



## APRIL 2008 NEWSLETTER

Welcome to the April newsletter.

Over the last few months the program has involved several strands of activity, all designed to maintain and develop our market position from a low point in 2007. The news that the USA and China have applied to export apples to Australia with Biosecurity Australia having commenced the IRA process, provides the impetus for growers and packers to seriously consider the Pink Lady™ export market. At the same time the market for Pink Lady™ is growing as can be seen from the latest market report from Coregeo. As we quickly near harvest time it is critical that we pay attention to the fairly basic but important message in the Grower alert.

Contained in this newsletter is the following:

- 1) Program – Marketing update – Neil Offner
- 2) IPLA Open Day reminder – 17 & 18 April
- 3) Licensing and service costs
- 4) Audit announcement – congratulations to Jane Lovell and the TQA team on working with AusQual to put together the audit package
- 5) Grower Alert No.4 – the alerts have designed to be timely reminders at different stages of the season
- 6) Coregeo – Management/ market report

### **Program – Marketing update – Neil Offner**

The UK market for the Pink Lady™ category continues to strengthen overall. Sales data for January and February 2008 shows 23% increases respectively over the same periods in 2007. The retailer Morrisons is now selling Pink Lady™ apples and not Cripps Pink and this in both a contributing factor and a reinforcement of the strength of the brand in this market. Very similar and positive, brand development is reported in the large USA market, Europe, South Africa and South America

The Pink Lady Australia (PLA) “stretch” target for 2008 is 100 containers and this will not be met but volumes will be up on 2007.

Growing conditions were excellent in most growing regions up until the early March heatwaves which seems to have impacted mostly long term in South Australia. At the time of writing, fruit condition for export was still being assessed in the Adelaide Hills.

The positive aspects to come from 2008 program development work to date are

- Export commitment from new participants in Queensland, New South Wales and Victoria

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- Continuing commitment in Western Australia despite the difficulties of some previous years
- Strong UK category manager support whereby purchasing interest is exceeding the Australian volume commitments
- Advances made on technical work

Depending on developments in South Australia in particular, the anticipated program is in the order of 60+ containers. The UK interest exceeds this by around 30% as things stand at present.

Teleconferences are now being regularly convened for exporters and other interested parties on UK market and other Southern Hemisphere supplier updates with a view to optimally positioning our product in the market place.

Following the January 2008 PLA post-harvest workshop and associated meetings in Melbourne, work has progressed on an apple rot control project and bulk shipment studies. In addition, Tasmanian Quality Assured has held GlobalGAP and other system information sessions in Western Australia and Batlow and is working on plans to hold a similar session in the Goulburn Valley once the picking season is mostly behind us.

In summary, the UK market is performing strongly and more volume is required to secure this market in the long term. A lot of work is occurring in Australia to address the technical risks of exports and to bring more sense to certifications and auditing.

Neil Offner will be spending a lot of time in all growing districts over the next few weeks with current arrangements made to be in Victoria from 7 to 14 April and in WA in the week 28 April.

### **IPLA Open Day – 17 & 18 April**

This is a reminder of the IPLA Open Day which is being conducted by the International Pink Lady Alliance in conjunction with APAL and Montague Fresh. An excellent program has been developed with the opportunity to see Cripps Pink, Ruby Pink and Rosy Glow side by side in the orchard at Montague Fresh, Narre Warren on 17 April. An additional visit to Harcourt has been organised the following day.

If you are interested in attending please contact Leanne Groves at APAL: [office@apal.org.au](mailto:office@apal.org.au)  
Numbers are limited – this is a great opportunity to meet people from many global points.

### **Licensing and service costs**

Last year Pink Lady Australia licensed exporters for the first time as part of the international process of Pier to Pier licensing – designed to maintain the integrity of and further promote the Pink Lady™ brand from source to destination. Pink Lady Australia Ltd has been appointed the master license holder for Australia by Apple and Pear Australia Ltd. In turn Pink Lady Australia Ltd sub-licenses exporters to export.

This year the Pink Lady Australia Board established some criteria which included experience as an exporter, previous experience and record as a Pink Lady™ exporter and/or volume of product available. The Pink Lady Australia Board has agreed to license the following companies: Craig Mostyn, Oasis Fresh, Plummers Border Valley Orchards, Joyson Orchards, Holman Fresh, and Montague Fresh. There are a couple of potential other organisations who may be licensed if they meet the above criteria.

The Board has decided to budget very conservatively this year for financial prudence and following a tough year in 2007. The service fee has therefore been increased to \$1.40 per 12 kg carton. The figure will be rebated back to the usual \$1.25 figure if the volume exceeds a certain threshold.

