

SUPPLYLINE



NEWS FROM MG MARKETING

GROWER PROFILE.

TE HAPUA ORCHARD



↑ Nigel and Joe Burbury with MG Representative Rob Hollier



IP VARIETIES A BOOST FOR BUSINESS

Father and son duo, Nigel and Joe Burbury are investing in the future of their summerfruit orchard, Te Hapua, by expanding the number of commercial IP varieties grown.

Their growing operation is in the rich fruit growing country in the Tuki Tuki Valley of the Hawke's Bay, where the family grow peaches, nectarines and pears. Originally based near Hastings, they moved out to Te Hapua Orchard in 1990 where the home block and adjacent leased block spans 26Ha of productive land.

A 15-year relationship between the Burbury family and MG Marketing (MG) has culminated in a partnership that has resulted in a large portion of the orchard growing Tatura Belle peaches. More recently they have planted a broader range of IP, including Sweet Dream Peaches, August Fire Nectarines and various Star Nectarine varieties.

While they will continue to produce traditional Golden Queen peaches, which are mostly supplied to Wattie's for canning, they see enormous commercial opportunities with IP varieties.

"Like a lot of growers in our area, we run a small shop and supply Wattie's but for us, IP varieties will be our main revenue stream moving forward," says Joe. "We like the diversity of what we do but it's hard work so

the values we get from IP make it an important focus for us."

Father, Nigel, said MG recognised the opportunity that IP varieties deliver and helped get the new growing programme off the ground.

"We had discussions about the unique IP fruit with MG a good few years ago," said Nigel. "Procurement Manager, Rob Hollier, was really positive about their potential and that was good enough for us."

"It was also good timing as we were pulling out some trees that never seemed to crop and were considering our options."

"We spent some time at the New Zealand Fruit Tree Company trial orchard in Havelock North and saw the new Star 152 and 153 nectarine varieties. We were lucky to have the opportunity to start growing them."

"We liked the fact that they have superior qualities, especially being a highly coloured and better tasting fruit."

"The fact that MGs were looking after them, we knew we're in safe hands. They're a big company who know the market."

"It was a great idea - no regrets," added Joe.

Nigel, calls their orchard "tiger country" because it's situated on an old riverbed with a lot of silt and shingle and is fairly infertile. However, the conditions are fine for fruit trees, with the hard ground producing a sweeter fruit.

Irrigating is a constant challenge and the orchard is very much a family run operation. Like many New Zealand growers, they rely on RSE workers to help during the season.

"We monitor the water closely and sometimes that means getting out in the field late at night to get the irrigation system working," says Joe. "Luckily we've had a good amount of rain to start the season this year."

"We don't have any permanent employees, so it's pretty much Dad, my wife Tina and me with our 11 year-old twins who are great little workers."

"We have support from a great group of RSE workers, and most of them have been here with us for six years. It's amazing talking to these guys and hearing that they head back home, to Vanuatu, and have brought their own land and are farming - it's life changing stuff."

"Unfortunately, with COVID, they haven't been able to join us this year, so like many other growers, getting labour maybe challenging."



Hawke's Bay

Crops grown across 26 Ha

Peaches, Nectarines & Pears

EMBRACING TECHNOLOGY A KEY TO SUCCESS



It's strange to think that the original Parlato farm in Moutoa, Manawatu, was supplying MG Marketing (MG) with 20Kg sacks of potatoes 40 years ago to sell via auction – they've come a long way.

Since they were children, brothers Craig and Tony Parlato have been immersed in horticulture. They spent their early days on the farm with their father, Ivan, and mother, Barbara, who started by focusing solely on growing potatoes for the New Zealand domestic market.

The pair now run an extremely diverse and highly sophisticated operation. Parlato Farming Co continue to produce potatoes but also grow onions and are a major pumpkin supplier to MG.

The brothers also farm livestock, including goats which are milked to produce baby formula which is exported to China.

"We've become quite diversified in what we're doing," says Craig. "It's all a bit different and

spreads the risk - something is normally down in value while something else is doing alright, so it works out."

"We try to lease as much land as we can for cropping. It gives us good flexibility when it comes to land rotation which is really important for soil health."

