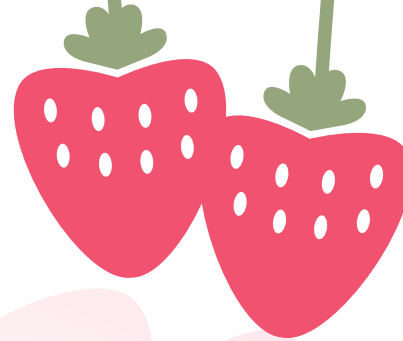


Strawberry industry of Western Australia



STRATEGIC PLAN
NOVEMBER 2022





The Strawberry Producers Committee of the Agricultural Produce Commission was established in 1995.

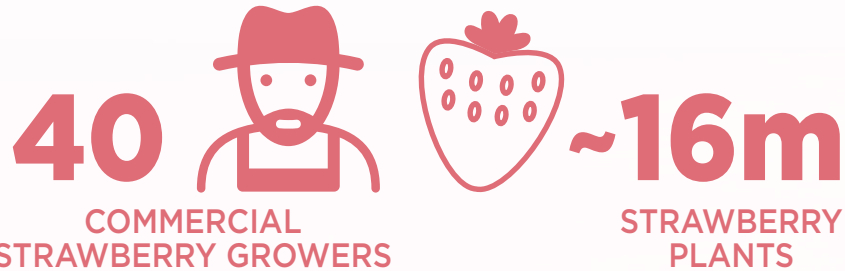
The committee is the voice of Western Australian strawberry producers – if you are a fee-for-service (FFS) paying producer, you have a say in what your committee does. Each year, the committee assesses the needs of producers and estimates the annual costs for providing identified services to you. A strong strategic plan, built through consultation with FFS-paying producers, is used to provide focus and direction.

In 2021/22, the Strawberry Producers Committee commissioned AgWA Consulting to undertake a strategic review of the WA strawberry industry. The purpose of the review was to:

- 1** better understand the needs of producers
- 2** identify key constraints and opportunities for industry growth
- 3** address key issues
- 4** develop an action plan for the future

This report summarises the results of interviews with producers and presents a strategic plan for the future direction of the industry.

SNAPSHOT



In 2020/21, there were approximately 40 commercial strawberry growers in WA with an estimated 16 million strawberry plants. There are two main strawberry growing regions – the greater Perth region that extends from Anketell in the south to Bullsbrook in the north, and the southern region that extends from Albany in the south to Manjimup to the north. There is also a small planting of strawberries in Carnarvon. Based on historical plant numbers, growers in the greater Perth region account for about 80% of the WA strawberry industry.



WA produces 11% of Australia's strawberries. The state produced 8,164 tonnes of fruit for the year ending 30 June 2021. The state's overseas exports (2,550 tonnes valued at \$18 million) accounted for 70% of national strawberry exports.

(Australian Horticulture Statistics Handbook 2020/21)

Consultation process

In November and December of 2021, AgWA Consulting facilitated interviews with 17 growers, representing 63% of the industry¹. The growers represented large, medium and small scale operations from both greater Perth and the southern region. A former industry leader (now retired) also contributed to the review. A Vietnamese interpreter assisted with two of the interviews. This report summarises the results of these consultations.

Key recommendations from a Fruit Quality Forum held in July 2021 with market agents, quality specialists and growers are also presented.

Consultation results

Expansion plans

Four interviewees planned to expand their operations. These growers were optimistic about the future of the industry in WA and were either next-generation farmers or had active succession plans.

The top 2 challenges for growers seeking to expand were identified as the availability of land and water, followed by labour shortages and lack of capital for major investments. Cold chain logistics were a concern for one grower whose business model was based on selling high quality (sweet) ripe fruit.

