



Pink Lady™ Australia Limited Newsletter

PINK LADY™ EXPORT UPDATE – JULY 2009

Welcome to the Pink Lady Australia update

Enclosed in this issue are some updates on this year's Pink Lady Australia export program. As member's were previously notified, the program this year has been reduced in financial commitment as a reflection of the reduced number of exporters and prudence.

This does not mean that there is no commitment towards exports and indeed the most recent Board hookup noted that there still remains some very good reasons why exporting may be an important option for growers in the future – particularly if and when there are apple imports.

Over recent months the various parties in the program have been proactively seeking to maintain the program. Peter Richardson of Craig Mostyn and Ben Centra & Scott Montague of Montague Fresh have been liaising on the small program that will be carried out from WA and Eastern Australia.

Neil Offner, program and technical co-ordinator has been busy on the technical front and managed to put together a very good workshop briefing on the Bulk Bin project and Industry funded rot project.

UPDATE: Pink Lady Export Program

The southern hemisphere supply Pink Lady™ season is well underway in the United Kingdom (UK).

Drawing on data provided by Coregeo, APAL, UK sales in 2009 calendar year to date are around 11% down in total on 2008 but still 5% up on 2007 volumes.

General indications from both Europe and the UK have been to the effect that the market is a little nervous about late season arrivals from South Africa; the largest volume exporter to the UK

On face value this should assist in Australia's efforts in 2009 but a limiting factor will be the volume that is

Both these projects offer potential solutions which can improve the efficiency of exports with reduced risk.

Other technical co-ordination work in the area of ozone technology research is being implemented in addition to the development of an export project which seeks to look at other markets.

Additionally, once this year's final program has been agreed, a promotional program will be executed which will support Australian Pink Lady® apples – the best in the world!

We would like to acknowledge the strong support of Horticulture Australia Ltd, APAL Ltd and the apple and pear industry advisory committee which has meant that the range of projects and activities can continue to be delivered in a professional manner.

In this addition please find the following articles

- 1) Program update and international data
- 2) Update on the management of rots
- 3) Assessment of bulk export shipments to the UK

Andrew Dick - 17 July 09

available for export to the UK market due to factors such as colour challenges and unsuitable chemical programs

At the time of writing the two licensed Australian Pink Lady™ exporters for 2009 (Craig Mostyn and Montague Fresh) were negotiating programs with one main UK import company.

The data on pages 6 - 8 are the latest available on UK Pink Lady™ sales and southern hemisphere estimated arrivals in the UK. This data tracks 2009 against 2008 and 2007 in the case of actual UK sales and against just 2008 for estimated arrivals.

Neil Offner



Above: Delegates enjoy breakfast while being briefed by Paul Mattingley of DPI WA, at the Pink Lady Post Harvest Workshop on Friday 12 June 2009



UPDATE: Management of rots in Pink Lady™ apples

A Post-Harvest Workshop was held in Melbourne on Friday 12 June in conjunction one on the 2008 Bulk Bin trial to the UK and around the time, of the very successful AFFCO program of field visits and other activities in Melbourne and Bacchus Marsh.

The objective of the this Workshop was to bring participants up to speed on the National HAL funded project on Through Chain Rot Management, being managed by Dr Robert Holmes, Knoxfield. Also to hear a current commercial perspective presented by David Loxley of EE Muir & Sons.

Key issues from the presentations were:

David Loxley

- a. SmartFresh has become the cornerstone of post-harvest fruit treatment and DPA and post harvest fungicide use has declined
- b. There is a re-focus on the role of sanitisers, pre-harvest treatments and new chemistry
- c. The key drivers of change have been'
 - SmartFresh now registered for scald
 - Need to address chemical MRLs
 - Increased attention to labour efficiency and the in-field treatments to reduce risk of storage rots
 - Need for improved marketing flexibility
- d. Key overseas developments include
 - Registration of new generation reduced risk fungicides

- Development of fogging DPA & fungicides
 - 1-MCP off patent strategies
 - Re-look at GRS fungicides
- e. The opportunities in the future include
 - Improved use of sanitisers
 - Ongoing work on pre-harvest applied products ; Pristine, Captan, Dithane and Ziram/Thiram
 - Local DPA/fungicide fogging research
 - f. The predictions for 5 years time are
 - 1-MCP will still be a major consideration
 - New forms of 1-MCP
 - At least one new post-harvest fungicide will be available
 - Carbendazim will de-registered
 - Iprodione being phased out
 - Development of models for rot prediction
 - Conventional dipping with DPA/fungicides still part of the scene

