



Fruit and Vegetable Roundtable Summary: Addressing the barriers to a viable Victorian fruit and vegetable industry

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1 Executive Summary

This document summarises the outcomes of a Fruit and Vegetable Roundtable hosted by the Food Alliance in October 2011 on 'Addressing the barriers to a viable Victorian fruit and vegetable industry'.

Roundtable participants discussed the issues identified in the Food Alliance's report, *A Resilient Fruit and Vegetable Supply for a Healthy Victoria: Working together to secure the future*, and identified broad strategies to address the issues.

Stakeholders emphasised that **government, consumers, retailers and other parts of the supply chain all have a role to play in increasing demand** for fruit and vegetables, improving farm profitability and in encouraging the development of sustainable production systems. They also emphasised the need for **multi-sector, collaborative initiatives to address the issues**, involving both government and representatives from across the supply chain.

The strategies identified by stakeholders to address the issues included:

- **government food procurement standards** to encourage an increase in fruit and vegetable consumption and to expand the market for sustainably produced fruit and vegetables
- a **'food charter'** that defines principles for sustainable food production and consumption and encourages a 'whole of government' approach
- **diversifying retail channels for fruit and vegetables** to include more options for growers to supply within their own region and to supply produce direct to consumers and businesses (e.g. food hubs and local markets established by local government authorities)

- **increased investment in supply chain research** to identify opportunities to improve the efficiency of the fruit and vegetable supply chain
- **development of additional sales channels for second grade produce** that address the barriers of prohibitive packaging and transportation costs
- **increase the availability and accessibility of fruit and vegetables** throughout communities by trialing new modes of access, such as food hubs, mobile fruit and vegetables stalls (in locations such as schools, universities and train stations) and methods of purchasing fruit and vegetables that reconnect people with farmers and with local, seasonal produce
- **broad strategic assessments of productive agricultural land** that classify land not only in terms of its soil and climate, but also its access to water, labour, transport and other types of infrastructure.





2 Introduction

2.1 Victoria's fruit and vegetable supply

Victoria is a major food producer, and scenarios of food shortages in the future seem unlikely. However, recent modeling studies have shown that **Victoria may face shortages of fruit and vegetables in the future**. Fruit and vegetable supplies are vulnerable because of **low farmgate prices, loss of productive agricultural land and diminishing water supplies**. In addition, Victoria's fruit and vegetable farmers are affected by the **rising costs of fuel, fertilisers and pesticides** and the **increasing frequency of extreme weather events** and **lack the surplus production** used for export markets that could be used as a buffer when supplies are affected.

The ability to import fruit and vegetables is an essential part of a resilient food supply. However, **relying on fruit and vegetable imports would create vulnerabilities in Victoria's food system**, particularly because of emerging challenges such as **climate change and peak oil**. Consequently the Food Alliance believes that there is a need for stakeholders to work together to **identify strategies to improve the resilience of Victoria's fruit and vegetable supply and to increase the consumption of fruit and vegetables in the state**.

2.2 About this document

This document summarises the outcomes of a Fruit and Vegetable Roundtable hosted by the Food Alliance in October 2011 on 'Addressing the barriers to a viable Victorian fruit and vegetable industry'. The Roundtable brought together stakeholders from multiple sectors to discuss issues raised in the Food Alliance's report, *A Resilient Fruit and Vegetable Supply for a Healthy Victoria: Working together to secure the future*.¹ The Roundtable was attended by stakeholders from a wide range of sectors including fruit and vegetable producers, processors, wholesalers and retailers, local and state government representatives, as well as experts in public health, land use planning and environmental sustainability.

The outcomes documented in this report are broad strategies identified by Roundtable participants to address key issues facing the fruit and vegetable industries. These strategies will be prioritized in consultation with stakeholders, and some will be selected for the development of more detailed action plans.

References for the issues discussed in this document are available in the Food Alliance report, *A Resilient Fruit and Vegetable Supply for a Healthy Victoria: Working together to secure the future*.¹ For further information about the Food Alliance's work, please see the website, www.foodalliance.org.au or contact **Kathy McConell** or **Rachel Carey**:

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¹ Further information and references for all background information provided in this report can be found in the Food Alliance's report on *A Resilient Fruit and Vegetable Supply for a Healthy Victoria* (Carey and McConell, 2011).

