International Prune Association
2007 Congress – Santiago Chile.

4 – 7 November 2007

AUSTRALIAN PRESENTATION.

Presented by: Jeff Granger
Industry Development Manager
Australian Prune Industry Association Inc.

Supported by: Horticulture Australia Limited

5 November 2007

Mr. Chairman, thank you for the opportunity to again visit this fascinating country to attend the International Prune Association Congress and to speak to delegates about the Australian prune industry.

Description of Australian Prune Industry.

There are about 125 prune growers in Australia. The growing region in Australian extends from the Young district of New South Wales through the Murrumbidgee and Coleambally Irrigation areas of New South Wales to The Riverland and Barossa Valley areas of South Australia. The total distance from East to West is approximately 1,000 kilometres.

The Young district is basically a dryland production area with limited access to trickle irrigation. The production output from the Young district is in decline and is expected to continue to decline. The past seven years of drought have taken a huge toll on the productive capacity of the Young region with production from the area being about half of what it was some ten years ago. Currently the region produces no more than 1,000 tonnes per year.

The Murrumbidgee and Coleambally region is on the other hand expanding quite rapidly. The area is also quite severely affected by the drought conditions of the past decade however the impact on prune production levels has been quite the opposite of that in the Young area. Considerable new plantings have occurred in outlying areas around the town of Griffith and in particular around the town of Coleambally which is about 60 kilometres south of Griffith.

The Coleambally Irrigation Area has been a significant rice and irrigated wheat producing region. With the drought causing severe water restrictions, rice growers have sought other means of gaining a return from limited irrigation water. Many of these growers have chosen to plant prunes where returns per hectare are much greater than for rice and water requirements are much less than that required for rice.

Quite large areas of trees have been planted and significant areas are yet to come in to production. The increased production potential from this irrigation area is much greater than the lost production from the Young area.

About ten years ago the region produced about 2,000 tonnes per year, that has now risen to 3,000 tonnes per year and could rise to 4,500 or 5,000 tonnes per year by the year 2012.

The production of prunes from South Australia is about 700 tonnes. There are a number of quite large producers in the Riverland area near the town of Renmark. Most of these orchards aim to produce fresh prunes for the Asian market however they also produce the

bulk of South Australia's dried prunes. On the other hand the Barossa Valley has been home to many small producers of prunes but these numbers are dwindling with land being taken over for wine grapes.

Orchard sizes vary from around 10 – 50 hectares at Young with an average of about 30 hectares. Orchards range from 5 – 100 hectares in the irrigation areas and 1 – 100 hectares in South Australia.

There are a number of dehydration facilities at Young with some no longer in use due to reduced production. In the Griffith region there are many dehydrators although there is a shortage of dehydration capacity to handle the increased plantings of recent years. Some growers have sent fruit to Young for drying. A few large drying contractors exist at Griffith and some new facilities are scheduled to be built in the next few years.

In South Australia there is one large packer owned drying facility and a number of large grower owned dehydrators.

Most Australian prune producers are mixed farmers. At Young most growers produce cherries and stone fruit such as peaches, nectarines and plums other than prunes. At Griffith growers produce wine grapes and citrus and moving down to Coleambally the mix is more likely to be prunes and broadacre farming of cereal crops and sheep. There are very few growers who produce only prunes.

Structure of the Australian Prune Industry.

The Australian prune industry has no Government intervention other than as the co-provider of Research and Development funding.

The industry chose to deregulate itself in 1997 and has spent the past ten years operating under a Voluntary Agreement and Code of Practice. This has not been entirely successful due in part to the pressures placed on producers by the drought and also by overproduction that has occurred in other parts of the world.

The positive side of this arrangement has been that the industry has been forced to become globally competitive. This has come at a price and that price has been the demise of a number of packers and also of less efficient growers.

All growers in Australia are members of the Australian Prune Industry Association, which is the organization that I represent. This organization also incorporates the packers of which there are just five in Australia and only two of significant size.

