

avoco news



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Director's Review

Driven by results

Director JOHN CARROLL outlines how the 2019-20 season is shaping up for AVOCO after what was one of the toughest years in business.

This time every year, we approach the season with a positive attitude and bucket loads of enthusiasm for an industry that has plenty to be excited about.

Global demand for avocados continues to outstrip supply and off the back of this in New Zealand, we continue to see strong interest in large-scale avocado developments, especially in Northland.

Last season had challenges affecting the whole industry but turning the page on those, we are confident the 2019-20 season will reward growers who follow 'best practice' and whose fruit remains all-market compliant.

We are expecting to handle nearly 2.2 million export trays – an increase in crop volume of 20% compared with last year. About 21% of trays will go to Asian markets as part of our AVANZA programme and the balance will go to Australia.

Of the 1.7 million trays being shipped across the Tasman, over 85% will go direct to retail. This is a pleasing result given the challenges we faced in-market last season and the increased competition from Australian growers who continue to produce high quality fruit in large quantities.

Our Australian retail programme is already underway, having started early September. This will run right through until February.

On the harvesting front, we expect to have about 80% of fruit harvested by the end of 2019 with the remainder picked by the end of January. As we start each season, we have to match our expected size profiles with what our offshore customers require. Every year there's a set of variables that we have to manage, but we are comfortable with what we expect we'll have flowing through the system at different periods of the harvest.

The regional spread of supply this year is very different to what we normally see. About 22% of fruit will come from Northland, with the remaining 78% of fruit sourced from orchards in the Bay of Plenty. This is due to a lighter than normal crop in Whangarei and the sale of some Far North orchards which has had some impact on our supply.

Yet on a really positive note, we have generated significant support from a number of new Bay of Plenty growers who have joined us by signing up to supply packhouses that we partner with right across the region. This demonstrates a real vote of confidence in our packers and in our ability to deliver outstanding returns. Despite difficult market conditions last season, AVOCO's results were clearly superior

to all our New Zealand competitors and that has been recognised.

This season we'll be handling in excess of 60% of the national export volume, which is a great position to be in.

FRUIT CLEARANCE MODELS

One of the biggest setbacks for our industry last season was the removal of the Offshore Product Inspection pre-clearance programme by Australian authority DAWR. The system replacing it last year proved very problematic, leading to consistent delays, which put pressure on the age and performance of our fruit.

This season, DAWR has signalled that a percentage of our fruit will be allowed to be made available for pre-clearance. This is great news and should lead to greater efficiencies overall.

The balance of our fruit not available for pre-clearance will be handled by our specialist avocado receivers in both New South Wales and Queensland, where the majority of volume required for AVOCO's retail chain programmes are directed. These facilities have been accredited by DAWR to deliver all services required to ensure fruit is delivered in a timely way to distribution centres belonging to Murray Bros. in Brisbane and Fresh Produce Group in Sydney.

PACKING PROGRAMME

We started packing fruit for export in the third week of August, with volumes picking up to



about 70,000 trays a week by the end of the month. Packing will go up a gear steadily from here on in and before long, we expect to be packing about 100,000 trays a week right through until early January. Volumes will ease just slightly after the New Year, but we'll continue operating at almost full steam until the end of January.

Our management team likes the slope of our harvest curve and thinks our growers will be pleased with how our flow plan will meet their own harvest expectations. A lot of thought goes into planning each season and it's a constant balancing act, trying to meet our customer commitments and secure value for growers.

AVANZA MARKETS

While other exporters have begun to make a great deal of noise about Asia in the past couple of years, it should not be forgotten that we have been quietly growing these markets since 2001 when AVANZA was first developed as a marketing channel and brand in its own right. We've always held the belief that it was important for New Zealand to have markets it could rely on outside of Australia, especially in years of high volume. These markets have now sprung into life, attracting fresh interest from avocado suppliers. As we head into a period of increased competition from New Zealand exporters and other avocado-growing nations, we believe our history in Asia, long-standing relationships with key buyers and our full-service support for ripeners and retailers, will enable us to grow these markets even further.

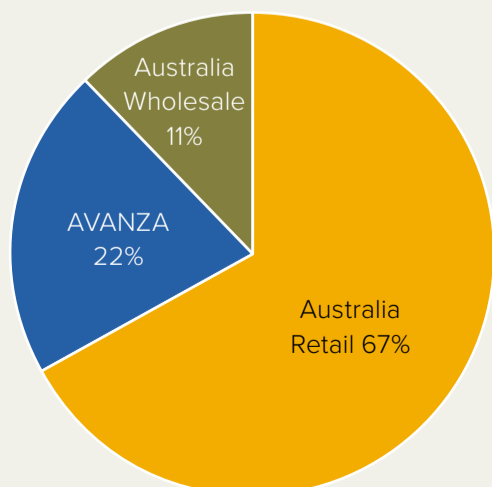
EXPERIENCE COUNTS

New Zealand companies like ours operate in a competitive global market and we'll constantly be judged on our performance. We welcome that. We've always said that no matter what market conditions we face, we have the experience and strong relationships with customers to overcome any challenges that come our way.

2018-19 was the toughest season of my 30-year career in this business, but our results proved the battle was worth it. People should have confidence in our ability to deliver no matter what.

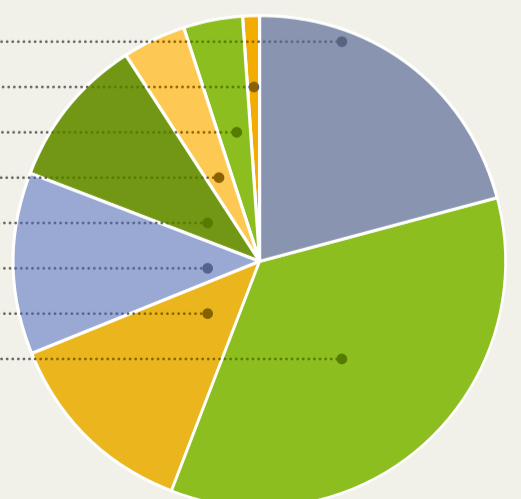
We wish all our growers, those new and those who have been with us from the start, a very fruitful season.

AVOCO MARKET SPLIT 2019-20



AVANZA ALL MARKETS 2019-20

Japan	21%
Malaysia	1%
Taiwan	4%
India	4%
China	10%
Thailand	12%
Singapore	13%
Korea	35%



Avoco Market Update September 2019

Behind The Scenes

Your AVOCO Grower Relationship Committee, led by chairman HUGH MOORE, reports on policy updates and issues important to growers and the supply group.

