



futurefood

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Reviewing the South Australian food industry and future opportunities



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Partners for growth



Michelle Nugan, left, with Frank Mitolo, general manager, Comit Farm Produce, and Gerry Davies, director, Virginia Horticultural Centre.



Change is constant for global success

Food companies should be prepared to keep changing if they want to remain part of the global commodities market, the Virginia horticultural community was told recently.

Mrs Michelle Nugan, chief executive officer of the Nugan Group, said encouraging innovation had been an important factor in Nugan's growth from an unprofitable juice company into a large Australian horticultural exporter over the past 16 years.

Mrs Nugan was keynote speaker at a conference organised by the Virginia Horticultural Centre (VHC) and Food for the Future on building sustainable competitive advantages over domestic and international competitors.

A former NSW Telstra Business Woman of the Year, Mrs Nugan took over the Griffith-based company in 1985 after her husband's death. Today the Nugan Group is a major horticultural grower and also processes up to 60,000 tonnes of premium fruit and vegetables a year for domestic and export markets.

"We recognised that to maintain a leading edge globally, we needed to be technical leaders, so we emphasised research and development, particularly developing new products from local produce," Mrs Nugan said.

"One of the most important elements of our export development program was to understand and accept cultural and communication differences in the key markets. This is fundamental to building respect with your customers.

"Other elements included identifying in-demand products, ensuring continuity of supply, consistent quality and competitive pricing, being able to tailor-make to customer specifications and having adequate financial resources."

Ms Lisa Huong Nguyen, industry development officer (market and business development), VHC, said the speech held a lot of key messages for horticultural businesses wanting to export and be innovative.

"The Nugan Group is one of Australia's most successful examples of growth through innovation and meeting market needs," she said.

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VIRGINIA HORTICULTURE CENTRE SOUTH AUSTRALIA



New Australian food products to line Singapore shelves

Innovative food products made in South Australia will feature prominently in a Singapore venture to showcase "What's new from Australia".

Singapore's leading supermarket retailer NTUC FairPrice and Supermarket to Asia Ltd, will open an Australian themed store within its existing supermarket at Bukit Timah Plaza on 14 September.

Mr Theo Simos, who is directing the project for the Prime Minister's Supermarket to Asia Ltd, said the concept would enable products that are new to NTUC Fairprice to be tested in-store without incurring listing or new line fees.

"Products that are well received could then become part of FairPrice's normal purchasing program across its 78 stores," said Mr Simos, who has been seconded from the South Australian Government's Food for the Future program.

The "Australian Pavilion" is expected to carry about 1500 new Australian products, including fresh, frozen, dry goods and beverages, and will include promotional areas for cooking and displays. NTUC's buying team recently travelled to South Australia to select the first shipment of products to feature in the Pavilion.

Selected products for the opening are from South Australian companies including Australian Fresh Juices (Auldwood), Balfours, Beerenberg, Bellis Fruit Bars, Bickford's, Coopers Fine Foods, Green Farmhouse, Hog Bay Apiary, Kangara Farms, Lacewood Jams, Laucke Flour Mills, Mariani Australia, McLaren

Vale Olive Grove, Mitani, Muggletons, Palmyra Foods, Spring Gully Pickles, Springs Smoked Seafood, Tip Top Bakeries and Yours Truly Chocolates.

South Australian Produce Exporters has been appointed to supply and manage the fruit and vegetable display area.

South Australia has set up a State team to support the Australian consolidator Bemco. The State team is currently putting in place a sourcing and ranging program to ensure a continual supply of South Australian products.

"This means many companies that missed the initial selection by NTUC-Fairprice will be given the opportunity to participate on an ongoing basis," Mr Simos said. "The sourcing and ranging program will further ensure that the food and beverages are consistently progressive exciting and reflect the unique diversity of Australian produce."

South Australia's Drake Food Markets, Australia's largest independent retailer, has been a significant contributor of retailing and store design expertise to the project and recently trained several NTUC-Fairprice staff in Adelaide.

Singaporeans already consume about \$520 million of Australian food products each year. With an increasingly Westernised diet and strong interest in food health and safety, this figure has strong potential to rise. A free trade agreement is currently being negotiated between the two governments, whose food authorities have an excellent working relationship.

