

Fruit and Nut Industries Profile

December 2014



Victoria's Fruit and Nut Industries (excluding grapes)

December 2014 Update

Key points

- This Fruit and Nut Industries Profile provides an overview of the location, structure, production and performance of Victoria's most significant fruit and nut industries as well as their challenges and opportunities.
- Victoria's fruit and nuts industries are diverse, with a wide geographical spread and a range of products. Victoria's main fruit groups are pome fruit (e.g. apples and pears), stone fruit (e.g. peaches, apricots, cherries and nectarines), berry fruit, citrus (e.g. oranges and mandarins) and nuts.
- Victoria's fruit industries are important employers and contributors to many regional economies particularly in the Mallee, Goulburn Broken, Port Phillip and Westernport and North Central regions.
- Most of Victoria's fruit production is consumed domestically. However, there is a strong export focus especially in the citrus, stone fruit and nut industries.
- In 2012-13, the gross value of Victorian fruit and nuts production (excluding grapes) was \$1.1 billion.
- Victoria produced around 98,000 tonnes of pears with a gross value of \$93.4 million. This represented 89 per cent and 81 per cent of Australia's total pear production (by volume), and total gross respectively.
- Between 2005-06 and 2012-13 almond production in Victoria increased by 852 per cent to almost 44,300 tonnes.
- Almonds were Victoria's highest value horticulture export in 2013-14.
- In 2012-13 Victoria produced 125,000 tonnes of apples with a gross value of almost \$200 million.

Structure of Victoria's fruit industries

More than 1,740 agricultural businesses in Victoria stated their primary activity was growing fruit or nuts in 2012-13 (excluding grapes). This included 531 stone fruit growers, 510 apple and pear growers, 258 citrus growers, 65 strawberries growers and 53 almond growers¹. Note that some businesses could be growing two or more fruit crop types. There were 389 'other' types of fruit growing business in Victoria in 2012-13.

Employment on Victoria's fruit farms

In 2010-11, approximately 3,229 people were employed growing fruit and tree nuts in Victoria². Of this, 353 were employed growing berry fruit; 549 employed growing apples and pears; 370 employed growing stone fruit; 361 employed growing citrus fruit; and 1,596 growing other fruits and tree nuts. The fruit and nuts industries also employ large numbers of people on a short-term basis during harvest periods (i.e. seasonal workers) who are not included in the above figures.

