



# Avocados Australia Strategic Plan

2022 - 2026

**Industry Priorities**



# About

In early 2022 the Avocados Australia (AAL) Board developed AAL's Strategic Plan for 2022-2026. They outlined four industry priorities and the strategies for delivering on those priorities. Avocados Australia's Vision is for a globally competitive and trusted Australian Avocado Industry. Our Purpose is support Australian growers to become world leading sustainable producers. This Strategic Plan will guide the organisation's activities. Future reporting will track the organisation's progress in delivering on the industry priorities and operational priorities.

The AAL Board is confident that this Strategic Plan will help guide the organisation in the coming years and deliver on the areas of most concern to the Australian avocado industry. Enquiries related to the strategic plan can be directed to the Avocados Australia communications manager by email to [co@avocado.org.au](mailto:co@avocado.org.au) or phone to 1300 303 971.

**Purpose– Supporting Australian growers to become world leading sustainable producers.**

**Vision – A globally competitive and trusted Australian Avocado Industry**



Industry Priority 1. Increase domestic consumption of Australian avocados to at least 150,000t by 2026 at profitable farm gate prices.



Industry Priority 2. Increase export volumes to at least 20,000t by 2026 at profitable farm gate prices.



Industry Priority 3. Improve industry productivity and quality to increase global competitiveness.



Industry Priority 4. Optimise the operating environment to support a sustainable and profitable industry.

# Industry Priority 1



Increase domestic consumption of Australian avocados to at least 150,000t by 2026 at profitable farm gate prices.

KPI - Growth in domestic consumption of Australian avocados at profitable farm gate prices.

## Industry Strategies

### 1.1 Encourage consistent supply to the domestic market.

- Provide consistent year-round supply of Australian avocados to the domestic market every year.
- Provide education and support to growers to facilitate consistent supply.
- Facilitate smooth seasonal and varietal changeovers.

### 1.2 Support domestic retailers to grow Australian avocado sales.

- Deliver best quality forecast information about supply volume and timing.
- Push for retailers to prioritise purchasing Australian avocados.
- Help retailers to drive consumer demand for Australian avocados.
- Help retailers to deliver a quality product that always meets consumers' needs.

### 1.3 Drive an increase in the frequency & volume of Australian avocado consumer purchases.

- Develop and implement evidence-based and measurable marketing programs that drive increased consumption of Australian avocados.
- Ensure all marketing activities are well targeted based on regular, in-depth consumer insights.
- Ensure every marketing levy dollar invested achieves the best bang for the buck.
- Maintain a positive public profile for Australian avocados to ensure consumer confidence in the product and the industry.

### 1.4 Drive increased sales of Australian avocados through the food service sector.

- Acquire in-depth food service sector insights.
- Develop and implement evidence based and measurable market development programs to grow volume of fresh, Australian avocados sales to the food service sector.

### 1.5 Support processing and value adding opportunities.

- Identify opportunities to increase processing and value adding outlets for lower grade product.



## Industry Priority 2



Increase export volumes to at least 20,000t by 2026 at profitable farm gate prices.

KPI - Growth in export volumes at profitable farm gate prices.

### Industry Strategies

#### 2.1 Grow existing high priority international markets.

- Undertake evidence-based prioritisation of existing markets.
- Develop and implement evidence-based and measurable market development strategies for each high priority market.

#### 2.2 Facilitate access to new priority international markets.

- Undertake evidence-based prioritisation of potential new markets.
- Undertake the R&D to support viable market access protocols for phyto-sanitary markets.
- Develop compelling business cases to convince government to prioritise avocado market access negotiations.
- Motivate government to urgently pursue market access negotiations for key markets.
- Ensure all negotiations result in workable protocols.
- Seek opportunities to streamline the auditing processes for protocol markets.

#### 2.3 Build commitment, capability, and capacity of supply chain participants for international market growth.

- Ensure industry understands the important role of exports in light of forecast production volumes.
- Showcase the successes.
- Develop and share case studies to demonstrate lessons learned by other successful exporting industries.
- Motivate growers to participate in exports and to understand the importance of long-term commitment to achieve market growth.
- Provide practical support for growers to increase their export volumes including market intelligence.
- Provide support to industry to adopt the protocols necessary to successfully enter the new market.
- Facilitate best practice adoption to ensure optimum quality throughout the supply chain.
- Keep industry informed with status of export development and progress against the Export Strategy.
- Ensure industry consistently meets the MRL requirement of export markets.
- Help industry to use benchmarks to understand our global competitiveness.

