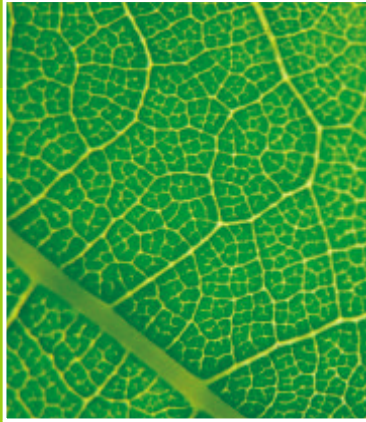


NEW ZEALAND AVOCADO GROWERS' ASSOCIATION &  
AVOCADO INDUSTRY COUNCIL LTD

# Annual Report 2008







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# AGA Representatives & AIC Directors



- A. John Schnackenberg – AGA & AIC Chairman
- B. Roger Barber – AGA Vice Chairman & AIC
- C. Tony Ponder – AIC Vice-Chairman & AGA
- D. Dave Turner – AGA & AIC
- E. Hugh Moore – AGA
- F. Jack Crozier – AGA
- G. Mike Eagles – AGA
- H. Ashby Whitehead – AGA
- I. Andrew Darling – AGA
- J. Ian Broadhurst – AGA
- K. John Carroll – AIC Exporter Director
- L. Alistair Young – AIC Exporter Director



# Chairman's Report

## AGA and AIC Limited

*"Despite very strong exchange rates, we have received reasonable returns from exports, which this year included a return to the US market."*

I really appreciate the broad industry support I have received since taking over the reins from Hugh Moore following the last AGM in July 2007 at Whangarei. Hugh has been a huge support and resource for me as I have grappled with the myriad of intricacies that are this industry; grower politics, stakeholder relationships, export management and exporter relationships to name a few. It has been a swift learning curve, and thank you all for your support.

### **A New Format**

I have decided to merge the AGA and AIC Chairman reports this year.

Whilst the AGA and the AIC are separate organisations (and many people continually ask why?) the AIC is now wholly owned by the AGA and we have run joint meetings as much as possible to introduce efficiencies and we are moving to merge our accounting to simplify internal administration for the next financial year.

We discussed at length at a joint meeting the rationale for continuing the separation. The majority feeling of the meeting was that growers' interests needed to remain separate from commercial interests (exporters are part of AIC as it is the recognised product group

under HEA legislation). A number on the Executive believe that we can structure a single organisation that meets all parties' needs and whilst this year has not been the time to put this forward, it remains on the table.

### **The Season**

The season started with a record crop on our trees estimated at 5.5m trays and with almost every orchard carrying a decent crop. The July storm put paid to that, devastating orchards in Whangarei and surrounding areas dropping possibly 500,000 trays on the ground. Serious damage occurred with most orchards losing large numbers of trees. For many of our growers this event will have long lasting impacts and we acknowledge the challenges you continue to face. A big clean up effort followed and our thanks are offered to Helen Moody of NZ Landcare Trust, Graeme McDonald from Northland Regional Council and Phil Journeaux from MAF who facilitated recovery and support.

That the season would be difficult from a local market perspective was expected and the Executive approved and ran a \$250,000 promotions campaign developing the very well received "Beautiful Inside" generic campaign.

Clearly though we under estimated the effect substantial oversupply and variable flow to market would have and unfortunately values were the lowest growers have received throughout any export harvest.

This season has underlined the fact that we are now very much an export industry and we can no longer rely on the local market providing strong returns (during the export season) if we cannot lift our quality and export pack outs. Approximately 1.5m trays have gone to the local market, 200,000 more than our last big season.

On the other hand, despite very strong exchange rates, we have received reasonable returns from exports, which this year included a return to the US market. Exports totaled 2.64m trays with 73% going to Australia, 17% to USA and 7% to Japan.

That only 54% of our crop was exported is a concern, but not dissimilar to the 03-05 years, particularly the negative effect it has had on the local market. A number of factors influenced the quality and the return to the former grade standard also had a small impact on the amount of exportable fruit. Notwithstanding that, we received 17% more dollars (FOB) in total from our main market, Australia, and 31% more per tray than we did in the last large season, 2005/06. And this, when the Australian market too was absorbing significantly more fruit in total due to increases in Australian production, a trend that will continue.

### **Export Season**

It is very pleasing to note that our harvesters and packers met the challenge of the big season with ease, packing over 200,000 total TE in 10 weeks of the 28 week export season including 3 weeks greater than 250,000 TE and one of 319,000 TE. That week saw 97,000 trays available to the local market – about 3 times oversupplied!

The revised grade standard has meant on the face of it that about 4% less fruit has been able to be exported this season. This has been a matter of angst for all growers particularly the supposed impact on oversupply of fruit to the local market. It is my view

that even if the industry had retained the more liberal grade, there would have been no impact on the local market and I have reported this elsewhere.

### **Australian Promotions**

We commenced generic promotions in Australia for the first time raising a 20c per tray promotion fee to fund this new activity. We have come under pressure from the Australian industry to accept a compulsory promotion levy which we continue to strongly resist. Nonetheless it is appropriate that we do promote, and doing it ourselves ensures we have control of the promotions. The main component was a TV commercial promoting "avospreadinstead" which was a very clever jingle extolling the virtues of avocado on your toast. Unfortunately the actual number of trays to Australia fell well below early estimates and our Australian Promotion Fund has a deficit of \$136,000 going forward.

### **Research and Development**

We continue to make an investment in research and development with over 25 projects at various stages. We had been behind with publishing our annual research reports and are in catch up mode. The 2006 report was published on our website ([www.nzavocado.co.nz](http://www.nzavocado.co.nz)) in January and the 2007 report will be available later this year bringing us back up to date.

