

November 2005



Newsletter

Chairman's Report

In This Issue:

- Chairman's Report
- Market Review
- End of Harvest Reports
- Crop Estimates for the 2006 Season
- Empty Bins
- Christmas Function
- Are you a Smart Orchardist – article from Graeme Thomas



2005 has been an extremely successful year for your Company. We have overcome the hardships of the previous few years and will come close to finishing with a record throughput since our inception. It is anticipated that we will achieve approximately 550,000 units, an increase of 50% over the previous year. This increased throughput has also restored us to first position nationally in terms of domestic market share.

Your Board and Staff have been working diligently throughout the year strategically planning your Company's future direction making sure that we capitalize on our market strength to ensure continued strong growth.

As you would be aware Andrew O'Shea has returned to the United Kingdom with his family. Andrew was an important part of our team and will be missed. We have been fortunate to appoint Andrew McKillop as Manager. Andrew comes to us with a depth of experience in horticulture-based activities and has excellent management and production skills. I would like to extend a warm welcome to Andrew as part of our team.

Our administration and packing teams have played an important role in increasing our efficiency and consequently the Company's profitability. On behalf of the Board I would like to thank them for their continued hard work and support throughout the year.

Paul Schramm has worked extremely hard to ensure the best return for our fruit and is continuing to build on our existing strong supermarket relationships whilst forging new market associations. Paul's enthusiasm and passion for the success of our Company has been a vital element in our achievements this year.

Finally, the Board would also like to thank you for your continued loyalty and support through 2005. All of us whether we are staff or growers are part of an important team that have the ability to achieve great things for our company through co-operation, hard work and loyalty.

We wish you and your family a happy and safe Christmas and a prosperous New Year. There are great opportunities for your Company in 2006 and we look forward to working together to realize these opportunities.

All the Best.
Ros Smerdon

Andrew McKillop Introduction

It is with great pleasure that I have taken this position of Manager at Natures Fruit Company. My association with the Company, be that minor, began eight years ago when I was working in Trade Development for the QDPI. Since then I have seen that NFC has grown to be an industry leader in avocados. As Manager I am looking forward to the challenge of moving NFC into the position of the leading avocado industry body in Australia. However, working with you, the NFC members, to develop this vision will also be a role in which I am truly looking forward to. So please, if you wish to discuss any matters relating to NFC or just want to introduce yourselves feel free to contact me. I am hoping that I can visit as many NFC members as possible prior to the upcoming season.

All the best

Andrew McKillop
Manger

Market Review – Paul Schramm



Season summary

The season is now just about over for most avocado growers.

Prices have not been the best over the last 6 weeks with some supermarkets changing over to imported New Zealand fruit too early. This, I believe, is due to lack of continuity in our industry in relation to supply and estimates of crop through out the season, and limited industry communication to major customers.

This leaves the major retailers guessing where supply will come from. With NZ large crops and their promotion of this, it left the major retailers with no decision other than to switch to imported product.

Your Company is only an estimated 12% of the industry and cannot stand alone in supplying retailer requirements when commitment from our members is at times questionable.

Your NZ counterparts are paid on a seasonal price for export fruit, so very few self confessed marketers/growers exist in that country. They also pick to a rigid supply program throughout the season. I'm not saying this is the ideal situation for Australia, but better two way, open, straight down the line communication is essential because when the big Aussie season hits and we haven't got our act together what will happen????

Our industry is changing daily with different players (corporatisation). We are the largest marketer of avocados in Australia and need to stay ahead and on our game, for our members.

Paul

End of Harvest Reports

As advised in our last newsletter, we will supply each active grower, upon completion of his or her harvest, a production summary for the season. Growers who have finished for this season will find this report included with our current newsletter. Any grower, who has not received this information, can contact the Nambour office on (07) 5441 3699 to have their report sent out.

CROP ESTIMATES FOR THE 2006 SEASON

Please note your Crop Estimates form is enclosed and your response is vital for our future planning. Please have these returned by Monday 12th December 2005.

Empty Bins

Please advise Garry at the Nambour Shed if you have empty bins on your farm. All bins need to be returned for cleaning and maintenance prior to next season.

CHRISTMAS FUNCTION

The Board would like members to join them to celebrate the festive season.

An invitation has been sent out, for a function at The Wharf Tavern on Friday 9th December at 6.00 pm. Could you please confirm attendance by Monday 28th November 2005 on (07) 5441 3699

Are you a Smart Orchardist ?

I have been involved in the Australian Avocado Industry in one form or another since the mid 70's. During that time, the Industry has evolved.

Some of the challenges can be summarized below:

- Record wet in the early 70's.
- Massive tree losses in the mid 70's - Over 50% of the industry's trees dead or severely debilitated.
- Rapid growth.
- Very high prices when demand could not be filled
- Oversupply
- Consumer concern over the proportion of rotted fruit in the market place.
- Rapid and sustained growth domestically.
- Even more dramatic growth in the New Zealand Industry, with increased dependence on the Australian market. Sustained and massive growth in other producing countries of the world such as Chile.

Even with the above challenges, we continued to grow, we have increased production, over the past 5 years the average price has increased, there is a decrease in the percentage of the population who have not tried avocados and we are experiencing an increase in the volume consumed per person.

On the surface, we appear to be a "Smart Industry".

Although it is very difficult to verify, our average production still remains below 10 tonnes / Ha. The increases in production have been brought about by increased plantings.

The Future

Currently, the nurseries servicing our industry are absolutely bulging with trees. Corporate Australia has entered our industry and in the near future, will control more than 30% of Australia's plantings – both new and existing.

