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Australian Avocado Industry Strategic Plan 2011 -2016

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Strategic Intent

Australian Avocados Everyday for a Healthy Life!

Key Aspirations

The Australian avocado industry aspires to be:

- a growing, progressive, profitable and sustainable industry
- a leader in product, supply chain and industry development innovation

It aims to deliver to its customers:

- a consistent, good quality product
- innovation and choice
- a product that is recognised and appreciated as Australian and an essential health food

So that.... Australian avocados are an everyday food option/purchase.

Objectives

1. To build a sustainable and competitive supply of Australian avocados to meet consumer needs
2. To increase demand for Australian avocados
3. To ensure appropriate organisation, resourcing and management of the affairs of the Australian avocado industry to support the development of the industry on an ongoing basis.

Why an Industry Strategic Plan

Strategy has been described as “the direction and scope of an organisation over the longer term, which achieves advantages for the organisation through its configuration of resources within a changing environment and to fulfil stakeholder expectations”.

Good strategic planning is fundamental to the success and development of any business, organisation or industry. Apart from providing a clear direction (strategic intent) and defining the key outcomes required to advance the industry, it is important that the avocado industry strategic plan defines how these outcomes will be monitored or evaluated.

The plan outlined in this document will guide the investment of industry and government monies over the next five years. It is expected that more than \$25 million will be invested into industry research and development and promotion during this period. Hence one of the roles of this document is to demonstrate to levy payers that their money is being and will be invested in the most effective way to achieve growth, development and increased profitability for the industry. Likewise the Australian government can be assured that the public monies of industry levies and Commonwealth matching funds are being allocated wisely and are addressing government research and development priorities.

The plan will also provide a management framework for Avocados Australia, and will guide industry leadership and decision making. It will assist in ensuring investment is targeted and delivering preferred outcomes for the industry.

Developing the Australian Avocado Industry Strategic Plan

The following process was adopted to develop the 2011 – 2016 Industry Strategic Plan:

Step 1 – Review of 2005-10 Plan

- An evaluation of the previous plan was undertaken to determine the degree to which the objectives of the plan were met and to identify where gaps existed.

Step 2 – Situation analysis

- The industry situational analysis was updated and is presented in the following section.

Step 3 – Future scenario planning workshop

Included in the plan development process was a future scenario planning workshop. Although the industry strategic plan will guide industry development and investment over the next five years, it was considered important to examine possible futures of the Australian avocado industry in the longer term. By doing so, some understanding was gained of future capacity and resilience the industry may need to realise opportunities and mitigate risks. The future scenario planning process encouraged participants to:

- Reflect on social, technological, environmental, economic, political and legal trends that may impact on the Australian avocado industry in the longer term - over

the next 10 to 20 years.

- To identify ‘critical uncertainties’, that is, events or impacts that could have critical consequences (positive or negative) for the Australian avocado industry, but where it was not certain how these might manifest in the future.
- To develop scenarios around a combination of ‘critical uncertainties’ and explore possible opportunities and risks the industry might encounter in longer term and how the industry might address these.

Step 4 – Plan development

- A number of workshops and small group meetings with the planning group and a broader stakeholder group (members listed in Appendix) were held between February and June 2010 to identify key industry issues, objectives, strategies and outcomes.
- A draft plan was developed for consideration by the broader stakeholder group.

Step 5 – Analytical business case

- An economic analysis of the draft plan was undertaken to identify high priority strategies.

Step 6 – Revision and industry endorsement of plan

- After consideration of the analytical business case, a final draft was released to the industry for review and comment.

Profile of the Australian Avocado Industry – 2010

Customers, Markets and Products

PRODUCT

Australian avocados are predominantly grown for the fresh market and are supplied year round. Peaks in Australian production during the autumn and winter months are complimented by New Zealand imports during spring/summer to meet Australian market demand.

Hass is the dominant variety accounting for approximately 80% of the Australian production.

Fruit quality continues to be an issue, although the industry is investing in fruit quality programs to address this.

