

Nuts – including chestnuts

Summary

Nuts are a medium sized industry in the region dominated by chestnuts. Alpine Shire produces approximately 70% of the regions nuts with Indigo Shire producing almost all the remainder. The nut industry is favoured by the ideal growing conditions in the region. Labour shortages have prompted an increase in mechanical harvesting.

North East Region	1996 – 97 AG Census	2000 – 01 AG Census	2008 ABS
Gross value of production	1997 data inconclusive	\$1,825,324	\$2,467,000
Production volume (kernel weight kg)		121,781	110,000
Total number of trees		66,226	89,745
Contribution to Victorian GVP of commodity		6.8%	16%
Contribution to Australian GVP of commodity		3.2%	
Estimated number of farms	58	72	95

Source: ABS Agricultural Census 1997 and 2001, Agricultural Survey 2002 and 2003

Nut industry overview

Seventy to eighty percent of Australian chestnut production is in the North East of Victoria in Bright, Myrtleford, Buckland Valley, Harrietville, Beechworth and Stanley, the Kiewa Valley, Buffalo River and King Valley.

Most of the chestnut crop is sold fresh through the wholesale marketing system, while smaller growers sell quantities direct to fruit and vegetable vendors and larger supermarket chains. A lesser quantity is sold at the farm gate throughout the region. The average wholesale price for chestnuts at both the Sydney and Melbourne wholesale markets was between \$3.00/kg and \$6.00/kg in 2003.

The region produces fresh chestnuts, walnuts, pecans, pistachio and hazelnuts for domestic consumption as well as frozen chestnuts for export. Frozen chestnut meal is also a newly development product for the domestic restaurant market.

The pistachio industry is new to the region and at present is still very small.

Detail	Comments
Product description	Chestnuts, hazelnuts, walnuts and pecans
Main season	Within the first six months of the year, mainly between February and May.
Industry associations	Chestnut Growers Australia (CGA), Premium Chestnuts Australia (PCA), Hazelnut Growers of Australia, Australian Walnut Association (AWA) and Australian Walnut Growers Industry Association, VFF.
Domestic market information	Chestnuts are sold for between \$5 and \$5.40 per kilogram, or \$4,000 per tonne. Walnuts sell for approximately \$5.00 per kilogram and walnut oil for \$15 per bottle. Chestnuts are sold to wholesale agents in Sydney for sale to supermarkets, greengrocers and roasters. All other nuts are sold via farmers markets or through nut wholesalers.
Export market information	All respondents stated they were not aware of whether their produce was ultimately exported, however chestnuts are exported to China, Japan and Singapore.

Source: AAVAF Survey 2004

Location of the nut industry within North East Victoria

2008 ABS	Production Volume (kg)		No. of farms	
Alpine Shire	42,335		47	
Indigo Shire	38,461		32	
Towong Shire	938		4	
Wangaratta (RC)	108		3	

Source: ABS Agricultural Census – 2008a

Projected nut industry growth

Tree nut production is increasing at a rate greater than 10 per cent per annum. Chestnut production is expected to increase 50 per cent over the next five years as existing non-bearing trees reach production.

Source	Indicator	Comments
(ABS) AG Census and survey data	Growth in production volume 1997 to 2001	1997 ABS data is inconclusive and was insufficient to make comparisons
	Current profitability	All respondents stated they experienced either low or very low levels of profitability.
	5 year business plans	Several chestnut growers stated plans to increase the number of trees, with one walnut producer planning to process their own nuts on site.
Surveys	5 year business outlook	Was optimistic in comparison to current levels of profitability with responses ranging from satisfactory to very good.
	Business planning / budgeting	Around half of all respondents stated that they drafted a formal business plan / budget - with all stating a 5 year plan had been undertaken. This highlights the relatively young age of the industry.
	Age of producers	Most producers surveyed were aged between 50 to 59 years, with the remainder aged between 40 and 49 years, and 60 years plus.
	Capital expenditure 2002-03 financial year	Ranged from \$10,000 to \$120,000 and represented an average of 36% of gross income.

Nut industry labour requirements

Chestnuts in Australia are harvested from March to May.

Seasonal labour requirements are increasingly difficult to meet, so a shift to mechanised harvesting in the long term is an important cost reducing possibility. Labour requirements during an eight-week period for chestnut harvesting requires 330 seasonal workers, while approximately 35 are employed in a full time capacity. It should be noted that for many growers this is a secondary agricultural pursuit.

The hazelnut harvest is by nature extremely nature intensive from drying, cracking to packaging and while in the region most plantings are small, this labour is supplied by extended family and friends.

Detail	Comments
Estimate of labour employed directly:- (based on 8 survey responses)	
Full time	1
Part time	15
Casual	13
Areas of indirect employment	Brokers / wholesale buyers, transport service providers.
Labour market issues	The majority of labour required is casual labour required seasonally in Autumn. Survey respondents stated a shortage of labour during harvest.