Location of Victoria's fruit production

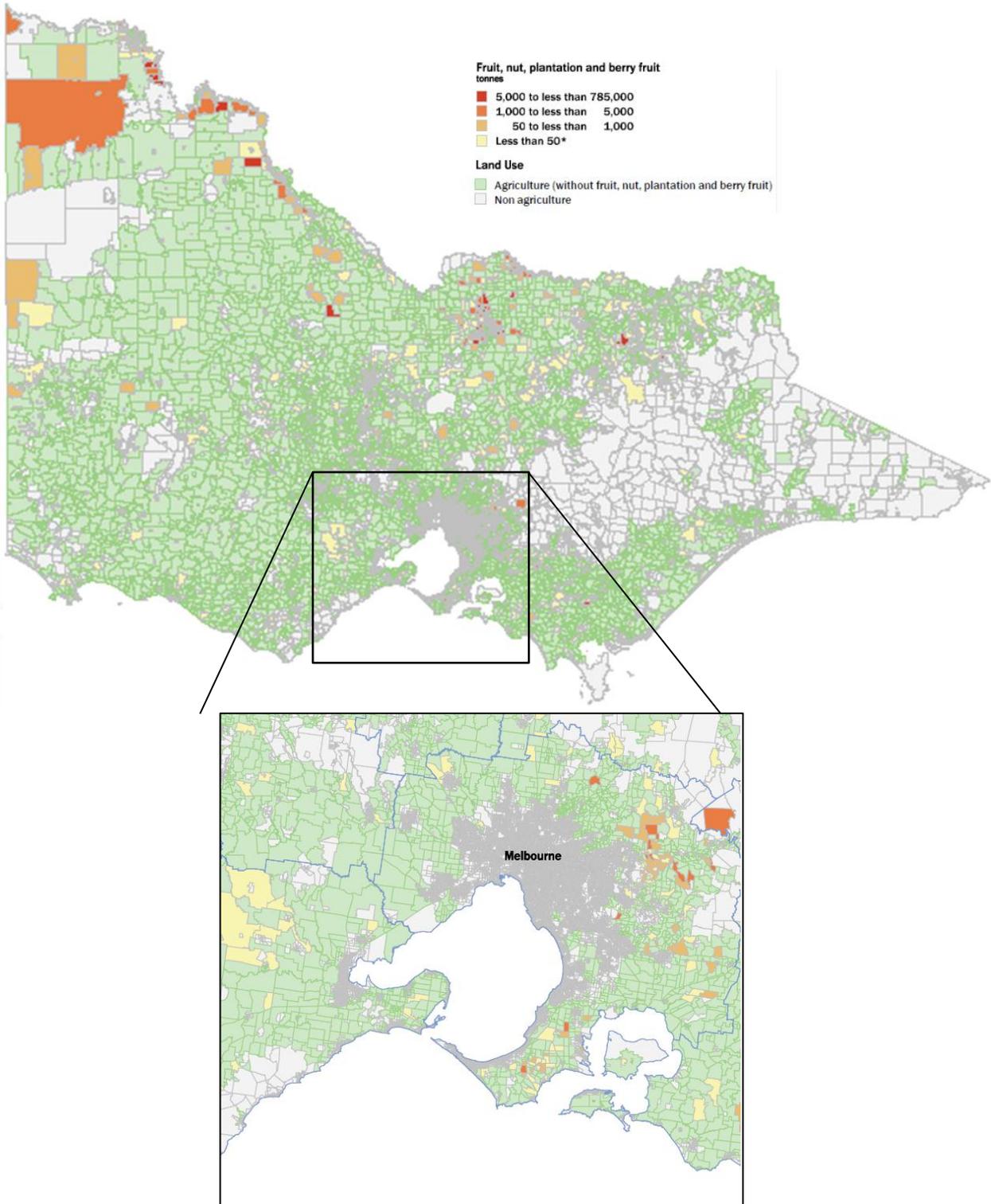
Fruit production is geographically spread across Victoria, as shown in Figure 1. Key production areas are in the Mallee, Goulburn Broken, North Central and Port Phillip and Westernport regions. Victoria's fruit industries make a significant contribution to the economies of these regions. In 2012-13, the gross value of fruit production was \$415 million in the Mallee region, \$372 million in the Goulburn Broken region, \$114 million in the North Central region and \$147 million in the Port Phillip and Westernport region.

Some fruit and nut industries also make additional contributions to local economies through further processing and attracting tourists to a region. Examples of further processing are the fruit drying, packing and juicing industries located at Mildura in north-west Victoria, and the fruit canning and beverage operations at Shepparton in the Goulburn Valley.

There is also tourism activity associated with chestnut growing in the Ovens Valley, apple growing around Harcourt near Bendigo, and berry growing in the Dandenong Ranges east of Melbourne.

Much of Victoria's fresh fruit production (i.e. domestic consumption) is transported by road for sale at the Melbourne wholesale fruit and vegetable market, or directly to outlets in major population centres.

