

August 2004



# Newsletter

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### **Board Comment:**

*"The Thoughts of Chairman George"*

*Back to Paul Schramm.*

It is sometime since our last newsletter was sent out and in the intervening period much has happened, some bad and some good.

Avocado prices have been on the roller coaster again this season. High early, very poor May and early June, a rapid recovery mid June, declining again over the last month, despite relatively low supplies of fruit. The price fluctuations affect fruit supply to NFC, which adversely affects company performance.

Bryan Raphael left us for personal reasons in July and we wish him well for the future. Tim Bailey has joined us in the capacity as Board Representative.

Now that Olivado has created a residual market for our reject fruit, we have a great opportunity to benefit from fruit that used to be discarded and at the same time remove the poorer fruit from the market place, which should see a general increase in the price of fruit in the markets.

We are pleased to announce that we have contracted Paul Schramm to handle marketing of our fruit from 16<sup>th</sup> August. Paul needs no introduction, though we are very optimistic that his experience, special avocado expertise and personal commitment will result in a quantifiable improvement in our price performance.

With this appointment in place Jason Cook will be able to get back to his all-important role of grower liaison.

I would like to take this opportunity to thank those growers who have stood by us in this difficult year and I have no doubt that things will only improve.

George Green

### **New Staff Member:**

Alex Kemp joined NFC on Tuesday 1 June as our Accounts manager. Alex comes to us from a vast range of experience but most recently the motor industry. We welcome her to the team.



### **Market Review:**

*Paul Schramms Crystal Ball*

Predicting the Avocado market is much like crystal ball gazing, or like some of our members crop estimates. {I hope you did not miss that Mr Green.} The market this year has been more volatile than normal.

#### The Facts

There has been a lot of late season avocados from North Queensland this year and some still around, this combined with a good crop from Bundaberg region

which is coming to a end has kept the market in it's current state. At time of writing prices ranging from \$12 - \$18 in all east coast markets and showing signs of expected improvement in the next few weeks.

The water shortage in Toowoomba and Blackbutt area will have a bearing on how fast the market recovers. The current cool weather Australia wide is not creating massive demands for your product either. The market once clear of Bundy fruit should increase a couple of dollars but demand normally increases after September school holidays with the onset of the warmer weather.

In summary the outlook is not as grim as some may believe. Communication is the key to maximise returns to you I am available from 4.30 am most mornings (mon–fri on 0438 621 579), for those of you who want more detailed and up to date information on the market, however your main point of contact will be Jason Cook on **0439713699** or **07 54413699**.

### **Olivado Update:**

#### **Oil at last**

Australia's first dedicated avocado oil production facility is up and running in Cleveland, Queensland.

The multi-million dollar, state-of-the-art, Olivado factory has been more than 3 years in the planning and building.



I was a very relieved – and delighted - man when the first avocado oil came

pouring out of the sophisticated Italian-made process on July 6.

“It was the culmination of a lot of hard work, not just from those of us within Olivado, but also by many others in the local government, construction sectors and, not least, the avocado industry in Australia.”

The oil-making system at the Olivado factory is the most sophisticated of its type in the world and has been especially designed for avocado oil. It can process several tonnes of fruit per hour and during the peak season could be run for 24 hours a day.

Olivado's operation differs from others who have attempted to make avocado oil through adapting existing processes because the entire operation has been designed from the ground up for just that purpose.

The decision to go for a greenfields operation with everything, from the building itself through to the oil process, constructed from scratch has certainly paid off.

The quality of the oil being produced by the new facility is “first class” and we expect to improve it even further in the future.

#### **Fruit For Oil:**

The new avocado oil operation is good news all-round for Australia, providing jobs, investment and export returns. Most importantly, it will assist the avocado industry to mop up low-grade fruit and receive payment for it, instead of being dumped. That will help to raise the standard of fruit going into retail and ensure a better return to growers. The New Zealand avocado industry has been enjoying some of its best returns ever since Olivado established its first avocado oil plant at Kerikeri in the Bay of Islands back in 2000.

This was realised recently when the local market boomed in July as we removed the lesser grade fruit (about 10% of the supply) from the market and prices stayed high. Unfortunately the lower grade fruit has crept back into the market, and so bringing the 90% of supply crashing. We have proven the case in NZ for 4 years, but to make it work here and increase your returns we need your help. The industry needs to work together to maximise the best price for the premium fruit. There is a saying that I think you all know, “the lowest price on the market sets the highest price”.

The most important task still facing Olivado is to educate growers on the type of fruit required for turning into avocado oil.

*“We'll take anything, so long as it isn't rotten, and we want more of it!”*

“We have been successfully processing fruit as small as a golf ball and some avocados looked like large olives, but they all went through - the sort of fruit you really don't want to send to the shops. This includes cocktails, which are great for us as they do not have a seed.”

“Basically the fruit has to be sound with no open wounds, but other than that, we don't care what shape it is. We have an arrangement with Chiquita to ripen the fruit so that it can be turned into oil – we can't get oil from un-ripened fruit.”

