

Talking Avocados



Update on Canopy Management Strategies

Avocado program overview

Marketing and Promotion Update

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Cover photo: The Avocado account managers from our Marketing Agency (De Paquale), PR Agency (Phillips Group) and HAL talking to Lachlan Donovan while on an orchard and packing house site visit to get an 'on the ground' feel for the industry.



Talking Avocados

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We all make mistakes: If we make a mistake please let us know so a correction may be made in the next issue.

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Chairman's Perspective

Weather

The weather around the country continues to test our management skills and patience. The North Queensland region suffered prolonged periods of wet weather after Tropical Cyclone Larry making the recovery process difficult.



This also raises serious concerns about the likely impact of diseases such as root rot on the surviving trees. I know they would have gladly shared the rain with the rest of Australia which, with the exception of South West Western Australia is generally still desperately dry.

Now the advent of winter has brought a series of severe frosts across the southern regions of Western Australia and the Tristate area. I understand there have been serious losses in all areas, with the Sunraysia being particularly hard hit. Having been severely affected myself in the past (and not without damage this year) I am all too familiar with the frustration of having very few options for effective risk management against a severe frost. The winter is not yet over so I ask that any grower who suffers frost damage only market fruit if they are very confident the consumer will not be disappointed. The fruit needs to be mature and capable of ripening normally with no cold damage.

A severe winter may be a timely reminder that some blocks probably shouldn't be planted to avocados if regular cropping is expected, unless significant investment in frost mitigation is also made.

Market

Once the market cleared itself of the supply problems caused by Tropical Cyclone Larry, returns for quality fruit appear to have recovered to a reasonable level, given the size of the crop to be harvested. Those prepared to size pick their crop should reap the benefits. Some growers size pick as a routine management strategy and continue to do so as the rewards are there. If as an industry we can continue to avoid large fluctuations in the flow of fruit onto the market, preferably "picking to order" then all growers may benefit from a season of reasonable prices. The last thing we need now is a stockpile of old fruit which gives the consumer a bad experience and will result in a fall in demand. The fact that New Zealand has a smaller crop this year together with the frost damage across southern Australia means that there should not be the volumes of fruit later in the year that we saw last season.

Infocado

It was great to catch up with so many growers and packers at the recent Infocado Summit. To have the majority of the major packers from around the country networking and discussing ways of advancing our industry was, I believe, a unique event for Australian horticulture. An event which I hope can be repeated on a regular basis with more of the industry involved next time.

New Zealand Relationship

The CEO of Avocados Australia and I recently met with the leadership of the New Zealand industry, including their new CEO, Alan Thorn. We continue to progress the issue of the New Zealand industry supporting our marketing and promotional activities in the Australian market with the clear aim of increasing the consumption of avocados in Australia. It was interesting to read Hugh Moore's "Chairman's Comment" in the June 2006 edition of Avoscene. When commenting on their recent export season to Australia he wrote "the greatest investment in promoting growth (in the Australian market) may have been the reduction in price we received, which was transformed through to retail with increased consumer demand at an investment of between \$10-\$12million when compared to previous seasons' grower returns". My suggestion is that there are far more cost effective methods of increasing consumption than simply using retail price. If both industries contribute to a generic marketing campaign we all benefit by building consumption and maintaining demand throughout the year.

Thanks for Contribution

The Avocados Australia Board has accepted their responsibility for informed decision making and the previous Marketing and R&D Committees have been disbanded. On behalf of the industry and personally I would like to thank the following people for their valued contributions to the management of our industry over a number of years. Garry Poole, Graham Chartres and Lisa Cork who served on the Marketing Committee and Alan Blight, John Dorrian, David Peasley, Graeme Thomas and Tony Whiley who served on the Research Committee. These people brought a range of skills to the decision making process, gave freely of their time and provided a valued contribution to our industry. The Board is keen to continue to access their input when needed and has already consulted some of the former committee members over the direction of the program.

These changes do not mean there is any modification to the mix of investment in research, pre and post farm gate, extension and communication and marketing and promotion. The industry Strategic Plan provides the Board with the guidance for this investment. The Avocados Australia Board is very concerned about the reduced investment being made by governments in research and extension to support our industry. We will continue to support our State and Federal partners to ensure the industry has access to a superior science base to provide a sustainable future with so much still to learn about avocado production.

Rod Dalton

Rod Dalton
AAL Chairman
and Director for the South Queensland Growing Area.



Letters to the Editor

Implications of Managed Investment Schemes (MIS) in the Avocado Industry.

I am the managing partner in 65 hectares of avocado orchards in the Manjimup/Pemberton region of Western Australia and wish to bring the following issues to the attention of my fellow primary producers. MIS promoters who are now entering the avocado industry have a large commercial advantage over non-MIS producers (family farming businesses).

We have recently completed a large expansion to our avocado project and at the same time MIS promoter, a MIS has entered the avocado industry. This has brought into sharp focus the differences between MIS promoters and non-MIS producers in establishing new business enterprises.

These include –

- MIS investors receive 100% upfront tax deductibility for project development (created by the promoters structured prospectus)
- MIS promoters do not borrow funds and incur interest charges for project development (use tax driven investor funds)
- MIS promoters are not constrained by supply/demand signals (investors own the production and therefore carry the risk)
- MIS promoters are not exposed to industry failure as they have made their profit upfront and ongoing through management fees.
- Non-MIS producers receive their project tax deductions over time.
- Non-MIS producers borrow funds for project development and incur interest costs.
- Non-MIS producers' project is constrained by the forces of supply/demand.
- Non-MIS producers' project is exposed to industry failure.

It is my opinion that the MIS has created the environment for anti-competitive conduct having in stage 1 injected \$30 million through an Avocado Prospectus into an industry which turns over approx \$70 million per annum, giving it the potential to monopolise the industry.

The fundamental financial driver that allows MIS promoters to thrive is their skill in harvesting tax effective dollars from high-income earners using agriculture industries such as avocados and wine grapes as their medium, as these industries have investor appeal. As the MIS promoters make their profits upfront and ongoing from the investors, the normal supply/demand signals that genuine businesses live by do not apply.

It is interesting to note that these MIS promoters had their genesis in the Plantation Timber industries (where it could be argued that the upfront tax deductions have helped establish that industry and there is a net national interest in this occurring). The Plantation Timber Industry has grown from zero dollars, fifteen years ago, to billion dollar companies today, not from the sale of timber products, but from the high management fees charged to the investors in the growing of the crops.

Though it may be 'in the national interest' that re-forestation has taken place across rural Australia through MIS it has been courtesy of generous tax concessions from the Australian government. However, MIS have now crossed over into mainstream agriculture with the potential to commercially destroy those target industries.

Primary producers as with all businesses live by the laws of supply and demand. The business model perfected by MIS promoters in the plantation timber industries enables them to circumvent supply/demand laws by passing that risk onto their investors. Without the normal checks and balances, this sets a dangerous and unacceptable business precedent.

As testament to this the Australian wine grape growers recently called a crisis meeting in Melbourne requesting Federal Government assistance for an industry bail-out. At the same time we have MIS promoters selling tax effective schemes to potential investors for new vineyard plantings, aided and abetted by the taxing policies of the Federal Government.

Issues for the Federal Government:

- Federal Government has a 'duty of care' to protect genuine businesses from unfair competition.
- Federal Government has a 'duty of care' to protect investors (MIS promoters don't provide financial projections in their prospectus and are paying up to 10% commissions to investment advisers to tip investors into MIS schemes)

Questions for the Federal Government:

- Is it your intention to displace traditional rural investment for tax driven schemes?
- Is it reasonable for the Australian taxpayers to fund tax minimisation schemes in agriculture for high-income earners at the expense of rural communities?

It is incumbent upon genuine farming businesses across Australia to contact their industry leaders, State and Federal Parliamentarians and demand they get Managed Investment Schemes out of the established Agricultural sector.

I have put the following proposition to the Board of Avocados Australia Limited –

'The interests of Avocados Australia and the interests of MIS promoters are mutually incompatible', and as such anyone nominating to the board of Avocados Australia must give clear recognition to the voters of their association to MIS.

Avocado growers should contact their Avocados Australia Board Director and express their views. I believe that unless we stand united and fight, this industry will be commercially destroyed.

I am happy to compete with anyone on a level playing field providing that it is under the same terms and conditions.

George Ipsen

West Pemberton Avocados

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The Avocados Australia Board is working to gain a full understanding of MIS and how they differ to conventional investment by growers. It is a difficult issue that is extremely complex and has large implications for our industry. The Board is seeking a wide range of views and facts to establish its Policy position and welcomes comment and information from all members.

The Editor.

Special Thank You from the Avocado Industry

The Avocados Australia Board has reviewed the 15 year old Committee system and implemented a number of changes in the Committee system. The move to better integrate the R&D and Marketing programs has resulted in the changes. The changes in no way redirects the areas of importance as set out in the Industry Strategic Plan, research, industry development and promotion will continue to be an essential part of the program.

The Varieties Committee will continue in its current format and with its current members: AA Varieties Committee members: *Rod Dalton, Graeme Thomas, Peter Young, Graham Anderson, Tony Whiley, Ken Pegg and Antony Allen.*

The Committees previously charged with providing recommendations to the Avocados Australia Board for R&D, Export and Marketing direction are to be combined into an "Expert Panel". All previous Committee members have been invited to be on the Expert Panel.

The Expert Panel is to offer direction, advice and guidance to the Avocados Australia Board on technical and specialist areas of the levy program in a similar way to the previous Committee systems. The Avocados Australia Board has a wide range of skills that will be utilised, but when the skills are not available or an independent opinion is sort the Board will seek outside guidance from the Expert Panel.

This process has been used successfully in the development of the promotion program and the election of the marketing agencies for the program. Lisa Cork and John Prichard of the Expert Panel were very important in the process, and supplemented the Board's skills. The other role that Expert Panel members could be asked to undertake is the participation on "Project Reference Committees" for individual

projects. The current example of one of these committees, is the Canopy Management Project which has: *Tony Whiley, Rod Dalton, John Tyas, Andrea Vicic and Antony Allen* on the reference committee.

A number of people have been on the Avocados Australia Research and Development, Marketing and Export Committees for a number of years, some over 11 years and on behalf of the industry the Board of Avocados Australia would like to thank them very much for their commitment to the industry over many years, and looks forward to working with members of the Expert Panel into the future.

The previous members of the Avocados Australia R&D Committee: *Graeme Thomas, John Dorrian, Tony Whiley, David Peasley, Alan Blight, Jim Kochi, Peter Molenaar and Antony Allen.*

The previous members of the Avocados Australia Marketing Committee: *Rod Dalton, Ron Simpson, Gary Poole, Graeme Chartres, Lisa Cork, Colin Fechner and Antony Allen.*

The previous members of the Avocados Australia Export Committee: *Henry Kwaczynski, Brian Prosser, Amos Weigall, Jim Kochi, Lachlan Donovan, Ron Simpson and Antony Allen.*

The initial Expert Panel is comprised of those members of the previous R&D, Export and Marketing Committees who offered their commitment for the 05-06 year. New members of the Expert Panel may be added from time to time.

The Avocados Australia Board looks forward to working closely with the Expert Panel to ensure the most effective strategic direction of the levy program. The constant challenge is to drive the program to return the greatest value to growers businesses.

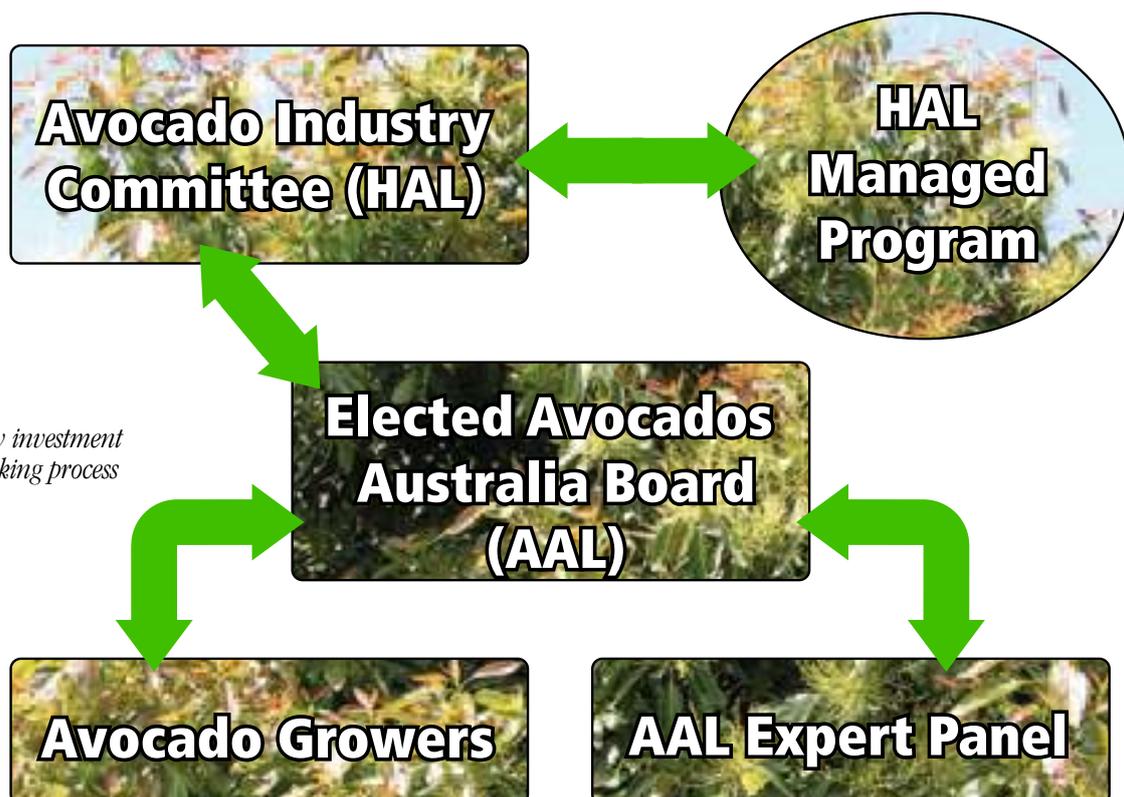


Diagram 1:
Avocado levy investment
decision making process

Industry Matters

**Written edited and compiled by
Antony Allen** CEO of Avocados Australia

Infocado Summit Brings Packhouses Together

Wednesday 5 July marked the first national avocado packinghouse meeting in Brisbane. The Infocado system, the collection of Australian and New Zealand dispatch and forecasting for avocados was the genesis for the Summit. Over 50 industry participants from WA, SA, NSW, QLD and New Zealand that are contributing to Infocado had dinner on the Tuesday night to set the scene for the full day Summit on Wednesday.

Avi Crane of Prime Produce International and Chair of the US Hass Avocado Board's Import Promotions Committee outlined the US system from its beginnings 20 years ago.

The day also marked the launch of a 15 month national forecasting system for avocados as part of Infocado.

Avocados Australia Board Meets in Brisbane

The Avocados Australia Board and Avocado IAC met in Brisbane on Tuesday 4 July. The Board and IAC reviewed the both the R&D Program and the Marketing Program. HAL, De Pasquale and Phillips Group presented to the Board and IAC. The Board and IAC discussed the R&D Workshop that was held the previous day. The next Board meeting is on 27 September and the next Avocado IAC is on 28 September, both in Bundaberg.

Successful Avocado R&D Workshop

The 6th Avocado R&D Workshop was held in Brisbane on Monday 3 July. The full day program allowed the presentation of R&D reports to the Avocados Australia Board and fellow researchers. The day provoked great discussion on a number of topics, including chemicals and supply chain issues. The forum is designed to allow the discussion of ideas, whether that is in a current project or potential work in the future. Researchers from WA, NSW and QLD, both Government and private participated in the Workshop.

The continued success of the day means that the 7th Workshop will be held in 2007.

Australian Avocados Promotion Campaign in Full Swing: ADD an AVO

2006 marks the launch a new campaign which is based on the results of the consumer research carried out in 2005. The objective of the new campaign is to encourage occasional users to increase purchase frequency, and maintain the purchase frequency of high users.

The strategic direction set for 2006–2007 is focused heavily on versatility, demonstrated by recipe usage. Targeting the traditional female grocery buyer 25–54 years (with a skew to 25–39 yrs), both media and creative relies on introducing new uses for Avocado supported always by specific recipe usage.

The Campaign line, 'Add an Avo' plays perfectly to the Avocado's role as an accompaniment to meals, delivering a real product truth in the

way they are used. At the same time, the health benefits will continue to be supported with a supplementary campaign focused towards vitamins and minerals content. This strategy delivers two key messages to the market. That Avocados are both 'Versatile' and 'Good for You' supporting the overall positioning that Avocados are amazing.

The launch over the last few months is focused strongly on print media due to its ability to give detailed new use methods, i.e. recipes, how to use and extend the amount of information that can be given. Life style and mass magazines in conjunction with health and food service magazines are being utilized. You will find Australian avocado promotions and editorials in Woman's Day, New Weekly, Who Weekly, Delicious, Super Food Ideas, Good Taste, along with Good Medicine, Heartwise Living, Food Service News and Eat Drink Magazine are the main title being used over the year. Keep an eye out for them.

