

MEDIA RELEASE

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WA Initiative Builds Resilience of Local Horticulture Industry

vegetablesWA and Planfarm are alleviating the strain
of increasing costs and stagnating produce prices
felt by West Australian growers.

Benchmarking data taken during the 2021-22 financial year from the Building Horticulture Business Capacity Program indicates the majority of growers who take part in the project build more resilient businesses. This is becoming more and more important as costs continue to rise and prices are largely levelling out.

“Operating costs have increased across the board, around \$12,000/ha for the average producer, and up a substantial 15% on last year,” explains project manager Bryn Edwards of vegetablesWA.

“Interestingly, rather than the top 25% of producers reducing costs, they spent over \$13,000/ha more than the average grower. However, the difference came through the top producers having the ability to generate 37% (\$43,000/ha) more income, offsetting the costs and corresponding to an extra \$30,000/ha in their pockets.”

The Building Horticulture Business Capacity Program is a collaboration between peak WA horticulture body vegetablesWA and leading farm management consultant Planfarm. Now in its third year, the program works with growers to improve business systems and profit. It then analyses the health of the industry and how growers are setting themselves up to tackle changing economic times through its annual benchmarking report.

While the growers in the top 25%, in terms of profitability, and average data range were able to control expenses, it's the bottom 25% that are facing increasing concerns to long-term viability.

“The results of the top 25% and average growers are testament to those who have worked closely with consultants and made changes to their business,” says Bryn. “However, with production costs continuing to rise and produce prices levelling out, the concern is whether the bottom 25% are indicative of the wider WA industry. If so, we may be looking at challenging times ahead.”

According to Paul Omodei, farm business consultant and director at Planfarm, distressed producers have joined the program and worked with consultants to quickly address issues and turnaround their businesses.

“If growers just accept their costs and prices, there is a level of concern. However, through this program, growers can find a level of stability for their business,” he says.

According to Bryn, the dynamic nature of the current cost-rising situation means business owners need to be pin-sharp on costs of production. If they start making a loss, it's a big challenge when it comes to equity.



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“The average equity position for the FY 2021-22 vegetable industry was 79%, with the top 25% being significantly higher at 94%. Both are strong positions that can assist businesses to survive shocks, such as negative surplus (deficit) caused from production, market influences or pricing catastrophes,” says Bryn.

“The bottom 25%, however, is at a worrying 50% equity, which is a more vulnerable position. With this level of equity the business becomes too risky for banks, diminishing the ability to secure loans.”

The message from the industry benchmarking data is that growers need to ensure there is a clear line between what money is being spent through to saleable yield. And production data is key. According to Bryn: “In the current dynamic cost rising climate, previously held cost of production assumptions can quickly become out of date, therefore it’s key to stay on top of this to inform decisions to maintain margins.”

Interview/image requests:

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Background information:

vegetablesWA was established in 1948 and has been the peak industry body representing vegetable growers in Western Australia for 75 years. Its purpose is to assist vegetable growers, industry and government in maintaining a profitable and sustainable vegetable industry.

The Building Horticulture Business Capacity Program is a collaboration between vegetablesWA and Planfarm. It has been working with horticulture businesses for the past six years and measuring benchmarks for the past three years. It’s funded by The Department of Primary Industries and Regional Development, Hort Innovation Frontiers Leadership Funds and Agricultural Produce Commission pome and vegetables sub committees.