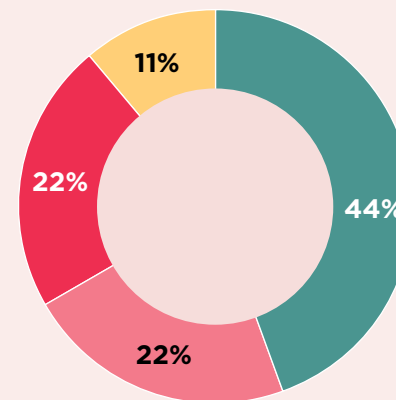
For growers not looking to expand, the top constraints were labour shortages, cost pressures (inputs and returns) and oversupply with resultant low prices. Lack of funds for investment was also cited.

¹ Reporting of industry representation is based on the number of plants grown.



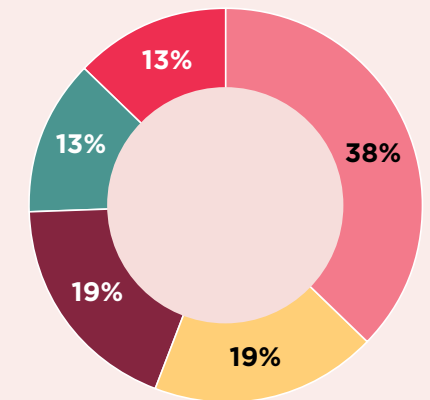
Hua and Truc Hoang, Hoang Le's Strawberries – they are pictured in the 2022 National Breeding Program variety trial.

BARRIERS FOR THOSE PLANNING TO EXPAND



- Land and water availability
- Labour shortages
- Lack of capital to invest
- Cold chain logistics

BARRIERS FOR THOSE NOT PLANNING TO EXPAND



- Labour shortages
- Low returns
- High input costs
- Oversupply
- Lack of capital to invest

DOMESTIC MARKET: growth opportunities

When asked what opportunities they see to improve and grow business in the domestic market, 9 out of 18 interviewees said there were no opportunities. Most others saw improvement in fruit quality, including its ability to maintain quality in transport, as the biggest opportunity. They saw one or more of the following opportunities in the market.

- 1 Quality:** Supply of higher quality fruit to local consumers was seen as the single biggest opportunity. In recent seasons, there has been an oversupply of low quality fruit, which has impacted the returns of all growers.
- 2 Varieties:** Access to genetics appropriate for the WA growing environment is a perennial issue in the strawberry industry. Growers said they were continually seeking varieties that performed well (good taste, size, colour and yield), particularly in greater Perth where significant quality concerns have been raised about some short-day varieties currently in use. New varieties must also be able to perform well in the local climate and withstand transportation to arrive at their destination in satisfactory condition.
- 3 Markets:** Good relationships with direct markets (supermarkets) were highlighted as they minimise uncertainty in pricing and eliminate costs associated with agents.
- 4 Packaging:** Grower concerns were reflected in evolving environmental and consumer perceptions about produce packaging. With single-use plastics becoming less appealing to consumers, more advanced growers are looking at reducing the plastic content of their punnets and alternatives to plastic containers.

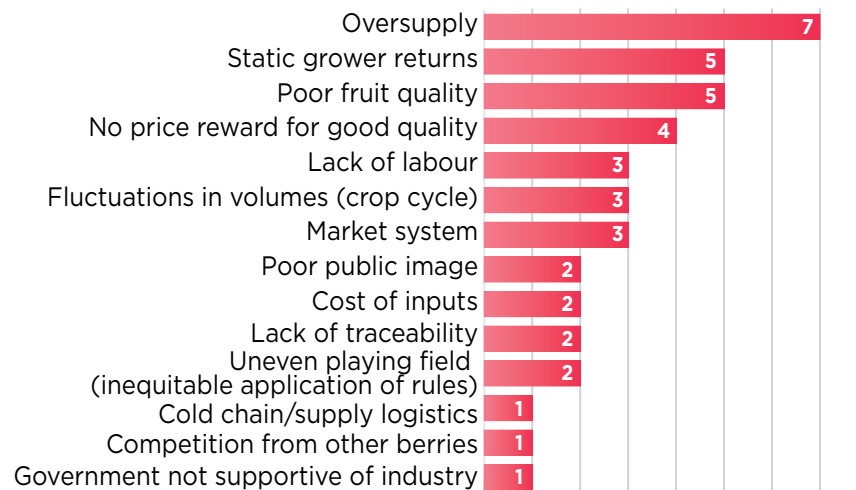
- 5 Public image:** Some growers believed that good practices used in the industry and efforts to produce top quality fruit could both be better promoted to consumers. Such practices include integrated pest management (IPM) to reduce reliance on chemicals and modernisation of production systems to reduce waste and improve the working environment (for example, tabletop production that reduces physical strain on pickers).



