# STRAWBERRY INDUSTRY

# STRATEGIC PLAN

# 2009-2013

March 2009

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# 1 Project Summary and Media Release

Strawberries Australia and its Industry Advisory Committee undertook a review of the previous 2004-2008 Strategic Plan with the object of formulating its strategic direction for the next five years (2009 – 2013).

A review of the previous five-year plan noted that significant advances had been made in implementing that direction, resulting in a solid organisational and research base for a rapidly growing industry. The Board of Strawberries Australia then determined the strategies and projects that should be implemented for it to move forward with confidence.

The industry anticipates a 10% growth in volume during the next five years, underpinned by:

- New consumer-preferred varieties
- An increase in plant yield
- New grower-driven production systems and marketing networks
- The improvement of resource management systems
- An efficient and proactive communication network

Strategic priorities were divided into three streams, depending upon the urgency of undertaking each one; they are as follows:

| **High Priority** | **Lower Priority** | **Ongoing** |
|---|---|---|
| Peak body funding | Succession Planning | Trade issues |
| Industry communication | Industry Representation | Resource availability |
| Runner production geography | New growing systems | Government liaison |
| National promotional funding | Mechanical innovation | Horticultural industry issues |
| Best-practice systems for quality | Exporter registration | |
| Evaluating consumer needs | | |
| Varietal development and control | | |
| Environmental management | | |
| Managed Investment Schemes | | |

During the Board meeting, Board members re-affirmed their optimism for the future of an expanding industry that is planning for a profitable future. Over the next five years, the Board of Strawberries Australia will determine how to manage its resources and to implement this development program to best improve on the industry growth.

# 2 Development of an Industry Plan

## 2.1 PLANNING HISTORY

The strawberry industry first developed a national R&D plan in 1993, funded by the Australian Berryfruit Growers' Federation and former HRDC (now Horticulture Australia Ltd – HAL). Subsequently, the industry was successful in raising a national R&D levy, which commenced in April 1997. Strawberries Australia Incorporated was formed, as a confederation of State Strawberry Associations, and is the peak industry body that works with HAL to advise on, and implement, R&D programs.

In line with HAL guidelines, the Strawberry Industry Advisory Committee (IAC) was established as a new advisory group, with responsibility for:

- Developing the five year investment plan;
- Developing the annual operating plan;
- Reporting to levy payers on outcomes from the investment of both R&D and marketing levies.

## 2.2 THE 2004-2008 PLAN

The former Industry Strategic Plan for 2004-2008 was the result of a comprehensive planning process, which was undertaken by the industry under the auspices of Strawberries Australia Inc, its IAC, and HAL. Facilitation of the project (HAL project number and description), was undertaken by Peter Gray, of Rendell McGuckian, Agricultural and Management Consultants, Bendigo, and comprised the following steps:

- Liaison between industry and HAL to scope the project and prepare a brief
- Circulation of a HAL paper which summarised industry information and relevant issues
- A one-day, equivalent, industry workshop
- The preparation of a draft report for consideration by industry representatives
- A final report prepared and circulated to industry

The Lilydale workshop was attended by 12 invited stakeholders, over two half-days on 28$^{th}$ and 29$^{th}$ August 2003, and included:

- Relevant information presented by key personnel
- Group discussions
- Consensus decision-making

The primary goal of the Strategic Plan was (and still is) to identify programs that comprise industry priorities for the next five years. These programs reflect the industry's longer-term objectives, and address the issues associated with those.

## 2.3 THE 2009-2013 PLAN

The CEO of Strawberries Australia conducted the review of the former Strategic Plan at a face-to-face meeting of SAI at a Board meeting in Sydney on 23 and 24 June and a follow-up meeting on 29 and 30 September 2008. All States (except S.A.) were represented at both meetings.

# 3 Industry Analysis

## 3.1 PRODUCTION AND VALUE

On the world scale, Australia was the 28th largest strawberry producer by volume in 2002, with the USA, Spain and Japan the top three respectively (FAOStat Agricultural Database). However, Australia ranks higher (17th) in production efficiency, producing an estimated 21 t/ha in 2002. World leaders in production efficiency are the USA, Israel and Spain, with 46, 42.5 and 42 t/ha estimated for 2002 respectively (FAOStat Agricultural Database).

Strawberries are grown in most states of Australia, by an estimated 600 growers in 2008. Production is concentrated in coastal regions, namely Beerwah in QLD; the Yarra Valley, Victoria; Wannaroo and Albany in WA; the Adelaide Hills, SA; and the Camden region of NSW. The short-term fruiting cycle of strawberries allows some growers to grow strawberry crops intermittently with other short-term crops, such as vegetables. For example, in Queensland there is a core group of about 250 known regular growers, while 70-100 enter and leave the industry over short periods (Qld Strawberry Growers' Association, 2003).

