Australian Persimmon Industry Strategic Plan

PERSIMMONS AUSTRALIA INC

HAL

Know-how for Horticulture™

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Contents

Overview of Strategic Plan

The Australian Persimmon Industry Strategic Plan has been developed to guide the direction and investments of the Australian Persimmon Industry over the next five years.

In late 2008, a group of key industry stakeholders including growers, marketers and researchers, met to review the accomplishments of the industry over the previous five years and to consider the challenges and opportunities the industry would face over the next five years.

Numerous issues were discussed, including key issues and trends impacting the industry[1] and the capacity of industry to respond. As a result the 2008 – 2013 Industry Strategic Plan was developed.

This Plan focuses on four key areas where future industry support and investment is required. These are:

- Increased on-farm productivity
- Improved supply chain management
- Increased product demand in both domestic and export markets, and
- Strengthened industry capability.

Required actions, accountability and measurements of success related to each of these objectives are outlined in the plan.

[1] A detailed situation analysis is included as part of the Australian Persimmon Industry Development Needs Analysis 2008/09.

Profile of the Australian Persimmon Industry

The Australian Persimmon Industry is a relatively new industry to Australia with potential to grow in order to meet increasing demand in the Australian and international marketplace.

HISTORY OF INDUSTRY

Astringent persimmons have been grown predominantly as a backyard crop in Australia for over 100 years. These cultivars need to be eaten very soft to avoid the astringent aftertaste. As a result the fruit has historically not been popular in the Australian market.

However, in the 1980's, Japanese cultivars of non-astringent persimmons were introduced to Australia. These new cultivars are eaten crisp and are sought after in Asian markets for their sweetness, attractive appearance and colour. As a result, the Australian sweet persimmon industry grew rapidly during the 1990's and since this time the industry has worked to establish the Australian market and export markets in Asia.

PRODUCTION

Current industry statistics indicate there are approximately 250 growers producing 450,000 (4kg) trays persimmons (2007/08).

Plantings are estimated at 250,000 trees.

Yields range from 10 to 35 tonnes / hectare depending on orchard management techniques.

Persimmon production is spread across the major states of Australia, as shown below. Approximate production attributed to each State is shown as a percentage.

- Queensland - predominantly in South East Queensland (55%)
- New South Wales – mainly Northern NSW & Central Coast Region (10%)
- Victoria – along the Murray River (20%)
- South Australia - along the Murray River (10%)
- Western Australia (5%).

Whilst production in southern states has declined in recent years due to the impact of the drought, increased production in Queensland has resulted in overall growth across the industry.

Australia produces less than 0.1% of the global persimmon crop.

PRODUCTION WINDOW

The Australian persimmon crop is seasonal. Its window of production extends from late February (Queensland) to June (Victoria and South Australia).

Imported product is available on the Australian domestic market from late May to January. New Zealand, which supplies fruit from late May to August, is the major importer.

MAJOR VARIETIES

Major varieties grown are non-astringent and include Jiro, Fuyu and Izu.

MARKETS AND DEMAND

The major market for the Australian crop is the fresh domestic retail market, which is experiencing considerable growth as a broader base of consumers become aware of the attributes, uses and versatility of the product.

Approximately 20% of the crop is exported as fresh product to established export markets in Asia. Major markets include Singapore and Malaysia, then Hong Kong and Thailand. Early quality fruit commands a premium in export markets.

There is very limited value adding of product undertaken by the industry.

VALUE

The farm gate value of the Australian Persimmon Industry is estimated at A$10 million.

Key trends and issues impacting industry

There are number of key tends and issues that are impacting on the industry's ability to achieve its vision - 'to profitably and sustainably produce a quality product, to grow the demand for sweet persimmon for a range of domestic and export markets, and to ensure the product is marketed and promoted to the best advantage for growers'. These include:

PRODUCTION ISSUES

- Being a new industry, significant investment is required in production R&D
- Continuous varietal (and rootstock) review is required to ensure ongoing consumer satisfaction and grower returns
- In southern production regions access to, and cost of, water is a limiting factor
- Pest control measures, particularly effective clearwing moth control, needs to be developed to improve quality and production viability
- Production and farm management costs continue to increase, disproportionately to crop returns. Labour continues to be the significant cost to business. Increasingly regulatory and environmental compliance costs are a burden on business
- Impact of urban encroachment on production areas has the potential to impact on longer term sustainability of industry.

