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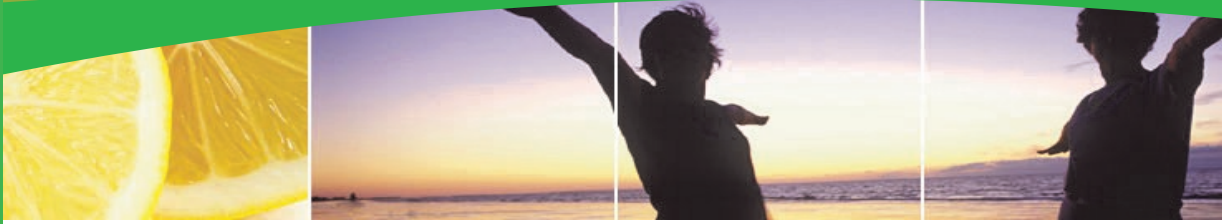
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WHAT SHOULD I BE PLANTING?

Boy, if I had a \$1 for every time we were asked that question I might not have to come to work!

That said however, it is, given the current situation in the Horticulture industry, a perfectly valid question. Unfortunately there are no straightforward answers.

Right now we are seeing an unprecedented level of uncertainty in the Horticulture industry. This includes the current and future impact of PSA on Kiwifruit growers, an oversupply of wine grapes and reportedly some Apple growers are facing another year of negative returns. Even within our own industry over supply of Satsuma Mandarins and competition from Australian Navels are all having an impact on the viability of the industry and growers.

To think that there is 'silver bullet' answer in all of this is wishful thinking.

Here's what I do know;

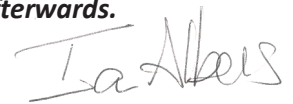
1. For the benefit of non-citrus growers – Citrus is NOT an easy grow / low care crop. Like anything quality output requires quality inputs.
2. Consider that currently nearly 90% of all the citrus grown in NZ (with 1 or 2 exceptions) is sold on the domestic market. A market of just 4.5m people.
3. The focus therefore should be on growing something that can be exported, however viable export opportunities are also quite limited at present.
4. We do enjoy some competitive advantage over other countries in that we can produce 'post harvest chemical free' fruit that can be exported successfully around the Pacific-rim.
5. Over the last few years there has been a trend towards growing easy-peel, seedless Mandarins that coincide with Navel orange production (Late Autumn through until early Summer). In the US these are impacting on Navel orange sales.
6. There has been an explosion of new varieties coming onto the global marketplace. Many of these are 'club' varieties whereby production is controlled and growers / marketers pay royalties to the PVR owners. This presents both advantages and disadvantages.
7. Not all citrus varieties will grow well in our temperate climate.

8. NZ is not a low cost producer and we are not in a position to compete on price with the other major southern hemisphere producers such as Chile and South Africa.
9. There are number of selections that do look to be suitable for NZ conditions.
Consult widely with informed marketers before making any decisions.

I hope that has provided a bit of 'reality' into the current situation. I get nervous when I hear that every available citrus tree in the BOP has been bought up by Kiwifruit growers who have been affected by PSA! The future of the NZ citrus industry revolves around growing a high quality of piece of fruit that can be exported and leaves in it its wake anything that might come from across the ditch!

NZCGI AGM & DINNER

A reminder to you all that the NZCGI AGM is being held on September 2nd right here in Gisborne. This will be followed by a citrus growers dinner. There have been a number of remits put forward that you need to be voting on. I strongly urge you to come along and have your say. No point in complaining about it afterwards.