The following tables presents industry data for the 2001/02 and 2007/8 seasons – for comparison purposes:

| **2001/02** STATE | Number, Serious Growers | Number Opportunistic Growers | Number Plants (millions) | Production Volume (t) | Value ($ mil) | Equivalent Punnet Value |
|---|---|---|---|---|---|---|
| QLD | 290 | 85 | 24 | 18,000 | 104 | 1.44 |
| VIC | 160 | 35 | 10 | 12,000 | 52 | 1.09 |
| Other States (WA, SA, NSW and TAS) | 65 | 10 | 9 | 10,000 | 46 | 1.09 |
| TOTALS | 515 | 140 | 43 | 40,000 | 202 | 1.25 |

**Most recent figures:**

| **2007/08** STATE | Number, Serious Growers | Number Opportunistic Growers | Number Plants (millions) | Production Volume (t) | Value ($ mil) | Equivalent Punnet Value |
|---|---|---|---|---|---|---|
| QLD | 250 | 75 | 32 | 26,000 | 122 | 1.28 |
| VIC | 120 | 5 | 14 *(+7*)* | 21,000 | 136 | 1.80 |
| WA | 65 | 3 | 11 | 7,000 | 33 | 1.25 |
| Other States (SA, NSW and TAS) | 20 | 2 | 8 | 4,000 | 17 | 1.30 |
| TOTALS | 455 | 85 | 72 | 58,000 | 308 | 1.40 |

**  second year plants*
*(THIS TREND towards SECOND YEAR PLANTS - IS INCREASING – WHICH WILL EFFECT PRODUCTION YIELDS*

Given that normal population growth would have expanded production from 25,700t in 1997/98 to about 27,000t in 2001/02, the significant increase in national production has arisen through rising per capita consumption, driven by:

- Higher planting numbers (more fruit)
- Varieties that eat better
- Improved cool chain management

## 3.2 PRODUCTS

Strawberries are grown all year round in Australia. As well as extending "traditional" summertime production in temperate climates from October through to May (through the utilisation of different varieties and planting techniques), the diversity of Australian climate enables June-September production in warmer or sub-tropical climates, as presented in the following table over the last five years (2003 – 2008).

| State | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | % of Total Production | % of Value |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Vic | | | | | | | | | | | | | 35% | 44% |
| QLD | | | | | | | | | | | | | 35% | 40% |
| WA | | | | | | | | | | | | | 19% | 11% |
| SA | | | | | | | | | | | | | 10% | 4% |
| Tas | | | | | | | | | | | | | 0.5% | 1% |
| NSW | | | | | | | | | | | | | 0.5% | 1% |

The combination of production across most states provides a year-round national supply, primarily as fresh fruit for the retail or hospitality market. Most Australian fruit is marketed in punnets, bearing the name of the business on the label. Due to the inconsistency in flavour that varieties can have across a season, and the fact that consumers are generally not familiar with strawberry variety names, varietal information has not usually been displayed on labels.

Second and third-grade fruit is frequently frozen and sold to processors for products such as jam. Some growers develop their own "value-added" strawberry products where these are profitable and a niche market can be found, but few value-added product markets are sustained. Processors of these products frequently struggle to maintain a supply of Australian fruit throughout the year.

## 3.3 MARKETING

The industry is focussed on domestic fresh fruit marketing, however exports do occur on a largely opportunistic basis. Imports of fresh fruit have declined to almost negligible levels, although there are significant imports of processed strawberry products. The following table presents the trend information for exports and imports of fresh fruit, though current accurate figures are difficult to obtain:

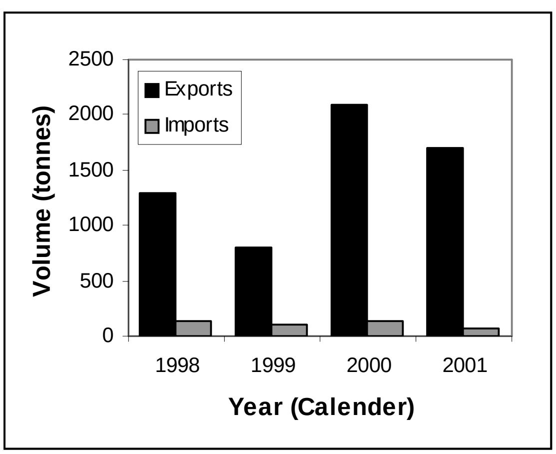


Figure 1. *Total volume of Australian strawberry imports and exports since 1998. Sources: The Australian Horticultural Statistics Handbook, 2002; The Australian Horticultural Statistics Handbook, 2000-2001.*

Whilst there is **no national promotion levy** in place for strawberries, generic promotions are currently undertaken by the Victorian Strawberry Industry Development Committee (a statutory government authority which collects a Victorian levy), with funds collected from growers specifically for that purpose amongst other purposes such as Victorian R&D.

## 3.4 PRODUCTION CHARACTERISTICS

Most growers plant bare-rooted runners on an annual basis, before winter. At least 60% of production (as estimated by the Victorian industry) stems from runners planted within 12 months of harvest, with the Queensland proportion being higher again. From a national R&D levy income of about $450,000 each year, it can be estimated that 60,000,000 runners were planted nationally over a 12-month period (all runners sold in Australia currently attract a levy at a rate of $8 per 1,000).

Strawberry runners are grown in regions such as Toolangi (Vic), Stanthorpe (Qld) and Tasmania, where there is adequate chill to induce flowering, once planted. The Queensland Strawberry Runner Accreditation Scheme and the Victorian Certified Runner Scheme are in place to ensure mother-stock is free of viruses and pests, and that runners meet a specified quality standard.

Varieties grown in Australia are mostly introduced, and are predominantly sourced from the US (University of California) with some other overseas varieties. Varieties bred from the Australian Strawberry Breeding Program are increasing in industry acceptance, with runners of varieties from the Queensland Department of Primary Industries breeding programs approaching 15% of the total market (Strawberries Australia estimate, 2008).