As you read this, the export season will have started, and the first consignments will have been shipped. At this point in time the fruit quality on the trees is looking better in the Bay of Plenty with decent size and less wind rub. There is a little more ridging caused by the cool temperatures during spring.

Of top priority this season will be monitoring fruit quality in the marketplace as we can't allow a repeat of last season's rot and quality issues. There is no doubt that the previous two seasons showed these issues, but not to the same intensity.

All parties have an important role to play from growers, harvesters, packers and transport, to the packhouse and then onto the market place. As you should all be aware now, AVOCO is putting a large resource of staff, effort and experience into looking at every process to limit fruit damage and the potential for rots. Body rots start in the orchard where the four rot fungi are present all year-round, some in the summer months and others during winter.

Damage at picking, during transport and packing can also increase rots that are caused from lenticel damage and chilling injury. The post-harvest sector is being looked at and tested through every part of the process to try and eliminate further damage.

Growers need to use the information provided by NZ Avocado and the AVOCO Quality Team to help solve our end of the problem. Please keep up with your monthly copper program by thinking "Copper first" and insecticide second! We need to have copper cover now and at fruit set to limit fungi potential at the period when we have late spring rain, which is the explosive time for rots.

The next important action is the picking and handling process that should be controlled by us. Every time a cherry picker moves, fruit is damaged in the bag – even when the fruit is dry. Ensure your harvesters do not drop their bags as this increases the damage ten-fold. The pressure on the fruit in the bottom of the bag causes them to grind together. How would you feel if our picking bins were 1.5-1.8m in depth? You would not fill it as it would cause damage to the fruit, yet you allow or insist that harvesters drop their bags. Consideration should also be given to health and safety in this regard. Should a cherry picker tip over with a dropped bag, you could be looking at a share of a \$60,000 fine under your responsibilities as a PCBU (person conducting a business or undertaking).

The AGRC has met twice since the last newsletter with the following issues being discussed and actioned:

- Fruit drop monitoring survey
- Finalising the auditing of AVOCO packers
- AVOCO grade standards
- In market out turn monitoring of fruit for grade and quality
- Pool audit results
- Quality Team business proposal and budget
- China packing payments for packers
- China tray payment for growers
- Forex report
- Packaging and service charge schedule update
- Review of pool incentives, Christmas picking and packing payment, Christmas fruit availability, late harvest incentive
- Insurance renewal update for the 19/20 season
- AVOCO director marketing report

The packaging and post-harvest service charges, which are a part of the packaging equalization system, will be published on the



BE VIGILANT: AGRC chairman Hugh Moore is urging growers to ensure their avocado pickers don't drop their bags at harvest time.

website. These charges are paid by the entity pools to the packhouse and are not included in the packer's contract that growers sign. They are monitored and approved by the AGRC on behalf of the pool.

Please feel free to contact your local AGRC

member for further information on any of the above subjects along with any issues you would like to raise at the next AGRC meeting in October.

Fingers crossed for a profitable season without the quality issues of last year! ■

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Q&A

Aurelie Tabourin

Avocado growers packing with Apata have a new friendly face to approach for valuable advice and support in their orchards. AURELIE TABOURIN, known by her nickname "Lilou", manages the needs of growers and arranges for orchards to be picked.

What does your role involve and what are you responsible for?

I'm a harvest coordinator and grower services rep at Apata in the avocado division. I work alongside the growers, the avocado team, the transport division and harvesters to ensure we give the best service to our growers year round. During harvest I am busy planning and organising the picking of each orchard and dealing with any needs that may arise.

What were you doing before you worked at Apata?

I've worked in the horticulture industry for the past 11 years. My most recent role was in the Northland region working as the hydroponic raspberry manager for Onyx Horticulture and Maungatapere Berries under the Malley family

for two-and-a-half years. During this time, I completed the Horticulture NZ Leadership Programme.

I'm familiar with a range of crops and was an avocado harvester for seven years. I loved working amongst the trees.

How did those roles prepare you for the work you do now?

I gained considerable experience managing teams, which helps me now when planning the harvest. These experiences have also taught me to always try to come up with solutions rather than problems.

I can easily identify hazards out in the orchard and react in the best possible way to them. And I have gathered some helpful knowledge along the way about plants and trees, pests

and diseases, nutrition and different growing practices.

There's a growing awareness in the industry about how important it is to follow best practice and technical excellence. What are your tips for growers?

Following best practice is the best tool we have at the moment to try and minimise fruit quality issues. The team at Apata and I are available to help growers make positive changes in their orchards and answer any questions.

In your view, why are avocados so popular to grow and consume?

The avocado tree is a beautiful tree to grow, the fruit is very nutritious and with a lot of known health benefits. People are becoming more conscious about what they eat these days.

What do you love about horticulture and the avocado industry?

I am passionate about plants and trees. I love growing things myself and get very enthusiastic about the results I get. It is rewarding to see the



Aurelie Tabourin, Grower Services Representative for Apata.

result of working the land and I thrive on learning about it.

I particularly love working with avocado trees. We're still learning a lot in this industry and I find it so interesting to hear about the different trials or practices around the place and what we can learn from them.

When you're not working for Apata, how do you spend your free time?

I am an outdoor person. I like to feel connected with nature. I enjoy bush walks and going to the beach. One of my passions is music. I have been learning guitar for about three years now and I enjoy a singalong twice a week with some talented musicians.

Avocados are such a versatile meal ingredient. How do you enjoy eating them?

The old classic way for me...on toast! ■

Export Report

Change of tactics in China

AVANZA targets the wealthy with a new marketing campaign aimed at securing sales.



AVANZA is doubling its exports to China this season.

A guerrilla marketing event and running chef competitions are some of the innovative promotional campaigns planned by AVANZA to drive avocado sales in China this season.

This is the second year New Zealand avocados will be available in the Chinese market after gaining access in January 2018.

It's seen as an important market for New Zealand with a huge appetite for imported avocados.

Over the last six years the Chinese market for imported avocados has grown from 273,000 trays to 8 million trays in 2018 and indications are the market is likely to grow by more than 25% per year for the foreseeable future.

AVANZA is positioning itself as the supplier of premium quality New Zealand avocados and is doubling its exports to China this season with plans to send 47,000 trays over 14 weeks, starting September after China Customs officially recognise the MPI list of approved 2019-20 season packers.