These projects target our key science strategies derived from our Industry Strategy:

- Continuity of Supply. Overcoming irregular bearing and unreliable fruit yields.
- Fruit Quality. Meeting consumer expectations.
- Extended Market Windows. Late season supply.

Our R&D is funded from both internal resources and grants (SFF) as well as jointly with HortResearch who have been successful in obtaining a 3 year grant from FRST with the value to us amounting to \$200,000 p.a. directed at "reliable fruitset". We note the contribution to the avocado research effort of \$100,000 which indicates their commitment to the category.



### **International Relations**

I traveled to California last September to attend the Californian Avocado Society's (CAS) Annual Meeting and to take the opportunity to meet with Mark Afleck, CEO of the Californian Avocado Commission (CAC), and to meet with Jose Louis Obregon, MD of Hass Avocado Board (HAB). It was considered appropriate that we renew relationships with our peers in California, given we were exporting to the US during the season. Alan Thorn and Tony Ponder have traveled to California in private capacities and also met with CAC and HAB. Charlie Wolk the chair of HAB attended our conference in Whangarei and delivered a thought provoking keynote address on sharing information and market response.

With the CEO, Alan Thorn and our two senior scientists Dr. Henry Pak and Dr. Jonathan Dixon I attended the VI World Congress in Chile in November, together with four of the Executive who traveled privately and about 30 other NZ growers. We also supported the travel of two HortResearch scientists to attend the congress. I presented a video of our industry as our contribution to updating attendees on production in New Zealand. We all attended various

presentations (over 250 on offer) and post-conference toured a number of large orchards to see first hand how the Chileans are growing avocados.

This year due to budgetary constraints we have not traveled to South Africa to attend their SAAGA annual meeting normally held in February. We have been





regular attendees at meetings of the Avocado Marketing and Promotions Working Group (AMAPWG), where possible. Participants include South Africa, Israel, Chile, Mexico, Spain, NZ, Australia, and US. This group is focused on Europe and coordinates collation and dissemination of shipping data in a manner similar to HAB for the USA.

They are endeavoring to introduce a compulsory promotion levy for fruit entering Europe, we are party to that process, and we are sending a representative to the next meeting to be held in Israel in September, to enable our voice to be heard.

#### **Australia**

The Australian industry continues to strive to introduce a compulsory promotions levy on imported avocados in Australia – to which we remain opposed unless we can be assured that appropriate representation for New Zealand growers is a guaranteed part of the process. Unfortunately we are considered competitors not partners in their avocado

category notwithstanding that we supply 25% of the annual retail consumption and approaching two thirds during the summer period. We must be aware that Australia remains a hostile home for our fruit.

#### **Financial Summary**

The Consolidated Income of the AGA/AIC for this year ended 30 April 2008 is \$3,021,322 and the Consolidated Expenditure is \$2,910,005 leaving a surplus of \$111,317. We note that the Australian Promotions Fund has a carry forward deficit of \$136,148 which will be recovered over the next two seasons. Our Reserves are \$1,232,988.

#### **In Summary**

I would like to acknowledge the hard work and dedication of our industry staff who put in long hours managing our industry affairs and scientific effort. We are committed to continue to seek excellence in accountability for grower investments on your behalf. Also thanks are due to our CEO, Alan Thorn who is dedicated to and passionate about our industry.

Further, we lose two long serving, loyal and dedicated AGA members at this AGM. Dave Turner, who joined in 1993 serving "Rest of NZ" on the AGA and additionally as a Director of the AIC. Hugh Moore, our immediate past Chairman who joined the AGA in 1997. Hugh was invested with a Life Membership of our Associations at our conference in July 2007.

Gentlemen, many thanks on behalf of your colleagues and fellow growers.

**John Schnackenberg**

*Chairman  
NZAGA and AIC Limited  
26 May 2008*



## CEO's Report

***"A focus on developing systems that will improve both the delivery of a quality product to consumers and the sharing of information between all market participants is imperative if we are to lift performance."***

Our membership and grower base continues to expand and currently we have 1481 Growers, representing 1584 orchards. This season produced 2,644,862 export trays earning the industry \$48.5 million FOB, from Australian, USA and the Japanese markets. In addition, 1.5 million trays were sold in the domestic market with 15% of total production volume being processed for oil. Using the Commodity Levy income as an indicator of the category value, the domestic market return is in the order of \$16 million, an indication of poor performance in the local markets. The total industry earning for the past season is estimated to be \$65 million. This final result is interesting in two respects; the largest crop the industry has delivered of 4,866,480 trays, improving the total industry earnings value.

The impact of the lower than anticipated export crop resulted in an AGA/AIC fiscal year with constrained revenue. However, I am pleased to report that we were able to control the costs and deliver a modest surplus at year end.

Reflecting on these results it is apparent that our export market destinations are able to absorb increasing volumes, against a background of total increase in market size and value. We do need to be

aware, however, that as our production increases as projected, increased market size and alternative new markets will need to be developed and that significant efforts will need to be applied to improve the local market performance. Focus on developing systems that improve both the delivery of a quality product to consumers and the sharing of information between all market participants is imperative if we are to lift performance.

Our strategy is focused on these issues and is simply to have the best quality product in the market place, one that enables our marketers to gain the best value at sale, which ultimately benefits the producer. Our whole system is geared to regulate and audit to this premise, and reports from our marketers indicate that our customers have responded to the consistent quality of our offering and that has enabled us to compete strongly in the export market. We all need to reflect on the messages that we send our consumers and customers, both on and offshore when quality is compromised. Attaining our industry goal should be simple; do everything to maximize both production and quality to drive market acceptance.

