

SUPPLYLINE



NEWS FROM MG MARKETING

GROWER PROFILE.

MURPHY PACK - WARREN & MICHELLE JONES

FROM WEED TO CORDON BLEU STATUS.

Perched under the grandeur of the Southern Alps near Rakaia is a 23ha paddock of free draining soil planted in yams - one of the nation's most loved, yet least talked about vegetables.



Rakaia

23Ha
leased land west of Rakaia township planted in the traditional red



Produced 180 Tonne
in the 2019 Season

Warren and Michelle Jones lease this land from a local farmer on an annual basis and have a gentleman's agreement that they plant an adjoining 23ha paddock every season to accommodate the rotational needs of the crop. All 23ha is planted in the traditional red yam, from seed the Jones family purchased with the business around 15 years ago.

Warren and Michelle are one of five commercial yam growers in the country. The 2019 season produced over 180 tonnes of produce. A quarter

of the total supplied was proudly pre-packed under the brand, Murphy Pack.

Originally of South American decent, the yam has graced the table over the years, but for at least a decade, it disappeared off the radar for many Kiwi consumers. Coincidentally, about the same time as the demise of the traditional vege patch, observes Warren. However, in the last few years, it has experienced a resurgence, including popularity with some of the best-known chefs in the country.

However, it takes more than consumer favour to be successful. For Warren and Michelle Jones, growing is in their blood and they have always had faith in the potential for this vegetable to shine. They've committed almost two decades of sheer hard work to get where they are today and it has only been in the last 18 months that the business has grown to a point where both Warren and Michelle are working in it fulltime. Prior to that, Warren has held down fulltime roles in other growing operations in Canterbury, tending to the development of Murphy Pack after hours and during weekends.

"It's been quite a journey to here but it's been worth it", reflects Warren. "The hours have been long and it's been a real commitment from the family to stick to the dream."

"I left school at 16 to go into horticulture and I've never regretted a day of it. My goal was always to

have my own growing operation that was large enough to sustain us working in it fulltime."

Interestingly, the yam is a member of the oxalis family and is technically a weed. Therefore, in terms of optimum production it tends to be treated like a weed, which sounds counter-intuitive in horticultural terms and most certainly breaks a lot of the conventions around growing vegetables.

"That doesn't mean to say that it's just planted and ignored, but aside from good ground preparation, fertilizing and irrigating, it's best left to its own devices", says Warren.

A production cycle aligned with the equinox, yams are planted in October for harvesting from May through to September. Like other tubers, yams need a long growing season, so the Canterbury summers provide ideal conditions with its temperatures in the high 20s and long daylight hours.

At the height of the harvesting season, the business employs up to 13 staff, the majority of whom are kept busy in the packhouse washing, grading and packaging for supply to MG Marketing. The couple work hard to retain a small, local and loyal base of casual workers so that the skill base is not lost from season to season, but like many growers, find this can be a challenge. Michelle runs all aspects of the harvesting programme and Warren

assumes responsibility for planting regimes, the packhouse operation and marketing.

MG has played an important role in helping the business grow, including securing markets for their produce, assisting with health and safety compliance requirements for the new pack house and with valuable advice and support around branding.

"The pre-pack was a fresh initiative for us and was developed in conjunction with MG. It has certainly been well received and is helping to drive volume," says Warren.

Last year, Warren and Michelle invested in a new packhouse, complete with a rotary brush washer. Warren says that the efficiencies this investment has delivered are enormous and that it will continue to pay dividends as production increases.

Future priorities rest with keeping up good seed stock to ensure long-term quality of the produce as well as balancing regulatory requirements associated with the Resource Management Act with in-paddock production practices to ensure the operation is commercially viable long-term.

As Warren notes, "growing is not a business for the faint-hearted, but it is a business that has a future if you're passionate enough about making it work."