Dr Robert Holmes

- a. The national project has three elements
 - Diagnosis to establish common causal conditions, successful and unsuccessful practices, determine levels of loss and pathogens present and respond to identified needs such as hygiene audits
 - Rot risk prediction
 - Control; a targeted management strategy



- b. The main rots found in the survey were
 - Target rots caused by *Phyctema* (*Neofabraea*) which infects fruit in the orchard through lenticels and scratches
 - Blue mould caused by *Penicillium* which infects fruit during and after harvest through punctures and scratches
- c. The particularly high risk conditions & practices leading to rots were:
 - No late season broad spectrum fungicide (eg Captan, Thiram, Mancozeb)
 - Heavy rain within 2 weeks of harvest
 - Low volume and ultra low volume fungicide spraying. (min 1000L/ha)
 - Fruit harvested while wet from rain
 - No postharvest fungicide (Carbendazim)
- d. The main source of Blue Mould is bins; remedies are sanitation, minimise time bins are in field and prevent soil contamination
- e. Drenches must be managed wisely with increased risk of Blue Mould and Mucor
- f. The primary purpose of dump tank sanitation is to kill rot fungi and human pathogens in the water; it does not effectively disinfect fruit
- g. The key drivers of future technologies include
 - Customer requirements including MRLs
 - Environmental stewardship
- h. Future management remedies include
 - More efficient drenching
 - Scald forecasting
- i. Non-chemical scald controls
 - 1-MCP
 - Fungicide application methods to replace drenching ; on-line and fogging
 - New chemistry
 - Biological fungicides (less effective than chemical fungicides)
- j. In summary, post-harvest disease control should incorporate
 - The elimination of the pathogen; using eradicate fungicides and sanitisers
 - Containment of pathogen spread; using protective fungicides
 - Suppression of the growth of the pathogen; low temperature, fungicides
 - Maintenance of fruit's natural resistance through avoiding injury, good orchard nutrition and through retarding ripening

David Loxley can be contacted on 03 9931 0133
Robert Holmes can be contacted on 03 9210 9222

UPDATE: Assessment of bulk export shipments of Pink Lady™ Apples to the United Kingdom

Boosting Pink Lady™ apple exports through improving chain confidence and competitiveness

The Australian apple industry is experiencing declining exports and but is facing pressure from predictions of potential future imports from New Zealand, China and the United States.

Given that the Australian apple industry is predominantly domestic market focused, there is a real urgency to ensure that the industry is strongly positioned to meet future challenges of increased competition. Critical to this is to ensure we have a profitable export sector.

Over the past three years Australia's apple exports have slumped dramatically from \$17.0 million (Pink Lady™ \$5.4 million) in 2004/05 to \$7.1 million (Pink Lady™ \$2.1 million) in 2007/08.

For many years, there has been an industry coordinated export program of Pink Lady™ apples to the United Kingdom (UK). By international standards the program, which has ranged over the last decade from around 45,000 to 280,000 12 kg net cartons, is very modest. Nevertheless, it has been and remains important to the Australian industry overall.

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The fact is that Australian value chain cost structures and a continuing focus on the Australian domestic market means that the landed price of Australian Pink Lady™ apples in the UK is high in comparison to our southern hemisphere competitors. Australia is well known for having the best Pink Lady™ apples in the UK market and demand for our fruit (particularly late in the southern hemisphere supply season from September to November) is strong to some market segments.

But unless we find ways to meet this demand in the UK market place in a more competitive way, Australia will lose out to other southern hemisphere suppliers, notably South Africa.

The scientific trial in 2008 of bulk shipment trials to the UK arose from a perceived need to remove costs from the value chain to be more competitive in the UK market and to better address the risk of handling rots on outturn, while achieving attractive returns to Australian growers.

The outcomes desired are to reduce risk (particularly associated with fruit rots), improve our competitiveness and re-build industry and customer confidence in Pink Lady™ exports.

The two key components of the project were:

- a) Scientific evaluation of the condition and quality of Pink Lady™ apples, in bulk and in conventionally packaged shipments, pre-export and on outturn in the UK and
- b) A comparative economic analysis of the two value chains; bulk shipments with in-market packing and conventional

Agriculture, Food and Wine, Primary Industry and Resources SA and, the Department of Agriculture and Food, Western Australia contributed significant financial resources and expertise to this project.