Strawberry yields have increased as a result of research worldwide into plant health and the selection of improved varieties. Irrigation and fertigation technology has developed to enable precise delivery. The use of integrated pest management is becoming more common, although major challenges remain, both with existing pests and potential pests capable of entering Australia in the future. Picking labour cost remains as a major issue, as mechanical harvesting is not an option for strawberry fruit.

Many predict that there will be a "marketing push" towards sustainable and low-chemical production systems in the future. Whilst some technological advances have minimised the impact of strawberry production on the environment, there is scope to develop these further. Environmental Management Systems provide potential market barriers as well as opportunities for strawberry trade in the future. There is also a need to better understand maintenance of soil health and fertility, including replant problems and long term structural or nutrient decline. External environmental issues such as water quality (e.g. salinity) and climate change may also impact on strawberry production in the medium to long term.

Soils used for strawberry production are mostly fumigated and covered with plastic prior to planting to control soil micro-organisms. Until recently, the universal fumigant was Methyl Bromide (MB), but international restrictions have been placed on MB usage since it was agreed that this ozone-depleting gas would be phased out by 2005 under the Montreal Protocol. One of the challenges ahead for the industry will be the maintenance of production levels using alternative fumigants and soil treatments and/or integrated soil pest and disease management techniques.

Most Australian strawberries are currently grown in open fields, with only a small proportion grown in glasshouses or hydroponically. The most common form of protected cropping (typical in Western Australia) is strawberries grown under clear plastic tunnels, suspended less than half a metre above the ground.

# 4 2009-2013 Plan - Review

The Board of Strawberries Australia undertook a review of the current strategic plan at their June and September 2008 face-to-face meetings, with Board members 'signing-off' on this plan.

Comments from that review are summarised as follows:

## Industry Organisation and Funding

Board members felt that implementation of this section of the strategic plan had been very successful.

| Desired Outcomes achieved | Emerging and Remaining Issues |
|---|---|
| | |
| Strawberries Australia had been formed, and meetings were working well. | More meetings and establishing of timing of meetings are needed. |
| Closer liaison between growers. | Representation of new growers (Managed Investment Scheme growers). |
| All State organisations are working well and co-operating well together. | Managed Investment Schemes threatening the viability of the industry through over production and as purported, the export market has not been sought. |
| Appointed a part-time CEO.<br>(A full-time CEO is required). | Government Policy Issues such as the allowing Managed Investment Schemes |
| Successful R&D outcomes were being reflected through a growing industry. | Labour availability and the cost of labour is a serious problem. |
| Industry organisations are better prepared for emerging issues. | Strawberry Australia membership fees need to be addressed. |
| R & D Levy established. | Potential shortfall of levies income. |
| | Progress through IAC is slow on key issues |
| | HAL input through program managers has been frustrating and poorly supported by HAL senior management |

## Research and Development

This section of the strategic plan had been implemented relatively well, although industry adoption was a critical issue, characterised by concerns about effective communication.

| Desired Outcomes achieved | Emerging and Remaining Issues |
|---|---|
| Guidelines for HAACP quality systems have been developed. This is ongoing and will be implemented across states | Disproportionate level of funding going towards projects of regional benefit rather than of a National benefit. |
| An Industry Code of Practice had been developed | The threat of Western Flower Thrips and Red Spotted Mite and Fruit Fly need to be urgently addressed. |
| The Agrilink process is in place | Long standing research projects have not achieved the desired outcomes. |
| State Voluntary Contribution (VC) Projects have been achieved. | The breeding program must be maintained. |

| | |
|---|---|
| Growing guidelines have been developed | The need to lobby effectively for strategic chemical use; there were state differences for plant protection. |
| Continually emerging varieties of the Breeding Program in gaining a larger share of the Australian market. | Final reports should be produced in a form that encourages grower up-take. |
| Biological food safety procedures have been developed. | Problems remain with "cool chain" through to consumer purchase. |
| New varieties are coming through well. | Project milestones should be noted on both the HAL and SAI websites. |
| There is now a forum for the commercialisation of promising varieties from the breeding program (new pipe-line model has been developed). | |
| Newsletter and industry reports are in place. | |

## Promotion and Marketing

Implementation of the specific strategies of this section of the plan needed to improve with the increase in the consumption of fruit being a primary objective – possibly by implementation of a National Marketing Scheme. Despite this, the industry had still grown considerably since the start of the previous Strategic Plan.

| Desired Outcomes achieved | Emerging and Remaining Issues |
|---|---|
| | |
| The Victorian organisation has funds available for specific promotional events through its State Statutory Authority – the Victorian Strawberry Industry Development Committee (VSIDC). | No budget for national promotion. |
| | No national co-ordination of promotion and marketing. A national approach to all issues of Marketing and Promotion as well as Research are seen as essential by most states. |
| | Health benefits were not communicated nationally, but were promoted by some States. |
| | International market access of exports is still an issue. |
| | Supermarket power is an issue. |

## Information and Communication

Board members agreed that implementation of this section of the current plan had been good, but they emphasised the ongoing importance of effective communication.

| Desired Outcomes achieved | Emerging and Remaining Issues |
|---|---|
| Funding was now in place for a bi-annual newsletter and a national website. | Two-way communication is poor – growers do not participate |
| HAL funding support was maintained. | |
| VC funding opportunities were found. | |

## Further Emerging Issues

Delegates also identified some emerging issues that had not been specifically addressed by the former Plan.

