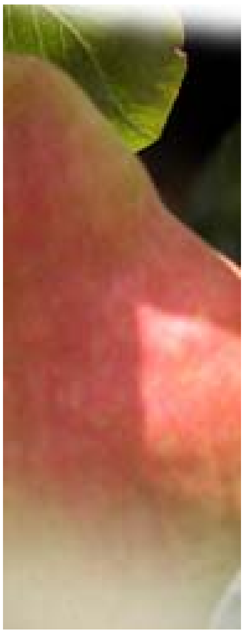
South Australian

Apple, Pear and Cherry Industry

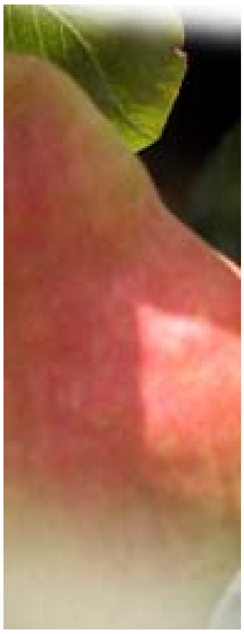


Strategic Plan

2006-2011

South Australian

Apple, Pear and Cherry Industry



Strategic Plan

2006-2011

ACKNOWLEDGEMENTS

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GLOSSARY

APAL	Apple & Pear Australia Ltd
APGA of SA	Apple and Pear Growers Association of SA Inc
APFIP	Australian Pome Fruit Improvement Program
CGA	Cherry Growers of Australia Inc
CGA of SA	Cherry Growers Association of SA Inc
DAFF	Australian Government Department of Agriculture, Forest and Fisheries
EMS	Environmental Management Systems
IPP	Industry Partnerships Project
IR	Industrial Relations
MRL	Maximum Residue Limit
PIRSA	Primary Industries & Resources SA
QA	Quality Assurance (such as EurepGap)

CONTENTS

EXECUTIVE SUMMARY

This plan is the result of consultation with members of the industry including growers, packers and processors, undertaken by PIRSA and the Apple and Pear Growers Association of SA and Cherry Growers Association of SA in 2006.

Major changes in the global and national business environment in relation to imports will have a significant effect on the SA industry and individual SA businesses. To remain viable, it is vital that the SA industry work together to take responsibility for finding solutions to this and other identified issues. Changes are ongoing and an industry plan must be flexible to keep abreast of the market demands.

This plan is consistent with the APAL national strategic plan (2005 – 2010) and the CGA national strategic plan (2002 – 2006) but is specifically for the South Australian apple, pear and cherry industry in recognition that the SA industry must position itself to meet these new challenges and opportunities.

At a workshop in June 2006, participants were presented with background information on the outcomes from the initial Industry Partnerships Projects from both apples/pears and cherries and the preliminary findings from the 5 year orchard intensification project conducted on Lenswood Centre. Participants then identified SA industry issues and developed possible solutions to some of the high priority issues.

Some of the high priority issues include:-

- Market access
- Competition from other fruit products and imports
- Availability and cost of labour
- Availability and cost of root stock
- Implementation of a user friendly and internationally accepted QA system
- Appropriate business and industry structures
- Lack of industry statistics

The solutions or options for addressing the major issues have been prioritised into three major areas which are addressed in the plan:-

1. **INDUSTRY AND BUSINESS CAPABILITY DEVELOPMENT**
2. **INNOVATION AND PRODUCT DEVELOPMENT**
3. **MARKET DEVELOPMENT**

These are consistent with the current draft SA Food Plan 2007 – 2010.

Key criteria for the successful implementation of this plan is the preparedness and commitment of the Apple and Pear Growers Association of SA and the Cherry Growers Association of SA and the growers, packers and processors to work co-operatively, share resources and avoid duplication of effort. Government has a role in supporting the actions and also has sole responsibility for some specific actions.

The Action Plan details how the actions can be achieved and who is primarily responsible for these activities.

LIST OF ACTION ITEMS

The following key actions have been identified for early progress:

INDUSTRY AND BUSINESS CAPABILITY DEVELOPMENT	
Action 1	Maintain a strong industry structure.
Action 2	Assist in the development, maintenance and promotion of viable regional programs.
Action 3	Assist growers to develop cooperative programs that have positive benefits to the individual growers and the overall industry in both the domestic and export markets.
Action 4	Develop and implement programs that assist younger industry members to actively participate in all aspects of the industry and/or business development.
Action 5	Assist Industry and individual businesses to adjust to the challenges of increased imports into the domestic market.
INNNOVATION AND PRODUCT DEVELOPMENT	
Action 1	Facilitate the involvement and expansion of grower participation in national Industry Partnership Programmes.
Action 2	Collect, collate, interpret and distribute appropriate industry data that assist individual growers to make appropriate business decisions to develop and expand their businesses.
Action 3	Maintain and expand the program of natural resource management and EMS with particular focus on water, soil, vegetation and air.
Action 4	Develop a better understanding of climate change and assist in the establishment of programs that assist growers to adapt to climate change.
MARKET DEVELOPMENT	
Action 1	Work with national peak industry organisations, State and Federal Government and Government agencies to assist in achieving appropriate access to new global markets.
Action 2	Implement a program of market maintenance for those current domestic and global markets for South Australian apples, pears and cherries.

