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6 September 2016

The latest industry news at your fingertips

'Guacamole' is the Australian avocado industry's fortnightly email newsletter delivering the latest news to the Australian avocado industry.

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International News

Avocado restaurant is opening soon Peru can now export Hass avocados to India Avocado shipper partners with Chinese company to sell avocados online



Avocados Australia's 2016 Communications Online Survey - be in it to WIN it

Avocados Australia is calling on industry members to complete our Online Communication Survey - this enters you into the draw to win \$500.

Avocados Australia's CEO John Tyas said this is the perfect chance for the industry to tell us what you think, how we can improve and innovate.

"We want to know your views; what is important to you and how we can do the best job for you," Mr Tyas said.

"Avocados Australia is dedicated to meeting your needs and continuing to improve our service to the industry and we can't do this without your feedback."

Mr Tyas said the survey should take 10-15 minutes to complete.

Those who take part in the survey go into the draw to win \$500 in cash and the prize will be drawn and announced in the Guacamole Newsletter on Friday 30 September.

<u>Click here</u> to access Avocados Australia's Online Communication Survey and complete before COB Monday 19 September.

Avocados Australia's Backpacker Tax submission

Avocados Australia would like to thank those of you who took the time to respond to our Working Holiday Makers Visa survey we sent out at short notice last week.

Your feedback enabled us to pull together an evidence-based submission about our industry's workforce needs.

To summarise our submission, Avocados Australia believes any proposed increase to the Working Holiday Makers Visa taxation needs to be reconsidered urgently.

The likely impact on Australia's larger avocado growing areas will be huge, and will leave Australian consumers with potentially poor quality, expensive fruit rather than the reasonably priced, premium product our households have come to rely on.

It will probably see a lot of the larger farms in our main growing regions lose business or close.

This will also have a direct impact on the industry's fine reputation, detracting from the decades of hard work the industry has done to build our reputation for producing a premium, healthy product.

The recommendations Avocados Australia made included:

- 1. In order to rebuild that positive image of Australia and return the confidence to our international markets we believe the government needs to scrap the current proposed tax policy.
- 2. Avocados Australia believes all workers in Australia should pay a level of tax that is fair, consistent and competitive and any future Government proposal should be internationally competitive, be supported with modelling, and should include in-depth industry consultation.
- 3. A compromise taxation rate of around 15 per cent to match the Seasonal Workers Program would match the expectations listed above.

Avocados on special as Costa broadens its base

Source: The Australian

Australia's biggest horticulture company, Costa Group, is poised to add a fifth pillar to its burgeoning produce business by moving into the farming of avocados to capitalise on soaring consumer demand for the fruit.

The listed Costa Group, which is partly owned by former Geelong Football Club president Frank Costa and his brothers and US private equity firm Paine & Partners, has transformed the way fruit and vegetables are farmed by growing them in glasshouses and galvanised steel tunnels.

It also grows its produce in numerous growing locations across the country, reducing disease and weather risks and allowing the company to supply all year round.

Costa is making millions of dollars from its booming crops of blueberries, raspberries, strawberries and mushrooms. It also produces tomatoes and citrus products. But chief executive Harry Debney said the group was actively looking to use its strong balance sheet to

establish a fifth pillar.

"We are happy to say we are actively looking at the avocado sector as that fifth pillar. Avocados to us are very attractive. Our portfolio is at the healthy end of the eating spectrum and we think avocados fit well within that," he told The Australian.

"Second to berries, Avocados sit right up there as a very strong growth area and we think we can - if we go into a multi-region program - get a 52-week supply. Costas is already a very large ripener and marketer of avocados. We want to build a vertical. We already have elements of that established in the sales, marketing and ripening sector. So it is logical we integrate backwards into farming."

The Australian avocado farming market is highly fragmented and run by largely family-based businesses, with the biggest players being in Bundaberg in central Queensland and Western Australia.

