Summerfruit Australia Limited (SAL) is the industry voice for the betterment of summerfruit (fresh apricots, nectarines, peaches and plums). It represents the interests of the summerfruit industry on a national and international basis. It is the body recognised by government as the peak industry body for growers of summerfruit and has responsibility for the management of the industry marketing and R&D levy expenditure.

SAL works closely with other interested groups, government and supply chain partners to maximize profitability for the industry. It was formed in 1994 as Australian Fresh Stone Fruit Growers Association (AFSFGA), a federation of state organisations, and in August 2003 decided to change its corporate structure to a national company limited by guarantee. It's leadership is democratically elected directly by growers and it has a national office based in Lismore, NSW.

SAL is a communications channel, a lobby group, a provider of technical information and a promoter of summer fruit as a healthy nutritious fruit.

SAL holds regular meetings with government and others to advance the industry perspective on important issues, such as market access for Australian fruit, fair access to irrigation water and protecting Australian horticulturists from the risk of exotic pest incursions.

Industry research and development funds are directed through the Summerfruit Industry Avisory Committee (IAC). This committee aligns proposals with the industry developed strategic plan so that investment of grower funds gives the most beneficial results. Recent projects include controlling Carpophillus beetle, managing bacterial spot, IPM for summerfruit and benchmarking. Additionally growers contribute to a marketing levy that is directed specifically towards consumer awareness of the value and benefit from eating summerfruit on a regular basis.

**Contacts and communication**

Summerfruit Australia publishes a quarterly technical journal, the Summerfruit Quarterly which provides indepth technical information to industry. This is backed by a weekly emailed newsletter (PIPS) and an industry website, www.summerfruitaustralia.com.au. Regular conferences, regional meetings and workshops are also held to allow good communication between leadership and the grass roots.

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**Figure 1 Summer fruit production Regions (Source: HAL)**


## Industry Statistics

Total gross value of production (GVP), valued at the farmgate, was $199.84 million in 2002. Changes in GVP are driven by seasonal conditions. The industry is mature.

## Availability

| | | | |
|---|---|---|---|
| Peaches | September to May | Plums | December to April |
| Nectarines | November to April | Apricots | November to January |

**Table 1 - Farm Gate Value – summer fruit ($'million)**

| Year | Apricots | Peaches | Nectarine | Plums |
|---|---|---|---|---|
| 2000/01 | 66.6 | 62.5 | 27.7 | 51.3 |
| 2001/02 | 69.4 | 58.0 | 16.9 | 46.4 |

*Source: HAL*

**Table 2 - Production by State 2002 (tonnes)**

| | NSW | VIC | QLD | SA | WA | TAS |
|---|---|---|---|---|---|---|
| Non Process | 21,058 | 33,573 | 8,972 | 10,165 | 9,203 | 92 |
| Process | 3,201 | 60,540 | N/A | 2,043 | 70 | 0 |
| **Total** | 24,259 | 94,113 | 8,972 | 12,208 | 9,273 | 92 |

*Source: HAL*

**Table 3 – Tree Numbers ('000)**

| Fruit | 1994 | 2000 | % Diff |
|---|---|---|---|
| Apricots | 642 | 520 | -19 |
| Peaches | 1245 | 1972 | +58 |
| Plums | 905 | 1420 | +56 |

*Source: ABS*

## Summer Fruit Exports (tonne)

| Market | 95/96 | 96/97 | 97/98 | 98/99 | 99/00 | 00/01 | 01/02 | 02/03 | 03/04 | ly Chg |
|---|---|---|---|---|---|---|---|---|---|---|
| Hong Kong | 2,530 | 2,308 | 3,219 | 5,554 | 4,947 | 8,042 | 8,570 | 8,183 | 4,993 | -39.0% |
| Taiwan | 278 | 1,201 | 1,923 | 3,798 | 4,301 | 3,431 | 5,737 | 5,271 | 3,176 | -39.7% |
| Middle East | - | - | - | 654 | 525 | 840 | 844 | 1,073 | 606 | -43.5% |
| Europe | - | - | - | 100 | 198 | 325 | 525 | 635 | 828 | **30.4%** |
| Singapore | 1,517 | 1,323 | 1,341 | 1,510 | 1,157 | 2,073 | 1,408 | 1,451 | 1,839 | **26.7%** |
| all other | 2,006 | 2,095 | 1,636 | 2,047 | 1,497 | 2,995 | 2,747 | 4,040 | 3,092 | -23.5% |
| **Total** | **6,331** | **6,927** | **8,119** | **12,909** | **11,902** | **16,541** | **18,462** | **18,945** | **13,100** | -30.9% |

source : ABS, AHC / Horticulture Australia analysis

### Export Activity Overview - 2004

Overall Summerfruit Exports declined by 31% in 2004 to 13,100 tonnes. The major factors impacting this result included the lack of supply as a result of frost damage, strong domestic prices, unfavourable exchange rate (up to 39% higher in Taiwan this year), less summer fruit being re exported from Hong Kong and much more aggressive competition from Chile and to a lesser extent South Africa.