↑ Warren & Michelle Jones

➤ MG's Andrew Cross with Warren Jones

A LIFE-TIME IN THE MAKING

Kevin and Joan Orlowski have spent a lifetime pursuing their vision of being one of the country’s best producers of oranges that are renowned for flavour and quality. Mostly, it’s been a labour of love – a love that clearly still runs deep after 40 years. However, they can hang up their hat knowing that, thanks to them, Kiwis have enjoyed some of the finest oranges in the world.



ORLOWSKI CITRUS LTD
Located 20km from Napier's CBD



Situated 20k from Napier’s CBD, Orlowski Citrus Ltd is up for sale. It sits on the home block, surrounded by 22 ha of trees and a further 50ha which is leased out for cropping. The orchard is one of the largest orange producing orchards in Hawkes Bay. The property is planted with 16,000 orange trees, producing a mix of Valencia and Navel varieties. Best known for its sweetness, the Navel variety is harvested from September through to the end of November, while the Valencia oranges are picked from February through to June.

For more years than either Kevin or Joan can recall, the best fruit has gone straight to MG Wellington for domestic sale, with the seconds bound for Napier-based juice company, Simply Squeezed. While they’ve had the opportunity to send the very finest fruit for export, the couple’s philosophy has always been to give the best to New Zealanders. They’ve remained true to that and, today, Orlowski Citrus commands a reputation for some of the very best eating and juicing oranges around.

There’s no doubt it’s been a long, hard road to get to this position of recognition. Kevin and Joan borrowed everything to get started, they grew maize for the first years and even ran an earth-moving business to make ends meet.

“The early years were hard for us ... we didn’t have much and we needed to pretty much work a 24/7 shift”, reflects Joan. “It was no hardship .. we just worked ... that’s what we do”.

The first trees weren’t planted until 1977 when the young couple could afford the outlay required for 1,300 orange trees. There were very few citrus nurseries around, so they took what they could get to get started, waiting six years for the first trees to bear fruit. From there, additional plantings were largely propagated from seed they produced themselves.

As with many husband and wife business partnerships, each naturally assumed different roles within the business. Joan has primarily run the grading, waxing and bagging operation, while Kevin worked the orchard. Together, while developing the business, they also raised three children.

Time has seen semi-automation of some elements but essentially citrus has remained a hugely work intensive crop.

“The hard work has certainly paid off. Over the years we’ve built up a very good name for producing quality fruit and there’s nothing more satisfying than seeing a truck load of fruit head out the gate off to MG, and you think ... wow ... we did that,” says Kevin.

They celebrated 50 years of marriage this year and while the couple are reluctant retirees, they acknowledge that after many years of hard manual labour they’re ready to step away. Neither Kevin nor Joan are in a position to manage the demands of the orchard, and the options for hired labour are limited – a problem Kevin acknowledges is shared by many growers. Furthermore, the couple believe that the time is right and the future belongs to larger growers.

“For a product like oranges, it’s challenging on 10 or 20 acres. The cost of compliance and labour alone make it difficult to make a dollar. You need scale these days, so it’s best left to the big boys”.

“Sometimes people leave it too long to get off the land and by the time they do, they’re not fit enough to enjoy what else life has to offer”, says Kevin.

“There have been many highlights over the years”, adds Joan. “Perhaps the best for us was when Kevin appeared in an advertisement for Simply Squeezed orange juice.”

The couple have purchased a home in Napier City and are looking forward to a River Cruise next year which will take them from Amsterdam to Budapest – a far cry from the realities of orcharding. What remains now for this couple is to enjoy life and to treasure the memories of what they achieved through sheer hard work and a commitment to remaining true to their vision of every New Zealander being able to enjoy some of the best quality oranges in the world.

↓ MG’s Peter Northern with Kevin Orlowski



INVERCARGILL BRANCH PROFILE.