The next phases of the Campaign will be rolled out over the coming weeks and months, these include in-store "point of sale" materials for both independent and supermarket stores. Two competitions, one for consumers and one for the food service industry. An extensive "online" campaign will be launched. The PR program is ready to hit the radio, TV and print media with amazing information on avocados, usage and health.

New Avocado Website Launched

An important component in our new promotion strategy is the delivery of information and recipes through our new "consumer" focused website. The industry has had a website for number of years. The old site was mainly grower and media focused, our new agency has directed the development of a consumer component to our website. Have a look and tell us what you think www.avocado.org.au The consumer site has been designed for broadband access which is the access the vast majority of consumer website users will have when at work and searching for recipe ideas and information.



Frost damage to VIC, SA and WA avocado crops

Frost has affected a wide range of avocado production areas. South Australia and Victoria were hit and Western Australia was also hit

Industry Matters
continued

shortly after. The effects have been variable, some growers losing their entire crop, some with no damage at all, and everything in between. The variability on avocados has meant that estimating the crop is very difficult. The early overall estimates for the Tristate region are down 10% to 15%. With the WA crop estimate preliminarily 10% down overall.

A full update on crop estimate changes will be issued in the first week of September.



David Duncan receiving his Life Membership Award at the Infocado Summit in Brisbane in July

Avocados on Show at the Show

The 2006 Sydney Royal Easter Show - South East Qld. District Exhibit was seen by our group as an exploratory exercise this year, because we were very unsure how well it would be received under the type of conditions to be experienced. It is for certain, that the timing of the Show is perhaps not ideal for all types of fruit but there is no choice.

We sourced our avocados from our own allowable region i.e. South East Queensland. This was eagerly supplied to us without any logistical difficulties. Fruit quality was excellent, it arrived as planned and in very good condition. This made our job much easier promote the product. We found that promoting to the general public from our stand produced a lot of interest. It is without a doubt that people will not accept poor quality and most of their comments related to quality not price.

Promotion leaflets were handed out and were well received. Strangely, the younger end of the consumer market appeared to be as interested in "quality, varieties and uses" as the older end of the spectrum.

Our District Group is the only group who deal with a volume of Avocados to the public, and if this year is any guide, it will be an excellent avenue to follow for the future. We carried a range of fruit ranging from green – sprung – ripe. While we often hear that the householder wants ripe fruit, it is a major problem for them. Often the comment was "I will not be able to carry these home without damage; better to have a couple of greener ones". It appears as though they like a choice, and this would be a problem for most retailers.

We certainly made personal contact with thousands of people over the 14 day show. Three boxes of leaflets were distributed (and this could

have been more as it turned out) and all the fruit was used with some days to spare. Why didn't we get more in? Well, by the time these were ordered, packed, freighted and collected, the remainder of the show days would have been over.

Our Group was manned during open times of the Dome (approx. 9:30am until approx. 8:00pm). Avocados were used as a feature on our display as they made up most of the "green" areas on the floor. This created colour effect for the public and from that, many questions would arise such as "the black ones, the round ones, the big ones, shaped like so" etc.

As the District Groups are without a doubt the focal point of the Sydney Royal Easter Show, it is an ideal way to get to the people. This year just under one million people attended the Show and nearly all of those went through the Dome. Anything which is new, novel, different or attractive appeals to the public.

It is to be hoped that we can continue with this venture in the future years. Thank you to everyone involved for your part in this venture. It is greatly appreciated by our small group from the Royal Easter Show - South East Qld District Exhibit. Col Dabelstein

Competition will cut farmers' market share: study

A new report says in the next 10 years Australian farmers will lose market share to developing countries like China, Brazil and India. The

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Peter and Sandra Young
71-83 Blackall Range Rd
Nambour Qld
Ph: 07 5442 1611

Rainforest Nursery
Ron and Joan Knowlton
25 Reynolds St
Mareeba Qld
Ph: 07 4092 1018



Industry Matters
continued

Organisation for Economic Cooperation and Development (OECD) and the United Nations have compared 15 commodities.

They have found that as developing nations increase production and become more competitive, countries like the US, EU and Australia will lose out in world agricultural trade. Australian exports of sugar, beef, rice and pigmeat will be hardest hit, with less impact on wheat and poultry. Trade analyst Peter Gallagher says although world trade rules will play a part, global export competition is on the rise.

"The world is not beating a path to our door looking for primary products," he said.

"The opportunities for Australia are now going to be much more in the processed food area and in the fresh foods and ingredients areas. "It is important that we realise many developing countries are becoming more effective producers of primary products and we need to look at the structure of our own production for the future."

Expansion of Ord Scheme Finally Set to Proceed

The long-awaited second stage development of the Ord River Irrigation Scheme in WA's far north has been given the green light. Tenders have been called by the Western Australian Government, which has settled environmental and native title issues surrounding the development. Bronwyn Herbert reports. "Sixteen thousand hectares of irrigated

farmland will be made available through the expansion of the Ord River Irrigation Scheme announced today. The Western Australian Government says it is seeking expressions of interest for development of between 7,000 and 16,000 hectares of land.

"Resources Minister John Bowler says land could be available for planting as soon as 2008: "We believe we can quadruple the amount of hectares placed under agriculture in irrigation. This will make the Ord Valley one of the most significant agricultural areas in Australia". Native title still needs to be cleared in the Northern Territory for another 14,000 hectares of land development." Source: ABC

Legal Advice Prepared For Quarantine Summit

The Peak Industry Bodies will meet the Federal Government this week, to work out ways to restore confidence in Australia's quarantine system. The Australian Quarantine and Inspection Service, known as AQIS, has taken a pounding in recent months, particularly from a Senate inquiry, which found it was too slow to investigate central Queensland's devastating citrus canker outbreak. This quarantine summit meeting, on July 14 in Canberra, will also discuss - at least briefly - some legal advice from barrister Tom Brennan. His study was commissioned by the New South Wales Farmers Association. The chair of the New South Wales Farmers Quarantine Committee, Peter Carter, says the legal advice uncovers three legal flaws in the system. Source: ABC



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Citrus Canker Report Says AQIS Moved Too Slowly

A Senate inquiry has criticised the nation's quarantine service, for being too slow to investigate an outbreak of the disease, citrus canker, in central Queensland last year.

The report says the disease led to the destruction of half a million trees, and the loss of \$70 million to the local economy. But no-one is to be charged over the illegal importation of citrus budwood that brought the canker in. The committee has made several recommendations to make the Australian Quarantine and Inspection Service, or AQIS, quicker to react to reports of disease outbreaks, including a requirement that allegations be investigated within three working days. Source: ABC

Pros and Cons of Recycled Water on Farms

Continuing drought and movement of people from rural areas into cities are putting increasing pressure on dwindling drinking water supplies. That has left some farmers looking at using recycled water as the main option for keeping their operations going. But there are still mixed feelings in the farming community about safety and consumer acceptance

Information provided is General Advice only and does not take into account any individual's objectives, financial situation or needs. You may wish to seek your own professional financial advice. Before acquiring an AustSafe Super Product, a PDS should be obtained. *Based on the Balanced Plan returns compared to Intech survey over 5 years to 30/6/06. Past performance is not indicative of future performance.

Industry Matters
continued

of using water reclaimed from sewage to grow crops.

Farmers growing almost 60 per cent of Australia's lettuces at Werribee, west of Melbourne, have been told there is almost no water left in the reservoirs for their horticulture operations. They've had the option of using recycled water. Some farmers, including Gold Coast sugarcane grower Kevin Mischke, say with drought conditions still biting, they are happy to have recycled water to use. Another Queensland farmer Paul McVeigh, who grows cotton and grain in Dalby, hopes in the future to be able to use water from coal seam mining for his crops. A Researcher at Flinders University in Adelaide, June Marks, is about to publish research suggesting public attitudes to eating crops grown with recycled water is changing as water becomes scarcer. She says her studies have found a majority of people are now happy to eat vegetables and fruit grown with recycled water. Source: ABC

PM asked to slow down water trading

Farmers in Victoria's Goulburn Valley have called on the Prime Minister to slow down the pace of water trading in order to stop it destroying local farms. The Parliamentary Secretary responsible for water, Malcolm Turnbull, has met farmers in Shepparton.

They have told him they cannot compete for local water which is being sent down the Murray to irrigate vineyards and almond farms, and that they enjoy tax breaks through managed investment schemes (MIS). Mr Turnbull says he will raise the issue with Mr Howard. "I'll take back to the PM the concern that there is in the community, that the managed investment schemes have certain tax advantages," he said.

"That means the level playing field, the field of competition for resources, water in particular, is not level and that family farmers are disadvantaged competing against the large corporate investors that are supported with MIS money," he said.

Study reveals opportunities for health option menus

Health concerns and cost are the two most common barriers to people increasing the number of times they eat out of home, according to a new study from AC Nielsen.

The study AC Nielsen/LifeChoices revealed that consumers around the world believe out-of-home eating and drinking were "essential parts of modern life" but also had the perception that food bought outside the home was unhealthy. It identified major opportunities for operators who can educate consumers about the nutritional value of the food they offer.

The study looked at out-of-home eating and drinking behaviours and the impact of health concerns on the choice of outlet. AC Nielsen says the study focused specifically on women given the role that women play in feeding their families, and their general awareness of and responsiveness to health messages.

AC Nielsen executive director Nicole Torkar said that when it comes to fast food consumers believed that Asian and other ethnic foods were

healthier choices and were less likely to lead to obesity while they associated weigh gain with Western fast food.

Torkar said the study also revealed there was major confusion caused by the overload of information on diets that made it difficult for them to choose between fad diets and genuine information on healthy eating.

"With the amount of confusion in the market place about what constitutes a healthy meal there is a real opportunity for fast food outlets to raise awareness of the nutritional values of their meals," Torkar said.

Source: *Hospitality Magazine*

Australia: Woolworths selling distribution centres

Woolworths Ltd, Australia's biggest retailer, agreed to sell all 11 of its grocery distribution centres for A\$846mil to an investment group led by Australian Prime Property Fund. The company agreed to lease back the centres from the investment group, which includes SAITeys McMahon, a Woolworths statement said yesterday. The company had not decided what it would do with the sale proceeds, spokeswoman Clare Buchanan said.

WARNING

Avocados Australia has for a number of years paid a large amount of money for the industry's right to use the **Heart Foundation "Heart Tick"** on avocados.

If you are using a "Heart Tick" logo from anyone other than the label companies "Label Press" or "Compass Labels" you are acting illegally. No other label printers are able to legally print the "Heart Tick" for use on avocados.

Avocados Australia is undertaking a clean up of the "Heart Tick" printing. We will lose access to the "Heart Tick" logo if it is used illegally.

Avocados Australia, AUF and the Heart Foundation will enforce their Registered Trademark rights to the fullest extent.

If you have non-genuine labels do not use them. If you know of label companies offering to print non-genuine "Heart Tick" labels for you please let us know on **1300 303 971**, so we can all help keep this valuable tool.

All growers could lose access to the "Heart Tick" logo if you don't act now.



Industry Matters continued

Chief executive officer Roger Corbett has spent A\$4bil since 2004 buying up rivals, including pub owner Australian Leisure & Hospitality Group and grocer Foodland Associated Ltd, as he overtook Coles Myer Ltd as Australia's biggest retailer. With net debt soaring to A\$3.4bil at Dec 31, from just A\$164mil 18 months earlier, investors such as Mark Daniels expect Woolworths will use the property sale proceeds to cut borrowings.

"Having done the acquisitions of Foodland and everything else, I expect they would reduce their debt," said Daniels of Aberdeen Asset Management Ltd in Sydney. "Reducing debt in an interest rate rising environment makes sense to me, and I'd view that as a positive result," he said.

Woolworths shares fell seven cents, or 0.4%, to A\$18.68 at the 4:15pm market close in Sydney, paring this year's gain to 11%. The stock has gained in each of the past six years. The network of distribution centres are part of Corbett's "Project Refresh" cost-savings programme, which has revamped the way groceries are ordered, handled, delivered to stores and displayed to customers.

Corbett, who retires this year, has spread the distribution centres across the country to cut the cost of supplying his supermarkets. The savings have been used to boost earnings and lower prices to win sales. The programme has generated savings of A\$3.6bil since 2000, or about 3.8% of Woolworths sales. Source: The Star Online

Supermarkets were included in horticulture code

Press releases issued by former Deputy Prime Minister John Anderson during the 2004 election campaign are still available on the National Party website - with one important exception.

The John Anderson press release of October 1, 2004, announced that the Coalition would impose a mandatory code of conduct on the horticulture industry. The press release specifically included the supermarket chains, according to Shadow Minister for Agriculture, Gavan O'Connor.

"This press release seems to have gone missing from the National Party website," he said today. "Presumably the Nationals have no further use for this press release. "Agriculture Minister, Peter McGauran, appears to have dumped the pledge to include supermarkets in the new horticulture mandatory code. "The Nationals' promises are like their press releases - disposable," O'Connor said. Source: ABC

MPs turn their guns on tax schemes

AUSTRALIANS who have invested in wine grapes, cattle farms, cashew nuts or forestry on the lure of a tax break, be warned: there is a new push by federal Coalition backbenchers to shut down "managed investment schemes" that allow people to slash their tax bills.

The campaign by Victorian Liberal Stewart McArthur and West Australian Geoff Prosser against the tax minimisation schemes, which are aggressively promoted to investors, was debated during yesterday's meeting of Coalition MPs. The two Liberals have written a paper calling for an end to the schemes that cost more than \$1 billion in lost revenue and also "distort" markets by encouraging over-investment in sectors such as the wine industry, which is battling a massive glut.

But the push is being countered by Forestry Minister Eric Abetz, who is a supporter of the tax-effective schemes, which he believes have delivered a viable plantation timber industry. Senator Abetz has told colleagues the schemes have not created the wine glut, which he says is a world-wide phenomenon. He has also argued that changing the tax arrangements could prompt an investment collapse in key agricultural sectors.

But WA grower Mal Washer, who has a small avocado farm, told yesterday's meeting the schemes needed to be shut down in all industries apart from forestry. Dr Washer argued that the practical effect of the tax-driven investments was small horticulturalists and agricultural producers were being driven out of business because they could not compete with big commercial operators who were cashed-up and buying out small properties around the country.

Treasurer Peter Costello responded to yesterday's debate by telling MPs the Government was reviewing the tax arrangements for investment schemes covering forestry.

Source: The AGE



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Industry Matters

continued

Cyclone Larry Update

McGauran: let markets rule

Agriculture Minister Peter McGauran stepped up the attack on tax effective schemes yesterday, saying he was concerned about them moving into traditional rural industries and potentially distorting markets. Mr McGauran said the Australian Taxation Office and Treasury were investigating if the tax laws had inadvertently given managed investment schemes (MIS) an unfair advantage over family farmers.

"I am concerned about the potential market distorting effects of the schemes," he said. This inquiry is separate to the one initiated by Assistant Treasurer Peter Dutton in the federal budget, which is looking into plantation forestry and tax schemes. The farm lobby in NSW and Victoria has been pushing both issues around Parliament House in recent weeks and it has been taken up by a host of Liberal Party backbenchers including Stewart McArthur and Geoff Prosser.

This sets up a potential clash with Forestry Minister Eric Abetz, who disputes claims that plantation timber funded by tax schemes drives up land prices or depletes rural communities. The inquiries come as industry giants Timbercorp and Great Southern Plantations move beyond their traditional base in forestry and into the likes of cattle grazing, mangoes, avocados and olive oil. Mr McGauran said the government needed to investigate if there had been a market failure.

"On paper, MIS don't accrue any taxation advantages that individual primary producers can't obtain," he said. "But collectively the investment of doctors, orthodontists and superannuants gives them a large capital base that can be invested in traditional farming sectors." Mr McGauran said Treasury and the ATO would investigate the tax status of MIS operating in both plantation timber and traditional agriculture to determine if they were receiving an unfair advantage. "Market forces have to prevail," he said.

Timbercorp, the \$1 billion sharemarket giant, has moved into mangoes, avocados, olive oil and almonds, as its traditional bluegum plantations start to reach harvest maturity. Great Southern Plantations has also moved beyond its forestry base into cattle. It has become one of Australia's leading land barons, with about 2.5 million hectares of grazing land and a herd of more than 100,000 cattle, making it a top-10 producer.

Mr Prosser, a former minister from Western Australia, said tax schemes had the potential to wreak havoc on cattle grazing and horticulture. "These schemes are still being used to plant grape vines, when everyone knows we have a wine glut," he said. "We are trying to stop a disaster happening in traditional agriculture." Tax effective agriculture is a vexed issue for rural communities. On the one hand the injection of city money has pushed up rural land prices to the benefit of sellers. But others claim traditional farmers looking to expand have been priced out of the market. Source: Australian Financial Review

Tax incentives for innovation

Investment in rural industries, and especially innovative industries, is a risky business, and the majority of rural enterprises are family

owned. Income tax could be used as a vehicle for the shifting of risk and reward between the individual and the state, according to RIRDC research on the economic effects of income tax law and administration on investment in Australian agriculture. One high-profile source of rural investment has been Managed Investment Schemes (MIS) with investments amounting to around \$300m/year, mostly in forestry, wine, olives and almonds, and playing an important role in the development of industries like blue gum forestry and olives. MIS have several benefits, such as spreading risks over a large number of investors and, because tax deductibility of losses is allowed, sharing the risks between investors and the state. This encourages more investment in higher risk areas. The research suggests that further investment in rural innovation could be stimulated by a number of key improvements to the way MIS are operated and regulated.

