
Creating our future: A national strategy for the citrus industry

Part A: FINAL DRAFT Industry Strategic Plan - 2006 to 2011

Report for
Australian Citrus Growers Inc
December 2006

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Document Version:

Final - 4 December 2006

About Concept Consulting Group

Concept Consulting Group Pty Ltd works with commercial, industry association and government clients to create business concepts that result in tangible change. We typically work on assignments where there are high levels of complexity and ambiguity, diverse stakeholders, significant challenges for client organisations and an imperative for change. Our value add is through helping leaders to align their organizations and industries to dynamic domestic and overseas markets and the impact of changing government policies. We use a systems approach in our project methodologies and actively engage with our client and key stakeholders in strategy formulation and execution.

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This strategy was developed with funding from the Australian Government through the Department of Agriculture, Fisheries and Forestry.

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Concept Consulting Group was engaged by Australian Citrus Growers Inc (ACG) to assist in the preparation of a Strategic Plan for the Australian citrus industry. The information contained in this report has been compiled from information supplied by ACG and other publicly available information.

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Foreword

④ Message from the Minister (?)

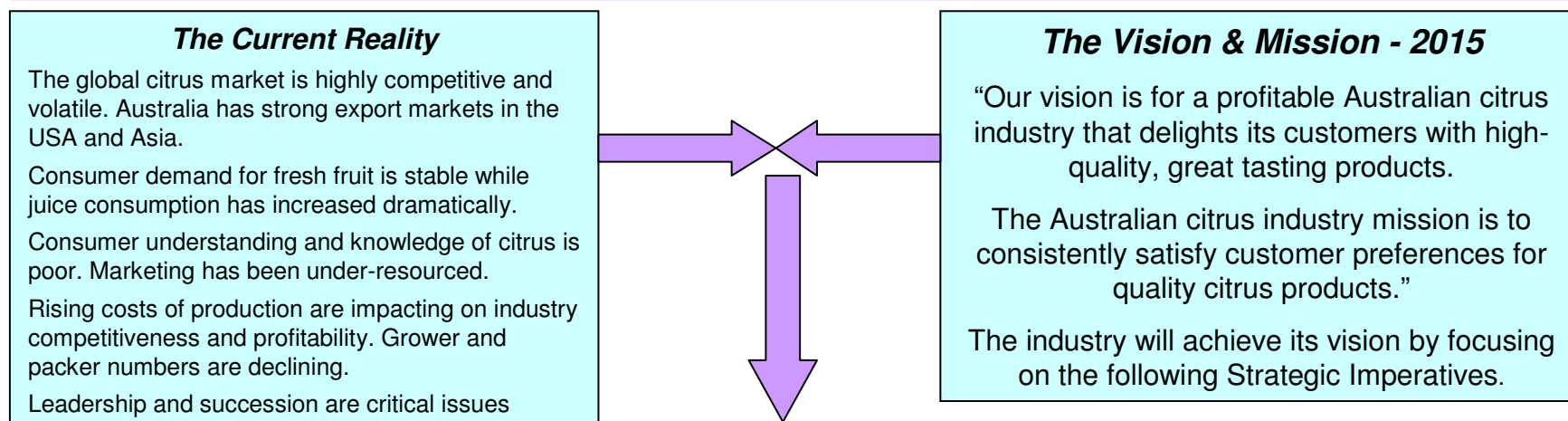
④ Message from ACG Chair - Mark Chown

The Australian Citrus Industry Strategic Plan

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The Citrus Industry Strategic Plan - Summary



Our Strategic Imperatives & Strategies			
<p>1. Increase consumer demand for Australian citrus</p> <p>1.1 Effectively market Australian citrus to domestic consumers</p> <p>1.2 Grow export markets</p> <p>1.3 Secure Australia’s position as a supplier of premium quality fruit</p> <p>1.4 Grow consumption of fresh Australian citrus juice</p>	<p>2. Improve industry competitiveness</p> <p>2.1 Develop and encourage investment in technology accelerators</p> <p>2.2 Encourage a focus on whole of chain productivity improvement</p> <p>2.3 Enhance environmental sustainability</p> <p>2.4 Value add to citrus by-products</p>	<p>3. Improve industry communication and information systems</p> <p>3.1 Establish cooperative supply chain relationships to improve information flow and decision-making</p> <p>3.2 Monitor markets and competitors</p> <p>3.3 Enhance the value and delivery of industry information</p>	<p>4. Enhance the capability of our industry and leadership</p> <p>4.1 Enhance the capacity of industry to make improved business decisions</p> <p>4.2 Improve industry structure and resource use</p>

The Australian Citrus Industry Strategic Plan

Overview

Section 2 The Current Reality

Australian Citrus.....an industry in transition

The Australian citrus industry has adapted to major changes in it's market's

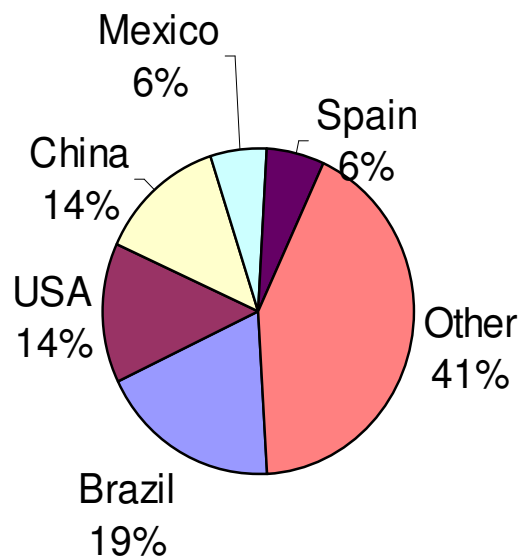
A national strategy will focus the efforts of the whole industry to create its future

The success of the plan depends on firms and associations in all sectors of the industry

- ④ The Australian citrus industry encompasses all firms involved in supplying citrus products to consumers. It generates considerable employment and revenue within Australia.
- ④ There are many varieties of citrus fruit, with the main categories being navel and valencia oranges, mandarins, limes, lemons and grapefruit.
- ④ The industry has undergone dramatic change and consolidation in the past decade, following deregulation, competition from imported Frozen Concentrated Orange Juice (FCOJ) and a major expansion of exports.
- ④ The industry has genuine opportunities for growth but faces many challenges to retain and expand markets for it's products in a highly competitive world market.
- ④ Various plans and studies have been completed at regional and state levels in the past 2-3 years, but there is no agreed national industry strategy.
- ④ Development of a national industry strategic plan is a strategic initiative of Australian Citrus Growers Inc (ACG) and funded by the Australian Government's Industry Partnerships Programme.
- ④ The industry recognises that its future viability will depend on a collaborative approach by firms and industry associations from all sectors to increase consumer demand for Australian citrus products.