↑ Pypers Produce Limited, Southland

A MASTER CLASS IN CUSTOMER SERVICE

Southland is known for many things – the longest serving mayor in history, Bluff oysters and the iconic ‘Southern Man’, to name a few. It’s also known as that part of New Zealand where deals are still done on a handshake, your word is your word, things function on a ‘no surprises’ basis, and where going the extra mile is the norm, not the exception.

Some organisations link the virtues of good customer service to retaining loyal and long-term customers. Down south, they just call it the Southland Way.

“Customer service is simply the Southland way”, says Aaron Condon, Marketing Representative for MG’s Invercargill branch. “It’s just the way we do things down here, we always have done and hopefully always will do.”

That’s exactly the reason why MG’s Invercargill branch remains relevant in this fast changing industry, most especially the advent of online marketing and the move toward centralised buying.

The commercial environment is about as rugged as the physical environment. Each month, a wide variety of fresh produce heads out the door. Some produce is grown locally, such as potatoes, carrots and parsnips but the majority is transported into the region each day. This, in itself, puts added pressure on delivering value for both the customer and the grower. Furthermore, the area the branch supplies – being Fiordland through to Central Otago Wanaka, including Southland – is sparsely populated by national standards, so there’s a very fine line between oversupply and undersupply.

The large number of customers serviced out of MG’s Invercargill branch have varying needs. This requires a hands-on and flexible approach within the day-to-day operations to manage the fickle nature of the produce business and the unpredictability of the end consumer. However, Branch Manager, Lindsay Francis, argues that the ability to be flexible is only as good as the energy afforded to communication.

“Reliability is everything for our customers”, says Lindsay. “Our customers have certain expectations and it’s up to us to make sure we meet those expectations. This is so that they too can have confidence in their businesses which means we need to be constantly communicating.

“We’re on the phone to our customers all of the time and our procurement guys are talking to growers all of the time. We make a courtesy call at the same time every morning to our customers just to check in and some of our customers virtually set their watch by it. This gives them time to plan and to think about what top-ups they might need.

“The warehouse in Invercargill is an incredibly important part of our customers’ business. We’ll break pallets if that’s what the customer needs us to do, we’ll also deliver crates - you name it.”

David Freeman, Marketing Representative and Assistant Branch Manager, notes that the team takes great pride in getting things right for every order. There’s always a second pair of eyes over the picking and packing to ensure it’s right first time.

But there’s a second aspect to reliability, says Lindsay, and that’s about being unrelenting when it comes to the quality of the produce delivered to customers. Given the volume of produce that is transported into the region for sale – sometimes as far away as Northland – there’s no guarantee as to the condition that it will arrive in.

“We have a motto here, and that’s while you can’t control what comes in the door, you can control what goes out the door,” Lindsay adds

“From top to bottom, our team is trained that if they’re not satisfied with the quality, then they don’t send it. It all comes down to one simple question that I ask them to ask themselves - would you want to eat?”.

“Customer service is simply the Southland way”, says Aaron Condon. “It’s just the way we do things down here .. always have done ... and hopefully always will do.”

While the team might be one of the smaller MG branches, comprising 10 full-time staff and two casual staff members, it’s also one of the keys to the branch’s long track record of success. There’s no preferential treatment, everyone mucks in and works side by side – even the boss. - Most importantly, everyone sings from the same song sheet.

“We’ve set a standard, and no one wants that to slip”, remarks Aaron.

Doing whatever it takes to fulfill the order 100% of the time, a fair price with the best quality might not be visibly etched on the wall on the Invercargill branch, but it is in the DNA of each and every member of this team.



↑ The Invercargill team: David Freeman, Aaron Condon, Lindsay Francis, Lynn McKay and Derek McKinnel

CAPS LIFTED ON RSE SCHEME



The Recognised Seasonal Employer scheme (RSE) has become the backbone of many growing operations across New Zealand. The scheme allows growers to top-up a shortage in local labour, especially over the summer months. It helps ensure that produce is harvested and distributed to market in time to fill consumer demands and also helps support growers to have a profitable season. The importance of the RSE scheme to New Zealand’s growers, especially in light of the increased production in the Apple and Kiwifruit industries, cannot be underestimated. The high level of demand for workers across New Zealand has only increased in the past few years and will continue to increase in the foreseeable future.