AVOCO's marketing and communications manager, Steve Trickett, co-manages the market with Tony Ponder, and says shipments to China have the potential to grow.

"Subject to quality and market conditions prevailing we have an opportunity to lift this volume further," says Steve.

AVOCO is exporting avocados to China under the AVANZA brand.

In-depth market research shows avocados are a symbol of prosperity and China's growing middle class is a target market.

"Primarily we are targeting the younger generation of both male and female consumers who are health-conscious, digitally connected, experimental 'foodies' who can afford our product," says Steve.

"Also young mothers and housewives who do the shopping and place great importance on providing their family safe and sustainably grown nutritious food."

To capture that market AVANZA's major promotional emphasis will be on an extensive in-store merchandising campaign where demonstrators can directly engage with shoppers.

"This was tried and proven last season," says Steve.

Other campaign elements include use of an AVANZA digital programme on WeChat, a social media platform heavily used by Chinese.

Another activity early in the season involves a 'guerrilla marketing' event in Shanghai designed to attract the attention of shoppers and highlight the availability of AVANZA avocados in nearby stores.

"We will also be running a chef competition with the objective of stimulating the creation of new avocado recipes that might fit into a Chinese style of cooking that's able to be easily followed by home cooks.

"Modern wealthy Chinese like to be seen to buy international goods and to experiment with new recipes, so this should play well with these target consumers."

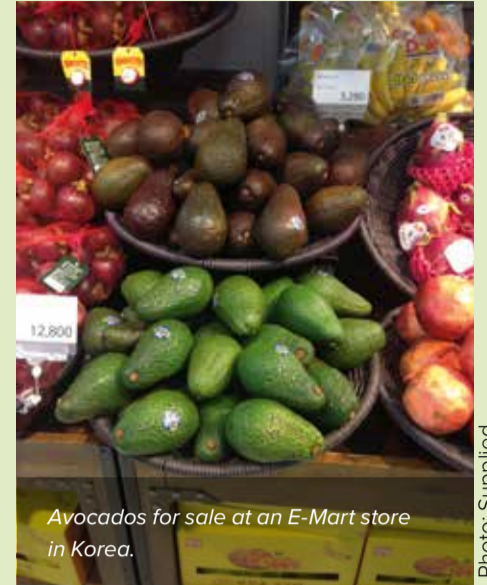
The New Zealand avocado industry's plan for access to China this season is around 140,000 trays.

Based on these numbers AVANZA's share will be just 35% of the industry total, says Steve.

"However at the same point last season, the exporter flow plan had AVANZA at 67% and we ended up contributing 85% of New Zealand's total, so time will tell.

"It is, however, encouraging to see that other exporters are signalling an intent to ship and help develop awareness of New Zealand origin fruit in this vast new market." ■

AVANZA on target for record exports to Korea



Avocados for sale at an E-Mart store in Korea.

Photo: Supplied

New Zealand avocados are set to make inroads into the Korean market, capitalising on the shortage of avocados caused by a small California crop and low volumes from Mexico.

B ut stiff competition is on the horizon with Peru poised to enter the Korean market in direct competition with New Zealand.

AVANZA has allocated about 165,000 trays for the 2019-20 season.

"This will be the highest volume should all go to plan," says market manager Martin Napper.

Last season New Zealand shipped 207,000 trays to Korea in total and AVANZA's share was 61%. This season a larger volume is expected to be shipped as New Zealand exporters target the growing Korean market.

AVANZA shipments to Korea started late last month with the last customers due to receive containers in January, when the new California crop is expected to hit the Korean market.

"The biggest opportunity for AVANZA supply is early in the season before the new Mexican crop arrives in November," says Martin.

"Peru was due to gain access to Korea this year, but some of the protocols are still not in place.

"They have the potential to push supply into our traditional September/October window so we must work to ensure our fruit is preferred when Peru achieves market access next season."

AVANZA's marketing strategy is to target young single and married females.

"They are the most health and diet-conscious demographic in Korea," says Martin.

"Mothers with babies is also an important sub-group as avocado is a great first food for babies."

AVANZA is also considering making YouTube videos using a celebrity chef to teach some trainee chefs about avocados.

To ensure the brand remains visible, AVANZA is continuing to maintain an extensive retail programme with permanent ripe fruit graphics set to support in-store sampling activity.

AVANZA will continue partnering with Maeil Beverage in order to benefit from the company's wide-reaching online presence. Maeil will run digital promotions combining AVANZA avocados with its almond soy milk following the success of previous campaigns.

Martin says Latitude will also remain as AVANZA's in-market agency for promotion, which will also feature work with chefs to grow awareness of the use of avocados in food preparation.

Promotions are funded dollar for dollar from NZ Avocado's Contestable Fund, which has helped AVANZA grow demand for fruit in the market.

Import figures for Korea indicate promotional activity is leading to increased consumption of avocados in Korea. Last year it imported 2.1 million trays – up 94% compared with 2017.

Martin says to ensure AVANZA maintains a good share of this growth, it must have consistent quantities of good quality fruit to supply. He adds it's equally important that growers remain "all market" compliant. ■

Director's Review

Quality – our mission for happy customers

Following the challenges of last season, AVOCO director ALISTAIR YOUNG reminds growers to do their bit and adhere to best practice at harvest time.

Hi all, welcome to the 2019 avocado season. As I write this the wind is whipping through my house block and the showers are keeping my canopy wet.

Our first containers have arrived in our export

markets and, to be fair, they are only average quality. There is lenticel damage and the odd rot in the trays.

The Quality Project is making good progress with the main initiatives well underway.

The cool stores' temperature settings and

ranges have been changed to reduce the risk of chilling injury.

The grade standards have been settled on with the change from 7% majors to 2% implemented in all sheds (this is the same standard as we asked to be packed last season). This standard aligns the specifications of our fruit with the requirements of our major retailers and goes some way to competing with the fruit from South America that we fight against in Asia. I'm disappointed the industry has not been able to make this change in time.

Our Quality Team is in action in many areas focusing on water blasting, residue testing and monitoring weather while managing picking "windows".

We have four volunteers from packhouses that partner with AVOCO and they've put their hands up to travel to Australia to perform outturn monitoring activities and assist our ripeners in

repacking if required. Thank you to those people – your expertise is going to be so valuable to our pool.

And so, this leads to how we, as growers, are managing the picking process on orchards.