3 About the Roundtable

The Roundtable was held in Melbourne on 17 October 2011. It hosted stakeholders from multiple sectors to discuss issues raised in the Food Alliance's report, *A Resilient Fruit and Vegetable Supply for a Healthy Victoria: Working together to secure the future*¹, and to identify strategies to address the issues raised in the report.

The Roundtable was attended by around 60 stakeholders from a wide range of sectors including fruit and vegetable producers, processors, wholesalers and retailers, local and state government representatives as well as experts in public health, land use planning and environmental sustainability.

3.1 Roundtable breakout groups

Discussions at the Roundtable focused on identifying strategies to address barriers to a viable Victorian fruit and vegetable industry. Discussions took place in breakout groups focused on four key themes:

- **improving farm profitability through supply chain innovation** – focused on policy solutions to improve the profitability of Victorian fruit and vegetable farmers
- **identifying and protecting productive agricultural land** – focused on strategies for identifying and classifying productive agricultural land in Victoria, and ensuring its long term protection
- **increasing consumption and access to fruit and vegetables** – focused on policy solutions for creating supportive environments where Victorians can access and increase their consumption of fruit and vegetables
- **creating sustainable and resilient production systems** – focused on policy solutions to help accelerate the development of sustainable and resilient production systems.





4 Key themes from the Roundtable

The following section summarises discussions related to the four key Roundtable themes (see above), as well as a number of overarching themes that emerged.

4.1 Overarching themes

A number of overarching themes emerged from the Roundtable, identified by multiple groups of stakeholders. These included the need to reduce food waste, enhance regional supply chains and the influence of food culture. Another key theme was the need to increase the demand for 'fairly traded' and sustainably produced fruit and vegetables. Stakeholders emphasised that government, the food industry and consumers all have a role to play in increasing this demand.

The role of government

Stakeholders emphasised that government should play a role in increasing demand for fruit and vegetables and in encouraging the development of sustainable fruit and vegetable production systems. They identified a number of mechanisms that government could use to do this:

- **government food procurement standards** could be developed to encourage an increase in fruit and vegetable consumption and to expand the market for sustainably produced fruit and vegetables. The standards would define mandatory health and sustainability standards for food procured by government departments and agencies (such as schools, hospitals and prisons) so that one attribute is not traded off for another
- a **'food charter'** could be developed at a state or national level, defining principles for sustainable food production and consumption. The charter could encourage an integrated 'whole of government' approach to sustainable food production and consumption by providing a policy framework against which to assess proposals
- **food impact assessments** could be carried out for major new government initiatives to evaluate their impact on the state's food security

- **government investment in research, development and extension services** for sustainable production systems could be increased to promote adoption of sustainable food production practices.

The role of the food industry

The food industry has a significant influence on fruit and vegetable demand and supply, particularly the major retail chains. At least 55% of the fruit and vegetables sold in Australia are sold through the major supermarkets, and retailers increasingly source produce direct from growers, specifying many aspects of the way that fruit and vegetables are grown. Stakeholders suggested that retailers should play a role in increasing the demand for sustainably-grown fruit and vegetables by:

- **enhancing the environmental standards** of produce sold through their stores
- **relaxing product specifications** so that less produce is rejected because it is the wrong size, shape or has minor blemishes and to encourage consumer acceptance of second grade produce
- **selling second as well as first grade fruit and vegetables** e.g. selling bins of 'ugly', 'wonky' or under-sized fruit and vegetables at a lower price
- **promoting fruit and vegetable consumption** through product placement and marketing strategies
- **providing point of sale information** about the serve sizes of fruit and vegetables and how to prepare them
- **increasing the fruit and vegetable content of 'own brand' convenience foods** to increase fruit and vegetable consumption
- **reducing packaging and using more environmentally sustainable packaging** for fruit and vegetables
- **reducing fruit and vegetable waste.**

The role of consumers

Several of the breakout groups identified a need for better consumer awareness of the issues involved in fruit and vegetable production to encourage purchasing behaviour that supports a viable Victorian fruit and vegetable industry and sustainable production practices. Stakeholders identified a need for better consumer understanding of:

- **why 'blemishes' occur on fruit and vegetables and how they affect product quality** in order to encourage purchase of second grade fruit and vegetables
- **seasonality in fruit and vegetable production** in order to encourage purchase of seasonal Victorian fruit and vegetables, rather than 'out of season' imports or produce that has been in long term storage
- **conventional versus sustainable production systems** – in order to foster consumer understanding of sustainable practices, such as the role of beneficial insects in integrated pest management systems versus the use of conventional pesticides
- **the implications of buying imported produce** for the viability of the Victorian fruit and vegetable industries and the need for Victorian growers to receive a fair price for their produce.