CONSUMERS AND CONSUMER RESEARCH

Typically avocados in Australia are consumed in salads, as a sandwich filling, as an accompaniment to meals or as guacamole. Some processed products are consumed as dips.

Consistent fruit quality continues to be a barrier to increasing consumption in the domestic market. In spite of the quality issues, per capita consumption continues to grow - currently Australia consumes approximately 2.7 kilograms of avocado per capita (2009-10), an increase of more than 106% in the last decade.

The avocado industry has made significant investment in consumer research over the last five years to gain a better understanding of the consumers and their purchasing habits. This research has helped guide industry R&D and promotion.

2009 research shows that avocados are consumed throughout the day and fulfil a range of different roles, that quality continues to be an issue, and there is broad recognition of the health benefits of avocados.

AVOCADOS AND QUALITY

Through consumer research the industry has identified three key areas where industry performance needs to be improved - these are: internal quality, maturity, and ripeness. Through research, the industry has responded by developing guidelines in regard to premium grade avocados, recommending that:

- dry matter for Hass should be 23% or above,
- dry matter for Shepard should be 21% or above,
- ripeness levels should be between 0.65 and 0.45 kilogram force
- damage to flesh should not exceed 10%.

The industry is continuing to develop benchmarks and monitor and report on industry performance in regard to these criteria.

MARKETS AND TRENDS

Most avocados are marketed as fresh whole fruit. Major sales segments include (based on 2010 figures):

- Supermarket – 51% (of retail 58.5%)
- Independents – 34% (of retail 41.5%)
- Food Service – 10% (estimate)
- Export – 4%
- Other – 1%.

Food service and export are emerging market segments that are becoming increasingly important value chains for the industry. Industry investment is supporting growth in these sectors. The market for processed product continues to be niche and driven by commercial entities.

Macro-trends impacting the sector include: population growth, changes in family structure, and an emphasis on health properties of food driven by an ageing population and increasing obesity levels.

Consumers are becoming more discerning and demanding, showing interest in emotional, ethical, aesthetic or ecological factors when purchasing food.

New technology is facilitating the development of improved products that are better meeting consumer needs - for avocados, this includes fresh-cut/preserved and innovatively packaged products.

MARKETING AND MARKET DEVELOPMENT

The objective of the industry promotional campaign is to increase consumer knowledge and demand for Australian avocados in line with increasing production. This is being achieved by changing the consumer's image of avocados from an occasional luxury to an everyday fruit.

Through the industry levy program there has been significant investment in integrated promotional activities – into independent retail, supermarkets and food service.

Beyond levy investment, marketers and supermarkets also invest heavily in avocado promotion. Exporters are also undertaking specific in-country education and promotions activities to grow the export sector.

The industry has also invested in research to identify other potential value adding activities for the sector and to develop appropriate plans for realising these opportunities.

Competitors and the Nature of Competition

THE GLOBAL MARKETPLACE FOR AVOCADOS

In both production and exports Australia is a very small player in the world avocado market, with around 2% of world production and less than 0.2% of world exports in 2007-08.

THE AUSTRALIAN MARKETPLACE

The only importer of avocados into Australia at this time is New Zealand. This product enters the Australian market from September to March. In recent years, New Zealand has marketed between 5,000 and 11,000 tonnes of avocados in Australia per season.

Mexico and Chile have applications pending for access to the Australian market. If successful, these suppliers pose the most immediate

threat of decreasing wholesale prices. The other significant competitor to Australian grown fresh fruit is imported processed product. Avocado pulp products can be imported into Australia without restriction and the majority of processed product utilised through the food service market is imported Mexican product.

Operating Systems

MARKETING SYSTEMS AND STRUCTURES

Avocado producers are price takers. Although there are several major avocado packers, the majority of avocado production businesses pack their own fruit and market through the wholesale sector.

Factors that impact the efficiency and growth of these supply chains have previously been identified as:

- Immature and inferior quality fruit
- Inadequate production forecasting
- Large volumes of small fruit
- Lack of consolidation of fruit volumes
- Lack of training of supply chain staff, particularly at retail level.