The Action plan on page 13 lists in detail how these actions can be achieved, who is responsible for making them happen and possible sources of funding.

INTRODUCTION

Why have a SA industry strategic plan?

Major changes in the global and national business environment in relation to imports will have a significant effect on the SA industry and individual SA businesses. To remain viable, it is vital that the SA industry work together to take responsibility for finding solutions to this and other identified issues. Changes are ongoing and an industry plan must be flexible to keep abreast of the market demands.

This plan sets out to:

- Describe the current situation and critical issues facing the SA industry.
- Provide a series of options to address the identified SA issues.
- Present the reviewed and refined SWOT Analysis for the Australian industry (to indicate the importance of consistency with the national industry view).
- Present the options and solutions for major SA issues in more detail.
- Determine the priorities for action.
- Develop action plans to address priorities including description of the action – what and how and who will take responsibility.

Apple and Pear Australia Ltd (APAL) has developed a revised national strategic plan (2005-2010) based on the outcomes of research including a major strategic review (Industry Partnership Project) and the involvement of a significant number of industry participants.

Similarly, Cherry Growers of Australia Inc (CGA) has a national strategic plan (2002 – 2006) which currently sets a range of priorities. Using the current strategic plan in combination with the Industry Partnership Project Taking Stock document, CGA is moving into a major strategic review during the first half of 2007.

This Plan is consistent with the objectives within both the national plans but is specifically for the South Australian apple, pear and cherry industry in recognition that the SA industry must position itself to meet new challenges and opportunities.

How was this plan developed?

This plan is the result of consultation with members of the industry including growers, packers and processors. At a workshop in June 2006, participants were presented with background information on the outcomes from the initial Industry Partnerships Projects for both apples/pears and cherries and the preliminary findings from the 5 year orchard intensification project conducted on Lenswood Centre and then invited to identify SA industry issues and to develop possible solutions to some of the high priority issues.

The plan also has links with other relevant state plans such as the SA Strategic Plan and the SA Food Plan 2007 -2010 (draft).

BACKGROUND INFORMATION

At the consultation workshop, Mr Paul James, Senior Horticultural Consultant, Rural Solutions SA provided a presentation and background paper outlining a national perspective on how the national apple and pear industry should be moving forward. These presentations were drawn from the findings of the following reports: The first 3 reports listed were prepared for the industry as part of the Industry Partnerships Project (IPP) jointly managed by APAL and DAFF.

1. Strategic Review and Needs / Situational Analysis
2. A scoping study of Supply Chain Efficiency
3. A report and work plan for "Demonstration Intensive Orchards Systems"
4. Comparison of high-density orchard performance under Australian conditions

Each of the first 3 reports provided in depth information on the current national situation and potential future operating environments, highlighting the industries strengths and weaknesses and then provided recommendations on ways to address the problems identified.

Because of Intellectual property issues the contents of these reports has not been documented here.

The findings from reports 1, 2 & 3 were used by the industry at a national strategic planning workshop in July 2005. This workshop developed the new 2005 – 2010 National Apple and Pear Strategic plan previously mentioned. Copies of this strategic plan are available on the APAL and Horticulture Australia Ltd websites.

Trevor Ranford, General Manager of Cherry Growers Association of SA provided details on the national perspective on how the Australian Cherry Industry should be moving forward. The presentation was drawn from the findings of the report titled "Taking Stock and Setting Direction: A working plan for the Australian Cherry Industry". This report was prepared for the industry as part of the Industry Partnership Project (IPP) jointly managed by CGA and DAFF.

The report provided in depth information on the current national situation and potential future operating environments, highlighting the industries strengths and weaknesses and then provided recommendations on ways to address the problems identified.

These reports formed the foundation of a second IPP project application by both apples/pears and cherries that were developed, submitted and have subsequently been funded by the Australian Government through DAFF.

LINKS TO OTHER RELEVANT SA PLANS

South Australian Strategic Plan

The SA Apple and Pear and Cherry Industry Strategic Plan contributes to specific targets of the South Australian Strategic Plan, as follows:

Target 1.1 *Economic Growth*	Exceed the national economic growth rate by 2014.
Target 1.5 *Business investment*	Exceed Australia's ratio of business investment as a percentage of the economy by 2014. Implementation of the actions in this plan will contribute to increased business investment through improved profit margins and attracting more people to the industry.
Target 1.6 *Labour productivity*	Exceed Australia's average labour productivity growth rate in trend terms by 2014.
Target 1.10 *Jobs: Better the Australian average employment growth rate by 2014*	This plan highlights labour availability as a key issue. Improving access to appropriately skilled labour will contribute to the jobs target in regional SA.
Target 1.14 *Total Exports*	Treble the value of South Australia's export income to $25 billion by 2014. By improving market access the industry will significantly contribute to export income.
Target 2.2 *Healthy weight*	Increase the proportion of South Australians 18 and over with healthy weight by 10 percentage points by 2014.
Target 3.3 *Soil protection*	By 2014 achieve a 20% increase in South Australia's agricultural cropping land that is adequately protected from erosion.
Target 3.5 *Greenhouse gas emissions reduction*	Achieve the Kyoto target by limiting the state's greenhouse gas emissions to 108% of 1990 levels during 2008-2012, as a first step towards reducing emissions by 60% (to 40% of 1990 levels by 2050.
Target 3.7 *Ecological footprint*	Reduce South Australia's ecological footprint by 30% by 2050.
Target 3.9 *Sustainable water supply*	South Australia's water resources are managed within sustainable limits by 2018.
Target 4.11 *Business Expenditure*	Increase business expenditure on research and development to 1.5% of GSP in 2010 and increase to 1.9% by 2014. The importance of collaboration and continued funding of research such as IPP's is vital.
Target 5.9 *Regional population levels*	Maintain regional South Australia's share of the state's population (18%). Implementation of this plan will contribute to maintaining regional population and communities.