## Industry Priority 3



Improve industry productivity and quality to increase global competitiveness.

KPI - Increase in proportion of avocados at domestic retail level with <10% internal defects.

### Industry Strategies

#### 3.1 Support growers to make good business decisions.

- Delivery of useful support and skills development to help members have more successful businesses.
- Create opportunities for growers to reduce costs, reduce red tape, and streamline compliance.
- Keep the industry up-to-date with useful and timely news, innovations, and critical insights.

#### 3.2 Developing best practice guidelines for the industry through focused R&D.

- Ensure R&D investments are prioritised to achieve the greatest improvement in quality and productivity.
- Undertake R&D to establish best practice guidelines.
- Fostering innovation that improves productivity and product quality.
- Ensure levies are fair and fit for the contemporary operating landscape.

#### 3.3 Drive adoption of best practice and innovation throughout the supply chain.

- Drive the development and dissemination of solutions to improve fruit quality.
- Provide education, tools, and support to ensure optimum quality fruit throughout the supply chain.
- Implement programs to identify and address quality issues across supply chains.
- Implement programs to discover and progress opportunities to enhance productivity (eg: trays that don't fit properly into containers).
- Showcase productivity innovations (e.g., automation).



## Industry Priority 4



Optimise the operating environment to support a sustainable and profitable industry.

KPI - Maintain high industry satisfaction levels with AAL performance.

### Industry Strategies

#### 4.1 Proactively influence the legislation and regulation that affects the industry.

- Understand the issues requiring action.
- Leverage networks to amplify our voice and raise priority issues to the national agenda.
- Escalate avocado specific issues independently.
- Ensure a focus on improving labour legislation and regulation.
- Fostering good working relationships with government.

#### 4.2 Use innovative solutions to manage the risks & operational challenges affecting growers.

- Mitigate biosecurity risks to prevent and minimise adverse impacts from biosecurity incidents.
- Work with Hort Innovation to optimise the application of the R&D and Marketing Levy investment.
- Ensure industry access to appropriate crop protectants and adherence to market regulations for chemical use (this is particularly important for export MRLs).
- Ensure risk and crisis management processes and procedures are in place that enable a quick response to crises.

#### 4.3 Measure & report key metrics that support business & industry planning.

- Collect, analyse and report supply forecast data to support a supply/demand balance.
- Collect, analyse and report core industry statistics to support business and industry planning.
- Deliver metrics that enable reliable long-term forecasting and effective short term tactical responses for domestic and global markets.
- Create global benchmarks.

#### 4.4 Support a consistent, reliable, productive labour force.

- Via the NFF, work to reform legislation around labour including address Pacific Island Program, advance the Ag Visa.
- Support industry jobs portals. E.g.: Harvest Trail.
- Facilitate connecting avocado labour with available jobs.
- Support broader horticulture industry initiatives to bring backpackers back.
- Support the industry to better manage labour and create productive workplaces.