These included:

- Some specific pest and disease management concerns
- Post-harvest handling
- Quality and transport issues relating to packaging
- The dependence of the national industry on specific geographical regions for runner production.

This is a major threat for the industry, due to disease or weather events.

- The availability and quality of water
- Access to suitable growing areas, and right to farm issues relating to urban growth.
- Managed Investment Schemes being allowed to flourish.
- Labour availability at a reasonable cost
- Carbon trading/climate change.
- Immigration policy for labour force.

## Scope Limitations

The review of plan outcomes also highlighted a number of factors for which Strawberries Australia would maintain a watching brief only from now on.

These included:

- Alternatives for methyl bromide – a lot of money has already been spent on this topic and there is little more to gain, though the Victoria Strawberry Industry Development Committee with Toolangi Certified Runner Growers are funding a project for a workable alternative (Methyl Iodide).
- Value-adding – this will be a matter for individual growers to pursue
- Co-operative marketing, as it could impact on domestic, export and import sales – this will also be a matter for individual growers to pursue
- Variety trading and contract growing – these practices are likely to emerge but will do so at an individual or grower network level
- Mechanical innovation to reduce the dependence on labour will be initiated by individuals
- Packaging standards will be developed through commercial necessity
- Potential transport cost savings will be initiated by individuals.

## Conclusions about the Industry in 2008 – 9

- This is a dynamic, expanding, industry

- It is comprised of an enthusiastic body of growers, with a commendable level of organisation at state and national levels.

- Strawberries Australia has the support of the industry, and is perceived to be an effective agent through which to pursue national development.

- Emerging new varieties are addressing consumer expectations, and fruit quality is being encouraged through a range of industry-developed growing and handling guidelines.

- Domestic per capita consumption has increased significantly, and there still appears to be considerable upside for future growth by meeting consumer expectations more effectively.

- Fresh fruit exports will continue to occur on an individual basis. Whilst domestic consumption is growing this is not an issue. However, opportunities to expand market access should still be pursued to provide a key supply channel.

- Operating costs are relatively high compared to other forms of irrigated agriculture. This suggests that R&D outcomes which reduce unit costs could be as economically effective as outcomes that improve unit returns.

- Committed strawberry growers are optimistic about the future of their industry through the next five years – but are more dependent on water issues, R&D successes, new and improved Australian varieties and increased consumption.

# 5 SAI - Analysis

The 2003 workshop and 2008 Board review identified the following elements:

## Strengths

These are factors which are within the control of the industry to build on and exploit.

| Element | Description |
|---|---|
| Product quality | Improving steadily, and a driver of increasing consumption |
| Runner quality | Accredited runner schemes are producing good source material |
| Import-competitive | Imports of fresh fruit have fallen steadily, and are now negligible |
| Year-round supply | Domestic and export consumers have access to fruit all year |
| Proximity to Asia | The industry is close to very large potential markets and this should be encouraged |
| Organisation | Effective state and national associations |
| R&D direction | New Australian varieties and quality guidelines |
| R&D resources | Flexible use of available funding mix |
| Carbon trading | A relatively new problem/initiative |

## Weaknesses

Weaknesses are generally challenges within the industry that can be addressed to improve the overall position.

| Element | Description |
|---|---|
| Management of Shelf life | Fruit is delicate and shelf life is short. |
| Management of the Cool Chain | Supermarket methods of storage needs to be addressed and staff educated. |
| Supply/demand | Insufficient knowledge about annual plantings on a national basis |
| Under consumption and/or over production | Supply and demand need to be addressed – as they are "out of sync" |
| Operating costs | A high-cost crop, with labour being a particular concern |
| Consumer needs | There is a need to continuously identify needs, and satisfy these |
| Individualism | Growers prone to be individual rather than team players |
| Chemical access | There can be difficulties for small industries in sourcing effective sprays |
| Crop knowledge | A declining base of crop expertise |
| Communication | Information is not being sourced and disseminated to best use |

### Opportunities

Opportunities are external factors that would be beneficial for the industry to capitalise on.

| Element | Description |
|---|---|
| Domestic market | Per capita consumption must be increased if growth is to be attained |
| Export markets | Could be significant and should be addressed |
| Fruit attributes | Producing fruit to consistently meet consumer expectations |
| Health benefits | Effective promotion could increase consumption |
| Supply/demand | Effective communication could improve industry returns |
| Profitability | Achieving better returns through the supply chain |

### Threats

Threats are generally external influences over which industry itself has no control, but could take some action to reduce their impact.

| Element | Description |
|---|---|
| Runner production | Restricted to specific geographic areas |
| Imports | Although currently low, this could change |
| Protected cropping | The potential impact of growing practices in other countries |
| China, South Africa, Chile | Competitors in export markets |
| Health scares | Consumer perceptions following a related/unrelated food scare |
| State imbalance | Strength of Queensland and Victorian industries could marginalize producers in other states |
| Labour costs | Regulatory increases within the wage system |
| Labour availability | Competition from other horticultural industries for pickers |
| Opportunistic growers | Industry dynamics can be affected by these growers |
| Carbon trading | An uncertain issue as at 2009 |
| Government Legislation | Particularly in dealing with the threat of Managed Investment Schemes |