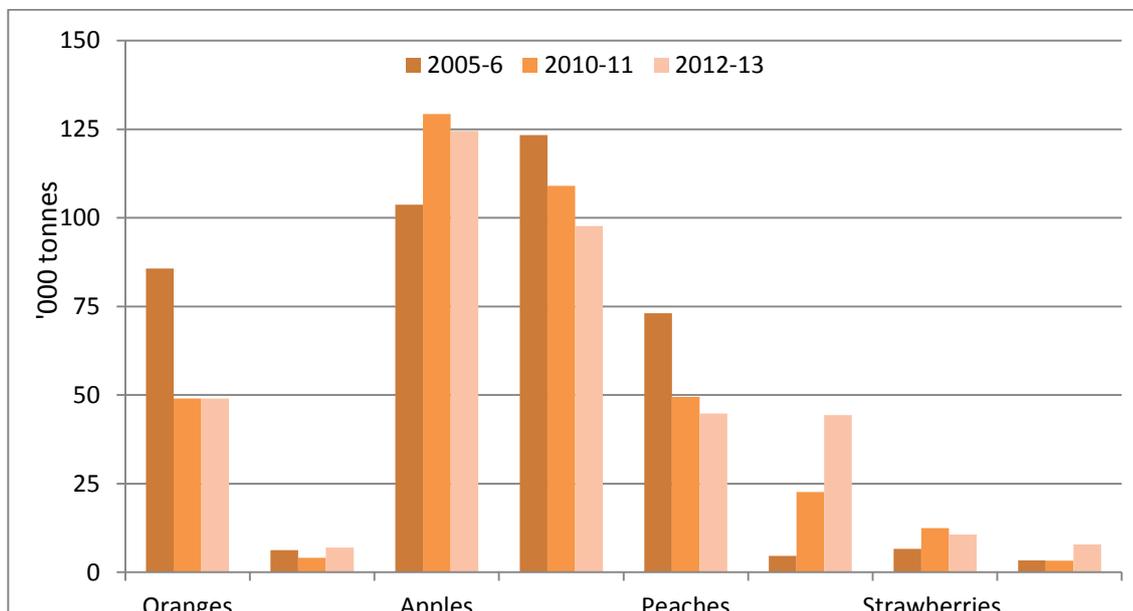
Figure 1: Location of Victoria's fruit production³



Victoria's fruit and nuts production

Victoria's fruit and nuts industries comprise pome fruit (apple and pear), stone fruit (e.g. peach, apricots, cherries and nectarines), citrus (e.g. oranges and mandarins) berry fruit and nuts. A breakdown of production data for the major fruit types is provided below, with trends in production over time shown in Figure 2⁴. In 2012-13, the gross value of Victorian fruit and nuts production (excluding grapes) was more than \$1.1 billion.

Figure 2: Victorian fruit and nut production⁵



Citrus

Victoria's citrus production includes oranges, mandarins, lemons, grapefruit and limes. The main citrus crop is oranges (estimated to be around 88 per cent of citrus production by volume). Recently there has been a change in production from juicing oranges to fresh fruit and easy peel specialist citrus (e.g. mandarins, tangelos).

In 2012-13, Victoria produced around 49,000 tonnes of oranges with a gross value of almost \$34 million. This represented 12 per cent of Australia's total orange production (by volume), and 10 per cent of the total gross value of Australia's orange production. The Mallee region of Victoria accounted for 95 per cent of the value of Victorian orange production.

In 2012-13, Victoria produced around 7,000 tonnes of mandarins with a gross value of \$11 million. This represented 8 per cent of Australia's total mandarin production (by volume), and 8 per cent of the total gross value of Australian mandarin production in that year. The Mallee region of Victoria accounted for 83 per cent of the value of Victoria's mandarin production.

Orange production grew by around 13,295 tonnes (18 per cent) in the decade to 2005-06, but its gross value subsequently fell by \$17 million (41 per cent) between 2005-06 and 2012-13. This was primarily to the reduced competitiveness of citrus growing in Australia compared to other citrus producing nations, due to high exchange rate of the Australian dollar.

Pome fruit

In 1995-96, Victoria's main fruit produced by volume was pears. However, declining market demand for pears and comparatively higher prices for other crops meant plantings were not replaced and production steadily declined. Pear production in 2012-13 was 97,691 tonnes 28 per cent lower compared to 1995-96.