Increasing diversity in food supply channels

Several of the breakout groups suggested that greater diversity was needed in the available supply channels for fruit and vegetables, particularly those available to small to medium-scale growers, to:

- supply produce direct to consumers, businesses and other organisations
- supply produce more easily within their own region
- share storage, transport, processing and packaging infrastructure with other growers
- sell second grade (misshapen, small or blemished) produce.

Food hubs are one example of such a channel. Food hubs are places where growers and buyers in a region can connect. They originated in the United States and come in many forms. They typically provide shared infrastructure, such as warehouses, refrigerated storage, transport and packing facilities, enabling small farmers to collectively supply to larger buyers.

Local markets also increase the diversity in food supply channels. Markets could be established by City or Shire councils in indoor market facilities, on the site of other community facilities (e.g. schools and community centres) or as street markets.

Enhance regional supply chains

Roundtable participants identified a need to focus on regionalising fruit and vegetable supply chains in order to:

- reduce transport costs to growers
- reduce the energy consumption and greenhouse gas emissions associated with road freight
- reduce the need for cold storage
- improve product quality
- support local growers and food processors.

Regionalisation of supply chains could occur by increasing the diversity of retail channels that supply within the region, as described above, or through an increased focus on regional sourcing by the major retailers.





The significance of food culture

Several breakout groups emphasized that the prevailing food culture has an important influence on the consumption of fruit and vegetables, and that contemporary food culture is influenced by a significant disparity between the advertising budgets of processed, energy-dense foods and that of fruit and vegetables.

Government can play a role in creating a food culture that supports increased fruit and vegetable consumption through strategies such as:

- banning junk food advertising to children
- working with the fruit and vegetable industries to promote fruit and vegetables through social marketing campaigns
- expanding the kitchen garden programs in primary schools and reintroducing home economics as a core subject in secondary schools.

Reducing food waste

The need to reduce fruit and vegetable waste was raised as a key issue in all breakout groups at the Roundtable. Stakeholders emphasized the opportunities to generate additional benefits by tackling fruit and vegetable waste, such as increasing fruit and vegetable consumption (by making second grade produce available to consumers at competitive prices) and improving soil health (through schemes to compost organic household waste for use on farm).

What does the evidence tell us?

Food waste occurs both at the household level and through the food supply chain. Around \$1.1 billion of fruit and vegetables are wasted at the household level in Australia each year. There is limited data on fruit and vegetable waste through the supply chain, but some studies suggest that up to a third of produce is wasted post-harvest. A key reason for this waste is the tight product specifications of Australia's major retailers. Fruit and vegetable waste represents a waste of water, energy, fertilisers and pesticides, as well as a source of greenhouse gas emissions.

A key barrier to marketing second grade fruit and vegetables currently is the cost of packing and freighting, which is often more than the farmer receives for the produce. As a result, second grade produce is often left in the field or used as animal feed. Strategies identified by stakeholders to reduce food waste included:

- creation of new sales channels to market second grade 'blemished' fruit and vegetables (both fresh and processed) to consumers and businesses
- consumer education to increase acceptance of fruit and vegetables with minor blemishes
- better management of the cool chain to reduce the length of time that produce spends in cool storage, reducing household waste
- trials of 'city to soil' composting schemes that collect and compost organic household waste for re-use on farm
- government grants to establish shared infrastructure that would allow small to medium-sized farmers to process second grade fruit and vegetables
- increased supply of other food waste to food recovery enterprises.

4.2 Improving farm profitability through supply chain innovation

As discussed in the Food Alliance's report on *A Resilient Fruit and Vegetable Supply for a Healthy Victoria*¹, the terms of trade for farmers have declined over the last few decades. The cost of farm inputs has risen, and farmgate prices have not kept pace, due to downward pressure on fruit and vegetable prices from Australia's major retailers and low cost imports. This threatens the viability of the fruit and vegetable sector in Victoria.

