

What is Horticulture?

Fresh produce & Cut Flowers, including:

- **Fruit** - apples, pears, cherries, mangos, melons, stonefruit, etc.
- **Vegetables** - potatoes, onions, tomatoes, carrots, lettuce, etc.
- **Nuts** - walnuts, macadamias, almonds, chestnuts, pecans, etc.
- **Flowers** - native and exotic, fresh & dried, etc.

Horticulture is very broad.

Comparisons with the Wine Industry.

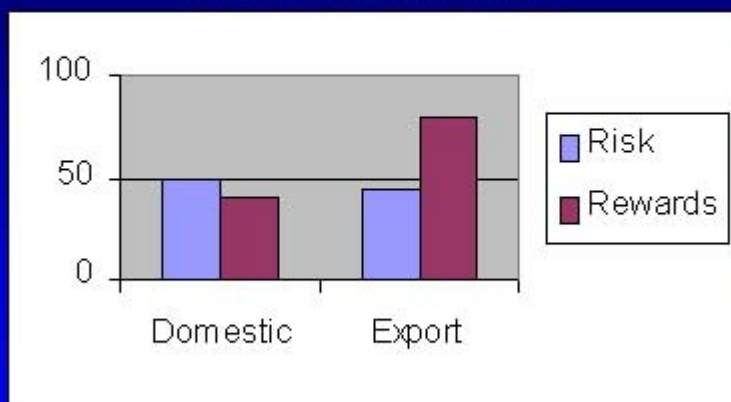
Paraphrase of Bruce McDougall's Presentation on Winegrapes

- Partners in the Value Chain.
- Structured relationships.
- Technical support.
- Critical mass.
- Customer focused demand chain management.
- Brand "Australia".

Australian Horticulture: The Risks

- Global competition - domestic and international.
- Retail consolidation.
- Disunity/fragmentation.
- Food safety.
- GMO's.
- Loss of "clean green" image.

Australian Horticulture: Risks and Rewards



Australian Horticulture: The Evidence

- Finance for wrong reasons.
- Planning by “looking over the fence”.
- Lack of information and analysis.
- Poor R&D investment and outcomes.
- Limited value-adding.
- Product variability.

Australian Horticulture: Not So Positive

- Small scale, overcapitalised.
- Lack of critical mass.
- Poor productivity.
- Fragmentation.
- Production driven.
- Lack of planning and marketing skills.

Australian Horticulture: Risks and Rewards

John Baker - Chief Executive
Produce Marketing Australia

Australian Horticulture: Positives

- Core of skills.
- Land and water availability.
- Climatic diversity.
- Infrastructure.
- Proximity to markets.
- Counter-seasonality.

What are the Major Issues Horticulture is Facing?

Capturing and servicing domestic/OS markets.

- Markets are very competitive.
- Opening our doors to trade (WTO - we have to give to get).

Managing our limited resources - water.

Fragmentation of industry (not good for servicing SO markets).

Management of supply chain and reliability.

Australia is counter-seasonal - major advantage, but:

- Increasing competition from S America, S Africa, NZ, etc.

Horticulture is High Value and Intensive.

Increasing imports.

Adding value to our products.

Horticulture Importance Cont...

Major Statistics:

- **Production** - Citrus 7%; Pome 7%; Potatoes 10%; Grapes 20%;
Flowers 14%, Vegetables, Fruit and Nuts 45%.
- **By State** - Vic 27.5%, Qld 21.5%, SA 19.6%, NSW 18.6%, other 12.8%.
- **Exports** - Japan 16%, Hong Kong 14%, New Zealand 14%, US 13%,
Singapore 12%, Malaysia 11%, India 6%, UK 6%, Canada 4%, Germany 4%.
- **Exports \$1.2 billion Vs Imports \$970 million.**
Exports flat since 96/97 - Imports grown 25% over last 5 years).
- **Exports: Fresh Vs Processed is about 50:50.**
Fresh is increasing at a faster rate and has only just caught up to processed.

How Important is Horticulture?

The Gross value of the industry is over \$5 billion.

Fastest growing sector in Australian agriculture.

- \$3 billion over last 10 years.
- Increased from 11% to 16 % of total agriculture in Australia.

Exports are \$1.2 billion per annum.

- Asia is our major market.
- It provides the greatest opportunities and challenges.
- Our "Clean/Green" image is well established in Asia.

Australian Horticulture: Rewards and Opportunities

- **Markets - India, China.**
- **Market segments - Early/late season, organics.**
- **Products - Pink Lady Apples, Crimson Seedless Grapes.**
- **Value adding - Food service.**
- **IT - Information and trading.**