Conversely, our domestic market works in reverse with a cap to the level of demand. Where our supply

exceeds this demand value decreases, this is the simple reflection of the principles of supply and demand. Again, the single biggest impact the industry can have on stimulating local market consumption will be to deliver consistently high quality fruit. The Local Market Quality Initiative is designed to integrate the various entities within our local market by engaging with the packers, wholesalers and retailers in a cohesive quality conscious framework aimed at delivery of a better quality product to consumers. To deliver on our quality goals requires everyone doing their part, understanding the impacts that are created up and down the value chain when standards are not achieved and how ultimately they affect the long term enduring value of the industry.

The AGA Executive instigated a significant promotion and communication plan in the Australian export and New Zealand

domestic markets which was a departure from building reserves to building market performance. The intention was to link with professional agencies to deliver the messages to our consumers over the next three years. The agencies in response to a detailed promotions brief, developed generic programs in both Australia and New Zealand, and along with our communications staff delivered to the initial year goals. Delivery of these campaigns consumed considerable financial resources. Our Australian campaign was focused on TV commercials and providing materials to the media sector using the “avospreadinstead” strap line – using avocado as a substitute to other spreads. The domestic program focused on the nutritional and health benefits with the “Beautiful Inside” campaign via print media. Additionally, we partnered with the Heart Foundation’s



“Pick the Tick” to deliver a television campaign in the early part of the season.

The industry research and development program has delivered the 2006 Annual Research Report in electronic format and we anticipate that the 2007 Report will be available later this calendar year. The “Growing Productive Trees Guide” was delivered and followed up with a series of field days to assist growers to understand production variability. The persistence of variability in fruit set and production indicates the need to maintain focus in these areas, to understand better the mechanisms for delivering

consistent orchard production. A FRST grant focused on avocados was successful, and with our key industry research provider HortResearch adding another \$100,000, a significant program aligned

between the industry research team and HortResearch scientists adds both momentum and depth to the skills being applied to avocado production and post harvest issues. The VI World Congress in Chile underlined that globally alternate bearing remains a major issue no one has yet solved. We noted with pride that our scientists were respected for the contributions they are making towards understanding production variability.

The germplasm importation and evaluation program has been another area of steady progress this year with additional cultivars passing quarantine restrictions. The first of the new rootstock cultivars have been delivered to growers who report that the standard of the material delivered was exceptional and that early growth has been excellent. This spring we

will plant a series of evaluation trials to assess the potential of the imported rootstocks under New Zealand conditions.

We continued to shift our communications and operations to an increasingly electronic platform during the year with the installation of new servers. The Electronic Spray Diary ran for the first full season with compulsory usage and once we dealt with the inevitable teething problems this ran smoothly, and by season end we were able to acknowledge that this investment had provided a better service and improved our performance over the paper based systems. We are positioning to move our registration process online for the coming season along with the packhouse reporting, with the aim of streamlining these time consuming processes. To enable these changes we will be hosting our web site internally. Many of you will have by now had the opportunity to use the new look website which has enabled us to deliver and change content more efficiently. We continue to get positive feedback on the recent changes.

I would like to acknowledge the AIC staff for their efforts in supporting the industry through a challenging year in every sense of the word, a year that has delivered market, science, structural, reporting and re-organisation challenges. They certainly deserve an accolade for their efforts in managing the industry business and delivering on the research and quality programs which support your industry. We wish Maree well with her future, and acknowledge the creative talent and dedicated effort she brought to our team.

By the time this report goes to press the AIC offices will have been relocated to Level 5 in Harrington

House. We took advantage of the offer to relocate due to the expiry of our existing lease in January and the landlord's desire to reconfigure the tenancies. This has given us the opportunity to provide a more efficient work environment, improve our laboratory facilities, and provide more meeting space, with minimal cost.

On your behalf I extend the industry's thanks to the Executive and Board members who give willingly of their time and effort to support the industry. In an effort to improve our governance capability several of the Executive attended training courses during the year and Tony Ponder passed his Professional Director's qualifications.

We farewell Dave Turner and acknowledge his long service over the period of 15 years as the regional representative for the Rest of New Zealand. Dave has been the mentor of quality, food safety and latterly domestic promotions, his persistence, guidance and passion for avocados and empathy for needs of the smaller operator were Dave's hallmarks.

Hugh Moore steps aside from his At Large role in July, and his service has been acknowledged with his investiture as a Life Member.



**Alan Thorn, CEO**

*NZ Avocado Growers' Association  
Avocado Industry Council Limited*

*Beautiful inside*





## AVEC Report

*Australia has performed well for us again, and the Australian supermarkets have been delighted with their sales during our 4-5 month Summer window.*

The 2007/8 avocado season has been a particularly eventful one for the New Zealand Industry. It was a year when a large percentage of New Zealand trees carried a good volume of crop, in all growing regions; something we have come to term an "on year". From the exporters' point of view, this was a year to test our thinking and planning as we manage bigger and bigger crops, and that made for an exciting challenge.

Back in July, we encountered our first major setback, in particular for the growers in the mid-North around Whangarei. The storm that hit there was termed "1 in 100 years", and to many growers it was rather devastating. Not many mid-North growers escaped some damage, and many had trees uprooted, fruit tossed onto the ground, and general devastation for any remaining fruit and trees. A real mess. Then, as we progressed into the season fully, it became clear that ongoing winds in most growing areas meant the export packouts would be poorer than anticipated. Thus the key flow-on effects to highlight with this are:-

- 1) A reduction of fruit available for export;
- 2) A compounding of volumes into an already congested domestic market.

As an AVEC group, our brief is to make arrangements for the crop that meets export standard, and market that fruit into key markets. And as well as making short term value decisions, we need also to have a clear eye on what the future may bring, and ensure the New Zealand growers, as much as it is within our means, can be sustainable for the future. On this score, the AVEC Exporters' performance in 2007/8 has been first class and significant, with our largest ever export volume in excess of 2.6 million trays. And I say this knowing that there is much debate currently in New Zealand about the season's difficulties, most notably with production, quality and consistency, plus domestic market performance.

