

About the Tropical Fruit Industry Partnership Program

18 July

The Department of Agriculture, Fisheries and Forestry established the Industry Partnership Program (IPP) to support industry achieve long term competitiveness, profitability and sustainability.

The TFIPP has worked to enable industries build structural, human and strategic capacity and pathways to be proactive in positioning themselves to respond to potential crises and opportunities.

The participating tropical fruit sectors included:

Avocado, Exotic bananas (ladyfinger and ducasse varieties), Custard Apple, Longan, Lychee, Mango, Melons, Papaya, Passionfruit, Pineapples and Rambutans and exotic fruits.

Four Key Performance Areas were targeted by the Tropical Fruit Industry Sectors:

- Market intelligence and consumer trends,
- Capacity building focusing on developing collaboration on cross sectoral issues, leadership development and ways to increase labour supply to growers,
- Information and communication tools, and
- International Benchmarking.

Key findings and recommendations from the Market Intelligence and Consumer trends KPA were reported in update #2.

Organisational Capacity Development

This Key Performance Area concentrated on 3 main areas:

- ◆ *Building a strategic framework for tropical fruit industry capacity enhancement*
- ◆ *Leadership development*
- ◆ *Developing a plan to Improve access to labour*



STRATEGIC FRAMEWORK

Establishment of a strategic development framework for the tropical fruit industry involved discussions between all of the participating industry sectors to determine cross sectoral risks and capabilities to manage these risks. **Key Outcomes** were:

- ◆ Risk assessments for individual sectors were made and the current industry capability level to deal with the risks were identified.
- ◆ From the individual sector information, cross-sectoral tropical fruit risks were prioritised.
- ◆ Industry leaders indicated their willingness to collaborate to better manage the broad identified important risks however no formal group was established principally due to cost.
- ◆ Potential loose affiliation and collaboration between the sectors was agreed to over broad strategic issues.
- ◆ The Steering committee will continue its current responsibility for continued loose collaboration between the sectors. A formal process for continuation will be developed with industry support.
- ◆ There was agreement for the establishment of a viable structure for the smaller exotic sectors. The Rambutan and Exotic Growers Association (RTEGA), based in Queensland, will integrate with the equivalent group in the Northern Territory to form a National Association. This process is being coordinated with the assistance of the Northern Territory Horticulture Association (NTHA).
- ◆ The smaller industries wish to pursue single category management. However this will require better performing supply chains in this sector for any chance of success.

LEADERSHIP DEVELOPMENT

A **leadership course** was developed with the Australian Institute of Management (AIM) specifically for the tropical fruit industry sectors. The course focussed on small business development issues essential to successful leadership in the tropical fruit industry sectors. Course components included Leadership, Communication, Organisational development, Strategic marketing and Planning.

Three deliveries of the leadership course were held in Brisbane, Cairns and Darwin with good participation.

LABOUR ISSUES

A **long term skills plan** was presented to the steering committee involving components designed to attract labour to an area, and maintain its regional availability for longer.

Essential components of labour development for tropical fruits were

- ◆ The need for better information collection regionally on the dynamics of casual labour supply for tropical fruit and other agricultural activity.
- ◆ Tropical Fruit Industry representation with existing peak bodies for greater influence and leverage of activities.
- ◆ Work with all agencies that can improve the labour supply system by increasing information flow and availability. These include the National Harvest Labour Information Service, hostels, caravan parks etc.
- ◆ Promote enterprise opportunities where necessary in regional areas; need for transportation / bus services for farm labour supply, need for extra worker accommodation etc.
- ◆ Investigate the means and potential for regional rollout of farm accreditation schemes such as FARMready for better farm labour supply.