In an attempt to source more fruit, the price for Hass has been increased to 70 cents per kilo of fruit, Fuerte remain at 50 cents per kilo, and Sharwil, Pinkerton, Gwen and Reed at 35 cents per kilo. **We have had to stop intake of Wurtz for now due to the poor oil extraction results**, but are hoping to take it again next season when we introduce

some new processes.

I have been working closely with avocado packhouses and a number of growers to ensure a constant flow of fruit to supply the factory and I invite you to visit our operation over the coming months – work commitments at the factory allowing.

Chris Nathan

### **Administration Issues:**

*All Growers Please note:*

We have on-going issues with bin pick-ups into the Nambour shed. All growers requiring a fruit pickup from any area (Bundaberg included) **must ring NFC's answering machine Ph: 07 5441 7707 by 2pm the day prior to pickup. One days notice is required to assist us in casual staff rostering, marketing & transport arrangements.** For other sheds ring the shed contact to discuss appropriate pick-up and delivery days.

Turners transporters have asked that:

- they are **not** contacted directly with pick-up details as it can and has caused confusion.
- Your fruit needs to be ready for Turners to pick up at any time of the day that you have asked the pickup for. As they have their staff to arrange, be it for large or small bin quantities. Turners make arrangements for drivers only after we have faxed the growers pickup sheet for the following days pickups, they can then determine the expected number of hours the drivers are needed for.
- This is why if we do not receive your pickup information by 2.00pm the day prior, our transporters cannot guarantee they will be able to pickup the next day. This in turn could have disastrous impact on the condition of your fruit unless you have cold room facilities.

### **Olivado Bin Identification:**

Growers sending bins into Olivado need to be certain they are clearly sticking a label on each bin with grower name, fruit variety, kg weight & date of harvest as Olivado has hundreds of cheap bins sitting on their shed floor. If they are not clearly marked with an identifying label of your ownership & kg weight there is the possibility you may not get paid.

### **Website Up-date**

The website is finally "live" Thank you for your patience. You can now access "Market News" for the current price movements, and "Grower Services" for your packout and invoice payment details. If you are experiencing any difficulties using your grower password, please contact us here at the office. The Bin estimator is working, and showing current prices. Please pay us a visit via our website, and give us your feedback.

### **Production Report**

#### *Nambour Shed Throughput*

Avocados have been crossing the Nambour shed grading line since the beginning of March. To the end of July, a total of 2559 bins have been processed for packing – 84% of which has been Hass. Fruit has been coming in from Bundaberg, Gatton, the Tweed, Blackbutt and of course the Sunshine Coast (55%). July was the busiest month with just over 1000 bins processed, around twice that of the next busiest month. This can be attributed to July being the peak of the season on the Sunshine Coast, combined with a couple of weeks when the prices were attractive.

These figures do not include bins of fruit that have been delivered to be sent directly to Olivado for oil processing.

Overall it has been a low volume season due to a number of factors, the most predominant one being the lower than expected crop loads. Later harvest finish for many in 2003, early season heat and very dry seasonal conditions have all been blamed. Throughput has dropped off dramatically over the last 3 to 4 weeks due to the price drop.

As many growers hang on to the last of their crop waiting for the few extra dollars we all hope for once Bundaberg fruit finishes, please remember to keep quality and shelf-life at the forefront of your thoughts. These critical factors both decline as fruit gets old. Also, next years crop is in the making, and we need to be managing now to optimise next seasons rewards.

Jason Cook

### **Avocados at the Brisbane Ekka**

The Avocado Industry stand, drew a lot of attention from the public with their seed to kitchen theme. The idea was to paint a picture of the industry starting from a seed, through growing, pruning, harvesting to products – the fruit, the oil etc... Jason spent an afternoon on the stand talking to people, answering questions and handing out recipe ideas. Events like this are great opportunities for people in the industry to educate the general public and encourage them to eat more avocados, and that can only be good for us all. It is great to see some of our grower members offering their time, and I would encourage more of you to do so in the future. The average consumer really does know so little about avocados, but most do want to know!



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**Spray Diaries – Have You  
Sent In Yours?**

Under Natures' QA system we require copies of spray diaries to be sent in to us for verification, and we are also required to have residue tests performed on each supplier once per year. If you have not sprayed anything, simply write this on a copy of a spray diary sheet, sign and send in to Jason. So if you have yet to send in a copy of your diary, please do so ASAP, and if you are not sure, then give me a call to check.

**How Much Have You Got  
Left?**

I ask all growers to help out by letting Jason know how much fruit you have left to supply NFC, or if you are yet to start picking, then how much do you think you will send? While picking, Jason is making every effort to talk to you on a 7 to 10 day basis to keep you informed of market conditions, fruit conditions, picking requirements, and scheduling. As you would be aware, things have been a bit crazy of late, and Jason would appreciate your call.

**Olivado Opening:**

On Friday afternoon August 20 the Natures Fruit Company staff and Directors closed up shop at the Nambour packing shed to attend the 'Olivado Australia' official opening. It was an informative afternoon for those of us who had not seen the production plant, and to meet with people in the industry we regularly talk to. It was nice to meet Eric From, one of NFC valued growers, pictured below with Jason Cook and Gary Small.

Natures Fruit Company Congratulates 'Olivado' and is proud to be a Valued supplier, and believes that this initiative of Olivado is in the best interests of the avocado industry.



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