"The concept is far more than just promotion," Mr Simos said. "It is a learning curve for our food suppliers about managing the supply chain and retailing in Singapore."

"Once selected, we hope South Australian companies will really get behind their products with promotion and educational programs."

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Collaboration the key in US citrus venture

Australian citrus fruit exports to the United States are expected to top \$60 million this year following the success of a unique collaborative venture that had its origins in South Australia's Riverland.

The result would have been unthinkable just 10 years ago when South Australia became the first State to gain access to the US market after the removal of quarantine restrictions.

Citrus packers in the Riverland saw an excellent opportunity to export oranges in the US off-season, but needed consistency of supply and the ability to assemble large volumes of fruit quickly.

The solution was Riversun, an export service company initially formed by three packers and exporters, but now representing 37 companies in South Australia, Victoria and New South Wales.



Riversun is responsible for 98 per cent of all Australian citrus fruit exports to the United States, with the fruit shipped through San Diego and distributed directly to supermarkets around the country.

Since 1992, when 127,000 cartons of fruit were exported, US sales have steadily grown to as much as 1.6 million cartons a year. Small quantities have also been sold to Korea during the past 12 months in a developing market that has considerable potential.

"Consistency of supply and a commitment to quality have remained the keys to the success of the venture," said Mr Steve Allen, Riversun managing director.

"The packers in the program are audited regularly to ensure the fruit is of the required standard, and we can trace back to the suppliers if there is a problem with any part of the shipment."

Mr Allen said Australian growers had responded quickly to US preferences, replacing Valencias with plantings of premium navel oranges and easy peel varieties such as mandarines and tangellos.

The cooperative approach has also extended to the South African citrus industry, with both countries now working together to maintain the consistent supply of premium product. South Africa entered the US for the first time last year, which impacted on market stability and pushed prices down.

"It's not in anyone's interest if South Africa floods the US market with poor quality imports for short term gain without regard to long-term objectives," Mr Allen said.

"While we are still competitors, by working collaboratively we can continue to build the US market to the benefit of everyone."

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South Australian Company to Sweet Talk the USA

McLaren Vale gourmet producer Medlow Confectionery is taking on the sweet tooth of America.

Medlow, with just 11 employees, will take part in the second largest confectionery trade show in the world – the US National Confectioners Association "All Candy 2001" trade fair in Chicago.

Out of the 500 exhibitors expected to be on show, Medlow Confectionery will be one of only seven Australian companies, and the only South Australian firm to attend, and the Medlow delegation aims to use the trip to make business connections with potential distributors as well as tour other similar operations.

Director Sharon Medlow-Smith said the trip would also give the company the opportunity to further research their assault on the US confectionery market.

"The US is a very big market, and we would never be able to service the whole country, so we have worked out that the populations in New York, New Jersey and Pennsylvania are our target market, so that's where we are heading," Ms Medlow-Smith said.

The company, which began as a small family business in 1995, has grown to sell 75 per cent of its product outside South Australia, including several small shipments to Canada.

Medlow Confectionery was a finalist in the Leadership through new Export Development Award at the Premier's Food and Fibre Awards in 2000, and was recently awarded the Retail Tourism Award for the Fleurieu Peninsula region.

Retailing 18 different products, the Medlow range is distributed nationally in David Jones and also used by Ansett Australia, Malaysia and Singapore airlines in business or first-class flights.

"Winning the recognition was gratifying, and certainly satisfying as a manufacturer, but it is also beneficial because it makes you look at what you are doing and how you could possibly do it better," Ms Medlow-Smith said.

"We are looking forward to getting to Chicago to make our mark. We will probably be one of the smallest exhibitors, but we want to have the biggest impact."

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Shopping trip to Adelaide

A Hong Kong supermarket chain is on its first ever shopping trip to Adelaide to buy some of our finest produce.

The main targets include fruit, vegetables and seafood, but meat, pies and even pasta also are on the shopping list.

The buyer is Noel Shield from the Li Ka-shing group of companies which owns the PARKnSHOP, the largest food retailer in the territory. The Li Ka-shing group of companies also owns ETSA Utilities.

