

STANDPOINT *by Peter Hendry*

Valuable grower feedback from regional meetings

The timing of this issue of Supplyline has coincided with a series of regional grower meetings held around the country for current MG Marketing growers to meet with MG Marketing personnel. This allowed MG Marketing to present recent performances along with outlining a number of our business decisions that have been made. We also presented what our focus will be in the future as well as retail trends and market conditions.

I am pleased to report these meetings thus far have been well attended, with a lot of constructive grower feedback received, many grower questions answered and topics raised for follow-up deliberation.

These meetings were prompted by the results of a 2011 survey of MG growers, when many growers expressed an interest in hearing directly from their company and receiving first-hand information from management and its team.

With Auckland and Canterbury meetings to be held in September we hope our growers will now be better informed about MG Marketing and our direction.

It is the first time such a programme has been adopted by MG, outside of the

company's annual meetings which are, of course, more formalised and harder to attend for most stakeholders.

Recently I attended the NZ Horticulture Conference and a common theme raised was how to improve grower profitability, along with related issues of over-competition and product surpluses.

From MG's perspective there are several important things we need to address in making efforts to lift grower profitability across all domestic produce sectors, both over the short and long terms.

The priorities are to better align our supply variables with retailer and consumer demand, to develop and grow strong retail partnerships, and to keep our business running costs under tight control. What are we doing in pursuit of these goals?

On the supply front, MG has a proactive category development and management programme well underway. As more growers participate in this, it will help reduce

unwanted surpluses and improve sales value. A number of growers have gained positive results under this programme.

At retail levels, MG is making good progress with its partners in managing seasonal supply and demand variables to try and avoid the pitfalls of over production and pricing slumps across domestically grown product lines.

We are consistently improving the presentation and packaging of our produce, in addition to diversifying into new fruit and vegetable categories so as to give us the ability to attract new consumers and improve overall market share.

Through participating in promotions and educational initiatives in schools, such as the 5+ADay awareness programme, we are also encouraging families to eat more fruit and vegetables as part of their daily food intake.



As a co-operative we are seeking to reduce members' business costs on a range of fronts, particularly at the IT interface for transactions and in bulk purchasing options for packaging supplies and equipment.

In all these commercial activities there is scope for continuous improvement. It is pleasing that growers at recent shed meetings have shown there is a united will to achieve better results. I look forward to reporting further progress on this issue in the coming year.

For the meantime, I hope you find this issue of our newsletter of interest and value. 🌱

Change of board members for MG

After 12 years' service as a director, Basil Goodman of Cromwell, Central Otago, has retired from the board of Market Gardeners Ltd.

His replacement on the board is Lynn Crozier, a long-established vegetable grower based at Brookside, Canterbury.

Mr Goodman, whose expertise in the summerfruit industry proved a valuable long term asset to MG's domestic growing and exporting activities, said he intends to remain active in the produce sector.

He continues his role as the fruit grower representative on the Horticulture Exports Authority and also as chairman of Alexandra-based Seasonal Solutions, a labour pool service he founded for fruit and vineyard growers which has expanded to handle around 800 RSE workers from the Pacific each year.

He said one of the highlights of his work in the industry was receiving the fruit industry's annual Bledisloe Cup two years ago for outstanding services to horticulture and summerfruit in particular.

Mr Crozier grows potatoes, onions and carrots at Brookside, located between Dunsandel and Leeston in central Canterbury.

He started the business 40 years ago and today farms the irrigated land in partnership with his wife Chris and three of their sons, trading as Lynchris Farming and Brookside Produce.

"I first grew lettuce for local markets on a small plot that belonged to my father, then gradually expanded into root crops and we have steadily enlarged the operation over the years," he says.

He has been a longtime vegetable supplier to MG Marketing, converting from the old daily auction system to contract growing and packaging for large retail customers.

He says he is keen to contribute his experience and knowledge to the co-operative, which he sees as a vital link for co-ordinating fresh produce sales to New Zealand and offshore customers.



Basil Goodman



Lynn Crozier



Kina Gardens - Mel Page

GROWER PROFILE

Pursuit of quality pays off for specialist grower

In striving to produce only the best quality, a Tasman grower has turned reliance on a specialised crop into a commercial strength, rather than a risky liability. Mel Page, of Kina Gardens, near Motueka, is totally committed to growing only a single crop as well as growing the best spring onions available and has been doing so exclusively for over 25 years.