Key outcomes

- a) The outturn of Pink Lady™ apples in the UK from bulk shipments compared very favourably with conventional shipments
- b) The analysis indicates there is a small 'farm gate' benefit to growers in supplying fruit for bulk bin shipments but this is highly dependent on high percentage packouts in the UK

- c) The value chain studied is historically the highest returning outlet for Australian Pink Lady™ exports and this is a consideration for growers in terms of evaluating the outcomes. The broad observations of bulk shipments however will apply to any value chain
- d) The participating growers and packers in the bulk bin trial remain committed and supportive of further shipments of this nature. One of the key drivers in this support is the perceived lower risk of outturn claims because of rots.
- e) There is a perceived significant commercial benefit in Australian growers and packers being able to pre-grade and size bulk fruit for further value adding in the UK to meet specific retail packaging requirements but this has not been fully evaluated yet.
- f) Exporters are concerned about the viability of such shipments if larger volumes of fruit are involved. This concern centres on in-market management and assurance of Australian grower's financial interests.

Conclusions

- a) The grower / packer participants who participated in the bulk bin trial remain committed to further shipments in bulk to be packed in the UK
- b) Comparable or increased farm gate returns are dependent on high percentage packouts being achieved in-market. In the case of the 2008 trial this was achieved through a high degree of attention to detail at the picking stage. Pre grading and sizing of fruit into bulk bins with the appropriate facilities remains another option to be investigated
- c) While the value chain studied is historically the highest returning one in the UK market, the identified advantages of bulk shipments in regard to risk mitigation still apply.
- d) For the volumes that Australia is likely to place in the UK market, there is capacity to handle larger volumes of bulk shipments from

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Australia. However the cost of the grading and packing process is comparatively higher in the UK and endeavours should be made to better understand this in detail and to evaluate various in-market packing options

- e) There are perceived commercial, risk mitigation and logistical benefits of pre-grading and sizing fruit in bulk bins for value adding in the UK but this needs further evaluation.
- f) The scale and the nature of the packing infrastructure of the Australian apple industry (not large scale) lends itself to a bulk shipment value chain. The larger scale operations that characterise the apple export industries in South Africa, New Zealand and Chile may not provide, as easily, the flexibility needed to handle bulk shipments.

Recommendations for Future R&D

- a) It is recommended that further detailed work be undertaken with commercial interests to better understand the in-market packing options, the associated problems with managing this process 'at a distance' and other logistical matters
- b) It is recommended that Australian based pre-grading operations be evaluated as an alternative to labour intensive field sorting.
- c) It is recommended that further work be carried out to better understand the perceived benefits of Point b) above in respect of value adding and meeting UK retailer packaging requirements more cost effectively in-market

Recommendations for practical application to industry

- a) Bulk shipments will require a high degree of attention to detail at the fruit picking stage and/or during a pre-grading stage. Not all growers and packers are set up to do this effectively, but some certainly are.
- b) The trials were conducted with fruit sourced and handled from Western Australia. There is a good degree of interest in the bulk shipment approach from growers and packers in at least South Australia, Victoria and New South Wales.
- c) The commercial reality of the UK market and domestic market risk management comparisons will determine uptake of bulk shipments of Pink Lady™ in the future.

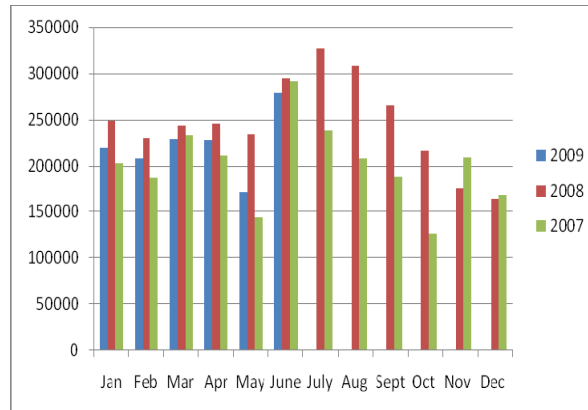
The contributions to the study by the following people is appreciated and acknowledged; Ian Lewis, Paul James and Michael Rettke from the Department of Primary Industry & Resources, South Australia and, Tony Portman and Paul Mattingley, Department of Agriculture & Food, Western Australia, Harvey Giblett, Newton Bros, WA, Maurie & Anne Lister, WA and Peter Richardson, Craig Mostyn.