Nut industry marketing activities

Chestnut varieties are very difficult to identify based just on their physical characteristics, yet the identification of chestnut varieties is critical to successfully marketing chestnuts, ensuring quality and protecting breeders' rights.

The Chestnut Growers of Australia have established a DNA library and testing service which growers will be able to access to determine the varieties they are growing. As a result of certainty of identification, growers will be able to market their product according to variety. The industry concentrates on marketing four varieties: Buffalo Queen, Purdons Pride, DiCoppi Marone and Red Spanish.

The Premium Chestnuts of Australia co-operative members have their own chestnut grading and packaging facilities so that packaging can be easily tailored to suit the needs of the customer.

Developing market awareness and promoting North East region grown hazelnuts remains primarily the responsibility of the grower in conjunction with the Hazelnut Growers Association.

Detail	Comments
Marketing undertaken	Is minimal and more direct, such as through the Hume Murray Food Bowl, Footscray Market and other farmers markets. Farm gate sales cater to business groups and tourists.
Value adding activities	Most respondents do not undertake value-adding activities. However, one chestnut grower worked with a cooperative to package their produce, and a walnut grower prepared pickled walnuts from green fruit and packaging walnut kernel.
Labels and brands	Silver Creek Chestnuts, Premium Chestnuts Australia (cooperative of 12 growers), and Valley Nut Growers.

Nut industry Strategic advantages and opportunities

- Climate and soil suitable to nut growing allow for the production of a superior product when for most nuts.
- Opportunity to work with the tourism industry and the clean green image of the region.
- Central to Sydney and Melbourne markets.
- Nut farmers surveyed stated a need for modern processing and harvesting equipment, which on an individual scale represents significant capital costs. This highlights the opportunity of developing a nut processing facility / plant within the region to service the needs of producers.
- Further promotion of benefits of eating nuts to create broad public awareness would serve to benefit the industry.
- There exists niche sub industries such as walnut oil that need to be promoted in order to create demand for the product.
- The North East Victoria region has rich fertile soils, hot dry summers and cold wet winters as characteristics of the area. These conditions provide the ideal environment for growing sweet full flavoured chestnuts.
- These climate conditions and reliable rainfall or irrigation are important for good tree growth and the production of high quality walnuts and hazelnuts. The preferred climate is characterised by a mild summer and cool winter.
- A number of potential marketing alternatives are available for hazelnut growers with new plantings, particularly with small production. These include potential sales through grower cooperatives (The Premium Chestnuts of Australia Co-Operative), specialised nut retailers, manufacturers - confectionery, baking, health foods, bakeries, commission agents in the wholesale produce markets, wineries (as an addition to cellar door sales), local fruit and vegetable outlets, street stalls and farmer markets, further development in contacting and supplying large wholesalers and direct sales from the farm gate may occur.
- The region's hazelnut industry has an opportunity for input into the import replacement for 1500 tonne of imported product.
- The nut industry in North East Victoria remains relatively free from pests and disease.
- Opportunities exist to determine the most suitable varieties for growing specific types of chestnuts and hazelnuts in the North East Victoria region. This will be helped with the advancement of the DNA fingerprinting of species of chestnuts.

- Value adding to existing production of chestnuts and hazelnuts and continue to commercially develop all aspects of hazelnut and chestnut products including the kernel, shell or casing and waste.
- More specifically the chestnuts grown in North East Victoria have the advantages and the opportunity to brand themselves as being produced as high quality, clean chestnuts free of insect pests and produced in an environmentally sustainable manner. To complement this, quality assurance and flexible packaging are achievable deliverables from the nut industry in North East Victoria. The Premium Chestnut Cooperative is currently exploring the majority of these initiatives for both the export and the domestic market.
- The Australian Chestnut Company Pty Ltd, in Myrtleford, has received a national grant develop and design a process to commercially produce frozen roasted chestnuts, with the Japanese export market as the target market.

Nut industry Strategic disadvantages and impediments to growth

- The time it takes for trees to grow to maturity given the relative high associated establishment costs.
- Labour shortages during harvest (Autumn).
- The relatively small size of industry in comparison to the presence of new multinational players.
- Slow take up of the benefits of a national approach in the development of the hazelnut industry.
- There are minimum numbers of large commercial undertakings within the region to take advantage of possible economies of scale.
- There is limited access to processing facilities available.
- The capacity to produce, handle and process quality hazelnuts is limited by the small size of the plantings and quantities of nuts available.
- As a supplementary form of farm income there is often a reluctance or affordability of capital input toward developing plantings to create a viable and sustainable industry.
- It is expected that there will be future limits on the use of water. Protection of this 'clean, green image' and sustainability of the industry.
- Particularly in the case of hazelnuts, global overproduction and cheap imports could affect the industry.