Global Citrus Industry Snapshot

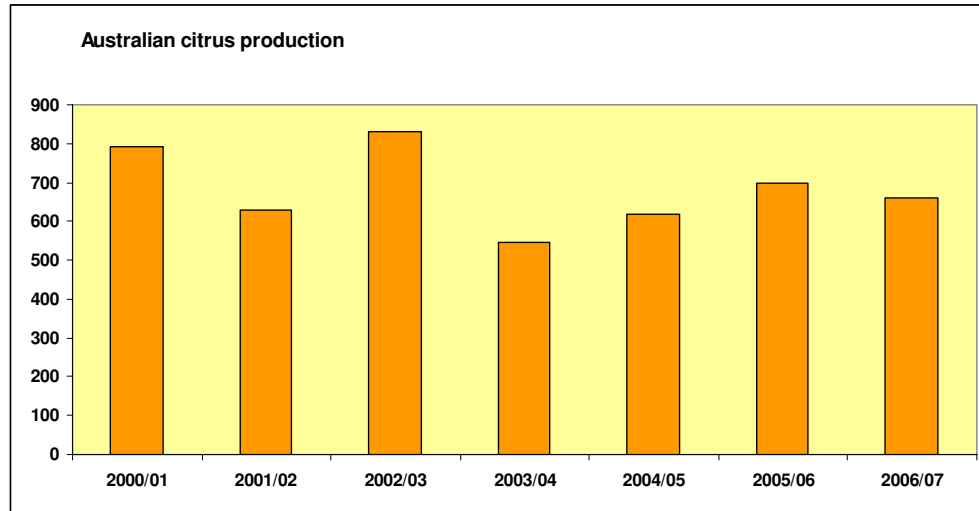
Global Production 2004



Australia is a niche player in the global citrus market with 0.6% of global production.

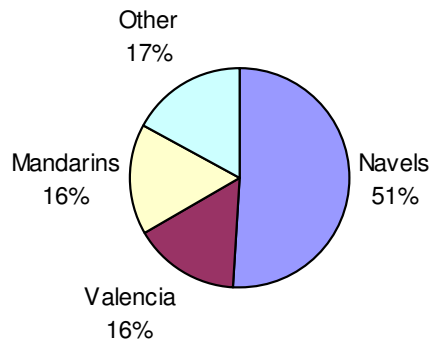
- ④ Citrus fruit is grown in 140 countries, predominantly in the northern hemisphere. Global production has increased at an average rate of 2% per annum between 1980 and 2004.
- ④ Oranges are the dominant citrus variety with mandarins showing significant growth since 1980.
- ④ Brazil, China and the United States are the biggest citrus producing countries in the world with some 46% of world production. Brazil and Florida, USA dominate the market for orange juice, producing more than 80% of global production.
- ④ South Africa produces 1.6% of world citrus production but is responsible for 10% of global citrus exports by volume. Australia produces 0.6% of global production and exports 1.6% of world exports that are valued at 3% of global exports.
- ④ World citrus consumption is expanding rapidly in developing countries for all varieties, especially for 'easy peelers', limes and lemons. However, in developed countries, annual consumption of fresh citrus is falling although processed citrus consumption is growing quickly.
- ④ As traditional demand has plateaued, several large producing countries have begun to export a higher proportion of their product, in conjunction with increasing supply of higher quality, low cost export fruit from newly developed countries.
- ④ These developments have placed increased pressure on traditional markets and suppliers.

Australian Industry Snapshot

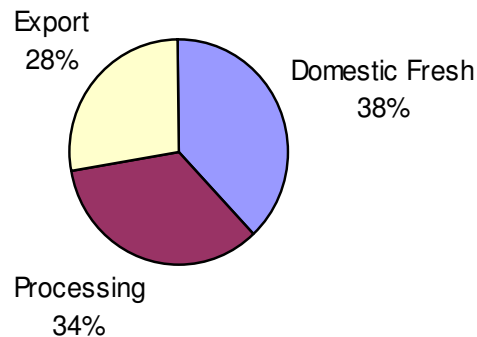


- Ⓢ Total Australian citrus production over the last five years has averaged 680,000 tonnes.
- Ⓢ The trend has been for increases in production of navel oranges and mandarins. Grapefruit, lemons and limes have seen a decrease in overall production.
- Ⓢ In 2005, Australia's national production was: 37% valencias, 38% navels, 20% mandarins and 5% other varieties.
- Ⓢ Production, across all varieties, is split: 28% export, 38% fresh and 34% juice processing.
- Ⓢ Australia has a strong export history, shipping approximately 180,000 tonnes per annum. Australian citrus is counter-seasonal for the Northern Hemisphere and is regarded as high-quality fruit.
- Ⓢ Asia is the major export destination for Australian citrus, although the USA is the largest single export market.
- Ⓢ Exports are declining to all Asian destinations.

Citrus Exports 2005



Citrus Production 2005



Australian Industry Snapshot continued

Fresh citrus consumption has increased marginally over the last decade while juice consumption has increased by 50%.

FCOJ imports are increasing and are having a significant impact on fruit prices and profitability.

Grower numbers have declined and industry profitability has fallen.

- ④ Australia imports approximately 7% of fresh fruit and approximately 66% of juice supply (mainly as concentrate).
- ④ Consumption of fresh Australian citrus fruit has increased marginally over the last decade.
- ④ However, juice consumption has increased by over 50% in the last 10 years.
- ④ Juicing fruit prices influence prices for other domestic fresh orange product prices and is of critical importance to orange grower profitability.
- ④ Australia produces approximately 34% of its juicing fruit requirements, importing the remainder predominantly as Frozen Concentrated Orange Juice (FCOJ).
- ④ FCOJ levels vary in blended juices and processors can use FCOJ as a buffer to higher fruit prices and exert market influence as a result.
- ④ The citrus industry is highly concentrated with the majority of orange production in the Riverina and Murray-Darling basins of NSW, Vic and SA. Mandarin production is concentrated in Queensland.
- ④ Grower numbers have declined from 3444 in 2000 to 2800 - a drop of 19%. Many growers have less than 20 ha of citrus.
- ④ Industry profitability has fallen in recent years with many growers claiming current fruit prices are below the cost of production. Fruit quality varies greatly and there is limited focus on improving the level of high quality fruit -packout.