The results speak for themselves, as his year-round output is widely accepted as a premium choice and market leader in leading retail outlets. It is a position he has achieved through continuous attention to improving quality controls across all facets of his operation, Mel says.

“High growing standards produce the best quality and therefore can demand higher values. “It takes time and effort to keep improving standards and you cannot afford to compromise in any aspect, from preparation all the way to presentation,” Mel says.



A telling example of this attitude is that Mel can discard up to 50% of his crop during some winter periods, deliberately ploughing it back into the ground. Another insight into his practices is a preference to hand pick crops for quality consistency and to weed by hand, avoiding the use of chemical sprays.

“The big danger is to grow and harvest more than the market needs, reducing quality. This leads mostly to depressed prices, which are often unsustainable. When quality is not the key driver for buyers, even the best growers will end up in the lowest common denominator category.”

In pursuit of that quality Mel has invested carefully in the latest pack-house technology and in upskilling his staff, two areas he considers crucial for success. Kina Gardens operates a full wash-down gravity feed conveyor system with stainless steel work stations where daily harvests are graded, sorted, bunched and sleeved.

Well trained and experienced workers are essential in the quality stakes and Mel says his enthusiastic team is very much his personal pride and joy.



His relationship with MG Marketing began in the mid-1980s and has remained strong, with 90% of Kina's production distributed and sold via the co-operative in the South Island.

It was all very different at the start when Mel had to work part-time at a petrol station to help pay off a mortgage on his newly-acquired property planted in brown onions.

Today, in addition to making a success with Paragon spring onions, he is testing a new red spring onion variety to stimulate innovation in the category. Given his philosophy of striving to deliver optimum quality at all times, it could well be another venture that one day will pay off. 🌱

Did you know?



Spring onions are part of the onion family and are also referred to as scallions in other countries. Although now available year round, the local

name reflects their historic seasonal availability.

The words scallion and shallot, another type of onion, are related and trace back to the Greek “askolonion” which in turn originates from the town of Ashkelon. Shallots however, apparently came from farther east of Europe.

Harvested for their taste and milder than most onions, spring onions are popular cooked or raw and chopped up for salads, sauces and Asian dishes. They are a good source of fibre and calcium, along with high Vitamin C and potassium levels. 🌱



spring onions - Image courtesy of vegetables.co.nz

NZGAP: As important now than ever.

“One auditor up the driveway” has always been the catch cry at NZGAP. In the 14 years since the programme started, the compliance requirements from retailers and regulators have increased significantly and NZGAP has been successful in meeting these in a single programme.



Almost half of New Zealand horticulture businesses are now certified to one, or more, GAP programmes (mostly NZGAP & GLOBALGAP) covering over 80% of the volume of fresh produce grown here. This is significantly higher than other countries where certification rates are typically less than 5%.

NZGAP enables growers to trade with a wide range of retailers and processors. There are very few growers in NZ that have only one customer and NZGAP has been successful in achieving recognition and equivalence to a significant number of other GAP programmes both here and overseas. This avoids the need for multiple audits, saving growers many hours and thousands of dollars a year.

Regulation is increasing in the areas of food safety and resource management. In its current form, the food bill will require growers

to undergo an audit to verify their food safety practices. NZGAP has argued that these audits are not necessary where growers have already met the NZGAP standard.

Regional Councils have signalled that they are beefing up their Regional Plans in the areas of water and soil management.

NZGAP is working towards achieving recognition of the NZGAP certificate as evidence of good practice, avoiding additional audits and resource consents.

New GAP programmes are continually being developed. There are currently 25 recognised GAP Programmes around the world and we are seeing increasing

pressure on growers to join these programmes. As an industry it is important that we are able to avoid this fragmentation and to continue to develop the NZGAP programme and to maintain our one-system approach.

So what about growers that don't hold a GAP certificate? Whilst NZGAP will continue to be a voluntary scheme, it is hoped that more growers will see the value of NZGAP in enabling them to meet their regulatory requirements in the future.

NZGAP is a real asset to the NZ horticulture industry. It offers growers significant advantages in terms of being a widely recognised, but sensible and low cost system.