# 6 Industry Vision for 2013

### Industry Structure

Given the known industry statistical information, and the knowledge present within the Board, those present nominated the following forecast as their view of the industry by 2013:

| **2012/13** STATE | Number, Serious Growers | Number, Opportunistic Growers | Number of Plants (Millions) | Production Volume (tonnes) | Minimum Value ($ million) |
|---|---|---|---|---|---|
| QLD | 50 | 180 | 50.0 | 45,000 | 216.0 |
| VIC | 50 | 50 | 17.5 *12 = 29 | 26,000 | 187.0 |
| WA | 30 | 20 | 15.0 | 10,000 | 53.0 |
| SA | 6 | 5 | 7.0 | 3,000 | 9.0 |
| NSW | 6 | 6 | 1.2 | 1,000 | 4.0 |
| TAS | 4 | 2 | 1.0 | 1,000 | 3.5 |
| TOTALS | 146 | 273 | 91.7 *12 = 29 | 86,000 | 472.5 |

* plus 2nd year plants

Key elements of this forecast include:

- A significant reduction in active grower numbers, from about 680 growers in 1996; 540 in 2007 to approx. 420 growers in five years' time (2013).
- Normal population growth would account for a 9% increase in volume.
- The increase noted above is about 50% greater than 2006/07 and implies a substantial increase in per capita consumption.
- Productivity is increasing and grower properties and plantings are also increasing.
- Queensland growers expect further price increases.
- Other states anticipate either static returns or some improvement over current levels.

### Trading

- Emergence of varieties, branding and marketing to take advantage of the new and better tasting varieties.
- There will be a small number of dynamic but sizeable co-operative marketing networks. Not only will these networks manage domestic marketing, they will also impact on the supply/demand position through controlled importing and exporting of fresh fruit.
- Consumer requirements will be met through taste improvements, reflected in sugar/acid ratios to suit particular market segments.
- Re-emergence of competition of duopoly of the supermarkets.

### Production Systems

- As a result of R&D, plant yields will double, with a forecast target of 1.1kg of marketable fruit per plant
- Younger growers will lead the industry into 'enclosed environment' production systems
- There will be limited examples of contract growing.
- The industry will have developed guidelines for a Sustainable Environment Management production system.
- There will be field mechanisation improvements to reduce labour need and cost
- Labour costs will be influenced by enterprise bargaining and contract labour processes
- Consultants' crop knowledge will improve, and be augmented by good university graduates.

## Organisation and Communication

- A national marketing plan aimed at consumers which the industry can confidently meet – giving consumers satisfaction with every purchase.
- A national body shall be visionary, active, influential, relevant and representative.
- Grower support for state and national representative bodies will be strong.
- Further develop the two-way communication strategy so that growers have a greater involvement and ownership in their industry's future – through their Peak Industry Body (Strawberries Australia Inc.)

# 7 Industry Priorities, 2009-2013

In developing the industry development program for the next five years, some general themes emerged:

(i) **Consumer Focus**: The substantial increase in forecast production will necessitate an ongoing commitment to strategies that meet consumer perceptions of quality, including flavour, texture, shelf-life, etc. Year round fruit (not just summer) – snack fruit (anytime and anywhere).

(ii) **Communication Focus:** This emerged consistently as one in which the industry has made some progress, but there are significant benefits still to be gained – especially with consumers.

(iii) **National Focus:** Since its formation, the volunteer representatives to the Strawberries Australia Board have performed a good job. There is now a need for the peak industry body to be better-funded, and to give the industry suitable 'weight' in debate on national issues. It must become more professional in its organisational abilities and ready to act decisively as and when required.

iv) **Resource Focus:** The industry has identified that the ability of growers to access and manage suitable land, water, labour and other production inputs will be critical to long-term sustainability and this will require considerable input from Strawberries Australia.

(v) **Key projects:** Projects have been graded according to their degree of priority, and are comprised of the following topics

**Industry Organisation and Communication**

| **High Priority** | **Lower Priority** | **Ongoing** |
|---|---|---|
| Review membership fees as the current rate in total membership fees of $10,000 (broken up into six States at varying rates) is completely ineffective. | Succession Planning | Resource availability |
| Appoint a full-time CEO | Representation | Plant protection |
| A visionary Board – nationally active, influential, relevant & representative. | | Government liaison |
| Review and improve communication | | Market access |
| Runner production geography | | Trade Issues |
| Further develop the professionalism of SAI by the Board meeting more frequently (bi-monthly rather than 6 monthly) | | Right to Farm issues |
| Increase the hours of the CEO from 3 days per week to fulltime. | | |

The SAI Board agreed that the existing Mission Statement for Strawberries Australia still represents the key objectives for the entity, namely:

**"To lead and develop, co-operatively,**
**a profitable and sustainable strawberry industry"**

**Marketing and Promotion**

| High Priority | Lower Priority | Ongoing |
|---|---|---|
| Provide consumers with a product that gives them satisfaction every time. | Supply chain training. | Market access. |
| Consider national promotional levy. | Exporter registration/traceability. | |
| Promote better tasting varieties at a premium price. | Support levy use initiative | |
| Consider joint/co-operative branding at premium prices. | | |
| . | Consider lifting total levy | |

There has been strong debate at Board level concerning the introduction of a national promotional levy – which is still to be agreed by all Board members and all States.