TRENDS

Food manufacturing, distribution and retailing are becoming increasingly dominated by a relatively small number of firms, globally and locally. As a consequence, marketing channel options for avocados are declining, particularly for small to medium-sized growers who are having increasing trouble in getting onto the radar screen of the bigger buyers.

Increasingly 'value-chain against value-chain' competition is driving innovation and competitive advantage. Subsequently there is a strong focus on productivity improvements along the supply chain. New technologies are emerging that have the potential to revolutionise the way food is produced, who produces it, and the way business is carried out.

The application of knowledge to products to increase their value and the customisation of product

offerings for niche customers is also becoming more evident.

At the same time, governments are becoming more involved in issues relating to consumer protection.

Industry Organisation and Performance

The industry has been undergoing significant growth for more than a decade – doubling in volume in the last 10 years. Current industry statistics indicate there are approximately 1000 commercial growers producing approximately 9 million (5.5kg) trays or 49,500 tonnes (2009/10). Plantings are estimated at 1.6 million trees.

Avocado production is spread across the major States of Australia, with 65% of production occurring in Queensland. Although the tri-state area (Vic/NSW/SA) has been impacted by drought in recent years, overall there is strong production growth across the industry. Production is expected to reach 63,500 tonnes by 2015/16.

PERFORMANCE

The gross value of production of Australian avocados is approximately \$180m at farm gate and \$420m at retail level.

Australian growers have over the period from 2002 to 2007 enjoyed robust wholesale pricing. This period resulted in significant growth in the production during the period from 2005 to now. The current growth cycle is set to continue and during 2009 there were increased plantings in the main growing regions.

Farm gate returns began to taper during 2007 and industry expects future returns to stay flat for the foreseeable future.

SUPPLY AND DEMAND MANAGEMENT AND INFOCADO

In 2005 Avocados Australia introduced an industry data collection and dissemination system called Infocado. The information provided through the system provides intelligence to both individual businesses and the industry collectively. As a result, businesses are able to make better informed tactical

and strategic decisions in regard to marketing and business investment. The industry is able to utilise the data across a range of areas including monitoring industry investment, improving the focus of industry promotional activities, and monitoring the impacts of major weather events in local regions.

INDUSTRY ORGANISATION

Avocados Australia is the peak industry body for Australian avocado producers. The organisation has provided strong leadership for the industry and has been successful in implementing an industry strategic plan over the last five years. As a result it is well supported by membership and recognised by industry as the peak representative body for the industry.

Within its resourcing budget the industry continues to develop skills and capabilities of its stakeholders.

ALLIANCES

Avocados Australia retains alliances and linkages with Horticulture Australia Limited (HAL), Plant Health Australia, the Australian Government, state governments, universities, other horticulture industry organisations and a number of research delivery organisations.

PEOPLE

The industry is supported by a range of R&D service providers through Queensland Government, Avocados Australia and the private sector. The industry also has international R&D networks which it can access as required.

FUNDING

The industry finances its activities through levies, membership and other initiatives.

Industry R&D and marketing activities are funded through an industry levy. The avocado levy is currently set at 16 cents per tray for R&D, and 25 cents per tray for Marketing. In 2009/10, the total investment of funds administered by HAL for the avocado industry was in excess of \$5 million.

Industry levies are imposed, collected and dispersed through Commonwealth legislation. HAL is a

not-for-profit industry owned company. Through accompanying regulation, HAL is charged with managing the expenditure of funds collected by the Australian Government on behalf of all levy paying horticultural industries, including the avocado industry.

When expended on R&D, these funds are matched by the Australian Government. When funds are expended on marketing and promotion activities they are not matched.

HAL is responsible for all decisions relating to the expenditure of levy funds and has obligatory reporting arrangements and accountability to the Department of Agriculture, Fisheries and Forestry (DAFF) with respect to its investment decisions.

The Australian Government is increasingly seeking outcomes from its co-investment that demonstrably meet its National Research Priorities and Rural Research and Development Priorities.

