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STANDPOINT *by Tom Treacy*

In pursuit of produce quality

It is a pleasure to provide an input to this new-look issue of SupplyLine, which is MG Marketing's wide-ranging newsletter for our shareholders, growers, staff, customers and suppliers.

On the tail end of a very good growing season MG is again grappling with the perennial issue of over supply across many varieties of locally grown vegetables and fruit. While this is not a new problem, it is fair to say the negative consequences for growers are felt much harder now than in recent years.

The fact is that consumer demand has stayed flat while production volumes have increased. In practice, this has the effect of reducing prices and making poor quality produce virtually unsaleable. Overall, therefore, it is clear that suppliers who grow manageable quantities of the best quality fruit and vegetables will sell more and achieve better returns. There is an excellent example of this being achieved in the 'Grower Profile' article in this issue of SupplyLine.

For MG's part in this equation, our role is to work closely with the major retail outlets by providing them with the best quality of produce and a service that is always prompt and reliable. Significant investments in upgrading our Wellington, Auckland and Palmerston North branches are proof of our intention in this regard.

More details on the Wellington renovations are described in the story in this issue. Another article in this newsletter is also highly satisfying. That is the achievement by two Christchurch-based staff members who between them have recorded 60 years of continuous service for MG. Their achievements are exemplary and a tribute to the co-operative principles that underpin our working relationships. In closing, it is timely to note that MG continues to show innovation and forward-thinking in its response to marketplace changes, in this case in the flower market. We recently announced the formation of a trading joint venture with United Flower Auctions of Auckland. This new entity, called United Flower Growers Ltd, is described more fully in this issue of SupplyLine.

Finally, I wish all readers the very best for your endeavours and I trust you will have a productive and enjoyable late summer and early autumn.



Tom Treacy

Increase in summer fruit volumes and returns

MG Marketing initiatives with growers and retailers of summer fruit produce have delivered a further lift in sales volumes despite this being one of the toughest for several years, says the Domestic Marketing Manager, Roger Georgieff.

The vast majority of summer fruit distributed through MG – cherries, plums, peaches, apricots and nectarines – is grown in the Hawke's Bay, Otago and Marlborough regions.

Roger says the nearly-ended 2009/10 season has been very productive, following an excellent summer the previous season as well.

"MG has achieved in excess of 50% of total market share for apricots and cherries and over 35% for nectarines, peaches and plums," he said.

"This result firmly positions MG as the largest wholesaler and marketer of summer fruit cultivars in the country.

"It also reflects our commitment towards assisting growers and industry by way of increasing consumer consumption and in generating sustainable returns for the longer term."

He says MG's pro-active approach to the summer fruit market is supported by its account managers, sales representatives and branch staff combining their resources along the entire the supply chain.

One successful outcome of this role has been development of a range of pre-packaged summer fruit varieties to meet changing consumer preferences and stringent standards for food safety.

"The development has been welcomed by retailers and their customers as a more convenient and practical way to buy summer fruit.

"Given reasonable weather, growers who invest in the right varieties and take advantage of our supply-to-market innovations have the best opportunity for success."





Wellington branch refit earns supplier, customer plaudits

The first months in operation of MG Marketing's refurbished Wellington distribution centre has had a positive impact on the region's growers and customers, says the Branch Manager Kerry Baird.

Business levels have grown since the Grenada facility upgrade was completed, a result of suppliers and buyers having more confidence in trading via the upgraded premises, he says.

The multi-million dollar refit has resulted in MG operating one of the most advanced and technologically efficient produce centres in Australasia.

New design concepts have included insulation measures, door systems and interior lighting, all aimed at optimising temperature control and energy efficiency. The overall complex has been enlarged and is fully temperature controlled, with a covered inwards goods depot, new chillers and sales areas, and a totally refurbished interior and exterior.

Coolstore capacity has been greatly increased as well as an expanded and fully enclosed market trading floor for vegetables, fruit and flowers.