DOMESTIC MARKET: constraints

Oversupply with resultant lower prices is seen as the biggest constraint in the industry. Grower returns drop rapidly during peak periods, usually sitting below the cost of production for part of this time. Oversupply was followed closely by **static grower returns** (despite increased production costs) and **poor fruit quality** as further constraints. A number of **market issues** face the industry. These include lack of product traceability, insufficient price reward for those producing high quality fruit and inequitable enforcement of supply rules. Inequitable enforcement applies to the application of industrial relations laws, quality assurance programs and criteria for fruit quality and consignment, resulting in an uneven playing field.

Fluctuations in volume caused by crop cycles also create problems with the market. Buyers push for bigger plantings to fill 'windows' of short supply but provide inadequate returns to cover costs when plants reach full production and create an oversupply.



DOMESTIC MARKET CONSTRAINTS



EXPORT MARKETS: competitive advantage

About 30% of the state's strawberries are exported, mainly to Asian markets including Thailand, Singapore, Malaysia and Hong Kong. New Zealand is another key market. Most fruit exported comes from 2 local government areas (Wanneroo and Swan) during the peak harvest period in greater Perth (July to November). COVID caused a significant drop in exports of perishable products such as strawberries, which are traditionally airfreighted. The industry looks forward to gradual recovery from the impacts of the pandemic in future seasons.

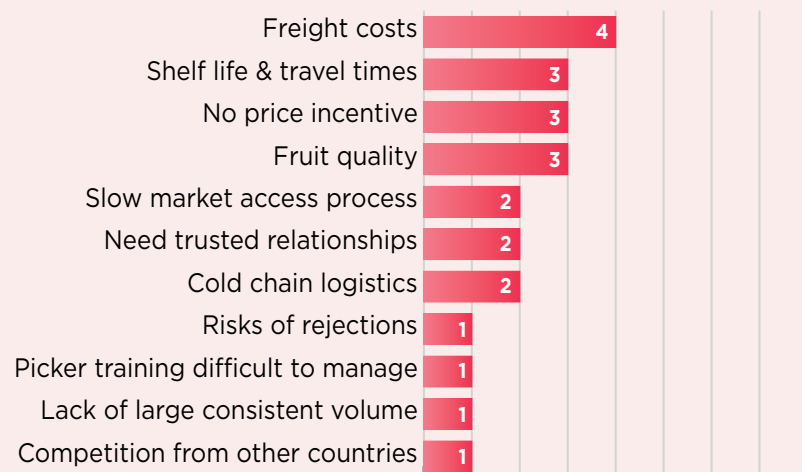
Growers viewed **proximity to key export markets** as the industry's biggest advantage. A **favourable seasonal supply window** (counter seasonal to other big producers), **advantageous time zones** and a growing **consumer preference for clean, safe foods** has assisted exporters to establish a foothold in Asia. Other advantages were Australia's perceived better reputation than current competitors in the same window and successfully established **long-term trading relationships** in export countries.

Improved quality has been flagged as the main opportunity for improving WA grower returns on exports. This will require significant investment in growing methodology and cold chain systems and possibly access to new strawberry varieties.

EXPORT MARKETS: constraints

Since global airfreight capacity plunged in 2020, freight costs for premium perishable goods such as strawberries have become problematic, especially in price sensitive markets. Exporters who were interviewed said **freight costs** had emerged as the biggest constraint to their business. **Export quality standards** also had to improve to maintain and protect Australia's reputation with overseas customers and increase grower returns. A further constraint is that **market access** was viewed as a slow and painstaking process.