"We crop from Levin to our home bases in Moutoa and Opiki and also in Bulls which is around a 70km radius so pretty spread out."

"With our own farm we do a bit of fattening of lambs and a bit of beef while also milking goats and growing maize."

It is clear they are a business that doesn't stand still and that they're prepared to move with the times.

"Our area has changed a heck of a lot in the last two decades," says Craig. "It's gone from one of the largest potato growing regions to now only having a handful of growers."

"There was a large processing plant in Feilding and when that closed its doors it had a big impact. There's also been a massive shift towards dairy farming in this area."

Technology has changed greatly since Craig and Tony became involved in the business and they see it as a crucial part of the long-term viability. Labour is an ongoing challenge and Craig says that more-and-more they are turning to automation to support the business.

"Adding automation is not only about responding to the increased labour costs and higher cost of production. For us it's about investing in areas that help us alleviate existing problems."

"Our biggest issue is finding casual staff during our busy periods so the machinery we have helps fill the gap. The nature of our business doesn't really fit with the RSE scheme because we don't always have a consistent workload."

"Potatoes, onions and pumpkin are not like greens for example - all our work comes at once."



Crops grown across 160Ha



Potatoes, Pumpkin & Onions

"We have a small team of really great staff who have worked for us for years, but we need an additional 20-25 sets of hands when we're at our busiest."

"The key for us is choosing equipment that best responds to the needs of our growing operation."

"For example, we have recently invested in machinery for the packhouse which improves the way we bag and pallet onions."

The Parlato family have partnered with MG for around four decades. The business has evolved over time and so has the relationship with MG.

"We grow a lot of pumpkins for MG as well as supply potatoes and onions at different times throughout the year," says Tony. "Our strongest markets are Auckland and Hamilton but we supply all of the North Island branches at different times."

"MG procurement manager Andrew Body keeps in touch and regularly visits our farm" adds Craig. "We first met playing rugby in Levin - you just have to look at us now to know that was a long time ago."

← Brothers Craig and Tony Parlato with MG Representative Andrew Body



LINCOLN UNIVERSITY OFFERING NEW HORTICULTURE BUSINESS QUALIFICATIONS

Lincoln University has a long history of helping land-based industries thrive and is bolstering that reputation with two new horticulture business qualifications.

The Bachelor of Commerce (Horticulture) is a three-year degree with a practical work component, allowing students to learn first-hand the skills required to help drive the future growth of the food producing sectors.

Alternatively, there's an option for people already working in the industry, with a 12-month Diploma in Horticultural Business that aims to broaden business capabilities.

The New Zealand horticulture sector is thriving and on track to generate \$10 billion this year, with the increase driven by a strong growth both domestically and in exports.

Lincoln University's Professor Alison Bailey says the goal of the Bachelor of Commerce (Horticulture) programme is to offer management skills that directly apply to the specific and complex nature of the horticultural industry.

"Extensive feedback from industry suggests that higher level academic training will be needed for managerial staff."

Career opportunities include management and advisory positions in the horticultural industry or food-related organisations, with the potential to move into a governance role.

"Business skills are also needed in associated areas such as the agrochemical, fertiliser and horticultural technology industries, so there will be a wide range of

career possibilities open to you when you graduate," says Bailey.

The Diploma in Horticultural Business is delivered mainly online, so can be completed while still working. Three face-to-face events, including a workshop and a field trip, will be held during the year to allow for hands-on learning and networking.

"The programme has been designed to offer business skills that can immediately be put into practice, with exposure to real-world industry case studies and a problem-based learning approach," says Bailey.

Both programmes will provide more expertise to the sector and are welcomed by the industry.



MG and Dole launch the "Good Bunch" to donate a regular supply of bananas to The Salvation Army foodbanks

The Salvation Army partners, MG Marketing (MG) and Dole New Zealand Ltd (Dole), have launched the "Good Bunch" programme which will donate 48,000 bananas annually to foodbanks throughout the country.

The partnership, which started in October, sees cartons of Dole bananas donated to local foodbanks through MG's national network of nine branches every week.

Aside from donating highly nutritious bananas, a major benefit of the partnership is the link created between local foodbanks, MG branches and local growers, with the Good Bunch programme providing a platform from which to build upon.