Mr Debney declined to comment further on the strategy but Costa is expected to look to acquire businesses and supplement those acquisitions with fresh plantings. It already runs a small avocado crop in Renmark in South Australia.

Costa's blueberry, raspberry and summer strawberry production is commanding price premiums in supermarkets compared to products such as apples, tomatoes and bananas.

"We intentionally scaled back on bananas and grapes and some of these more commoditised categories some years ago. In most of our categories we have significant advantages — not just high market share but intellectual property protection," Mr Debney said after Costa lifted its profits by 500 per cent in its first year as a listed company.

In February this year Costa announced \$80 million of capital projects for its berry division over the next four years. Costa is also looking to sell its berries overseas and earlier this year launched a Chinese production company with giant US berry producer Driscoll's.

In mushrooms, Costa is value-adding to its products by delivering sliced and pre-packaged produce to the supermarkets, which are attracting superior prices.

"In the case of mushrooms, we do a lot of value-add with consumer packaging and prepacking," Mr Debney said.

The group's South Australian-based orange crop is also protected as 60 per cent of its production goes to export.

Marketing Update

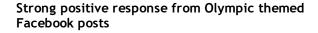
By the Hort Innovation Marketing Team

Australian Avocados to feature across Mumtastic.com.au

As part of the Gourmet Everyday pillar of the Australian Avocados social and digital strategy, there will be dedicated banner content featuring fresh spring inspired Avocado recipes, running across the parenting and kids Mumtastic.com.au network - a favourite destination for mums on the web. Content will kick off in the second half of September.

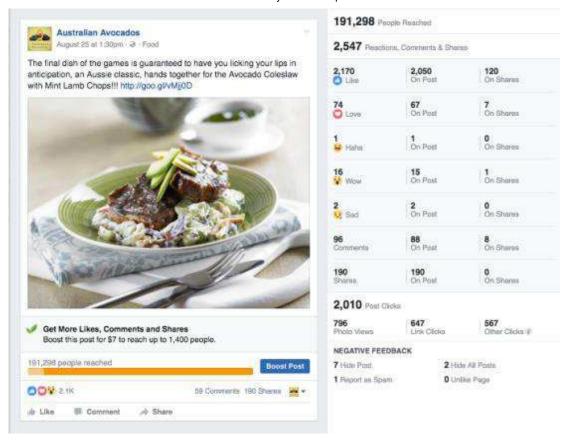
Saturdays are the day when people want Avocado recipes.

A review of Google search results by our media agency, IKON, has shown that search for Avocado recipes peak on a Saturday between 10am and 3pm. We will be prioritizing this part of the week with our keyword strategy and ensuring that consumers are served with Google ads that reflect "easy and tasty Avocado dinner and lunch ideas".









Our Facebook posts with a quirky take on the Olympics and featuring some mouth-watering Avocado recipes went live during the games with positive feedback from our audience.

A number of posts reached an audience of 190,000 viewers with +2,000 reactions. We will be exploring how to continue to inject avocado relevant content into current events moving forward.

TV Campaign Burst results are on their way

We have just concluded our recent burst of TV supported by pre-roll advertising across major metro markets, including the addition of SBS new Food Channel. IKON are developing the reach results now and look for an update in an upcoming edition of Guacamole.

Food regulator reviewing GM potato for use within Australia

Source - ABC Rural

Australia's food regulator has called for submissions as it reviews a genetically-modified potato designed to produce less chemicals when fried.

United States authorities approved the potato, called Innate, for growing and processing last year.

Produced by Simplot, SPC International, it has been transformed by genetic modification (GM) to reduce a by-product chemical called acrylamide, which has been linked to cancer in laboratory animals.

Food Standards Australia New Zealand (FSANZ) has given the public until the end of September to make a submission.

FSANZ will then complete its review and make a recommendation to the Federal Government next year.

The authority has already assessed the potato as "safe" in testing, where a russet burbank potato was used in testing.

"The DNA that has been added is from the potato itself, or from a closely-related potato species," FSANZ chief executive Steve McCutcheon said.