Mr Shield, PARKnSHOP's commercial manager for fruit and vegetables, said he expected to have his initial orders shipped to Hong Kong in two or three weeks. The trip will take about 18 days.

The first order is expected to be a shipment of apples from the Adelaide Hills, followed by cherries and carrots, with orders from at least three more companies within a few months.

"I've been very surprised to find companies here like Springs Smoked Seafood and San Remo," Mr Shield said. "I had no idea they existed, they're definitely world-class. I might change my mind about Italian pasta after this."

Mr Shield said he had been given the task of establishing links with local suppliers and reporting back to PARKnSHOP's director of trading.

The chain operates 192 shops in Hong Kong, with an estimated 45 per cent share of the food market, and is expanding in China where it has 35 stores.

"We see this as a major opportunity for South Australia producers to showcase their products into the ever-expanding Asian markets," Mr Shield said.

PARKnSHOP was looking closely at South Australia because the new Adelaide to Darwin rail link would give it a big logistical advantage.

When the line was completed in 2004 it would take only five to six days for South Australia goods to reach Hong Kong.

This was a major cost and time advantage compared with other southern hemisphere suppliers.

"I didn't come here with an open cheque book to walk away with orders, rather the idea is to develop relationships with suppliers," he said.

Mr Shield, an Australian citizen who has lived in Hong Kong for the past three years, is visiting South Australia under a State Government Food for the Future program. "I've seen a very impressive government machinery which is better than any other state system," he said.

Article courtesy The Advertiser
(Rural Editor Nigel Austin)

Focus on cold chain maintains peak freshness

South Australia's strong focus on cold chain improvements is positioning the State to meet the challenge of maintaining peak freshness of food exports.

Dr Susan Nelle, director of Food for the Future, said the need to maintain absolute quality is a cornerstone of the updated State Food Plan 2001-2004.

"The Plan has set a target for increased food production from \$5.5 billion three years ago to \$15 billion by 2010," Dr Nelle said.

"To help achieve that target, enormous effort is being put into improvements in our cold chain logistics. That means maintaining the optimum temperature for fresh produce from the farm to customer delivery, even if that's on the other side of the world."

In May, industry experts from Australia and overseas attended a three-day conference in Adelaide to discuss all aspects of the cold chain logistics.

The speakers included two overseas guests, Mr Gerry Lee, general manager purchasing and trading from leading Singapore supermarket retailer NTUC FairPrice, and Mr Max Jones, director of logistics for Kerry Logistics, a major international Asian freight forwarder based in Hong Kong.

A video, Cool – A Cold Chain Story, made in South Australia to encourage world-best practice among food producers and freight handlers, was launched at the conference.

Produced by the Sea, Air and Land Freight Councils, SARDI, Food for the Future, Transport SA and the SA Film Corporation, the video will help anyone involved in the logistics chain of perishable food better understand each link in the cold chain.

"It's vital that each participant in the cold chain understands not only their own role, but everyone else's too," Dr Nelle said.

"If we can raise the competency levels of everyone in the chain, we can make a significant contribution to product quality when it reaches the international markets."

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Mr Chris Madsen, left, managing director of Adelaide-based Dover Fisheries, which showcased a range of abalone products, and Deputy Premier Mr Rob Kerin.

Demand for South Australia seafood strong in Hong Kong

South Australian seafood, already a \$100 million export to Hong Kong, recently created huge interest at Asia's largest food expo, Hofex.

Ten seafood companies, representing a range of species from rock lobster to abalone, were part of the largest South Australian delegation to attend the Hong Kong expo.

It was led by Deputy Premier Mr Rob Kerin, who said seafood exports from South Australia had risen from \$236 million in 1997-1998 to \$438 million this year.

"This is largely due to the increase in aquaculture, particularly farmed seafood developments, which is tapping into the demand for fresh, high-quality seafood," he said.

Two groups of companies, organised by the Limestone Coast Regional Development Board and the Riverland Rural Partnership Program,

attended Hofex as part of a market awareness mission to Hong Kong, Southern China and Singapore.

The Limestone Coast group focused primarily on seafood and gourmet condiments from the State's South East, while the Riverland's focus was citrus, almonds, confectionery and wine.