Strategies to address the issues

- **increase investment in supply chain research** to identify opportunities to improve the efficiency of the fruit and vegetable supply chain (such as opportunities to reduce the requirement for refrigerated storage, increase freight efficiency, reduce waste and harmonise food regulation at state and local levels)
- **improve the transparency of supply chain transactions** so that the profits of stakeholders throughout the supply chain are visible
- **diversify retail channels for fruit and vegetables** to include more options for growers to supply within their own region and to supply produce direct to consumers and businesses through, for example, food hubs and local markets established by local councils.



What does the evidence tell us?

Horticultural production is worth about \$1.3 billion per year to Victoria. However, as less than 10% of Australians eat the recommended number of serves of fruit and vegetables daily, there is an opportunity to grow the market by increasing fruit and vegetable consumption. There are also opportunities to improve the profitability of Victorian farmers by improving the efficiency of fruit and vegetable distribution and diversifying the retail channels for fruit and vegetables.

- **develop additional sales channels for second grade produce** that address the barriers of prohibitive packaging and transportation costs (e.g. by enabling processing or direct sales of produce close to the point of origin)
- **remove regulatory barriers to value adding** for growers in green wedge areas
- **educate consumers** and supply chain stakeholders about fruit and vegetable production issues (such as seasonality, storage, waste and country of origin) and 'right to farm' issues
- **develop a 'food charter'** for Victoria that defines principles for sustainable food production and consumption.

4.3 Identifying and protecting productive agricultural land

Victoria has a relatively small amount of productive agricultural land suitable for fruit and vegetable production, and this land is becoming more expensive due to urban growth, which particularly affects vegetable growers on the city fringe. Over half of Victoria's vegetables and 17% of the fruit are grown within 100 km of Melbourne.



What does the evidence tell us?

There have been several research reports and inquiries into the issues surrounding land use planning and agriculture in Victoria in recent years. All investigations stress that the urban growth boundary should be stabilized for at least 10 to 15 years to provide certainty for farmers. There is also a need to map and classify areas of productive agricultural land and to provide long term protection for areas of high value productive agricultural land.

Strategies to address the issues

- **broad strategic assessments of productive agricultural land** should be conducted to classify land not only in terms of its soil and climate, but also its access to water, labour, transport and other types of infrastructure
- **the social and health contribution of productive agricultural land** should be recognised, in addition to its economic value, in assessing its significance
- **local governments** should be supported to enhance their role in planning the future use of productive agricultural land and the development of local food economies in their region
- **better public awareness** is needed of the value of productive agricultural land to society and of the value of fruit and vegetable consumption for health.

4.4 Increasing consumption and access to fruit and vegetables

Fruit and vegetable consumption is important for prevention of obesity and chronic disease. Targets have been set in Victoria and other states for increasing fruit and vegetable consumption, but less than 10% of Victorians currently eat the recommended number of serves of fruit and vegetables. Stakeholders discussed the need to increase the availability of fruit and vegetables across multiple settings in order to make the healthy choice the easy choice, and the need for a multi-sector and 'whole of government' approach to fruit and vegetable marketing.

What does the evidence tell us?

Australia, like other countries around the world, has trialed social marketing campaigns over the last decade to promote individual fruit and vegetable consumption. There is evidence of modest increases in fruit and vegetable consumption as a result of these campaigns², but there is growing recognition within the public health sector that new approaches are needed that aim to increase the availability of fruit and vegetables across multiple settings and to create *environments that support increased fruit and vegetable consumption*.

Strategies to address the issues

- **increase the availability and accessibility of fruit and vegetables** throughout communities by trialing new modes of access, such as food hubs, mobile fruit and vegetables stalls (in locations such as schools, universities and train stations) and methods of purchasing fruit and vegetables that reconnect people with farmers and with local, seasonal produce
- **introduce government food procurement standards** to increase the availability of Australian-grown (or regionally-grown) fruit and vegetables in settings such as hospitals, prisons and schools
- **run a national fruit and vegetable promotion campaign** to increase demand for fruit and vegetables. The campaign should be implemented consistently across all states, and should be developed as a collaboration between government and industry (producers, wholesalers, processors and retailers)
- **develop state/national nutrition and food policies**
- **increase skills and interest in fruit and vegetable preparation among young people** by reintroducing home economics as a core subject in secondary education and by expanding kitchen garden programs, such as the Stephanie Alexander Kitchen Garden Program, in primary education
- **increase the fruit and vegetable content of convenience foods** such as pre-prepared foods and foods purchased from the food service industry (including cafes, restaurants, takeaways and vending machines).