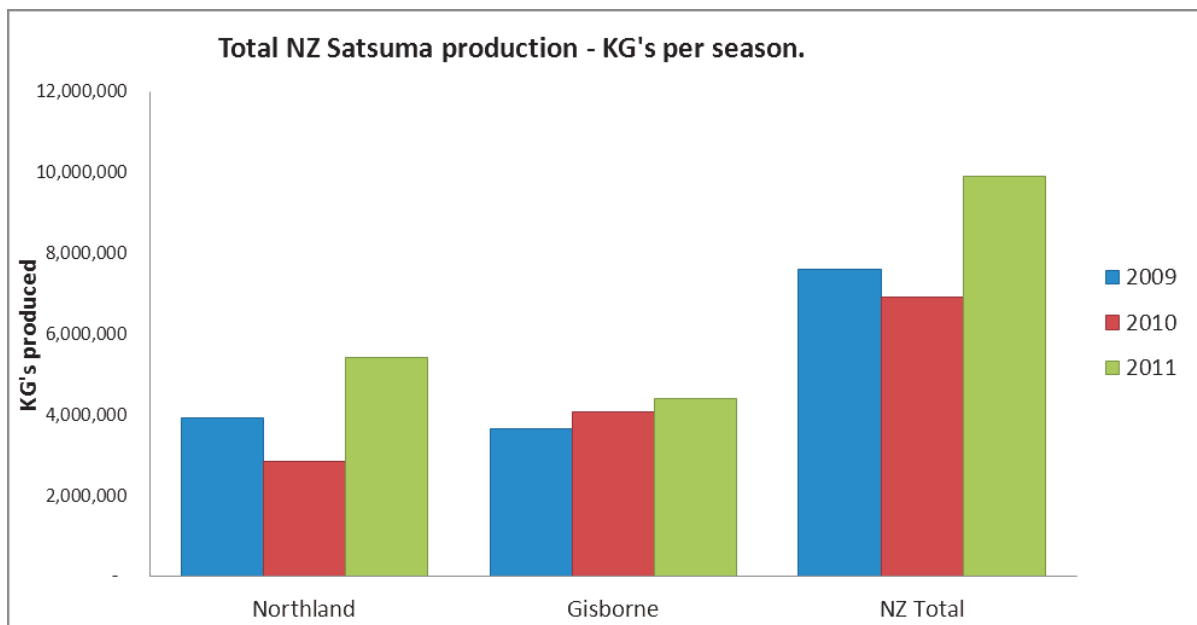
Product Reports — Phil Croy

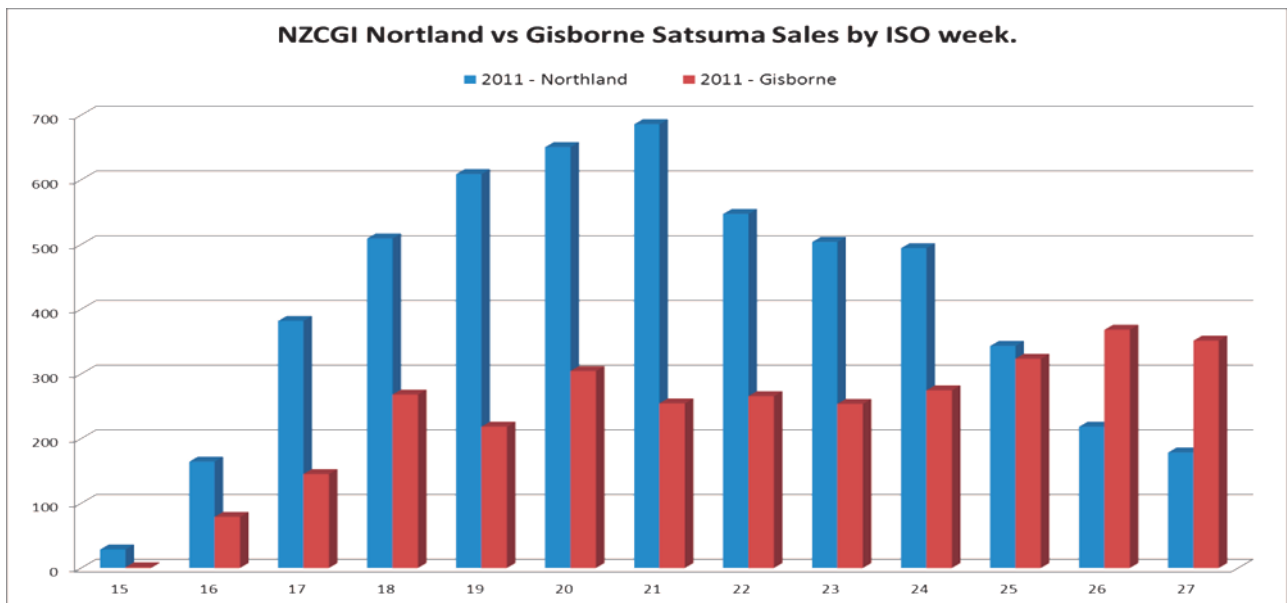
SATSUMA MANDARINS

2011 NZ season at a glance:

- Around 10,000mt* reportedly sold for the season.
- Northland saw higher brix levels than seen in 2010 season, and reported exports of 922mt in 2011.
- Average fruit size 65mm in 2010, 62mm in 2009 and 64mm in 2011.
- Average net grower returns \$1.27 in 2009, \$1.43 in 2010 and \$0.96 in 2011.