Additional complexity above domestic sales deterred some growers from attempting to develop export capacity. Some expressed concern about the high fruit quality required for export, transport and cold chain logistics, product shelf life and the difficulty of training harvest crews to pick at the different maturities required for export markets. The risk of rejection by destination countries, inadequate returns and low volumes of production remained factors for growers who said they had no plans to export.

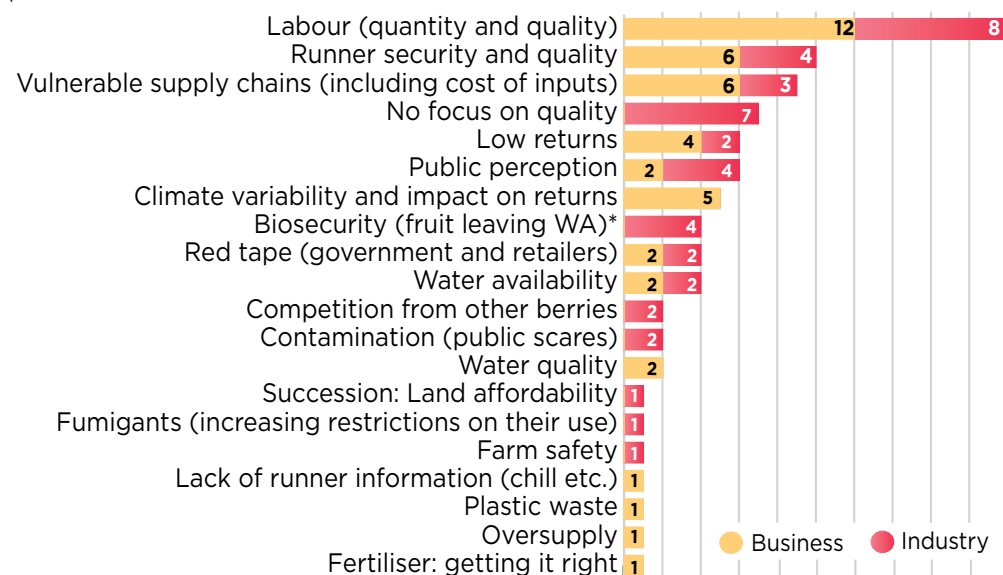


EXPORT MARKET CONSTRAINTS

Key risks to individual businesses and industry

Strawberry growers face ongoing challenges in relation to sourcing labour. While they traditionally accessed backpacker labour to help pick their crops, COVID travel restrictions had caused a big shortage. Interviewees believed **access to enough competent and well-trained workers** was the biggest risk to individual businesses and the industry. This was especially true for seasonal operations where continuity of employment could not be provided and new workers needed to be retrained each year, adding to production costs.

Other key risk factors were listed as **runner security and quality**, **supply chain vulnerability** and **lack of focus on fruit quality** by the industry as a whole. For individual businesses, the next biggest risk was **climate variability** and its impact on returns, potentially mitigated if growers move to protected cropping systems and hydroponics. Risks with the potential to create widespread consumer concern included contamination scares (food safety), poor on-farm safety practices and plastic waste.



KEY RISKS TO INDIVIDUAL BUSINESSES AND INDUSTRY

* This includes domestic and international exports.

2021 Fruit Quality Forum

Market agents, quality assurance specialists and growers came together in July 2021 to discuss strawberry quality in Western Australia. The aim of the forum was to identify the possible causes of fruit quality issues and share ideas on what could be done to overcome them.

Key recommendations for improvement were:

- 1 Cold chain:** Procedures and infrastructure for rapid post-harvest cooling of fruit and temperature maintenance along the supply chain.
- 2 Varieties:** Access to better varieties, with good taste, size, colour and yield.
- 3 Quality:** Consistency in fruit quality and size in punnets, and the possible introduction of product standards according to variety.
- 4 Agronomy:** Information and training on growing and best practice (particularly nutrition).
- 5 Infrastructure:** Support for more hydroponic / substrate growing (protected cropping).
- 6 Advertising and marketing:** To drive sales and consumer understanding of the category.