# Situation analysis

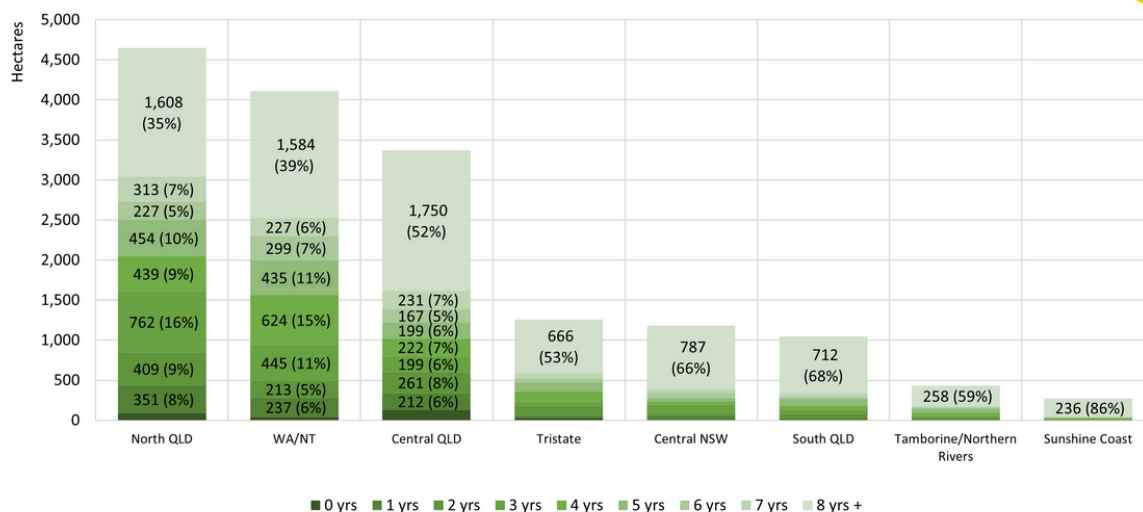


## SUPPLY

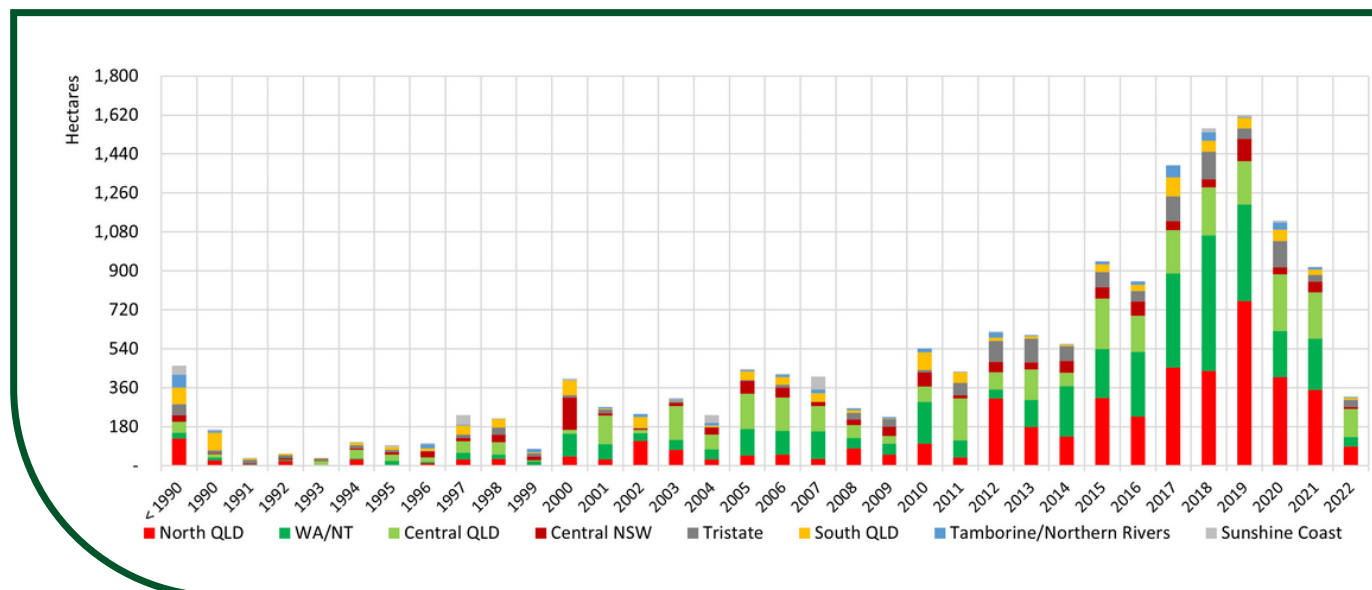
Australia's wide distribution of avocado growing areas across various climates provides an opportunity to supply avocados 12 months of the year. The period which has traditionally been the lightest supply period is January and February.

The industry is expected to continue to grow at a rapid rate over the next five years based on the area planted across the nation. About half of all plantings are yet to come into full production with large increases in supply expected in North Queensland, Central Queensland and WA. See charts below from the 2022 OrchardInfo report (Avocados Australia Limited, 2022).