(* Data from NZCGI Market monitoring)





It will be a few weeks before the local market payments have been finalised. Once this has happened we will compile the end of season reports and send them out to all growers who submitted fruit this season.

We will also make the payments to those growers who have registered for the **Fresh Rewards** program on or about the 1st of November.

TANGELOS & ENCORE MANDARINS

We will visit most growers in the near future to discuss this season's crop. The process of forecasting the potential crop size for this season is important so that we can arrange sensible retail promotions that will assist us in moving good quantities of fruit when supply is at its peak.

As we get closer to the start of the season we will work with growers to test fruit maturity and plan sensible harvesting schedules.

Mature Tangelos have a *minimum* brix to acid ratio of 7.5 to 1. And Mature Encores need to have a minimum Brix to Acid Ratio of 8.0 to 1. These ratios are published NZCGI Standards.

BEANS AND SWEETCORN

First Fresh has had successful growing and sales programmes for fresh green

Beans and Sweetcorn in past seasons. We have started work on this year's sales programme for Beans and we would be interested in talking to growers who are growing Sweetcorn.

TAMARILLO

The good demand for the Gisborne Tamarillo crop continues and although some of the heat has gone out of the market, prices are still very good compared to past seasons.

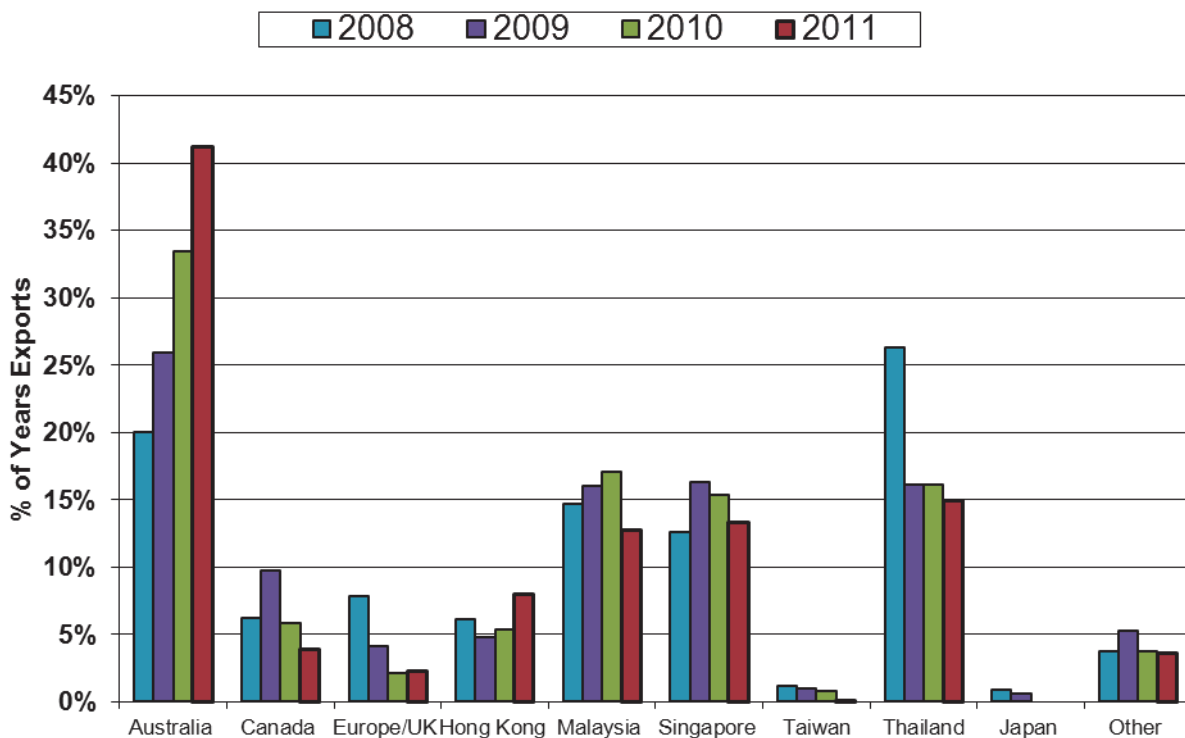
PERSIMMONS

Despite our production being well below full potential in 2011 our export programme still represents 47% of the national export crop of 295,000 trays (327,000 in 2010). We have achieved higher sales values in most markets but the strong New Zealand dollar will not help overall grower returns enough to fully compensate for the lost production.

