

THE ORIGIN AND GROWTH

of the

AUSTRALIAN DRIED FRUITS ASSOCIATION

By D. C. WINTERBOTTOM

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INTRODUCTION

The story and history of organised marketing in the Australian Dried Fruits Industry is one which should be studied and taken to heart by every grower in the industry. Right at the start let me say definitely, and without any reservation whatever, that there never would have been an Australian Dried Fruit Industry worth worrying about if it had not been for organised marketing.

This little brochure has been compiled for all growers to read. The grower who has grown up with the industry, although he knows the history, will be interested to read a short resume of the efforts which have been made over the past 40 years. The grower who came into the industry under the Repatriation movements will be interested in the earlier stages of organisation, and to the grower who has come into the industry in recent years the study of this short story is recommended, because it is the history of the facts and it is vital to the future welfare of himself and those who were in the industry before him, that he should fully understand what organisation is and what it has done.

The settlements of Mildura and Renmark were the pioneer fruit growing districts on the River Murray. Both were founded by Messrs. Chaffey Bros. in 1887, and the first dried fruit was produced in about 1891 and 1892. The early plantings were Raisins, Apricots, Peaches and Citrus fruits. The Sultana, which is now our main crop, was not included in the first plantings, and Currants at that time were grown in the non-irrigated areas in South Australia.

PROPOSED RAISIN TRUST

ALTHOUGH the dried fruit production in raisins was at that time quite limited, marketing trouble developed right from the beginning, and reports of the Directors of the Mildura Fruitgrowers Association disclose that by 1894 the sale of dried fruit had reached chaotic conditions owing to the lack of organised marketing. There can be no better method of stating the position which existed than to give extracts from those reports. The first reference was in a report dated February 28th, 1895, and stated:—

“During the half year your Directors have held several conferences with the other Packing Companies in Mildura with a view of organising the handling and sale of dried fruit on a uniform basis, and arrangements are now almost completed.”

The next report is dated August 31st, 1895, and stated:—

“The Directors deeply regret the unsatisfactory prices now ruling for Mildura Raisins. This has been mainly brought about by most unbusinesslike methods of marketing. Growers have distributed their fruit amongst a number of agents in Melbourne, with the result that the most active competition to sell has been created. In fact, the producers have done everything that could be done to depreciate their own goods, and cheapen the prices for the consumer. It is quite within the mark to say that at least 1d. per lb. has been lost to the raisin growers of Mildura by lack of co-operation. This, on the 600 tons which it is hoped to dispose of in Victoria, represents a loss of some £5600 for this year alone.

“Your Directors will be very pleased to work in harmony with other companies and growers with a view to concentrating business both in Mildura and Melbourne so as to avoid such heavy losses in future.

“It is greatly to be regretted that the proposed Raisin Export Trust fell through. Your Directors were the first to sign the bond and they did all they could to get it completed. Notwithstanding, however, the failure of the Trust, the Company has exported a considerable quantity of Raisins with satisfactory results, and intends to send away the full quantity originally agreed upon, believing this to be the only way of preventing serious

losses at the end of the season, which will be sure to arise if large stocks are carried forward.”

This report clearly shows that although there was only 600 tons of raisins to sell, through lack of co-operation it was impossible to successfully market even that small quantity. At this time, which was prior to Federation, the home market was limited to Victoria, and fruit sent to Sydney and Brisbane was export, because each State had its own Customs Tariff, and Victorian fruit entering New South Wales had to compete with imports from overseas.

That year growers hawked their fruit amongst the merchants, and owing to the competition among themselves were forced to accept 1½d. per lb. for raisins packed and delivered in Melbourne. The pioneer growers fortunately realised that such tactics were suicidal, and established the Mildura Raisin Trust, appointing two firms to sell their fruit at prices which they themselves fixed.

The success of this Trust in the first year it operated is shown in the report dated August 31st, 1896:—

“Owing to the successful working of the Raisin Trust, the competition amongst selling agents, which led to such disastrous results last season, has been obviated. Prices for this year's crop have been fully maintained at the rates fixed by the Trust, and your Directors feel confident of being able to dispose of the whole of the Raisins controlled by this Company at Trust prices before the end of the year. The Raisin Trust having demonstrated the advantages of a combination amongst growers to maintain prices, your directors hope next season to see the same principle applied to all classes of fruit”

RENMARK RAISIN TRUST

About this time the Renmark growers established a similar Raisin Trust in South Australia. It will be seen that the Mildura Raisin Trust had become firmly established in one year and had lifted the position from one of despair to hope.

The next report of the Mildura Fruitgrowers Association, dated August 18th, 1897, states:—

“As suggested in our last report, the scope of the Dried Fruit Trust has been enlarged so as to include all varieties of dried fruits, and the results have been

most satisfactory. The raisin market has been very active, and we were enabled to clear off all the 1896 crop of pudding raisins before the end of October last. Mainly owing to the advice of Messrs. Gollin and Company, the price of raisins this season was raised $\frac{1}{4}$ d. per lb., and in some cases $\frac{1}{2}$ d. per lb., and that the rise in price was fully justified is shown by the fact that the whole of the 1897 crop in our hands was sold before the end of April for forward delivery."