Key Industry Issues

Industry profitability is volatile and low. Prices are declining while costs are increasing.

Competition is increasing in all markets. Citrus marketing has been under resourced and uncoordinated.

The industry is fragmented and uncoordinated

- Ⓜ Domestic prices are volatile and profitability is low for many businesses
 - ❖ Prices are low and volatile, driven by spot markets, poor within-season matching of supply and demand, declining Asian exports and the impact of low cost FCOJ on juicing fruit.
- Ⓜ Global competition is increasing in all markets
 - ❖ Global trends towards trans-national supply chains servicing the needs of global supermarket brands are changing the world citrus market.
 - ❖ The emergence of low-cost, high-quality southern hemisphere suppliers is putting increased pressure on Australia's traditional export markets in Asia and the USA
- Ⓜ Citrus marketing has been under-resourced
 - ❖ Consumer trends are changing towards taste, convenience, health and value.
 - ❖ Citrus has a poorly defined image with consumers and the industry requires up to date consumer and market knowledge
 - ❖ The industry marketing effort has not been well coordinated and has limited resources relative to the task.
- Ⓜ The industry is fragmented
 - ❖ The citrus industry is represented by more than 15 uncoordinated, industry bodies
 - ❖ There is limited collaboration within and across sectors of the supply chain.

The Citrus Industry SWOT Analysis

Overview

Strengths	Weaknesses
<ul style="list-style-type: none"> • Great product - recognised global quality, recognised staple, existing demand, healthy • Clean environment, soils and climate for production • Proven export history and reputation • Counter-seasonal production for Northern hemisphere • Close proximity to Asia • Country of origin labelling for focus on local products • Recognised clean “fresh and natural” environment • Strong biosecurity status relative to competitors • R&D and marketing levy funds • National Advocacy Body 	<ul style="list-style-type: none"> • Fragmented industry - structures, leadership and national advocacy • Poor consumer knowledge and limited promotions • Industry focus is on trading rather than marketing • Variable fruit supply, volatile pricing and inconsistent quality • Low economies of scale - poor adoption of technology • Poor value chain trust, integration and collaboration • Availability and cost of skilled labour • Citrus fruit is not always convenient to eat • Geographic concentration of the industry • Availability of good and actionable industry data • Industry organisations are not financially independent of levy funds • Lack of succession planning for industry association directors and management
Opportunities	Threats
<ul style="list-style-type: none"> • New technologies in production, processing, packaging, storage & transport • Consumer focus on health & well being • Positive image of Australia in overseas markets • Improved communication technology and access • Innovative business structures such as new generation cooperatives, clusters, • Many citrus issues shared across horticulture and agriculture • Expanding markets in Asian and developing countries 	<ul style="list-style-type: none"> • Bio-security breach - disease and/or pest outbreak • Imported products from low cost competitors • Water - access to and costs • Fluctuations in exchange rates • Declining Australian base of technical research capability • Younger generation (X,Y) farm/industry succession • Overseas barriers to market entry • Global sourcing by supermarket chains • Plant variety right arrangements restricting supply and competition • Entry of Managed Investment Schemes could impact supply

The Citrus Industry Future

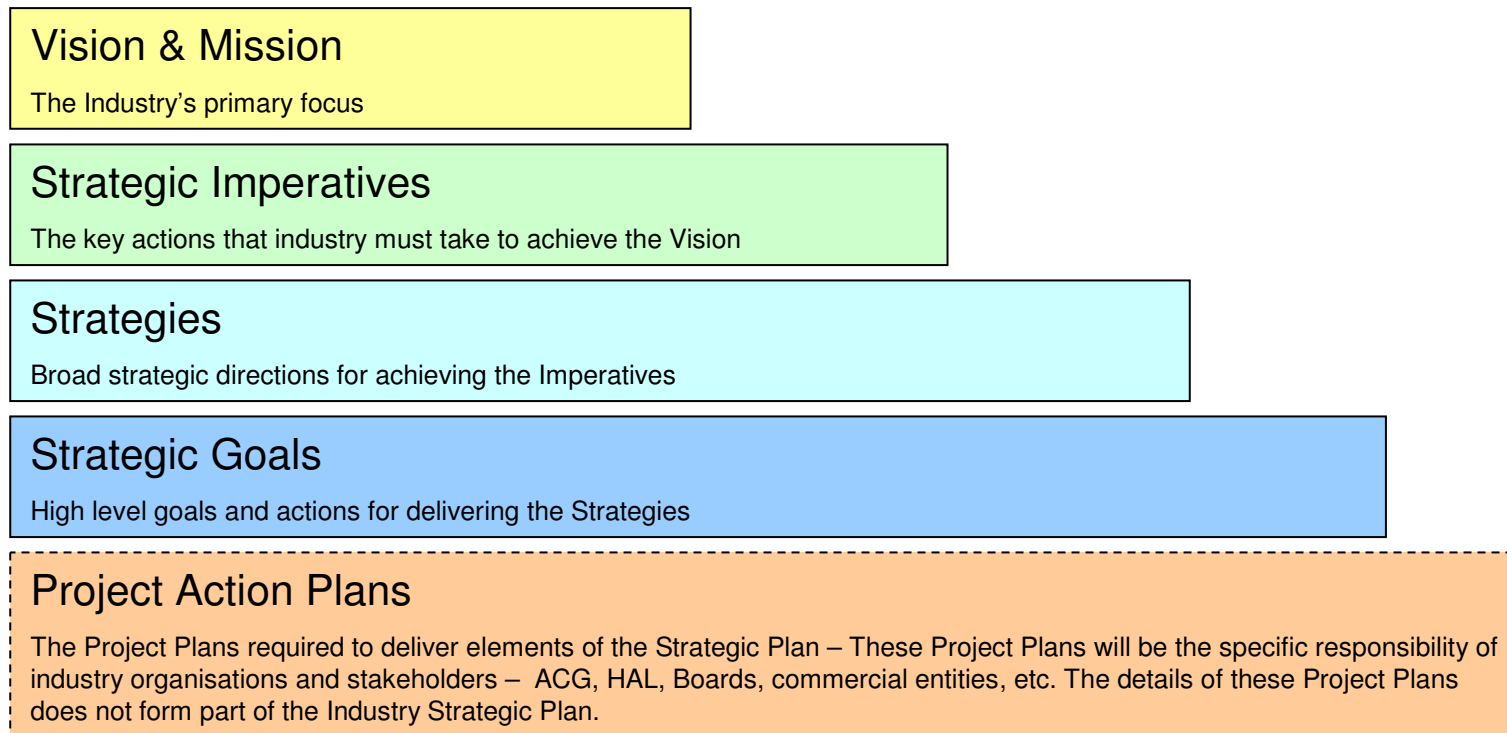
Section 3

Industry Vision, Mission & Strategic Imperatives

The Structure of the Plan

Linking the Vision to Outcomes

The 2006-2011 Strategic Plan recognises the need to move from Vision to Action by utilising the following planning structure to highlight the linkages between elements of the Strategic Plan:



The Strategic Imperatives were developed after a thorough review of the challenges and opportunities presented in the industry SWOT analysis. Strategies were then developed to address individual, and combinations of, issues identified in the SWOT. The Strategies and Strategic Goals were refined at industry workshops, from a literature review and through interviews and feedback from industry participants.

The Citrus Industry Future

Our Vision for 2015

Australian Citrus

“Our vision is for a profitable Australian citrus industry that delights its customers with high quality, great tasting products.”

Our Mission

The Australian Citrus Industry mission is to consistently satisfy customer preferences for quality citrus products.

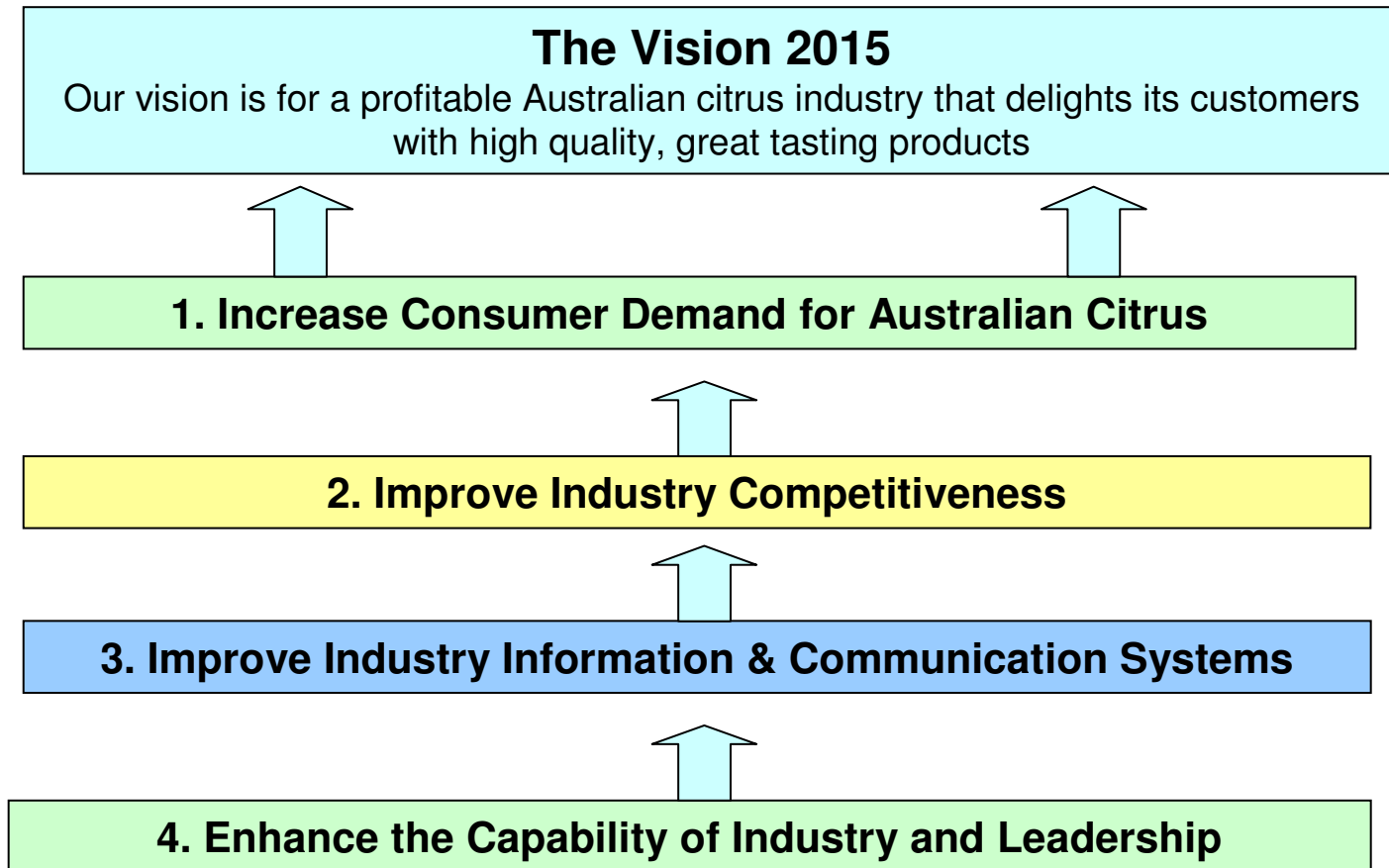
The industry will achieve its vision by:

- ❖ Increasing consumer demand for Australian citrus;
- ❖ Improving industry competitiveness;
- ❖ Improving industry information and communications systems;
- ❖ Enhancing the capability of industry and leadership.

The Citrus Industry Future

The Industry Strategic Imperatives

The Strategic Imperatives to achieve the Industry Vision & Mission are illustrated below.



The Citrus Industry Future

Strategy into Action

Each Strategic Imperative is supported by a series of Strategies. These are outlined below. Each Strategic Imperative is detailed in the following section of this report.