What growers can know is the progress that has been made in two key markets beyond Australia, namely Japan and the United States. In Japan, sales have substantially grown at better values, and for the first time I sense a real awareness there of New Zealand avocados and their positive attributes, be that taste, quality or a critical mass of product that makes New Zealand suddenly a very real commercial proposition. Cold weather issues in California and Chile have made for a stronger general world market, but the key is the hard work and concentration that has turned a small opportunity into something rather bigger. And at a

time that the Kiwi dollar has not been our friend, effectively shortchanging value back to producers.

With the United States, our "re-entry" to that market has been recognised as successful. The quality and reliability of our fruit, in what is a more distant market, has been very pleasing, and this bodes well for future developments. The trick remains in our ability to maintain a credible ongoing presence up there when we have the up and down crop scenarios, but your exporters are managing that factor the best way we possibly can. Again with the US, the currency has been hideous, and that has disguised the real values achieved. With both the US and Japan, the market fundamentals and in-market values achieved offer some real confidence for the future. And while the currency will improve, yet not turn on its head, the fact remains that ongoing consumption still seems to be outstripping supply, and that should mean greater revenues over time.

Australia has performed well for us again, and the Australian supermarkets have been delighted with their sales during our 4-5 month summer window. We can never take this for granted, or ignore what the Australian producers are doing, but the NZ Avocado programmes are an exciting exercise for the Australian retailers. And while their customers, ordinary Australians, continue voting with their feet, and we can continue to deliver good product and exciting propositions, this market should only continue to grow. Avocados and summer do tend to go hand in hand so strongly.

Equally, the better managed volumes available to Australian wholesale markets has meant a better

market there. Seldom did we ever feel like the market had lost its shape, or had spun out of control. Pricing was fairly consistent all summer long, and it has just proven again that stable markets are the best ones.

Limited progress was made in some of the other Asian markets, handicapped by issues with MRLs (maximum residue limits). The importance our industry places on food safety has been, ironically, something of a hindrance into some markets that do

not have MRLs set. Yet in time, this will change.

So, in a final analysis, and while growers have been bruised and may be a bit deflated by onshore events here in New Zealand, this has been a very positive one for the industry, and I want to congratulate my fellow

Exporters for "making a difference". The values achieved, for what was exported and with the commercial environment out in the world, were very, very good, most definitely at the higher end of pre-season predictions. It certainly gives us confidence that we can market larger and larger volumes, into several key offshore markets, at sustainable and profitable returns for our producers.



**John Carroll**  
*Chairman*  
AVEC







## Science Report

The single greatest challenge that the avocado industry currently faces is to provide a consistent supply of fruit in to our key markets.

The avocado industry has a well defined strategy to maximise grower profitability into the future. An essential element of this strategy is a substantial investment in research and development. The AIC funded science programme directly addresses the critical issues that have been identified in the industry and research strategic plans. The main themes within the strategy are to import and evaluate new germplasm, to develop sustainable production systems, to increase productivity and to provide reliable fruit quality.

### Germplasm

In 2004 the AIC entered into a joint venture with Riversun Nurseries for the importation of new genetic material, with Riversun providing technical expertise to meet the import health standards and access to their Level 3 quarantine facility. To date, the industry has imported 11 cultivars; with a further four still to be imported. Currently, five have been released to the industry which includes one pollinator, three rootstocks and one fruiting cultivar. This season saw the commercial release of the eagerly awaited Merensky rootstock Dusa, with over 9000 plants of Hass grafted to Dusa sold this season. All new rootstock cultivars are being planted out for testing

under field conditions for a period of up to 7 years to determine performance under New Zealand conditions.

### Productivity

The single greatest challenge that the avocado industry currently faces is to provide a consistent supply of fruit in to our key markets. The irregular bearing patterns that have characterised recent seasons have resulted in widely fluctuating supply volumes from one year to the next. This issue has been the key focus of the AIC science team and has highlighted a number of important principles to achieving regular crops that are also fundamental to lifting average yields across the industry. The main focus has been on establishing an accurate growth model of the trees that can explain how a tree may vary from year to year in fruit set and growth patterns. This information has been used to develop a two year phenological model for avocados that explains the on and off cropping years. The concepts introduced from this model will provide the foundation of the future management of avocado orchards in New Zealand. This includes techniques to regulate crop loads in an on-year, and improved crop management in the off-year. It gives avocado growers a tool to compare their

orchard performance against, with the aim of achieving consistency and for improving yields.

A number of new crop management techniques are currently being trialled by various groups within the avocado industry, in association with the AIC science team. Amongst these are innovative nutritional programmes as a tool to manage alternate bearing behaviour and the planting of a rootstock trial that will also evaluate new canopy management systems that are more productive but also lower production and harvesting costs.

The AIC in collaboration with a team of HortResearch scientists including Dr Grant Thorp and Dr Peter Minchin developed a joint funding application to the Foundation of Research, Science and Technology (FRST) on reliability of supply. The application was successful in attracting funds from FRST of \$200,000 per annum for the next 4 years, with additional funds supplied by HortResearch and the AIC. This project brings together a new research team for AIC and HortResearch to address in detail the problem of reliability of supply and includes scientists from the University of California. This project will investigate the detailed physiological mechanisms within avocado trees with a focus on the role of boron and carbohydrate transport that are thought to control or contribute to irregular bearing.

## Quality

Post-harvest fruit rots continue to be a challenge for our industry. Control is heavily reliant on the use of prophylactic copper applications applied at regular intervals during the growing season. MAF Sustainable Farming Fund is supporting a project led by Dr Kerry Everett at HortResearch investigating alternatives to copper fungicides for disease control with the aim of reducing copper loads to the environment. The AIC is also funding a project in collaboration with Dr Nagin Lallu and Dr Jem Burdon at HortResearch on improving post-harvest fruit quality which is investigating the use of controlled atmosphere storage to extend storage timeframes.