We believe that NZGAP will become more important to growers in the future with the increasing need to provide evidence of good practice to retailers and regulators.

In the future there will be plenty of reasons for auditors to come up your driveway, and it is vital we continue to develop NZGAP as a trusted, well supported and credible system. If we achieve this we will be able to avoid a queue forming at your gate.

MG Marketing is very committed to NZGAP and actively encourages all growers to attain NZGAP accredited status.

Over 95% of MG Marketing's domestic fresh produce is produced by growers who are NZGAP accredited.

DOMESTIC PRODUCE

Consumer expenditure trends reveal changing buyer preferences

Consumer spending patterns in recent years show considerable changes in buyer preferences for fresh vegetables and fruit, according to results from a number of national survey sources. One of the most detailed of these is the Statistics NZ three-year household economic survey (HES), which ranks the popularity of fresh vegetables and fruit by aggregate annual expenditure across the country.

For the 2010 year, for example, private households spent \$748 million on all vegetables, an increase of 6% over 2007. (The figures exclude hospitality and service sectors.) By contrast, total fruit expenditure increased by 13% over the same period to \$615 million – more than twice the increase for vegetables.

This trend is highlighted from the Ministry of Health nutrition surveys showing daily consumption of three or more vegetable servings dropped slightly between 1997 and 2009 for both males and females. Conversely, consumption of two or more fruit servings increased by 60% for males and 17% for females over the same period. Recent research for United Fresh's 5+ADay programme shows that 80% of household shoppers “always or sometimes” consume five or more fresh vegetable and fruit servings daily, well up on the 46% figure of a decade ago.

So over recent years, what fresh fruit and vegetables are consumers spending more money on when shopping for produce?

The 2010 household economic survey results released last year reveal interesting trends amongst the top-20 ranked produce categories.

Vegetables - Expenditure Increases	
Spinach	35%
Mushrooms	25%
Onions	25%
Kumara	19%
Fresh Herbs	17%
Courgettes	14%
Gourds	12%
Capsicums	11%

Tomatoes and potatoes continue to occupy No.1 and 2 positions as they have for a long period. Together, the two comprise over 20% of all fresh produce expenditure. In the latest results, however, mushrooms assumed third position ahead of lettuce (declining slightly in expenditure), with carrots remaining fifth in the rankings. The rise of lettuce and mushrooms in particular has been steady since the 1970s, when they ranked sixth and tenth respectively in household expenditure terms. Onions, capsicums, kumara and broccoli were next, all recording in the \$30 - \$37 million per year expenditure bracket. Except for broccoli which remained static, the others increased in expenditure by 25% for onions, 19% for kumara and 11% for capsicums, well ahead of the overall increase of 6% for all vegetables. Other produce categories showing significant expenditure increases were spinach, courgettes and fresh herbs, with spinach topping the field with a 35% lift in sales value. Beans and celery recorded small increases of less than 5%, while there were declining expenditure figures for cauliflower and asparagus of around 10% each.

Many of these changes in expenditure reflect either declining production or values over the last 6 years especially.

Fruit - Expenditure Increases	
Watermelons	118%
Lemons	86%
Mandarins	30%
Pears	28%
Oranges	26%
Avocados	25%
Apples	17%
Plums	16%

In the domestic fruit sector apples, oranges and mandarins remain the leading produce types, recording expenditure increases from 2007 to 2010 of between 17 and 30%. Citrus products, especially lemons, enjoyed substantial increases when compared to summerfruit varieties, the best of which were plums. Pears, with a 28% expenditure lift, moved from 9th to 6th in the top twenty, while strawberries dropped two positions to 8th, as did apricots from 11th to 13th, though both varieties lifted by around 10%. Other strong performers were avocados and watermelons, the latter moving up the rankings by five places to 11th and more than doubling expenditure figures. One new category in the survey was blueberries, which at \$10 million of sales emerged at 14th reflecting the remarkable turnaround from the hepatitis A scare of 2002.



This article reviews total fresh produce expenditure trends and takes no account of short-term price fluctuations based on seasonality or supplies.



Lifting expectations at MG Marketing

Forklifts are the driving force behind many New Zealand businesses including MG Marketing – and to operate one, drivers must be licensed and qualified to a national standard. So how do we make this process both fun and educational? With a competition of course!