TECHNICAL INFORMATION AND COMMUNICATION

Avocados Australia undertakes a broad range of communication activities to cater for the range of stakeholders and communication channels in the industry. These activities include:

- Publishing a quarterly magazine for all avocado growers
- Maintaining a comprehensive website targeting both consumers and industry stakeholders
- E-newsletters
- Co-hosting the Australia - New Zealand avocado conference every 4 years.
- Hosting an annual R&D forum with industry researchers and key decision makers.
- Conducting a national roadshow which visits key production regions (counter-cyclical to ANZ avocado conference).
- Conducting/supporting grower and stakeholder meetings when necessary to ensure the industry is informed on key issues.

BIOSECURITY

The avocado industry has had a National Avocado Industry Biosecurity Plan in place since 2007, and reviewed in 2011.

The plan was developed with Plant Health Australia (PHA). PHA is a public company, with members including the Australian Government, all state and territory governments, and a range of plant industry organisations. The company was formed to address high priority plant health issues, and to work with all its members to develop an internationally outstanding plant health management system that enhances Australia's plant health status and the sustainability and profitability of plant industries.

Biosecurity planning provides a mechanism for the avocado industry, government and other relevant stakeholders to actively determine pests, analyse the risks, put in place procedures to reduce the chance of pests reaching our borders, and procedures to minimise the threat if a pest incursion occurs.

Ensuring the avocado industry has the capacity to minimise the risk of pests, and to respond effectively to any pest threats, is a vital step for the future sustainability and viability of the industry. Through this pre-emptive planning process, the industry is better placed to maintain domestic and international trade, negotiate access to new overseas markets, and reduce the social and economic costs of pest incursions to both growers and the wider community.

COMMUNITY

Overall the industry has a favourable community image. Whilst some regions are experiencing pressure to reduce usage of chemicals, the avocado industry does not specifically have a reputation of environmental damage or unsafe production systems.

Encapsulated in the Objectives and Strategies

The industry recognises a number of overarching impacts that will fundamentally influence the way avocados are produced and marketed in the future.

Climate Change

Climate change and increased climate variability will present a number of challenges for the avocado industry over the next 20 to 50 years.

Potentially climate change and variability may impact on the growing conditions in established production regions, leading to changes in productivity and business viability. Changes in available water for crop production; climate patterns and micro-climates that affect crop set and/or fruit quality; pest and disease pressures; and a range of other factors have the potential to have a positive or negative impact on production. Adapting to climate change and increasing resilience is seen as critical for the advancement and continued growth of the Australian avocado industry.

It is also recognised that businesses within the industry must take responsibility for their environmental impact (greenhouse gas emissions) and seek approaches for mitigating greenhouse gases.

Aside from the physical impacts of climate change on avocado production and businesses, the industry will also be impacted by the global demand for food, increasing demand for productivity growth in response to this global demand, and the impacts of climate change policy.

These challenges are recognised by the industry. It is inherent in the production research and development activities and the development of best practice production and handling guidelines (Strategy 1.1 and 1.2) that the required adaption to climate change and variability is recognised.

Natural Resource Management

Proper use of natural resources, such as soil and water, are essential to the long term sustainability of any production enterprise. Communities and governments insist that production does not negatively impact on surrounding environments. Customers want assurances that products are grown with a commitment to environmental principles.

An inherent component of the best practice production guidelines to be developed for avocados (Strategy 1.1) is effective long-term management of natural resources, recognising the impacts of climate change and variability.

An Overview of the Strategic Plan

Strategic Intent:

Australian Avocados Everyday for a Healthy Life!

Key Aspirations:

The Australian avocado industry aspires to be: a growing, progressive, profitable and sustainable industry; and a leader in product, supply chain and industry development innovation.

It aims to deliver to its customers: a consistent, good quality product; innovation and choice; and a product that is recognised and appreciated as Australian and an essential health food.

So that...Australian avocados are an everyday food option/purchase.