As pear production declined, apple production increased. New plantings, new varieties, (e.g. the Pink Lady), and relatively good prices contributed to apple production to increase by 45,514 tonnes (58 per cent) in 2012-13 compared to 1995-96.

In 2012-13, Victoria produced 125,000 tonnes of apples with a gross value of almost \$200 million. This represented 43 per cent of Australia's total apple production (by volume), and 45 per cent of the total gross value of Australia's apple production. The Goulburn Broken region accounted for 70 per cent of the value of Victorian apple production, and the Port Phillip and Westernport region 21 per cent of the value of Victorian apple production.

Victoria produced around 98,000 tonnes of pears with a gross value of \$93 million. This represented 89 per cent of Australia's total pear production (by volume), and 81 per cent of the total gross value of Australia's pear production. The Goulburn Broken region accounted for 96 per cent of the value of Victorian pear production in 2012-13.

Stone fruit

Victorian stone fruit production grew strongly between 1995-96 and 2005-06 with peach and nectarine production increasing by 36,751 and 27,040 tonnes respectively. However, production has declined by around 21 per cent for nectarines and 39 per cent for peaches between 2005-06 and 2012-13 due to shortages in water allocations, productivity impacts from drought, hail and frost, coupled with shrinking margins and reduced market demand for stone fruit, particularly for processing and canning.

In 2012-13 Victoria produced around 45,500 tonnes of peaches with a gross value of \$52 million. This represented 82 per cent of Australia's total peach production (by volume), and 69 per cent of the total gross value of Australian peach production. The Goulburn Broken region accounted for 55 per cent of the value of Victorian peach production, and the North Central region 13 per cent of the value of Victorian peach production.

Victoria produced 7,904 tonnes of cherries with a gross value of about \$51 million. This represented 45 per cent of Australia's total cherry production (by volume), and almost 39 per cent of the total gross value of Australian cherry production. The Goulburn Broken region accounted for 73 per cent of the value of Victoria's cherry production in 2012-13.

Berries

Victoria produces a range of berry fruits, predominantly strawberries. Due in part to efficient water use and strong market demand, the value of strawberry production in Victoria has increased 101 per cent between 2005-06 and 2012-13. Strawberry production in Victoria increased by 4,047 tonnes (61 per cent) in 2012-13 compared to 2005-06.

Victoria produced 10,665 tonnes of strawberries with a gross value of more than \$88 million. This represented 33 per cent of Australia's total strawberry production (by volume), and 38 per cent of the total gross value of Australian strawberry production. The Port Phillip and Westernport region accounted for 98 per cent of the value of Victorian strawberry production in 2012-13.

Nuts

In 2012-13, almond production in Victoria increased by 852 per cent compared with 2005-06 (4600 tonnes). One of the largest contributors to the growth in the almond industry has been increased involvement from corporate growers, including managed investment schemes. Almond production is likely to increase significantly in the future as further young plantings mature and approach optimum yields.

In 2012-13 Victoria produced over 44,300 tonnes of almonds with a gross value of more than \$248 million. This represented 78 per cent of Australia's total almond production (by volume), and 79 per cent of the total gross value of Australian almond production. The Mallee region accounted for 100 per cent of the value of Victorian almond production in 2012-13.

Export performance

Victoria's pome, berry and stone fruit industries predominantly sell their produce into domestic markets, while the almond and citrus industries have a much stronger export focus.

Victoria accounts for about 50 per cent of Australia's horticulture exports valued at \$894 million in 2013-14, up 48 per cent from the previous year. Nuts (fresh or dried) were the highest value commodity, with almonds making up over 40 per cent of the value of total horticulture exports. Fruit (fresh or dried) was valued at \$352 million, with key products being grapes (\$227 million), citrus (\$80 million) and stone fruit (\$32 million).