## Sustainability

A three year project developing low volume pesticide application techniques for avocados has been completed with the assistance of Dr Robyn Gaskin from NZ Plant Protection Centre and Dr David Manktelow for Agribusiness Training, who have been funded through a MAF Sustainable Farming Fund research grant. Results indicate that with the use of an appropriate adjuvant, water volumes can be considerably reduced with no adverse effects on coverage. The AIC is funding further validation trials on the efficacy of the low volume application against pests and diseases, and to assist in providing the effective transfer of this technology to orchard practice.

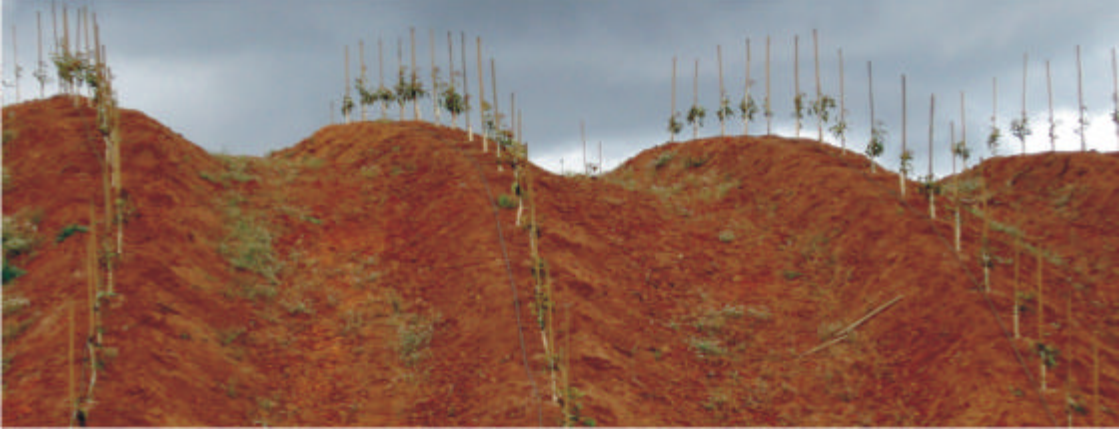
As part of the MAF Sustainable Farming Fund project investigating alternatives to copper fungicides the AIC have undertaken a large scale survey of soil copper levels. This information provides a useful baseline for evaluating the effects of historic copper applications and will be used to design a more sustainable disease control strategy.

## Other Highlights

Andrew Mandemaker has completed his MSc (Hons) degree and has returned to the AIC. Andrew's thesis topic was titled 'Winter leaf yellowing in 'Hass' Avocado'. The Tertiary Education Commission supported his studies with a Bright Futures Enterprise Scholarship. His research has shown that avocado trees can remain productive during winter. These findings have led to a re-evaluation of tree management through the winter period.

The sixth volume of NZ Avocado Growers Annual Research Report has been produced and this year has been distributed in an electronic form. In keeping with the industry move away from paper-based communication the report can now be found on the industry website. Fuller details of the research funded by the AGA are presented in this report.

New Zealand was well represented at the Sixth World Avocado Congress held in Chile by the industry



scientists and Dr Everett and Dr Burdon of HortResearch. Dr Jonathan Dixon presented 'Factors influencing fruit set of 'Hass' avocados in New Zealand' and on behalf of Dr Rod Bonfiglioni of Linnaeus Laboratories 'Avocado sunblotch viroid testing'; Dr Everett presented 'The absence of Avocado Scab from New Zealand'; and Dr Burdon presented 'Physiological markers of fruit quality in late season fruit'. These were all well received by conference delegates.

A major highlight for the year has been the production of the Growing Productive Trees booklet. This was a collaborative effort between the AIC science team and several avocado consultants. The booklet outlines the basic principles that if widely applied across the

industry would substantially address the irregular bearing issue. This also marks a change in the approach to technology transfer on the part of the AGA to provide more detailed recommendations to growers as an aid to improving the dissemination of the knowledge developed by both the research team and practitioners.

**Dr Henry Pak**  
*Technical Manager*  
AIC



# Industry Statistics

## Industry Growth 1996 to 2008

Planted hectares 5 years and older by districts

District	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	06/07	07/08
Far North	88	109	131	155	215	235	255	294	308	335	352	359
Mid North	132	178	207	247	292	340	405	468	520	566	626	694
Bay of Plenty	676	687	692	771	801	932	1,095	1,318	1,546	1,784	2,046	2,317
Auckland	30	45	50	55	60	70	75	90	100	111	124	141
Rest of NZ	20	20	20	20	55	60	60	79	89	106	119	130
Total Hectares	946	1,039	1,100	1,248	1,423	1,637	1,890	2,249	2,564	2,902	3,267	3,640

The 'Rest of New Zealand' is primarily the Gisborne, Taranaki and Wellington regions. Planted area is an estimate based on Statistics New Zealand census data and grower declared data.