<i>Strategic Imperative</i>	<i>Strategies</i>
1. Increase consumer demand for Australian citrus	1.1 Effectively market Australian citrus to domestic consumers 1.2 Grow our export markets 1.3 Secure Australia’s position as a supplier of premium quality fruit 1.4 Grow consumption of fresh Australian citrus juice
2. Improve industry competitiveness	2.1 Develop and encourage investment in technology accelerators 2.2 Encourage a focus on whole of chain productivity improvement 2.3 Enhance environmental sustainability 2.4 Value add to citrus by-products
3. Improve industry communication and information systems	3.1 Establish cooperative supply chain relationships to improve information flow and decision making 3.2 Monitor markets and competitors 3.3 Enhance the value and delivery of industry information
4. Enhance the capability of industry and leadership	4.1 Enhance the capacity of industry to make improved business decisions 4.2 Improve industry structure and resource use

Strategic Imperative #1

Section 4

Increase consumer demand for Australian citrus

Strategic Outcome:

- ④ To retain and expand profitable domestic and export markets for Australian citrus

Strategic Imperative #1: Increase Consumer Demand for Australian Citrus

Strategy: 1.1 Effectively market Australian citrus to domestic consumers

Business Case/Rationale:

An increase in consumer demand is required to facilitate volume and margin growth in the domestic market. Consumer demand has been stable over the past decade with minor shifts due to supply variability for citrus and competing products. While citrus consumption has been relatively stable, its market share may have declined as other fruits and snacks have increased market penetration.

Available research indicates both rational (eg not convenient to eat) and brand image barriers to increasing citrus consumption. It appears that citrus has an ill-defined image with consumers. Consumers do not comprehend differences between varieties, seasonality, flavours and so on. The industry will have to significantly improve these perceptions and beliefs to persuade consumers to buy more citrus. There is limited strategic marketing and promotion of Australian citrus in the domestic market, although there are prospects for growth based on quality fresh fruit and premium juices.

Key Assumptions:

1. Industry communication and marketing programs can change consumer perceptions and beliefs
2. Citrus continues to remain a staple fruit purchase for Australian consumers with positive health messages and images
3. Australia maintains its international “fresh and natural” image with superior fruit quality
4. Australian citrus is not impacted by biosecurity breaches.
5. Increased consumption/demand will improve industry profits

Significant Risks:

- Ⓢ Consumers do not respond and change consumption behaviour in response to communications.
- Ⓢ Insufficient resources to achieve major consumer perception changes.
- Ⓢ Ability to achieve co-operation between supply chain partners.

Key Performance Indicators

- Ⓢ Growth in market share by volume and value in specific markets
- Ⓢ Improving consumer attitudes and awareness towards Australian citrus
- Ⓢ Increasing trend in domestic citrus consumption

Strategic Imperative #1: Increase Consumer Demand for Australian Citrus

Strategy: 1.1 Effectively market Australian citrus to domestic consumers - continued

Strategic Goals:

- 1.1.1 Establish an industry knowledge base of citrus consumer perceptions and trends
 - ❖ Ensure that Industry has superior knowledge of citrus consumers to guide marketing and promotion campaigns
- 1.1.2 Raise consumer awareness of the nutritional and health benefits of citrus to increase consumption
 - ❖ Ensure positive health messages for citrus consumers to increase demand
- 1.1.3 Develop new products and varieties that enhance the availability, convenience, taste and nutrition of citrus
 - ❖ Improve the convenience, taste and functionality of citrus to improve demand
 - ❖ Link new products and varieties to the Marketing Strategy 1.1.4
- 1.1.4 Develop strategic marketing and promotion programs for Australian domestic markets
 - ❖ Understand the marketing requirements of developing increased demand for citrus fruit and juices
 - ❖ Ensure promotional efforts are coordinated and effective

Strategic Imperative #1: Increase Consumer Demand for Australian Citrus

Strategy: 1.2 Grow export markets

Business Case/Rationale:

Exports are a critical component of the Australian citrus industry. Australia has a successful export record into Asia and the USA, and has recently gained market access to China for Australian fruit. Future industry success is dependent on retaining and expanding existing market destinations, while developing strategies to improve access to priority export targets.

Key Assumptions:

1. Australia maintains its relatively disease and pest free status
2. The Australian Government maintains its strong biosecurity focus to minimise the risk of incursions.
3. The citrus industry maintains a strong advocacy capability and relationships with government.

Significant Risks:

- Ⓢ Australian citrus' relative pricing in the market changes markedly. For example, due to variation in exchange rates, production costs, subsidies available to competitors, etc.
- Ⓢ Issues in other non-agricultural industries increase the compliance burden on citrus.
- Ⓢ Biosecurity issues reduce export potential and restrict market access.

Key Performance Indicators

- Ⓢ Growth in market share by volume and value.
- Ⓢ Increasing level of supply chain firm satisfaction
- Ⓢ Achievement of biosecurity and market access targets.

Strategic Imperative #1: Increase Consumer Demand for Australian Citrus

Strategy: 1.2 Grow our export markets - continued

Strategic Goals:

- 1.2.1 Develop a policy framework to retain and expand market access in existing and potential new export destinations
 - ❖ Defend and enhance ease of access to existing export markets
 - ❖ Ensure market access to new priority export destinations
- 1.2.2 Design and implement market development strategies for priority export markets
 - ❖ Use a strategic and integrated approach to position Australian citrus relative to competitors
- 1.2.3 Develop policies to ensure that industry and government resources are focused on enhancing citrus exports while minimising imposts
 - ❖ Ensure that industry bodies and government agencies are assisting exporters and minimising costs through regulatory and administrative efficiency

Strategic Imperative #1: Increase Consumer Demand for Australian Citrus

Strategy: 1.3 Secure Australia's position as a supplier of premium quality fruit

Business Case/Rationale:

Australia is not a low-cost producer of citrus and competitive advantage is currently based on fruit quality and the ability to supply counter seasonal markets in the northern hemisphere.

Australia must continue to build its capacity to supply consistent high quality fruit to service existing and future consumers and become recognised as the “World’s Best” by customers.

Key Assumptions:

1. Australia continues to compete in a global market on the basis of fruit quality not price.
2. Industry can agree on common quality standards and consistently link this to pricing.

Significant Risks:

- ⓐ Failure to reach agreement on fruit standards.
- ⓐ Fruit standards are not applied consistently in times of over- or under-supply.
- ⓐ Competitors significantly increase quality to out compete Australian fruit in export markets.

Key Performance Indicators

- ⓐ Increasing measures of consumer satisfaction
- ⓐ Increasing proportion of high quality fruit marketed

Strategic Imperative #1: Increase Consumer Demand for Australian Citrus

Strategy: 1.3 Secure Australia's position as a supplier of premium quality fruit - continued

Strategic Goals:

- 1.3.1 Establish agreed quality standards and grades for domestic and export fruit
 - ❖ Agreed quality standards and grades will facilitate a focus on quality, accurate market reporting and value
- 1.3.2 Develop and promote objective measures of fruit quality that relate to consumer needs
 - ❖ To reinforce our quality competitive advantage by ensuring consumer confidence in Australian fruit quality
- 1.3.3 Develop payment systems that are consistently aligned to fruit quality
 - ❖ Ensure that grower returns are linked to fruit quality attributes that are valued by consumers
- 1.3.4 Develop and promote best practice growing and post-harvest management to increase fruit quality
 - ❖ Ensure fruit quality is maintained from orchard to consumer

Strategic Imperative #1: Increase Consumer Demand for Australian Citrus

Strategy: 1.4 Grow consumption of fresh Australian citrus juice

Business Case/Rationale:

Citrus processing consumes approximately 34% of Australian fresh fruit production and has a significant impact on pricing and volumes for Australian oranges.