Areas of avocado planting by region by age

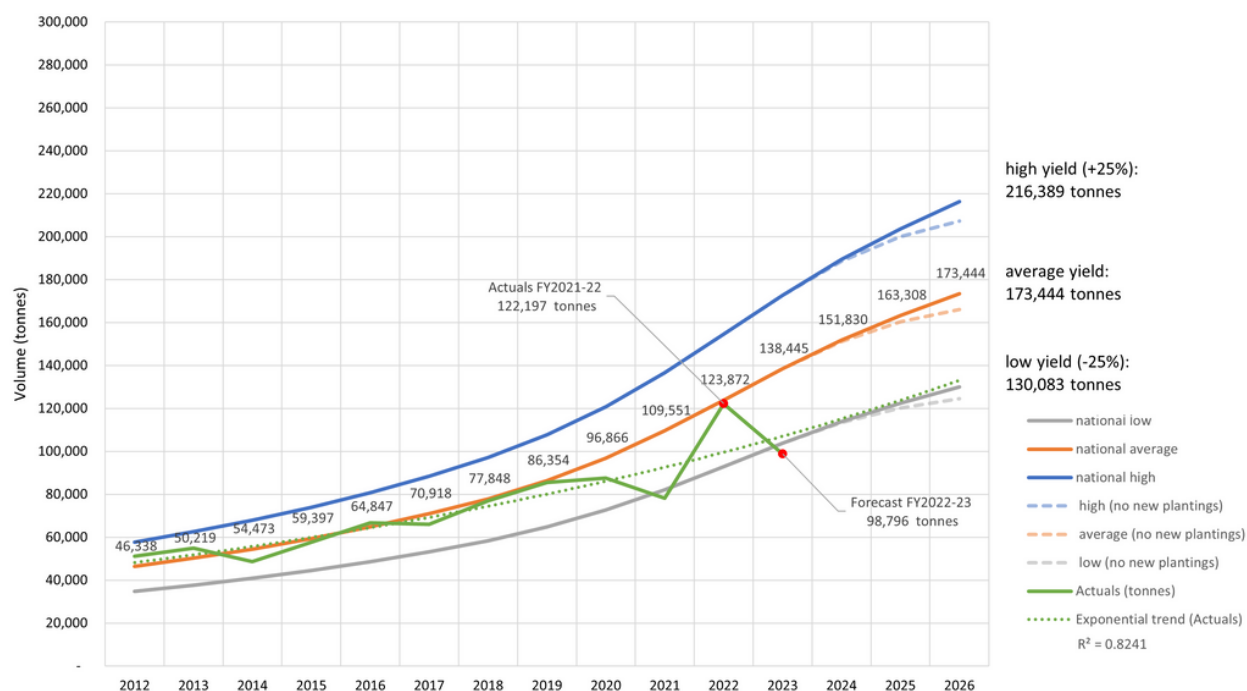


Areas of avocados planted by year by region



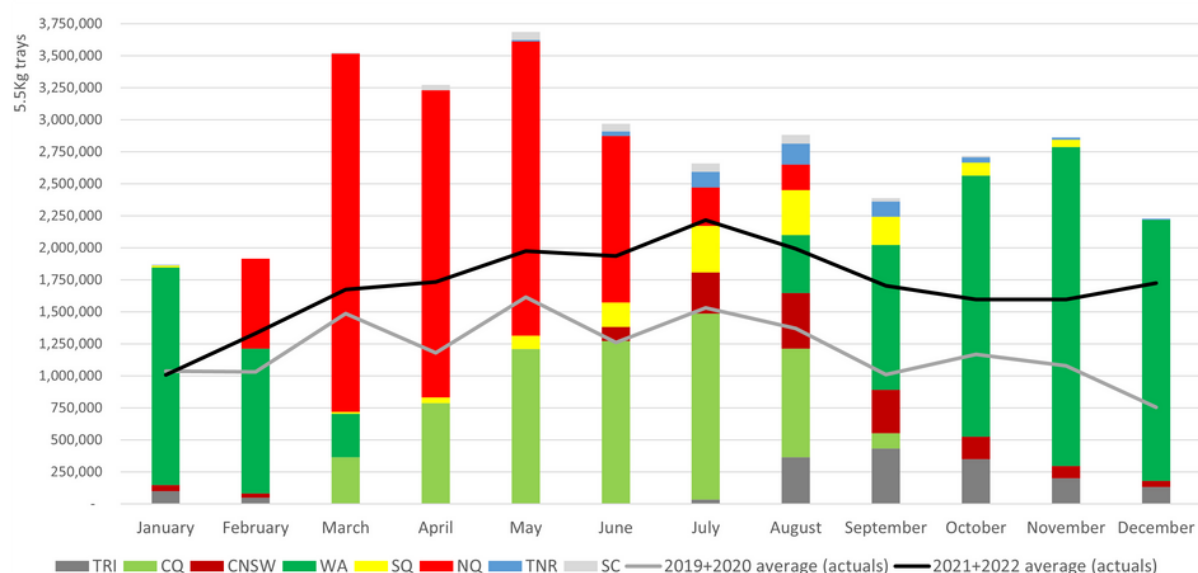
Plantings have increased significantly over the past five years. Based on the Avocados Australia Tree Census data, in 2016, the area of the national crop was about 8,000ha. In 2020, this had increased to about 13,000ha. Recent mapping undertaken by UNE shows (in 2022) that about 18,000ha of avocados are planted in Australia (data yet to be fully validated). Based on the area of current plantings and average yields, production has been forecast to increase to around 170,000t by 2026. No doubt there will be fluctuations from year to year due to seasonal conditions.