The weather forecast for spring is not promising. It will, at times, be wet and even when it's not, the fruit will be fragile. No dropped bags, no fast trips up the track on the tractor and please, no front forks for the bins. Am I nagging? No, I'm paranoid that we will not achieve our quality targets if we do not improve what we do.

Our very future depends on getting this right. I personally look forward to being able to write about another subject! ■



AVOCADO ON SOUR DOE

Diet-conscious consumers targeted

Healthy consumers will be targeted across South East Asia this season, while AVANZA strategically delays exports to counter competition from Peru.

South East Asia is developing into an important region for New Zealand exports and health-conscious consumers are the key to capturing the market.

AVANZA is doing just that by making inroads into Thailand, Singapore, Malaysia and India.

Its market strategy is to increase efforts to target health-conscious consumers around the age bracket of 22-45. This diet and exercise-conscious group has become more discerning about what they eat and are now more focused on superfoods like avocado.

To ensure Asian consumers make New Zealand avocados their first choice, AVANZA has been engaged in education and tasting programmes.

Market manager Henry McIntosh says social media is allowing them to easily reach and educate a huge audience in all markets.

"We reached over 20% of all Singaporeans with our activities last season, and we will be replicating the campaign in Thailand this season."

Social media is now a major part of AVANZA's plans in South East Asia,

"Influencer marketing, in particular, is a very effective way to reach a young, health-conscious audience.

"In-store sampling continues to be a key part of our marketing in each market, but as each market begins to mature, we begin to introduce other activities to build the brand and further educate the consumers.

"We will be activating some exciting new campaigns in South East Asia this season."

"Influencer marketing, in particular, is a very effective way to reach a young, health-conscious audience."

Henry will also work closely with NZ Avocado to create some new grower-focused material to give consumers an insight into New Zealand avocado orchards.

New Zealand's mandatory industry standards and innovative systems are enabling consistent supply of premium quality, safely farmed, sustainable avocados. This is leading to New Zealand avocados gaining more popularity and preference in global export markets.

AVANZA will begin exporting to South East Asia early September and finish in late January. Around 130,000 trays will be headed for South East Asia and 20,000 trays to India. That's approximately 60% of all New Zealand avocado exports to South East Asia and 90% to India.

Peru is the biggest competition to New Zealand avocado exports in the region and Henry says Peruvian avocados can greatly affect the value of fruit in the early part of the season.

"Peru will ship into Thailand and India at lower values.

"We will not be focussed on trying to compete with them. Instead, we will delay our start slightly in both markets." ■

Rugby plays key strategy for Japan

Spotlight on All Blacks will increase the profile of New Zealand avocados in World Cup year.

Not many associate rugby with avocado, but AVANZA is about to do just that.

It's running a campaign coinciding with the Rugby World Cup to boost the profile of New Zealand avocados in Japan.

The Rugby World Cup will be held from September 20 to November 2 in Japan, running through the main period of AVANZA's shipments there.

Export Manager Ted Thomas says it's an opportunity to run a targeted PR and consumer campaign with messaging designed to lever off the strong recognition New Zealand has in Japan because of the All Blacks.

"An example of the communications message is, 'Be victorious with AVANZA avocado, filled with power from New Zealand's land'," says Ted.

A collaboration between AVANZA and one of Japan's Top 16 Rugby teams, Kubota Spears, has been negotiated allowing AVANZA to promote avocado as a power food for rugby players.



Two consumer campaigns are also planned, says Ted.

"One run over the Rugby World Cup period will invite consumers to take photos of their kid's sports teams. Twenty winners will be selected each month to receive a tray of AVANZA avocados as a prize.

"The second is a continuation of the AVANZA 'avocado detective' campaign challenging consumers to send in a photo of an AVANZA avocado in say a dish or fruit bowl, using a designated hashtag and advise where they purchased the fruit. Ten winners will be selected each month to receive a tray of fruit to be shared with family and friends."

AVANZA has scheduled just over 100,000 trays for Japan this season.

The pre-season industry flow plan indicates about 160,000 trays in total will be destined for Japan, suggesting AVANZA's market share of New Zealand's shipments will be about 62%. This is a significant change from the 96% that AVANZA accounted for last season.

"We have seen in the past exporters indicate a plan to ship to Japan then not deliver, so AVANZA's share is typically always 90% or more," says Ted.

"However, as reflected in the industry flow plan, this season may be different as many exporters see the need to try and find more homes for fruit beyond Australia given the likelihood of challenging market conditions for them there." Japan offered good long-term growth prospects, says Ted.

"The true value of the Japanese market and the investment made by AVANZA and our growers in maintaining a presence there, will likely be realised in the next three to five seasons." ■

Technical report

Innovation: Chasing the Big Five

Technical consultant **JEROME HARDY** reports on an innovative commercial trial underway near Whangarei.

Three years ago, AVOCO growers Garry and Charlene Cliff erected a trial Quiedan plastic tunnel over a row of four already established avocado trees on their Maungatapere orchard. The older trees included an older Hass tree on seedling rootstock suffering from waterlogging and Phytophthora root rot. Over the following year they also planted 10 new clones under this structure.

The trees were irrigated, fertilised and sprayed to normal practice. Over the following three years I have been able to monitor these trees with Garry and the results have been extraordinary. With the ability to directly compare trees under cover to field-grown trees immediately adjacent, we have observed:

- A radical improvement in tree health of the sick tree driven by the ability to control how much water is applied
- A complete absence of fruit staining inside the tunnel
- Increased fruit size
- Strong spring flush, increased fruitset, more consistent fruit set and higher year-on-year yield
- Reduced wind-rub and ridging

These are the 'Big Five' goals; the challenges that drive profitability up or down for any grower and achieving all of these, all of the time, are considered near-impossible. But, for Garry and Charlene, the 'growing under cover' concept brought it all within reach. They were so impressed that last autumn the Cliffs and Phil Reed from Quiedan Company teamed up again to plant a commercial trial block of 300 trees on a half hectare site, all under plastic.

"Based on our experience so far, packouts of 99%-100% and increased fruit size, yield and consistency should offset the extra capital cost, and more," says Garry.

Lessons learnt from the first tunnel were put to good use on this multi-tunnel development and the first commercial high density planting

of avocado trees, planted under cover in New Zealand, is now under way. Key considerations were achieving the correct spacing for the height of the structure and allowing for machinery access. Resource consent and managing run-off were also significant aspects of the project.