Introduced in 2007, the RSE scheme was capped to protect the employment opportunities for locals. However, since its establishment the yearly caps on the RSE scheme have increased from 5000 to 12,850 in 2018. This reflects the ever-depleting pool of labour within New Zealand and echoes the calls of many growers to expand the cap to meet their needs from season to season. This year, however, this cap has fallen well short of what was required.

The 2019 cap was set to be revisited in July, later extended to August, with an official announcement not made until mid-September. Although the cap has been extended yet again to an additional 3,150 workers over the next

two years - totaling 16,000 foreign workers - the late timing of the announcement has left some growers seriously exposed, especially growers with early season harvests, such as strawberries and asparagus.

That said, the decision does provide some relief to growers who have a limited pool of local employees available, that, according to Business Central’s Chief Executive, John Milford has “hampered production and resulted in lost opportunities” and allows for greater confidence in planning for next year.

While the lift in the RSE cap won’t solve the major labour shortage faced by the industry, it does go some way to mitigating the problem. The good news is the Immigration Minister, Hon Iain Lees-Galloway, has agreed to a full policy review of the RSE scheme. In part, this will focus on how the needs of the industry are better aligned with available resource, which will require independent analysis.

In the short to medium term, the saving grace might be in the recently proposed changes to temporary work visas. Although not part of the RSE, the proposed changes would benefit the regions in that there would be no skill lists to comply with and no labour market tests if employers pay over the median wage of \$25 an hour. Importantly, the visa would last three years, and are renewable, potentially taking much of the strain off early season-growers from year to year. However, these changes are not set for enactment until 2021, leaving growers still dependent on local workers and the RSE scheme for at least another full season.

Acknowledgement:
Thanks to Mike Chapman, CEO Horticulture NZ for his assistance with this update.



STANDPOINT.

VARIABLE MARKET CONDITIONS AFFECT VALUES

THERE’S NO WAY TO SUGAR COAT IT – FLUCTUATING VALUES HAVE MADE IT TOUGH FOR A LARGE NUMBER OF GROWERS THIS YEAR.

As you know, market prices are determined by supply and demand. Therefore, it’s no surprise that oversupply coupled with soft customer demand has primarily driven low values in a number of key categories for a large part of 2019. While we have seen a positive uplift in values in November, the feedback we’re receiving from customers and our peers in other sectors is that spending during the mid to late part of the year was down across the board.

Other factors, such as variable weather conditions and consumer habits, have also played a part. This is further exacerbated by speculative growing practices; downward pressure on pricing and margins; changing demographics; and consumer expectations. Interestingly, even the excitement generated by large lotto prize pools also has an impact, with consumers opting to purchase tickets at the expense of household staples.

As a result, our family of growers face the challenge of maintaining profitability in a market characterised by flat demand, increasing supply and declining prices.

That said, we remain optimistic that MG can help you attain important commercial gains. New Zealand growers are renowned for their ability to innovate which has been a key driver behind its long-term success. History shows us the most successful growers remain focused on continuous quality improvement, efficiency in production and effective long-term planning to secure a competitive advantage.

Our relationship with the growers we work with is one of partnership, with the overriding objective being to make your operation a success. As such, we are committed to working alongside you and your team of employees to provide advice and guidance.

We’re not here to tell growers how to grow but I encourage you to tap into the knowledge and skills of our MG people to help make better decisions for your business.

We are more than a link in the chain, we’re the marketing arm of the growers we work with. make better decisions for your business.

We are more than a link in the chain, we’re the marketing arm of the growers we work with.

®Together.Stronger.

Peter Hendry
Peter Hendry
CEO