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## **AUS-QUAL Pty and Pink Lady Australia – a collaborative approach to meeting market requirements**

As part of the Horticulture Australia Limited funded project looking at overcoming barriers to exporting Pink Lady<sup>™</sup> apples, Pink Lady Australia asked eligible certification bodies to tender for provision of audit services. Pink Lady Australia is delighted to announce Aus-Qual Pty Ltd have been chosen as the preferred certification body for GlobalGAP audits. This is good news for Pink Lady Australia members, as there is now a cheaper option for GlobalGAP audits.

For growers working to GlobalGAP the deal is as follows;

- Growers pay a one-off Application Fee of \$250 (excluding GST)
- The annual audit cost is \$600 (excluding GST)
- GlobalGAP registration fees of approximately \$160/year (dependent on exchange rate and size of orchard)
- There are no additional costs for travel or accommodation

In addition, other proprietary quality assurance and food safety systems may be audited at the same time for discounted rates. For instance Freshcare can be added for an additional \$95 (excluding GST).

Jane Lovell, Project Manager for the Pink Lady Australia project said, “Growers raised the issue of audit expense with us during recent visits to the main Pink Lady<sup>™</sup> growing regions of Australia. We are very pleased to be able to recommend AUS-QUAL as the preferred certification body for Pink Lady Australia. Not only are AUS-QUAL’s prices competitive, our experience with them over a number of years indicates that their auditors are thorough while at the same time being practical and “grower-friendly”. By having a preferred certification body we are able to develop an ongoing relationship that will allow us to discuss and resolve any compliance issues. Being able to pick up the phone and iron out any misunderstandings between the growers and the certification body is a real benefit for the whole Pink Lady Australia program.”

Growers interested in accessing this special deal should contact Andrew Brown at AUS-QUAL on 07 3361 9233 or email [andrew.brown@ausqual.com.au](mailto:andrew.brown@ausqual.com.au)

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**GROWERS OF PINK LADY™ APPLES**

The picking of Pink Lady™ apples is drawing closer in all growing regions in Australia and this is a critical time for the export program in terms of fruit being picked at its optimum and allocated in storage for this purpose.

The basic principles of optimum picking would be well known to all growers and packers but are summarised below as a reminder.

Pink Lady™ apples must be harvested when mature, but at an early stage of ripening. It is a generally accepted principle that to obtain maximum storage life, fruit must be harvested at, or close to, its pre-climacteric respiration minimum. Fruit at this stage may appear 'too green' but it has completed maturation and therefore contains its maximum carbohydrate reserve. Picking at optimum maturity minimises disorders and maximises storage life and post harvest quality.

Fruit colour is not always a good indicator of maturity. Waiting for colour can significantly reduce storage potential. Maturity of fruit from any one variety varies between blocks even on the same orchard.

**Best Management Practices**

- Predict harvest dates
- Start measuring maturity prior to predicted harvest dates
- Use a range of parameters to determine maturity

**Accepted maturity parameters**

- Starch-Iodine test (measuring the degree to which starch has converted to sugars)
- Firmness (rule of thumb for export: 8-9 kg)
- Total Soluble Solids
- Ground colour
- Internal Ethylene

**Acknowledgement:** This general information and some of the wording has been extracted from training materials developed in South Australia by the Apple and Pear Growers Association of SA Inc and Rural Solutions, Department of Primary Industries, SA

If you have questions regarding any item in this newsletter, please contact Andrew Dick on 03 5420 7444 or [andrewd@affco.com.au](mailto:andrewd@affco.com.au)

*Disclaimer: AFFCO and PLA Limited cannot be held responsible for the accuracy of this newsletter or the validity of technical or market comments. In many cases, the contents reflect individual comments on hookups. AFFCO and PLA Limited members need to make their own commercial decisions.*

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# COREGEO

**March 2008**

## Management Report

### 1. SUPERMARKETS

#### a) Asda

There are big issues in the UK with regard to plastic bags and the harm to the environment. Even the Turtles who live off our coast try to eat the bags mistaking them for their natural food – jelly fish. Asda have just announced a reduction of 20% in the number of bags offered to its customers.

#### b) Sainsbury's

Sainsbury are lagging behind the total grocery market with an increase in sales of 5% compared with the total market at 5.9%. Their market share is 16.4%, down 0.1%.

#### c) Tesco

Tesco have also underperformed in the total grocery market for the second consecutive month, with a sales growth of just 4.9%. With Tesco not being able to expand its store numbers by any significant amount, it will become more difficult for them to find an increase in sales and profits as, already, they control 31.3% of the UK market, which is down by 0.4%. Either prices will have to go up or costs down!

*The two week period from Valentine's Day to Mothering Sunday saw Tesco donate 20p to Great Ormond Street Hospital for Children with every pack of Pink Lady® apples sold*

#### d) Morrisons

Ken Morrison is to step down as chairman of Morrisons next week, but will have the title of life Honorary President. Morrisons are doing very well at the moment with a further increase in sales of 11% in the quarter ending 24 February and their market share has increased over the same period from 11.1% to 11.6%. They have reported pre-tax profits of £612 million, which is £243 million better than the previous year. Morrisons have also confirmed that they have no interest in buying Somerfield.