"There are no new proteins that have been introduced. It's reducing the expression of four of the potato's own genes."

New research fund puts pollination front and centre

Source: Hort Innovation

A significant pollination research investment fund has been launched by Hort Innovation to address current and future challenges for the horticulture industry.

This likely multi-million dollar fund will invest in vital research to increase crop quality and yields through more effective pollination and alternate pollinators. Increasing the understanding of the role of various pollinators among growers and safeguarding bee health are also priorities for new research projects.

Supported with Australian Government funding, the fund will comprise multiple projects to be delivered in partnership with co-investors such as research institutions, government agencies or international and commercial enterprises.

On August 15, Hort Innovation and Plant Food Research New Zealand, along with Australian Government Assistant Minister for Agriculture Anne Ruston, launched a \$5 million project which focusses on combatting and managing Varroa mite, and strengthening other pollinators.

Hort Innovation Chief Executive John Lloyd said: "Australia is the last known inhabited continent in the world that is not permeated by Varroa mite, and as recent Queensland Varroa Jacobsoni mite discoveries have shown, the threat is very real.

"If the more damaging Varroa Destructor mite took hold in Australia, it would affect colonies of bees, having a significant negative impact on hive availability for pollination, and potentially devastate the livelihoods of certain growers whose produce relies solely on bee pollination.

"It's vital that we safeguard the nation's supply of honey bee pollination dependant fruit, nuts and vegetables, and arm the beekeeping industry with the tools it needs to respond to a Varroa outbreak."

Plant & Food Research New Zealand is well-placed to provide expert advice and leadership on preparing for and adapting to Varroa control. The pest has been in New Zealand for more than a decade and presented a serious threat to managed honey bee colonies, honey production and crop pollination.

Last month, Hort Innovation began a \$7 million, five-year program, with Western Sydney University which will focus on:

- Characterising and securing alternative pollinators
- Increasing pollen and nectar on farms
- Investigating the effects of climate change on pollinators
- Bee virus research
- · Grower involvement and adoption.

It will be delivered by some of the country's top researchers from Western Sydney University, Bayer CropScience, Syngenta Asia-Pacific and Greening Australia, and will operate in parallel to the All India Coordinated Research Program (AICRP) of the Indian Council of Agricultural Research on Honey Bee Health and Training, which is being conducted through 26 research centres across India.

Hort Innovation will be seeking co-investors in the coming months to partner in further research projects. It is also in the process of establishing an Expert Advisory Panel - which will be made up of industry and pollination experts.

Avocado shoppers find at-shelf messages most compelling

Source: Hass Avocado Board (USA)

The Hass Avocado Board's quantitative consumer study Engaging and Influencing Shoppers at Shelf examined shopper attitudes and purchase intent in response to twenty specific point-of-

sale messages. Shoppers found sensory and nutrition messages to be the most persuasive.

"Understanding at-shelf messages that resonate most with shoppers is important to drive sales of Hass avocados at retail," states Emiliano Escobedo, executive director of the Hass Avocado Board.

"We tested messages across four thematic categories to determine which in-store, point-of-sale messaging is the most preferred to influence and inform shoppers."

Shoppers found the messages in the Sensory and Nutrition themes to be the most compelling, with Sensory messages scoring the highest overall.



The clear front-runner to motivate purchase among all 20 messages tested was "Naturally Delicious."

Shoppers indicated that the message communicated "great taste" and provided a sense of "real food" that "may be good for you."

"Naturally Good Fats" was the top-rated nutritional message. This message appealed to shoppers because they considered it to be "simple and easy to understand," "Important to them," and "believable." Additionally, "Cholesterol Free" and "Good Fat in Avocados Can Replace Saturated Fat" also resonated well with shoppers.

"The message selections confirm consumer preference for fresh foods," explains Escobedo.

"Consumers' shopping and eating patterns are changing, and they are shopping the perimeter of the store for fresh products.