Consumption of 100% Australian fresh juice has been increasing rapidly, driven by effective marketing and branding campaigns from leading processing firms.

Key Assumptions:

1. Processors will continue to drive the marketing of 100% Australian juice via product brand strategies.
2. Low-cost alternatives to Australian fresh juice fruit are not available.

Significant Risks:

- Ⓢ The supply of juicing fruit continues to outstrip demand keeping prices low
- Ⓢ Alternative low cost juice suppliers emerge

Key Performance Indicators

- Ⓢ Increasing measures of consumer satisfaction
- Ⓢ Increasing prices for juicing fruit
- Ⓢ Growth in the Australian fresh juice market

Strategic Goals:

- 1.4.1 Understand how the citrus industry can work collaboratively with processors to grow the 100% fresh Australian citrus juice market
 - ❖ Agree on the relative roles of industry and processors in developing the market.

Strategic Imperative #2

Section 5

Improve industry competitiveness

Strategic Outcome:

④ To build industry competitiveness and profitability through the value chain

Strategic Imperative #2: Improve Industry Competitiveness

Strategy: 2.1 Develop and encourage investment in technology accelerators

Business Case/Rationale:

Australia has higher costs relative to major competitors and the industry needs to leverage proven technology accelerators to remain competitive in a global market environment.

Increasing the proportion of high-quality fruit (pack out percentage) is an important strategy for lifting the average return for Australian fruit and for maintaining supply to expanding export markets.

Key Assumptions:

- Technology accelerators are accessible to industry.
- Linkages from R&D to productivity, yield and efficiency improvements are financially viable.
- Industry is willing to invest in technology.

Significant Risks:

- ⓐ Proven technologies may not be available or readily adaptable to Australian conditions.
- ⓐ Change in Government attitudes to matching R&D levies
- ⓐ Increasing cost of labour at all stages of the supply chain.

Key Performance Indicators

- ⓐ Rate of adoption of technology accelerators
- ⓐ Reductions in Unit Costs (cost per: Tonne, Ha, ML, etc)
- ⓐ Increases in Pack Out percentage (First Grade fruit proportion)
- ⓐ Benefit/cost ratios from R&D investment
- ⓐ Harvesting, packing, and distribution costs reduced.

Strategic Imperative #2: Improve Industry Competitiveness

Strategy: 2.1 Develop and encourage investment in Technology Accelerators - continued

Strategic Goals:

- 2.1.1 Encourage ongoing investment in the development and application of production technology to increase yields, fruit size, quality and packout percentage.
 - ❖ Improve on-farm productivity using proven technology
- 2.1.2 Encourage investment in proven production and supply chain technologies to increase efficiency and productivity
 - ❖ Improve farm and supply chain productivity by using proven technology
- 2.1.3 Develop or acquire varieties and rootstocks that improve productivity while meeting consumer preferences
 - ❖ Introduce, breed and evaluate new varieties and rootstocks to improve on-farm productivity and quality.

Strategic Imperative #2: Improve Industry Competitiveness

Strategy: 2.2 Encourage a focus on “whole-of-chain” productivity improvement

Business Case/Rationale:

The Australian citrus value chain is competing against other global value chains for market share. Productivity improvement gains are often greatest when viewed across the value chain from orchard to consumer.

The industry has a number of growers and supply chain partners that may benefit from the development of commercial alliances, cooperatives and partnerships to increase scale and reliably deliver longer lines of consistent quality product at lower costs.

Key Assumptions:

1. Growers and whole of chain partners are willing to engage in collaborative action and benchmarking analysis.
2. Increasing scale will increase profitability.

Significant Risks:

- ⓐ Ability to achieve cooperation with supply chain partners.
- ⓐ Some businesses will feel increasingly disenfranchised as the technical complexity of production and marketing increases.

Key Performance Indicators

- ⓐ Establish pilot programs for alliances, cooperatives and partnerships
- ⓐ Increasing proportion of demand met through collaborative arrangements
- ⓐ Increasing levels of satisfaction for growers and supply chain firms
- ⓐ Improving supply chain productivity measures

Strategic Imperative #2: Improve Industry Competitiveness

Strategy: 2.2 Encourage a focus on “whole-of-chain” productivity improvement - continued

Strategic Goals:

- 2.2.1 Encourage collaborative action, within and across the supply chain, to increase scale, improve returns and reduce costs.
 - ❖ Review options including: new generation cooperatives, clusters and regional centres of excellence to improve productivity and viability
- 2.2.2 Develop and participate in farm, industry, supply chain and business process benchmarking studies at national and international levels
 - ❖ Benchmarking against each other and global competitors helps to understand industry costs, productivity and investment returns
- 2.2.3 Develop a policy framework to ensure the maintenance of biosecurity controls on imported fruit to minimise the risk of disease and/or pest incursions
 - ❖ Ensure appropriate biosecurity controls are maintained
- 2.2.4 Encourage the adoption of sound business principles to underpin all transactions and alliances
 - ❖ Sound business principles will contribute to stable commercial relationships based on: equity, clarity, agreed deliverables and returns, trust and ethical behaviours.
- 2.2.5 Foster initiatives to develop industry awareness of global competitors, innovation and markets
 - ❖ Exposing industry participants to global trends in production, marketing, processing and handling is important for positioning Australia to compete
- 2.2.6 Develop a policy framework to focus resources on minimising the impact of government and industry compliance costs on the citrus industry
 - ❖ Work with other Industries to reduce the compliance burden on Australian business

Strategic Imperative #2: Improve Industry Competitiveness

Strategy: 2.3 Enhance Environmental Sustainability

Business Case/Rationale:

Environmental matters are of rising significance for consumers and governments, particularly in developed economies that have the capacity and potential to pay a premium for quality produce.

Australia's "fresh and natural" image will be enhanced by improvements in environmental sustainability.