#### e) Somerfield

No doubt the interest in the break-up or selling as a whole of Somerfield will go on for some time. However, the last financial year's figures have just been published which show Somerfield with a pre-tax profit of just over £26.0 million leaving the company in reasonably good health. Waitrose is now showing an interest in buying a 'chunk' of the 900 stores. Although it was reported that both Asda and the Co-op had put in a bid for the whole company, it is still more likely that it will be broken up.

#### f) Waitrose

This is the current number one high street retailer for customer service according to a consumer survey of over 10,000 people in 'Which' magazine. Sales are a healthy increase of 6.8% to just under £4.0 billion and their sales have grown some 47% in just 4 years.

### 3. APPLE SALES

#### a) Pink Lady®

- Sales

It is very encouraging to report a second month of sales considerably higher than for the same period last year. Our best start to any year!

February 2008	-	221,855	
February 2007	-	180,579	plus 41,276 or 23%

Year on year sales to-date

2008	-	461,146	
2007	-	375,475	plus 85,671 or 23%

Europe sales this season are plus 210,270 x 12.5kg cartons (41%) than for the same period last year. I just hope they don't run out! USA Sales have been affected by size and lack of organic apples to the extent that sales are down by 41,000 cartons or 27%. Obviously, Morrisons inclusion has helped sales but their sales alone do not account for that level of improvement.

#### b) Sundowner®

Small sales of French Sundowner® apples to Waitrose, but it's a start.

### 4. QUALITY

#### a) Pink Lady®

Fruit has generally been firm and bright with good flavour and colour. There have been a few greasy samples but fruit in general has been cutting clean.

A Macdonald  
17.03.08

# COREGEO

## YEAR TO DATE SALES - PINK LADY®

11.03.08



2008													
13kg cartons													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
EUROPE	199005	169064	0	0	0	0	0	0	0	0	0	0	368068
USA	40286	52791	0	0	0	0	0	0	0	0	0	0	93077
RSA	0	0	0	0	0	0	0	0	0	0	0	0	0
AUSTRALIA	0	0	0	0	0	0	0	0	0	0	0	0	0
NEW ZEALAND	0	0	0	0	0	0	0	0	0	0	0	0	0
CHILE	0	0	0	0	0	0	0	0	0	0	0	0	0
ARGENTINA	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>239291</b>	<b>221855</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>461146</b>
% Increase on 07	23	23			0								
QTR TOTAL	461146				0								0
% Increase on 07													

2007													
13kg cartons													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
EUROPE	137353	107646	134003	110326	57449	1853	1179	30440	0	0	172647	150367	903262
USA	57543	72934	90073	93162	7545	4100	0	0	0	6549	4320	8798	345023
RSA	0	0	0	0	40575	120373	88900	83654	98314	62501	18707	3442	516464
AUSTRALIA	0	0	0	0	0	0	1010	3544	9225	24426	624	0	38829
NEW ZEALAND	0	0	0	0	0	333	20871	36466	54972	18513	2788	0	133943
CHILE	0	0	0	0	26288	126534	115053	46076	18562	8766	2346	0	343625
ARGENTINA	0	0	0	0	6438	27673	2746	510	170	0	0	0	37536
<b>TOTAL</b>	<b>194896</b>	<b>180579</b>	<b>224077</b>	<b>203487</b>	<b>138294</b>	<b>280865</b>	<b>229756</b>	<b>200689</b>	<b>181243</b>	<b>120755</b>	<b>201431</b>	<b>162607</b>	<b>2318681</b>
	599552				622646			611690			484793		

2008													
Kgs													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
EUROPE	2587062	2197827											
USA	523722	686282											
RSA													
AUSTRALIA													
NEW ZEALAND													
CHILE													
ARGENTINA													
<b>TOTAL</b>	<b>3110784</b>	<b>2884109</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5994893</b>

2007													
13 kgs													
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
EUROPE	1785591	1399392	1742042	1434235	746833	24087	15330	395725			2244407	1954768	11742410
USA	748054	948139	1170954	1211101	98080	53298				85140	56160	114371	4485297
RSA					527471	1564847	1155695	1087499	1278081	812508	243185	44747	6714033
AUSTRALIA							13136	46070	119921	317534	8111		504772
NEW ZEALAND						4328	271319	474053	714641	240671	36245		1741257
CHILE					341744	1644943	1495683	598987	241301	113962	30499		4467119
ARGENTINA					83690	359746	35692	6628	2215				487971
<b>TOTAL</b>	<b>2533645</b>	<b>2347531</b>	<b>2912996</b>	<b>2645336</b>	<b>1797818</b>	<b>3651249</b>	<b>2988855</b>	<b>2608962</b>	<b>2356159</b>	<b>1569815</b>	<b>2618607</b>	<b>2113886</b>	<b>30142859</b>