**Research and Development**

| High Priority | Lower Priority | Ongoing |
|---|---|---|
| Evaluate consumer needs | | |
| Review germplasm control | | |
| Continue the breeding program and evaluate uptake, Australian varieties | | |
| Environmental Management System | | |
| Post-harvest management | | |
| Best Practice adoption | | |
| National production database | | |

Current research levy income (2007/8) is about $560,000 per year based on $8.00 per 1,000 plants purchased. The anticipated growth of the industry, and a continuing trend to higher runner turnover, could see levy income to more than $700,000 during the life of this Plan (to 2013).

**Other**

| High Priority | Medium Priority | Low Priority |
|---|---|---|
| Labour availability. | New growing systems | Carbon trading |
| Packaging Issues. | Mechanical innovation | Energy issues |
| Transport Issues. | Brand/variety issues | |

(vi) **General guide:** The Board decided to present these program elements as a general guide for Strawberries Australia and the IAC, rather than offer a prescriptive action list. This will enable each body to determine its resource commitments to best suit industry circumstances.

(vii) **Limited Resources:** It is likely that Strawberries Australia and the IAC will continue to conduct their business with limited resources, and voluntary labour. The 2009-2013 strategic program, therefore, focuses on a modest number of key elements which, if attained, will still deliver important benefits to the industry.

# 8 Strawberry Industry Strategic Program

## 8.1 INDUSTRY ORGANISATION AND COMMUNICATION

**The following projects are high priority:**

### 8.1.1 Review Membership Fees

**Background:** Annual membership fees are currently (2007/8) at $10,000 divided between the States based on the size of plants purchased. Strawberries Australia requires a much higher level of income to fully fund an effective work program.

**Outputs:** Develop a fully-costed budget for effective annual operations, which can then be considered by state organisations to determine long-term funding options.

**Outcomes:** A minimum level of funding within which to attain industry objectives

### 8.1.2 Appoint a Full-time Chief Executive Officer

**Background:** The industry had identified the need for an industry manager in the last strategic plan, but sufficient funds were available for a part-time CEO only. A review of the plan and the workload required has reiterated the need for a full-time Chief Executive Officer, charged with optimising the 'weight' of the industry, and developing good communication between stakeholders. It is time to further increase the professionalism of the organisation.

**Outputs:** Engage a full-time Chief Executive Officer.

**Outcomes:** Improved and proactive industry communication
Improved early-adoption of best practice techniques and processes
Improved response to industry issues
Strawberries Australia perceived by stakeholders to be a professional national body

### 8.1.3 Improve Effective Industry Communication

**Background:** Effective industry communication will capture relevant information from a range of sources and disseminate that information to growers. In the event that the industry cannot obtain an Executive Officer, efforts must continue to improve effective communication.

**Outputs:** Determine how relevant data could be captured electronically through a 'watching brief' system with a department of agriculture library.

Determine how best to utilise state organisations to disseminate information

Continue to develop the industry newsletter, website and industry reports

**Outcomes:** A proactive information base for growers
Improved early-adoption of best practice techniques and processes

### 8.1.4 Reduce risk caused by runner production geography

**Background:** Strawberry runners are grown by a small number of specialist nurseries within specific geographic areas (currently 5). This poses a major threat to the industry through high risk of weather or disease events that could devastate an entire season's supply of runners.

**Outputs:** Determine suitable strategies to minimise this threat including:

Identifying alternative areas and growers

Discussing the problem with existing growers to develop risk containment plans

Reviewing risk minimisation instruments, such as specialist insurance

**Outcomes:** Reduced risk of seasonal shortage of quality runners

**The following projects are important, but have lower priority:**

### 8.1.5 Succession Planning

**Background:** The average age of Australian farmers is increasing. An industry will remain vibrant by attracting the interest, energy, and input of suitable younger growers. Victoria already has a grower-identification process in place for its State Association and, in general, planning will be driven at State level.

**Outputs:** Strawberries Australia should liaise with State bodies to identify good upcoming growers who are willing to give something back to the industry.

At state and national levels, association executive members should consider relevant courses and workshops that will improve administration/administrative skills; for example, corporate governance, financial management, public speaking, or strategic planning.

Provide opportunities for promising growers to add to their business knowledge and skill base.

**Outcomes:** State and national association bodies will be run by people with good business skills.
Promising young growers will have opportunities for business training.
Potential industry leaders are identified and nurtured at an early stage.

### 8.1.6 Optimise Association Representation

**Background:** State and national associations are transparent, properly-constituted, bodies in which there are no deliberate impediments to fully represent all demographic groups comprising the industry. However, it has been identified that opportunities should be analysed and implemented to ensure suitable representation for women and new growers. This latter group includes growers of South East Asian origin.

**Outputs:** In conjunction with the succession planning project, Strawberries Australia should work with State Associations to identify specific opportunities to include women and new growers in its strategic direction.

Where opportunities are identified, ensure that the industry reaches out to encourage participation by promising people.

**Outcomes:** State and national association bodies will truly represent the full range of people within the industry.

The industry provides itself with opportunities to identify and use the interest and energies of all its growers.

### 8.1.7 Maintain a Watching Brief on Key Issues

**Background:** A number of issues were identified for which Strawberries Australia should maintain a watching brief. From time to time, one or more of these will require joint State and/or National action.

The appointment of a full time Chief Executive Officer would significantly ease this burden on directors. The current part-time CEO (3 days per week) attempts to inform and educate the Board on matters arising which deal with R&D, Communications and Industry Liaison with State and federal governments and HAL/PHA.