South Australian Food Plan 2007 – 2010 (draft)

Nine significant "Rate Limiters" affect the potential to meet SA Food Plan targets. These are:

- market development;
- value adding;
- development of companies and products that can compete effectively in global markets;
- effective government and industry collaboration;
- regulatory issues;
- innovation;
- research, development and commercialisation;
- development of the regional industry;
- collaboration among small and medium food companies.

In particular stakeholders recommended that the Food Plan concentrate resources on:

- developing business and industry capabilities;
- supporting innovation and new product development,
- developing local, interstate and international markets.

To achieve economic success and contribute to achieving the objectives of the South Australian Strategic Plan, these are the main areas in which to concentrate resources. The SA Apple and Pear and Cherry Industry Strategic Plan is consistent with this intent.

DESCRIPTION OF CURRENT SA SITUATION

Issues identified by industry participants at the workshop in June 2006

1. Labour – availability/quality/cost

- Develop pedestrian orchards / configuration, preferred by pickers.
- Reduce costs by increased mechanization.
- Estimated that 50% of labour is involved in growing and 50% in pack out and marketing.
- Prefer offshore immigrant labour (keen / high output).
- Uncertainty if piece rates meet new IR laws – this is an industry issue.
- Industry works on a productivity basis but needs to consider minimum wage.
- Must concentrate on maximising pack out.
- Important to include succession planning for industry and individual businesses.

2. Quality, cost, and availability of root stock

- This is a national issue and needs to be dealt with at that level.
- Tissue Culture may be an alternative but has a poor track record of performance in Australia.
- Industry is currently working on standards but needs to have Nursery industry involvement – consider viability. Currently nurseries have a monopoly.
- Relationship with size of the industry – may be too small, not in the same league as wine grapes that have own nursery stock, also can use cuttings and have a much simpler system.
- Imported stocks must consider quarantine implications as there are significant quarantine issues with sing pant material from overseas.

3. Quality Assurance systems – need for consistency, there are too many

- This is an issue both nationally and internationally.
- *EurepGap* – is good and simple, lots of benefits.
- Apple and Pear Growers Association of SA/Cherry Growers Association of SA can look at the requirements. An audit is happening and systems are being investigated, the Association's can offer support, try to influence the outcome and provide information.

4. Market Access

- This issue is both national and international.
- Need quarantine protocols to be published and readily available.
- Larger fruit parcels are needed, to be commercially viable.
- National issues include Fruit Fly / Quarantine.
- Seek support from Government Agencies (eg PIRSA and R & D organisations) – more supporting research is required.
- Develop other markets to combat reliance on retail monopolies eg Coles, Woolworths, Independents.

5. Government Policy – access to land/rezoning, access to water, labour costs, and in the long term both the industry and overall economic and social sustainability

- Need to be provided with information in appropriate, user friendly form.
- Government should consult with Industries before making major decisions.
- Need to define consultation – two way communication and requiring the government to take on board suggestions and recommendations from industry and community.
- Government needs to consider the impact of extending "Rural Living" on the viability of industry – consider the "Right to Farm", it should be a process of negotiation.
- This issue requires the involvement of other horticulture sectors (not just Apple, Pears and Cherries). The working group should offer solutions based on achieving a balance/compromise and looking after the "greater good", not just one interest group.
- There needs to be more "Community Ownership" – however this needs to be clearly defined.
- Need to influence government to have a longer-term vision, beyond 3 years.
- Planning in regard to issues in Adelaide Hills eg. water, and land, needs to be coordinated across all sectors and it needs to be consistent.
- Need to maintain a viable Industry, cannot drop below current level of production.

6. Need better industry statistics i.e. Database of varietal mix, size of plantings, location, infrastructure etc

- Definite need for cherry statistics that currently do not exist.
- Could approach growers directly as part of Industry Planning.
- Results of the survey should be made available to all contributors.
- Need to have better understanding of the real costs of production so that the growers can benchmark with other regions and with overseas producers.
- Determine cost benefits of different strategies.
- Talk to other industries.

7. Overcapitalisation / under utilisation, inefficient eg. Too many Packing Houses, every one has their own machinery, too much self-interest.

- Need to organise some in depth financial management planning so that businesses have a clear view of their financial position and knowledge on how to manage their businesses better.
- Need better understanding of all costs, need to establish a program to gather this information and then promote collaboration to reduce costs eg optimise use of packing houses.
- Currently for many there is a lack of profit, need to improve return on investment.

8. **Competitiveness in terms of price, quality, aesthetics/looks and smell –** Cherries, Apples and Pears

- Measure what matters to customers and supermarkets.

