VICTORIAN VEGETABLE INDUSTRY

Strategic Plan

2009–2012

A profitable, united Victorian Vegetable Industry recognised for providing the health food of the nation

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A Strategic Plan for the Vegetable Industry of Victoria

The Victorian Vegetable Industry Strategic Plan has been developed by the industry to identify the desired strategic imperatives of the industry and to map out the actions and responsibilities to achieve these. It is intended for use by the industry and key stakeholders.

This plan aligns with the National Vegetable Industry's Strategic Plan, VegVision 2020. It incorporates specific Victorian industry applications, of the national plan actions and deviations. The plan sets out: a Vision for the industry, Strategic imperatives, Goals, Strategies and Actions.

Victorian vegetables are grown and available 12 months of the year providing a clean and green product to the consumer.

For the purpose of this plan, 'Victorian vegetables' refer to those crops produced by members of the Vegetable Growers Association of Victoria (VGA Vic). This excludes potatoes, mushrooms, onions, tomatoes, rock melons, watermelons and cantaloupe.

VGA Vic acknowledge the financial and human resources provided by DPI Victoria Farm Services for this Strategic Plan Project.

DEVELOPMENT OF THE PLAN

The development of this plan was guided by a steering committee. GHD Hassall provided the Vegetable Growers' Association of Victoria with faciltiation and assistance in the preparation of this plan.

An industry workshop was held in Melbourne on 27 February to identify key issues for the industry and plan actions.

GROWER IDENTIFICATION

Grower identification is necessary to ensure that all growers selling vegetables are known within the industry to ensure product traceability and food safety. This will enable the faster communication within our industry.

REVIEW

The key actions in this strategic plan are proposed to be reviewed in twelve months.

During the development of this strategic plan it was identified that a number of initiatives have been undertaken at the national level which contribute to some of the key priorities raised by the Victorian industry. As a result, it was agreed that the first step is to review the national activities in order to identify how these can be applied in Victoria and identify any gaps that exist. Following this, the key actions of this strategic plan can be revised.

VICTORIAN VEGETABLE INDUSTRY STRATEGIC PLANNING STEERING COMMITTEE

Luis Gazzola	President, VGA Victoria
Tony Imeson	Executive Officer, VGA Victoria
David Wallace	Vegetables Growers Association of Victoria
Peter Cochrane	President, Victorian Farmers Federation Horticulture Group
Euan Laird	Program Manager Horticulture, Victorian Department of Primary Industries
John Roach	CEO Fresh State Victoria
Katie Fisher	Vegetable Industry Development Officer Victoria (IDO VGA Vic)

The Victorian Vegetable Industry

INDUSTRY SNAPSHOT

- The Victorian vegetable industry generated over $704 million of total value in 2006-07 (ABS 2008).
- The industry is recognised for producing high quality and varied produce in a clean environment.
- Vegetables are produced primarily for fresh domestic market consumption.
- The industry is highly depended on irrigation and is affected by water availability, especially during periods of drought. Climate change, water scarcity and the cost of water, raise major challenges for the future of the vegetable industry.
- Consolidation in the industry is ongoing to meet growing domestic demand whilst striving to maximise efficiency and raise productivity.
- Niche markets for consumer-ready fresh and processed vegetables, such as meals and juices have been growing and are providing opportunities for value adding to the industry.
- Many crops remain highly dependent on labour, which in some regions can be difficult to find.
- There are fewer younger new entrants to the industry due to perceived financial risks.
- The volume and value of imported vegetables (fresh, frozen and processed) is rising and has added to existing domestic competition.
- In 2006-07, the largest Victorian vegetable industries by gross value were lettuce $87 million, broccoli $49 million, celery $30 million and cabbages $27 million.

VICTORIAN VEGETABLE INDUSTRY STAKEHOLDERS

The Victorian Vegetable industry involves a range of stakeholders, including:

- The full vegetable supply chain: growers, packers, wholesalers, agents, retailers and consumers.
- Industry bodies and support agencies including: VGA Vic, Horticulture Australia Limited (HAL), AUSVEG, the Victorian Farmers Federation Horticulture Group and the Victorian Department of Primary Industries (DPI).

VGA Vic represent small crop specialists, general growers and large producers and are positioned to lobby relevant organisations and maintain contact with Government and Industry as rural policies are developed. VGA Vic is a member of AUSVEG and the VFF.