Report summary www.rirdc.gov.au/reports/GLC/05-078sum.html

SOURCE: RIRDC

The Great Southern land grab

Tax-conscious investors love Great Southern Plantations but the company's success is creating tensions down on the farm. Amid the cacophony of complaints about Australia's tax system, you won't hear a murmur of discord from John Young. The founder and chief executive officer of Great Southern Plantations has built a vast fortune promoting tax-driven rural investment schemes to more than 30,000 well-heeled urbanites who love a good deduction but probably wouldn't know a timber plantation or a cattle station if they drove into one in a Toorak tractor.

At last count, the workaholic Young's fortune stood at \$184 million, but that's soon to be much higher if he realises an ambition to transform Great Southern into a \$4 billion to \$5 billion company within a few years - up from \$1.2 billion - by diversifying into other agricultural schemes and exporting the produce to fast-growing Asian markets.

This week the company launched its first tax-driven cattle scheme, which is seeking an initial \$20 million from investors, after an aggressive buying spree that included two huge cattle stations - one in Western Australia's Kimberley and another in outback Queensland - in the past month alone. Thanks to the wonders of modern tax planning, Great Southern moved into organic olive-growing schemes last year and - despite the nationwide grape glut - its viticulture projects are now entering their third year.

"We can feed the world," says a smiling Young, who, as a 17 per cent shareholder in Great Southern, has become one of Australia's leading land barons seemingly in the blink of an eye. "It feels like we've been in the right place at the right time." This is all pretty good work for a bloke who landed in Australia in the early 1970s as a "£10 Pom" before finding work as an accountant and fund manager, and who shuns the limelight despite being the CEO of a major listed company.

Yet while Great Southern is popular with investors who've slashed their tax bills and financial planners who receive hefty commissions for selling the products, it is not particularly well-liked in rural

Industry Matters continued

communities, where an image prevails of a corporate giant riding into town with a fat chequebook to pay above-market prices for tracts of land. Nor is it a favourite of the boffins in federal Treasury.

Opposition to the managed investment scheme (MIS) industry is mounting as it moves away from timber into other agricultural products such as organic olives, vineyards, beef cattle, avocados and almonds.

Avocado grower George Ipsen, who manages 65 hectares near Manjimup in Western Australia's south-west, even issued his own irate media release this week claiming that the big companies would soon start to drive out traditional farmers from an industry that had taken three decades of painstaking work to bring to profitability.

As Great Southern's rival, Timbercorp, prepares to launch a tax-effective avocado scheme in the region, Ipsen says he and his fellow growers are "shitting themselves" about competing with a company that thrives on upfront tax deductions as well as the prospect that this will distort the market for avocados through over-production.

"They're not constrained by the forces of supply and demand, but by their ability to attract tax-driven dollars," says Ipsen, who complains that he will receive a tax deduction gradually over the life of his project but MIS investors will get one immediately. "It's not a level playing field - I'll get my tax deduction over 20 years; they [the investors] will get theirs upfront."

The industry has long rejected claims that it is solely focused on tax breaks at the expense of good projects, arguing that investors should simply donate their money to charity if all they seek is an upfront 100 per cent tax deduction. Delivering promised rates of long-term returns to investors is crucial, the industry says.

The WA Farmers Federation's executive officer for economic and farm business, Ross Hardwick, says the only real option for the smaller agricultural and horticultural players is to band together to form co-operatives to fight the MIS sector. He agrees that most city-based investors "don't give a toss" what happens to the sector in which they are investing and believes change will occur only "after one or two big collapses" of the newer investment schemes due to over-production.

Sitting in his sparkling West Perth office, Young insists that opposition to Great Southern's schemes is misplaced because the sector is operating under the same rules as farmers who can claim similar tax breaks. "They believe that we have tax advantages that we simply do not have," he says. "The farmer next door gets the same tax deduction from planting trees that we do [and] the same tax deduction for his cattle or his olives or whatever."

But in almost the same breath, Young concedes that it is increasingly difficult for the smaller operators to compete with the industry giants. The end buyers of Great Southern's products - particularly the Asian pulp and paper operators who take the company's woodchips - will only deal with "someone who can come to them with several million tonnes of woodchips". "Because of our size, economies of scale are quite substantial. It gives you access to markets which the small farmer just doesn't have access to . . . and there are other efficiencies

in harvesting and processing.

"If you have 1000 acres of land it's very difficult to make an economic return, but if you've got 10,000 acres you can do so if it's run efficiently - so scale and size are very, very important." Young is similarly unapologetic about Great Southern's practice of buying up hundreds of thousands of hectares of top-quality farming land, claiming it has removed many inefficient and debt-laden businesses from the industry and allowed farmers to "walk away with dignity". Hardwick, from the WAFF, agrees on this point.

For now, though, Young's focus is finding new growth engines to build on last year's record net profit of \$124.3 million. He says 65 per cent of Great Southern's business is timber, and other schemes account for 35 per cent. "Five years ago it was 100 per cent timber," he says. "Within the next one to two years it'll be 50-50."

The company's land grab in Australia is also far from complete; the land bank is about 220,000 hectares and the target is 350,000 hectares. It also has about 2.5 million hectares of cattle land and a herd of more than 100,000, which has catapulted it into Australia's top 10 cattle operators. Ninety-eight per cent of the Australian cattle business is in private hands and Young says there will be further acquisitions and growth. Already, Great Southern owns land worth more than \$1 billion, almost all in high-rainfall areas close to ports and other infrastructure.

"In dollar terms we'd be the largest agricultural land holder in Australia by a mile," he says. Young says he has no plans to step back from the business or retire. "We're seeing real growth. We're seeing the strengthening of the company. We're over the establishment period and now we're into the really exciting part of the business. We've put in the hard yards and now it's time to enjoy the good times." SOURCE: Extract from The Australian Financial Review

Avocados Australia attends PMA Supply Chain Symposium

Avocados Australia Chair Rod Dalton and CEO Antony Allen attended the Mastering the Supply Chain in Sydney on 1 June. Produce Marketing Association's (PMA) leaders shared their perspectives of current global produce trends with more than 164 industry leaders from Australia, New Zealand and South Africa during a one-day symposium. The symposium, Mastering the Supply Chain, resulted in discussions of innovative ways to create competitive advantages throughout the supply chain.

Keynote speakers included Steve Junqueiro, Save Mart Supermarkets' vice president of operations, Modesto, CA representing the retail sector and Janet Erickson, Del Taco purchasing and quality assurance executive vice president, Lake Forest, CA representing the foodservice sector.

Junqueiro, who currently serves as chairman of PMA's executive committee, explained retail sales trends, competition, and consolidation issues as well as store-level matters including revitalizing the shopping experience and how technology and personalization play an all-

Industry Matters
continued

important role. "Customer satisfaction is about delivering value more so than price," said Junqueiro. "At Save Mart we use extensive market research to identify needs and value and then we try to be the best at delivering the value proposition," he added.

PMA chairman of the board, Erickson spoke about what needs to happen in order for the steady, upward trend of produce in foodservice to continue. According to Erickson, produce's rise in foodservice has come about because of the year-round supply in all major and specialty product categories, the maturity of the foodservice business, and the use of new produce products as key to competitive differentiation. Erickson reported, "Foodservice has provided a lot of the innovation in fresh produce. Fresh-cuts is an example. Foodservice businesses are looking for fewer suppliers who can provide a broader spectrum of product year round at consistent prices."

In addition to the two keynote speakers, a panel of six PMA members from Australia representing production, marketing, supermarket, independent retailing, and foodservice discussed ways to respond to on-going global developments and the similarities and differences of trends in Australia and the U.S. Panelists included Michael Burow, Woolworths Supermarkets, Sydney, NSW; Ian Pavey, Coles Supermarkets; Glen Iris, VIC; Fabian Carniel, Mulgowie Farming Company, Laidley, QLD; Damian George, Simon George & Sons Pty Ltd, Brisbane, QLD; Bill Chalk, Southern Cross Produce, Sydney, NSW; and David Harris, Harris Farm Markets, Sydney, NSW. The panel was moderated by Michael Simonetta, Perfection Fresh Australia, Sydney,

NSW who is the chairman of the PMA International Council. Source: PMA

Towards a cleaner and greener horticulture

A major step has been made towards developing a national industry-wide approach to sound environmental and natural resource management in the horticultural sector. A booklet titled Guidelines for Environmental Assurance in Australian Horticulture was launched at a gathering of national and local industry leaders in Victoria's Goulburn Valley by Sussan Ley, parliamentary secretary to the federal Minister for Agriculture.

The culmination of two years work, the publication has been developed by the Horticulture for Tomorrow project to help growers link production targets with their care for the environment as an integral part of daily business management. The national project was managed by Horticulture Australia Limited (HAL) in partnership with industry, and funded by the Natural Heritage Trust, through the Federal Government's Pathways to Industry EMS Program.

"Initial feedback from the 30 or more industry sectors which HAL represents across fruit, vegetables, tree nuts, nursery and extractive crops, indicates that growers have been eagerly awaiting today," said HAL chairman, Dr Nigel Steele Scott. "We have been overwhelmed by the support offered by industry organisations to help promote the

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Industry Matters continued

guidelines and judging by the enthusiastic response project team members have been receiving so far, the first print run is going to be in high demand," he said.

"The guidelines will be particularly useful to growers thinking about implementing an environmental management system but who don't know where to start and are looking for a practical approach with minimal paperwork. They will also be useful for growers who are already on the way and keen to assess their progress." Horticulture Australia Council (HAC) chairman, Stuart Swaddling, said the user-friendly publication would be popular with growers keen to gain recognition for sound practices.

"Many Australian growers have been working towards 'clean and green' production standards for a long time but they are facing increasing pressure from their customers and consumers to be able to prove it. These guidelines will become a valuable tool to help growers do just that," Mr Swaddling said. Mr Swaddling said it had been quite a challenge to develop guidelines that could be generically applied across Australia and were not product or region.

Further information is also available by visiting the www.horticulturefortomorrow.com.au

Sugar cane smut outbreak

It was confirmed on Monday that an outbreak of the Emergency Plant Pest, Sugar cane smut was present on a property in Childers, Queensland. Diseased sugarcane plants tend to be stunted and are 'grassy' in appearance, and are easily identified by a black whip-like structure that forms at the top of the shoot or stalk. This 'whip' is filled with billions of sooty spores. According to the CRC for Tropical Plant Protection, smut-affected sugarcane crops can result in yield losses of 20-100%, which equates to potential losses of AUD\$200 million per year to the Queensland industry alone.

As part of the emergency response to this outbreak, the Consultative Committee on Emergency Plant Pests was activated and had its first meeting this week to consider the incident and to activate procedures as set out in PLANTPLAN. At this stage, the National Management Group has not yet met as the Queensland Department of Primary Industries and Fisheries are still in the incident definition phase. Source: Plant Health Australia

Avocados Australia has been in communication with Plant Health Australia and QDPI&F regarding the smut outbreak. QDPI&F have advised that avocado growers in the region have not been affected and that QDPI&F are putting in place procedures to ensure the issue does not affect avocado growers.

continued on page 15



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Avocados Australia Limited Board of Director 2006 Elections

The Avocados Australia Limited constitution includes the process of rotating Board Directors. One third of the Board must stand for election each year, currently this means three Directors must stand for election in 2006.

The nomination and election process will take place during the period 11 August to 21 September 2006 (see Figure 1 for the important dates). During this period members of Avocados Australia Limited will have the opportunity to nominate and vote for their "Growing Area's" representative on the Avocados Australia Limited Board.

There will be three "Growing Areas" electing Directors under the rotation requirement and they are:

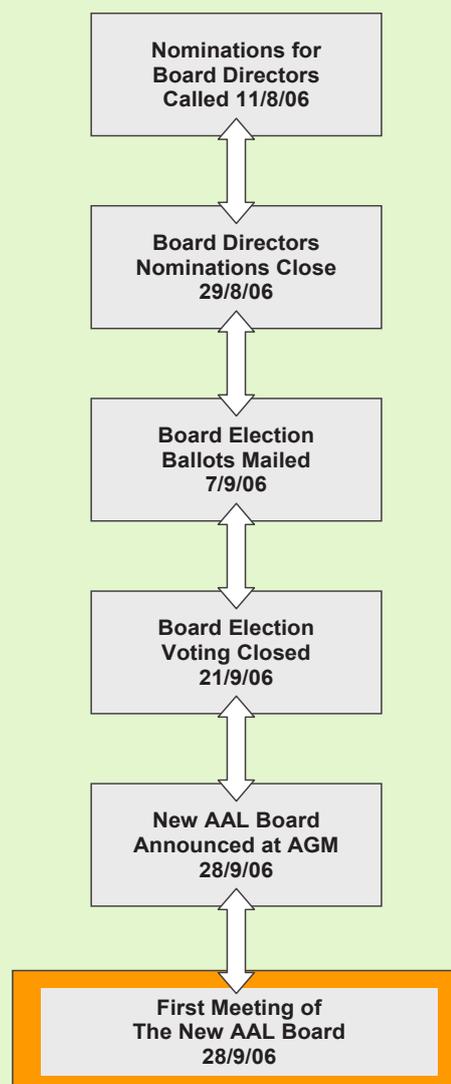
- 1. Central Queensland**
- 2. Tristate**
- 3. Western Australia**

One further "Growing Area" will be electing a new Director due to the retirement of a sitting Director, it is:

1. South Queensland

Voting in the election is only open to members of Avocados Australia Limited. Any commercial avocado grower is entitled to apply to become a member of Avocados Australia Limited. If you have not already joined, please complete and return your membership form in this issue of Talking Avocados or visit our website www.avocado.org.au for more information and membership forms.

Figure 1.
Avocados Australia Limited
ELECTION TIMELINE



Avocado Industry Biosecurity Plan

Program Manager Mr Robert Moore and Project Officer Dr Kendle Wilkinson organised and attended the second meeting of the avocado industry biosecurity planning group, held in Brisbane this week. The group compiled a comprehensive list of potential pest threats to the avocado industry and reached consensus on the highest priority pest threats. Pest risk reviews, diagnostics and risk mitigation plans for certain pests were also tabled for inclusion in the avocado biosecurity plan. PHA would like to thank Alex McCarthy who was unable to attend the meeting but supplied detailed comments on avocado pests.

Source: PHA

World Competitiveness: The scoreboard

The scoreboard: In 2006, Australia has been ranked sixth in the world, up from ninth last year, in overall competitiveness of 61 economies, as reported by the 'Institute for Management Development' *World Competitiveness Yearbook 2006*, available from June. It rates economic, government and business performance and infrastructure. The Institute for Management Development business school is based in Switzerland.

Source: AusIndustry

Marketing and Promotion Update

By Yelli Kruger

Yelli is a member of the HAL Professional Services team

In the previous issue of Talking Avocados, we outlined the new marketing campaign “Add an Avo” which focuses heavily on the versatility and health benefits of avocados. This comprehensive program, which runs throughout the year, is progressing rapidly.

Magazine Advertising

Artwork has been approved and the first wave of magazine advertising has already been successfully completed. You will find Australian avocado promotions and editorials in Woman's Day, New Weekly, Who Weekly, Delicious, Super Food Ideas, Good Taste, along with Good Medicine, Heartwise Living, Food Service News and Eat Drink Magazine are the main title being used over the year. There is a second wave of advertising begin in August. We are already enjoying some great discounts on our advertising costs and lots of value-added features.

The amount we have received in terms of magazine saving and added value features equals a 109% of the advertising costs! This is due to some aggressive negotiating.

Recipe Leaflets

Over 1,000,000 leaflets have been printed that feature 6 recipes. These leaflets were inserted into Woman's Day in April and are also a ‘tip on’ on an issue of Good Medicine. The remaining 240,000 leaflets will be distributed to independent retailers and greengrocers in July, August, September and through out the year.

Sales Aids for our Independents

In addition to the recipe leaflets that can be used to great effect in store, double sided A2 sized posters have also been distributed. These feature chicken on one side of the poster with fish on the other side, while asking the consumer to ‘Add an Avo’..

On the Radio

A radio ad highlighting the versatility of avocados has been finalised and will be used to combat an over supply in the market if needed.

All in all, a very busy time! The promotional program is comprehensively and professionally designed and investing in greater consumption for the industry.

Consumer Competition – The ‘Cook Off’

We have a very innovative and exciting consumer promotion taking place in August. Readers of Good Medicine, Woman's Day and New Woman will be invited to send in their most innovative avocado recipe. The top three entrants will be flown to Sydney to cook their dish. The winner will receive a substantial prize and all recipes received will be used on the website/for the development of future material.

Add an Avo in Woolworths

Many of you will have noticed the floor decals in Woolworths' eastern seaboard stores between 22 May and 19 June. These decals, in Woolworths' stores again for the month of August, are perfectly located near to the deli section of the supermarket. They have the same look and feel as the advertising campaign, and remind the shopper to ‘add an avo’ to chicken or fish. They also direct the consumer to find more great recipes on the Avocados Australia website.



www.avocado.org.au

The new and improved website was launched to Australian consumers and avocado growers on 15 May 2006.