9. Environment especially in relation to Rural Living and how the industry relates to people around you, the perception of the public eg. Chemicals

- Talk to the public eg at Regional Field Days or hold own Field Days.
- Continue with EMS programs.
- Be more involved with Local Government, convince them of the Social / Environmental / Economic approach of the industry.
- Promote *EurepGap.*
- Provide information to the public, promote more awareness and understanding, about QA, revamp Codes of Practice.

10. Impact of poor quality on fruit on the market – this issue occurs in the orchard and in the Packing Sheds

- Have minimum standards and enforce these, everyone to support these standards.
- Wait for market forces to remove lower standard producers, this will happen when we have imports.
- Develop other markets for off grade fruit eg fresh juice industry, can also value add.
- Work with Woolworths, Coles and other big retail outlets.
- Need to know how we compare with other orchards in region and interstate – Apples / Pears / Cherries and other fruit – see Issue number 6 (industry statistics).

11. Competition from other Fruit Industries in the market place, for research and Support

- Opportunities to learn from other industries – Bananas, Wine Grapes.
- Need to better understand the market place, talk to customers – includes supermarkets eg Woolworth, Coles – communicate and work with them eg is Christmas time the only time for cherries, look at whole of market chain - What is fruit worth? What will people pay?
- Find an Industry champion – eg the Wiggles or Sesame Street.
- Permanently lease shelf space.
- Focus on Australian fruit – labelling.
- General Media campaign - Advertise / Promotion – focus on best assets eg. Taste, Environmental Programs, Safety.
- Maintain quality.

12. Innovation – Where is it?

- No longer with the Government.
- Require research and development and training at all levels.
- Need access to research and information on varieties, clones and techniques, etc., so growers can implement.

13. Best Business Structure – is it Family, Co-operative or Corporate?

- Industry Structures and associations – are they right for today's world? Includes National, Political and Commercial, how do we maintain them?
- Where do we find $, time and new people?

14. Imports – what strategies do we have to support Australian products, what are the impacts of imports?

- Ensure that imports are up to Australian standards and have comparable MRL's.
- Branding Australian products.
- Country of Origin – Labelling.
- Promotion – Australian is Fresh and Tastier.
- Tell a story eg. Cherry Trail.
- Identify marketing business opportunities.

15. Servicing government requirements eg Government reports - too many, too long, too much time required to comment

- APGA of SA/CGA of SA dealing with it!!
- Need data but keep it simple.

SWOT ANALYSIS

(From the Australian Apple and Pear Industry Strategic Plan 2005 – 2010).

This SWOT summarises the factors, which define the Australian industry circumstances and the operating environment.

	Advantages and opportunities	Barriers and threats
Market growth	▪ Fresh and ready to use product well supported by domestic consumers ▪ Large market share in domestic market ▪ Success in Pink Lady™ and other sustainable export programs (as role models) ▪ Perception of a healthy, nutritious product ▪ Effective branding and labelling lead by a role model of varieties and programs ▪ Proximity to international markets ▪ Uses for non premium fruit	▪ Import competition eg from New Zealand, China, USA ▪ Export competition – world markets are oversupplied and China currently very competitive ▪ Lack of viability in processing sector ▪ Lack of new varieties, especially pears ▪ Lack of effective use of marketing expertise ▪ Consumer substitution of fresh, nutritional options
Supply chain attributes	▪ Systems to differentiate and describe the product ▪ Rapid developments in post picking technology ▪ Fruit quality testing technology	▪ Inadequate systems to ensure appropriate quality-reward relationships ▪ Supply chain weaknesses compromise product eating quality and price stability ▪ Lack of visibility through the chain ▪ Reluctance by participants to collaborate ▪ Overcapitalisation in small pack houses
Production factors	▪ Intensification and modernisation of orchard systems ▪ Disease free environment ▪ APFIP, Australian breeding programs (apples/pears/cherries) and Prevar	▪ Low level of formal business management skills ▪ Under-utilised, diminishing technical base ▪ Age of grower base ▪ High increasing labour/business costs ▪ Increasing government regulation ▪ Risk of pest incursions from imports ▪ Cutbacks in resourcing extension staff
Future capacity	▪ An organised industry structure ▪ Effective political representation ▪ Industry that is willing to adopt new approaches with strong commercial incentive	▪ Limited adoption of benchmarking ▪ Disinclination to share information

SA APPLE, PEAR AND CHERRY INDUSTRY VISION - WHERE DOES THE SA INDUSTRY WANT TO BE IN 5 YEARS TIME?

"The SA Apple, Pear and Cherry Industries will be competitive, efficient and innovative industries, environmentally sound and based on the most up to date technologies and business structures, working collaboratively to contribute to the regional and SA economy."

HOW DOES THE INDUSTRY PROGRESS FROM HERE?

The options for addressing some of the major industry issues (details contained in Appendix 1) have been formulated into the following areas (based on the draft SA Food Plan 2007-2010) with corresponding actions.

1. INDUSTRY AND BUSINESS CAPABLITY DEVELOPMENT

- Maintain a strong industry structure to ensure the viability and sustainability of those growers actively involved in the production and marketing of South Australian apples, pears and cherries.
- Assist strong and viable business development for the apple, pear and cherry industries.