Forecast production to 2026 compared with actual production to 2022



Modelling shows that this increased supply is likely to be marketed across the year as follows:

Forecast monthly dispatch in 2026 compared with actual averages for 2019 + 2020 and 2021 + 2022





This modelling shows that there will be periods of very high supply with peak supply expected in Autumn. An average of about 800,000 trays per week will need to be marketed across March, April and May. Autumn and winter months are periods when domestic demand tends to soften in line with cooler conditions in the main Australian domestic markets.

## **IMPORTS**

NZ has long had access to the Australian market and has played an important role in the growth of the avocado market in Australia, extending the supply across all 12 months. Chile gained access to Australia in 2020 and supplied 450,000 trays to supplement the short Australian supply in that year. It is possible that competition in the Australian market will increase in the future as other countries (such as Mexico and Peru) seek market access to Australia. The future role of imports will depend on Australia's ability to compete. This includes its ability to provide reliable supply of high quality fruit at sustainable prices, year on year.

## **VARIETIES**

While Hass remains the dominant variety, Shepard makes up about 18% (by area) of all plantings and is concentrated in Queensland. Shepard is the dominant variety supplied from February to April. Other varieties are grown in relatively small amounts, but more recently new varieties have been introduced and expanded their footprint such as Maluma, Gem and GMax. However, varieties other than Hass and Shepard still only make up about 7% of all plantings. Different varieties require different management practices throughout the supply chain from growing through to retail handling. Whilst different varieties can have benefits for growers and the market, they also bring their own challenges.

## **PRODUCTIVITY**

Productivity (or production efficiency) is simply defined as the ratio of output per inputs. Yields vary considerably across Australia and between businesses. A benchmarking study AV13003 determined national average productivity over a four-year period to be 8.2t/Ha. This study also determined that productivity is a key driver of profitability. The sustainability of the Australian avocado industry will require ongoing improvements in productivity. This is particularly important as the industry becomes a more active participant in the global market. Whilst Australia is inherently a high-cost producer, investments must continue to increase productivity, thereby reducing unit cost of production.

From an agronomic perspective, productivity and quality often go hand in hand and need to be considered together. Any intervention that increases yield per hectare may positively or negatively impact on quality and vice versa.

Due to the wide range of growing conditions, management practices need to be tailored to the specific requirements of each region.

Increased production efficiency can also be achieved by reducing inputs per volume of production. Labour is the largest single input in avocado production and labour efficiency is therefore an obvious target to achieve improved efficiencies.

## DEMAND

Over the next five years, it is estimated that the industry will need to grow both domestic and export markets to consume an additional 90,000t, more than double the production volume in FY2021. This level of increase will require substantial growth in both domestic and export markets.

The aim is to grow export markets to 20,000t (a five-fold increase) and the domestic market to 150,000t (a 45% increase in per capita consumption to 5.8kg, assuming NZ imports reduce to negligible levels in five years' time). If NZ imports remain at around 15,000t, domestic consumption will need to increase almost 60% to 6.3kg).

**The aim is to grow export markets to 20,000t, and the domestic market to 150,000t**

Within each segment (domestic and export), strategies need to be developed to fully exploit the opportunities.