Summary of key industry needs identified during consultation

	LABOUR	PRODUCTION SYSTEM EFFICIENCY	PLANTING MATERIAL	FRUIT QUALITY AND CONSUMER ACCEPTANCE	MARKET SYSTEM
KEY INDUSTRY NEED	Motivated and efficient workers who have the abilities and skills needed to undertake various roles in the production system.	More efficient production systems that improve returns and reduce reliance on favourable climatic conditions.	Healthy planting material that maximises crop performance and the profitability of WA strawberry growers.	Improved fruit quality and consumer acceptance to increase consumption and returns in domestic and export markets.	An understanding and valuing of the strawberry crop cycle at all levels of the supply chain and upholding of supply rules.
CONTRIBUTING FACTORS/ NEEDS	<ul style="list-style-type: none"> • Access to enough harvest labour suitable for growers with in-ground and tabletop production systems. • Access to skilled workers for supervisory and managerial roles. • Accommodation that meets the requirements of seasonal worker schemes. • Options for retaining existing skilled workers that do not have permanent residency – recognition of skills gained on-farm. • Robust on-farm systems for work health and safety and industrial relations. 	<ul style="list-style-type: none"> • Ability to track, understand and manage costs in the business. • Understanding of production system options (economics and potential efficiencies). • Access to financial assistance to enable investment in more efficient production systems. • Appropriate allocation of water resources to businesses demonstrating operational efficiency. 	<ul style="list-style-type: none"> • Access to chosen varieties. • Plants available at local target planting times. • Healthy plants with high survival rates. • Information on planting material (chill hours, crown size, root development) to guide planning and crop management. • Reduced transport risks when purchasing planting material. 	<ul style="list-style-type: none"> • Access to varieties that perform well in the local climate. • Improved on-farm agronomic practices that generate better fruit quality. • Improved harvest and packing practices to ensure quality is maintained on-farm. • Improved whole of cold chain management to maximise shelf life. • Understanding of customer preferences and agreement on minimum fruit quality and packing standards • Traceability to farm level for domestic and export markets. 	<ul style="list-style-type: none"> • Better communication and understanding (transparency) between the different parts of the supply chain on supply and market issues (pricing, volumes, supply rules). • Industry input into retailer supply rules (fruit quality, packing standards, consignment criteria, application of QA systems). • Application of supply rules consistently throughout the year. • Investigation of options to increase fruit volumes during ‘shoulder’ periods without causing further oversupply. • Investment in export opportunities to alleviate oversupply issues.

Strategic plan for the WA strawberry industry 2022-2027

VISION

A sustainable and profitable strawberry industry that supports innovation and transparency and consistently delivers high quality fruit to domestic and export markets.

STRATEGIES

1 Productivity and profitability
Improve capability and capacity to maximise efficiency and profitability of growers.

2 Fruit quality and consumer acceptance
Improve fruit quality and consumer acceptance to increase consumption and returns in domestic and export markets.

3 Market system and market access
Provide leadership on market issues that impact profitability and sustainability.

TACTICS

Labour:

1. Communicate industry labour needs at national and state levels through government and industry bodies.
2. Participate in initiatives to improve use and management of labour forces within and across industries.
3. Investigate novel training and career pathways to better retain experienced workers and to attract new skilled workers.
4. Raise awareness of commercially available tools that assist with labour management and efficiency tracking.

Business management:

5. Support initiatives that help growers understand cost of production and profitability drivers.
6. Raise awareness of the economics and efficiencies of different production systems and ways of operating (packing methods, use of plug plants and retention of second-year plantings).

Production systems:

7. Work with Berries Australia to improve runner quality and delivery.
8. Help growers access finance to adopt more efficient production systems.
9. Support initiatives that improve production efficiency.
10. Advocate for appropriate allocation of water resources to businesses demonstrating operational efficiency and productivity.

On-farm:

1. Work with the National Breeding Program to improve variety selection and performance evaluation in WA and encourage broader grower involvement.
2. Evaluate varieties from international breeding programs in local conditions (tabletop and in-ground) and extend the results to WA growers.
3. Encourage improved on-farm agronomic and harvest practices that generate better fruit quality by providing suitable reference materials for growers and facilitated learning events.