"Demand for live seafood, rather than chilled or frozen, is high in China and, due to depleted local sea stocks, most product comes from fish farms or is imported," said Miss Heather Walker, the Limestone Coast RDB's export development manager. "However local companies need to do their homework to determine whether it will be profitable."

Mr Ken Smith, business development manager with the Riverland Development Corporation, said while Hong Kong was a significant market, China had huge potential for Riverland produce. "China views Australian fresh fruit as the best in the world," he said.

Mr Kerin said the financial close of the Adelaide to Darwin Rail in April meant South Australian exporters were also able to promote the benefits rail will bring for exports into Asia.

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From left, Angelo Kotses, managing director of Bickford's Australia, with Kuniaki Iwawaki and Masahiko Asakawa of Cafécino customer Dodwell Marketing Services, Japan, and Des King, of Food Adelaide.

Bickford's happy to let the coffee cool

Market research into the tastes of Japanese consumers has resulted in the development of a new and very different product by Bickford's Australia.

Twenty-five containers of Cafécino, a slightly carbonated, black coffee drink have been sent to Japan over the past two months, for distribution to supermarkets and convenience stores.

Mr Angelo Kotses, managing director of Bickford's, said the new market had resulted in an additional eight jobs and a new processing facility in Adelaide.

"Cafécino fits the market's requirements," Mr Kotses said. "There's strong demand by Japanese consumers for cold tea and coffee-based drinks."

The softdrink is produced by first making coffee. Bickford's even roasts its own beans to create an authentic espresso taste. After cooling, the drink is carbonated.

Cafécino is categorised as a non-alcoholic premium softdrink, not as one of the new high-caffeine "energy" drinks.

Mr Kotses said one of Bickford's existing products, Esprit, also fitted the market's requirements and was launched in Osaka in July.

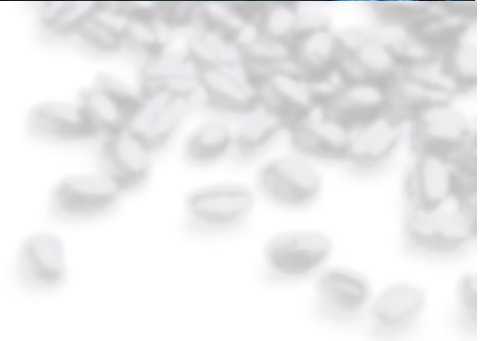
"Esprit is a premium fruit-based, carbonated softdrink that is slightly dry in taste, so it appeals to adults who are looking for a sophisticated drink without alcohol," Mr Kotses said.

Bickford's worked with Food Adelaide, which has a representative office in Osaka, to open the Japanese market.

Mr Des King, executive director of Food Adelaide, said the success highlights the advantage of having a dedicated representative working with Food Adelaide member companies in the target market.

"In conjunction with Food for the Future, we also brought a Japanese buyer to see Bickford's operations first hand, which was very successful," Mr King said.

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Hog Bay makes a beeline for Japan

Hog Bay Apiary owner Betty McAdam noticed a growing trend among the visitors to her Kangaroo Island factory – a lot were from Japan, Malaysia and Singapore and they had a particular love of the small 60g honey jars.

Having lived in Japan for a few years, Ms McAdam was familiar with the country and lifestyle so she decided that Hog Bay should tackle the export market. Japan was identified as the key target and a game plan was set.

"We knew that we had a lot of tourists on KI, and they were very keen on the smaller pots – both as presents but also because of their lifestyle, so we thought Japan would be the perfect place to export," she said.

"After about four years of planning and negotiating with a distributor we are just about there. Now we've had our packaging factory approved we are well on the way to getting started.

"The potential in the Japanese marketplace is outstanding. They have a special appreciation for regional foods, and because they tend to shop for their food needs on a daily basis, the smaller jars are perfect."

Ms McAdam says that by having a knowledge of customers and by researching specific needs, Hog Bay will be in a solid position to break into the lucrative Asia markets.

"We have a lot of positive feedback from Malaysian and Singaporean tourists who come to Kangaroo Island and taste our honeys, so they are another two areas we should investigate," she said.

As an entrant in last year's Food and Fibre Awards, Hog Bay Apiary was recognised for its export development plans. The company began as a gourmet producer of honey in 1993 using honey from the rare Ligurian bee.