The reaction has been very good. Using a new, creative design, the website is packed with information, yet is simple to navigate.

For the growers, it provides access to a range of industry information, allowing all members to feel a part of the avocado community. Details covered include membership, events, news, what's new and information for media.

More specifically it allows the avocado grower to check notices, events, R&D projects and procedures, the current promotional program, services available to the grower, levy information and it also provides links to other relevant websites.

The consumer section of the website is more interactive and engages the consumer instantly. It gives the consumer a chance to find out more about ‘the most nutritious fruit in the world’, including the history of when avocados were first planted in the Sydney Royal Botanical Gardens in 1840. It provides interesting facts, details on varieties and handy hints on selection and handling. There is also a nutrition section which provides nutritional facts, a dietary panel and information on avocados being the perfect food for babies, expectant mums, those concerned with ageing and as a part of any diet/healthy eating plan. In the realm of beauty, avocados are world renowned and within the beauty pages, beauty facts are found, including how to use avocados as part of a beauty regime plus some fabulous beauty recipes.

The consumer can also choose from a list of recipes either by

*Marketing and Promotion Update
continued*

ingredients, time of day or type of dish. There will soon be over 100 great recipes to choose from, showing the versatility of this great fruit. Consumers can also subscribe to receive the free avocado newsletter. With the new website, they can do this with a simple click of a button. Please check out the website if you haven't already. Flash 8 Player is needed for the consumer side, and this can be easily downloaded by clicking on "Flash 8 Player" at the bottom of the screen

Focus on Food Service

This year's campaign also starts to target an untapped sales channel — food service. Avocado advertisements will appear in Food Service, Eat Drink and Open House magazines with coverage ranging from June 2006 to April 2007 with a total of 11 advertisements.



In addition to these, we have negotiated with Eat Drink to run a food service competition. The competition will be part of a two page feature in August. Readers will be encouraged to send the avocado recipe they have on their menu and win. The double feature will certainly be an appealing one, with several chefs providing avocado recipes, aspirational ideas, 101 ideas of what to do with avocados. The competition will close in November and as with the consumer competition, all recipes may be used for future promotions.

Online Campaign

An extensive online advertising campaign will be live during the months of August, September and October of this year. Avocados will be featured in a series of banners, recipes and adverts across the websites Ninemsn, Yahoo and Coles Online. This advertising campaign will equate to over 2.5 million impressions. As the numbers of impressions illustrates the number of times an ad banner is downloaded, a lot of Australian consumers will be seeing our message.

We will also be using an e-database of consumers that perfectly fit our target market to mail our newsletter to.

This is a new direction for the avocado industry, and our measurement facility will be able to tell us not only statistics on number of clicks, impressions, page visits, but also, time lag, frequency to conversion and unique reach. The detail of this measurement will allow us to tailor our program as we progress throughout the three month promotion period.

728x90 Expandable Version:
Regular banner ad follows 728x90 storyboard.



On rollover:



Australian Roundup

North Queensland Report

By *Jim Kochi, AAL Director*
for the North Queensland Growing Area



I understand the frustration that the other regions feel when they are constantly missing out on rain. If any of you are wondering what has happened to the rain you once enjoyed I can let you in on a big secret... All the rain missing from your areas is hiding in North Queensland and it seems the bulk of it is hiding on the Atherton Tableland! Since Tropical Cyclone Larry on 20 March we have suffered a further deluge from Tropical Cyclone Monica. In all we have had constant drizzle and rain almost every day for 3 months. The Mareeba end of the region is getting more sunshine, but conditions are still miserable. Any applications for the quick return of your rain allocation will be gratefully received and approved.

Good news is hard to find this year. One good story is how quickly the State and Federal Governments arranged financial relief packages to assist primary producers after the cyclone. The Ministerial response was immediate, but the clerical response took a little longer to start up. Some of the assistance schemes started to “morph” as the clerical staff started to understand what horticulture really means to the economy of our region.

I do believe that most “townies” see our industry as some sort of lifestyle thing where we get our jollies from wandering about in the

open air all day and enjoying a chardonnay on the back verandah as we watch the sun go down. The fact that some of us may employ 20 or 30 staff was an absolute revelation for them. Some banana growers can employ up to 200 staff and that was just beyond revelation and bordering on unbelievable. The message that horticulture is a large part of the economy in North Queensland finally got through and the assistance schemes hopefully have been taken up by those in need.

May I suggest that we include a “growing” section on our website with photos and explanations of why and how we do things about the farm to educate the consumer on the effort we put in to bring this wonderful food to the table.

This region is still busy with repairs and maintenance and talk of meetings and other social activities has taken a low priority. The main discussion point has been about the recent acquisitions of mango farms in this area by the Rewards Group and the entrance of Timbercorp in the avocado market in Bundaberg and Western Australia and the effect that these groups may have on the marketplace. This brings a certain degree of uncertainty to the future and therefore adds to the difficulty that growers here have in remaining positive about their prospects and their level of investment.

Oh, for a day of warm dry sunshine, a comfy chair, that glass of wine and a slow sunset.

North New South Wales Report

By *Peter Molenaar, AAL Director*
for the North New South Wales Growing Area



Most growers have now commenced their harvest. The growing season seemed to be more favourable than the previous two seasons, due to more summer rain. However it appears that the extended heat through summer has had an effect on fruit size. The usual hot February and March nights were also experienced in December and January. Unfortunately when the weather did cool down in April and May, the rainfall dried up.

The expectation this season is that fruit size, in the older, established orchards at least, will be down on last year, but the overall crop will be up.

The local growers had a successful get together at Graham Anderson’s orchard in April. These Meetings/Field Walks are proving to be very popular. New growers are welcome, phone a/h 02 6684 2676 for more information.

I trust all growers have a successful season. Market your fruit according to quality. Remember, we need repeat sales to be sustainable.



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South Queensland Report

By Rod Dalton, AAL Director
for the South Queensland Growing Area.



I must take this opportunity to remind all growers and members in the "South Queensland Growing Area" that I will be retiring from the Avocados Australia Board at the AGM in September. This means that there will be a vacancy on the Avocados Australia Board which needs to be filled by a member from this area. The South Queensland Growing Area covers Mount Tambourine, Lockyer Valley, Toowoomba range through to Blackbutt and Kumbia. I encourage all growers to consider getting involved in progressing the industry and nominate for this interesting and very personally rewarding role. If anyone has any questions please give me a call.

Sunshine Coast Report

By Henry Kwaczynski, AAL Director
for the Sunshine Coast Growing Area



Picking has begun in earnest on the Sunshine Coast – reports suggest that it is a mixed bag this year, with some farms reporting high yields, and others suggesting the pickings will be lean. I guess that pretty much sums up primary production and its lack of certainty, with impact of weather and other elements that are sometimes beyond the control of the farmer.

Sad news from this region is that it appears that the local avocado association, Sunshine Coast Avocado Growers' Association (SCAGA), has reached the end of its long life. There has been an ongoing decline in support and attendance at meetings and field days, and it has become impossible to fill slots on the Committee. It may be that local growers are now more dependent on their marketing cooperative/packing entities, coupled with the trend for farms to be sold for development by 'tile farmers'. A meeting in March 2006 resolved to look further into the best path for the future of SCAGA, whether that is to disband the association or to continue its existence in some reduced format. There should be some news on this in the next regional roundup from this area.

I expect that issues relating to Management Investment Schemes (MIS) are on the minds of many growers. These schemes include entities such as Timbercorp, which has been very visibly purchasing many avocado properties throughout Australia. Currently it appears that these schemes have inequitable tax advantages over traditional farming operations (ie working the land). There has been much publicity about this in newspapers and business magazines, and it is clear that it is a very complex issue with a range of players and an even greater range of points of view. Advocates both for and against these investment schemes are marshalling their forces and becoming very vocal. Hopefully, the outcome of the discussions will be a positive one for all concerned. Like many of you, I am watching with great interest.

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Meetings

Avocados Australia Limited

ABN 87 105 853 807

Notice of the 3rd Annual General Meeting

Notice is hereby given to the voting Members of Avocados Australia Limited that the 3rd Annual General Meeting of Avocados Australia Limited will be held at the **Quality Hotel Burnett Riverside Conference Centre, 7 Quay St, Bundaberg Qld 4670, on Thursday 28 September 2006 commencing at 12 noon.**

Business

1. To consider and approve the minutes of the 21st September 2005 Annual General Meeting
2. Chairman's Report
3. Chief Executive Officer's Report
4. Financial Statements and Reports
Presentation and consideration of the financial statements of the AAL, Directors' and Auditors' Reports for the year ended 30 June 2006.
5. Auditors
Appointment of auditors for the 2006-2007 financial year.
6. Other Business
Consideration of any other business for which proper notice has been given.

By order of the Board.

Antony Allen

Company Secretary

If you are unable to attend the AGM, a member entitled to attend and vote, is entitled to appoint a proxy to attend and vote in their stead. Proxy forms will be provided directly to all members of Avocados Australia Limited.

Annual Avocado Levy Payers Meeting

Avocado Industry Advisory Committee and the AAL Board advise that the **2006 Annual Avocado Levy Payers Meeting** will be held at:

**Quality Hotel Burnett
Riverside Conference Centre
7 Quay St, Bundaberg
Queensland 4670**

**on Thursday 28 September 2006
commencing at 10.30am.**

Purpose of the meeting:

For Levy payers to receive presentations from the Avocado Industry Advisory Committee and the Avocados Australia Board on the Industry Strategic Plan, the Annual Investment Plan and the IAC Annual Report (including reports from Horticulture Australia on the R&D and Marketing Programs).



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Infocado Update

By **Joanna Embry**
Avocados Australia

Introducing our new Program Manager – Infocado, Industry Statistics and Quality

Having recently commenced employment with Avocados Australia as Program Manager, I would like to take this opportunity to express how excited I am at the opportunity to work within the avocado industry in general, and for Avocados Australia specifically. Over the past couple of years since moving back to Queensland, the avocado industry has stood out to me as being particularly proactive, professional and forward thinking and I am most pleased to have the opportunity to be a part of such a vibrant industry. I sincerely look forward to giving this role all I've got.



I have worked in the horticulture industry now for nearly ten years. In 1997, fresh from the University of Queensland with a Degree in Agricultural Economics under my arm, I headed up to Kununurra in the Kimberley to take up the position of Regional Economist with Agriculture WA. I have to admit that I had initially thought (and somewhat romanticized) that I was heading into the last frontier to work primarily for the cattle industry. However for the next four years I undertook a wide variety of activities, mainly involved with horticulture.

Working in a relatively young horticulture growing region, one of my primary roles was to analyse the feasibility of currently grown and potential crops for investment opportunities and to develop budgeting tools for new and potential growers to use in making those investment decisions. I also worked intensely on developing an investment model for the development of Stage II of the Ord River Irrigation Scheme.

I conducted market research into export markets for products currently grown in the region and horticultural products identified as suitable for production in the region. As a result of this I led a delegation of 13 horticultural growers to four Asian countries to identify new markets for their produce and develop contacts within these markets.

It was my role to annually collect regional statistics including annual plantings, yields and value data from growers and I also ran a pilot project with the melon industry in Kununurra to collect wholesale price information, collate and report back to growers on differentials between markets, wholesalers and growers. The aim of this project was to analyse wholesale price differentials so that growers could exploit this knowledge in negotiations with wholesalers.

In between working as the Regional Economist in Western Australia and my most recent role with Growcom I spent a year working on an

AusAID project in Vietnam as the Principle Economist on a research team aiming to improve returns to potato farmers on the Red River Delta. This was a hugely rewarding experience both professionally and personally and it certainly gave me a taste for travel, not to mention an appreciation of western bathroom facilities.

Most recently though, I have worked for Growcom in the capacity of Melon Industry Development Officer (3 years) and more recently Macadamia Industry Development Officer, based in Bundaberg, Queensland. These two roles – which I performed concurrently - have introduced me to two very diverse industries, most obviously in farming and marketing systems, but also in industry structure and levels of cohesiveness and advancement as industries.

Both roles had a heavy communications focus, with the broader aim being to facilitate members of industry working together; both for the uptake of new technologies and information and to develop strategies to address issues impacting on the future of their respective industries. The development and implementation of the melon industry strategic plan provided the cornerstone of my role with the melon industry. Implementing the plan included various levels of coordination in a variety of focused projects including a varietal improvement project, support of the DPI lead supply chain project and most recently a focus on consumer research. In the Macadamia industry, I worked with macadamia growers in the Bundaberg region to finalise a project whereby all growers would share weekly pest data via a web based system (developed by a private consultant) to assist in their IPM systems. I must admit that although short, the period of time I spent working with the macadamia industry was very rewarding and I recognize a number of similarities between the macadamia and avocado industries, especially with regard to the level of professionalism within the industry.

I look forward to investing the broad range of skills that I have developed over the last ten years in the avocado industry. I also look forward to meeting you along the way!



Joanna Embry, newly appointed Program Manager, Infocado seen recently relaxing with one of her pets

Update on the Development of Canopy Management Strategies across Australia

(AV04008)

By John Leonardi
Avocados Australia.

The project aims to identify canopy management strategies that can be successfully implemented in all major avocado growing areas across Australia. A total of 16 sites have been selected from the five major production areas (North Queensland, Central/Southern Queensland, Northern/Central New South Wales, Sunraysia and Western Australia).

A range of canopy management options are being used at these sites including: tree removal; stag-horning/stumping, selective limb removal; selective and mechanical pruning; cincturing and plant

growth regulators. In many cases a combination of strategies are being used (eg. mechanical pruning, selective pruning and application of plant growth regulators).

At each site growers have provided information on tree age and spacing; the timing of flowering, vegetative flushing, and harvesting; the timing and costs (\$/ha) of their canopy management strategies and the impact of these strategies on yield (t/ha), fruit size (pack-out figures) and quality (reject %'s).

A summary of the growth cycles, canopy management history, canopy management costs (\$/ha) and yield (t/ha) for 5 sites are outlined below:

Site 1:

Selective pruning (Shepard) - North Queensland

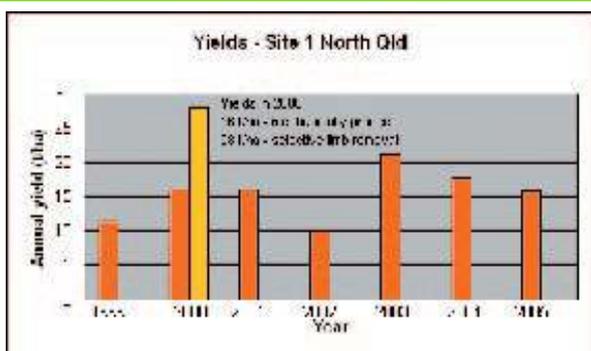
Growth cycle	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Flowering							█	█	█			
Spring flush								█	█	█		
Summer flush	█											█
Harvest		█	█	█	█							

Block details:

Size: 3.25 ha Trees planted: 1992 Spacing: 10 x 5m (200 trees/ha)

Canopy Management History:

Year	Canopy Management Operations
1999	Mechanical pruning of sides in July in part of the block Selective limb removal from July to November the rest of the block
2000	Selective limb removal – sides pruned manually and centre limbs selectively removed in July
2001	Selective limb removal – sides pruned manually and centre limbs selectively removed in July
2002	Selective limb removal – sides pruned manually and centre limbs selectively removed in June
2003	Half of each tree removed in April
2004	Major limb removal in April/May
2005	Major limb removal in April/May



Update on the Development of Canopy Management Strategies across Australia (AV04008) continued

Site 3:

Selective/mechanical pruning and plant growth regulators (Hass) - Central Qld

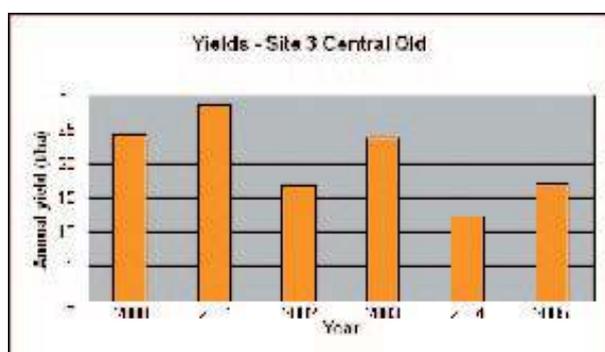
Growth cycle	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Flowering												
Spring flush												
Summer flush												
Harvest												

Block details:

Size: 3.36 ha *Trees planted:* 1994 *Spacing:* 10 x 5m (200 trees/ha)

Canopy Management History:

Year	Canopy Management Operations
2000	Selective limb removal in July – Foliar spray of Sunny® at flowering in September
2001	Selective limb removal in July – Foliar spray of Sunny® at flowering in September
2002	Selective limb removal in July – Foliar spray of Sunny® at flowering in September
2003	Selective limb removal in July – Foliar spray of Sunny® at flowering in September
2004	Trees pruned mechanically in July – Foliar spray of Sunny® at flowering in September
2005	Selective limb removal to reduce tree height & width in July – Foliar spray of Sunny® at flowering in September