We have received a lot of positive feedback about our good looking and good tasting Persimmons this season. When I visited our importer in Sydney earlier this month I saw First brand Persimmons selling side by side with other N.Z brands at higher prices in wholesale and retail. Having fruit that tastes and looks good creates sales demand and this puts our importers in a much better position when it comes to negotiating price in a very competitive fruit market.

NZ PERSIMMON EXPORTS

% OF TOTAL CROP SOLD FOR EACH YEAR IN EACH COUNTRY



The graph above shows the percentage of the national crop that has been sold to our export markets in the last four seasons. The percentage of the crop being sold in Australia has increased strongly for the fifth year in a row (2007, 11%). Once the tough phytosanitary requirements have been met, exporting fruit to Australia is quite attractive when the exchange rate is favourable and returns are usually above average. But this year with 40% of the national crop going to Australia, prices have come under pressure and all buyers have demanded better quality when being asked to pay top prices.

N.Z Exports to Thailand have slipped by 9,000 trays (6 containers) due primarily to the introduction of a tough new pest list that had nil tolerance for caterpillars. Sales are well back on 2007 and 2008 when Thailand was New Zealand's largest market.



Although it will be several weeks before we can make our final payment for the export crop we have already finalized the season for domestic grade fruit. Our average returns for Choice grade Persimmons were greatly improved by bagging and storing fruit in the peak of the season when the prices were very poor. The demand for our bagged fruit was very good this season and we were able to lift our grower returns to a record high.

Product Reports — Stuart Mansill

NAVEL ORANGES

As we near the end of August we at last can see the days getting longer and the weather starting to warm up. The cold rain from last week didn't do us any favours. Many growers had already suffered from fruit losses as a result of the wet winter and so this last period has just added to the nightmare of a season.

Navel Orange suppliers receive a weekly report (Navel Alert) from me keeping them up to date with current events so this report is a summary of events since the last fresh focus and covers general information.

We have now been packing Navel Oranges for 10 weeks. To date we have packed 1100 tonne for domestic sales and 180 tonne for export to Japan. Response from customers has been great and the quality is satisfactory. This is very pleasing given the wet conditions most of this fruit has come through. So export is the bright spot and looks good for the future. This is a small niche opening for our low chemical, high taste Oranges. We have a good relationship with this customer and believe that this business will be on going each season. This is a sound operation giving a good boost to grower returns. These buyers are looking for visually appealing fruit and demand low chemical residues, especially free from Organophosphates. We are already working with a group of dedicated growers and are prepared to discuss plans with others so spray programmes can be planned to meet quality requirements.

We are receiving stiff competition from Australian fruit. Supermarket customers continue to support us but the oversupply of low value Australian fruit has caused a price war and this has affected grower returns. This likely to continue through into September. We still have several months sales ahead of us so steady harvests allowing us to keep NZ Fruit in the market place will keep customers supporting us.



GRAPEFRUIT

Clean, well presented fruit can achieve good returns. The potential for Grapefruit sales is limited but growers who put the effort into pruning and thinning are finding this crop worthwhile. There are some sound process options available for Grapefruit and returns are currently above the cost of production.

The last of the Morrison Grapefruit were harvested this week. Supply has been very similar to last year. Good quality grapefruit sells well, but marked fruit is really only suitable for processing.

Cutlers Red Grapefruit sales have gone very well this year with customers very pleased with the quality presented. We have sold more than twice the volume compared to this time last year. Once again, clean well presented fruit can achieve good grower returns.

LIMES

A much reduced supply this season has meant values have lifted earlier than expected. We now have a shortage of Limes with many disappointed customers. We do need to find a way to be able to store limes and retain the green colour for late season sales. We expect another big season next year and prices do tend to tumble during the flush. Limited process options are available for this crop.



LEMONS

The main winter Meyer crop has been harvested. The bulk of this crop is grown for export with the New Zealand demand low during the winter. This year we have exported Meyers to Japan and USA. Returns have been affected by the comparatively strong NZ Dollar. The crop was down this year which led to larger fruit size and a slightly later start. There has been some resistance to this larger fruit. All our customers prefer the small medium to large sizes. This year has seen a lot of Extra Large Lemons which have been difficult to sell.

We are very pleased with our Yen Ben Lemon sales this year. We have made regular shipments to customers in Japan. Out turns have been satisfactory. The Yen Ben Lemon fits into the standard Lemon category and so there is more competition from other southern Hemisphere producers. Recently we have had increased competition from Chilean fruit and grower returns have come back. Local market sales have kept pace with the supply of domestic fruit.