Objective 1:

To build a sustainable and competitive supply of Australian avocados to meet consumer needs

Strategy 1.1	Strategy 1.2	Strategy 1.3
Continuously improve the efficiency of avocado production and packhouse systems	To ensure that consumers can confidently purchase consistently high quality fresh avocados at retail level	Maintain supply/demand balance

Objective 2:

To increase demand for Australian avocados

Strategy 2.1	Strategy 2.2	Strategy 2.3	Strategy 2.4
Conduct product research to exploit new market opportunities for Australian avocados	Conduct market segment research to better understand demand drivers	Increase consumer confidence in Australian avocados through effective issues management	Drive growth in targeted avocado market segments through effective market development and promotion

Objective 3:

To ensure appropriate organisation, resourcing and management of the affairs of the Australian avocado industry to support the development of the industry on an ongoing basis

Strategy 3.1	Strategy 3.2	Strategy 3.3
Develop industry leadership and capacity to secure long term sound stewardship of the Australian avocado industry	Improve industry communication and extension to facilitate improved outcomes for industry and industry investors	Ensure the industry has appropriate resources/risk management strategies to function effectively

Details of the Avocado Industry Strategic Plan objectives and strategies are provided in the following pages.

Objective 1

To build a sustainable and competitive supply of Australian avocados to meet consumer needs

Rationale

As supply and competition increases in global and local avocado markets, it is essential that Australian avocado producers remain competitive and profitable through productivity gains at the production level and through the supply chain. This will enable the industry to be in the best position to continue to provide a sustainable and competitive supply of Australian avocados to meet consumer needs.

Apart from production capacity and efficiency, it is recognised that a range of factors impact on the productivity and profitability of Australian producers. These include: access to resources (land, water and labour) at reasonable prices, urbanisation, government policy and regulation.

Competitors in export markets and potential suppliers to the Australian market, such as Mexico and Chile, have a number of competitive advantages over Australia, particularly in regard to the cost of labour/production. It is therefore essential that the industry continuously seeks to improve its production and marketing systems and be in a position to respond if current pricing levels are eroded by imports. This can be achieved through innovation, including new product development, and utilisation of new and emerging technologies that have the potential to deliver a competitive market position for Australian avocado producers.

Optimal production capacity, increased supply, improved quality and related productivity gains can be achieved through a range of measures such as improved agronomic practices, including pest and disease, nutrition, canopy and irrigation management.

Likewise supply chain productivity gains can be realised to improve the competitive position of Australian avocados. This may include educating the supply chain in improved handling practices and encouraging greater collaboration at the production and packing level to realise economies of scale.

Through greater collaboration market opportunities can be maximised, markets can be serviced more efficiently and costs in the supply chain minimised.

Systems such as Infocado, which provide a mechanism to collect, collate and disseminate industry data, are essential to build industry market intelligence and assist businesses in making better informed tactical and strategic decisions in regard to product supply. Through utilising these tools the market can be supplied more effectively and efficiently.

Productivity gains must however be sustainable and best practice guidelines need to recognise the need for improved economic, social and environmental outcomes at a business enterprise, industry and community level.

It is essential that the changes in practice, which seek to drive productivity growth, and the resulting outcomes are measurable and comparable, so that individual business enterprises and the collective industry can determine where the most significant improvements and return on investment can be made.

Measurability will also provide a mechanism to demonstrate to industry stakeholders, including government and the community, that their contribution to the industry is yielding wider benefits.

Importantly the integrity of the production system which serves to provide the sustainable and competitive supply of Australian avocados needs to be underpinned by robust biosecurity mechanisms. Avocados Australia, on behalf of the Australian avocado industry, has a biosecurity plan in place, however constant and vigilant monitoring is essential. Any breach of biosecurity has the potential to impact not only on the supply of Australian avocados, but also the livelihoods of producers, their workers and supply chain partners, and local communities and economies.