In Taiwan the season was mixed in terms of quality. Although volume was down by some 50%, importers noted that the quality was better this year for nectarines although plums were still not satisfactory. Exports to Taiwan declined 40% to 3,176 tonnes, and exports to Hong Kong declined 39% to 4,993 tonnes. Taiwan has been a significant growth opportunity offering good returns and Europe, with its huge market potential, also offered good counter seasonal returns for those that have the contacts and the right quality fruit.

China Access will have a significant impact on demand when legal access is obtained however this is not likely to be in the short term. Summerfruit was exhibited on HAL's Australia Fresh stand at Hofex for the first time, made possible by the postponement of the exhibition from May 03 to the centre of the Summerfruit season in Feb 04. Interest, particularly from China, was strong however without commercial exporters supporting the trade stand the ability to generate business was limited.

In co operation with an exporter and Marks & Spencer in the UK, a tasting promotion for white flesh nectarines was conducted. Feedback from the retailer indicated that Australian nectarines were better tasting than South African and Chilean fruit. Sales to Europe (90% of this being UK) increased 30% to a significant 828 tonnes

# Issues for the industry to face

**Industry restructure**
The summerfruit industry production base is changing from small family run businesses located close to major population areas to areas, and usually corporate financed enterprises, located in remote and regional centres where production costs are much lower and there is little pressure from land use competition.

Drivers for this change include Government support for development, the dominance of retailing by major supermarkets and the inability of traditional orchards to achieve economies of scale necessary to remain viable.

Added to the above there is pressure for Australian farmers to achieve better resource usage, especially with water use. Fruit orchards bring the highest return per mega litre of water and, as such, growers of lower value crops are looking closely at changing crops to those that they view as having a better long term prospects.

**Internal industry communication**
The summerfruit industry has for many years been regionally focused with most groups developing strong internal communication channels. As a result, the communication focus has been concentrated within these groups as distinct from a broader view. Inter-group communication is, in the main, limited to group leaders who see themselves as industry representatives speaking on behalf of others. It is a challenge to break down this system due to the lack of trust outside the groups, the power relationships of the group leaders who wish to remain in their group position and the relatively new national representative body.

Although national industry communication has moved forward in the past three years there is still a significant need for improvement.

**Profitabilty**
Production of summerfruit in Australia has reached a point where domestic consumption levels of around 85,000 tonnes have been consistently achieved. Increases above this level result in the supply chain not being able to operate without a mechanism for achieving clearances. This is usually a lowering of prices, with the loss being felt most by the producer. Sustained lowering of prices, as experienced in the 2004-5 production year, has lead to a point where the short term, and even longer term, viability of many orchards is being challenged.

This assault on profitability is also being lead by the concentration of buying power in the hands of a few, a lack of clarity in financial arrangements in the traditional central market system and the newly introduced ‘royalty on production’ requirements for access to new varieties.

Further complicating the issue is change in Australian traditional export markets which have resulted in volumes of fruit initially grown and destined for export being diverted to domestic consumption

**Export**
As production increases above domestic consumption industry focuses on exports. This is being encouraged by Government initiatives and an industry push to have more markets for their crops.

Market access is being sought for new export destinations as well as legitimizing long standing but now illegal trade into mainland China.

Even though the industry has been addressing this issue, it will take some time to find openings and develop new market opportunities.

In Taiwan, one of the largest export destinations, market share is in decline due to an increased Australian dollar v the USD, loss of market share that resulted from the poor production year of 2003-4 and the increased volumes of cheap (and possibly dumped) fruit coming in from Chile.

There are existing markets that could be better serviced, but these all have barriers such as import restriction tariffs imposed by the export countries, payment difficulties and a poor ability to manage delicate fruits.

**Industry development**
As indicated above there are some communication impediments to having the industry work as a united group. Despite reform of the national body and much goodwill, there is still a lack of complete trust in the process of dealing with statutory levies.

A recent workshop series held by SAL in regional areas in each state sought industry views on how the statutory levies were viewed, with very mixed results. However, it was clear that for some any increase in statutory levies would be difficult to justify and would be opposed. This is despite all workshop destinations seeing clear needs for industry development in the short and long term.

The situation is now reaching crisis points with the inability of statutory levy funds to be able to achieve viable outcomes.