Locally there are steady returns for quality medium Lemons. However, second grade and small or extra large lemons are difficult to sell and growers need to manage their orchards to reduce the percentage of this fruit.



OUT IN THE FIELD

CITRUS PRUNING

Over the years First Fresh has presented a number of pruning workshops for local growers and contractors. It is great to see that a number of growers are now undertaking their own pruning and most growers have developed a very good understanding of the growth habits of their trees, and the various responses that occur as a result of their pruning decisions. In the case of Satsuma mandarins and Meyer lemons I have witnessed some very skilled pruning over the last few seasons which has helped growers to produce some excellent fruit for the domestic and export markets. In particular our Meyer lemon programme has been very successful, and we now have a number of clients that can be relied upon to consistently produce a very high quality product.

Annual hand pruning is now accepted as being a key part of most growers management programme. This was not always the case, and I remember when machine pruning was the preferred approach on older navel and Valencia plantings around the district, and a lot of lemon blocks received only minimal pruning inputs. Fruit quality was often poor with significant scarring on the fruit as a result branch rub.

There are now a number of skilled citrus pruners operating in the district, and hand pruning has now largely replaced machine pruning. As a result, a lot of older blocks are now significantly more productive, and growers have been able to improve their returns significantly. By allowing more sunlight into your trees, and implementing a sound 'renewal' pruning programme, growers have been able to successfully influence the performance of their orchard.

NAVEL PRUNING WORKSHOP

I will be providing First Fresh growers with a navel pruning workshop on September 16th. I will be focussing on how to prune older trees by hand. I would encourage as many navel growers as possible to attend, and any staff that may be involved in pruning.

I will be presenting the workshop at the Wi Pere Navel block at Manutuke. Invites to all First Fresh growers will be sent out by Sally early next month.

NEW PLANTINGS

Good growers are continually analysing the performance of their orchards with the aim of improving their overall bottom line. It is important to evaluate the financial performance of each variety or block within your orchard. Blocks that are consistently under performing should progressively be replaced with higher producing, higher value varieties. This is particularly the case with older navel plantings.

A significant factor in making an orchard development successful is how quickly your trees reach the stage of a full fruiting canopy. Trees need to reach their allotted space as soon as possible from time of planting. Often I see mature orchards that are under cropping simply because there is too much unoccupied space between the trees. This is most evident in Satsuma mandarins that have been poorly set up from the start, often with inferior trees.

Growers need to plan any new planting with careful attention to detail. The following pointers are important when considering replanting or developing a new orchard.

- * Know exactly what canopy area you wish to plant. Once you have established this you can then decide on the most appropriate tree spacing to match the variety/rootstock combination you wish to plant.
- * Order your trees from a **reputable nursery**. Trees must be 1st grade and budwood must be from proven trees. Tree size must be uniform and reach the pre determined specification agreed to when trees were ordered. NZCGI has published an excellent 'checklist' for growers wanting to order new trees. This information is available on their website.
- * Tree vigour is very important during the first three years of orchard development. A healthy, well grown nursery tree will enable you to reach full production at a much earlier stage than from an inferior, uneven line of trees.
- * The area to be planted should be tested for pH and nutrient status, drainage condition, cropping history and potential disease or soil residue problems. Any corrections need to be made prior to new trees being planted. Tile drainage is necessary on the majority of soil types in Gisborne

PLANTING

Prior to planting thorough ground preparation must take place when ground conditions allow. Poor ground preparation will undoubtedly lead to tree health problems further down the track. Several clients I deal with are experiencing abnormally high tree deaths with can be attributed to poor drainage and insufficient pre planting work.

On the heavier Gisborne soils it is highly recommended that new plantings take place on slight ridges, coupled with trickle irrigation if possible.

Root growth will be superior in open friable soils. It is a good idea to apply organic matter such as compost at planting to help improve the conditions for root growth.

Do not allow your new trees to dry out during planting. Only lay out a small number of trees at one time. The young roots on your new trees are prone to drying out and this must be avoided. If this happens you must water them by soaking with water prior to planting.

Another common problem at planting is positioning the new tree too deep. The bud union (the position where the variety joins the rootstock) should never come in contact with the soil. It should be positioned at least 150 mm above soil level.

Immediately following planting it is important to secure the new trees to either a suitable stake (usually either fibre-glass or a heavy grade of bamboo). An alternative to this is to run a wire along the row at a height of around 600mm (this will depend on tree size) and attach with a suitable clip. The advantage of using a wire is that an irrigation line can also be attached rather than running along the ground.

~ I B Mackintosh Contractors ~

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