Strategy	Strategy 1.1 Continuously improve the efficiency of avocado production and packhouse systems	Strategy 1.2 To ensure that consumers can confidently purchase consistently high quality fresh avocados at retail level	Strategy 1.3 Maintain supply/demand balance
Sub strategies	1.1.1 Develop and promote adoption of best practice production guidelines and benchmarking tools to assist growers in improving farm productivity, quality and sustainability	1.2.1 Develop and promote adoption of best practice handling guidelines to improve handling practices through the supply chain to optimise fruit quality	1.3.1 Provide the industry stakeholders with key industry and market data on a timely basis to assist with business and industry management decisions (also refer to strategy 2.2.2 and 3.2.2)
	1.1.2 Increase productivity and percentage of robust, marketable fruit by accessing or developing new technology, systems and/or practices.	1.2.2 Improve the internal quality of fruit by: accessing or developing new technology to increase fruit robustness and improve harvest and post harvest systems	1.3.2 Ensure an effective biosecurity plan is in place to secure consistent supply of Australian avocados to meet consumer demand
Outcomes	<ul style="list-style-type: none"> • To increase marketable yield per hectare and reduce per unit cost of production. • To increase the percentage of fruit sold at retail level meeting consumer requirements (as quantified by industry research studies) from 75% in 2010 to 90% in 2015. • At least 80% of Infocado users find value in the information delivered by the Infocado system. • Effective response to biosecurity issues leading to improved security of and opportunity for the Australian avocado industry. 		

Objective 2

To increase demand for Australian avocados

Rationale

A focus on consumer-driven demand is integral to the success of the Australian avocado industry. By increasing product demand, industry has the ability to positively influence prices and therefore profitability of production enterprises.

Over the last five years the industry has undertaken significant market and consumer research to:

- Understand and build market development programs for the key avocado market segments, including retail, food service and export.
- Develop a profile of avocado consumers including their attitudes to and usage of avocados, purchase frequency etc.
- Build market intelligence to underpin industry promotion campaigns.

This commitment to consumer research needs to be ongoing so that consumer trends and new opportunities in the market are recognised and captured early and threats identified and addressed.

Although Australians are already significant consumers of avocados and per capita consumption has almost doubled in the last decade, consumer research indicates there is scope to continue to build demand for avocados in the Australian market.

Through effective positioning and promotion of the product, it should be possible to continue to move the product from an occasional luxury purchase to an everyday purchase item.

Research undertaken in 2009 shows that avocados are consumed throughout the day and fulfil a range of different roles, that quality continues to be an issue, and that there is broad recognition of the health benefits of avocados.

Consumers are becoming increasingly health conscious and discerning in regard to their diet. In positioning avocados in the next 3 to 5 years in the Australian market, research indicates that there is significant opportunity for avocados to claim a space in the 'health' sector. However any health claims

need to be underpinned by validated and trusted research.

New trends and technologies may provide the opportunity for the avocado industry to develop new fresh or value added products that better meet consumer needs and drive product demand. However, imported processed product which can enter Australia without restriction has the potential to be a significant competitor to Australian grown fresh avocados. It is therefore imperative that the impact of processed product on the demand and pricing of fresh Australian avocados is understood and suitable strategies are developed to mitigate any negative consequences.

Other issues that may have a negative impact on demand for Australian avocados also need to be examined and suitable management strategies adopted. The integrity of the avocado industry from a food safety perspective is paramount. Examples from other fresh produce industries overseas demonstrate how devastating a food safety breach can be on an industry. A comprehensive risk assessment and food safety management plan to address this should be developed for the industry to manage and mitigate risks.

Increasingly consumers are also concerned with the environmental impact of the foods they eat. The industry has a positive story to convey to consumers and should continue to document and communicate its environmental credentials.

The industry needs to build on its demonstrated record of success in marketing its product and continue to drive product demand. It needs to ensure that avocados are appropriately positioned in the existing and emerging market channels, be they domestic or export, to maximise the profitability of Australian producers.