Actions

- Maintain strong commodity based organisations that are relevant, innovative and pro-active in representing the interests of the members.
- Maintain and expand the role of a peak fruit growing organisation – Fruit Growers SA.
- Maintain and further build strong linkages with National Peak Industry Bodies and other primary industry organisations.
- Maintain and further build strong linkages with Government at the Federal, State and Local level as with all appropriate Government Agencies.
- Assist in the development, maintenance and promotion of viable regional programs.
- Assist growers to develop cooperative programs that have positive benefits to the individual growers and the overall industry in both the domestic and export markets.
- Develop and implement programs that assist younger industry members to actively participate in all aspects of the industry and/or business development.
- Assist Industry and individual businesses to adjust to the challenges of increased imports into the domestic market.

2. INNOVATION AND PRODUCT DEVELOPMENT

➢ Ensure the ongoing development of ecologically and socially sustainable apple, pear and cherry industries.

Actions

- Facilitate the involvement and expansion of grower participation in national Industry Partnership Programmes.
- Collect, collate, interpret and distribute appropriate industry data that assist individual growers to make appropriate business decisions to develop and expand their businesses.
- Maintain and expand the program of natural resource management with particular focus on water, soil, vegetation and air.
- Maintain and expand the EMS programme for environmental assurance/stewardship and natural resource management.
- Develop a better understanding of climate change and assist in the establishments of programmes that assist growers to adapt to climate change.
- Implement a stronger industry/community programme to build greater confidence and support for South Australian apples, pears and cherries.

3. MARKET DEVELOPMENT

➢ Ensure access to all domestic and global markets and a growth in South Australian apple, pear and cherry exports to those markets.

Actions

- Work with national peak industry organisations, State and Federal Government and Government agencies to assist in achieving appropriate access to new global markets.
- Implement a programme of market maintenance for those current domestic and global markets for South Australian apples, pears and cherries.
- Participate in the development of appropriate protocols and/or work plans for new and developing global markets.
- Develop and participate in the collection, collation, interpretation and distribution of appropriate market information thorough the market chain.
- Assist in the development and marketing of regional/state brands for South Australia apples, pears and cherries.

ACTION PLAN

A key condition for the efficient and successful implementation of this plan is the preparedness of key industry structures, the Apple & Pear Growers Association of SA Inc and APAL to work co-operatively, to share resources and avoid duplication of effort. Government has the role of supporting these actions and the sole responsibility for some actions.

Industry viability and individual business viability is central to the success of the whole planning process.

ACTION - WHAT AND HOW	Timeline	Responsibility	Resources /funds	Partners
INDUSTRY AND BUSINESS CAPABLITY DEVELOPMENT				
Action 1 Maintain a strong industry structure. *How?* Maintain strong commodity based organisations that are relevant, innovative and pro-active in representing the interests of the members. Maintain and expand the role of a peak fruit growing organisation – Fruit Growers SA. Maintain and further build strong linkages with National Peak Industry Bodies. Maintain and further build strong linkages with other Primary Industry organizations. Maintain and further build strong linkages with Government at the Federal, State and Local level as with all appropriate Government Agencies.	Ongoing February 2007	General Manger Executive Members of APGA of SA and CGA of SA	Industry funds	APAL CGA Regional Development Boards Local Government
Action 2 Assist in the development, maintenance and promotion of viable regional programmes. *How?* Promote benefits of being part of regional initiatives and having a regional identity e.g. marketing advantages of Adelaide Hills Producers Association, agree on a logo! Participate in regional field days, festivals and promotional events. Support other local businesses.	January 2008	APGA of SA CGA of SA PIRSA	Industry funds Government funding Programs	Regional Development Boards

ACTION - WHAT AND HOW	Timeline	Responsibility	Resources /funds	Partners
INDUSTRY AND BUSINESS CAPABLITY DEVELOPMENT				
Action 3 Assist growers to develop cooperative programs that have positive benefits to the individual growers and the overall industry. *How?* Challenge the long term wisdom of reliance on independent growers, especially when number of growers is decreasing i.e. low pack out rates are not viable and will result in growers leaving the industry. Demonstrate economic sense and value (reduction in costs) in working together especially with transport to market and aggregating into one market stand, also marketing.	July 2007	APGA of SA CGA of SA	Individual growers	Individual growers
Action 4 Develop and implement programs that assist younger industry members to actively participate in all aspects of the industry and/or business development *How?* Involve younger members of family businesses in decision making. Succession planning for family businesses. Introduce new technology that is likely to attract younger people i.e. Information technology. Promote industry opportunities to schools and higher education facilities.	Ongoing April 2007	APGA of SA CGA of SA	Fruit Industry Foundation Industry Sponsors HAL	Lenswood & Forest Range Agricultural Bureau SA Pome Fruit Improvement Committee APAL

ACTION - WHAT AND HOW	Timeline	Responsibility	Resources /funds	Partners
INDUSTRY AND BUSINESS CAPABLITY DEVELOPMENT				
Action 5 Assist Industry and individual businesses to adjust to the challenges of increased imports into the domestic market. *How?* Brand local products and promote advantages – e.g. accreditation for clean/green (EMS/EurepGap?) – develop Ozgap equivalent. Asses and compare with imports – differentiate local product. Purchase retail shelf space. Investigate international MRL's – are they consistent?	January 2008	APGA of SA CGA Of SA PIRSA		CGA APAL CGA
INNOVATION AND PRODUCT DEVELOPMENT				
Action 1 Facilitate the involvement and expansion of grower participation in national Industry Partnership Programmes. *How?* Implement high density orchard systems. Participate in Cherry programs eg., mentoring program.	Ongoing, start 2007	APGA of SA CGA of SA PIRSA	SA Apple and Pear Growers Association PIRSA	RSSA APAL CGA DAFF