Trees are planted in a double row 3.2m wide, with 4m spacings down the row. The double rows are separated by a 'working row' 5m wide that runs down the centre of the tunnel. Each tunnel arch is 8.25m wide and 5.5m high. The layout consists of a mix of rootstocks and scions, though the main scion is Hass.

With support and guidance of the AVOCO technical team, the trees will be fertigated and pruned three times a year to manage a 'succession plan' of strong spring-grown fruiting wood, maximum light interception and optimal tree height and spread. In the future, maximising pollination under a large structure will be a priority, but it helps that Garry is a beekeeper himself.

For anyone who wants to learn more, have a look at the avocado video clips on the Quiedan website www.quiedan.co.nz or chat to Phil at Quiedan on 027 238 8822 ■



A rising two-year-old tree under the Cliff's first plastic tunnel.



A tree that has recovered after management in a tunnel growing environment.

Photos: Supplied

Spring pruning tips

AVOCO's technical team of DANNI VAN DER HEIJDEN, COLIN PARTRIDGE and JEROME HARDY outline the latest advice related to spring pruning.

STRUCTURAL PRUNING

If possible, select and mark a limited number of the most obvious/highest branches to strip in the first pick, and prune by November. You can spread the annual workload by doing 1/3 of the pruning in the spring.

Finish in the autumn, following the core principles of; reducing height, creating space, and allowing light interception around selected leaders.



Determinate flower panicle.



Indeterminate flower panicle.



Branch to target for flower pruning

FLOWER PRUNING

Heavy flowering can result in slow development of new vegetative growth after flowering, especially if a high proportion are indeterminate panicles. It is new flush that is required to create new flowering positions for the following year so growers should consider pruning a percentage of flower panicles off trees that have a heavy flower load.

Flower pruning can also help to:

- Balance crop load
- Encourage return flowering
- Increase fruit size (through balancing crop load and reducing tree stress)

- Increase fruit canopy coverage (through the removal of exposed panicles, and the growth of flush to cover fruit)

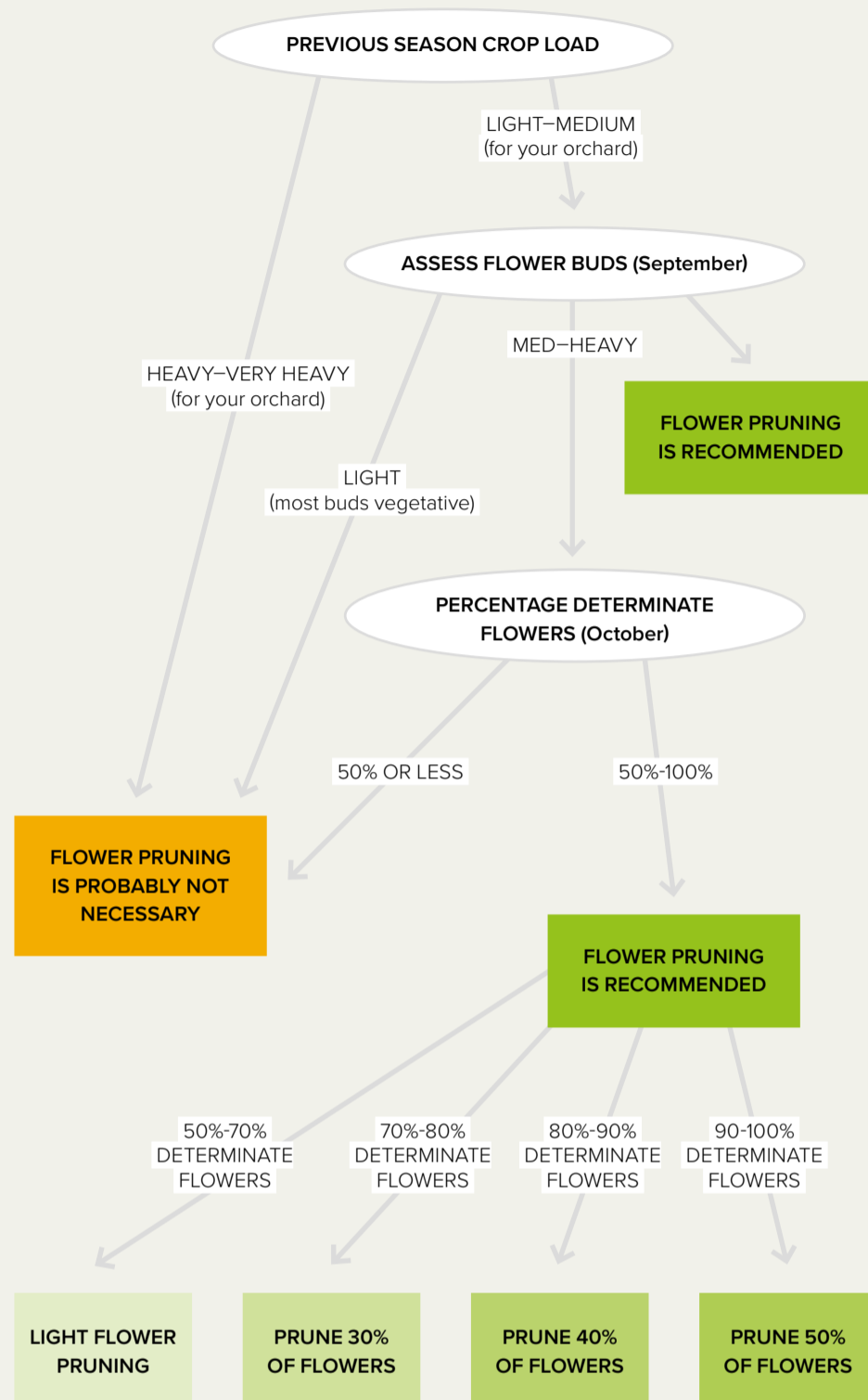
When should flower pruning be done?

The earlier flower pruning is done, the stronger the effects. Flower pruning can be done as soon as buds can be identified as plump flower buds (from end September) up until the open panicle stage (October to mid-November). Pruning after end November results in less benefits however.

How do you tell if you should consider flower pruning?

Visual examination of buds from September

FLOWER PRUNING DECISION CHART



Young plant with multiple competing shoots originating from just above the graft union.

too far back into the canopy, as light on the cut surface is needed to stimulate new bud development.

Which flowering branches should you prune?