Strategy	Strategy 2.1 Conduct product research to exploit new market opportunities for Australian avocados	Strategy 2.2 Conduct market segment research to better understand demand drivers	Strategy 2.3 Increase consumer confidence in Australian avocados through effective issues management	Strategy 2.4 Drive growth in targeted avocado market segments through effective market development and promotion
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Sub strategies	2.1.1 Take a leadership position in driving validated, trusted health research into the properties of avocados and their relevance to human health and nutrition	2.2.1 Undertake a consumer research program to provide regular information on the usage, attitudes and behaviours of consumers; particularly in relation to avocado health properties, quality, price and promotion activity	2.3.1 Develop a comprehensive issues management plan, which incorporates food safety, to ensure ongoing consumer confidence in Australian avocados	2.4.1 Develop and execute an effective marketing campaign, driven by consumer research that optimises the positioning of Australian avocados in existing and emerging domestic channels. As part of this consider the potential of an Australian brand strategy to maximise returns
	2.1.2 Track new technologies, research and trends in relation to fresh and value added products to support the development of new products that meet market/consumer needs	2.2.2 Conduct ongoing monitoring and analysis of a range of short and long term market indicators (also refer to strategy 1.3.1 and 3.2.2) 2.2.3 Investigate the potential of processed avocado products to impact on fresh avocado demand	2.3.2 Quantify the environmental credentials of the industry to industry stakeholders and consumers	2.4.2 Continue to review and implement the Export Development Roadmap (Project AV06010 – 2008/09) 2.4.3 Support appropriate marketing campaigns that optimise the positioning of Australian avocados in key export markets

Outcomes • In the next five years, to increase per capita consumption of Australian avocados in line with increasing supply and at a rate of return equivalent or better than 2011 farm gate prices.

Objective 3 To ensure appropriate organisation, resourcing and management of the affairs of the Australian avocado industry to support the development of the industry on an ongoing basis

Rationale

Over the last five years Avocados Australia Limited, as the peak industry body for the Australian avocado industry, has provided strong industry stewardship, positioned the industry as a leader amongst the horticultural industries and overall has been successful in delivering the 2005-2010 industry strategic plan. As a result the organisation has been rewarded with strong membership and stakeholder support.

It is imperative that this achievement is built upon and industry stakeholders continue to realise and value benefits that Avocados Australia can deliver on behalf of the industry.

To provide outstanding stewardship for industry and achieve optimal outcomes for its stakeholders, Avocados Australia has a number of functions that it should continue to perform:

- Communicate effectively with key stakeholders /investors including growers, supply chain partners, service providers, consumers, government and the community.
- Build relationships and alliances with strategic partners to meet industry objectives.
- Build industry leadership, capacity and resilience
- Support relevant policy development dialogues and advocate on behalf of industry, levy payers and Avocados Australia members.

Avocados Australia also needs to monitor its performance to ensure continuous improvement in the delivery of services to its members and other stakeholders.

Of course none of this is achievable if adequate resources (people and financial) are not available to industry and Avocados Australia.

One of the greatest challenges for industry over the next five years will be accessing suitable R&D resources. The ongoing withdrawal of

government services in this area has resulted in a lack of appropriately skilled researchers through the traditional channels. This has resulted in a paradigm shift in how R&D will be accessed by the horticulture/agriculture industries. At this time, future delivery mechanisms are not clear. It is however imperative that the avocado industry, through Avocados Australia, is part of the debate to ensure that outcomes appropriately reflect the needs of industry.

Financial resources are also imperative to ensure the successful functioning of industry. Currently the industry finances its activities through levies, membership and other initiatives.

Agri-political activities cannot be funded by levy/government funds hence it is imperative that Avocados Australia has access to unencumbered financial resources when industry advocacy is required. Building alternate income streams for industry development activity can provide for this and also build the resilience of the organisation should there be structural change to the current funding arrangements under which the avocado industry operates.

The industry also faces a number of other potential challenges in the years ahead which have the potential to impact the viability of the industry and for which appropriate risk management strategies should be developed. Of critical importance is the potential increase in import volumes from New Zealand or new market entrants which have the ability to impact on demand for Australian fruit. If Mexico or Chile gains access to the Australian market they have the potential to depress wholesale and retail pricing. A comprehensive response plan needs to be developed for this potential scenario.