Part of the refit includes a state-of-the-art ripening centre for imported fruit. While the improvements are widely agreed to "look fantastic", as Kerry has been told by visitors, the substance of

the changes are in greatly enhanced levels of service, handling and quality control.

"Being fully under cover and cool chained, we can protect all produce items in transit or in storage to the highest possible standard," he says.

"Plus we have a smoother flow of goods in terms of speed and handling efficiency, all of which enable us to deliver a better service to our growers and our buyers."

According to reports, it is also a pleasure for buyers to visit the trading floor and work in security and comfort, protected from the cold, wind and rain.

The same goes for drivers and loaders handling the many truck and trailer units delivering or dispatching tonnes of produce day and night.

"It is very pleasing to know we are satisfying our customers, growers and staff with the improvements that have been made," Kerry says.

"Our goal is to meet their expectations by supplying fresh locally grown and imported produce to a consistently high level of quality expected by consumers.

"The feedback we have received since the refit shows we are not just meeting those needs, but exceeding them as well." 🍏

MG board is strong on business experience

The seven members of MG Marketing's Board of Directors have a high level of business experience and industry expertise. At an individual as well as collective level, their expertise encompasses many facets of the domestic and international fresh produce industry.



From Left to right:
John Clarke, Francie Di Leva, Andrew Fenton, Alan Franklin, Brian Gargiulo, Basil Goodman and Bruce Irvine.

Of the board, six of the Directors are long-standing produce growers and suppliers to MG through their own businesses, with the seventh, Bruce Irvine, an Independent Director with a strong commercial background. At regular meetings the Board is joined by MG's senior management team, Tom Treacy as Chief Executive, Duncan Pryor as Company Secretary and Chief Financial Officer, Kerry Wells as International Business Manager, and Peter Hendry as General Manager.

John Clarke, Levin, is a Director and shareholder in the substantial vegetable growing ventures Woodhaven Gardens Ltd and Kapiti Green Ltd in the Horowhenua.

Francie Di Leva, is the Deputy Chairman and a grower with a lifetime of market gardening experience based in the Nelson region.

Andrew Fenton owns and runs a successful operation in kiwifruit production through the Bay of Plenty-based Phoenix Partnership.

Alan Franklin, a fifth generation celery grower in Auckland, is a new Director appointed in February this year to fill a casual vacancy on the Board.

Brian Gargiulo, MBE, is the Chairman and has a lifetime career in tomato growing, based in Christchurch.

Basil Goodman, Cromwell, is a grower with extensive experience in summer fruit production and seasonal exporting activities.

Bruce Irvine, B.Com, LLB, CA, was Managing Partner of the Christchurch office of Chartered Accountants, Deloitte, until 2008 and is a highly respected professional Director.

Teamwork, innovation are ingredients for success

The success underpinning one of New Zealand's largest commercial growing enterprises can be described in two words – teamwork and innovation.

Wai Shing growers of Pukekohe have a long history of growth and success in supplying fresh vegetables for the domestic and export markets.

Since the early 1960's when started by the late Ronald Ng Wai Shing, the business has been renowned for the consistent quality of its root crops, greens and squash.

Run today in equal partnership by Ronald's sons Frank, Clinton and Wellingford, the operation covers over 1,000 productive hectares and employs over 60 full-time and 200 seasonal staff.

A sizeable and increasing amount of its production is distributed by MG Marketing domestically, an arrangement that has flourished since the company began.

Among the many products grown are cauliflower, broccoli, cabbage, spinach, silver beet, carrots, onions, potatoes, squash and pumpkin.

Traditional crops these may be, but the way the business is run sets an exceptional standard of quality management and control over variables prevalent in the industry.

The business runs three distinct operating divisions, with Frank in charge of cultivation and domestic marketing, Wellingford responsible for exports and contract growing, and Clinton managing the packhouse operation.

Each division is a separate business model run independently, yet with overall direction and co-ordination from the brothers' mandatory weekly meetings. At these Monday sessions they discuss every aspect of the company's performance.

The most important items are to ensure the working partnership is sound, that marketing and sales goals are met, operating efficiencies are verified, and objective produce quality standards are maintained.