Site 6:

Selective pruning and staghorning (Hass) – Southern Queensland

Growth cycle	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Flowering												
Spring flush												
Summer flush												
Harvest												

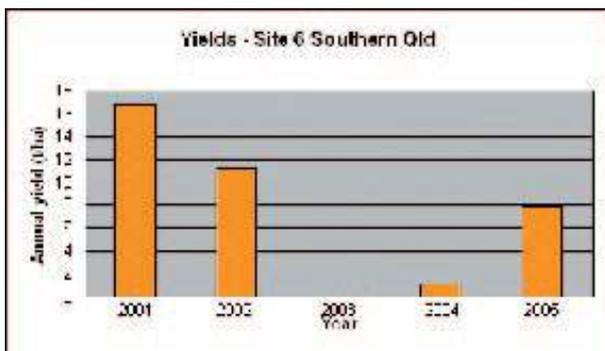
Block details:

Size: 2.5 ha *Trees planted:* 1989 *Spacing:* 10 x 5m (200 trees/ha)

Update on the Development of Canopy Management Strategies across Australia (AV04008) continued

Canopy Management History:

Year	Canopy Management Operations
2001	
2002	Staghorning (including cutting up trees and chipping) in November
2003	
2004	Selective limb removal/thinning in November
2005	Selective limb removal/thinning in November



Site 13:

Selective/mechanical pruning and plant growth regulators (Hass) – Sunraysia

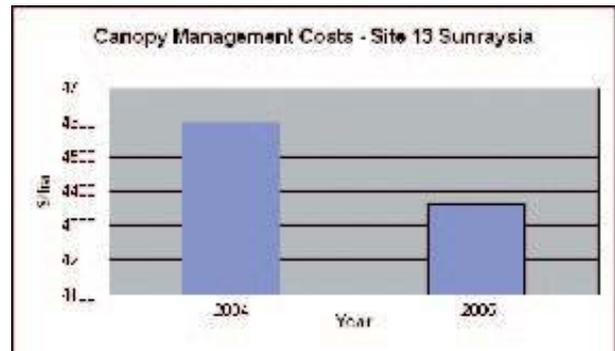
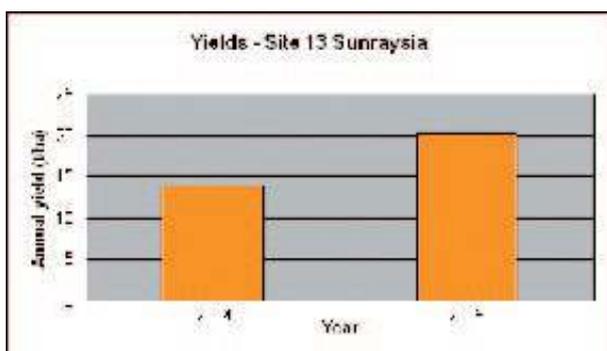
Growth cycle	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Flowering												
Spring flush												
Summer flush												
Harvest												

Block details:

Trees planted: 1991 Spacing: 6 x 5m (333 trees/ha)

Canopy Management History:

Year	Canopy Management Operations
2004	Selective pruning (removal of summer growth) in May – Mechanical hedging of sides in August/September Foliar spray of Sunny® at flowering in mid October
2005	Selective pruning (removal of summer growth) in May – Foliar spray of Sunny® at flowering in mid October



Update on the Development of Canopy Management Strategies across Australia (AV04008) continued

Site 15:

Selective limb removal, mechanical pruning & tree removal (Hass) – Perth

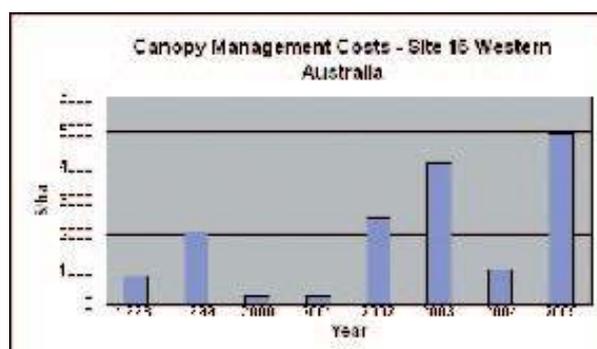
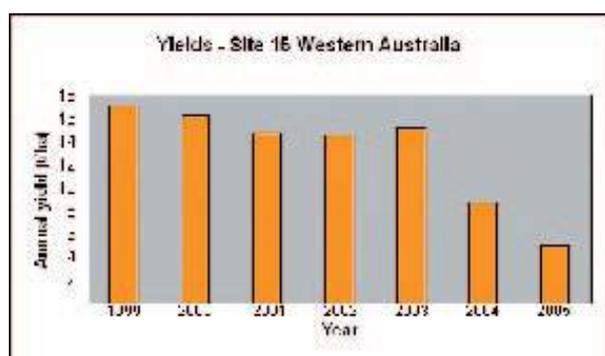
Growth cycle	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Flowering												
Spring flush												
Summer flush												
Harvest												

Block details:

Block size: 0.3 ha **Trees planted:** early 1980's **Tree spacing:** 7 x 7m (204 trees/ha)

Canopy Management History:

Year	Canopy Management Operations
1998	Selective limb removal in November/December
1999	Every second row stumped in November/December at a height of 2-3m leaving the lower branches
2000	Mechanically pruned the 'non-stumped' rows in November/December
2001	Mechanically pruned the stumped rows in November/December
2002	Removed every second row in November/December
2003	Replanted every second row (new plantings at 7 x 3.5m)
2004	Selective limb removal on older trees in November/December for interrow access Young trees shaped to a central leader
2005	Removed older trees (1/3 of original trees remain) Replanted (new plantings at 7x 3.5m)



Acknowledgements

Thanks to all growers who provided information on their canopy management operations.

This project is funded by using avocado grower R&D levies which are matched by the Australian Government through Horticulture Australia.

Infocado summit addresses future information needs

In early July owners and managers of avocado packhouses from across Australia and representatives of the New Zealand industry came together at the Infocado Summit to speak about the industry's information needs. The intention of the Summit was to determine future needs and discuss how the Infocado system could be developed and improved so that it became a more valued decision making tool for avocado growers and packers.

The recurring challenge to participants throughout the Summit was the need to think innovatively about opportunities for their businesses and industry and how to address the challenges the industry would face with increasing production, imports and other competition. The importance of having reliable information about industry performance was consistently highlighted as being essential to make informed decisions as the landscape of the Australian Avocado industry changed.

Those attending the Summit heard from representatives from the United States and New Zealand industries on their data collection activities as well as how Timbercorp uses industry information to underpin its investment decisions.

The US experience

Avi Crane, Chair of the United States Hass Avocado Board Marketing Committee and an avocado packer - importer, provided insights into how the Californian industry has developed a robust system over the last 22 years to collect data from avocado handlers and disseminate information back to the supply chain. .

In the early 1980's the Californian industry experienced difficulties with a surge in local production and a consequential drop in pricing. As a result the Avocado Marketing Research and Information Center (AMRIC) system was formed by legislation to provide the Californian avocado industry with daily inventory and shipment information to guide harvest/market strategies.

AMRIC procedures require that all avocado handlers doing business in California report their avocado inventory by variety and size and their shipments by major market destination, variety and size.

In the early 1990's the AMRIC data collection system started to use web technology and also began to include data on product imported. In 2004, imports accounted for in excess of 50% of consumption in the US market.

Each morning avocado packers and handlers send in the figures on their inventory (number of bins) they are holding. This data is then

aggregated and made available by late morning. This information is critical for handlers, packers and growers so that they can manage their supply and harvest rate on a day to day basis. On average, at any time in the year, there is approximately 4 days inventory of avocados held in the Californian market.

At the end of each month the industry receives a report on industry shipments by size, price and destination for the month. The data collection system, along with other marketing and research and development initiatives is funded through a compulsory checkoff (levy).

In the next phase of development of the US system the industry is aiming to integrate marketing plans with industry data, so that the industry is getting the best value possible from its investment in promotion.



Avi Crane

The New Zealand system

Alan Thorn, CEO of New Zealand Avocado Growers Association outlined the underpinning legislation and methodology which supports the collection of industry data in New Zealand.

The aim of the New Zealand Horticulture Export Act 1987, which outlines export processes, is to develop a cohesive industry and allow industry to fund agreed activities and collect industry statistics and information. As a result the NZ industry currently collects industry export data on a weekly basis and is able to contribute consistent and reliable export data to Infocado during their production season.

The industry also contributes significant resources to developing their seasonal crop forecasts. Earlybird estimates are taken in March each year, rechecked with industry in May (in-field checks) and August, and then monthly throughout the harvest season. This assists exporters with their flow plans and marketing initiatives for the season.

New players

In recent years Timbercorp has emerged as a major corporate player in the Australian horticultural industry, with investments in almonds, citrus, table grapes, olives, mangoes and avocados. Michael Worthington, General Manager - New Business, Timbercorp outlined his company's vision and how information plays a critical part in their



Infocado summit addresses future information needs continued

investment decisions and the on-going day to day decisions of their marketing partners.

Timbercorp invests significant dollars in sourcing information and analyzing industries to determine if they meet the company's investment criteria. Timbercorp's decision to invest in the Australian horticultural industry is based on opportunities it has identified to develop production units that have significant economies of scale, employ the latest technological advances on a large scale, bring about changes in the supply chain to reduce costs between production and the market and ensure alliances with marketing companies that have true value proposition for the retailers.

More specifically the company's decision to specifically select the avocados is based on:

- Uniqueness of the product
- Worldwide growth in consumption
- Potential for more growth in Australia and import replacement
- Part of the industry being taken over by urban development
- Good agronomic credentials
- Good potential for economies of scale throughout the supply chain
- Relatively young and well organised industry

As an organisation Timbercorp systematically collects data to assist with benchmarking and cost control in their operations. They access scan data from the supermarkets to assist with marketing and promotions and are currently researching opportunities in export markets.

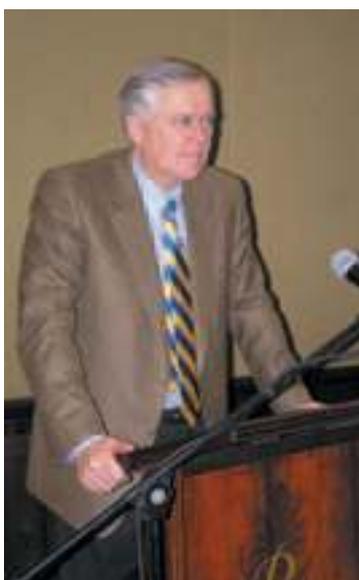
Where we've been and the challenges ahead

Having seen the benefits that industries in other countries have derived from collecting and utilizing industry data, Avocados Australia set about building an easy-to-use system for the Australian industry. In September 2005, the rollout process began with a weekly dispatch module to record dispatches by size and destination in the previous week. In February this year, a 4 week forecasts module was added. In both cases the data is aggregated and provided in a range of consolidated reports on a weekly basis to Infocado users.

Figures presented at the Summit showed that there is a need for



participants to provide information on a more consistent basis throughout their packing season. Data collection, particularly that of forecast data, was obviously disrupted during Tropical Cyclone Larry, but there are still challenges that the industry needs to address. These challenges were discussed and strategies to address them will be put in place as the system continues to be rolled out. This includes identifying potential new participants and providing the additional support they need to consistently contribute to the system, improving presentation of reports so that users can identify the information they are seeking more easily.



Michael Worthington

It has also been proposed that, on a weekly basis, contributors to the system should be identified. This idea will be canvassed more widely with contributors over the coming weeks to determine if this is acceptable.

The value of adding weekly average wholesale prices in each of the central markets to the Infocado reports was also discussed and, at this time, it was considered to be of limited value. Participants were more interested in weekly retail price points and options for adding these will be investigated.

Discussions were also held as to how the Infocado system should be extended to other supply chain participants. In the US system the aggregated reports are freely available to all interested parties. In other countries reports are only available to those who contribute data to the system, as is the case with Infocado. There has been interest from wholesalers and retailers who would like to access and contribute

to the system. It was decided that an options paper should be developed and distributed to all Infocado users outlining the advantages and disadvantages of different courses of action.

New seasonal forecasting module added

As part of Avocados Australia's review of industry data collection it was also identified there was a need for an additional module to collect seasonal forecast data to be added to Infocado. To streamline collection of data it has been decided that grower packers and packhouses are best to contribute this data on behalf of their grower suppliers. The new module will collect expected volumes of fruit to be packed on a monthly basis for a period of 15 months. Contributors will be required to review their forecasts on a monthly basis so that any necessary changes can be made. The data will then be collated at the end of each month for distribution to industry.

Be involved

Avocados Australia is actively looking for eligible contributors to the Infocado system. If you are a grower who packs and markets your own fruit or a packer marketing on behalf of others we would like to hear from you. Contact Joanna Embry at Avocados Australia on 1300 303 971 or Infocado@avocado.org.au

Sustainability driven by profit

A need to cut production costs has led Graham and Vivienne Anderson to implement more environmentally-sustainable farming methods on their avocado farm on the far north coast of NSW.

However as a result of adopting sustainable practices, the Andersons achieve better quality produce and now look forward to passing on their land to the next generation in good shape.

The 100 hectare property at Duranbah, Tweed River, has been in the family for a century and has been used for a variety of agricultural

purposes including cane, bananas, dairy farming and vegetables. The switch to avocados some 60 years ago was due to the realisation by Graham's father John that intensive vegetable production was robbing the property's red volcanic soil of valuable nutrients and causing serious erosion.

"My father was always concerned about the environment and he maintained soil health through minimum tillage, mulching and judicious use of fertilisers," Graham said.

Today the property produces 30,000 cartons of avocados for the domestic market in addition to a nursery that produces avocado trees for sale to other growers.

In the 1990s Graham and Vivienne saw a need to cut production costs and began looking at sustainable farming methods as a means of achieving it. Their participation in a 'Farming for the Future' project in 1999 was a turning point in their approach.

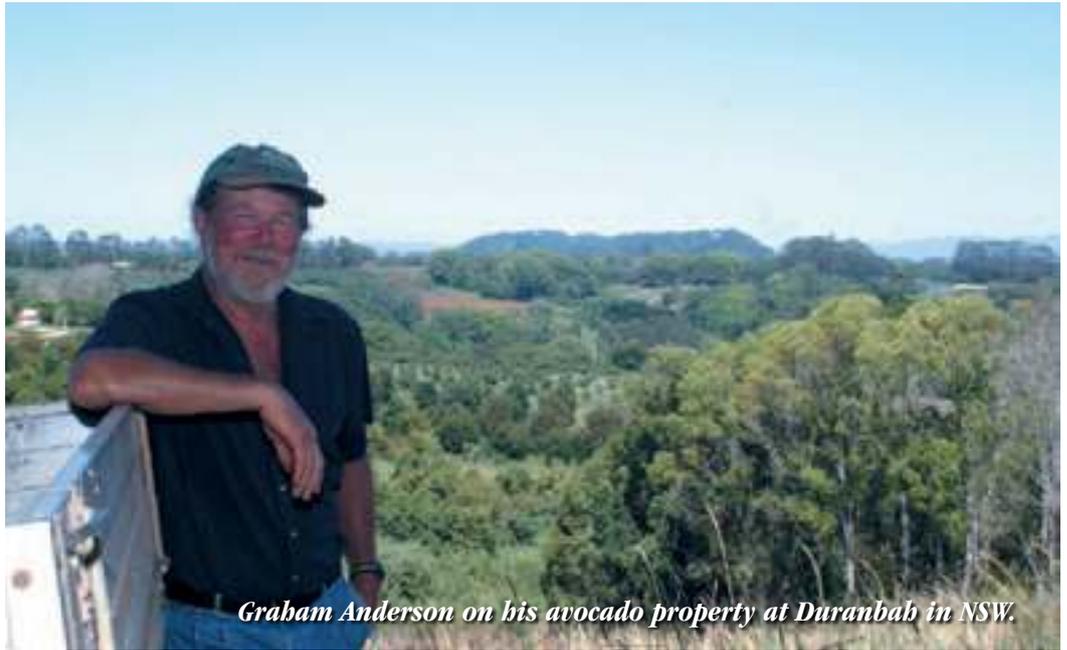
"It gave us the information we needed to explore a lot of options," Graham said. *"Keeping a close relationship with researchers and advisers has been vital to the improvement of our environmental management. It's absolutely mandatory to stay in touch and share knowledge."*

Integrated Pest Management (IPM) has underpinned much of the Andersons' sustainable approach to cutting costs.

"We control pests by allowing the build-up of natural predators, and we introduce new ones if they are required," Graham said. *"We provide them with a habitat by selectively mowing between tree rows so there is always an area of grasses and flowering plants."*

The couple manage plant disease by promoting good soil health and being selective with their rootstocks.

"This approach to managing pests and plant diseases eliminates the need for insecticides and fungicides which are harmful to the



Graham Anderson on his avocado property at Duranbah in NSW.

environment, and cost money," Graham said. Today they use few chemicals and these are used only to target specific pests.