"Consumers still want convenience, and their food to be real and nutritious, both of which avocados deliver."

Shopper ratings for the at-shelf messaging also varied by avocado usage level.

Super-heavy and heavy avocado buyers responded more positively in general to at-shelf messaging.

"This is good news for the category," says Escobedo. "The core avocado shopper is listening and is open to information at point of purchase that enhances their purchase experience and enjoyment of avocados."

Infocado and retail prices update

Past Infocado Reports and Retail Prices data are available for access from the Avocados Australia website. You can regularly access this information by going to the Avocados Australia website's Infocado and Retail Pricing pages.

Industry News

Australian News

Qfly survey targets future pest insect management

FRUIT and vegetable growers are being urged to participate in a new survey on the management of Queensland fruit fly (Qfly).

The phone-based survey is part of the ongoing SITplus (http://horticulture.com.au/how-weinvest-2/sitplus/) initiative, a project to fight Qfly involving Horticulture Innovation Australia, key government agencies and the country's leading research organisations. Targeting the Riverland, Sunraysia and Murray/Goulburn Valley regions, the survey is being run by CSIRO and will delve into the acceptance of and attitudes towards area wide management (AWM) of Qfly. More

Australian authorities remind suppliers of their rights

All suppliers to Coles, Woolworths and Aldi now have the full benefit of the Food and Grocery Code of Conduct (Code).

"Reports received by the Australian Competition and Consumer Commission suggest that a majority of suppliers have chosen to enter Code compliant grocery supply agreements (GSAs) with the supermarkets. It is important to recognise that from 1 July 2016, suppliers of Aldi, Coles and Woolworths who had not yet signed new GSAs still have the default protections provided by the Code, which overlay their existing terms," ACCC Chairman Rod Sims said. More

Australian avocado sales continue to grow

Backed by strong national crop, domestic and export sales increase over 2015/16, with upcoming season set to follow suit. Peak industry body Avocados Australia has revealed the country's growers tended to the largest crop on national record over 2015/16. More

Vegetarianism on the rise in Australia, Roy Morgan Research

More Australians are deciding to follow a vegetarian diet says a new report from Roy Morgan Research. According to the report, between 2012 and 2016, the number of Australian adults who decided to become vegetarian, or mostly eat a vegetarian diet, increased from 1.7 million to almost 2.1 million, or 11.2 per cent or the population. More

Bloomin' Blackbutt Avo Festival this weekend

Don't forget the Bloomin' Beautiful Blackbutt Avocado Festival is on this weekend - 10-11 September. Over the 2 days, festival goers will have the opportunity to learn how to cook, eat and roll avocados. But the Festival is much more than that. Live music, street entertainment, free kids activities, historical guided tours, grand street parade and this year's headline event The Kransky Sisters and Topology present Tunes from the Tube. More

International News

Avocado restaurant is opening soon

Avocado lovers can finally indulge. A restaurant with the very appropriate name 'Avocaderia' will open very soon in New York. An exact opening date has not been released yet. This restaurant mainly uses the exotic fruit with the soft velvety green flesh. More

Peru can now export Hass avocados to India

The Peruvian Ministry of Agriculture and Irrigation (Minagri) reported that the market of the Republic of India has now opened to Peruvian Hass avocados after the successful negotiation carried out by the National Service of Agrarian Health (Senasa). More

Avocado shipper partners with Chinese company to sell avocados online

Lantao International, in conjunction with Mission Produce, today announced that it has entered into an agreement with JD.com to sell fresh avocados on the JD.com online platform. JD.com is China's largest internet company by revenue, with 188 million active customers nationwide. The JD brand is known for its focus on high-quality produce and rapid delivery. More

Can't wait for Guacamole? You can read all the latest <u>Avocado News</u> and industry-related <u>National & International News</u> on the Avocados Australia industry website.

This project has been funded by Horticulture Innovation Australia Limited using the avocado levy and funds from the Australian Government.



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