They work closely with MG to obtain feedback from the various regional markets, ready to respond to any signals or trends that are occurring.

Frank says the business is adamant about meeting individual customer's needs, whether at a domestic wholesale or retail level, or from an export client.

If a customer requires a larger, sweeter onion for example, that is what they will tailor their crop for, or if a particular pack size is needed, they will create the necessary product.

Being responsive and innovative are key elements in delivering what markets require, as well as running the sizeable business to a high degree of operating efficiency.

A good example of this is the workshop team, comprising two engineers and two mechanics, who make much of the field

equipment from scratch or remodel factory machinery to suit cultivation and packing needs. Frank says the latest technology is also put to good use, including GPS navigation in tractors and electronic sensors in harvesting equipment.

The importance of re-investing capital to improve on-farm efficiencies is fundamental to the brothers' philosophy of delivering the best quality produce at a desired economy of scale.

Personal attention to detail is equally vital for Frank, who walks every paddock that requires attention, along with his two full-time farm managers.

Despite the long hours, Frank and his brothers ensure there is always time for their families.

His message is that hard work brings its own rewards, but so does attention to detail and a commitment to satisfy the requirements of customers.

The continuing success of Wai Shing after more than 30 years is proof that these attributes are the benchmark for all growers to strive for. 🌱



Responsive grower says MG manager

Being highly responsive to market feedback is a crucial factor in Wai Shing's top performance as a grower and supplier, says Richard Cameron, the National Procurement Manager for MG Marketing.

"Their ability to react quickly and positively to changes, plus being able to maintain an exceptional level of quality, are undoubtedly the keys to their success," he says.

"In addition to this, they readily meet our volume requirements in close collaboration with our Account Managers and Marketing representatives.

"This makes for a very strong commercial relationship founded on mutual respect and a shared desire to be the best in our respective roles of grower-supplier and wholesaler to markets."



Did you know?

Eggplant, or aubergine, belongs to the nightshade plant family which includes tomatoes and potatoes.

Classified as a berry fruit, eggplants are best stored at 10-15 degrees celsius. Refrigeration dries them out and spoils their flavour.

Being ethylene sensitive, they should be kept away from ethylene producers such as bananas, avocados and their tomato cousins.

Eggplant contains high levels of Vitamin C and B groups, and the skin has high levels of antioxidants called anthocyanins.

Prized as a food in southern Europe, eggplant is commonly used in dishes such as moussaka and ratatouille.

The purple variety is the most widely produced in New Zealand and is available all year round.



CHRISTCHURCH BRANCH FEATURED

Long service awards for Cathy and Isabel

Two staff members who first worked together at MG Marketing in Christchurch 25 years ago have been recognised for their long service to the company.

Still in Christchurch but now in different offices, Cathy Killick and Isabel Prosser remain good friends at work and share a total service record of 60 years' employment with MG.

Cathy is only the second staff member of MG to receive a 35-year award, while Isabel has been recognised for 25 years of service.

"I like to think of MG as my family," says Cathy, who began as a junior sales clerk in the Tuam Street offices in 1975 and now processes sales transactions at the Waterloo Road branch.

"Over the years I've made a lot of good friends and many contacts with work colleagues and with growers and buyers," she says.

"As a team we have a great rapport with suppliers and customers, especially those visiting the premises.

"I do think it is an important part of our service and also an enjoyable one!"

Cathy has seen many changes to the way produce is bought and sold, from the days of handwritten orders to modern electronic processing.

"What does stay the same, however, is taking pride in our work and being dedicated

to the company's success," she says. Isabel, who performs reception work and debtor control at MG's support office, was appointed cashier to the Tuam Street branch in 1985.

"At the job interview I was asked what my husband did and replied John was a stock agent," Isabel says.

"This may have helped my cause, as they thought I should have a good understanding of the auction system."

For Isabel, the daily cash payments for fruit, vegetable and flower sales in the early days soon changed when computer-run accounting systems were introduced and improved.

After moving to the Waterloo Road branch in 1991, she says

operational changes to the business kept coming on a regular basis.