Supply chain:

4. Drive improvements in cold chain management by working with growers to monitor temperatures and transit times along the supply chain from harvest to consumers.
5. Provide information to growers and retailers on temperature impacts on fruit quality.

Consumer acceptance:

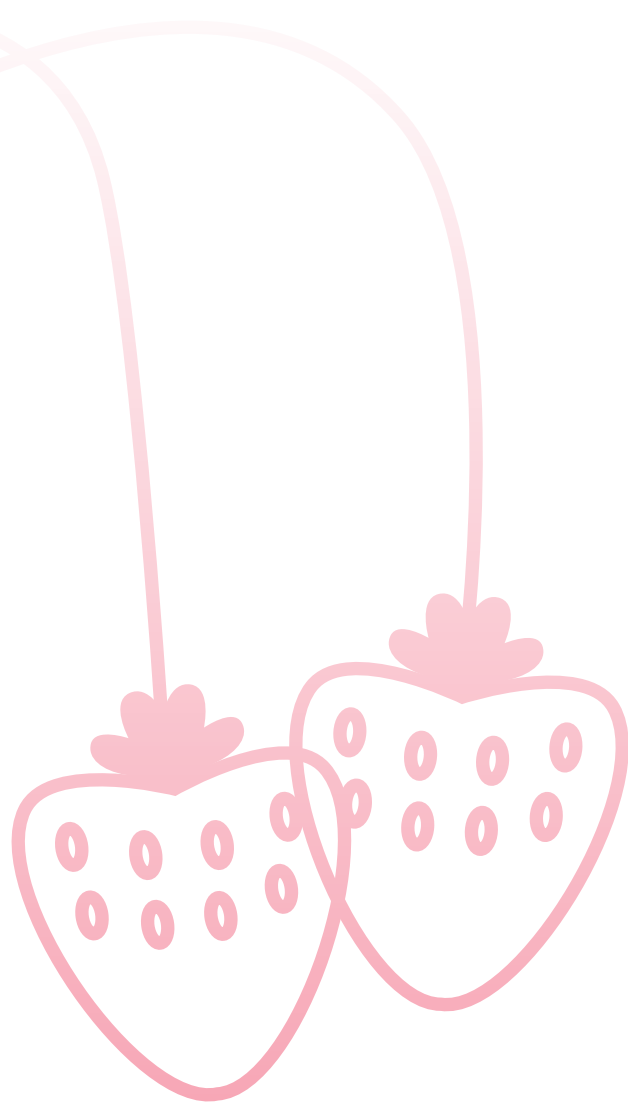
6. Provide growers, retailers and marketers with unbiased feedback on wholesale and retail level fruit quality throughout the year as a monitoring tool for quality improvement.
7. Identify and develop minimum fruit quality standards that reflect consumer preferences.
8. Encourage grower adherence to quality assurance, food safety and traceability programs.
9. Encourage continued adoption of sustainable practices (environmental, social, and governance).

Communication:

1. Promote the adoption of industry-led minimum fruit quality, packing and quality assurance standards at market and retail levels.
2. Report on the findings of wholesale and retail fruit quality testing (Tactic 2.6) to cross-check application of industry-led standards.
3. Collate production and seasonal information that can be shared with stakeholders along the supply chain and used in promotions.
4. Cultivate productive relationships and effective communication with stakeholders along the supply chain to facilitate the sharing of information and improve transparency in marketing (including rejections).

Market access:

5. Build industry preparedness for pest and disease incursions to minimise economic impacts on growers (what growers need to do, who to contact).
6. Promote and support activities of the Berries Australia national export program including market access projects and promotion of export opportunities to alleviate oversupply issues.



Thank you

The Strawberry Producers Committee would like to extend its gratitude to stakeholders and the broader community for their constructive and insightful contributions during this strategic planning process.

If you would like more information about this plan or activities of the APC Strawberry Producers Committee please contact the APC (08) 9368 3127
apcmanager@dpird.wa.gov.au