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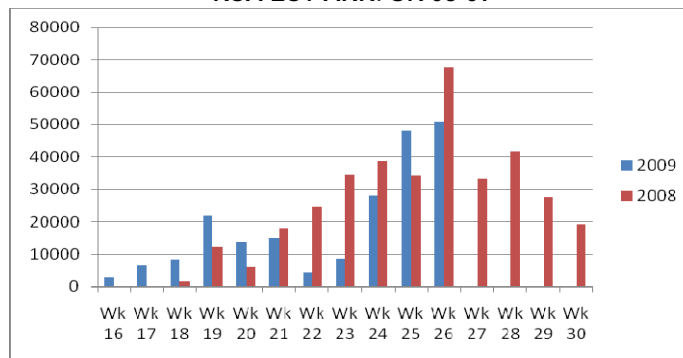


UK SALES 2007-2009

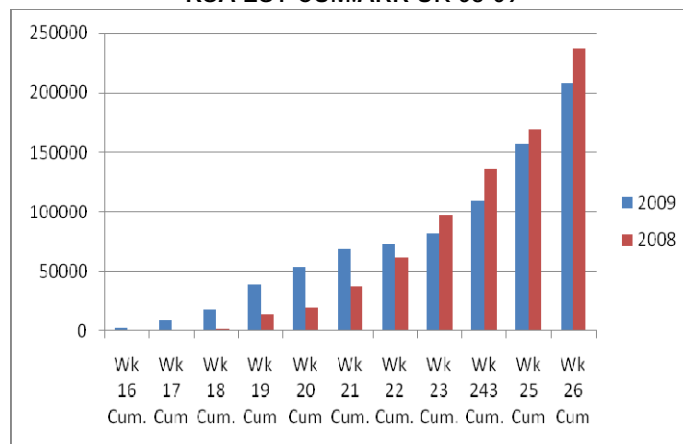


NB: Coregeo advice to the effect that the May downturn in sales compared to 2008 can be attributed to 1. The UK recession has hit premium brands by 15/20% (Pink Lady is down YTD by 8/10%)
 2. In May the UK market was short of fruit because Europe finished and the USA had a lot of fruit rejected because of scald
 3. South Africa was 2/3 weeks late onto the market 4. It is important to note that 2009 sales are still tracking higher than 2007

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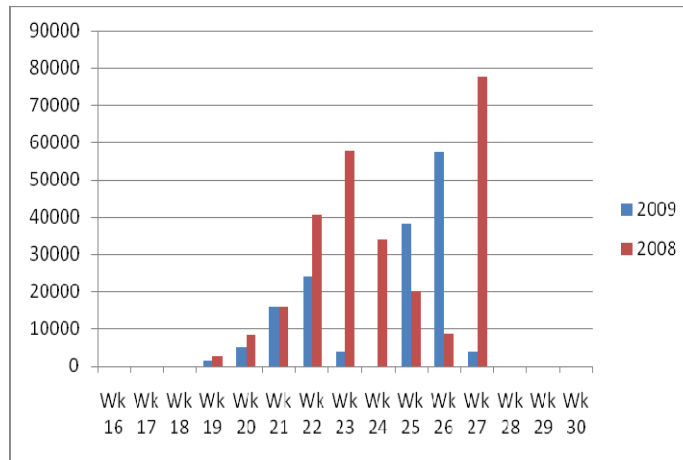


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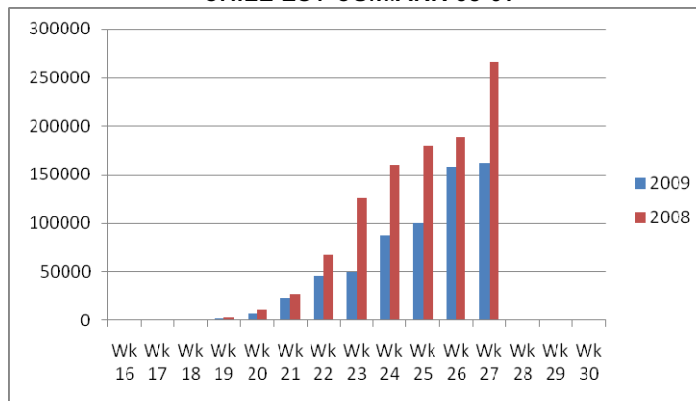




