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Australian Vegetable Industry Strategic Plan Project

Working paper on industry strategies

This paper is a work in progress to further develop the content of an Australian Vegetable Industry Strategic Plan. Preparation of the Plan is a Foundation Project recommended by the Taking Stock and Setting Directions study undertaken by the vegetable industry in partnership with the Department of Agriculture, Fisheries and Forestry in 2005.

To date, the preparation of the Plan, which is being oversighted by the Australian Vegetable Industry Development Group, has involved targeted consultations with sectors of the industry across the supply chain, a workshop in Melbourne on 26 April, presentations and discussions at the Australian Vegetable Industry Conference in Brisbane (10-11 May), workshops held during the Conference and weekly meetings of the consultants and the AVID Group Chair, AVID Group Project Manager and DAFF.

The Plan is for the whole of the Australian vegetable industry - it is not the AVID Group's plan or a plan just for the vegetable growing sector. It is being built from the experience, knowledge and ideas of the industry's businesses, service providers and other stakeholders. The plan will focus on strategies which will make a difference to the performance of the whole industry and add value to the commercial operations and services of existing sectors and businesses.

This working paper has been prepared as a focus for further consultations with industry participants to test the draft vision, strategic imperatives and strategies. The consultations will also be focussed on seeking advice and ideas on the detail of the strategies in the form of targets and means of verification that the targets have been achieved, the responsibilities of industry participants (eg, drivers, enablers, providers and investors), and the industry investment required to achieve the targets and desired outcomes.

The output of these consultations and further work by the AVID Group and its consultants will be a draft strategic plan that will be workshopped by key

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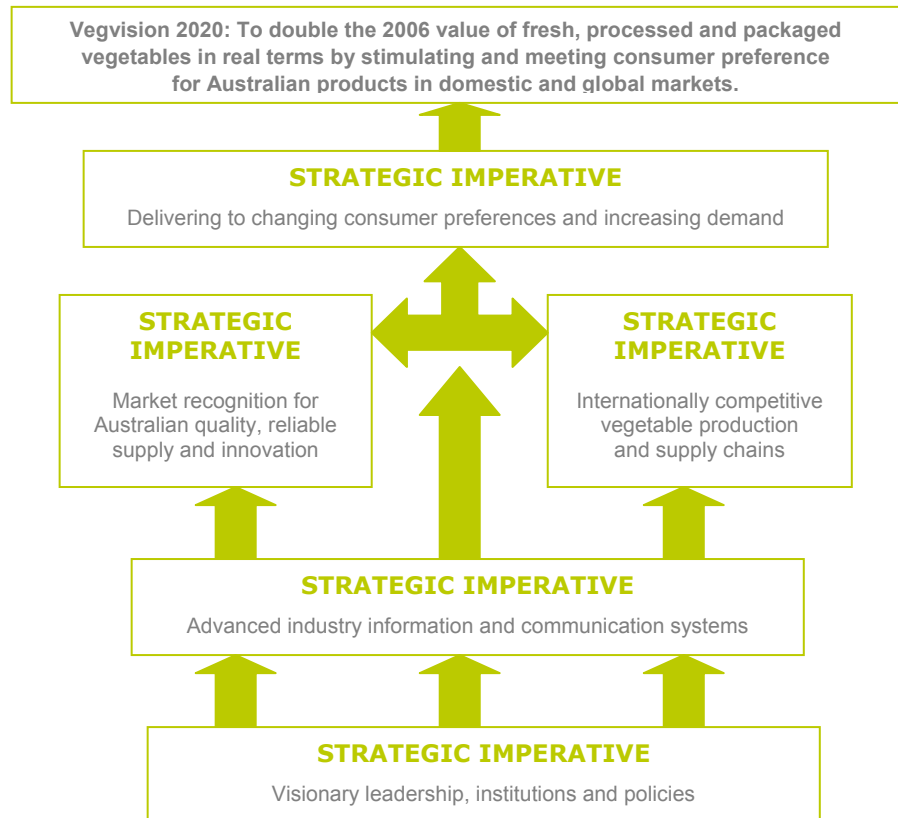
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industry decision makers, investors and stakeholders in Melbourne on 21 June 2006.

Structure of the strategic plan



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Vegvision 2020: (Draft)

To double the 2006 value of fresh, processed and packaged vegetables in real terms by stimulating and meeting consumer preference for Australian products in domestic and global markets.

Growth of the Australian vegetable industry of this magnitude depends on maintaining the current high domestic market share, growing domestic consumption of vegetables well above the historical trend, and significantly increasing exports.