Fruit quality (including internal defects, maturity and ripeness) continues to be a significant barrier to purchase. Work needs to continue to ensure consumers can reliably purchase avocados that meet their quality expectations. This will require ongoing improvements throughout the supply chain from paddock to point of sale.

## DOMESTIC

In order to fully exploit the domestic market opportunities, marketing investments need to be regularly informed by high quality consumer insights. Broader market research is also needed to explore opportunities within market segments such as food service, which is estimated to be about 20% of the domestic market. The majority of Australian avocados will continue to be sold at retail, particularly through major retail chains. Therefore, collaboration with retailers to drive increased retail sales in store will be paramount.

## EXPORT

Given the need to increase exports by 400% over five years, export development needs to target large markets with the capacity to take volume at sustainable prices.

The larger markets that need to be targeted are phytosanitary protocol markets. Sustained efforts are required to continue to progress workable market access protocols based on robust data packages.

Most Australian avocado growers and exporters have no or limited experience in meeting the requirements of international market access protocols. Significant effort will need to be directed to helping businesses adopt market access protocols and incorporate the requirements as part of their business practices.

Due to the small amount of avocado exports to date (less than 5%) there are large sectors of the Australian avocado industry that have limited experience with exporting. This means there is a significant task to increase the capability and capacity of the industry to participate in avocado exporting. Of note, one of the key differences is that export supply chains are much longer than typical domestic supply chains. By necessity, the industry will increasingly utilise sea freight for the majority of its exports as consignment volumes increase. The longer timeframes from harvest to retail shelf in export markets dictate that the fruit must be robust and cool chain management must be precise. A successful exporting program requires excellent quality management practices during growing, postharvest and throughout the entire supply chain.



Global competition in avocado markets is increasing. Based on the [OECD-FAO Agricultural Outlook 2021-2030 report](#) global avocado production is expected to reach 12 Mt by 2030 – more than three times its level in 2010. However, the global avocado market is also increasing at a rapid rate and ‘avocado is expected to be the most traded major tropical fruit by 2030, reaching 3.9Mt of exports and overtaking both pineapples and mangoes in quantity terms’. The global avocado market is expected to grow at a compound annual growth rate of 5.72% from 2020 to 2025 to reach a total market size of US\$17.905 billion by 2025, increasing from US\$12.824 billion in 2019 ([Global Avocado Market - Forecasts from 2020 to 2025](#)). The US and EU are expected to remain the top importers, accounting for 40 percent and 31 percent of world imports in 2030, respectively. This is good news for the Australian industry as our focus is primarily on Asian markets closer to home, although many of our global competitors can capably supply these markets as well.

If the Australian avocado industry is to be successful in export markets, it must identify markets with the greatest opportunity for Australian avocados, develop a strong point of difference, invest in marketing and promotion programs that capitalize on this, and deliver on the promise.



## EXTENSION AND CAPABILITY

The success of the industry and its businesses depends largely on the capability of the people that work within it. The goal is that all sectors of the industry adopt best practice in all facets of management and that industry participants have the best quality information available to support good business decisions.

The industry is comprised of a diverse mix of people - some new to the industry, some long established, some with large businesses, some with small. The industry is comprised of various business types. The industry is also spread across a wide range of climates from subtropical to temperate. Extension and communication investments need to address the diverse needs of industry, to support the adoption of best practice and good business decisions for the benefit of the broader industry.

**The success of the industry and its businesses depends largely on the capability of the people that work within it.**

## BUSINESS INSIGHTS

Decisions informed by high quality information and analysis are likely to lead to better outcomes.

All investments to increase demand should be underpinned by robust consumer and market insights. A greater understanding of consumers and markets, enables more targeted and effective investments, providing a greater chance that the market growth targets will be achieved. Given the need to dramatically increase domestic and export markets over the next five years, the quality and frequency of the required insights justifies a substantial investment.

As the industry operates in a global market, it's imperative to understand the dynamics of the global industry and of global markets in order to identify opportunities and threats for the Australian industry, as they arise.

Good production information is essential to help with both short term and long-term planning at both an industry level and business level. Information about the industry plantings provides important insights to inform long term production forecasts and, therefore, strategies for industry and businesses. Regular monitoring and reporting of product supply volumes provides information to support a balance between supply and demand.





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