**Outputs:** Maintain good communication with state organisations to receive early indications of potential activity in respect of:

- Land and water resources
- Plant protection
- Domestic, import and export trade
- Right to farm and government legislation

Consider making a director responsible for each major area.

**Outcomes:** The Board of Strawberries Australia will be aware or made aware of major issues as they arise;

Strawberries Australia, as a professional body, will endeavour to maintain the support of State Associations and their growers;

A system is in place to make the best use of available resources

## 8.2 MARKETING AND PROMOTION

**The following projects are high priority:**

### 8.2.1 Consider a National Promotional Levy

**Background:** Although Victoria raises promotional levies from their growers, there is no levy to fund the national promotion of strawberries.

**Outputs:** **Clearly identify the value to be gained by the industry in paying a national promotional levy.**

Develop a national promotional plan, identifying how it would add value to the existing state promotional campaigns.

If the plan meets the relevant evaluation criteria, prepare a budget to fund that plan, and determine the notional rate that growers would be asked to pay.

Present the plan to growers and hold a national ballot.

**Outcomes:** An increase in national per capita consumption **over and above** that which could be expected through state promotional expenditure or from new varieties.

### 8.2.2 Support Levy Use Flexibility

**Background:** Seek permission to use a proportion of the R&D levy funds for promotional use. The objective is to use industry levies in the most effective way from year to year.

**Outputs:** If the initiative is successful, consider increasing the existing R&D levy to provide funds for marketing purposes.

**Outcomes:** The flexible, yet transparent, use of industry levy funds to best effect each year.

### 8.2.3 Exporter Registration

**Background:** The industry is concerned about the ability of opportunists to purchase fruit from the domestic wholesale markets and sell abroad as export-quality fruit. This activity undermines the potential to establish long-term export opportunities based on high-quality fruit, and weakens the traceability requirements of food safety systems.

**Outputs:** Prepare an analysis of this practice as a presentation document to government and industry. Identify the specific requirements that a business must meet in order to receive an export licence.

Obtain industry acceptance for a registration policy.
Lobby the relevant government department to adopt an export registration scheme.

**Outcomes:** Exported fruit will be of required specification.
Importers will have confidence buying Australian fruit in preference to fruit from other countries.
Increased industry volume and returns.

**The following project is important, but has lower priority:**

### 8.2.4 Supply-chain Training

**Background:** Although the industry has taken significant steps to improve the quality of its fruit at the farm-gate, further handling and processes in the downstream supply-chain have the ability to undermine fruit quality in the eyes of consumers. Horticultural industries recognise that they should encourage best-practice management to the point where the fruit is finally consumed.

**Outputs:** Review the structure and processes within the supply chain.

Identify specific quality problems that can be attributed to each segment of the chain.

Determine how the industry could influence better chain processes.

Implement and encourage suitable change mechanisms where possible.

**Outcomes:** Fruit quality will be maintained from 'paddock to plate'.

Consumer perceptions will be improved and per capita consumption will increase.

**The following project is one of maintaining an ongoing watching brief, and initiating or supporting action where necessary:**

### 8.2.5 Market Access

**Background:** Export trade currently accounts for about 5% of annual production. Although the domestic market continues to grow, in the long-run the industry will need to develop good export markets, and develop the skills to defend those from competitors. The Victorian industry has successfully received market access to Taiwan, but that application would have benefited from national support through Strawberries Australia.

**Outputs:** Maintain a watching brief on the consumption trends in promising export markets.

Liaise with state associations to identify potential markets for which access would be an industry opportunity.

As required, work at the national level with state growers to lobby for market access.

**Outcomes:** State-sponsored applications for market access will be supported with national resources and lobby strength.

Promising export markets will be opened for the industry.

## 8.3 RESEARCH & DEVELOPMENT – VARIETY DEVELOPMENT

**The following projects are high priority:**

### 8.3.1 Evaluation of Consumer Perceptions

**Background:** An initial survey was conducted to identify consumer needs in respect of fresh strawberries in 2004. This survey work needs be updated on a five year time frame to ensure that the industry breeding and variety evaluation program outcomes are consistent with consumer needs.

**Outputs:** Review the information obtained from the most recent survey and identify elements for specific measurement in future surveys.

Conduct surveys on a regular basis to update information.

Ensure that breeders and evaluators have access to, and a correct understanding of, this market information.

**Outcomes:** Major industry programs are consistent with customer need outcomes.

### 8.3.2 Review Germplasm Control

**Background:** The industry is investing funds in breeding new varieties in conjunction with research agencies – though this is reducing dramatically in 2008 with the withdrawal of the breeding schemes by the Victorian department of Primary Industries. The extent that industry has control over the germplasm is being addressed as at the time of writing this report – with the object of Strawberries Australia taking over this function in the not to distant future.

**Outputs:** SAI and HAL in the process of analysing any program agreements between DPI (Vic) and Qld DPI.

Negotiation and discussion regarding the issues with each agency needs to be addressed to reach and resolve the best agreement for the industry.

**Outcomes:** Industry maintains commercial control over its most promising varieties.

### 8.3.3 Variety Breeding Program; evaluate uptake

**Background:** This program is a major element in the industry's expectation of increasing per capita consumption through the development of varieties that will produce fruit to meet consumer expectations.

