22,567/ha.

"There are some businesses that are doing well, but they're in a high risk position," he said.

"And then the bulk of the data set, the rest of them, are only just keeping their heads above water and some have made a massive loss this year. So in the short to medium term, the industry needs to act."

Mr Omodei urged peak industry bodies and advisers to continue supporting growers to become better managers and use their workforce more efficiently.

The Level Up Hort program is a five-year initiative fully funded through Hort Innovation, providing specialised business consulting valued at up to \$10,000 per year to vegetable and onion growers.

A free webinar on Wednesday, 3 July, will be held to introduce the program. Mr Omodei will explain what's in it for growers, how they can take part, and answer questions.

Register for the webinar, which starts at 2pm (AEST), 1.30pm (ACST), 12pm (AWST), at leveluphort.com.au

To enquire or enrol in the Level Up Hort program, contact project manager Steff Carstairs on 0428 712 852, email steff@planfarm.com.au or go to the website leveluphort.com.au for more information and FAQs.

Level Up Hort is funded through Hort Innovation, using vegetable and onion research and development levies together with contributions from the Australian Government (MT22009).

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For further information or interviews, contact Paul Omodei on paul@planfarm.com.au or 0427 728 566.

Attached photos:

Planfarm director of horticulture and agronomy Paul Omodei launches the first national benchmarking report on the vegetable and onion sector in Melbourne. Photo credit: Tom Bricknell/AUSVEG

Cover of the Level Up Hort report, the first national benchmarking report on the Australian vegetable and onion industries.

ABOUT PLANFARM

Planfarm is Western Australia's leading agricultural consultancy firm for expert guidance in farm business and agronomy. Its horticulture consulting arm provides horticulture businesses with unprecedented access to professional support and data.

ABOUT RMCG

RMCG is a multi-disciplinary consultancy specialising in environment, agriculture and communities. It provides advice to government agencies, water authorities, institutions and private sector clients in the fields of environment, water, agriculture, economics and communities.

ABOUT HORT INNOVATION

Hort Innovation is a not-for-profit, grower-owned company that delivers more than \$120 million in research, development and marketing activities on behalf of Australian horticulture each year.