"The Salvation Army foodbanks are a lifeline for New Zealand's most vulnerable and at MG we are acutely aware that now, more than ever, the demand for their services is on the rise," said MG GM of Communications and Sustainability, Ellery Tappin.

"By working in partnership with Dole and The Salvation Army we are pleased we can contribute to those in need in our communities and are also keen to grow this model to provide a wider range of fresh fruit and vegetables in the future."

Salvation Army Community Ministries Director, Jono Bell, said having healthy options available to the foodbanks is so important and by all working together this initiative will make a huge difference to the lives of Kiwis who are struggling.

"We are grateful to MG and Dole for their generosity, which will enable The Salvation Army to fight hunger on an even more meaningful level by providing a regular, ongoing supply of healthy produce to our network of foodbanks across the country," said Bell.

Growers are welcome to contribute to the Good Bunch initiative and donate additional produce to Salvation Army foodbanks through MG. Get in touch with your local branch to find out more.



NZGAP SOCIAL PRACTICE ADD-ON

NZGAP has developed a Social Practice Add-on to enable certified businesses to demonstrate that they are compliant with NZ employment law and market requirements for worker welfare.

Registration to the NZGAP Social Practice Add-on is now available to all NZGAP (and GLOBALG.A.P. GRASP (GLOBALG.A.P. Risk Assessment for Social Practice), which will enable NZGAP to recognise a GRASP assessment, thus reducing compliance costs for GRASP assessed growers.

Regulators and retailers are wanting greater transparency and accountability across the horticulture supply chain, as it is identified as a high-risk sector regarding compliance with labour laws. Retailers globally are already seeking this assurance, which is why GRASP has been adopted by many NZ growers in recent years. GRASP is, however, only available to GLOBALG.A.P. certified growers, hence NZGAP has developed the Social Practice Add-on to meet local market requirements, while also meeting a broadened scope of NZ employment law.

NZGAP has been working with key stakeholders and regulators over the last 18 months to develop the Social Practice Add-on Checklist,



DO YOU SUPPLY FOODSTUFFS NORTH ISLAND (FSNI) THROUGH MG?

FSNI are completely phasing out the use of 75-litre crates and replacing them with foldable 61-litre crates. They aim to complete the transition around mid-2021.

FSNI will also no longer use Chep crates from 1 April 2021 and only accept Viscount FCC or Loscam Fresh crates.

MG advises all growers (who supply FSNI) to put plans in place now to manage FSNI's move away from Chep and the decision to stop accepting 75L crates. There is no change to pallets with FSNI continuing to accept Viscount FCC green, Loscam Fresh orange and Chep yellow pallets.

Please note that MG will continue to accept Chep crates and both 75L crates for all other customers.

If you are unsure if you currently supply FSNI please contact a member of the MG procurement team.

Guidelines and Templates. These documents have now been finalised and are available to be downloaded from the 'Social Practice Add-on' programme webpage on the NZGAP website.

At this stage, growers are required to be registered with either NZGAP Social Practice, GLOBALG.A.P. GRASP or SMETA (Sedex Member Ethical Trade Audit) and in the coming months will require a Social Practice audit to demonstrate compliance. This audit will take place alongside a usual NZGAP audit.

NZGAP will also be launching a Contractor Standard shortly which will enable the certification of labour hire providers/contractors who supply services to NZGAP or GLOBALG.A.P. certified businesses. Growers seeking the services of certified contractors will be able to search them on the NZGAP public register.

All NZ growers supplying MG are required to have NZGAP Social Practice Add-on, Global G.A.P. GRASP or SEDEX/SMETA certification by the end of 2022. Also, please note that it is mandatory for growers supplying some major retailers through MG to already have one of the social practice certifications.



ATTRACTING NEW TALENT IS SOMETHING WE ALL SHOULD FOCUS ON

In the horticulture industry, people are the greatest asset.

Our ability to produce high quality fruit and vegetables, and the innovations we advance across the industry as a whole, depend on the calibre of people we have across our businesses. We can't expect to evolve and innovate effectively without attracting new young talent who bring new skills and new thinking.

Today, attracting and retaining top talent is a challenge that our industry continues to struggle with. This is partly due to a poor understanding of what happens day-to-day but also relates to how businesses have responded to the challenge.