MOST COMMONLY GROWN VEGETABLES IN VICTORIA

Artichoke	Cabbage – Savoy	Coriander	Lettuce – COS	Peas	Silverbeet
Asian Brassicas	Capsicum	Cucumber	Lettuce – Iceberg	Potato	Spinach
Asparagus	Carrot	Eggplant	Lettuce – Fancy	Pumpkin	Swede
Beans	Carrot – Dutch	Endive	Onion – Brown	Radicchio	Sweet Corn
Beetroot	Cauliflower	Fennel	Onion – Salad	Radish – long	Tomato
Broccoli	Celeriac	Herbs – various	Onion – Spring	Radish – round	Turnip
Brocolini	Celery	Kale	Parsley	Rhubarb	Witlof
Brussels sprouts	Chillies	Kohl Rabi	Parsnips	Salad Mixes	Zucchini
Cabbage – Red	Chives	Leek	Pea – Snow	Shallots	

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Strategic Imperatives

The Victorian Vegetable Industry committed to the (five) strategic imperatives of VegVision 2020 (Consumers, Markets, Competition, Information, Leadership) and identifies environmental matters as a separate 'Resources' mandate.

Vision

The industry strives to be:

A profitable, united Victorian Vegetable Industry recognised for providing the health food of the nation.

STRATEGIC IMPERATIVES AND RELATED GOALS

1 **Consumers & Markets**
To be a leader in positioning and driving demand for Victorian vegetables leading to consumers eating more fresh vegetables

2 **Competition**
Enhance industry competitiveness – to increase international competitiveness

3 **Information**
For growers to be aware of, have access to and act on the latest industry information

4 **Leadership & Management**
For the Victorian vegetable industry to have capable, willing, skilled and engaged, productive and recognised leadership and management.

5 **Resources**
Proactive management of natural resources and awareness of climate change

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Strategies

Strategies have been developed specifically for the Victorian industry for each of the five strategic imperatives. Actions for each strategy are provided in the following pages. Strategic imperatives 1 to 4 align with VegVision 2020 while 5 is additional.

1. Consumers & Markets	2. Competitiveness	3. Information	4. Leadership & Management	5. Resources
1.1 To monitor and respond to consumer lifestyle needs	2.1 Develop a focused and consolidated industry R&D view	3.1 To build industry communication	4.1 Strengthen relationships with industry leaders	5.1 Managing water resources
1.2 To market and promote Victorian vegetables to consumers	2.2 Create a competitive supply chain	3.2 Enhance information use within the industry	4.2 Grower involvement and capacity building	5.2 Understand and adapt to a changing climate
1.3 Education to encourage vegetable consumption as part of healthy eating		3.3 Advisory capacity	4.3 VGA Vic be recognised as a state vegetable industry group	
1.4 Victorian industry review and implement market strategy and information gathering			4.4 Develop stronger, integrated supply chain leadership	

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Strategic Imperative 1: Consumers & Markets

GOAL

To be a leader in positioning and driving demand for Victorian vegetables leading to consumers eating more fresh vegetables

RATIONALE

Consumers are placing increasing value on fresh, locally produced, healthy food. There is potential for the vegetable industry in Victoria to meet and grow this demand.

Per capita consumption of vegetables is increasing slowly however competition from other food segments is fierce. Food purchases represent approximately 17% of total consumption by Australian households. Vegetable consumption represents a mere 1.2% of total food purchases and fruit and nuts represent 1.1% of purchases (Future Focus 2007). There has been some success with the introduction of new products (varieties) and value added products, which appear to have grown the total market size.

A high percentage of Victorian vegetable production is sold fresh on the domestic market (Melbourne market, Sydney Market and some to Adelaide). Price setting is driven by supply volumes and reflects commodity trading principles. The domestic retail market is dominated by concentration of purchasing power in two major chains. However there is some evidence of the growing strength of independent retailers and other smaller chain stores.

The main competition is from interstate trade and some imports, predominantly most processed from China and New Zealand. Import volumes have grown strongly over the past 6 years especially in processed vegetables while average nominal prices have declined somewhat. With good growing seasons and R&D driven productivity increases there is potential for domestic market oversupply, even without any imported product.

Limited funding is available for whole of industry or generic promotion of vegetables.

Overall, much better, timely and regular data is required on the structure, performance of and trends in the industry's supply chains and analysis of consumers demand by demographic segments.