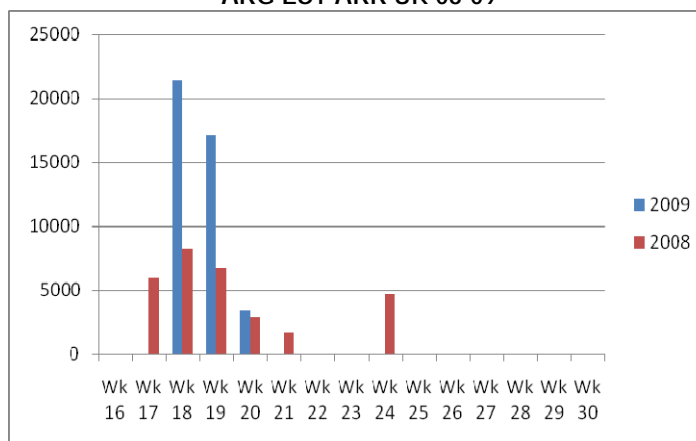
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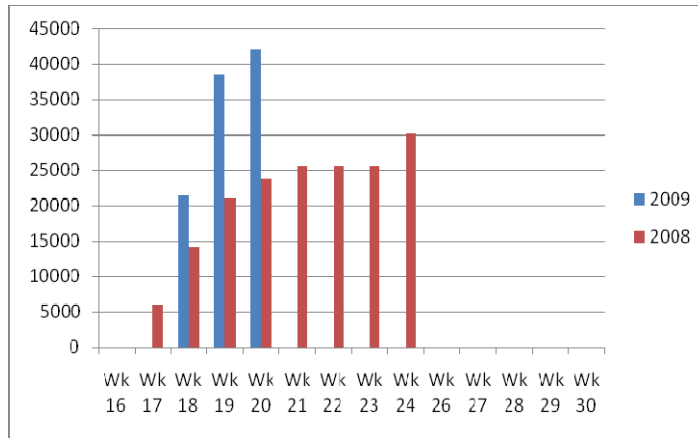


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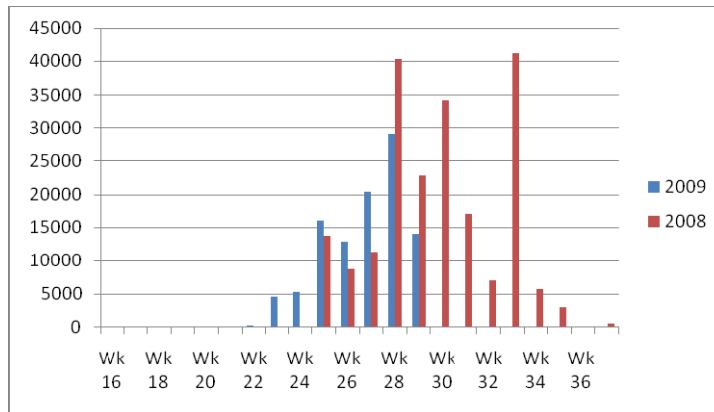




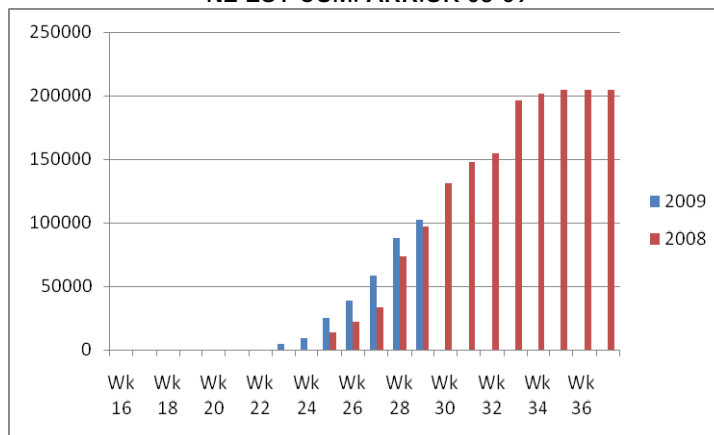
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