Further consultations with the industry will test the appropriateness of the vision against criteria for an effective vision, eg:

- Imaginable
- Desirable
- Feasible
- Focused
- Flexible
- Communicable

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STRATEGIC IMPERATIVE 1: Delivering to changing consumer preferences and increasing demand.

Rationale

In order to achieve the vision, the industry must have a deep understanding of trends in consumers' food values and preferences, shopping preferences and meal preparation habits. This requires focussed market research that:

- provides the required information to growers and suppliers to deliver products that consumers want to purchase; and
- enables promotional activities to be designed based on consumers' interests and motivation.

Australian vegetables have many quality attributes and are produced in an environmentally sustainable way. These need to be strongly promoted in existing and potential markets.

Strategic opportunities lie in growing vegetable consumption through the rapidly growing food service sector so that vegetables become a desired food in restaurants and other outlets.

Another strategic opportunity is to capitalise upon the health and well-being benefits of vegetables by establishing collaborative relationships with the preventative health-care and 'lifestyle' industries.

Key drivers of future change:

- Growing demand based on demographics and health/lifestyle preferences;
- Increasing health issues due to poor diet;
- Quality attributes of vegetables as a food.

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Outcome

An increase in domestic and international consumption of Australian vegetables through understanding consumer preferences and values, consistently supplying products consumers want and promoting the qualities and benefits of Australian products.

Strategies

- 1.1 Investigate and fill gaps in ongoing vegetable market research in Australia and overseas.
- 1.2 Build an industry framework that coordinates and monitors ongoing promotion and marketing of Australian vegetables
- 1.3 Build or strengthen collaborative relationships around the retail, food service, central market, health and lifestyle sectors to increase the consumption of vegetables.
- 1.4 Extend and strengthen the 'Go for 2 and 5' strategy in collaboration with government departments of health and education.
- 1.5 Extend and coordinate uses of vegetables as functional foods in collaboration with the NFIS.
- 1.6 Establish a consolidated data base and information service about the nutritional attributes and health benefits of vegetables.

Targets and means of verifying achievement

Responsibility

Investment required

Consultation

Central markets, HAL, Australian Govt Depts of Health and Education, CSIRO Food Futures, Aust Medical Association, Coles, Woolworths, McDonalds, National Centre for Excellence in Functional Foods, Australian Restaurants and Caterers Association, Fresh Produce Watch,

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STRATEGIC IMPERATIVE 2: Market recognition for Australian quality, reliable supply and innovation in products and services.

Rationale

The capacity of the Australian vegetable industry to deliver quality products consistently to customers and consumers and to innovate in product development and presentation is critical to the growth of the industry.

Profitable growth in target markets needs to be supported by new products and technologies created by a vibrant R&D and innovation sector that is aligned to industry priorities. New products and technologies should imbed efficient water and energy use and environmentally sustainable production.

R&D and innovation also needs to focus on reducing production, processing, packaging and distribution costs and taking costs out of the supply chain.

At the farm level, R&D investment needs to develop profitable and sustainable production systems.

Drivers of future change:

- Discriminating consumers demanding quality and sustainability;
- Global sourcing of products;
- Demand for innovative products and presentation.

Outcome

Australia's R&D and innovation sector, working in collaboration with Australia's vegetable businesses, ensures that production, marketing and distribution systems are at the cutting edge of world benchmarks, with new ideas and products providing the basis for profitable market growth.

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Strategies

- 2.1 Build points of difference and competitive advantages for specific vegetable categories in domestic and export markets in collaboration with the NFIS.
- 2.2 Establish an Australian quality assurance framework that validates successful systems and practices for domestic and export markets
- 2.3 Build and promote successful systems and case examples of consistent export growth.
- 2.4 Establish ongoing collaboration of R&D agencies in new product/technology development.
- 2.5 Identify and commercialise profitable intellectual property from R&D.

Targets and means of verifying achievement

Responsibility

Investment required

Consultation

HAL, AUSVEG, DAFF, CSIRO Food Futures, NFIS, ACIL (on behalf of RDC Council of Corp Chairs, IP Australia, Austrade, some RDCs (MLA, GRDC, ADC, GWRDC), Gene Technology Regulator, FSANZ

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STRATEGIC IMPERATIVE 3: Internationally competitive vegetable production and supply chains.

Rationale

The future profitability of the Australian vegetable industry will rest with the capacity of its participants to apply new ways of doing business and in building and maintaining productive relationships to deliver to new product and market opportunities.