## Industry Growth

June 1996 to June 2008

Year	Export trays (5.5kg)	Local market trays (5.5kg)	Processing trays (5.5kg)	Total trays (5.5kg)	Total Tonnes
96/97	357,000	271,000	-	628,000	3,454
97/98	602,000	385,000	-	987,000	5,429
98/99	845,000	425,000	-	1,270,000	6,985
99/2000	1,125,000	555,000	-	1,680,000	9,240
2000/01	1,400,000	712,000	180,000	2,292,000	12,606
01/02	1,321,000	678,000	155,000	2,154,000	11,847
02/03	1,259,000	1,075,000	75,000	2,409,000	13,250
03/04	1,055,000	825,000	55,000	1,935,000	10,642
04/05	1,122,175	895,961	118,498	2,136,634	11,751
05/06	2,406,022	1,294,168	476,225	4,176,415	22,970
06/07	945,885	989,335	71,137	2,006,357	11,035
07/08	2,644,862	1,480,529	741,089	4,866,480	26,766

## Industry values

June 1996 to June 2008

Year	Export FOB \$ Million	Fresh domestic value First point of sale \$ Million	Processed domestic value First point of sale \$ Million	Total value \$ Million
96/97	\$9.42	\$5.994	-	\$15.414
97/98	\$15.0	\$7.459	-	\$22.459
98/99	\$21.5	\$6.726	-	\$28.226
99/00	\$33.75	\$8.325	-	\$42.075
00/01	\$37.80	\$10.238	\$0.693	\$48.731
01/02	\$34.35	\$9.184	\$0.33	\$43.864
02/03	\$33.364	\$13.034	\$0.248	\$46.646
03/04	\$31.217	\$13.919	\$0.181	\$45.317
04/05	\$29.733	\$15.201	\$0.324	\$45.258
05/06	\$39.699	\$14.235	\$0.917	\$54.851
06/07	\$26.977	\$16.315	\$0.152	\$43.444
07/08	\$48.504	\$15.783	\$0.408	\$64.695

## Industry Yields

June 1996 to June 2008

Year	Yield (tons per ha)*
96/97	3.65
97/98	5.22
98/99	6.35
99/00	7.40
00/01	8.86
01/02	7.24
02/03	7.01
03/04	4.73
04/05	4.59
05/06	7.91
06/07	3.38
07/08	7.35



\*National average yield data may be distorted by the inclusion of young orchards which constitute a disproportionate amount of the total acreage.

## Unit Values

June 1996 to June 2008

Year	Export		New Zealand Domestic	
	FOB Value \$/kg	Volume (tonnes)	First Point of Sale Value \$/kg (Includes processing)	Volume (tonnes)
96/97	\$4.54	2,073	\$4.02	1,491
97/98	\$4.53	3,311	\$3.52	2,118
98/99	\$4.63	4,647	\$2.88	2,338
99/00	\$5.45	6,187	\$2.73	3,053
00/01	\$4.91	7,700	\$2.62	3,916
01/02	\$4.73	7,265	\$2.46	3,729
02/03	\$4.82	6,925	\$2.20	5,913
03/04	\$5.38	5,775	\$2.94	5,115
04/05	\$4.81	6,171	\$2.78	5,580
05/06	\$3.00	13,233	\$1.54	9,737
06/07	\$5.16	5,202	\$2.82	5,833
07/08	\$3.33	14,547	\$1.33	12,219

## Planting trends

Year	Tree numbers	Area (ha)
2000/1	62,894	314
2001/2	67,648	338
2002/3	72,767	364
2003/4	74,758	374
2004/5	86,533	433
2005/6	69,470	347
2006/7	86,162	277
2007/8	50,000	250
<b>Total</b>		<b>2,697</b>

Planted area is an estimate based on nursery supplied data.

Total planted area = ca. 5,246 ha

## Export Statistics

Year	Export FOB	Export Trays
96/97	\$9.42m	357,000
97/98	\$15.0m	602,000
98/99	\$21.5m	845,000
99/2000	\$33.75m	1,125,000
2000/01	\$37.80m	1,400,000
01/02	\$34.35m	1,321,000
02/03	\$33.364m	1,259,000
03/04	\$31.217m	1,055,000
04/05	\$29.733m	1,122,175
05/06	\$39.699m	2,406,022
06/07	\$26.977m	945,885
07/08	\$48.504m	2,644,862

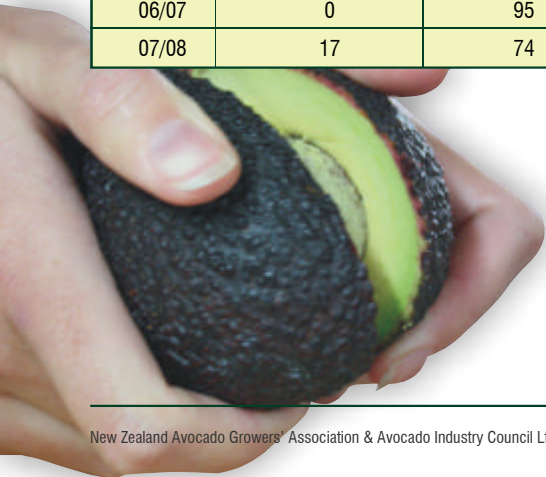
## National and Average Orchard Gate Returns

Year	National Orchard Gate Return	Average Property Orchard Gate Return/ ha	Elite (15 tonnes/ha) Orchard Gate Return/ ha
1999/00	\$ 22.101m	\$ 17,709	\$ 36,996
2000/01	\$ 25.688m	\$ 18,052	\$ 30,563
2001/02	\$ 23.306m	\$ 14,176	\$ 29,371
2002/03	\$ 25.668m	\$ 13,581	\$ 29,060
2003/04	\$ 29.383m	\$ 14,176	\$ 42,530
2004/05	\$ 26.830m	\$ 12,641	\$ 39,754
2005/06	\$ 31.313m	\$ 10,786	\$ 21,384
2006/07	\$31.841m	\$9,746	\$43,465
2007/08	\$36.786m	\$10,103	\$20,293

The calculation of Farm Gate Return is based on industry gathered data for income, national average yield, national pack out split and national fruit size distribution. The elite property represents the stated industry goal of 15 tonnes per ha average for the industry. There are a very small number of growers who are achieving yields above 25 tonnes per ha.