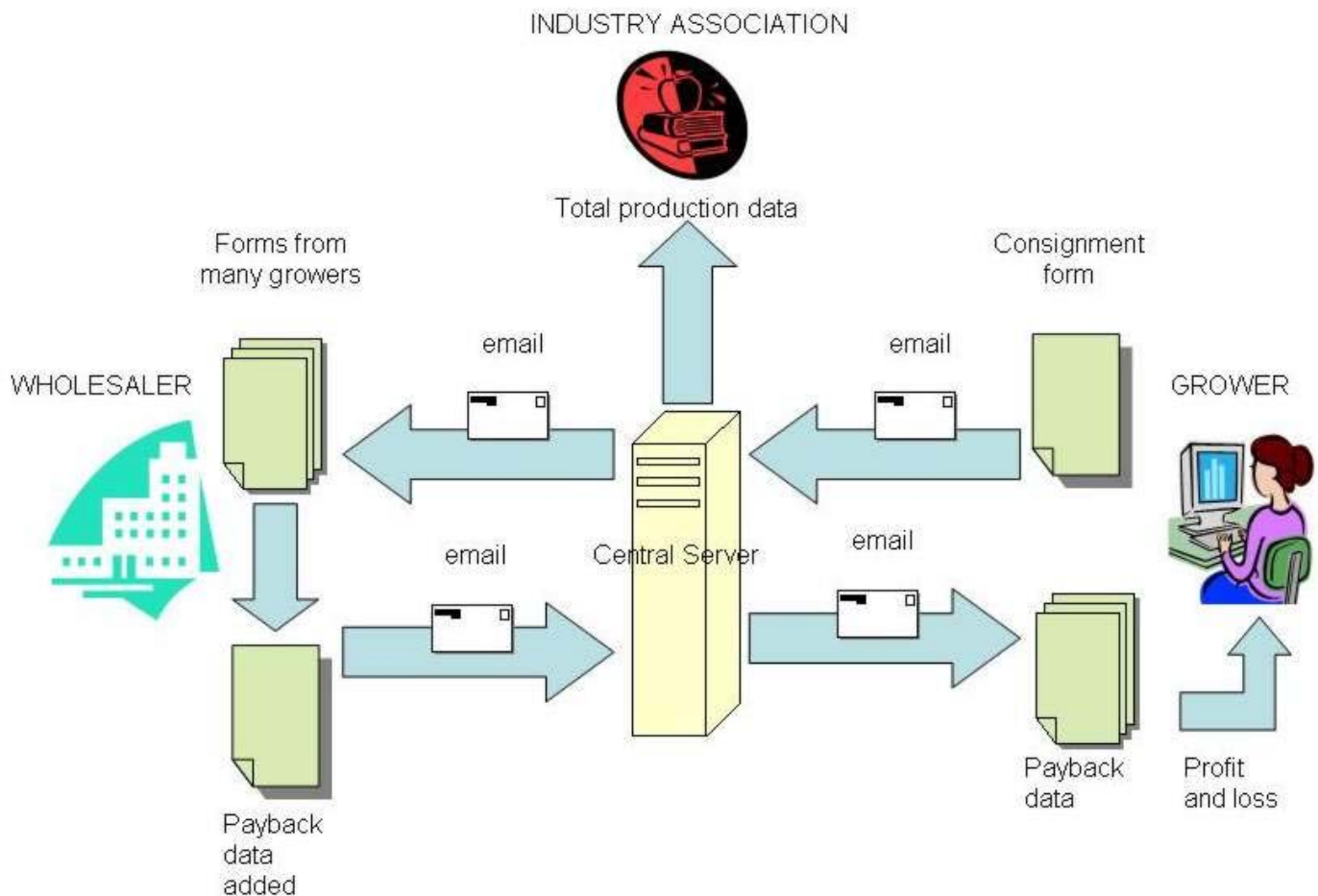
Industry information and Networks

A **dispatch advice module** was developed for use by all tropical fruit industries to commence supply chain coordination and to collate aggregate production automatically from this consignment data. The system is for industry associations to turn on for groups within their sector and would work very well for existing commercial groups. The dispatch system was designed to improve communication up and down the supply chain and to allow better record keeping and searching.

This system is essentially the beginnings of a supply chain inventory management system. It allows tropical fruit industry sectors to collect aggregate weekly production data through on-line collection.

The system works by growers filling in an on-line form for each consignment they send to market. The on-line form takes very little time to fill in as the form automatically fills in the fields. The information is sent via the Internet to a central database server, which passes the information on to the growers designated wholesaler, broker or agent. They have the means to rapidly determine the volumes of fruit they will receive overall. They fill in a modified form with the price information they sold the fruit for, and this is sent back to the grower for determination of profit per consignment. The system is depicted in the diagram below.

INITIATING SUPPLY CHAIN INVENTORY MANAGEMENT—THE DISPATCH MODULE



The system is expandable to link through to retailers also, and is already working for many horticultural industries, where it is also used for transparency and exchange of quality and farm record information such as chemical usage.

WEB SITES

A **web site, the tropical fruit portal**, was developed to provide general information about all industries, the fruits and to represent and inform on all cross-sectoral issues for tropical fruit industries. The Internet address is <http://www.australianfruitportal.org.au/>.

The aim of the site is to represent ongoing outcomes of tropical fruit industry collaboration developed as part of the outcomes of the strategic framework for capacity enhancement, leadership issues, labour issues, consumer information etc).

Web site development was initiated for the participating smaller tropical fruit industries without them at present (content is the responsibility of each industry sector):

- ◆ Rambutans and tropical exotic growers association (RTEGA) – www.rtega.com.au
- ◆ The Australian Lychee Growers Association (ALGA) – www.australianlychee.com.au
- ◆ The Australian Passionfruit Industry Association (APIA) – www.australianpassionfruit.com.au
- ◆ The Pineapple special interest group at Growcom, and www.australianpineapples.com.au
- ◆ The Australian Melon Association (site redesign) (AMA) - www.melonsaustralia.org.au

International Benchmarking

Tropical fruit industry sectors determined that international benchmarking was necessary to determine Australian farm performance relative to selected overseas competitors. This work has been completed and the report for each sector is being sent to industry association leaders.

Tropical fruit growers offered production data to the consultants to assess realistic business performance by analysing the whole of the enterprise.

Only generic information is reported here:

- ◆ The main Australian costs of production are with harvesting and these are due to labour and packing costs.
- ◆ Production yields were found lower than expected when the whole enterprise was benchmarked with the consultants indicating a lack of optimal production management as the reason.
- ◆ A wide variation in supply chain co-ordination was found. The report quotes supply chain coordination and cooperation as a suggestion to reduce real (hidden and unpaid) costs in the chain.
- ◆ Unpaid labour is considered high in Australian tropical fruit industries and contributes to an increased cost of production beyond profitability in many of the businesses analysed.
- ◆ The consultants recommend economies of scale for profitability in Australia.
- ◆ The report suggests that many of the smaller industries do not understand their production costs or drivers of costs of production, the impact of scale, or financial implications of optimising agronomic practise.
- ◆ The report also suggests that many smaller industries do not understand how to optimise value chain management.
- ◆ The study provided a large amount of production data for costs comparisons.
- ◆ Australian and overseas value chains are described for the participating tropical fruit sectors.
- ◆ Australian wholesale prices are quoted for each fruit category.
- ◆ Overseas production universally involves cheaper labour costs.
- ◆ Other southern hemisphere competition were found able to out compete Australia in export markets.

To contact the TFIPP coordinator : zeki@ridgepartners.com.au or call 07 3211 3458