Costs are increasing and limitations on access to water for agricultural purposes are likely to increase.

Key Assumptions:

1. Australia's "fresh and natural" image is valued by Australian and international consumers.

Significant Risks:

- ⓐ Lobbying by environmental activists results in more government regulation
- ⓑ Duplication of environmental standards and codes across the citrus industry
- ⓒ Costs of compliance with environmental sustainability makes the Australian industry uncompetitive

Key Performance Indicators

- ⓐ Increasing levels of grower satisfaction
- ⓑ Improving consumer attitude to the citrus industry
- ⓒ Increasing grower uptake of sustainable management practices

Strategic Imperative #2: Improve Industry Competitiveness

Strategy: 2.3 Enhance Environmental Sustainability

Strategic Goals:

2.3.1 Improve water use efficiency by encouraging the adoption of proven technologies

- ❖ Encourage improved use of natural and recycled resources
- ❖ Improve the efficiency of environmental water use.

2.3.2 Ensure industry policies maintain a “fresh and natural” national image for use in marketing premium quality Australian products.

- ❖ “Fresh and natural” is a key component of the appeal of Australian fruit and this can be damaged by poor policy choices by government and industry

2.2.3 Develop natural resource management policies for the citrus industry that help streamline industry expansion

- ❖ Ensure that natural resource management policies enhance the competitive positioning of Australian citrus in national and global arenas.
- ❖ Industry aware of and influences development of regulations that impact on competitiveness.

Strategic Imperative #2: Improve Industry Competitiveness

Strategy: 2.4 Value Add to Citrus By-Products

Business Case/Rationale:

The volumes and value of lower grades of fruit have a significant impact on overall industry profitability.

Finding a profitable use for these lower grade products in agricultural, medical, pharmacological, industrial or commercial sectors could improve returns for citrus businesses.

Key Assumptions:

1. Supply chain firms willing to invest in value-added products.
2. Value added products offer an attractive return on investment.

Significant Risks:

- Ⓢ Risk of products developed not gaining commercial acceptance by consumers or the supply chain
- Ⓢ New product development is inherently expensive and risky and may not deliver appropriate industry returns.

Key Performance Indicators

- Ⓢ Increasing levels of joint funding with commercial organisations for new product development
- Ⓢ Number of new products launched
- Ⓢ Increasing consumer satisfaction with new products

Strategic Imperative #2: Improve Industry Competitiveness

Strategy: 2.4 Value Add to Citrus By-Products

Strategic Goals:

- 2.4.1 Establish a research program to explore “value added” uses for citrus by-products and lower value crops.
 - ❖ Research to explore other agricultural, medical, pharmacological, commercial and industrial uses for citrus by-products
 - ❖ Monitor relevant programs of Australian research institutions.
- 2.4.2 Monitor overseas developments that may have application in Australia
 - ❖ Australia should leverage the higher investment of overseas industries in value-adding initiatives.
- 2.4.3 Development and evaluation of new packaging formats and technologies
 - ❖ Review developments in packaging that can increase the perceived value of Australian citrus to consumers (for example, for convenience, safety and quality)

Strategic Imperative #3

Section 6

Improve industry communication and information systems

Strategic Outcomes:

- To enhance through-chain communication and collaboration
- To provide quality and targeted information to assist industry in making informed decisions

Strategic Imperative #3: Improve Industry Communication & Information Systems

Strategy: 3.1 Establish cooperative supply chain relationships to improve information flow and decision making

Business Case/Rationale:

Fragmentation of the industry represents a significant risk to sustained industry growth in a fiercely competitive international market. The Australian citrus industry is small relative to competitors. Adopting a collaborative approach is a strategy that can enable the industry to compete more effectively, survive and prosper. There are examples in the Australian citrus export industry where collaboration has been beneficial.

Providing opportunities for industry to discuss strategic issues is an important step in developing and implementing workable plans for change.

Key Assumptions:

1. The industry recognises that its key competitors are other countries and other fruit and snack food options for consumers.
2. Industry willingness to discuss and resolve key issues.
3. Successful collaborative arrangements already exist.

Significant Risks:

- Ⓢ Major supply businesses choose not to be involved.
- Ⓢ Sectors of industry do not perceive the potential benefits of improved communication.

Key Performance Indicators

- Ⓢ Increasing levels of grower and industry satisfaction
- Ⓢ Improved access to information, which effectively informs decision making

Strategic Imperative #3: Improve Industry Communication & Information Systems

Strategy: 3.1 Establish cooperative supply chain relationships to improve information flow and decision making - continued

Strategic Goals:

- 3.1.1 Establish and convene regular whole of chain forums to agree action plans on strategic issues that significantly impact on industry profitability
 - ❖ Improve industry focus, cooperation and returns
 - ❖ Promote and convene the national Citrus Industry Conference

- 3.1.2 Establish mechanisms for the whole of industry to set R&D priorities
 - ❖ Ensure supply chain input into R&D investment priorities

Strategic Imperative #3: Improve Industry Communication & Information Systems

Strategy: 3.2 Monitor Markets and Competitors

Business Case/Rationale:

Australia is positioned as a supplier of quality citrus and seeks a price premium for its products. However, competition from emerging exporters in developing countries threatens the Australian industry's market share and positioning.

Monitoring competitors enables the industry to respond strategically to defend its domestic and export markets.

Australian domestic supply is volatile due to climatic and seasonal production variations. Improving the quality and timeliness of supply and demand market information will facilitate improved decision making through the value chain.

The citrus industry has a long investment cycle and investors require information on short and long-term outlooks to facilitate improved investment decisions.

Key Assumptions:

1. The industry considers export development as a top priority.
2. Defending existing markets and developing new markets are considered by industry as equally as important for the future of the industry.
3. International competition will intensify.

Significant Risks:

- ⓐ Commercially valuable information may not be readily accessible from the supply chain and competitors.
- ⓐ Information is not provided in a commercially useful form.
- ⓐ Industry does not have the capacity to effectively utilise the available information.

Key Performance Indicators

- ⓐ Establish of Market Information System
- ⓐ Increasing levels of satisfaction of system users

Strategic Imperative #3: Improve Industry Communication & Information Systems

Strategy: 3.2 Monitor Markets and Competitors - continued

Strategic Goals:

3.2.1 Establish systems to monitor, update and provide timely reports on industry volumes and prices by product, market and end-user

- ❖ Industry businesses need access to quality information for within-season and between-season planning
- ❖ Establish market reporting systems for key export markets that provide valuable information on underlying trends in export markets
- ❖ Develop the capability to monitor the activities and strategies of competitors in key export markets as knowledge of competitor activities and strategies in various markets can inform Australian export marketing strategies and tactics
- ❖ Ensure equitable funding arrangements are in place for the supply of quality information.