Strategy 1.1.	To monitor and respond to consumer lifestyle needs
Action 1.1.1.	Undertake targeted research of Victorian consumers to understand tastes and preferences

Strategy 1.2.	To market and promote Victorian vegetables to consumers
Action 1.2.1.	Identify and implement opportunities for Victoria to work locally in alignment with national initiatives
Action 1.2.2.	Shift consumers from price to other priorities (eg seasonality and local and regional produce)
Action 1.2.3.	Investigate and allocate funds for education and promotion
Action 1.2.4.	Undertake a marketing and promotion campaign – 'eat more vegetables'
Action 1.2.5.	Encourage demand for locally produced vegetables

Strategy 1.3.	Education to encourage vegetable consumption as part of healthy eating
Action 1.3.1.	Educate consumers about the health benefits of vegetables
Action 1.3.2.	Promote healthy eating in schools Melbourne Market Authority: Kids in Schools Partnership
Action 1.3.3.	Partner with Victorian Department of Health nutrition, health promotion and food education initiatives – provide information and linkages
Action 1.3.4.	Educate consumers as to the preparation and cooking of vegetables

Strategy 1.4.	Victorian industry review and implement market strategy and information gathering
Action 1.4.1.	Provide retailers with information to lead marketing campaigns (eg seasonal and Victorian regional supplied fresh vegetables)
Action 1.4.2.	Victorian industry to review existing market research and be adequately represented in ongoing national market work

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Strategic Imperative 2: Competitiveness

GOAL

Enhance competitiveness of the industry

RATIONALE

There are about 1,100 vegetable, potato, tomato and greenhouse businesses in Victoria, mostly family owned and operated (ABS, 2008). Around 400 Victorian vegetable growers supply over 60 vegetable lines to local and interstate markets.

The gross value of Victorian vegetable crops is estimated at $320 million and Victorian growers are either the dominant or major suppliers of these crops in national markets.

Victorian vegetable growers recorded the highest average farm business profit compared with other states, estimated to have been around $138,000 per farm in 2005-06 (ABARE 2007). However, around half of all Australian vegetable growers reported a farm business loss in 2005-06.

Vegetable growers have adopted many of the recent advances in agronomy, irrigation, pest management, cultivars, mechanisation, supply logistics and quality assurance. Key skill gaps on-farm are in the areas of plant physiology, business management, market development and people management.

Strategy 2.1.	Develop a focused and consolidated industry R&D view
Action 2.1.1.	Stock take R&D initiatives throughout the industry and use existing R&D resources more effectively.
Action 2.1.2.	Assist in the development of the National Vegetable Industry's R&D priorities.
Action 2.1.3.	Benchmark initiatives against industries that work well

Strategy 2.2.	Create a competitive supply chain
Action 2.2.1.	Identify options to integrate supply chain segments within the industry
Action 2.2.2.	Investigate the formation of grower alliances

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Strategic Imperative 3: Information

GOAL

For growers to be aware of, have access to and act on the latest industry information

RATIONALE

This Strategic Imperative has two parts: 1) the gathering of information about the industry and 2) the distribution and uptake of information by the industry.

Incomplete and insufficient, planting, production and marketing information hampers industry analysis and decision-making. Lack of understanding and ownership of the need for industry information and the context in which it is provided might be used to influence policy and inform relevant stakeholders.

Information uptake can be slow. While growers have a strong reliance on individual advice, the availability of this advice is restricted.

Strategy 3.1.	Develop a focused and consolidated industry R&D view
Action 3.1.1.	Understand the best ways for industry to communicate to enable improvement of information flow and knowledge sharing
Action 3.1.2.	Improve the timely flow of information to all sectors of the industry
	Benchmark initiatives against industries that work well

Strategy 3.2.	Enhance information use within the industry
Action 3.2.1.	Influence the culture of information use within the industry
Action 3.2.2.	Ensure research and development findings are relevant to and effectively communicated within the industry
Action 3.2.3.	Develop multiple avenues and forums for (effective) information transfer to enable adoption of new knowledge and technology
Action 3.2.4.	Benchmark against industries that work well

Strategy 3.3.	Advisory Capacity
Action 3.3.1.	Good on-farm advice available (individual communication with advisors/brokers)
Action 3.3.2.	Create an information portal (one stop information shop) for the industry to access

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Strategic Imperative 4: Leadership & Management