Another sustainable approach to cutting costs by the Andersons has been to reduce water use by irrigating with under-tree sprinklers at night, and by using plastic mulch and trickle on young orchards. Soil erosion has been controlled by ridging and permanent swathes of grass between tree rows. The couple also plant rainforest trees for future harvesting as another control measure.

Graham said the family does not have a formal environmental management plan and has never consciously reviewed their farming practices from the environmental perspective.

"Profit is the main reason we do this," he said. *"We're growing a better product at lower cost, and the land will be in decent shape when we pass it on."*

On-farm trials through the Horticulture for Tomorrow Environmental Assurance Project, completed in October, have given growers tools to help them address the long-term sustainability of the horticulture sector.

The finalised Horticulture for Tomorrow guidelines are due to be completed by April this year and will provide information to growers about environmental impact assessment, management, and monitoring and improvement for their property.

The Horticulture for Tomorrow Environmental Assurance Project is being managed by Horticulture Australia Limited (HAL) in partnership with industry, and funded by the Natural Heritage Trust, through the Australian Government's Pathways to Industry EMS Program.

This case study and/or photos have been provided by the Horticulture for Tomorrow program supported by the Natural Heritage Trust EMS Pathways Program.

More information is also available via

Timbercorp's entry into the industry



Timbercorp announced its entry into the avocado industry in 2005 through the purchase of a number of established and well-run orchards in the Childers region.

The company now has about 620 hectares in this area of Queensland and is in the process of developing a 220-hectare property in Western Australia. This development will ensure that Australian retailers can be supplied with local product during the time of the year that New Zealand imports are dominant.

General Manager New Business for Timbercorp, Michael Worthington said in entering the industry, Timbercorp was very conscious of not simply planting new orchards, which could have had the effect of over-supplying the market.

Like other horticultural projects in which the company is involved, a major objective of the investment is to develop and manage large scale production units, utilising the latest agronomic technology, with a view to improving Australia's competitiveness in the global market.

"Without generating considerable economies of scale and efficiency throughout the value chain, Australia will be at risk of losing market share on important export markets and against imported fruit and vegetables", Mr Worthington said.

"Consistent with other sectors that we participate in, the avocado industry has strong industry fundamentals, such as good growth prospects, produces healthy and nutritious products and has room for greater economies of scale. It has the additional benefit of being a well-organised industry that believes in operating in a unified manner".

Mr Worthington said Timbercorp has always recognised the value of partnering with industry specialists to ensure the successful development of a horticultural project. With avocados, the company has formed long-term alliances with Simpson Farms (Queensland), Primary Growth (WA) and Chiquita to manage the farms and pack

and market the fruit.

"The avocado industry is relatively small, but with good prospects for future growth. We looked at current consumption levels in Australia of around 2.2 kgs per person per annum and noted that the industry had set itself the goal of doubling that consumption.

Taking into account that a reasonable chunk of production will be lost to urban development, yields per hectare are improving, there are a lot of young trees in the ground and increasing levels of New Zealand imports, we still felt comfortable that Timbercorp entering the industry was unlikely to cause over-supply if this level of consumption can be reached" said Mr Worthington.

Timbercorp is a strong supporter of industry initiatives such as Infocado, as they recognise that unless there is accurate information on hectares planted, tree ages and yields, the industry will be unable to plan its domestic marketing campaigns nor target new export markets effectively. Timbercorp is committed to working with Avocados Australia to increase consumer knowledge and demand through coordinated promotional campaigns coupled with controlled increased production.

Mr Worthington said that the investment in avocados was facilitated through a managed investment scheme (MIS). MIS brings together numbers of people to pool investment in a common enterprise operated by a responsible entity.

Contrary to some assertions, tax is not forgone with MIS, rather the tax effect is one of deferral. In fact, MIS participants receive the same tax treatment as any other farmer, whereby non-capital farm costs, such as lease payments and management costs is tax deductible against assessable income in the year of expenditure.

Mr Worthington said that regulation surrounding MIS had improved in recent years with the introduction of Product Rulings by the

The New Food Challenge

By Paula Goodyer
of the Sydney Morning Herald

The latest official advice on nutrition sets the dietary bar higher than ever, writes Paula Goodyer.

In 1954, the year Germany won the World Cup and Marilyn Monroe married Joe DiMaggio, health authorities published Australia's first Recommended Dietary Intakes - the amounts of nutrients considered essential to keep Australians healthy and prevent deficiencies that caused problems like scurvy and rickets.

Half a century later, new dietary recommendations, including updated RDIs released by the National Health and Medical Research Council in May, show how far nutrition science has come in recognising the power of food to help fight disease.

What distinguishes the 2006 RDIs from those produced in 1954, and the years in between, is that they come with a companion set of guidelines that aims to help prevent modern plagues such as heart disease, cancer, macular degeneration and Alzheimer's disease.

Eating nutrients in the amounts suggested in the new RDIs will help keep us in acceptable health, but these extra guidelines, called Suggested Dietary Targets, encourage us to eat even greater amounts of selected nutrients, because evidence shows that eating them at higher than recommended daily intakes may help prevent chronic disease.

This drives home the message that we do have some control over our health and that what we choose to toss into the shopping trolley or the saucepan really makes a difference - a point recently underscored by

the Dutch National Institute for Public Health and the Environment, which ranked low consumption of vegetables, fruit and fish as just as bad as smoking for human health.

It also raises the bar both for us and Australia's food industry. If you're already struggling to reach the current target of five servings of vegetables a day and two of fruit, for instance, you'd better lift your game. To reach the new recommendations for some vitamins, you may need to eat six to seven serves of vegetables and three or four serves of fruit, estimates Professor Sandra Capra, head of the School of Health Sciences at Newcastle University and a member of the working party that developed the new guidelines.

More challenging still could be shrinking our sodium levels to sidestep the high blood pressure affecting one in six of us. The upper limit of the old RDI for sodium was 2.3 grams; the new SDT is 1.6 grams daily - less than a teaspoon of salt from all food sources.

Capra says this is probably achievable by not adding salt to food, eating more fresh produce, and giving most processed food and takeaways a wide berth, but many people will find it a struggle.

Still, if that seems unrealistic, chew on this: is it any more unrealistic than expecting bodies that evolved to eat plants and wild game to thrive on instant noodles?

Part of the solution will be getting the food industry to lower salt levels in processed food - which, along with takeaway food, is the source of 75



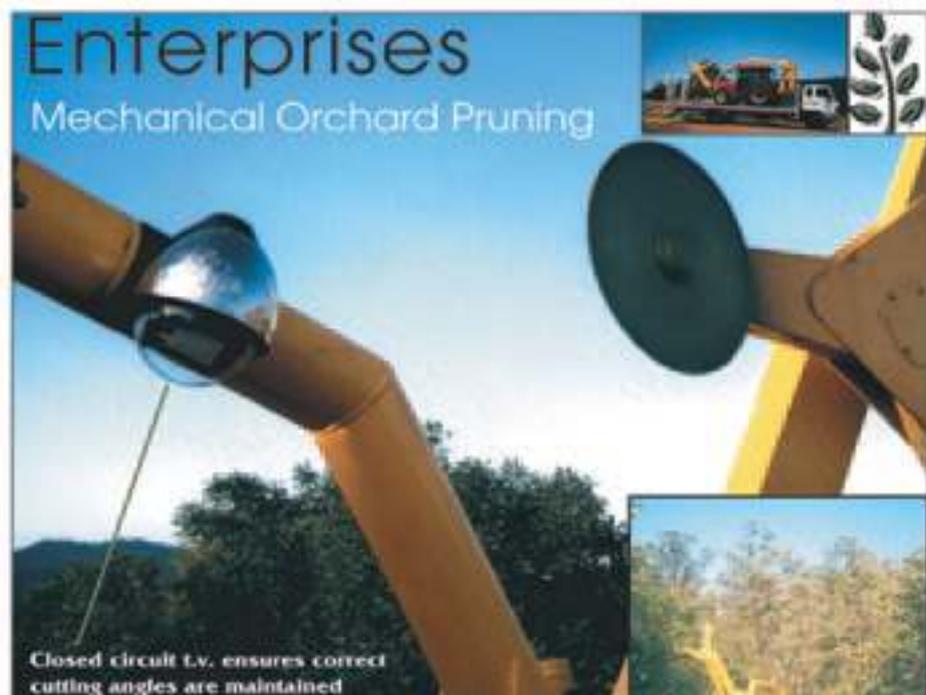
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The New Food Challenge continued

per cent of Australia's sodium intake - suggests Dr Caryl Nowson, who is professor of nutrition and ageing at Deakin University and one of a panel of experts who reviewed research for the NHMRC working party.

It's a strategy already in force in Britain, where major food chains such as Sainsbury's, and Marks and Spencer, have lowered the salt content of their bread.

So what do the new Recommended Daily Intakes and Suggested Dietary Targets mean when it comes to breakfast, lunch and dinner? At this stage, these recommendations are more a guide for health professionals and a basis for changing food labels - as yet, there's no healthy eating plan available to show us how to apply them to what we eat and it may be some time before the Federal Government produces one.

Meanwhile, this snapshot of some of the recommendations will give you an idea of the challenge.

Calcium

The RDIs for calcium have risen for children and adults of all ages, but they're especially high for teenagers, women past menopause and men over 70, who now need 1300 milligrams a day - about four serves of dairy foods. The reason for the rise is evidence that some calcium is lost in sweat. How to get more Low-fat dairy products aren't the only calcium food (canned fish with edible bones and almonds are among others), yet they're considered the best because lactose helps you absorb calcium.

Three serves of dairy products could deliver the old target of 1000 milligrams daily for teenage girls and women over 50. However, Nowson isn't sure that adding a fourth serve to meet the new requirements is ideal - except perhaps for active adolescents - as it hardly fits with the goal of eating a wide variety of foods. Her advice is to choose dairy products fortified with extra calcium, while older people may need a supplement.

Folate

This B vitamin (called folacin in its synthetic form) reduces levels of an amino acid called homocysteine, which is thought to increase the risk of heart disease, and also seems to help prevent cancer in a number of ways - including reducing damage to DNA. Drinking alcohol increases the body's need for this vitamin. The new RDI for folate is now double the amount of the last (1991) RDIs - as much as 400 micrograms for adults and teenagers, for example. How to get more Vegetables,

including dark green, leafy vegetables are good folate foods, but given our woeful vegetable consumption - studies suggest only 12 per cent of our veggie intake comes from leafy greens, while 42 per cent comes from potatoes - the chances are many of us aren't close to getting even the old RDI for folate.

Meeting the new RDI means not just getting serious about more fruit and vegetables, but choosing them carefully. Compared to a nutritional lightweight - iceberg lettuce, for instance - vegetables such as spinach, broccoli and beetroot have more folate. Other good folate foods include liver, oranges, avocado, whole grains, lentils and chickpeas.

"While we can keep telling people to eat more and more vegetables, the reality is many people won't reach the targets," Nowson says. "Eating more foods such as fruit juice and wholegrain breakfast cereals that are fortified with folic acid may be more realistic."

Food is the best way to get your daily folate because of all the other nutrients that come with it, but folate in supplement form is well absorbed, Capra adds.

Antioxidants

The Suggested Dietary Targets for some vitamins, including vitamins A and C, are much higher than the Recommended Daily Intakes. The new RDI for vitamin C for men is 45 milligrams daily, for instance - roughly the amount in a medium mandarin - though the Suggested Dietary Target is almost four times this amount.

The reason is that these vitamins act as antioxidants that may help prevent some chronic diseases. Carotenoids, which are found in red, yellow and orange vegetables (and which your body needs to make vitamin A) may reduce the risk of cataracts and macular degeneration, for example. How to get more Recommended amounts for both vitamins are higher, but this doesn't mean you need to eat more food, just better food. Out go nutrient-poor drinks and foods - in come brightly coloured vegetables and fruit, and legumes.

Vitamin D

In the past we had no guidelines for vitamin D intake; it was assumed Australians got enough from sunlight. Now there's evidence that some people - including elderly people in nursing homes, people with darker skins and women who are veiled for cultural reasons - don't get enough and are at risk of osteoporosis. Without sufficient vitamin D, we can't absorb enough calcium to keep bones in good shape.



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The New Food Challenge continued

How to get more Unless you're big on eel or mackerel, it's difficult to get enough vitamin D from food, Nowson explains. Without enough sunlight, you'll need a supplement, or foods fortified with vitamin D. "Ideally, of course, we'd be redesigning nursing homes and increasing staff levels, so it would be easier to get elderly people out into the sun each day," she adds.

The NHMRC recommends 10 micrograms daily for people over 50 and 15 micrograms for over-70s. But too much can be toxic - the NHMRC sets an upper limit of 80 micrograms for adults.

For enough sunlight for your body to make vitamin D, you need to expose hands, face and arms (or an equivalent area of skin) to sunlight for about five to 15 minutes, four to six times a week. People who are elderly or who have darker skins need more sunlight exposure; about 15 minutes, five to six times a week.

Omega-3

The Suggested Dietary Target for omega-3 fats - found mainly in oily fish - is a high 610 milligrams for men and 430 milligrams for women, but that's the level at which the research says there's a benefit for reducing heart disease and stroke. There's also emerging evidence that these healthy fats may protect against rheumatoid arthritis, asthma, depression and dementia. How to get more. About 10 per cent of Australians meet the new Suggested Dietary Target of omega-3 fats,

but most people average less than 100 milligrams daily, says Andrew Sinclair, professor of human nutrition at Deakin University. He's the first to admit that it isn't easy. Many rich sources of omega-3 fats - fresh salmon, rainbow trout and snapper, for example - are expensive, while others including, canned mackerel or sardines, aren't hugely popular.

As for canned tuna, you'd need to eat two to three 100 gram cans daily to reach the SDT. However, a weekly splurge of fresh salmon (about 150 grams for a woman and 200 grams for a man) would provide around seven days' supply of omega-3 fats in one hit (but doesn't solve the problem of depleting fish stocks if there's a rush on oily fish).

The best advice, says Sinclair, is to eat oily fish regularly (trevally is a cheaper option) if you can, include walnuts, flaxseed and canola oil (which help your body make omega-3 fat), and foods such as eggs and bread that are enriched with omega-3 fats.

Lean red meat has some omega-3s - 30 to 60 milligrams per 100 grams. Good quality fish-oil capsules are also a safe option, he adds.

More Information

The new recommendations, including the RDIs and SDTs, as well as the maximum safe intakes of nutrients, are in the report Nutrient Reference Values for Australia and New Zealand, and can be seen at: www.nbmrc.gov.au/publications/synopses/n35syn.htm

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Avocado program overview July 2006

John Tyas

Industry Services Manager, Horticulture Australia

Horticulture Australia Limited (HAL) is a national research, development and marketing organisation owned by the Peak Industry Bodies that have national levies. HAL works in partnership with the horticulture sector and the Australian Government to invest in programs that provide benefit to Australian horticulture industries. The avocado industry invests through HAL in R&D and Marketing Programs using avocado levies and voluntary contributions. All R&D funds are matched, dollar for dollar, by the Australian Government through the HAL program.

The Program is divided into 4 parts, those projects that are funded by:

1. Avocado grower levies,
2. "Voluntary contributions" (VC projects),
3. "Multi industry" projects where the avocado industry jointly funds a project with one or more industries (MT or HG projects) and
4. "Across industry" projects that are funded by all horticultural industries including avocados. (AH projects)

VC projects that relate to avocados can be found below with the grey shaded background.

MT or HG projects funded by avocado levies can be found below with the yellow shaded background.

AH projects can be found below with the blue shaded background

Below is a snapshot of the current avocado program funded through HAL. For further details on the specific projects, we encourage you to contact the relevant Principle Investigator.

REVENUE GROWTH

AV06500

Avocado marketing campaign

Project Start: 01/05/2005

Project Completion: 30/06/07

Principle Investigator:

Ms Yelli Kruger, Horticulture Australia Ltd, 02 82952300

Funding source: Marketing levies

SUMMARY

Based on the results of the consumer research carried out in 2005 the objective of the new campaign is to convince occasional users to increase purchase frequency, and at a minimum maintain the purchase frequency of high users.

The strategic direction set for 2006 – 07 is focused heavily on versatility, demonstrated by recipe usage. Targeting the traditional female grocery buyer 25 – 54 years (with a skew to 25 – 39 yrs), both media and creative relies on introducing new uses for Avocado supported always by specific recipe usage. The campaign line, 'Add an Avo' plays perfectly to the Avocado's role as an accompaniment to meals, delivering a real product truth in the way they are used. At the same time, the health benefits will continue to be supported with a supplementary campaign focused towards vitamins and minerals content. This strategy delivers

two key messages to the market. That Avocados are both 'Versatile' and 'Good for You' supporting the overall positioning that Avocados are amazing. "The most versatile and nutritious fruit on earth."

Magazines will fill the major media role in 2006/07 with full page colour advertisements, recipe leaflets and both a consumer and food service competition delivered by up over 10 consumer and food service titles. The reason why magazines were selected as a media is twofold. Firstly to introduce a completely new campaign, it is important to show it to consumers as often as possible, and with the current media spend, we would reach a much higher percentage of our target audience as well as reaching them more often by using magazines instead of TV. In addition to that, this campaign is very focused on educating consumers on how to use an avocado and the health aspects of an avocado. To do this successfully you need to supply consumers with a substantial amount of information, whether this is a recipe to show the versatility of an avocado or an explanation of the vitamin content, and unfortunately, a 15 second or 30 second TV ad does not give you the opportunity to really engage with consumers.