The first branches to remove are ones with very heavy flowering and few leaves, which are likely to set fruit that will remain exposed and prone to sunburn. Once these are removed, try to remove branches evenly throughout the canopy.

How many flower panicles should you prune?

Aim for 50% of the canopy with determinate panicles e.g. if 80% of your flower panicles are determinate, prune off approximately 30% of your flower panicles.

WATER SHOOT REMOVAL ON YOUNG TREES

As sap rises in spring, dormant buds are stimulated to sprout first from the lower parts of the trunk then up into the canopy of young trees. This can often result in multiple buds sprouting just below or above the graft union. If not removed, these often develop into strong water shoots that end up out-competing higher buds and altering the desired future architecture of these trees.

It is recommended that for trees up to two years old, they be inspected regularly in spring and buds seen sprouting at the graft union be removed by simply rubbing or cutting them off before they become too established. ■

onwards and also checking actual flowering intensity.

- If the previous season's crop load was light-medium and/or more than 50% of the flower panicles on a tree are determinate, you should consider flower pruning
- Determinate flower panicles do not have a new shoot growing from the panicle
- Indeterminate flower panicles have a new shoot growing from the panicle

How do you flower prune?

Cutting off up to 6 cm diameter wood to remove multiple flower panicles at once. Do not prune

Audit Report

New Zealand Avocado Company Ltd
Special Purpose Financial Statements for the 2018-19 season

AVOCO POOL STATEMENT FOR THE 2018 / 2019 SEASON

NUMBER OF TRAYS	14/16ct	18/20ct	23/24/25ct	28/30/32ct	36ct	TOTAL
Australia	127,550.00	580,779.30	522,840.00	218,869.20	50,462.00	1,500,500.50
Japan		17,361.75	37,867.20	35,774.55		91,003.50
Singapore		1,120.00	18,656.00	33,654.00	5,440.00	58,870.00
Thailand	2,515.00		11,449.00	35,506.00	112.00	49,582.00
Malaysia				2,320.00	1,054.00	3,374.00
India	650.00	12,980.00				13,630.00
Taiwan			2,464.00			2,464.00
China	3,757.00	14,857.00	3,766.00	1,345.00		23,725.00
Korea	6,408.00	49,360.00	69,502.00	912.00		126,182.00
TOTAL TRAYS	140,880.00	676,458.05	666,544.20	328,380.75	57,068.00	1,869,331.00

TOTAL INCOME	66,962,727	35.82
Less Offshore Costs		
Freight	6,189,392	3.31
AUS Ripening & Delv	2,501,954	1.34
AUS Pre-packing	91,693	0.05
AUS Other	108,984	0.06
AUS Repacking Charges	1,098,224	0.59
Insurance	720,834	0.39
Total Offshore Costs	10,711,081	5.73
FOB Total at AVOCO	56,251,646	30.09

New Zealand Avocado Company Ltd

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (EXTRACT) FOR THE 2018 / 2019 SEASON

1. Statement of Accounting Policies

Reporting Entity

These financial statements are for New Zealand Avocado Company Limited, a company registered under the Companies Act 1993.

These financial statements are an extract from the reporting prepared for New Zealand Avocado Company Limited. They are special purpose financial statements prepared to meet the directors requirements of reporting for the "AVOCO pool", being sales and expenditure of the pool to the FOB Total for the 2018/2019 season.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial performance on a historical cost basis are followed by the entity.

Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of financial performance have been applied.

(a) Goods and Services Tax (GST)

These financial statements have been prepared on a GST exclusive basis where all items have been recorded exclusive of GST.

(b) Revenue

Revenues are recognised on an accrual basis at the fair value of the consideration received or receivable for the sale of goods and services, to the extent that it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Sale of goods are recognised when the entity has transferred the significant risk and rewards associated with ownership of the goods to the customer.

(b) FOB Total at Avoco

The Avoca Pool statement reflects an FOB (free on board) return to growers. The FOB return is the net of Sales, Freight, Offshore costs and Insurance.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of New Zealand Avocado Company Limited

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the special purpose financial statements of New Zealand Avocado Company Limited (the Company) on pages 1 to 2, which comprise the pool summary statement for the 2018/2019 season, and notes to the special purpose financial statements, including significant accounting policies.

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the Pool Sales and Expenditure to the FOB total for the 2018/2019 season, in accordance with the policies stated.

Our report is made solely to the Shareholders of New Zealand Avocado Company Limited, in accordance with the Companies Act 1993. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than New Zealand Avocado Company Limited and the Shareholders of New Zealand Avocado Company Limited, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, we have no relationship with, or interests in, New Zealand Avocado Company Limited.

Emphasis of Matter

We draw attention to Note 1 of the special purpose financial statements, which describes that the special purpose financial statements are an extract from the reporting prepared for New Zealand Avocado Company Limited. They are special purpose financial statements prepared to meet the Directors requirements of reporting for the "Avoco pool" being sales and expenditure of the Pool to the FOB total for the 2018/2019 season in accordance with the policies stated. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Special Purpose Financial Statements

The Directors are responsible on behalf of the Company for the preparation and fair presentation of the special purpose financial statements in accordance with the policies stated, and for such internal control as the Directors determine is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, the Directors are responsible on behalf of the Company for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://wrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUDIT LIMITED

Tauranga, New Zealand

27 June 2019

Grower profile

Proof is in the pudding

Growing avocados at higher altitudes may not be considered ideal, but LEIGH and YVONNE NEILSON are proving it just takes smart thinking and good management.

Having grown up on dairy farms, Leigh and Yvonne Neilson have always had an affinity with the land.

So later in life, when they had the opportunity to live in Tauranga, they chose a lifestyle block on the outskirts of the city to raise their two daughters. It was the beginning of a love affair with horticulture and the Belk Road area that eventually saw them move higher up the road to develop an avocado orchard from scratch.

In doing so, they've defied convention and proven that orchards can produce fruit at higher altitudes every year.

Leigh, who spent the bulk of his career in finance, says their results demonstrate the value in not being afraid to spend money where it's needed most.

"Each year, we produce the equivalent, if not more, bins per tree than some lower altitude orchards. The proof is always in the pudding, but our strategy has been to do things right and never scrimp in lower production years because it will backfire on you at some point.

"I've seen so many orchardists in the Bay who minimise inputs and wonder why they aren't getting good production every year. You need to spend money to make money and if you think you can make money in avocados with minimal inputs, you need to re-think your strategy."