"I certainly take my hat off to the board and management of MG for dealing successfully with so many changes over the years and for improving the lot of staff, growers and buyers.

"Cathy and I have remained good friends through our work in this time and we still enjoy getting together for a lunch appointment to keep up with each other's news." 🍀



MG forms joint venture in flower market move

MG Marketing's involvement in a 50-50 joint venture company with Auckland-based United Flower Auctions (UFA) will provide opportunities for growth and consolidation in the national flower market, says the Chief Executive of MG Marketing, Tom Treacy.

He said a new trading company, United Flower Growers Ltd, will continue to operate at existing MG flower markets in Wellington, Nelson, Dunedin and Invercargill as well as UFA's Auckland operation. The business merger will not affect current activities or staff numbers at any of the two partners' current operating bases.

UFA was established in 1987 by local commercial growers seeking an independent auction system and it has operated successfully across the greater Auckland market since then. MG has been active in the wholesale flower market since the mid 1950's when it established a trading division in Wellington.

"There are clear advantages to merging our respective operations in terms of logistical efficiencies and business synergies available," Tom said.

"Price competition in the flower market is putting a premium on the need to deliver top value and service at auctions and for wholesale trade.

"Flower purchasers at private and corporate levels want top value for money on what is traditionally considered a luxury item.

"This puts the bonus on flower distributors to be as cost effective as possible, and the new joint venture is well placed to achieve this."

"MG's ability to source the best flowers nationwide, from Tuatapere in the south to Kerikeri in the north, the new company will provide excellent service to both growers and buyers" Tom said.

The new Managing Director will be Mr Bruce O'Brien. Bruce is currently Managing Director of United Flower Auctions Ltd 🍀

MG sees win-win result in 5+ A Day® partnership

As a major financial contributor to the 5+ A Day® fruit and vegetable promotion, MG Marketing is contributing to New Zealanders' health while furthering its own success.

This is the view of MG Brand Development Manager, Jerry Prendergast, who sees a clear 'win-win' outcome from their ongoing association with 5+ A Day® educational programmes and consumer campaigns.

5+ A Day® was launched to New Zealanders in 1994 by the pan-produce industry body United Fresh. MG has been involved since the beginning and has played a significant role in supporting both United Fresh and now the 5+ A Day® Charitable Trust.

The goal of 5+ A Day® is to encourage New Zealanders to eat and enjoy eating five or more servings of fresh fruit and vegetables every day for better health.

Among its many activities, 5+ A Day® teaching resources are provided to over 1,000 primary schools and 4,000 early childhood education centres nationwide annually. That means around 20,000 educators and 500,000 children learn about our products each year.

In addition United Fresh manages the Government funded Health Promoting Schools programme that provides fresh produce to around 100,000 children in low decile schools every day from Kaitaia to Bluff.

Jerry Prendergast said MG Marketing was integral in the pilot programme several years ago and the results today vindicate the investment in time and effort.

"This programme is a good example of corporate goodwill resulting in a sound



business proposition for all the participants," he said.

Currently MG and other members of United Fresh supply fresh produce to the 477 participating schools under the management of the United Fresh team.

With the assurance of health budget funding, positive outcomes are ensured.

"First is the improved health of New Zealand youngsters who are actively involved in the 5+ A Day® fresh food message," Jerry said.

"Plus there is commercial income for participating produce growers and wholesalers, as well as the prospect of future growth.

"It clearly demonstrates how a not-for-profit promotion agency, produce growers and distributors can mutually benefit on an ongoing basis."

Underpinning the success of these and many other 5+ A Day® education activities is the foundation role adopted by United Fresh, representing all sectors of the produce industry including growers, distributors, exporters, wholesalers and retailers. As a founding member of United Fresh and an executive committee member, MG plays a pivotal part in promoting the importance of fresh fruit and vegetables for a healthy New Zealand.

"Along with 5+ A Day®, we are committed to growing both the market size and value of fruit and vegetables, and this is a highly credible and effective way to do it," Jerry said. 🍀