PRODUCT AND SUPPY CHAIN ISSUES

- Incidence of 'soft fruit' impacts on demand for fruit
- Improved post harvest management techniques are required to extend storage options for fruit and extend the availability of Australian fruit for the consumer.

MARKET AND MARKET DEVELOPMENT ISSUES

- Prices in domestic markets tend to fluctuate significantly depending on quality and supply
- Greater supply chain transparency is required to improve supply chain integrity, provide stronger market signals and give growers confidence in marketing processes
- There is significant price pressure on the market during the peak supply period in April when supply from northern and southern regions overlap
- Being a new industry / product in Australia, investment is required in promotion
- The industry has limited access to value added supply chains.

EXPORT MARKET ISSUES

- There is strong demand for quality Australian product which needs to be matched by supply

- There is increasing competition in export markets as a result of increased production in competitor countries, improved post harvest technology and impact of the fluctuating Australian dollar
- Market access issues need continued investment and management.

INDUSTRY DEVELOPMENT ISSUES

- Continued access to high quality R&D is questionable without demonstrated economic return, as required under the National R&D framework
- Increasing sophistication of the production and marketing environment requires investment in professional services to maintain industry position.

SWOT

Strengths	Weaknesses
• Exceptional product (health, unique flavour, exotic, easy to eat, cultural use) • Fruit value (growing consumer interest, seasonal fruit) • Capacity to produce sweet fruit • Existing research resources available • Geographic spread of production gives continuity of supply • Growth in domestic market demand • In export markets, Australia has counter seasonal supply. Queensland, in particular, has a clear market window in Asian markets • Interest from major supermarkets • Existing export marketing group • Proximity to Asian markets and the ability to cost effectively deliver fresh fruit into these markets • Strong industry structure / representation • Levy income / financial resources	• High and increasing production costs (particularly labour) • Limited varieties (reliance on 2 main varieties) and lack of satisfactory rootstock(s) • Inconsistent cropping (low yields) • For the majority of growers, persimmons are not the primary crop • Long growing period (susceptibility to weather, blemish etc) • Inconsistent quality (environmental influences differ across all regions, impacting colour and defects) • Critical pest issue (esp. clearwing moth) • Low R&D resources relative to needs • Low control over harvest timing • Lack of storage technology / short harvest to market period • Peaks and troughs in supply • Lack of supply chain transparency dampening market signals and confidence in industry • Confusion around name of fruit (conflicting information to consumer / branding issue) • Low consumer awareness of product (particularly newer non- astringent varieties) • Lack of critical volume for export markets • Limited number of export markets • Speculative exports impacting export market sustainability

SWOT continued

Opportunities	Threats
• Processing & value-adding • Market development – domestic & export • Irradiation technology to increase market access • Managed investment schemes • Potential for greater production (Murray Valley and oher regions looking for higher value crops)	• If storage technology improves, Queensland production could lose its timing advantage in export markets. • Losing R&D investment (federal & state government policy changes re: R&D strategy, is resulting in less investment in minor crops due to economic contribution to State GDP) • Cost of inputs, especially labour • Environmental and regulatory compliance requirements and costs • Low cost international competitors • Impact of urban encroachment on production areas and growers 'right to farm' • Competition from other fruits including custard apples, white fleshed stone fruit and longans • Potential impact of inadequate food policy in relation to QA / traceability, particularly beyond the farm gate • Strength / volatility of the Australian dollar / declining terms of trade • Limited and costly market access protocols • Irradiation technology providing other countries broader market access • Managed investment schemes

Vision and mission

Vision
By 2013, the Australian Persimmon Industry will have improved the ability of its growers to conduct a profitable enterprise by: • using best practice management to increase orchard productivity and reduce costs of production • using best practice management to overcome fruit quality constraints • improving confidence along domestic and export supply chains by providing a consistent supply of quality fruit • increasing demand in domestic markets by increasing consumer awareness • maximising export opportunities.