The couple bought their property and an adjoining block as bare land at the upper end of Belk Road in 2003. Situated at 140m or 460ft above sea level, it is nearing the top end of what many believe is viable altitude for fruit production. But having cared for avocado trees on their lifestyle block further down the road for many years, they felt there was something special about the area that made it conducive to avocado growing.

They planted 350 Hass trees across both blocks which, with its free draining soil and flat to gently sloping contour, was ideally suited to horticulture. Shelter trees, sheds and a house were also quickly established.

To protect the trees when they were young, Leigh boxed the avocados in with 1.5m square and 2m-high structures and left the plants to grow inside them for two winters until the shelter trees were better established.

This gave the young Hass a better start in life, says Leigh. "Coming from dairy farms we knew that if you really look after a calf when it's young, you'll get the reward later on. Our trees had some pretty good TLC in the early stages."

Trees were planted in 10m x 10m spacings as part of a deliberate planting strategy designed

to avoid overcrowding. Sixteen years later, the couple have not had to remove one tree due to their close proximity to one another.

For Leigh, the strategy was one that made the most economic sense.

"I don't believe you get an economic return



Leigh Neilson is active in his orchard, starting each day by checking his possum traps.

from a tree that you later have to take out or thin heavily in year six or seven. Plus, that tree you take out has all the while been shading the trees next to it and affecting their production."

GROWING AT ALTITUDE

Polliniser trees, including Ettinger, Zutano and Bacon, were planted alongside Hass in 2003. But due to the property's higher altitude, Leigh decided to graft over some under-performing Hass trees with additional Ettinger trees six years later.

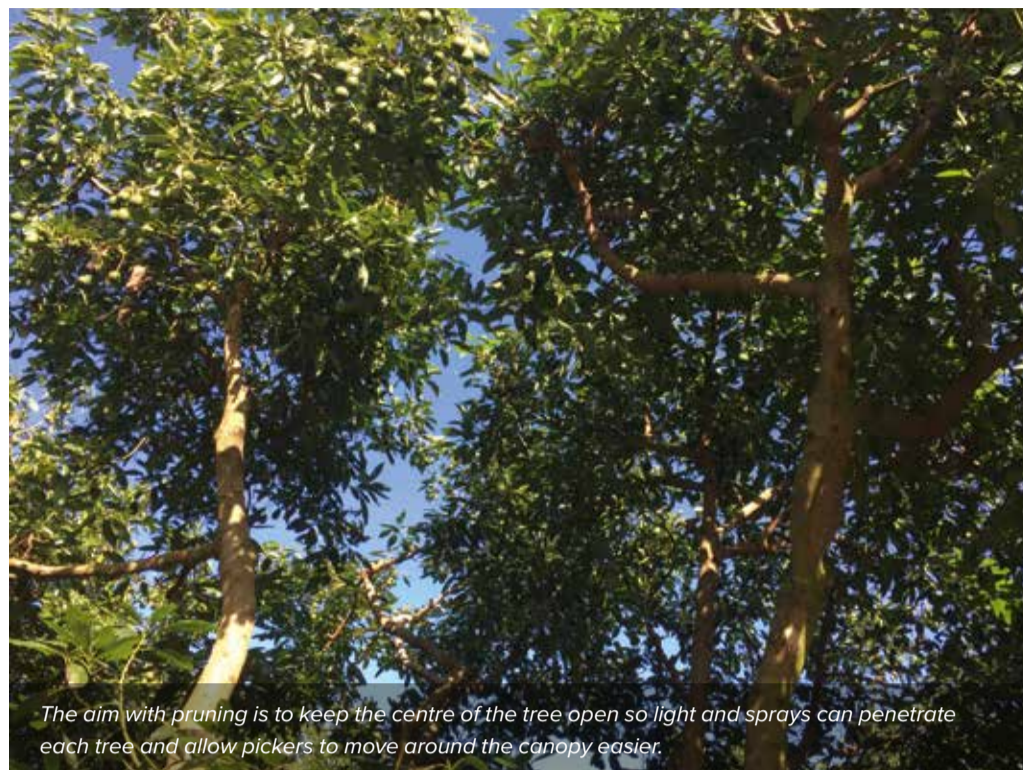
"Our philosophy at higher altitude is that you need those pollinisers as insurance policies if you have a harsh spring. We can be up to 2degC colder here than in central Tauranga, but having the extra pollinisers seems to offset any issues we might encounter in spring."

To support the work of honeybees at pollination time, the couple also buy in up to six bumblebee hives every season. "It's hard to prove the bumblebees make a difference, but now that we're getting a good crop every year, I'd be very reluctant to not get them."

Higher altitude means they have higher rainfall than other locations, which cancels out the need for irrigation over summer. They don't need frost protection as their native bush gully bordering the Kopurererua Stream generates an uplift of wind from the valley below.

"It's just enough wind to gently blow away any frost. The geography has created a very unique microclimate for us up here. We very rarely have a frost, but in the middle of winter, we can drive down to the bottom of Belk Road and see everything is white."

Six years ago, the couple sold their adjoining block to cut back on work. They've retained the main block with the house and are now



The aim with pruning is to keep the centre of the tree open so light and sprays can penetrate each tree and allow pickers to move around the canopy easier.

"If you think you can make money in avocados with minimal inputs, you need to re-think your strategy."

responsible for 150 trees across 1.4 canopy hectares.

They still keep busy on the orchard, with Leigh starting every day checking his possum traps and bait stations. Snaring at least one possum on average a week, the work is necessary to help reduce the amount of fruit damage they cause.

"Our bush gully is a natural breeding ground for possums and unlike the climate, they are one thing we can control."

He also monitors pests as part of the AvoGreen compliance programme, responding quickly to any signs of thrip or six-spotted mite.

"We put on fertiliser ourselves by hand, inject our own trees, mow the orchard and help with pruning, but we use contractors for the main pruning and spraying."

"It's important to lean on experts for advice and we've always been pleased with the technical support we receive from Jonathan Cutting at Trevelyan's.

PROACTIVE PRUNING

According to Leigh, their orchard's consistent production can be attributed to one thing - pruning. They started pruning seven years ago and have pruned every autumn without fail since. They use Brendon Cheshire as their contractor and believe pruning is 60% of the secret to producing a decent crop every year.

"It really should be regarded as compulsory, much like fertiliser," says Leigh. "It's no good titivating with pruning and being timid either. If you're going to do it, do it properly."