The magazine advertisement will be supported by on-line advertising, newly developed in-store media and point-of-sale. The avocado website will be a large part of this campaign, it will serve as a reference point for consumers where they can find more recipes and in-depth information about avocados, therefore the avocado websites will be upgraded to be more consumer friendly.

AV06005

Avocado econometric model for evaluation of advertising program

Project Start: TBA (NOT YET APPROVED)

Project Completion: TBA

Principle Investigator:

Mr Clinton Skeoch, Horticulture Australia Ltd, 02 82952300

Funding source: Matched R&D levies

SUMMARY

This project will conduct a market mix analysis of the avocado category to determine the advertising ROI on volume/value sales of avocado. Specific outcomes include:

- What is the \$ROI from HAL avocado advertising on total avocado value/volume
- What is the impact from competitive advertising
- Is there any product substitution from total avocado volume

This one-year project will provide an assessment of the suitability of this evaluation tool.

AV06010

Export development

Project Start: TBA (NOT YET APPROVED)

Project Completion: TBA

Principle Investigator: TBA

Funding source: Matched R&D levies

Avocado program overview July 2006
continued

SUMMARY

No summary available. This project is currently under development.

AV06012

Cooperative export development

Project Start: TBA (NOT YET APPROVED)

Project Completion: TBA

Principle Investigator: TBA

Funding source: Matched R&D levies and matched voluntary contributions

SUMMARY

No summary available. This project is currently under development.

PRODUCTION AND MARKETING SYSTEMS

AV05003

Support to the Australian Avocado Industry Infocado (crop flow): volume data collection

Project Start: 1/09/2005

Project Completion: 1/09/06

Principle Investigator: Mr Antony Allen, Avocados Australia Limited, 07 3391 2344, ceo@avocado.org.au

Funding source: Matched R&D levies

SUMMARY

One of the key roles of Avocados Australia's is to develop and offer valued services to their grower members and other stakeholders. The Infocado system has been developed by Avocados Australia (AAL) to meet an identified need to collect more meaningful and timely data to allow the industry to make better informed management and marketing decisions. The collection of avocado volume throughput on a national basis will assist with this process and will be particularly beneficial to participating packhouses and consequently the growers supplying these packhouses.

Industry will have more accurate data on volumes and varieties moving through the market in any given week of the year. The industry will be able to use this data to determine the impact of an event on the industry's production level. Packhouses / growers will be able to adjust their dispatch based on previous week's volume.

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* Quoted by Tony Whaley, Industry Consultant at the Australian and NZ Avocado Growers Conference 2001



Avocado program overview July 2006 continued

AV04001

Improved management of avocado diseases

Project Start: 01/07/2005

Project Completion: 30/09/07

Principle Investigator: Dr Fiona Giblin,
QLD Department of Primary Industries & Fisheries, 07 3896 9608,
fiona.giblin@dpi.qld.gov.au

Funding source: Matched R&D levies

SUMMARY

The aim of this project is to improve disease control in avocado through selection of rootstocks that impact on yield and disease development in roots and fruit, and through investigation of potential alternatives to synthetic fungicides (defence promoters, particle films, fruit pH suppression). It also aims to increase the effectiveness of synthetic chemicals by combining them with defence promoters and other compounds. The issues to be addressed are:

1. Investigate potential alternatives to synthetic fungicides to reduce fruit diseases. These alternatives include:

- (a) evaluating the effectiveness of new plant defence promoting compounds (e.g. potassium silicate) to elicit a defence response in avocado fruit to protect against fungal pathogens,
- (b) investigating particle films (e.g. kaolin) in the field for their ability to improve fruit quality through postharvest disease reduction,
- (c) evaluating after harvest a pH neutralising compound for the inhibition of anthracnose,
- (d) continue to test (and where applicable recover) rootstocks for their influence on yield and fruit quality,
- (e) screening rootstocks for defence compound production (B-1,3-glucanase, chitinase, peroxidase, diene) and correlate with disease resistance.

2. Evaluate new rootstocks for Phytophthora resistance and enhancing the activity of phosphorous acid by:

- (a) conducting growth cabinet experiments to measure root regeneration capacity, to assess root health in the presence of Phytophthora, and to evaluate a novel, non-invasive inoculation technique,
- (b) investigating the effectiveness of plant defence promoters alone and in combination with phosphorous acid to control Phytophthora root rot,
- (c) evaluating the effectiveness of the organosilicate compound 'Pentrabark' in improving uptake of phosphorous acid in avocado trees.

The benefits to industry will be: Higher quality Hass fruit and reduced postharvest losses, increased sales, improved yields, reduced synthetic fungicide dependence, and thus improved environmental disease control profile for the industry.

AV06001

Improving spraying and management of spotting bugs in avocados

Project Start: 1/07/06 (NOT YET APPROVED)

Project Completion: 1/10/08

Principle Investigator: Dr Henry Drew,
Growing Greener Growers, 07 5445 0032, hjdrew@ozemail.com.au

Funding source: Matched R&D levy

SUMMARY

The aim of this project is to hold practical, hands-on one-day workshops on spotting bug management and sprayer calibration in the main avocado growing regions in Australia.

The workshops would be held on-farm and involve spotting bug monitoring techniques, pest and damage identification, hands on sprayer calibration, spray assessment using water sensitive papers and calibration calculations. The workshops would update growers on canopy volume concepts and recent product label changes relating to Dilute and Concentrate spraying, to complement the 1997 manual on Efficient Pesticide Use in Tree Crops

The workshops should result in better monitoring and management of spotting bug including improved spray application and effectiveness. Improved calibration should result in fewer sprays applied, lower off-target impacts, better quality fruit and improved returns to growers. It will also give the participating growers the skills to continually adapt their practices to new challenges.

AV04007

Rootstock Improvement for the Australian Avocado Industry - Phase 2

Project Start: 1/01/2005

Project Completion: 30/05/08

Principle Investigator: Dr Anthony Whiley, Sunshine
Horticultural Services Pty Ltd, 0754415441, whileys@bigpond.com

Funding source: Matched R&D levies

SUMMARY

The Australian avocado industry has continued to expand for the most part, using an ad hoc range of rootstocks selected by nurserymen for which there is no data to substantiate their performance. Despite a technically sound nursery scheme (ANVAS) to supply disease-free, true-to-type trees to industry, the development and use of superior rootstocks largely remains in limbo. 'Velvick', (predominantly West Indian race), is one local rootstock selected about 20 years ago where a body of performance data is slowly being developed both within Australia and overseas.

Recent studies in Australia comparing postharvest anthracnose development of 'Hass' fruit from trees grafted to different rootstocks, have found that fruit from one line developed less disease compared with others. During the first 3 year stage of this project a range of rootstocks from both Mexican and Guatemalan race populations were identified and propagated as either seedlings or vegetative clones.

Avocado program overview July 2006 continued

They were then grafted to either 'Hass' or 'Shepard' and planted out in replicated experimental blocks in the major avocado production districts of Australia.

The second phase of this project will monitor the performance of the experimental trees in the various locations where experimental sites have been established. Additionally, rootstocks from the elite recovery program in Phase 1 will be multiplied for field planting and evaluation while new selections will be recovered when identified.

AV04008

The development of canopy management strategies suited to the different growing environments across Australia for increased profitability

Project Start: 1/07/2004

Project Completion: 1/07/2007

Principle Investigator: Mr Antony Allen,
Avocados Australia Limited, 07 3391 2344, ceo@avocado.org.au

Funding source: Matched R&D levies

SUMMARY

Maintaining a profitable avocado orchard means having a reliable crop each year. Managing the tree canopy is one of the major production issues confronting the Australia avocado industry. The avocado tree must produce new growth each year to remain productive, however this continued growth will result in increased tree size that can eventually lead to orchard crowding and deterioration in fruit yield and quality. In addition, tree size presents a problem with regard to harvesting, and spraying for effective pest and disease control.

Previous work on canopy management (AV00007) made significant advances in mechanised pruning techniques and growth regulator application in warm, subtropical environments, and the review of canopy management systems (AV02006) identified several strategies currently employed by individual growers in the main production districts. However, further work is required to identify canopy management strategies that can be successfully implemented in all major growing areas before wider industry recommendations can be made. The proposed project, conducted by Dr John Leonardi, will evaluate the 'most promising' canopy management systems in terms of cost of operation, impact on yield, fruit quality and tree size and the net return per hectare. Studies on the timing of pruning and of growth regulator application to minimise regrowth and maximise fruit yield and fruit quality under Australian conditions are also proposed.

Results from this research will form the basis of new recommendations for canopy management systems for the Australian avocado industry.

AV03005

Harvest temperature effects on postharvest avocado quality

Project Start: 30/07/03

Project Completion: 10/11/2006

Principle Investigator: Mr Alec McCarthy,
Department of Agriculture Western Australia, (08) 9780 6273,
amccarthy@agric.wa.gov.au

Funding source: Matched R&D voluntary contribution

SUMMARY

High quality avocado fruit is essential to maintain and indeed improve consumer confidence in avocados. In efforts to provide quality avocados, certain harvesting parameters have been recommended for growers to follow. Internationally it is accepted that growers should aim to harvest at temperatures below 30 degrees C and commence cooling of harvested fruit within 6 hours of harvest. These recommendations are based on limited research worldwide. Growers in Western Australia, who harvest during the warm summer months, have indicated that having to stop harvesting when the temperature reaches 30 degrees C is increasingly difficult as property sizes and yields increase.

This project aims to quantify the effect of high ambient (and pulp) temperature at harvest on the quality of avocado fruit post harvest to enable recommendations to be made to allow for harvesting during hot weather. This will increase the harvest flexibility for growers in areas of high temperatures during harvest whilst minimising impact on fruit quality at the retail point.

AV06011

Guidelines for managing under limited water supplies

Project Start: TBA (NOT YET APPROVED)

Project Completion: TBA

Principle Investigator: TBA

Funding source: Matched R&D levy

SUMMARY

No summary available. This project is currently under development.

AV05001

High Pressure processing of avocado products

Project Start: 1/03/2006

Project Completion: 30/11/06

Principle Investigator: Dr Mala Gamage, Food Science
Australia, 03 9731 3471, thambaramala.gamage@csiro.au

Funding source: Matched R&D voluntary contribution

SUMMARY

The objective of this study is to extend the shelf life of fresh-cut avocado halves, slices and purees by using High Pressure Processing without the use of preservatives or heat which destroys flavour.

Avocado program overview July 2006 continued

The inability to judge the internal quality of fresh ripe avocados based on the external appearance of the fruit can lead to customer dissatisfaction. There is only a small timeframe where untreated fresh avocados are ripe and optimal to eat. Minimally processed and cut avocado products are highly perishable due to enzymatic discolouration and microbial spoilage, and high pressure processing is to be investigated for shelf life extension of refrigerated avocado halves, slices and purees. There is expected to be a high demand created for peeled and sliced or halved avocado products with fresh-like properties, packaged in clear packaging, with a refrigerated shelf life of around 3 weeks.

High pressure processing is expected to maintain food quality while ensuring food safety, and improving product shelf life without the use of chemical preservatives, or heat which can destroy flavour, or freezing. Freezing alone does not inactivate any undesirable microorganisms and is inconvenient for the user. The High Pressure technology could also be used as a means to add value to surface damaged, undersized or oversized fruit, and other second grade avocados which may be of good internal quality.

AV03007

Assisting the development of the avocado oil industry in Australia and New Zealand

Project Start: 31/01/04

Project Completion: 30/04/07

Principle Investigator: Dr Allan Woolf, HortResearch (The Horticulture and Food Research Institute of New Zealand Ltd), +64 9 815 4200 X 7050, woolf@hortresearch.co.nz

Funding source: Matched R&D voluntary contribution

SUMMARY

This project aims to improve the commercial viability of the avocado oil extraction industry by producing high quality extra virgin avocado oil using an innovative cold-press extraction technology. The project will also carry out preliminary examination of the resulting oil quality by quantifying the levels of health related constituents present in the oil. By maximising the returns to the avocado oil industry and providing spin-off benefits to the fresh fruit sector, this project will enhance the long term viability of this important expanding crop in both New Zealand and Australia.

The project will determine the potential to include other varieties in the production of avocado oil. Cultivar, growing location and time of season are factors that are known to influence oil yield and so will be evaluated to allow assessment of the potential of commercial varieties in both NZ and Australia for processing.

A commercial avocado oil industry will provide an alternative use for reject fruit and indirectly improve fresh fruit grower returns through a positive impact on local market prices. In addition, there will be benefits in terms of awareness of consumers as to the health benefits of avocados and avocado oil ("co-exposure").

HG05031

Revision of Australian Standards AS1418 Pt 10, and AS2550 Pt 10 as applied to Elevating Work Platforms (EWP's) used in Horticulture

Project Start: 25/07/05

Project Completion: 30/06/07

Principle Investigator: Miss Kaye Neile, Summerfruit Australia, 08 8380 5286, kaye@tne.net.au

Funding source: Matched R&D levy

SUMMARY

The intent of this multi-industry proposal is to attain a Revision of the Australian Standards AS 1418 Pt10, and AS 2550 Pt 10, as they relate to Elevated Work Platforms used in horticulture.

The present Standards include EWP's as used in construction, and can be both onerous and costly to growers. The project will employ a Consulting Engineer to liaise with industry across the board, and prepare a joint submission on behalf of those horticultural users, namely tree fruit growers across Australia.

MT06020

Market access R&D plan

Project Start: TBA (NOT YET APPROVED)

Project Completion: TBA

Principle Investigator: TBA

Funding source: Matched R&D levy

SUMMARY

No summary available. This multi-industry project is currently under development.

AV06006

Avocado statistics and quality improvement

Project Start: TBA (NOT YET APPROVED)

Project Completion: TBA

Principle Investigator: TBA

Funding source: Matched R&D levy

SUMMARY

No summary available. This project is currently under development.

AV06009

Avocado supply chain improvement

Project Start: TBA (NOT YET APPROVED)

Project Completion: TBA

Principle Investigator: TBA

Funding source: Matched R&D levy and matched R&D voluntary contribution

SUMMARY

No summary available. This project is currently under development.

Avocado program overview July 2006
continued

INDUSTRY MANAGEMENT

AV06003

Study groups to achieve globally competitive avocados

Project Start: 1/07/2006 (NOT YET APPROVED)

Project Completion: 30/09/09

Principle Investigator: Simon Newett,
QLD Department of Primary Industries & Fisheries, 07 5444 9619,
simon.newett@dpi.qld.gov.au

Funding source: Matched R&D levy

SUMMARY

The aim of the project is to use better communication with growers on a local level to improve productivity and fruit quality in the Australian avocado industry. Whilst communication with growers will focus on addressing production and fruit quality issues at a local level the project will bring in the resources offered by national R, D & E project officers to provide a high level input into these issues.

Later in the project groups will be encouraged to tour other group's areas to be exposed to different ideas and approaches. Where appropriate some groups may also advance to benchmarking aspects of their operations with each other. The strategy is to establish cohesive study groups across the industry so that members can learn from each other and from invited presenters by information exchange, debate, example and observation.

The proposed outputs include regular activities involving growers and R, D & E staff, documenting key learnings from each meeting, contributions to a report on critical success factors and contributions to guidelines for assessing orchard practices. Outcomes will include an accelerated rate of adoption of currently available information on orchard management and post-harvest systems and practices for assuring that yield and fruit quality improves by 10% across the industry.

AV06013

Study tour to WA

Project Start: TBA (NOT YET APPROVED)

Project Completion: TBA

Principle Investigator: TBA

Funding source: Matched R&D voluntary contribution

SUMMARY

No summary available. This project is currently under development.

HG06029

Industry Development and Technology Transfer for Horticultural Growers in the Bundaberg Region

Project Start: 1/07/06 (NOT YET APPROVED)

Project Completion: 30/05/09

Principle Investigator: Ms Jan Davis,
Growcom, 07 3620 3844

Funding source: Matched R&D voluntary contribution

SUMMARY

Through the employment of an Industry Development Officer, the project aims to facilitate processes by which the industry is able to address the macro issues challenging their future viability and take advantage of opportunities to implement new practices and develop new markets. The IDO will achieve this by developing improved information and communication networks and systems and developing and facilitating projects to address relevant issues on a case by case basis.

The project will address **1.** workplace health and safety - Develop an education series to be included monthly in the Bundaberg Fruit and Vegetable Grower newsletter "freshpickings" addressing relevant issues **2.** Labour - cost - provide information to growers regarding industrial relations issues and regulations, availability - based on survey data from the previous IDO project assist growers during peak times to access labour through programs including harvest trail and working holiday maker **3.** Regulations - providing information regarding relevant regulations and a process for voicing concerns regarding regulations **4.** Water Security & Cost - disseminating regulatory information and acting as a conduit for providing feedback to government **5.** Global Competitiveness **6.** Environmental management.

The project will benefit the industry through increased information transfer throughout industry, increased awareness of industry issues and events, increased opportunity for input from growers into industry issues, availability of resources to address the specific issues that impact on the future viability of their businesses.