ACTION - WHAT AND HOW	Timeline	Responsibility	Resources /funds	Partners
INNOVATION AND PRODUCT DEVELOPMENT				
Action 2 Collect, collate, interpret and distribute appropriate industry data that assist individual growers to make appropriate business decisions to develop and expand their businesses. *How?* Decide what data needed. Research previous work and other industries e.g. citrus and Grape Check (Victoria). Devise a simple, user friendly collection system. Trial the system with a small group which includes producers and packers. Seek feedback and evaluate – establish clear benefits and value. Finalise system and then promote and reward growers that participate through access to industry wide data.	Ongoing, start 2007	APGA of SA CGA of SA	APGA of SA CGA of SA	PIRSA ABS
Action 3 Maintain and expand the program of natural resource management and EMS with particular focus on water, soil, vegetation and air. *How?* Access *Farmbis* to implement *EurepGap* should be an auditable process and include *Chemcert*, first aid, OHS and EMS in a package. Aim for regional acceptance/agreement for all apple, cherry and pear producers to comply with the agreed EMS/NRM systems, e.g. Adelaide Hills Producers Association, with a marketing advantage, promote the groups/producers activities, similar to red tipped bananas. Link in with current EMS project activities/announcements. Change focus to being in the tourist business vs primary production – Regional Identity. Provide public assurance for food production. Possible project: Regional Sustainability Program – (Linking *EurepGap* & EMS) to produce a regional marketing system for Adelaide Hills Apple, Cherry and Pear Growers.	Ongoing Start 2007	APGA of SA CGA of SA PIRSA	NRM Boards Government funding programs	NRM Boards RSSA

ACTION - WHAT AND HOW	Timeline	Responsibility	Resources /funds	Partners
INNOVATION AND PRODUCT DEVELOPMENT				
Action 4 Develop a better understanding of climate change and assist in the establishments of programs that assist growers to adapt to climate change. *How?* Lots of small areas / people within the industry – need to get them to join together. NB Increase cost of production in the future will bring about change. Need to look at a system that is not “producer pays’ but rather ‘whole community pays’ as everyone getting benefit from primary production –remind the urban areas that they are part of the system. Need to have support for industry to set targets. Industry needs to then develop targets and implement on the ground. Work on looking at clones / varieties / root stocks which will be suited to the predicted climate changes. Continue to improve Irrigation practices and ongoing reduction of chemical use. Need research into the implications that climate change may have on disease risk and incidence. Research into wastewater disposal/ re-use.	July 2007	APGA of SA CGA of SA		CSIRO NRM Boards

ACTION - WHAT AND HOW	Timeline	Responsibility	Resources /funds	Partners
MARKET DEVELOPMENT				
Action 1 Work with national peak industry organisations, State and Federal Government and Government agencies to assist in achieving appropriate access to new global markets. *How?* Meet quarantine protocols, so research required so that the industry can, also knowledge of pests and diseases. Negotiate access. Have input into development of protocols/work plans and the overall process. Understand process/culture – what are the barriers. Use industry/expertise presence in markets to develop opportunities. Develop linkages with Exporters Association and become involved with Government representatives working in this area. Work out how to attain "Area of freedom" status. Develop and participate in the collection, collation, interpretation and distribution of appropriate market information thorough the market chain.	January 2008	APGA of SA CGA of SA		APAL CGA PIRSA DAFF
Action 2 Implement a programme of market maintenance for those current domestic and global markets for South Australian apples, pears and cherries. *How?* Visiting and liaison with local markets. Participate in Trade Missions (Industry/Govt). Access and distribute information on existing markets. Establish and maintain quality and standards. Develop and market regional and state brands for SA apples, pears and cherries.	Ongoing	APGA of SA CGA of SA		PIRSA Trade & Economic Development APAL CGA

APPENDIX 1

Options and solutions for addressing industry issues developed in more detail

At the planning workshop participants developed 4 key options for addressing some of the major industry issues.

Option 1: Statistics/Benchmarking

In brief – how might this option work – how could it be achieved?

- Decide what data you need to collect (basic level) – then build on it.
- Need a system to collect it, use time books, record keeping.
- Divide your business into departments eg cherries/apples/pears, then divide into costs.
- Need to divide production from packing sheds.
- Trial a simple system with small group to find out how it works. Sort through this group first to improve on this. The group must be similar/comparable e.g. cherry growers working through co-op, all of similar size.
- Deal with orchard management first – yield per hectare/quality, could use $/tree)
- Production and price linked.
- Dig out the work done 12 years ago – why didn't it work? (APAL) (HAL) has this information.
- Only those that participate get the results (as benefit), process may need a facilitator.

Much of the above will form part of the new IPP strategy.

APAL has been granted federal government funds to carryout a wide ranging program designed to assist the industry to move closer to international efficiency standards.

The project will encompass a range of activities including the central activity, which will be to offer the opportunity to compare the production efficiency of a number of orchard planting styles."

The project will focus on the apple varieties Gala and Cripps Pink and also a range of pear varieties.