Mission
'To profitably and sustainably produce a quality product, to grow the demand for sweet persimmon for a range of domestic and export markets, and to ensure the product is marketed and promoted to the best advantage for growers'

Summary of objectives and strategies

Objective 1: Increase on-farm productivity
• Identification and implementation of production best practice • Expanded varietal and rootstock options

Objective 2: Improve supply chain management
• Better meeting of market expectations, through supply consistency • Disinfestation protocols • Sustainability

Objective 3: Increase demand for product
• Increase domestic consumer awareness / consumption • Improve value chain relationships • Export market development

Objective 4: Strengthen industry capability
• Build financial resources • Enhance human resources • Enhance industry cohesiveness • Improve industry information

Objective 1: Increase on-farm productivity

Strategy	Actions	Accountability / Measurement	Priority
Strategy 1:			
Identification and implementation of production best practice, which addresses yield, fruit quality management, pest management, reduced input costs, and cropping and supply consistency.	a) Undertake research in relation to key agronomic issues to develop production best practice. To address nutrition, canopy and pest management b) Specifically develop strategies for clearwing moth control c) Identify and evaluate growing practices to improve operational efficiencies in the production system d) Update Best Practice Manual and implement a technology transfer program to encourage growers to implement best practice management (including post-harvest handling – see Strategy 3)	**Accountability:** Persimmons Australia together with QDPI&F **Measurement of Success:** Established best practice management protocols addressing key production issues Best Practice Manual updated Percentage of growers participating in technology transfer program	High
Strategy 2:			
Expanded varietal and rootstock options	a) Expand trialing, assessment and identification of appropriate varieties and rootstocks for Australian production conditions	**Accountability:** Persimmons Australia **Measurement of Success:** Introduction of new varieties and rootstocks	High

Objective 2: Improve supply chain management

Strategy	Actions	Accountability / Measurement	Priority
Strategy 3:			
Better meeting market expectations, through quality and supply consistency	a) Improve fruit shelf life through improved production (see Strategy 1) & post-harvest management b) Investigate options (storage technologies / programs) / undertake supporting R&D to extend storage life of fruit c) Develop a Post Harvest Handling Guide and implement a technology transfer program to encourage all supply chain participants to implement improved post harvest management practices d) Participate in industry debate / policy development in relation to food policy, in particular QA / traceability beyond the farm gate through appropriate mechanisms such as HAL / HAC. e) Identify and source market intelligence required to assist industry in managing flow of product to market (even out the peaks and troughs of supply) (see Strategy 12)	**Accountability:** Persimmons Australia together with QDPI&F **Measurement of Success:** Established best practice post-harvest management protocols in place Extended storage life of persimmons Post Harvest Handling Guide developed Percentage of growers and other key supply chain participants participating in technology transfer program Persimmons Australia contributing to policy development debate in relation to food policy Key market data available to growers / marketers to improve market supply management	High

Strategy 4:			
Introduce appropriate disinfestation protocols to address domestic / export market access issues	a) Undertake irradiation research	**Accountability:** Persimmons Australia together with QDPI&F **Measurement of Success:** Research completed and disinfestation protocols accepted by market	High

Objective 2: Improve supply chain management continued

Strategy	Actions	Accountability / Measurement	Priority
Strategy 5:			
Ensure sustainability of industry, including: environmental sustainability and management of environmental issues; management of biosecurity issues	a) Maintain minor use permits as required by industry b) Industry participation in environmental and natural resources management (NRM) initiatives and where possible work with or leverage off other industries c) Industry participation in biosecurity management initiatives and where possible work with or leverage off other industries d) Industry to keep watching brief on policy development in these areas	**Accountability:** Persimmons Australia **Measurement of Success:** Industry maintains access to necessary disease and pest management chemicals Grower awareness of environmental management, NRM and biosecurity issues	High

