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Media Release: Record avocado sales show... - 26/11/2014

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Evidence shows that the Australian avocado industry is going from strength to strength. Unprecedented volumes were sold during October, equal to over 340,000 trays or 1,870 tonnes of fresh avocados per week*, double the levels that were sold at the same time last year. Yet the market is still providing sustainable returns to growers.

Despite the record volumes, prices are holding, demonstrating that consumer demand is very strong. Production has more than doubled in the past 10 years and consumption has kept pace, with consumption expected to exceed 3kg per person in 14/15, double what it was about 10 years ago. Despite the dramatic increase in production, actual farm gate returns to growers have also increased over this time.

So what's contributing to the above trends and success? The avocado industry has had and continues to have:

- Solid industry leadership through the representative body Avocados Australia Ltd
- Programs focused on improving quality at retail level - Quality of fruit available to consumers has improved by about 40% since 2008
- Good information and communications systems informing stakeholders along the supply chain
- Strategic, well planned and well-resourced industry marketing and promotions through industry levies, managed through Horticulture Australia Ltd
- Year round supply – southern production areas are now increasing to meet domestic demand across the year and help with future export market development

Whatever the factors may prove to be, the fact remains that the current market is delivering sustainable returns to growers during a period of record supply volumes.

While industry has benefited in such a positive way from previous levy investments, major changes are underway relating to the management of industry levies with the formation of Horticulture Innovation Australia Ltd (HIA). During the creation of HIA many questions about the changes remain unanswered.

Many Australian avocado growers (levy payers) are concerned that the changes are being planned with insufficient industry consultation or communication. One of the great strengths of the previous Research and Development Corporation (RDC) model in horticulture has been the strong relationship between the Industry Services Body (HAL) and the levy payers through Avocados Australia. Until now this relationship has ensured that levy investments clearly address the key strategic priorities of the industry, not individuals.

The leaders of the Australian avocado industry expect that HIA will consult closely with the industry body that represents the vast majority of avocado levy payers in Australia. However consultation so far has been minimal, at best, and the change ahead needs to become more transparent. Avocado levy payers expect to be kept informed and engaged in an environment that is subject to on-going change that may impact on their livelihoods. They rely on Avocados Australia who understands their industry sector to keep them informed and present their views. However, like levy-payers, Avocados Australia has not been given the opportunity to provide input to how the new company might operate. At this point in time, HIA is accountable only to the Minister and the Department of Agriculture, yet its purpose is to deliver better outcomes for levy payers.

In view of the unprecedented current market and supply chain conditions it is clear that the previous system has delivered results and value back to Australian avocado growers. It is completely justified that many Australian avocado growers are seeking better transparency in a process that is going to alter the current system that has worked for them. They don't want change simply for change's sake.

At the moment there is a great deal of uncertainty as to how levies will be managed into the future and whether the changes will lead to a more effective or efficient system or indeed better outcomes.

John Tyas, Avocados Australia Limited's Chief Executive Officer said that "Avocados Australia serves Australian avocado growers and is the representative body of Australian avocado growers. Ten Australian avocado growers across the country serve as directors on the Board so Avocados Australia is led by growers for growers."

"Why are organisations like ourselves not being properly consulted through this change when we are grower-led, grower-directed and grower owned?"

"If growers lose confidence in the system that is managing their hard earned levies then they will begin to question their support."

Avocados Australia has linkages with growers across Australia and our roots run deep. The Minister for Agriculture, and the members of the board of the newly formed Horticulture Innovation Australia Limited, should look on Avocados Australia, and other similar bodies, as a strong asset to Australian avocado growers and the industry, not a liability.

Mr Jim Kochi, a North Queensland based avocado grower and Avocados Australia's Chair and Regional Director for North Queensland said that "Avocados Australia is made up of growers, serves growers' interests, represents growers and is led by grower-directors."

"The AAL board is comprised of elected representatives from all the major growing regions and has the full range of grower size from very large growers to very small. The AAL board is truly representative and understands the requirements of the industry in each of its production regions and the industry as a whole," said **Mr Jim Kochi, North Queensland avocado grower** and Chair of Avocados Australia.

Our industry strategy and everything we do as an organisation is directed through our extensive stakeholder networks.

Avocados Australia sought the views of a number of Australian avocado growers and this is what they had to say about Avocados Australia and the current situation:

"I believe in Avocados Australia, our representative body with its democratically elected representatives. I am disappointed that there has not as yet been enough consultation with our representative grower body. I am a larger grower and have been involved in the industry for a very long time. Bureaucratic interference, however minor, can lead to bad decisions particularly when growers have had no say in the process. Lack of consultation with our grower body could lead to the Minister of Agriculture being influenced by lobbyists or "ginger" groups and a departure from following due democratic process involving the elected representatives that would normally be followed. If Avocados Australia is being shut out of the change process of the levy system what other organisations are being sidelined? Avocados Australia is the only organisation that represents the avocado sector nationally. It makes sense that it should play a role in guiding HIA in relation to the expenditure of avocado levies. Ignore Avocados Australia and you are ignoring Australian avocado growers," said **Ron Simpson from RA & FL Simpson Holdings Pty Ltd**, avocado growers, packers and exporters based in Childers, Queensland.

"I have long supported Avocados Australia Limited as the peak body representing avocado growers across Australia and continue to do so with confidence. It has guided industry research and market development, supported by levies I and other growers pay, through a long period of sustained and beneficial growth for consumers. AAL maintains strategic leadership networks throughout the industry and the length of the supply chain. I share the concern of the Board that industry strategy is guided by the organisation as a whole and not by a few individuals placing their own self-interest above the rest. I find the current hiatus in resolving the application of levy income particularly galling because the Minister responsible, Barnaby Joyce, is my Member - I voted for him - and I certainly expect a better commitment from him to this aspect of his responsibility," said **Alan Hartley from Crescent Plateau Holdings**, based in Tabulam, New South Wales.

"As levy payers we care how levy funds are invested, and any change to a levy system that has clearly contributed to growing our industry up until now should be made with caution and in consultation with our representative body, a representative body that comprises our elected grower-directors," said **Anthony Fontanini, owner and manager of West Aussie Avos**, avocado growers and packers based in Manjimup, Western Australia.

"Our business pays an avocado levy and how that money is invested, and how it is spent, directly impacts on our business, our industry and our future, the current changes that are looking to be made to the funding system that is to administer and spend that money is therefore of great concern to us so greater transparency of the changes is required. Keeping our representative body informed and consulted through the change process is vital but is currently lacking," said **Roma Spiccia, owner and manager of AvoStar**, avocado growers and packers based in Pickering Brook, Western Australia.

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