They prune as a way to manage the height and spacing of their trees and Leigh admits they've been guilty of letting their trees get too high in the past.

"A 6.4m hydralada should be able to pick the orchard comfortably in the future. Right now, we still have to get an 8m-tall hydralada in."

Their aim with pruning is to keep the centre of the tree open so light and sprays can penetrate each tree and allow pickers to move around the canopy easier. They're also wanting fruit to set inside the tree, an approach that ensures a greater percentage of fruit is protected from wind.

Last year in the BOP, wind rub was one of the biggest causes of reject fruit, but the Neilson's export packout was better than the average for Trevelyan's.

"We have good shelter belts, but a prevailing wind here means it's very important for us to protect the crop by having fruit grow inside the tree to reduce wind rub damage."

SPLITTING THEIR RISK

Because they produce a good crop every year, they pick twice - first around November and again in early January.

"It's a strategy that splits our risk," explains Leigh. "It lets all the smaller fruit size up and we also get the late harvest incentive payment."

Being able to supply Australia with fruit in the valuable post-Christmas window is all part of AVOCO's strategy to generate stronger Orchard Gate Returns. Leigh believes AVOCO has been instrumental in lifting values for growers' fruit across the board.

"AVOCO has the economies of scale and the credibility that counts," says Leigh. "Its development of the Asian markets has been a master stroke for our industry, but we need that to continue."

New large-scale orchard developments in the Far North combined with Australia's growing domestic production means New Zealand would be leaning on Asian markets even more in the future.

"I'd love for us to be in a position where we're sending half our fruit to Asia and the other half to Australia. But we're not there yet."

Overriding everything would be New Zealand's ability to supply quality fruit, he says.

"The success of Zespri is based on its ability to deliver kiwifruit that's of a superior quality to other countries. With its proven performance, that's where AVOCO has the edge on its competitors because if we can compete on quality, we can compete anywhere." ■

FACTS

23 ct
Average fruit size

1.4 canopy ha
Canopy hectare

83 bins
Production



The height of the Neilson's 16-year-old trees are gradually coming down as part of a long-term canopy management plan.



Photo: Artem Belialik - Pexels

Research has confirmed that consumers are less likely to accept mediocrity when shopping for fresh produce.

Changing consumer demand

For the first time a study has looked at the scale and size of the fresh produce industry, providing an economic profile and identifying consumer trends impacting on the industry.

The State of the Fresh Produce Industry report by Produce Market Association Australia-New Zealand Ltd, has identified changing consumer demand.

A product's health benefits and environmental footprint are among the considerations that consumers are taking into account when making decisions on what to purchase. Changing technology and social media are also influencing the decision-making process.

"There has been increasing consumer interest in nutritional information of all products consumed including their calories and health benefits," says the report.

"Wearable technology has seen a rise of interest in health and wellbeing data with consumers using wearable health tracking devices and apps to monitor all aspects of health (e.g. sleep, consumption, exercise, mood).

"Consumers are also being drawn to new superfoods for their health benefits, for example avocado, cauliflower, berries and nuts."

The report says today's empowered consumers are very commercially-conscious and value quality highly.

They place value on the service provided over the product and want transparency of supply chain and general operations.

This is evident through the consumer's low brand loyalty and high sensitivity to price.

"This makes creating lasting relationships with consumers difficult, especially in a food-related industry."

Consumers are less likely to accept mediocrity or settle for 'close enough', and are willing to use a range of mediums to shop, including brick and mortar and online.

"Consumers value convenience and this is highlighted by the rise of online food delivery. Consumers also want to know the origin of their product and ingredients, and whether it was sourced ethically and ingredients were locally grown."

The report adds that consumers want to know if the products and services they consume are sustainable.

"There has been a greater focus on organic and renewable products. Consumers expect businesses to operate sustainably throughout their supply chain."

CHANNELS OF INFLUENCE

The report says social media has been a major driver for changing consumer behaviour, through its ability to connect with consumers in a 24-7 digital world. This constant online presence has had major impacts for companies in the fresh produce sector.

"This includes the ability to easily reach consumers through advertising or social media influencers.

"It also means consumers have a high expectation of companies and are willing to post negative feedback at the click of a button."

The report also acknowledged the role that social media influencers play in helping to drive awareness and desire for particular fresh products.

"Consumers are more likely to purchase products that are endorsed by someone they trust and like.

"A recent social media trend is for companies to focus product promotion on micro influencers versus macro influencers as they are seen to have greater consumer trust."

The Fresh Produce industry turnover in New Zealand has increased 21.7% since 2014 to \$14.9bn last year. ■

"Consumers expect businesses to operate sustainably throughout their supply chain."

Focussed on sustainability

The awards keep coming for AVOCO growers FRANZ and SANDY IMLIG. Not only did they pick up three awards in this year's Bay of Plenty Balance Environment Awards, they've also recently won the Horticulture New Zealand Environmental Award for 2019.



By adopting smart orchard systems, Sandy and Franz Imlig have collected another award that recognises their passion for the environment.

Photo: Supplied

This award recognises a person, or an organisation, that has developed and implemented a sustainable environmental project, with identifiable benefits.

We featured the Imlig's in our May newsletter following their first award successes, outlining how their desire to improve the performance of their orchard north of Tauranga, has led to a focus on innovation and sustainability.

By challenging themselves to do things smarter, they've adopted practices that ensure they generate a crop every year whilst caring for their local environment.

The Award judges say the Imligs are

clearly "passionate about their orchard and the environment", strive for improvement in everything they do and have proven it's possible to remain sustainable while still making a profit.

"For example, they are using the latest technology to ensure their orchards use minimal water while at the same time, they have reduced electricity use by up to 46%. They also have a passion for insect life, protecting native bees and have restored several hectares planting native trees instead of pines.

Sandy and Franz are always putting their hands up to collaborate with industry activities, for research trials of products and techniques that lessen environmental impact and are known for their hospitable welcome to all visitors." ■

Your AVOCO Grower Services Team

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	Niko Tahu	0272 265 489
	Terry Russell	027 836 2342
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	Hamish McKain	027 220 2005
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	Stuart Oates	027 489 8098
	Matt Roeszler	022 319 3513
	Toni Morrison	027 265 4469
TREVELYANS	Daniel Birnie	0274 866 969
	Jonathan Cutting	027 973 3513
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GOLDENMILE FRUITPACKERS		
TEAM AVOCADO	Louise Hailes	021 506 775
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FAR NORTH PACKERS		
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