**Outputs:** Ensure that breeders are fully aware of the list of preferred fruit attributes.

Continue the present research program – but with more input from SAI and State Associations.

Identify the degree to which Australian varieties from the program are being taken up by growers.

**Outcomes:** Information obtained about industry adoption that can be used to evaluate the future for the program.
Increased per capita sales because customer preferences are being met.
Increased returns.

## 8.4 RESEARCH & DEVELOPMENT - PRODUCTION

### 8.4.1 Develop an Environmental Management System

**Background:** This will be a major industry project comprising two main elements:

- An integrated soil and water management program
- An integrated pest and disease management program

The primary objective of this project will be to position the industry as a nationally and internationally sustainable and responsible horticultural producer.

**Outputs:** A new set of grower guidelines on best practice resource management

**Outcomes:** Increased per capita consumption through quality improvement, and marketable consumer perception.

Increased returns.

### 8.4.2 Post-harvest management

**Background:** Industry and grower efforts have gone into developing varieties that can produce high-quality fruit. Further research is needed to improve the management of production systems from harvesting to movement through the cool chain.

**Outputs:** Instigate research to determine best practice for post-production systems, including:

Harvesting – labour and equipment management, quality and training

Handling and storage whilst on the growing property

Grading and packing process

**Outcomes:** Higher average returns

## 8.5 RESEARCH & DEVELOPMENT – BEST PRACTICE ADOPTION

### 8.5.1 Development and Maintenance of Guidelines

**Background:** Previous programs have developed best practice guidelines relating to food safety, cool chain management and fruit quality. It is critical that this body of knowledge is developed across further subjects, and that all information is kept up to date.

**Outputs:** A continuing set of guidelines offering growers the best information for growing and distributing fresh strawberries.

Continue the present research programs.

**Outcomes:** Increased per capita consumption through quality improvement.

Increased returns.

### 8.5.2 Information Database

**Background:** There is a need for better information about the benefits being gained by the industry through its development programs. One example is the degree to which Australian-bred varieties are being adopted by growers.

**Outputs:** Determine the scope of information that should be collated.

Develop a system to effectively capture and incorporate information into industry strategy reviews.

Where possible, use the existing State Association or DPI resources to disseminate this information to growers.

**Outcomes:** Targeted strategic direction.

Improving use of industry development resources.

# 9 Other Development Matters

The original workshop identified a number of issues that are of importance to the industry, and for which Strawberries Australia should maintain a watching brief.

Opportunities that could emerge in relation to each of these, however, will be largely driven by individual growers through commercial imperatives or gain.

These include:

**High priority**

### 9.1.1 Labour

Relevant matters include:

Attracting the labour resources that industry requires;

Reducing the cost of using that labour;

Ultimately, encouraging capital investment that could reduce labour needs and cost.

**Lower industry priority:**

### 9.1.2 New growing systems and processes

New and evolving systems, such as protected cropping will be trialled and adopted by individual growers. If required the industry will support promising initiatives.

In addition, individual growers will adapt and trial promising technologies that could reduce unit costs, or improve fruit quality.

### 9.1.3 Brand/Variety Information

As quality improves, and networks form, there is likely to be a greater degree of product branding and varietal information on packaging. Consumers will develop a greater recognition of these factors, to the benefit of each network for branding, and to the industry for improved varieties.

**The following are ongoing matters for which individual growers will initiate new developments:**

Development of fruit packaging.

Cost reduction and quality improvements associated with the transport industry.

# 10 Recommendations

This plan was originally developed from a thorough process undertaken by the industry in 2003 at a national Workshop, bring together the leaders of the industry from all States.

The current version was rewritten as a result of the Board of Strawberries Australia meeting in Sydney in June 2008 and the IAC meeting in Sydney in September 2008.

Kevin Baddiley – Independent Chairman (IAC)
Sam Violi – Chairman SAI – (Vic)
Brian Taylor – Deputy Chair – SAI – (NSW)
Jon Carmichael – Treasurer – SAI – (Qld)
John Calle – (Vic)
Neil Handasyde – (W.A.)
Kerry Langlands – (W.A.)
Ray Daniels – (for Rick Twist) – (Qld)
Craig Morris – (Tas)
Stuart Burgess (HAL Industry Services Manager – Strawberries)
Len O'Connor - Chief Executive Officer - SAI

Absent - Vanessa Sherry – (S.A.)

The current version was rewritten/revised by the newly appointed Chief Executive Officer of SAI,
Mr Len O'Connor – as a result of input from the Board of SAI and the Independent Chairman of the Industry Advisory Committee (IAC).

A new draft version was emailed to all Board members for comment in October 2008, and after input from Kevin Baddiley in late October 2008, was mailed to Board members in mid-November 2008 with the object of being recommended for adoption at the March 2009 meeting of the IAC and the Board of Strawberries Australia.

It is recommended that:

1. Strawberries Australia formally accept this draft document, thereby signifying its ownership of the 2009-2013 Strategic Plan

2. The Industry Advisory Committee (IAC) and Strawberries Australia Inc. (SAI) identify the development work for each new year, and the anticipated cost.

3. An annual review is undertaken at the September meeting of the Board of SAI and the Strawberry IAC.

4. Advise Horticulture Australia Ltd of the acceptance of this Strategic Plan - in accordance with the conditions of the 2008/9 Partnership Agreement between HAL and SAI.