4.5 Creating environmentally sustainable and resilient production systems

Victorian fruit and vegetable producers face multiple environmental pressures, including the impacts of climate variability (such as rising temperatures, reduced water availability and increased pest activity), declining supplies of the primary sources of key fertiliser inputs (fossil fuels and phosphate rock), and community concerns about the environmental impacts of excessive use of fertilizers and pesticides.

The horticulture sector has responded to concerns about the environmental impacts of excess fertilizers and pesticides with the introduction of environmental management systems and biological methods of pest control, i.e. integrated pest management.

What does the evidence tell us?

Climate change projections for Victoria suggest that annual average temperatures will rise by up to 1.2 °C by 2030 and water availability will decrease. A multi-pronged approach is needed to encourage resilience in Victoria's fruit and vegetable supply in the face of these climate pressures. Rising fertiliser and pesticide prices, declining supplies of key fertiliser inputs and community concerns about the environmental impacts of fertiliser and pesticide use also suggest a need for an increased emphasis on sustainable production systems, such as low input approaches and systems that treat and recycle organic waste.

Strategies to address the issues

- **create a market for sustainably produced fruit and vegetables** using strategies such as an assurance mark or label for sustainably produced fruit and vegetables and the introduction of government food procurement standards
- **develop a long term vision for sustainable agricultural production** for the state with a focus on how food should be grown in 50+ years
- **increase government research, development and extension services in soil management** with a focus on improving the resilience of soils including resilience to climate variability and reduced water availability using biological solutions
- **invest in research and pilot schemes that utilise organic waste to improve soil health**, such as 'city to soil' schemes that collect and compost organic waste from metropolitan areas, before making it available for agricultural use
- **review regulations for on farm collection and use of storm water**, considering whether regulations should enable greater collection and use of storm water by producers in order to improve water security.ⁱⁱ

ⁱⁱ Roundtable participants recognised water security as one of the most important issues facing Victorian fruit and vegetable producers. However, the Roundtable did not address water issues in depth in view of the related policy processes that are currently underway (such as the development of the Murray Darling Basin Plan, the second stage of the Food Bowl Modernisation Project and the Bunyip Food Belt proposal for use of recycled water on the city fringe).

5 References



1. Carey R. and K. McConell, *A Resilient Fruit and Vegetable Supply for a Healthy Victoria: Working together to secure the future* 2011.
2. National Preventative Health Taskforce, *Australia the Healthiest Country by 2020: National Preventative Health Strategy - the Roadmap for Action*. 2009.

6 Appendix

6.1 About the Food Alliance

The Food Alliance is an organisation funded by VicHealth (the Victorian Health Promotion Foundation) and auspiced by the Food Policy Unit at Deakin University. The Food Alliance aims to identify, analyse and advocate for evidence-informed policies and regulatory reform to enable sustainable food security and healthy eating in the Victorian population. This is one of three key areas of advocacy for the Food Alliance. The other areas are:

- healthy and sustainable public sector food – the need for mandatory minimum standards
- healthy and sustainable food policy – the need for an integrated food strategy.

6.2 Participants in the Roundtable

Representatives from diverse sectors attended and participated in discussions during the Roundtable. They included:

- non-government organisations (Heart Foundation, SecondBite, Food Bank, Planning Institute of Australia, Food Skil, Eaterprises, Food and Farm Life)
- farmers (Victorian Farmers Federation and individuals)
- processors (Australian Processing Tomato Research Council, SPC Ardmona, Icon Global Link)
- industry associations (Vegetable Growers Association, Horticultural Industry Network, TQA Australia)

- retailer (Coles)
- academics (Latrobe University, University of Melbourne, Victorian Eco-Innovation Lab, Monash University, Deakin University)
- statutory bodies (VicHealth, Growth Area Authorities', Melbourne Market Authority, Vegetable Growers Association, Fresh State)
- local government (Darebin, Casey, Melbourne, Mornington Peninsula, Victorian Local Governance Association)
- state government (Departments of Health, Primary Industries and Planning & Community Development, Regional Development Victoria, Victorian Organic Industry Committee).

6.3 Acknowledgements

The Food Alliance staff would like to thank all the participants for sharing their time to participate in the discussions during the Roundtable.

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