Growers, processors and marketers meet together annually to decide industry issues and a National Executive committee meets a further two times per year to monitor progress and discuss other issues that might arise. An industry Research and Development Advisory Committee also meets twice per year to approve and monitor industry funded R & D projects.

Since deregulation in 1997, the industry has employed an Industry Development Manager to oversee the administrative affairs of the industry and to manage the extension and technology transfer activities of the industry. I have been that person and in fact I actually commenced in another role in 1993 as part of the Government Regulation Board.

I'm very pleased to announced that all of that is about to change. My position has been split in to three separate roles. The New South Wales Department of Primary industry will take over the Industry Development role which covers technology transfer and extension work. That position will be filled by Anne Mooney who is with us here today.

The administrative affairs of the Prune industry are to be managed by the Australian Dried Fruits Association. This organization has an experienced management team and is the peak body organisation for the Australian Dried grape industry.

The third part of the position is the secretarial role to the industry and that role is being handled for the time being by Colin Farey who is also here with us today.

Once all of this happens I can take a step back and concentrate on my own business, which is that of a grower and one of the packers that I mentioned earlier.

I'm very pleased with this arrangement. At this stage I will stay on as Australia's representative to the IPA.

Professional Policies followed by the Australian Prune Industry.

The Australian Prune Industry Association operates the following voluntary arrangements;

1. The Australian Prune Industry Strategic Plan – AusPrune MkII
2. An approve supplier program
3. The Australian Prune Industry Code of Practice
4. The APIA Voluntary Code of Practice Agreement
5. A Chemical residue Testing Protocol
6. An Industry Development Provider
7. The Australian Prune Industry Promotion Strategy
8. The Australian Prune Industry Constitution and the
9. NSW Drieds Fruits Board Act and Regulations (as Repealed).

In addition the industry accesses Australian Government funding for research and development activities via Horticulture Australia Limited. The system sees industry participants levied an amount per tonne of dried prunes produced which the government match on the basis of 57% industry funds to 43% Government funds for approved R & D projects. Individuals and the industry can also apply for funding by providing Voluntary

Contributions of 57% of the cost of a project to receive 43% matched funds from the Government.

The industry has good support from the State and Federal Agriculture departments as well as from the Commonwealth Scientific and Industrial Research Organisation – Food Science Australia division. We have a large project under way with this group investigating dehydration costs and efficiency at present. The researcher Dr Henry Sabarez is also present with us today.

Crisis management. We already have some crisis plans in place to cover specified incidents. By joining with the Australian Dried Fruits Association we are also availing our selves of the protection that ADFA can offer us under their existing arrangements. This includes access to Plant Health Australia and Biosecurity protection.

Future Prospects.

Despite the ongoing drought in Australia the future of the industry looks good. The dryland production areas will probably continue to decline until only the most efficient operators remain. At the same time the production of prunes on irrigated land will continue to increase however it is very unlikely that production will get out of hand or put another way, it is most unlikely that overproduction will occur.

Australia has recently adopted an ongoing promotion strategy however this has been hampered to some extent by low production. The industry plans to establish a detailed website in the next twelve months and to assist the two major marketers with generic promotion of prunes.

How do our Growers see the future of the Australian prune industry?

It has to be said that growers have shown confidence in the future of the industry by establishing new plantings in areas previously sown to rice. This has occurred as I said before because the growing of prunes shows a much better return for the irrigation water used than the growing of rice.

A number of investors have become involved in the industry in recent years and have established state of the art orchards with plans for new dehydration facilities.

The trend is certainly towards fewer large producers and grower numbers have reduced by about 25% in the past ten years. It is possible that grower numbers will reduce by another 10% in the next ten years however production will increase.

In the dryland production areas it is likely that only the biggest and most efficient growers will remain in the industry. Already more than half of the growers from 20 years ago have left the industry. It is likely that the drought and ageing trees will see another exodus of growers from the dryland production area in the coming few years.

The growers who remain will be those who show confidence and commitment to the future of the industry – we just need this drought to finish so we can get on with the job.