The report dated August 31st, 1899, states:—

"Mr. Alfred Gollin, during his late visit, strongly urged the advisability of further concentration of the marketing of dried fruits, and your directors would earnestly urge all shareholders to support their efforts in trying to bring this about."

In the harvest of 1899 the growers of the Mildura Fruit-growers' Association picked their gordos from the vines in Mildura, rowed them across the river in boats, and dried them in New South Wales. They were then raisins produced in New South Wales, and were free from Customs Duty when sent to Sydney. This enlarged the home market for Mildura grown fruit.

In 1901 Australia was proclaimed a Commonwealth under one Customs Tariff, and the production at that time being less than Commonwealth requirements, the Mildura Dried Fruit Trust and the Renmark Raisin Trust were able to work together satisfactorily for a few years, but in 1904 these two bodies amalgamated and established

THE AUSTRALIAN DRIED FRUITS ASSOCIATION (A.D.F.A.)

This Association then took up the organised orderly marketing of Dried Fruit over the Commonwealth of Australia. The scope being widened, this Association determined not only the prices, but the terms and conditions under which their agents should sell to the distributors, and the price the distributors should sell to the retailers, setting out the amount the merchant should receive for distributing the fruit; i.e., Sultanas, Currants, Lexias, Apricots, Peaches, Pears, Nectarines, Prunes and Muscatels.

ORDERLY MARKETING

So the hand of organised orderly marketing, controlled as the situation demanded, and in the meantime the industry continued to expand. In the year 1911, the industry had grown to that stage when the crop of currants and sultanas was more than requirements for Australian consumption, and the A.D.F.A. met this by declaring a percentage of the crop that should be exported to markets which were less remunerative. Every A.D.F.A. grower, through his packers and agent, exported his quota and thus maintained organised orderly marketing in Australia.

Until 1912, Mildura and Renmark remained the main producing settlements for dried fruit, but in 1912 Merbein and Nyah came into bearing, and the production of dried fruits expanded considerably.

By the year 1913 troubles were commencing to develop. Growers "outside" the A.D.F.A. were selling their whole crop in the sheltered home market and leaving the Association growers to carry the whole of the export.

In 1914 the war intervened, and all dried fruit prices for the next few years were higher in export markets than they were in Australia, and the picture is then seen where the "outsiders" in many cases exported all their fruit because the export markets were more remunerative.

THE 1915-23 PERIOD

During the period 1915 to 1923, conditions in the industry were very prosperous. They were the boom years, and the Commonwealth and State Governments repatriated returned soldiers as settlers, opening up the large areas of Merbein West, Birdwoodton, Woorinen, and Red Cliffs, while in South Australia, Berri, Barmera, Monash, Waiakerie, Cadell and other settlements were opened, and with these areas coming into bearing an enormous expansion of production took place.

The A.D.F.A. were watchful of the future of the industry, and in 1921 foresaw two things.

1. The inevitable fall in world prices which would take place when Smyrna and the Levant generally again reached production after the war.
2. The very large tonnage the Australian production would reach in a few years.

At the Federal Council meeting held in November, 1921, a committee consisting of Messrs. W. B. Chaffey, A. E. Ross, H. D. Howie, T. C. Angove, and F. L. McDougall, was appointed to go into this matter. This committee saw that a return to pre-war prices for Currants, Sultanas and Lexias would be fatal to the Government repatriation schemes, and, of course, to the whole industry, so they initiated meetings and conferences with State and Federal Ministers in an effort to obtain preferences for Dried Fruits in Great Britain and other countries of the Empire. Their report was a most remarkable document, in so much as it forecasted that the crop of dried fruits in 1922 would be 19,000 tons, with 8000 tons for export, and that by 1927 it would increase to 53,000 tons, with 39,000 tons for export. When the 1927 crop was actually harvested, the tonnage was 55,000 tons.

EMPIRE PREFERENCE

As the result of the representations made, the movement for Empire preference was started.

The committee forecasted that world prices must inevitably fall, and at the latter end of 1923 prices fell from £90 to £45, and the industry was thrown into a very serious position, but the A.D.F.A. stuck to organisation. They declared an export of sultanas for 1934 season equal to 87½ per cent. of the crop. "Outsiders" again sold their fruit in the sheltered home market, and with the enormous increase in tonnage the position was more than the A.D.F.A. could carry, therefore they appealed to the State Governments of South Australia, Victoria, Western Australia and New South Wales for statutory legislative control of the industry, and to the Commonwealth Government to establish an Export Control Board.

DRIED FRUITS ACTS

The Governments, seeing the gravity of the position, passed the Dried Fruits Acts, which became operative in 1925. This stabilised the industry again and gave organised orderly marketing the statutory powers which it must have to be entirely successful.

The Boards appointed under the State Acts fixed the percentage of the crop which could be sold in Australia, and nothing could be fairer, because every grower would take his equitable share of sales in every market in which Australian fruit was sold.