Ms McAdam said participating in the Premier's Food and Fibre Awards had prompted the company to take a closer look at its planning and development, and had focused everyone involved in the business to look at the big picture.

"It was a good thinking exercise. Just doing the paperwork made us plan ahead. Now we are looking at the Japanese market and we hope to use the existing South Australian foodie connections in Japan to open some doors for us," she said.

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Tutto Pasta serves up success

When Roc Crea of Tutto Pasta saw that the growth of his company was restricted by his packaging, he set about changing it.

Mr Crea wanted to expand from his fresh pasta range into frozen varieties, but needed improved packaging to ensure the quality of the produce was maintained.

"We needed some innovative packaging to be able to expand our range. Now we've found it, we can promote our frozen product to stores and the sky is the limit," Mr Crea said.

"As it has a longer shelf life of up to six months, it means we can access a bigger market, specifically interstate and overseas."

He has already had an offer through Asia Pacific consultants Hudson Howe to provide pastas to six firms in Asia and Singapore.

Mr Crea said that being a finalist in the Field Crops category in last year's Premier's Food and Fibre Awards, gave his staff of 20 "a real buzz".

"It was good for our business because we sat down as a group and looked at our operations internally and discussed what things we should be focusing on," he said.

"For my staff to have an input into that was great, and a good incentive to work for bigger and better results."

Tutto Pasta began six years ago as a suburban kitchen selling ready-made pastas and pasta sauces in a small shop-front. Mr Crea purchased the company three years ago and set about expanding it.

"I could see it was a good little business, but I wanted to make it grow, so we began quality control processes, improved packaging and presentation, and continued to develop more product lines," he said.

"Obviously we are looking to grow more, but I want a controlled growth so we can maintain quality. We are always looking for new markets, and keeping up with new varieties."

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2001 Australian Lamb Industry Convention

9 and 10 October 2001 - Adelaide, South Australia

Two days of information and discussion on the future of the lamb industry will enable you to make better decisions and position your prime lamb enterprise to meet the consumer demands of the future.

The program structure will allow you time to interact with leading producers, processors and industry professionals.

Industry award presentations will also be a feature of the convention.

For further information or a brochure ring 08 8227 0252 or visit the convention website at www.lambconvention.com.au



Cornchips on the Go

By simply tailoring his product to suit a new market, Ian Young has found a huge potential export market.

Mr Young, managing director of Mexican Express, discovered that packaging and product information was vital when trying to break into an international marketplace.

Producing "ready-made" meals, Mexican Express has steadily grown since 1991 and was the winner in last year's Premier's Food and Fibre Awards in the leadership through Innovation in Food category.

Products such as Nachos to Go, as well as a variety of salsa and cheese sauces are in strong demand this year. Apart from a big contract in Japan, the Dudley Park company is about to tackle a huge contract in Sydney and is aiming to be distributed nationally through Coles and Woolworths later in the year.

When first looking to export, Mr Young discovered he couldn't ship the cheese component of the "Nachos to Go" pack to Japan, so he tailored it to suit the market.

"We are working through what we can send over, but the sample is basically half a Nachos to Go kit, with cornchips and salsa, but without the cheese," he said.

"You've got to be prepared to juggle things around and try different approaches. In manufacturing you need to swap and change to get the right packaging and product, but in the end, we've got an identifiable and effective product, with good marketers in Japan."

Mr Young said he had worked together with Craig Deamer, Food Adelaide's Japan based representative, to help build relationships in Japan.

"Without Food Adelaide, it just wouldn't have happened. They have been terrific," he said.

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Premier's Food & Fibre Awards 2001

Nominations for this year's awards are now open.

The awards recognise outstanding achievement in the South Australian food and fibre industries by identifying companies and individuals who have demonstrated talent, creativity and innovation.

Candidates may self nominate or be nominated by someone else.

For further information
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Premier's FOOD & FIBRE awards

Logos displayed include: NATIONAL FOODS SUPERMARKET, FPE, PIBA (Primary Industry Bank of Australia Limited), REGENCY, A member of the Rabobank Group, AWB LIMITED (The Australian Grains Marketer), and ADELAIDE PRODUCT PROMOTIONS.

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