

FAREWELL

This is my forty-first and final *Cutting Edge*.

It has been an exciting, tiring, frustrating and sometimes fun adventure being part of an industry that was in its infancy in 1993 when I arrived and gave a series of talks, to today, as I say goodbye to a well structured, rapidly growing medium-sized horticultural business in New Zealand.

I wrote my first Cutting Edge in mid 1995 and only missed one - the March 2000 edition of *Avoscene* when we were all really just too busy dealing with the fallout from the USA quality issues over the previous few months. I thank you all for reading my ramblings each quarter and hope you found them provocative and stimulating - which was the original expansion in Queensland and Western Australia and that in excess of 150,000 trees are being planted annually.

Potential new competitors include Peru, Mexico and the USA. One thing is certain — consumers and customers will have a wider choice with regard to avocados in the future and the global avocado world, including the one we function in, will become more competitive. A key challenge for growers, and the entire on-shore supply chain, is positioning and building both micro (a group) and macro (a country or region) brands to ensure consumer and customer loyalty.

A great and important positive for avocados is that the category is growing rapidly. Consumers like avocados and customers like the profits associated with selling avocados. They are fashionable, healthy, exciting as a culinary product, simple to use and generally not cheap. There are many more potential consumers and hooking them onto a diet generously supported with avocados remains a key driver in all markets.

Avocados do not have a natural competitor and possible substitutes, such as butter, are less healthy. Generic promotions aimed at growing the total consumption cake are essential. New Zealand growers face the issues of doing this both in New Zealand (which will be quite affordable and relatively simple) as well as offshore, in multiple markets, which will be more complex and difficult without a long-term plan and commitment. Prioritising and focus will be essential to ensure a good return on investment. Remember the key phrase - building demand with value! The last issue I want to lightly cover, but acknowledge, is a very serious issue: industry culture. I have grown increasingly concerned over the past five-six years as I see our industry becoming less innovative and increasingly inflexible at all levels: growers, packers, exporters, the AGA and the AIC.

The inevitable grinding down of spirit and style and the imposition of standards and systems is part of a global disease, but it is exceptionally virulent in New Zealand. As an

industry sector there are only two paths forward. The first is control - a reduction in transparency, an increase in regulation and enforcement - telling us what to do and how to do it! The second approach is enabling — supportive, providing full information, choice, responsibility and freedom.

The wider New Zealand society has accepted the first path and this culture dominates education, regional and local government, MAP, DOC, business compliance, the health system and even our leisure activities. The consequence of this is a loss of collective support and spirit, a dramatic reduction in innovation and experimentation, a transfer of creative energy into compliance avoidance, and general hostility when dealing with administration and bureaucracy. Essentially no light at the end of the tunnel.

Sadly, I feel we currently lean too heavily towards option one. My final message in this regard to growers is: opt for option two and be resolute about it - if you do not you will lose control of your industry and remember there is no profit in being a land owning peasant!

Watershed year

The 2005/6 season is our first season for some time with “enough” fruit. This season will be a watershed year. Values and volumes will be different compared to the past few years and I suspect some growers will sit bolt upright when they get their orchard gate return.

Avocado consumers in New Zealand and Australia can look forward to a long season of *high quality, cheap and plentiful fruit*. This is probably the best opportunity to grow consumption for some years and in that sense it should at least be viewed as a positive. Some grower pain - some of it quite serious - is inevitable and some growers will review their continued involvement in the avocado sector.

The New Zealand avocado industry needs to be innovative, adaptive and filled with new choices if it is to survive and remain profitable looking forward. The issues faced in 2005/6 will not go away next year, or the year after that. An over-regulated industry environment and culture will not deliver a profitable outcome because fundamentally “equal misery” is not the answer, especially when it truly is miserable.

By all means identify and retain what is good, focus on standards and outcomes, but do not dwell too long on processes and systems because therein lies the compliance cost. Communicate, listen, build inclusion and get meaningful engagement between the AGA and its membership. Analyse, review and strategise and do it differently — there is no need to mimic other horticultural sectors in New Zealand and end up on your knees. Lastly, remember that renewal and refreshment politically is a worthy and highly desirable goal!

That said, I do believe the New Zealand avocado industry is well placed to be successful. It has some of the best supply chain systems in the world, and the industry quality programme is excellent. Information reporting and flow to stakeholders is increasing in complexity and value each year.

The global networking structure is fully functional and relationships with other avocado producing countries are healthy and supportive. The organisation structures are solid and the legislative environment (Horticultural Export Authority Act) is supportive. The

2005 spring weather has been wonderful - we can expect good fruit sets. The industry organisation employs talented and committed staff. My advice: support and look after them.

I will be watching this industry with much love and interest over the next decade. I will be joining the grower ranks. My love of things avocados remains strong. I have many friends in this business and I wish them all well. Good luck, God speed and farewell!

On a personal level I wish each and every grower and their families a wonderful, safe and enjoyable festive season filled with family, friends, peace and good times.

Adiós and thank you - it has been an amazing privilege to work for you all for so long!

Jonathan Cutting, AIC CEO