## Export Market Share

Year	% Allocation to Export Markets			
	USA	Australia	Japan	Other
99/00	48	50		2
00/01	54	45		1
01/02	29	68		3
02/03	27	70		3
03/04	5	87		8
04/05	2	91	5	2
05/06	0.5	89	8	2.5
06/07	0	95	2.5	2.5
07/08	17	74	6	3



## Growers by District

Year	% Export Growers by District			
	Far North	Mid North	Bay of Plenty	Rest of NZ
99/00	4	15	71	10
00/01	3	12	79	6
01/02	3	11	79	7
02/03	4	12	75	9
03/04	4	12	78	6
04/05	5	12	77	6
05/06	4	13	79	4
06/07	6	21	67	6
07/08	4	14	78	4

## Export Production by District

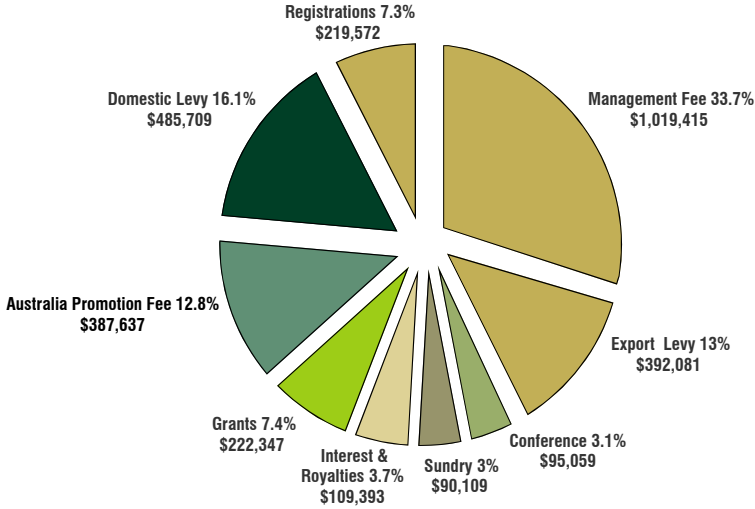
Year	% Export Production by District			
	Far North	Mid North	Bay of Plenty	Rest of NZ
99/00	11	23	64	2
00/01	10	19	69	2
01/02	11	20	67	2
02/03	10	16	70	4
03/04	13	15	67	5
04/05	14	13	69	4
05/06	14	20	64	2
06/07	23	32	41	4
07/08	12	12	74	2

## Total Production by District

Year	% Total Production by District			
	Far North	Mid North	Bay of Plenty	Rest of NZ
02/03	10	23	63	4
03/04	13	19	64	4
04/05	16	14	66	4
05/06	13	23	62	2
06/07	22	35	40	3
07/08	12	16	70	2