‘Lifting Expectations’ was thought up by the AMS Group, a private driver training establishment, and MG Marketing, a company committed to upskilling its staff.

In June, 18 Auckland based MG employees were put to the test on both a theoretical and practical level, with 32 points awarded for a multi-choice test and 68 points for the practical operation of the forklifts – scoring the competitors out of a total of 100 points.

“It was a great way to engage staff,” says Chris Campbell, business development manager from the AMS Group. “The feedback I’ve had from MG is that their staff were very happy as a result of the competition, and it was clear to see that they were all excited.”

Forklifts are an integral part of MG’s business and a core part of the National Certificate in Distribution (Level 2), which over 60 MG staff are currently working towards or

have recently achieved. They have done so with the help of the AMS Group and Competenz, the industry training organisation for the engineering, manufacturing and food & beverage manufacturing sectors.

The winner of the first Lifting Expectations competition was Raymond Kauvalu, whose efforts saw him win an Air New Zealand Great Mystery Break, including flights and accommodation for two, as well as a \$200 Westfield voucher. Second and third place winners, Vainga Sefesi and Rahul Buksh, also won a \$200 Westfield voucher and a \$150 Pak’nSave voucher.

“Overall it was a fantastic day,” says Chris. “The staff really enjoyed the event.”

BRANCH PROFILE

Invercargill branch is a team with a difference

Southlanders pride themselves on loyalty to the region and doing things in their own unique style. Fittingly, MG Marketing’s Invercargill branch is no different.

The Mersey St branch, which came under MG’s ownership four years ago, retains a number of operational aspects quite distinct from other distribution centres run by the co-operative.

Branch manager Lynzy Francis says the absence of local independent outlets means the branch relies on the support of its large retail chains. “This would be highly unusual for other centres, but it is the nature of the market here and we have adapted to meet its special requirement,” he says.

Because Invercargill is at the very southern end of MG’s supply network, truck deliveries arrive only an hour or two before customers turn up to inspect the day’s fresh produce. Taking just one example, it is normal for a local supermarket produce buyer

to arrive as early as 5.30am to select and order produce from the floor for same-day sale. “With such a tight timeframe to turn around the deliveries, it’s vital to have all hands on deck for six days every week,” Lynzy says.

“Of our total 15 staff, seven stores people and pickers are needed, including some casual staff, to ensure we operate very quickly and efficiently.”

Combined with Lynzy, the two most senior sales personnel are David Freeman and Jason Peters, all three sharing a total of nearly 60 years of experience in the local produce trade.

Lynzy started in produce in 1983 as a storeman and worked his way up through sales including the role of auctioneer when auctions were the sales norm. Originally responsible for tomatoes and hothouse products, he now controls potatoes and pipfruit, as well as managing the branch.

David handles summerfruit lines and imports, while Jason looks after greens and hothouse products. Tony Heney, who was with the previous operators Bray Frampton,

has returned to the branch and is responsible for pumpkins and onions. Gavin Levy, who has worked in the Canterbury produce industry, is a recent arrival to the sales force.

Lynzy says the branch also prides itself on offering a wholesale division supplying restaurants in Invercargill, as well as a five-day service covering Eastern Southland and catered for by Rhys Livingstone.

In charge of the floor staff, crates and inwards goods is the floor manager Derek McKinnel. The all-important administration duties are ably run by Lynn McKay, who also returned to the branch under MG after previous employment with the former operators.

Growers and suppliers to the branch encompass a sizeable geographic area, from Queenstown, Te Anau and Cromwell to

Alexandra, Gore and the Catlins district, not to mention Stewart Island.

While root crops such as parsnips, potatoes and carrots are traditional local sources of vegetables, a strong recent line has been in hydroponically grown products such as mixed frill and one-kilogram boxes of loose lettuce. Along with a wide selection of greens, and the well-known quality of summerfruit from Central Otago, the range and diversity of crops has expanded considerably under the MG banner.

“As part of a well-established and well-run distribution system, we can service our diverse customers’ and suppliers’ needs very efficiently,” Lynzy says. “There is a great sense of unity amongst our branch team and this extends to loyalty from a great many longstanding buyers and growers around the region.

“I can honestly say this is the best crew of people I have had the pleasure to work alongside in my 29 years in the industry.”