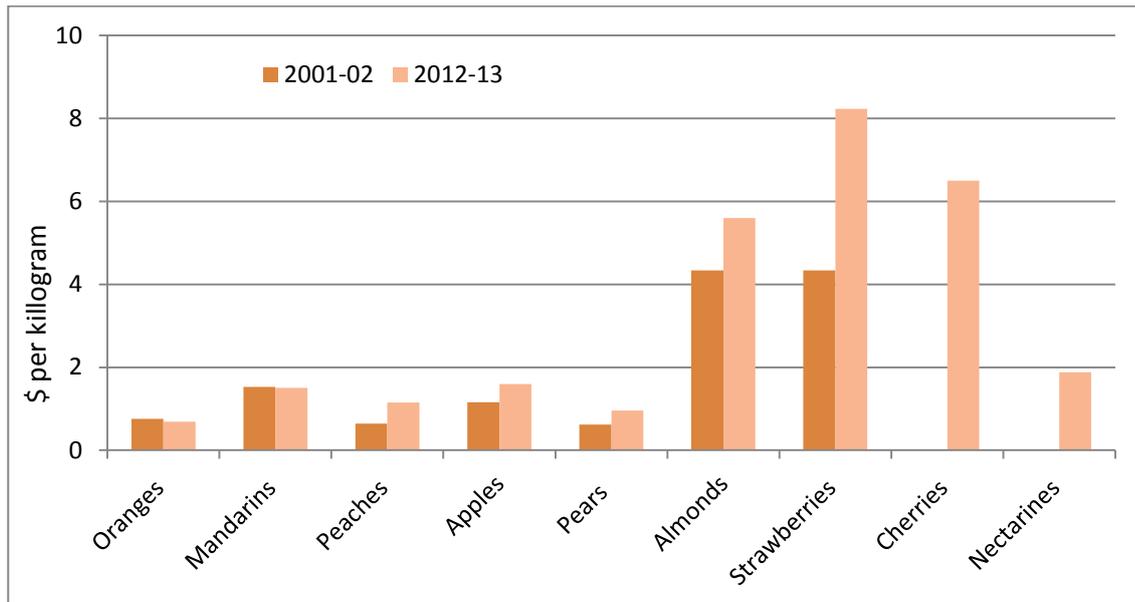
Hong Kong remained the highest value market for horticulture, valued at \$141 million. Exports to India increased by \$73 million in 2013-14, with almonds making up 98 per cent of Victoria's horticulture exports to India. Horticulture exports to New Zealand were valued at \$73 million, a decrease of \$8 million from 2012-13⁶.

Prices

In 2012-13, the gross unit value (GUV) of production was \$1.51 per kilogram of mandarins, 69 cents per kilogram of oranges, \$1.60 per kilogram of apples, 96 cents per kilogram of pears, \$1.15 per kilogram of peaches and \$8.20 per kilogram of strawberries. The GUV of production for cherries was \$6.5 per kilogram, \$1.88 per kilogram for nectarines, and \$5.60 per kilogram of almonds.

Generally, fruit prices have remained relatively stable since 2001-02, with some notable exceptions. As Figure 3 indicates, the GUV for strawberries and almonds increased.

Figure 3: Gross unit value - Victorian fruit and nuts produce⁷



Challenges and opportunities

Challenges for Victorian fruit and nut industry

Although there are many diverse crops in the fruit and nut industries, each with particular challenges and opportunities, a number of common challenges face the Victorian fruit industry. These include:

- Climate change and variability and the increasing frequency of extreme events will continue to challenge the Victorian fruit and nut industries. Consequences are heat stress and lack of chilling hours, rising input costs, major crop losses from severe weather events, increased risks of exotic disease incursions and changes in the distribution of pests and diseases.
- Increased global trade is both a threat and an opportunity. The need for international competitiveness is a major driver for the fruit industries. At the same time, increased imports heighten the biosecurity risk of exotic pest and disease incursions.
- Shortages of labour, the productivity of labour and the cost of labour have a major impact on all horticultural industries - especially those that are faced with the challenge of being globally competitive
- Consumers are demanding high product quality (e.g. appearance, freedom from residues...shelf life), competitive pricing and year-round supply which constitute major challenges for producers.