Avocado program overview July 2006
continued

AV06002

Improving technology uptake in the WA avocado industry

Project Start: 1/09/06 (NOT YET APPROVED)

Project Completion: 30/08/09

Principle Investigator: Mr Alec McCarthy,
Dept of Agriculture, WA, 08 9780 6273, amccarthy@agric.wa.gov.au

Funding source: Matched R&D voluntary contribution

SUMMARY

Through enhanced communication strategies, this project will support the implementation of identified improved practices for the continued development of the WA avocado industry into a sustainable, profitable and internationally competitive industry.

The project will address issues of: Effective and enhanced communication within the WA avocado industry; improvements to production efficiency; maintenance of high product quality while improving efficiency and extending current storage lengths; increased industry sustainability; improved environmental awareness and practices while maintaining efficiency, and further market development to cope with increased production levels.

The desire is for the WA avocado industry to continue to grow in a sustainable manner and remain profitable. This will be achieved through increased production, maintenance of product quality and improved efficiency, the industry will strive to improve their competitiveness on world markets and as a result increase their market share.



AV06900

Avocado partnership agreement

Project Start: 1/07/2006

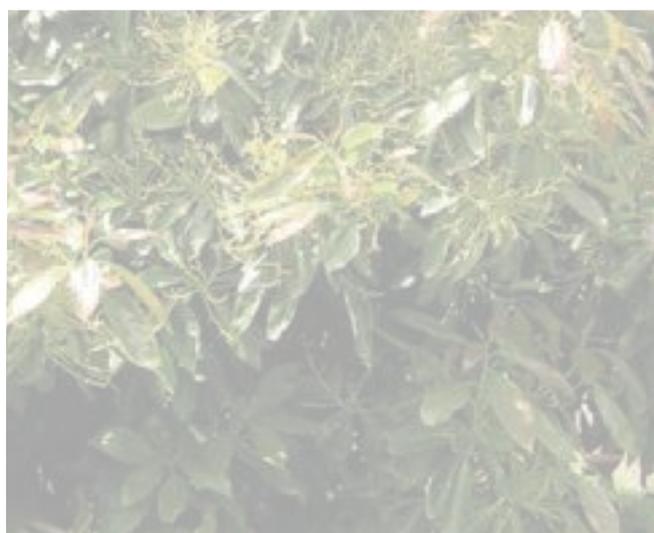
Project Completion: 30/06/2007

Principle Investigator: Antony Allen, Avocados Australia Limited, 07 3391 2344, ceo@avocado.org.au

Funding Source: Marketing levies and matched R&D levies

SUMMARY

This project covers a range of activities to be conducted by HAL and Avocados Australia in managing the avocado levy investments. These include: management of the Industry Advisory Committee; conduct of the Annual Levy Payers Meeting; effective consultation between Avocados Australia, the broader avocado industry and HAL; effective consultation between Avocados Australia and HAL on levy funded programs, and implementation of an effective industry communication strategy.



Across Industry Programs

Project No	Title	Project Start	Project Completion	Organisation
AUSHORT				
AH01015	Key genes for horticultural markets	2001/02	2006/07	CSIRO Plant Industry
AH03002	Area wide management of fruit fly - Central Burnett	2003/04	2006/07	QLD Dept of Primary Industries and Fisheries

Outcome 1:

Enhance the efficiency, transparency, responsiveness and integrity of the supply chain for the total industry to provide clear market signals

AH04036	RPCs / Cartons / Packaging Standardisation - Market Interaction & Change Opportunity	2004/05	2005/06	Horticulture Australia Limited
AH05007	Horticulture Commercialisation Casebook	2005/06	2005/06	CDI Pinnacle Management Pty Ltd

Avocado program overview July 2006 continued

Outcome 2: Maximise the health benefits of horticultural products in the eyes of consumers, influencers and government

AH03011	Promoting the health advantages of fruit and vegetables to increase their consumption	2003/04	2004/05	Horticulture Australia Limited
AH05027	Ensure equivalence of imported product with Australian quality specifications and food safety and chemical residue requirements	2005/06	2005/06	Food Compliance Australia Pty Ltd

Outcome 3: Position horticulture to compete in a globalised environment

AH04006	Horticulture gene technology communication	2004/05	2006/07	AgriFood Awareness Australia Limited
AH05003	Coordination of market access for horticulture products	2005/06	2005/06	Horticulture Australia Limited
AH05023	Market Access Support Program	2005/06	2005/06	Australian Citrus Growers
AH05016	Codex attendance	2005/06	2005/06	Horticulture Australia Limited
AH05017	Strategic review of industry development in horticulture	2005/06	2005/06	Concept Consulting Group Pty Ltd
AH05030	Industry Development Review Implementation Plan	2005/06	2005/06	Concept Consulting Group Pty Ltd
AH05019	Levies on imported products	2005/06	2005/06	p2p business solutions
AH05024	Fruit fly workshop	2005/06	2005/06	Horticulture Australia Limited

Outcome 4: Achieve long-term viability and sustainability for Australian horticulture

AH03006	Plant Health Coordinator	2003/04	2003/04	Horticulture Australia Limited
AH03007	Coordination of the horticultural plant improvement programs	2003/04	2005/06	Horticulture Australia Limited
AH04007	Pesticide regulation coordinator	2004/05	2009/10	AKC Consulting Pty Ltd
AH04009	Coordination of minor use permits for horticulture	2004/05	2007/08	AgAware Consulting Pty Ltd
AH05009	Horticulture Water Initiative Phase 2 - water access for Australian horticulture	2005/06	2005/06	RM Consulting Group
AH05011	Review of key genes for horticulture	2005/06	2005/06	BiotechSmarts Consulting
AH05012	Economic evaluation of the biotechnology portfolio	2005/06	2005/06	Innovation Dynamics
AH05021	Horticulture's submission to "Ensuring a profitable and sustainable agriculture and food sector in Australia" white paper	2005/06	2005/06	Hassell & Associates
AH05026	Horticulture's submission to "Ensuring a profitable and sustainable agriculture and food sector in Australia" white paper - Stage II	2005/06	2005/06	Hassell & Associates
AH05028	Inquiry into Pacific region seasonal contract labour	2005/06	2005/06	George Brownbill Consulting Pty Ltd

News from Around the World

Greenbox receives first avocados from Kenya

Last week the Dutch company Greenbox B.V. from Veenoord has received its first container of avocados from Kenya. It concerned the varieties Hass and Fuerte. The collaboration between the partner in Kenya and Greenbox came to be in collaboration with the CBI, as the exporting company Kandia from Kenya takes part in the Export Development Program of the CBI. This first delivery concerns a sample shipment. As always there are things to be learned from a first arrival, but the Dutch company is not dissatisfied with the product and at present the market is favourable, which allows for the parties to proceed in the present course taken.

Spain: avocado season closed with production decrease

The Spanish avocado campaign 2005/2006 has just been closed and its results are currently being evaluated. After a period of frost last year, a catastrophic year was expected, but due to the exceptional recovery capabilities of the avocado crop, the consequences are limited.

The total production at the end of the campaign amounts 35,000 MT, while the grower's prices don't correspond with the decrease in production. Prices varied from €1,50 to €1,65 per kg for sizes above 155g and from €0,50 to €0,60 for the smaller sizes.

Most companies brought their import forward to be able to cope with their customers' demand. The import for re-export and market conservation this year was 25% higher. Source: Freshplaza

California avocado commission names new marketing director

Marketing Director for the California Avocado Commission and will join us on May 24th. Stacy was selected, after an extensive search, from a field of top candidates to lead development of the Commission's strategy and promote California and Hass avocados in the U.S. marketplace.

She brings with her over 10 years of demonstrated leadership and management skills in the marketing and communications field and will report directly to me. Immediately prior to joining CAC, Jaffa was with Paramount Farms where she developed and executed brand marketing programs for both consumer and trade targets.

Her responsibilities included management of advertising, promotions, public relations, and on-line marketing. She brings to CAC more than 10 years experience as a senior marketing and communications executive with national and regional companies. She earned a MA in Communications Management from the University of Southern California (USC) and a BS in English from William Smith College in New York. Source: CAC

Grower Member Application Form

Avocados Australia Limited

ACN 105 853 807

For Associate and Affiliate membership application forms please go to www.avocado.org.au or call **07 3391 2344**

Member Details

Business name and/or trading name: _____

ABN: _____

Key contacts: _____

Preferred address (postal): _____

Address of property (if different): _____

Contact Details

Business phone no: _____

Home phone no: _____

Fax no: _____

Mobile no: _____

Email: _____

Corporate Structure

How would you describe the nature of your operations (please circle)?

Individual	Partnership	Company	Trust
Lessee	Cooperative	Other (please specify)	

Please indicate the area of property that you crop for avocado production (please circle)

0.5 - 5 ha	6-19 ha	20-49 ha	50-99 ha
100-149 ha	150-199 ha	200-499 ha	500 ha+

Special Interests

Please tick your main areas of interest from any of the following:

- | | |
|---|--|
| <input type="checkbox"/> Consumer information | <input type="checkbox"/> Production management |
| <input type="checkbox"/> Environmental management/ sustainability | <input type="checkbox"/> Quality Assurance |
| <input type="checkbox"/> Organic farming systems | <input type="checkbox"/> Technology/innovations |
| <input type="checkbox"/> Water management | <input type="checkbox"/> Marketing |
| <input type="checkbox"/> Field days | <input type="checkbox"/> Supply chain management |
| <input type="checkbox"/> Pest management | <input type="checkbox"/> Key political issues |
| <input type="checkbox"/> Food safety | <input type="checkbox"/> Other (please specify) |

Payment Options

Grower Membership of Avocados Australia is \$110 pa (including GST). You can pay your membership by cheque or credit card. To pay your membership fee, please choose one of the following options:

Cheque

Please find enclosed a cheque for \$110.00 made payable to Avocados Australia Ltd.

Please charge \$110.00 to my credit card. Details are listed below.

Credit card (please circle):

Bankcard MasterCard Visa

Credit card number: _____

Name on credit card:

Expiry date:

Signature:

Privacy Options

Avocados Australia Ltd adheres to privacy rules with respect to the way we collect, use, secure and disclose personal information. Please indicate below (tick) if you do not wish to receive additional information.

I do not give Avocados Australia Ltd permission to allow my postal contact details to be accessed by other organisations other than Avocados Australia Ltd which offer beneficial products and services.

•NB - No personal details other than name and postal address will be given out under any circumstances.

ONCE YOU HAVE COMPLETED THIS FORM
PLEASE PLACE IT IN AN ENVELOPE ADDRESSED TO:

Avocados Australia

Reply Paid 663

Stones Corner Qld 4120

(no stamp required within Australia):

For more information or assistance please go to

www.avocado.org.au or call on **07 3391 2344**



News from Around the World *continued*

Mexico opens door to California avocados

While it may be a dirt road headed south compared with a northbound four-lane highway, there is finally two-way trade between Mexico and California avocado handlers. Seven California avocado packers have been cleared to export to Mexico, U.S. Department of Agriculture and avocado industry leaders said in late May. Mexico, the world's biggest producer of avocados, boasts a per capita consumption of about 20 pounds, compared with less than 3 pounds in the U.S. Mexico should be a modest but growing market for California's big hass crop this year.

First export shipments of California fruit to Mexico occurred in mid-May, industry leaders said. Early reports indicate shipments of hass to Mexico were averaging about two to three truckloads per week. California growers have long argued for access to the Mexican market, especially as Mexican hass fruit has expanded its reach in the U.S. over the past decade.

By Feb. 1 2007, the USDA is expected to allow Mexican hass fruit into California, Florida and Hawaii — the only states Mexico cannot ship fruit to. Mexico also had a decades-long struggle to enter the lucrative U.S. market. The USDA first proposed allowing Mexican hass fruit into Alaska in 1993. Later, the agency increased the number of states that could receive Mexican fruit to 19 in 1997 and to 47 by 2005.

The USDA has sought access to the Mexican market for California hass growers since 1999, the agency said. Economists at the USDA have estimated that the annual exports of U.S. hass to Mexico could range from \$6 million to \$24 million. In contrast, Mexico's avocado exports to the U.S. were valued at \$226 million in 2005, the USDA reported. "Mexico's decision to open its market to hass avocados from California is great news for our growers," said deputy agriculture secretary Chuck Conner in a May 25 news release. He said Mexico's action showed its commitment to live with trade rules based on science.

The proposed rule worked out by USDA with Mexico will allow shipments of hass fruit from certain California counties with approved packinghouses. While Mexico has restricted California avocados from entering the states of Michoacán, Jalisco, Morelos, and Puebla, those restrictions will be dropped after 12 months, the USDA said. While there are 12 commercially significant avocado packers in California, seven have been approved for exports so far this year, said Tom Bellamore, senior vice president and corporate counsel at the California Avocado Commission, Irvine. Source: The Packer

Hass Avocado Board launches international marketing committee

First Meeting Focuses On Coordinating Marketing Programs of All Suppliers The Hass Avocado Board's (HAB) new marketing committee launched its campaign to strengthen promotion synergy among all suppliers at an inaugural strategy session in late April. Formed in early 2006, the Committee includes avocado industry representatives from California, Chile, Mexico, New Zealand and the Dominican Republic.

"It's imperative that retailers see the entire Hass industry is working

News from Around the World
continued

together," said Avi Crane, Marketing Committee Chair, and importer member of HAB. "When retailers are confident about consistent fruit supply, they respond with strong marketing support."

Chief among the new committee's goals is coordinating a total of \$32 million in annual marketing promotions executed by other Boards and Import Associations marketing Hass fruit in the U.S. The other key focus for the committee will be maximizing use of HAB's state-of-the-art Network Marketing Center and its *avoHQ.com* intranet located in Irvine, California.

"Pooling HAB partner resources and coordinating industry promotions will help unify the world's avocado producers and expand the marketplace," said HAB Chairman Charley Wolk. "By minimizing marketing fragmentation, we're demonstrating our commitment to a continuous supply of Hass avocados year round."

HAB assesses all avocados produced domestically and imported into the U.S. to pay for generic Hass Avocado marketing programs. The organization works closely with the Chilean Avocado Importers Association (CAIA); the Association of Michoacán Avocado Growers, Packers and Exporters (APEAM); the Mexican Hass Avocado Importers Association (MHAIA); the California Avocado Commission (CAC); and growers from New Zealand and the Dominican Republic. Source: HAB

Efforts During The Big Game Increase Hass Avocado Awareness Online

Delivering 3% of *avocadocentral.com*'s total page views for January and February, the "Big Game" page generated consumer interest, increased loyalty and provided new ideas to increase consumption of Hass avocados on professional football's biggest day. HAB's single web page highlighted the public relations message that 49.5 million pounds of Hass avocados would be consumed on that Sunday. For the first time ever, *avocadocentral.com* provided links to supplier Web sites (CAC's micro site and MHAIA's site). The "Big Game" web page resulted in 15,780 recipe page views (Jan thru Feb)

Source: CAC



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- A great selling and marketing team based in Melbourne.
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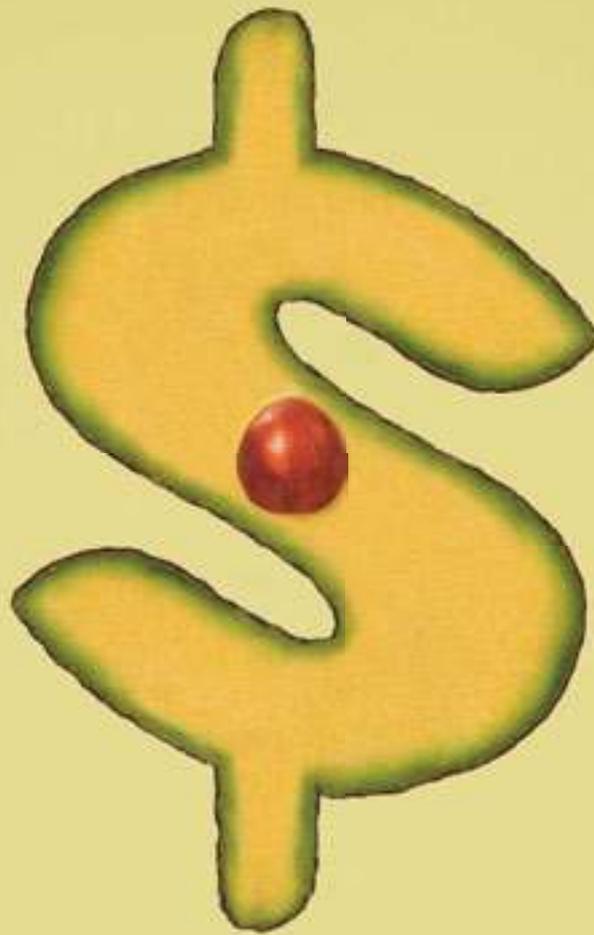
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nutrients, and have earned the Heart Foundation tick. The Guinness Book of Records even lists Avocados as the most nutritious fruit in the world! Australian Avocados have also recently launched a dynamic new marketing campaign that will make the brand even more visible to your customers in 2006 and beyond.

Boost your profits today. ADD an AVO as an amazing ingredient choice on your daily menu. For great recipe ideas visit www.avocado.org.au



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