APAL are seeking grower participants to nominate blocks for inclusion in the project and list the benefits to participating growers as:

- Determining their own orchard efficiency.
- Additional information to improve their efficiency.
- Work closely with world renown apple and pear experts.
- Work closely with others in the program.
- Overseas study tour opportunities.
- Access to professional analysis of their block data.

Why do it?

- Compare with others in this region.
- Then find out what you need to do to improve.
- It is the key to profitability.

What other information do we need to ensure that it can be achieved?

Look at Direct costs e.g. fertiliser, chemicals and labour and indirect costs
Start with total, and then divide into apples, cherries and pears.

Could look at: -

- Yield and tree numbers.
- Tonnes/ha/variety.
- Packed boxes.
- Pack out.
- Keep it simple, if haven't got it estimate.
- Look at other industries, e.g. citrus.
- Other information – request it but if haven't got don't supply, use what you have and extrapolate and estimate across whole industry.
- As people see value, may get other information.
- Could provide a benchmark (based on outside data) to aim for, so you can make decisions about your business.
- Self-help --- need to use the information.
- Urgent need for cherry information – see Trevor's national program, but also need this at the regional level eg bearing/non-bearing, how many trees of certain varieties sold, tree/ages (see Apple survey done 20 years ago) – this involved surveyors that visited properties, everything was confidential, based on trust (surveyors specially trained).

What are the benefits of this option and for whom?

- You need to know what to aim for.
- Information so you can make decisions about your business is it actually viable!!
- Need to have knowledge so you can plan your planting/marketing.
- Not sure of value comparing with other industries – needs to be same parameters.
- May end up groups that can work together.

What are the barriers to achieving this option?

Some people may not provide data, aim for it, but can get a good base from those that want to be involved.

Resources – Need people to drive this and follow up, maybe an initial person to support the process from govt, but may need an Industry Development Officer for this region.
Need clear goals and objectives, embark on this with passion, it needs to be important enough to the industry.

Could provide some succession planning for the group, give it new goals / ideas. Could provide a link to technical resources.
However, need passion and to want to do it.

Look at why the last effort failed, was it too big, too complicated, needs to be step by step process, base level collection of data.

Who needs to be involved in developing this further to achieve a positive outcome – what are their roles?

- May need an "economist" / consultant to develop the tools to provide meaningful data, however be aware that this costs.
- May find it on the internet.
- NB water licensing will mean that people have good data on ha/under irrigation.
- Ask how other industries do it and achieve it – other benchmarking groups.

Input from Alan (former ABS person)

- Form a group with good focus.
- Determine what is your language – what are you going to collect, determine what is your aim, eg profit /ha or optimising pack out.
- May require a facilitator for the group (trusted).
- Look at the Grape Check Program (Victoria).

Option 2: EMS/EurepGap

In brief – how might this option work – how could it be achieved?

- Can access *Farmbis* to implement *EurepGap.*
- Should be an auditable process and include *Chemcert*, first aid, OHS and EMS in a package.
- Aim for regional acceptance/agreement for all apple, cherry and pear producers to comply with the above systems, e.g. Adelaide Hills Producers Association, with a marketing advantage, promote the groups/producers activities.
- Link in with EMS project activities/announcements.
- Similar to red tipped bananas.
- Change focus to being in the tourist business vs primary production – Regional Identity.
- Public assurance for food production

Possible project: Regional Sustainability Program – (Linking *EurepGap* & EMS) to produce a regional marketing system for Adelaide Hills Apple, Pear and Cherry Growers.

What other information do we need to ensure that it can be achieved?

- Regional Management System.
- *EurepGap* is audited – to be able to advertise as Adelaide Hills grown need to be *EurepGap* audited, in the program.
- EMS links to *EurepGap* and how.
- Components of *EurepGap* identified.
- Need to be able to summarise and explain *EurepGap* with only a few sentences.
- How a regional *EurepGap* system could be managed/organised.
- What are the advantages of being involved in the regional program?
- Compliance with legal obligations required by *EurepGap*.
- Identify boundaries of what the region (Adelaide Hills) are going to be.
- Understanding community perception of community – changing if required.

What are the benefits of this option and for whom?

- Communicating/Partnering with the community – reduce complaints/problems.
- Influencing government policy and practices – making them more relevant and workable to actual production and sustainable farm management practices.
- Market access – increasing market opportunities – benefits to the grower.
- Benefits to the consumer - guaranteed safe, quality product (food) and community - environmental sustainability and environmentally conscious practices.
- Employment and economic growth – financial benefits to growers and the community.
- Caretakers of the environment.
- Coordination between community and producers to look after best assets.
- Looking after them – tourist business vs primary production.
- Supporting other local industries.

What are the barriers to achieving this option?

- Apathy/Pressures just to keep in business.
- Funds/Financial viability of businesses – training?
- Legislative pressures.
- Understanding concepts and benefits — generating initial momentum.
- Adelaide Hills Regional perspectives vs farm boundary.
- Developing effective communication networks with non-industry stakeholders.
- Agreement on logo.

Who needs to be involved in developing this further to achieve a positive outcome – what are their roles?

- Other industries – Make it a true regional activity (long term).
- Schools (local) – understanding food production – industry becoming involved in community – growers, excursions to orchards/packing sheds (insurance is an issue).
- Everyone = growers.
- Government.
- Local Government.
- NRM Board.
- Build on existing links from EMS project.
- Markets - discus benefits, etc. ,marketing strategy.
- Regional Development Boards – access to funding.