Opportunities for Victorian fruit and nuts industry

There is a variety of opportunities available to the Victorian fruit and nut sector to expand and build upon its successes. In consultation with industry, the Agriculture Group has identified six key opportunities for Victorian horticulture as a whole. These are:

- Renewed focus on export to take advantage of growing Asian export market opportunities
- Opportunities to benefit from the irrigation reforms in the Goulbourn-Murray
- Increased mechanisation and use of remote sensing tools
- Covered cropping and design of climate ready orchards
- Consolidation and integration of the orchard, packing and cool-store businesses to increase industry efficiencies
- Improvement in quality credence and branding of Victorian produce

Government policy/regulation influences

The wholesale fruit industry is regulated by the Horticulture Code of Conduct, which was introduced in May 2007. Its purpose is to improve the clarity and transparency of transactions between growers and wholesalers of fresh fruit and vegetables. The code is mandatory under the *Competition and Consumer Act 2010* (formerly the *Trade Practices Act 1974*) and is enforced by the Australian Competition and Consumer Commission.

Through DEPI, the Victorian Government also provides grants to peak horticulture industry sectors who are participating in the Horticulture Industry Network (HIN). Details of this program can be found at www.hin.com.au.

Additional statistics on Victoria's fruit industries for 2012-13

Note - Statistics for numbers of agricultural businesses are commodity based and as such, may include double counting where an enterprise grows two or more different crop types⁸.

	Trees not yet of bearing age (no.)	Trees of bearing age (no.)	Total trees (no.)	Production (kg)	Businesses
Stone fruit					
<i>Nectarines</i>	240,470	932,031	1,172,501	26,814,720	171
<i>Peaches</i>	253,464	1,319,272	1,572,736	44,750,874	180
<i>Cherries</i>	355,647	730,423	1,086,070	7,904,227	135
Citrus					
<i>Mandarin</i>	43,723	161,362	205,086	6,946,786	106
<i>Oranges</i>	74,026	704,158	778,183	49,012,084	120
Pome fruit					
<i>Apples</i>	655,217	4,127,228	4,782,445	124,501,910	258
<i>Pears</i>	107,836	1,345,481	1,453,318	97,691,327	208
Others					
Almonds	433,964	4,962,122	5,396,086	44,384,058	39
	Area of bearing age (ha)	Production (kg)			
Strawberries	818	10,665,483			65

¹ Stone fruit (cherries, nectarines, peaches) ABS 7121, 2012-13

² Australian Bureau of Statistics (ABS) 2011; Census of population and housing

³ ABS, Based on AGS2011 Mesh Block Boundaries. Production of fruit, nut, plantation and berry fruit sourced from the 2010-11 Agricultural Census. Land use based on ASGS2011 Mesh Block Use Categories. This map was produced using coordinate system: Lat/Long GDA94 © Commonwealth of Australia, 2014 please note the data for this graph excludes other fruit, all other nuts and grapes.

⁴ ABS (2014), Agricultural Commodities, Australia, 2012-13, cat.no 7503.0

⁵ ABS (2014), Agricultural Commodities, Australia, 2012-13, cat. no. 7121.0

⁶ GTIS, (ABS, Australian Customs data) 2014

⁷ Derived from ABS- Agricultural Commodities, Australia, 2012-13 (cat. no. 7121.0), and Value of Agricultural Commodities Produced, Australia, 2012-13 (cat. No. 7503.0),

⁸ ABS (2014), Agricultural Commodities, Australia, 2012-13, cat. no. 7121.0