Strategy	Strategy 3.1 Develop industry leadership and capacity to secure long term sound stewardship of the Australian avocado industry	Strategy 3.2 Improve industry communication and extension to facilitate improved outcomes for industry and industry investors	Strategy 3.3 Ensure the industry has appropriate resources/risk management strategies to function effectively
Sub strategies	<p>3.1.1 Assess industry capacity and performance and build the capacity and resilience of industry and its management, through targeted development activities</p>	<p>3.2.1 Utilising a range of media and forums, ensure the effective communication of key messages to a range of industry stakeholders including levy payers; service providers; supply chain businesses; government and the community</p>	<p>3.3.1 Ensure levy structures and rates are appropriate to meet obligations of industry and expectations of levy payers and other key stakeholders</p>
	<p>3.1.2 Collaborate across the horticulture/agriculture sector and with key stakeholders/ international partners to ensure the mechanisms for delivery of R&D are appropriate and there are sufficient resources and skills available to meet the current/future R&D and biosecurity needs of industry</p>	<p>3.2.2 Facilitate the communication/dissemination of relevant industry and marketing research and data; and domestic and international market intelligence to key stakeholders to improve decision making (also refer to strategy 1.3.1 and 2.2.2)</p>	<p>3.3.2 Develop alternate income streams for Avocados Australia to meet industry needs beyond R&D and promotion e.g. agri-political activities</p> <p>3.3.3 In regard to industry operations, formalise appropriate governance guidelines which reflect the industry's obligations to levy payers, government and other key stakeholders, particularly in regard to expenditure of levy funds</p>
	<p>3.1.3 Continue to proactively develop international networks, and foster co-operation and partnerships to improve global market intelligence and opportunities for the Australian avocado industry</p>	<p>3.2.3 Ensure and demonstrate strong return on investment of levy funds through appropriate program/project structures and governance</p>	<p>3.3.4 Develop a comprehensive risk management strategy for industry which considers key issues that may impact the viability of the Australian avocado industry</p>

Outcomes

- At least 80% of key industry stakeholders recognise the industry as having good leadership, governance structures and delivering a range of valued resources and services.
- At least 80% of key industry stakeholders are satisfied with industry communication processes.
- Industry consistently and effectively demonstrates strong return on investment of levy funds.
- Risk plans are current and adequately resourced.

Analytical Business Case

The Analytical Business Case (ABC) is a formal assessment process that draws from a range of tools to provide rigour and comparison between competing research investment areas and thus enhance the overall strategic plan (HAL Strategic Planning Guidelines November 2009).

Analytical Business Case Approach

The Avocado Strategic Plan 2011 - 2016 analytical business case is informed by:

- The Strategic Plan 2011 - 2016 (draft June 2010);
- the Australian Horticulture Plan Future Focus (CIE 2007 and 2008a, 2008b and 2008c); and
- economic evaluations of project clusters completed under the Avocados Australia Strategic Plan 2005 - 2010 (Agtrans Research and AgEconPlus in 2009).

Given the current situation and performance of the Australian avocado industry, a qualitative analysis of the key strategy areas using these resources identifies the high priority investment areas for industry as:

1. To build a sustainable and competitive supply of Australian avocados to meet consumer needs

- 1.1 Productivity improvement
- 1.2 Fruit quality
- 1.3 Informed supply chains

2. To increase demand for Australian avocados

- 2.3 Issues management/food safety plan
- 2.4 Domestic marketing

3. To ensure appropriate organisation, resourcing and management of the affairs of the Australian avocado industry to support the development of the industry on an ongoing basis.

- 3.1 International linkages
- 3.2 Extension with outcomes focus
- 3.2 R&D evaluation
- 3.3 Risk management plan/fresh imports response plan

The Avocado Industry Advisory Committee and Avocados Australia will need to continually monitor investment priorities to ensure strong return on investment. Over time investment priorities may change as the situation of the industry changes.

Appendix 1: Contributors

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