In 1925 the benefits of the work of the 1921 committee on preference were realised, and British preference was granted in July of that year.

The A.D.F.A., after the establishment of the State Boards, has still remained the body which has fixed the prices and terms and conditions upon which dried fruits are sold in Australia, and to show the confidence the firms "outside" the A.D.F.A. have in the integrity of the Association, some of them quoted their prices to merchants and growers as follows:

Sultanas ¼d. per lb. below A.D.F.A. prices on date of delivery.

No better advertisement showing the necessity for that remarkable organisation, the A.D.F.A., can be imagined. Since the establishment of the State and Federal Boards the industry has gone along steadily, meeting the ups and downs of the world's markets, but all the time these Boards and the A.D.F.A., working in hearty co-operation for the uplift of the industry, have been successful with the assistance of the Commonwealth Government in securing preference in Canada and New Zealand. All these movements have been of enormous assistance during the time of very low prices in the world's markets.

THE DECISION OF THE PRIVY COUNCIL

This year, and only recently, the decision of the Privy Council in the James case, cut right under the basis of organised orderly marketing, but once again the A.D.F.A., anticipating the possibility of an adverse decision, representing 92 per cent. of the growers and tonnage of the industry, completed an agreement with the Independent Growers' and Packers' Association in South Australia and other firms not in the Association but representing another 7 per cent. of the production, whereby all parties agreed to support the export quota as declared by the State Boards. This meant the complete agreement on the principles by 99 per cent. of the total Australian production. The A.D.F.A., in conjunction with the Statutory Boards, is now closely watching what is required for the welfare of the industry for the future.

SUPPORT THE ORGANISATION

This story shows that organised marketing and effort has controlled the destiny of this industry since its inception—without it this industry would not exist, therefore,

every grower should throw his weight behind the organisation, which has brought the industry all the way from the time it produced 1000 tons per annum until the present day of a 77,000 ton production.

Some growers may wonder why the Association supports the system of selling the growers' fruit on consignment, and opposes selling for cash. The reason is simply that 40 years of experience in our industry where the values of the commodity are subject to considerable fluctuation have proved that the consignment system gives the grower the best possible return. Taken over a period of years the grower cannot obtain more for his fruit than the average market price spread over the period. The Association aims at getting the best average market price obtainable and regulating the remuneration the agent shall receive for his services. Years of experience have proved this to be right. In any cash transactions, the advantages are all with the cash buyer, because being a business man he has the advantage of information concerning the crop position in other parts of the world, therefore, if a rise in price is likely to occur, the grower who is the seller, is undoubtedly at a disadvantage.

Taking Currants, Sultanas and Lexias for the five years 1931 to 1935, the only occasion when the cash buyers' prices worked out in favor of the grower was with Sultanas in 1933, Lexias in 1934, and Currants in 1935. One of each fruit in five years, on all other occasions the grower selling the fruit under the consignment system through the A.D.F.A. has benefited from prices which were £2 to £18 per ton higher than the cash buying price.

Carry this Thought: "If the Industry could not market 1000 tons without organisation, what would happen in marketing 77,000 tons without sound marketing methods?"

This story gives a short record of 40 years of unbroken and successful effort. Let every grower make it his responsibility to support that great work which has never been surpassed in any part of the world.

The A.D.F.A. is built on that great principle, equity for all, every grower should share the benefits of every market—nothing could be fairer, and we recommend it to all growers as sound.

SCOPE AND PURPOSE OF THE A.D.F.A.

CHARACTER OF ASSOCIATION

The Association is a bona-fide Association of Fruit Growers, banded together for the preservation of the Australian Dried Fruits Industry, and for the establishment of fair conditions between Grower and Consumer.

PURPOSES OF ASSOCIATION

1. Grading and classing of fruit, and establishing an Australian standard of quality. (Recently brought under the Statutory Boards).
2. The promotion of sales throughout the Commonwealth of Australian Dried Fruits.
3. The regulation of prices so as to check speculation, and protect both Grower and Consumer.
4. Fixing proper terms of delivery and payment.
5. Opening export markets, and apportioning fruit for this purpose.
6. Dealing with all other matters affecting the Dried Fruits Industry.

EQUITY AMONGST GROWERS

The object of every decision is that all Growers of similar fruits in the same locality, working under Association conditions, shall be, as near as may be, on the same footing.

A fundamental principle of the Association being entire parity between members, it is recognised that in the event of any Grower or section of Growers being involved in any fortuitous hardship, it is a function of the Association to deal with any and every presented case upon its merits.

POLITICAL MOVEMENTS AFFECTING ASSOCIATION

It being eminently desirable, in the interests of all members, that all matters affecting the Federal Customs Tariff, Australian Industries Preservation Act, Preferential Trade in Overseas Markets, and other political matters, should receive formal and official attention, it shall be a duty of the Board of Management to undertake the regular consideration of such matters, and take such steps as may be necessary to protect the interests of all Growers.