Competing on price in a globalised economy will not always be possible, and so competing on quality, value, service and timeliness will be essential to maintaining and growing markets. Hence, continuous learning and improvement will be an important element of enabling the Australian vegetable industry to be ahead of its competitors. Benchmarking will play an important role in staying at the forefront of production, processing, marketing, retailing and providing essential support services to the industry.

Infrastructure, transport, distribution systems, information technology and government policies need to align to meet opportunities for domestic and international market growth.

Drivers of future change:

- Cost/price pressures;
- Supply chain consolidation;
- Profitability of sectors and return on investment.

Outcome

Profitable and sustainable production and supply chain businesses that meet and grow domestic and global market demand for quality Australian products.

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Strategies

- 3.1 Support the continuation of a strong R&D system funded through industry levies with matching government contributions.
- 3.2 Develop vertical and horizontal linkages in the supply chain that effectively deliver products demanded by consumers.
- 3.3 Identify and promote profitable business models for growers backed by training and education.
- 3.4 Identify and investigate the world's best supply chain systems and collaborative relationships.
- 3.5 Build ongoing industry information and education on successful value chain models and relationships.
- 3.6 Establish rigorous industry benchmarking across the supply chain.
- 3.7 Develop methodologies for industry-wide cost reduction in production and the supply chain.
- 3.8 Identify and meet future human resource and skill requirements across the supply chain.
- 3.9 Contribute to a horticultural industry biotechnology strategy.

Targets and means of verifying achievement

Responsibility

Investment required

Consultation

DFAT, Austrade, Aust Hort Exp Assoc, HAL, AUSVEG, DAFF, CSIRO Food Futures, successful exporters and some RDCs (MLA, GRDC, ADC, GWRDC), NZ VegFed, Simplot, McCain Foods, Woolworths, Coles, McDonalds, Central Produce Markets, Standards Australia, APEN, AIAST, Tasmanian Food Industry Council

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STRATEGIC IMPERATIVE 4: Advanced industry information and communication systems to meet future needs.

Rationale

Access to good quality information when it is required and in a format that supports effective decisions is fundamental to the effective performance of an industry and its participants.

Drivers of future change:

- Knowledge based world;
- Information and communications technology;
- Increased complexity and speed of decision making.

Outcome

Quality information and effective communication systems enable Australian vegetable businesses to make effective tactical and strategic production, trading and research decisions.

Strategies

- 4.1 Develop consolidated industry information systems and decision support tools.
- 4.2 Build collaboration in the application of electronic business transactions through the supply chain.
- 4.3 Coordinate industry advice and information through effective communication channels to and from government.
- 4.4 Identify and promote opportunities for increasing the capacity of the information service sector.

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Targets and means of verifying achievement

Responsibility

Investment required

Consultation

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STRATEGIC AREA 5: Visionary leadership, institutions and policies

Rationale

The vegetable industry has traditionally been fragmented, with many of its industry organisations focussed on process and politics. Appropriate structures, leadership and succession strategies can assist the industry achieve a level of cohesion conducive to meeting the challenges and opportunities presented in implementing an industry-wide strategic plan.

The development of the industry's capacity to respond quickly and effectively to issues that impact on its performance, without having to rely on others to respond, will be increasingly important in future. The strength of an industry's institutional arrangements plays an important part in this capacity.

There are increasing demands for effective information services, member representation, relationship management with stakeholders, communication, issues management and policy development.

Drivers of future change:

- Industry demographics, particularly aging.
- Government policies and community interests extending across most aspects of industry activity.
- Business pressures to work through partnerships and alliances to create critical mass.

Outcome

Strong, visionary and enabling leadership supported by professional industry structures and supportive policies that provide the enabling environment, industry capacity, motivation and commitment to meet the vision.

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Strategies

- 5.1 Build robust and effective industry organisations and capacity to commit to the achievement of the strategic plan.
- 5.2 Build industry structures that sustain communication and collaboration across the Australian vegetable industry value chain.
- 5.3 Develop coordinated and effective issues and relationship management capacity at the whole of industry level.
- 5.4 Implement leadership development and succession planning to meet the changing demands on industry organisations.
- 5.5 Support young growers/women/leaders/business networks.
- 5.6 Support effective industry development services and state government services to the horticultural industry.
- 5.7 Provide effective and ongoing input to government policies and programs that meet the priorities of the industry.

Targets and means of verifying achievement

Responsibility

Investment required

Consultation

HAL, AUSVEG, DAFF, RIRDC, APEN, AIAST, BRS