Objective 3: Increased demand for product

Strategy	Actions	Accountability / Measurement	Priority
Strategy 6:			
Increase domestic consumer awareness / consumption	a) Continued market research to refine domestic marketing campaign and influence consumer purchasing habits b) Develop domestic marketing plan focusing on promotional aspects including PR (media and consumer awareness and education) and education (website, POS etc) c) Through market research and in consultation with key industry stakeholders determine an industry position on the name of different persimmon types i.e. are non-astringent types to be known as Sweet Persimmons, Fuji Fruit or another name	**Accountability:** Persimmons Australia and HAL **Measurement of Success:** Market research updated Effective marketing plan which increases domestic demand (measured through per capita consumption and / or improved grower returns) Clear industry guidelines on naming of different persimmon types	High
Strategy 7:			
Improve value chain relationships	a) Develop communications (& education program) for wholesalers and retailers	**Accountability:** Persimmons Australia **Measurement of Success:** Effective program engaging key wholesalers and retailers on an annual basis (minimum)	High

Objective 3: Increased demand for product continued

Strategy	Actions	Accountability / Measurement	Priority
Strategy 8:			
Export market development	a) Identify priority export markets (new and existing) and address market access b) Continue to develop relationship with the Horticulture Market Access Committee (HMAC) c) Support export promotion campaign as appropriate and consistent with industry objectives d) Develop partnerships with key stakeholders to development export market opportunities	**Accountability:** Persimmons Australia, with HAL and major exporters **Measurement of Success:** Continued access to existing markets Supported export promotion activities driving export market growth Increased export demand (measured through per capita consumption and / or improved grower returns) New markets identified and market access processes in place; sales to new export markets	High

Objective 4: Strengthen industry capability

Strategy	Actions	Accountability / Measurement	Priority
Strategy 9:			
Build financial resources of industry	a) Increase R&D expenditure through sources other than levy funds (expand funding base) b) Increase promotion expenditure through sources other than levy funds (expand funding base)	**Accountability:** Persimmons Australia **Measurement of Success:** Additional non-levy funds committed to industry R&D activities Additional non-levy funds committed to industry promotion activities or promotion activities complementary to industry promotion objectives.	Medium
Strategy 10:			
Improve industry's position in relation to access to human resources at all levels of business / industry	a) Investigate best approach to retain industry research capabilities b) Investigate opportunities available to industry in light of 'Future Focus' Horticulture Industry Strategic Plan c) Communicate industry development activities and key industry data to broader stakeholder base including potential new growers, government, research agencies etc to encourage investment in industry	**Accountability:** Persimmons Australia **Measurement of Success:** Retention of equivalent number or increased number of research personal committed to Australian Persimmon Industry Industry profile document available for key industry stakeholders	High

Objective 4: Strengthen industry capability continued

Strategy	Actions	Accountability / Measurement	Priority
Strategy 10 cont…:			
Improve industry's position in relation to access to human resources at all levels of business / industry...cont	d) Investigate opportunities to better resource industry with industry support staff (eg. an Industry Support Officer), perhaps through resource sharing with other industry bodies e) Participate in industry debate / policy development in relation to labour retention, access and reform, through appropriate mechanisms such as HAL / HAC. f) Develop an industry leadership and representation succession plan	Additional industry support staff employed by industry Persimmons Australia contributing to policy development debate in relation to labour retention, access and reform. Leadership and representation succession plan completed and being implemented	High
Strategy 11:			
Enhance industry cohesiveness	a) Develop and implement an industry communication strategy to promote industry vision, outcomes of R&D and other industry development activities. b) Develop industry networks within the industry, with other horticultural industries, other production countries and other stakeholder groups to enhance outcomes for industry	**Accountability:** Persimmons Australia **Measurement of Success:** Industry awareness of R&D and other industry development activities Contact with other key stakeholder groups	High

Strategy	Actions	Accountability / Measurement	Priority
Strategy 12:			
Improve industry information	a) Determine industry information needs (i.e. plantings, production costs, volumes / supply, pricing data) and develop robust ongoing collection processes to ensure maximum participation and value of information.	**Accountability:** Persimmons Australia **Measurement of Success:** Complete data sets for use by industry and industry stakeholders	High

For more information in regard to the Australian Persimmon Industry Strategic Plan please contact:

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