What is our future as an existing grower?

My Perception

There are 2 ways that we are going to remain viable.

1. Ensure that we market in a smart way. If you are not producing 150,000 + trays and have a means of spreading your season over most of the year, you need to be marketing with someone who does. The benefits from such an organization include:
2. Access to all markets – generally at a higher price than can be done by an individual.
 - a. Minimising quality assurance expenses.
 - b. Better freight rates.
 - c. Better packaging rates.
 - d. Payment security, these are to name a few.
3. Ensure that we are smart growers and produce far more tonnes / Ha than the Australian average thereby reducing unit costs. To achieve this we need to adopt the developments that have occurred in the past 30 years. The work has been done and proven. We now need to adopt it.

“Farm by science, not by the seat of our pants”

The table below, summarises the net return / Ha that can be achieved with the following:

Average price – 1st grade = \$16.00
 Average price – 2nd grade = \$12.00
 Pack out – 60% 1st, 2nd grade – 40%
 Variable costs include all growing, packing, and marketing costs.

Tonnes	Gross Return (\$)	Variables Costs (\$)	Net Return (\$)
5	12,000	19,729	-7,729
10	24,000	26,579	-2,579
15	36,000	33,429	2,571
20	48,000	40,279	7,721
25	60,000	47,129	12,871
30	72,000	53,979	18,021

As everyone will have different variable costs, your individual figures will be different. But as can be seen from the above table, if you are not producing heavy yielding crops you will not be making a viable income.

What has scientific research done for the Avocado Industry?

The list below is far from complete.

1. Development of Phosphorus Acid for the control of Root Rot. Initially the only means of controlling root rot was by periodic stumping
2. Development of cultural control methods of root rot. This alone will not control root rot, but along with phosphorus acid, will enhance recovery.
3. Development of the injection technique to administer phosphorous acid. This method was responsible for the recovery of trees that previously were considered lost.
4. Development of a scientific method to monitor the level of phosphorus acid in the roots of Avocados; Researchers, to further develop new application techniques now use this method. It was used in determining that incorrect timing of phosphorus acid could reduce root volume; to determine the effectiveness of foliar applications of phosphorus acid, monitor the persistence – length of protection. With the use of this technique, I have been able to fine-tune the application timing to the point that I have been able to get 2 years protection from an injection. – Carefully monitored.
5. Develop nutrient levels in leaves. Enable accurate monitoring of fertilizer applications – maximizing benefit.
6. Applying the knowledge of the tree physiology (Crop Phenology) to management decisions. To name a few:
 - a. Phosphorous acid application time.
 - b. Fertiliser timing
 - c. Methods of application of fertilizer – how little

- benefit foliar fertilisers contribute? Except Boron on flowers and in some instances Nitrogen.
7. Use of scheduling tools for irrigation management. Irrigation management is the single most important input in the management of Avocados.
 8. Development of improved fruit disease controls. Rotted fruit is one of the Avocado Industries largest impediments to expanding the market.
 9. The use of rootstocks to increase production and to aid in the management of diseases. It has been shown that currently we do not have a rootstock that is resistant to root rot. We have identified several that have some tolerance. These still require phosphorus acid management.
 10. Canopy management – This area of research is still in the development phase. The issue where most growers fail, is when to start the program. Most leave it far too late when production has declined.
 11. Growth Regulators. With the careful manipulation of some areas of avocado physiology we have the potential to increase production.
 12. Mulching. Research has shown that with the use of mulches, you can reduce the severity of diseases, increase production, and increase fruit size.
 13. The use of Nitrogen applications to enhance yield
 14. The understanding of Boron Nutrition. Adequate levels can only be obtained by soil applications. This has given rise to improve fruit quality and a significant reduction in fruit distortion. Again tree physiology has shown that Boron applied to leaves is not readily absorbed and what is absorbed will not be translocated to the roots. The root system requires boron, as does the above ground portion of the tree. Excess Boron is also detrimental.
 15. Improved knowledge of Fruit Spotting Bug behavior
 16. The use of Sunny to enhance fruit size, particularly for “on” years, and in the

warm subtropics where fruit size is a persistent problem.

17. Improved fruit handling in the field
18. Justifying that the plucking of Hass could be used without quality losses
19. The results of the research have been presented in comprehensive packages prepared specifically for growers, these include the 2001 Agrilink Avocado Information Kit and the 2003 update of the AVOMAN orchard management software. The AVOMAN software actually considers the properties of each orchard block and prescribes the most appropriate nutrition and disease management treatments for the block.

What will give the largest single response?

From my 17 years consulting to this industry, the single management tool that will give you the largest benefit is the management of your water.

The size of your operation should be controlled by your least available resource and if that is water, the number of trees you plant should be controlled by the amount of water you have available.

You need to apply the correct amount of water at the right time. No more or no less. This can only be achieved using scheduling tools. The choices are many, but it is best to use those with a reputation of being efficient. Some may be perceived as expensive, but the return on investment will be great.

Now be honest with yourself

How many of the above developments have you embraced?

Is your yield averaging 20+ tonnes / Ha?

If we are to remain viable in our changing industry, we all need to be smart and not be continuing to grow avocados by the seat of our pants.

Graeme Thomas
GLT Horticultural Services Pty. Ltd.



The Fruit Company Limited

23 Windsor Road
(SCMC Box 5242)
Nambour Qld 4560

P: +61 7 5441 3699
F: +61 7 5441 3688

Email: admin@naturesfruit.com.au

Web:
www.naturesfruit.com.au



See us on the Web!

www.naturesfruit.com.au