3.2.2 Establish mechanisms to develop and communicate annual long-term production estimates for industry decision-making

- ❖ Industry Projections are required for effective long-term investment planning

Strategic Imperative #3: Improve Industry Communication & Information Systems

Strategy: 3.3 Enhance the value and delivery of Industry Information

Business Case/Rationale:

Quality business decisions by all commercial players depends on ready access to quality, timely information. It is equally important to be strategic in anticipating the technologies for effective delivery of this information.

Advancements in the capability of, and access to communications technology creates opportunities for Australian industry participants in regional and remote areas to utilise valuable services and information.

People assimilate information and learning in different ways and technology will continue to improve the range of options available.

Different industry sectors have varying information needs and require a tailored approach to the nature and frequency of information for industry and commercial decision making.

Key Assumptions:

1. Information should be delivered to meet defined industry and commercial needs
2. Competitors will adopt new technologies for delivery of information

Significant Risks:

- Ⓢ Information is unavailable or untimely.
- Ⓢ Supply driven delivery of information with insufficient analysis capability.
- Ⓢ Focus is on technology rather than business needs
- Ⓢ Regional areas are often disadvantaged in accessing technology

Key Performance Indicators

- Ⓢ Increasing supply chain firm satisfaction
- Ⓢ Extent to which supply chain firms and organisations are willing to share information that is critical for industry decision-making.
- Ⓢ Increasing level of uptake of information services.

Strategic Goals:

3.3.1 Deliver information in a range of formats to suit individual needs and budgets

- ❖ A customer oriented approach to industry information services will involve understanding and meeting the specific needs of different groups.

Strategic Imperative #4

Section 7

Enhance the Capability of Our Industry and Leadership

Strategic Outcomes:

- ④ To improve industry leadership and representation
- ④ To improve individual and the industry capability to compete in a global marketplace

Strategic Imperative #4: Enhance the Capability of Our Industry and Leadership

Strategy: 4.1 Enhance the capacity of industry to make improved business decisions

Business Case/Rationale:

As the citrus industry grows, its capacity to expand is underpinned by its leadership and management expertise relative to competitors. Strategic investment in developing leadership in all parts of the industry fosters a depth and diversity of talent and capability to anticipate and resolve the major strategic issues that drive long term viability.

The capacity of the industry to innovate and create value for its customers is fundamental for future profitability. Investing in leadership development and continuous improvement of business skills and capabilities across the industry can enhance industry capacity to succeed against increasingly sophisticated competitors. Many of the challenges faced by the citrus industry are also faced by other horticultural, agricultural and business sectors. Thus, business skills can be developed by collaborative initiatives across industries.

Key Assumptions:

- The industry recognises the value of effective leadership and continuously improving business skills.
- The industry is willing to participate in leadership and business skill development initiatives.
- Existing skill and training service delivery agencies can service the needs of the citrus industry.

Significant Risks:

- ⓐ Other industry services are perceived as higher value investment and inadequate funds are allocated.
- ⓑ Industry businesses choose not to participate in development activities.
- ⓒ Business skill development initiatives do not match the needs of industry participants.
- ⓓ Other industries unwilling to collaborate to address common issues.

Key Performance Indicators

- ⓐ Increasing levels of participation by industry businesses in skill development initiatives.
- ⓑ Increasing levels of grower satisfaction

Strategic Imperative #4: Enhance the Capability of Our Industry and Leadership

Strategy: 4.1 Enhance the capacity of industry to make improved business decisions

Strategic Goals:

4.1.1 Enhance industry leadership.

- ❖ Encourage skills-based membership on industry organisation boards of directors and committees
- ❖ Develop a Young Leaders Program across the supply chain in association with other horticultural and agricultural industries
- ❖ Encourage industry participation in structured leadership programs

4.1.2 Improve access to skills and business training that will create value for industry

- ❖ Ensure that industry participants have access to appropriate training and business skills

4.1.3 Collaborate with other industries to address shared issues

- ❖ Identify critical issues and work with like-minded industries to address them.

Strategic Imperative #4: Enhance the Capability of Our Industry and Leadership

Strategy: 4.2 Improve Industry Structure and Resource Use

Business Case/Rationale:

Growers and other stakeholders invest significant funds in industry services. These valuable industry resources need to be mobilised into the areas that are likely to generate the highest returns for investors.

At least 15 organisations represent the interest of various sectors, providing a challenge in ensuring a strong unity of purpose across all industry associations and achieving efficient and effective allocation of resources for industry services.

Key Assumptions:

- That industry unity is more beneficial for growers and supply chain firms than industry fragmentation
- That the interests of industry grower levy payers and stakeholders prevail over the interests of existing organisational interests.
- National and international business drivers are growing in significant for industry profitability.

Significant Risks:

- ⓐ Major groups/entities unwilling to genuinely commit to unified national approach in the interests of the industry.
- ⓐ Organisational interests could conflict with levy payer interests
- ⓐ Poor alignment of industry resources and structures delay or impede the optimal use of levy payer funds

Key Performance Indicators

- ⓐ Effective system in place for objective monitoring of satisfaction
- ⓐ Increasing levels of stakeholder satisfaction.
- ⓐ Evidence of return on investment from industry services.

Strategic Imperative #4: Enhance the Capability of Our Industry and Leadership

Strategy: 4.2 Improve Industry Structure and Resource Use - continued

Strategic Goals:

4.2.1 Develop a strong industry service capability, including advocacy

- ❖ Industry requires a strong unified voice to engage effectively with industry, government and the commercial sector
- ❖ Industry bodies are responsible for delivering a variety of industry services that meet the needs of their member investors.

4.2.2 Review and ensure the alignment of resources and industry structures to achieve efficient implementation of the industry strategic plan

- ❖ Increase investor confidence of efficiency and value created from the effective investment funds in all fields.
- ❖ Establish a national citrus value chain leadership group to drive co-ordination and implementation of the strategic plan.

4.2.3 Establish mechanisms for measuring and monitoring the performance of industry organisations, levy and investment returns.

- ❖ Performance metrics provide a mechanism for continuous improvement of organisations and industry services.

Appendices

The Planning Process

Developing our Strategic & Operational Plans