Option 3: Market Access

In brief – how might this option work – how could it be achieved?

Market Access

- Cherries/ window of opportunity.
- Meeting quarantine protocols – research required so that we can.
- More off local market.
- Negotiate access – Protocol – Input into development of protocols/work plans – process.
- Understand process/culture.
- Industry/expertise presence in markets – develop opportunities.
- Linkage with Exporters Association – Involved with Government representatives.
- Better information flow across chain.

Market Maintenance - Both Domestic and Export

As per above

- Visiting markets/liaison with local market/government.
- Trade Missions (Industry/Govt).
- Information access/distribution.
- Quality – establish/maintain.

Domestic (Imports)

- Branding of products.
- Implementation of MRL's/Food quality.
- Our own Industry MRL's – maintain our quality.
- Imported Product is '*EurepGap'* accredited – '*Austgap*' .
- Look at '*Chilegap' 'Chinagap'.*
- Maintaining shelf space for Australian product .
- Buy the space?? – Keep profile in market.
- Cherry industry must look at *EurepGap*.

What other information do we need to ensure that it can be achieved?

Export Markets

- What is being done?
- What needs to be done – GAPS.
- What are the countries – what are their barriers?
- Knowledge of pests and diseases in countries.
- MRL's/ Lack of MRL's in some markets for chemicals we use.
- Players' in the market.
- Area/regional freedom – how to gain it/attain it.
- Understanding the 'systems' approach to protocols.

Apples - China, Taiwan, USA. *Cherries* China, Taiwan WA, Korea, Japan NZ, Canada, India.

Domestic Markets

- How do we implement a *'EurepGap'* concept with out retailers?
- Branding programs.
- Assessing product / Comparison against competitors / Product differentiation.
- How do retailers allocate shelf space?
- Developing retail packs – appropriate types – promotion of them.
- International MRL's – consistent.

What are the benefits of this option and for whom?

- More marketing options.
- Stabilise domestic market / Diminished with imports.
- Better returns – in come instances.
- Healthy export market to counter imported products.
- Opportunity to promote Australian – in both international and domestic markets.
- Opportunity to sell our market/product advantages.
- Vibrant industry.
- Offers succession – long term plan and investment.

Who?

The grower
The region
The exporters
The state economy and employment

What are the barriers to achieving this option?

- Government – Slow process / resources for research / Industry finance.
- Resistance by Government to support mechanisms.
- Other countries achieving better access to markets, e.g. Thailand FTA (Aust/NZ).
- Strong domestic market – no product offered for export.
- Lack of export focus.
- Lack of supply of quality fruit / knowing what are quality standards / Ability to maintain quality standards.
- Lack of continuous / consistent supply.

Domestic

- Differentiation on the shelf – Australian v. Imports.
- Display of product on shelf.
- Lack of promotion – Proper promotion.
- Diminishing Australian Industry.

Who needs to be involved in developing this further to achieve a positive outcome – what are their roles?

Growers – for Quality produce / Consistent quantities and taking up accreditation program.
Packers – for Packing quality / Innovative packing, development of quality standards.
Exporters – both individual and AHEA for knowing the market / Information.
Marketers – for access to the market exchange.
Govt – State / Federal - (APUMA, AQIS, DAFF, and DFAT) for co-operation to achieve industry goals, empathy with countries industry wishes to export to and to supply resources.
Retailers.
Industry Organisations – APAL, CGA for information, support, lobbying and monitoring Govt response.

Option 4: Business Structures

In brief – how might this option work – how could it be achieved?

- Number of growers is decreasing.
- Cooperatives have potential to work but too many growers have totally independent viewpoint.
- Family unit is often a job creation strategy for the family.
- Growers with low pack out rates must eventually leave the industry to bring up the average industry performance.
- 10 + big packers using independent transport – potential to coordinate.
- Plan the process of what to grow in a district “loose cooperative”.
- Potential to aggregate through a single market stand in the Pooraka Market (large savings).
- Need to look at all aspects of business from production to transport to marketing.
- Could plan what the region actually grows.
- Need to look at business structures, succession planning and legal risk.

Succession planning

- Younger guys/girls need to be involved in the decision processes.
- Younger people more likely to introduce new technology.
- Businesses need to be sound before succession planning will work – family business must work like corporate business.

What other information do we need to ensure that it can be achieved?

- Need to know precisely what consumers view of a quality apple to be able to produce the spec.
- Need to know supermarket view on coordinated transport – value to them.
- Need knowledge on how things could be done better at each step of the process.
- Need to know what infrastructure everyone has currently.

What are the benefits of this option and for whom?

- Huge benefits for all.
- Reduction in overhead costs (trucks, market space).
- Succession planning ensures long-term viability of the business.
- Business structure could reward and lock in the succession individuals (contracts etc.).

What are the barriers to achieving this option?

Independent attitudes.
Logistics / coordination doesn’t exist at the moment.
Lack of trust.
Commitment to family and job creation for family members.

Who needs to be involved in developing this further to achieve a positive outcome – what are their roles?

Biggest players can drive the change to packing through the cooperatives eg pack houses.

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"The SA Apple, Pear and Cherry Industries will be competitive, efficient and innovative industries, environmentally sound and based on the most up to date technologies and business structures, working collaboratively to contribute to the regional and SA economy."