Talented young individuals have a lot of career options when they leave the education system, leading to a huge amount of competition to attract talent. Other industries are luring bright young high school or university graduates with targeted programmes along with a work culture and modern facilities that they find appealing.

Looking ahead, it is important that growers and other businesses in the supply chain

see staff as an investment, not a cost. It's not enough to simply attract new people. Growers and other employers in the industry need to offer mentoring and development on an ongoing basis while also providing a workplace where young people feel safe and confident. High performing organisations recruit young talent who may be a bit green but show potential, then develop them into key roles.

At MG Marketing and in our Australian operation, LaManna Premier, our graduate programmes are a critical way of recruiting new talent into our workforce. Graduates rotate through different departments which exposes them the diversity of our operations. This provides valuable experience, increases networking, and improves graduates' understanding of our business as a whole.

We retain 90% of the MG graduates which is high by industry standards and is a testament to the environment we create and the support we provide. The success of our programme can be measured by the number of current employees who started as graduates and now hold key roles across our business.

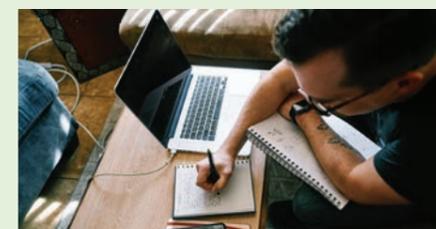
While smaller businesses may not have the resources to run a full programme for graduates, they can place a strong emphasis on career development and ensure they have a work environment that is attractive to young people and enables them to thrive.

We can all play our part in promoting horticulture as a career path and educating people about the benefits of working in this industry.



® Together.Stronger.

Peter Hendry - CEO



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COOPERATIVE BUSINESS NEW ZEALAND

Co-operative Governance Development Programme

Registrations are open for next the Governance Development Programme, starting in April 2021.

Governance and Leadership will be at the core of the discussion and participants will also grow their knowledge of best practice across all governance structures, including:

- Risk and strategy
- Legal and finance
- Diversity of thought and inclusiveness
- Health and safety
- Influence and culture in the boardroom
- The role of the chair
- Reputation and communication
- Data and cyber security
- Bullying and harassment

This programme is registered with the Regional Business Partner Network and businesses may be eligible to receive vouchers (discounts) towards the programme.

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DIRECTOR UPDATE



Mark O'Connor and Robin Oakley elected to the MG Board

In a contested election, Nelson grower Mark O'Connor, was re-elected at the Annual Meeting of Shareholders held in Napier on 24 November 2020.

The other successful candidate was Canterbury grower, Robin Oakley, who is new to the MG Board.

↑ Mark O'Connor (left), Robin Oakley (right)

ANDREW FENTON RETIRES AFTER 18 YEARS ON THE MG BOARD

Longstanding MG Director, Andrew Fenton, did not seek re-election and retired from the Board at the 2020 Annual Meeting of Shareholders.

Speaking at the MG Marketing Annual Meeting of Shareholders, Chairman Bruce Irvine acknowledged Andrew Fenton's long and dedicated service.

"Andrew Fenton has made a significant contribution since joining the Board in 2002 and had given 18 years of enthusiastic and dedicated service to the Co-operative," said Irvine.

"Andrew is not dilatory, is a sound thinker, has contributed hugely to the debate around the Board table, had been a cajoler, a collaborator, and a calming influence."

"Outside of the boardroom, Andrew had committed his working life to the horticultural industry."

"He has always been an outstanding advocate for the Co-operative and a tireless champion for the role the Board has in representing the interests of our shareholders."

"On behalf of the Board, Management and Shareholders, I would like to thank Andrew for his outstanding support and contribution to MG."

In response, Andrew Fenton thanked the Shareholders and Board for their support.

"It has been a privilege to be a director and I've had a rewarding experience working with MG through some challenges and a great number of successes," said Fenton.

"MG's culture and its people are the best in the business, and they are the envy of the industry."

"I'd like to give my best wishes to everyone at MG for a successful future."



"He has always been an outstanding advocate for the Co-operative and a tireless champion for the role the Board has in representing the interests of our shareholders."

↑ Andrew Fenton