GOAL

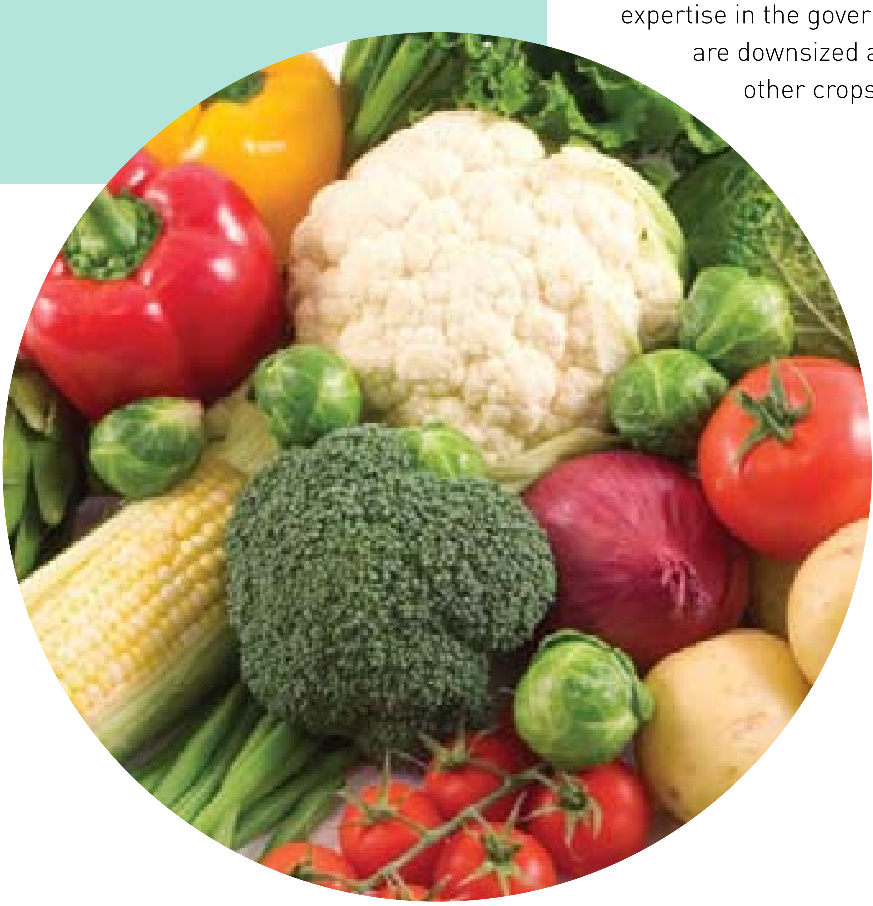
For the Victorian vegetable industry to have leadership and management that is capable, willing, skilled, engaged, productive and recognised

RATIONALE

The industry is fragmented and it is felt that growers do not take sufficient responsibility individually or for industry actions. Linkages between the national effort and state effort could be enhanced.

An undercurrent perception of 'no viable future' in the industry leads to a loss of young people in the production sector and lack of new young entrants. This is linked to the limited level of financial return in the production sector.

There is a gradual and continuing loss of specialist expertise in the government research sector as they are downsized and/or attention is diverted to other crops and opportunities.



Strategy 4.1.	**Strengthen relationships with industry leaders**
Action 4.1.1.	Strengthen communication lines with key national bodies (HAL and AUSVEG)
Action 4.1.2.	Develop a stronger relationship with government
Action 4.1.3.	Victoria to work locally towards achieving the national initiative

Strategy 4.2.	**Grower involvement and capacity building**
Action 4.2.1.	Build grower capacity to deliver leadership to the industry
Action 4.2.2.	Focus on development of management skills of growers

Strategy 4.3.	**VGA Vic be recognised as a peak vegetable industry group for Victoria**
Action 4.3.1.	Statewide engagement of all vegetable growers
Action 4.3.2.	Have the capacity to drive industry initiatives
Action 4.3.3.	Be recognised as a balanced, trustworthy, visionary, independent and accountable industry group

Strategy 4.4.	**Develop stronger, integrated supply chain leadership**
Action 4.4.1.	Work towards having a lead group representing the whole supply chain group

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Strategic Imperative 5: Resources

GOAL

Proactive management of natural resources and awareness of climate change

RATIONALE

Vegetable production is reliant on the supply of good quality, reliable irrigation water, good soils and favourable weather conditions. Growing competition for water, variable quality of recycled water and the effects of climate change may impact on the future viability of the industry.

Strategy 5.1.	**Managing water resources**
Action 5.1.1.	Secure an affordable, fit for purpose water supply
Action 5.1.2.	Efficiently manage limited water supplies (recycled, storage and water use efficiency)

Strategy 5.2.	**Understand and adapt to a changing climate**
Action 5.2.1.	Identify potential impact of climate change on businesses and develop adaptation strategies
Action 5.2.2.	Investigate energy efficiency options within the industry
Action 5.2.3.	Investigate carbon labelling for Victorian vegetables