

Cherries

Summary

The cherry industry, within the AlpValleys region is particularly concentrated in Wangaratta Rural City, where over 92 per cent of GVP of approximately \$4.5 million is derived. The majority of the cherry growers are situated in the Warby Range and Taminick areas.

The outlook for the industry is good with

An increase in production of cherries is likely to rise quickly as young trees planted during the last five years come into production. On average, growth has been around 40% between census periods and is expected to be similar in 2004-2005.

Completion of Boywer water pipeline project is to result in a production increase of approximately 600 tonnes.

North East Region	1996 – 97 AG Census	2000 – 01 AG Census	2008 ABS
Gross value of production	\$2,174,068	\$4,486,495	\$2,711,000
Current production volume (kg)	523,998	726,817	558,556
Total number of trees	40,735	65,542	72,665
Contribution to Victorian GVP of commodity	26.1%	25.5%	16%
Contribution to Australian GVP of commodity	7.5%	7.5%	
Estimated number of farms	21	21	34

Source: ABS Agricultural Census 1997, 2001 and 2008a

Cherry industry overview

Detail	Comments
Product description	Fruit for the fresh fruit market.
Main season	November and December.
Industry associations	Victorian Cherry Association, VFF.
Domestic market information	Approximate price per tonne of cherries is \$7,500 which is sold predominantly to the major supermarket chains. The cherry industry is based on demand through the domestic market with cherry exports accounting for 10 per cent of production.
Export market information	The demand for cherries is much greater than supply in the export markets. Main export markets include Hong Kong, Singapore and Taiwan.

Source: AAVAF Survey 2004

Location of the cherry industry within North East Victoria

2008 Ag Census	Production volume (kg)		No. of farms	
Alpine Shire	3,041		2	
Wangaratta (RC)	12504,030		19	
Indigo Shire	8,866		12	

Source: ABS Agricultural Census – 2008a

Projected industry growth

Source	Indicator	Comments
(ABS) AG Census and survey data	Growth in production volume 1997 to 2001	Production grew by 39% or 200,000 tonnes between the 1997 and 2001 census periods..
Surveys	Current profitability	Was stated as either high or satisfactory.
	5 year business plans	Are optimistic with cherry farmers surveyed planning to increase production by between 100% and 150%.
	5 year business outlook	Was described as good.
	Business planning / budgeting	Surveyed cherry farmers conduct formal business plans / budgets for the long term - 5 years plus.
	Age of producers	Fell within the 50 to 59 year age bracket.
	Capital expenditure 2002-03 financial year	Not stated.

The North East regions volatile spring weathers have over past years plagued the industry, often sending prices on a significant price spiral. Cooler seasonal October temperatures have at times delayed cherry picking by up to a month and severe frosts in September have wiped out trees.

However, new cherry varieties are being selected for resistance to rain-induced cracking, a larger size (greater than 25 mm in diameter) and self-fertility. Self-fertile varieties will be more consistent in respect of cropping from season to season. The market is demanding a more consistent grade of fruit and the introduction of new varieties is seen as being able to provide consistency of production. Trials and research into select varieties that extend the current harvest season either later or earlier will also help meet fruit demand.

Cherry industry labour requirements

Detail	Comments
Estimate of labour employed directly:- (based on 2 survey responses)	
Full time	6
Part time	1
Casual	195
Areas of indirect employment	Brokers / buyers (major supermarkets), suppliers, transport service providers.
Labour market issues	Large numbers of casual labour is a major requirement of producers for between November and December. Some farmers stated difficulty in finding casual labour, despite the low skills required of labourers.

Cherry industry marketing activities

Detail	Comments
Marketing undertaken	Regional growers sell direct from the farm gate, and through the Melbourne, Sydney and Brisbane wholesale markets, and direct to retail outlets. Wandin Valley Farms, near Wangaratta, supplies Coles supermarkets.
Value adding activities	Some minor value adding through cherry wine productions, and drying. Predominately improvement in product.
Labels and brands	Cherrybrook Cherry Farm, Wandin Valley Farms, Hotson's Cherries.

Taxes, rates and charges paid

Taxes, rate and charges
Growers contribute to a research and development levy through Horticulture Australia Limited, which was a combined \$70,455 for 2003-2004 industry wide.

Cherry industry strategic advantages and opportunities

- The area around the Warby Ranges is ideal for growing, as cherries require non-waterlogged soils and a period of winter chilling for the fruit to set.
- The industry maintains a competitive advantage in export and domestic markets through superior varieties. The development of improved rootstocks and new cherry varieties should provide opportunity for increased returns to regional cherry growers based on current markets.
- Cherries have potential for greater development in the region if the crop can establish a late season production advantage both within Australia and overseas.
- Access to infrastructure for transport to market.
- Wandin Valley Farms is one of the top five producers in Australia.

Cherry industry strategic disadvantages and impediments to growth

- Growers find cherries a difficult crop to grow as they are extremely vulnerable to the changes of nature and are prone to many pests.
- The cherry industry grows varieties with three issues that significantly constrain the ability of the industry to regularly deliver large quantities of high quality fruit to the overseas and domestic markets, i.e. cracking, size and cross pollination.
- Cherries are a capital-intensive industry with establishment costs per hectare varying from \$40,000 to \$60,000 including trees, irrigation, land preparation and machinery. Additional costs include bird-proof netting, rain-protective covers, and packing sheds with grading and cool room facilities.
- The availability of seasonal labour for harvesting is becoming an issue and will become more urgent as production levels increase. A shortage of casual labour at picking time being the most significant impediment to growth.
- Food safety and quality assurance guarantees are increasingly important to the market, especially European markets. Assurances that fruit have been produced in an environmentally sustainable manner as well as incorporating worker health and safety and waste control.
- Water storage and availability will remain a problem for smaller growers.

- Access to productive agricultural land for future production of all stone fruits.
- Vulnerability to fruit fly outbreaks in neighbouring centres eg. Wangaratta.
- Access to US markets has been limited for export, however US cherries from California and Washington are imported between May – August.
- Other exports eg. China and Taiwan may open up, but currently tight on quarantine requirements
- Export markets require consistency in product supply with a strong domestic market considered a weakness to export development.