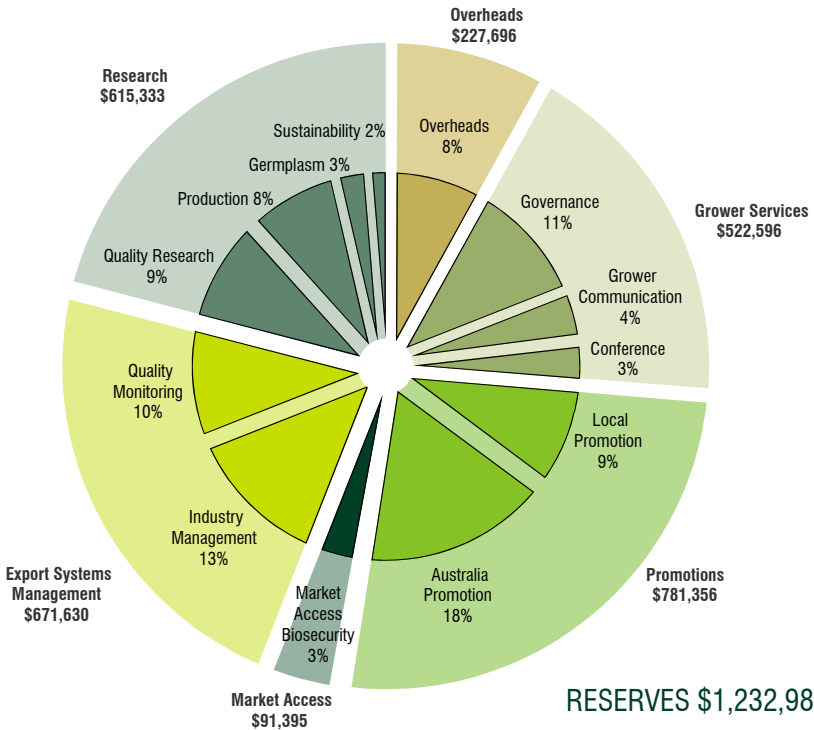
# Consolidated Revenue

TOTAL \$3,021,322



# Consolidated Expenses

TOTAL \$2,910,005



RESERVES \$1,232,988

# AGA Consolidated Financial Statements for the year ended 30 April 2008

## Income Statement

	Group 2008 \$	Group 2007 \$	Association 2008 \$	Association 2007 \$
<b>Revenue</b>				
AvoScene income	45,425	50,174	45,425	50,174
Australian promotion contribution	387,637	-	-	-
Commodity levies	485,709	489,441	485,709	489,441
Conference income	95,059	-	95,059	-
Export levies and fees	1,411,496	531,386	392,081	139,835
Grant - Sustainable Farm Fund	121,685	112,693	119,907	102,585
Grant - Foundation for Science	74,071	177,778	-	-
Grant - Ministry of Agriculture and Fisheries	26,591	-	-	-
Growers manual	4,426	7,209	4,426	7,209
Registrations	219,572	121,326	-	-
Royalties	47,226	-	-	-
Interest received	62,167	73,262	31,378	26,456
Sundry income	40,258	32,811	17,437	5,030
<b>Total revenue</b>	<b>3,021,322</b>	<b>1,596,080</b>	<b>1,191,422</b>	<b>820,730</b>
<b>Expenses</b>				
Australian promotions	523,785	-	-	-
Operating	1,471,666	907,422	840,873	535,201
Administration	866,037	931,326	345,816	277,673
Finance	2,235	3,190	-	-
Non cash items	46,282	51,710	2,848	3,389
	2,910,005	1,893,648	1,189,537	816,263
<b>Operating surplus/(deficit)</b>	<b>111,317</b>	<b>(297,598)</b>	<b>1,885</b>	<b>4,467</b>
Tax expense	-	-	-	-
<b>Net (deficit)/surplus</b>	<b>111,317</b>	<b>(297,598)</b>	<b>1,885</b>	<b>4,467</b>
<b>Balance Sheet</b>				
<b>Equity</b>	<b>1,232,988</b>	<b>1,121,671</b>	<b>555,697</b>	<b>553,812</b>
<b>Current assets</b>				
Cash and bank balances	1,274,910	1,177,855	513,187	555,044
Accounts receivable	114,672	133,512	52,656	129,171
Prepayments	6,904	10,453	-	4,127
GST refund due	5,155	17,684	-	3,018
Income tax refund due	6,003	9,125	-	-
Assets under construction	26,540	-	-	-
	1,434,184	1,348,629	565,843	691,360
<b>Non current assets</b>				
Property, plant and equipment	91,047	96,954	2,052	2,835
Intangible assets	7,386	9,451	7,386	9,451
Investments	-	-	2	2
	98,433	106,405	9,440	12,288
<b>Total assets</b>	<b>1,532,617</b>	<b>1,455,034</b>	<b>575,283</b>	<b>703,648</b>
<b>Current liabilities</b>				
Accounts payable	280,959	311,338	14,604	149,836
GST payable	4,982	-	4,982	-
Current portion of finance lease liabilities	9,415	8,337	-	-
	295,356	319,675	19,586	149,836
<b>Non current liabilities</b>				
Non current portion of finance lease liabilities	4,273	13,688	-	-
<b>Total liabilities</b>	<b>299,629</b>	<b>333,363</b>	<b>19,586</b>	<b>149,836</b>
<b>Net assets</b>	<b>1,232,988</b>	<b>1,121,671</b>	<b>555,697</b>	<b>553,812</b>

# Auditor Report



## To the members of N.Z. Avocado Growers Association Incorporated

We have audited the financial statements on pages 4 to 15\*. The financial statements provide information about the past financial performance and financial position of the association and group as at 30 April 2008. This information is stated in accordance with the accounting policies set out on pages 7 to 9\*.

### Executive Committee responsibilities

The Executive Committee are responsible for the preparation of financial statements which give a true and fair view of the financial position of the association and group as at 30 April 2008 and the results of their operations for the year ended on that date.

### Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the executive committee and report our opinion to you.

### Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgments made by the Executive Committee in the preparation of the financial statements;
- whether the accounting policies are appropriate to the association's and group's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided other services to the association in relation to taxation and general accounting services. These matters have not impaired our independence as auditors of the association. The firm has no other relationship with, or interest in, the association.

### Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the association as far as appears from our examination of those records;
- the financial statements on pages 4 to 15\*:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the association and group as at 30 April 2008 and the results of their operations for the year ended on that date.

Our audit was completed on 30 May 2008 and our unqualified opinion is expressed as at that date.

The KPMG logo is displayed in a stylized, italicized font.

**Tauranga**

\* A copy of the full financial statements is available on the website - [www.nzavocado.co.nz](http://www.nzavocado.co.nz)

# AIC Registered Packers / Exporters

## Registered Packers

2007/2008 Season

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Alcom Ltd  
Aerocool Ltd  
Apata Ltd - Northland  
Apata Ltd – Turntable Road  
Birchwood Packhouse Ltd  
BRAVO – Marshall Road  
BRAVO – Glenbervie  
Coles Packhouse  
Deltapac  
DMS Pro growers Ltd  
Far North Packers  
Golden Mile Fruitpackers Ltd  
Hevila Pak  
NZ Kiwifruit Ltd  
Orangewood Ltd  
Orere Avocados Ltd  
Peninsula Packhouse  
Seeka Kiwifruit Industries Ltd  
Tandara Opotiki  
Te Awanui Huka Pak Ltd  
Trevelyan Pack and Cool Ltd

## Registered Exporters

2007/2008 Season

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Chevalier Wholesale Produce Ltd  
Delica Ltd  
Fresh Fruit Company of NZ Ltd  
Global Fresh New Zealand Ltd  
Integrow Marketing Ltd  
Intermax Ltd  
J P Exports Ltd  
Primor Produce Ltd  
Te Awanui Huka Pak Ltd  
Team Horticulture Ltd

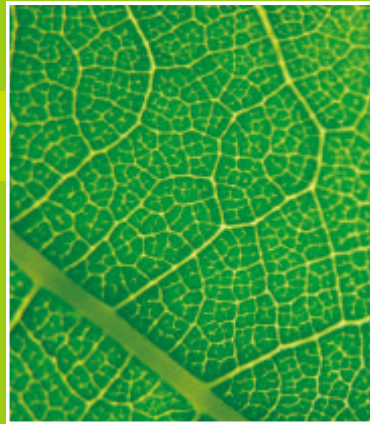
## Local Market Registered Packer

2007/2008 Season

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R D & S A Bailey







5th floor, Harrington House, Harrington Street  
PO Box 13267, Tauranga 3141  
Phone + 64 7 571 6147 Fax +64 7 571 6145  
[www.nzavocado.co.nz](http://www.nzavocado.co.nz)