

THE NEW ZEALAND OLIVE INDUSTRY

This paper provides an overview of the New Zealand olive industry and the role of Olives New Zealand Inc.

Prepared in April 2019.



Table of Contents

Health Benefits of Extra Virgin Olive Oil	4
Our People	5
Who we are	7
History of Olive Growing in New Zealand	7
Varieties Planted	7
Main Olive Growing Regions of New Zealand.....	8
Regional Spread of Trees	8
Characteristics of the Olive Growing Sector	9
Environmental Considerations.....	9
Olives New Zealand – the organisation	10
Olives New Zealand – the structure.....	10
<i>The Executive</i>	10
<i>Regional Branches</i>	10
<i>Executive Officer</i>	11
What we do	12
Industry Strategy.....	12
Annual Plan	12
<i>Certification System</i>	12
<i>New Zealand Extra Virgin Olive Oil Awards</i>	12
<i>Marketing Support</i>	13
<i>Professional Development</i>	13
<i>Communications</i>	13
<i>Field Days</i>	13
<i>Industry Promotion</i>	14
The Olives NZ Database	14
Our Research.....	15
Previous Research.....	15
<i>Best Practice Grower Manual</i>	15
<i>Effects of Harvest Maturity on EVOO</i>	15
<i>Grove Census</i>	15
<i>Consumer Surveys</i>	15
Current Projects	15
International Collaboration.....	16
Future Research	17
Innovation	18
Funding	19
Situational Analysis	20

Where are we now?	20
Marketing Synopsis.....	20
SWOT Analysis.....	21
Summary	22
Appendix One: - Membership Benefits.....	23
Appendix Two – The Olives NZ Database Standard Reports	24

Health Benefits of Extra Virgin Olive Oil

The importance of nutrition to good health is one of the most exciting and rapidly developing areas of current international research. Scientists are just now beginning to understand the relationship between good health and the body's microbiome. The health of the microbiome, and therefore our health, depends very much on the food we eat.

Polyphenols are nature's antioxidants and are a major source of Extra Virgin Olive Oil's health benefits. Among oils only Extra Virgin Olive Oil (EVOO) is rich in polyphenols which result in its healthful properties. Scientific research¹ continues to discover many health benefits of Extra Virgin Olive Oil, including:

- ✓ It is not only cholesterol free, but it helps to reduce harmful cholesterol levels, thus reducing the risk of heart disease.
- ✓ It is a natural source of vitamins E, A and K.
- ✓ It is an excellent source of antioxidants that fight against 'free-radicals' which have been linked with cancer.
- ✓ It is found to reduce oxidative damage to DNA which may be a factor in preventing cancer.
- ✓ It is found to be beneficial for brain function due to naturally occurring fatty acids and omegas.
- ✓ It can benefit non-insulin dependent diabetics because it is a monounsaturated fat.
- ✓ Oleocanthal in olive oil has been found to have the same anti-inflammatory response as Ibuprofen.
- ✓ Increased olive oil consumption has been linked to a decreased risk of developing rheumatoid arthritis.
- ✓ Oleic acid has been found to be effective against breast, colon and prostate cancer cells.
- ✓ Elderly people who consume olive oil daily have fewer strokes than those who do not.

The nutritional and health value of EVOO has an exceptional base of supporting scientific evidence but not all olive oils are equal. Only EVOO has the qualities that distinguish olive oil from other oils as a special aid to good health. But there is one big problem: most imported oils in New Zealand, despite the labelling, lack the essential qualities of an EVOO and therefore lack the health benefits.

EVOO does not travel well. The polyphenol and other health giving properties are degraded by exposure to light and air and with time and temperature fluctuations to the point where the ingredients that provide the special health-giving qualities of olive oil are lost. Furthermore many of the oils that are exported to NZ would never have qualified as EVOO in the first place.

The public is just starting to understand what makes a quality olive oil and the important role this plays in a healthy diet. For this reason it is critically important that we have available a local benchmark by which the public can recognise high quality EVOO.

¹ See www.oliveoiltimes.com/olive-oil-health-benefits

Our People

Olives New Zealand Inc. is a membership based organisation for people involved in the New Zealand olive industry, with approximately 200 members. Membership categories are as follows.

Grower Members

Hobby Groves with less than 100 trees

Small Groves with more than 100 but less than 250 trees

Full Members with more than 250 trees

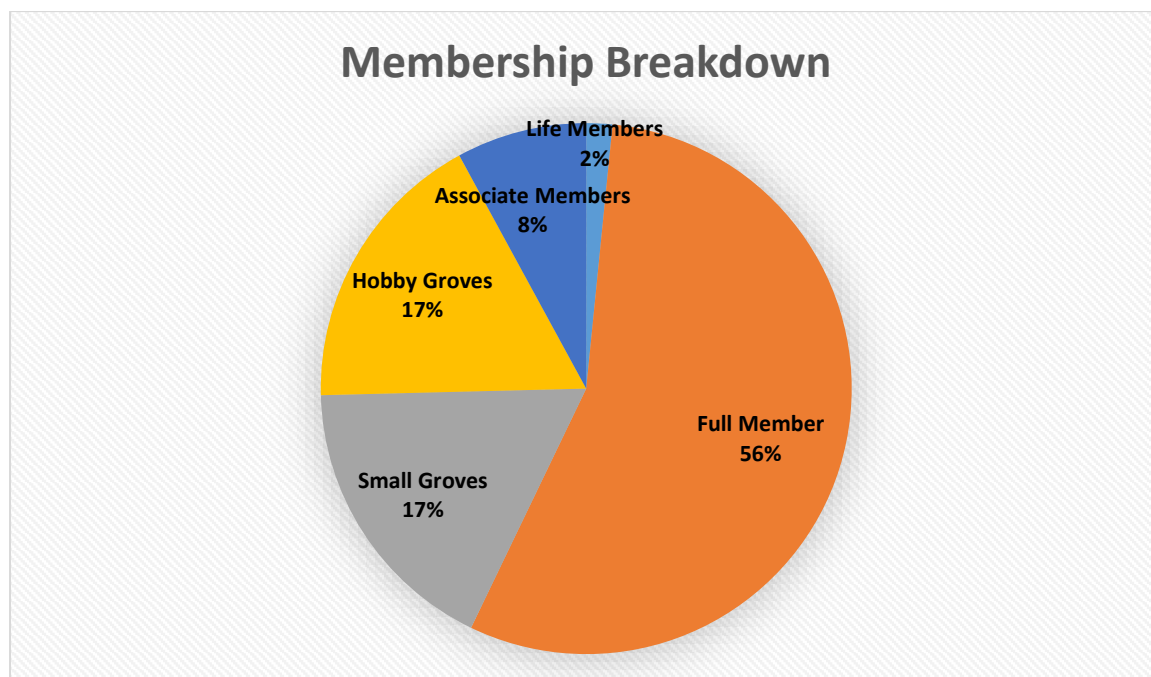
Life Members

Associate Members

Any other product group, association, person or entity involved in olive research, processing, infrastructure support, industry processing, industry marketing etc.

Also growers who do not require the full services of Olives New Zealand (Olives NZ), for example a contract grower, a grower whose grove is not productive.

The breakdown of membership categories is shown on the following chart.

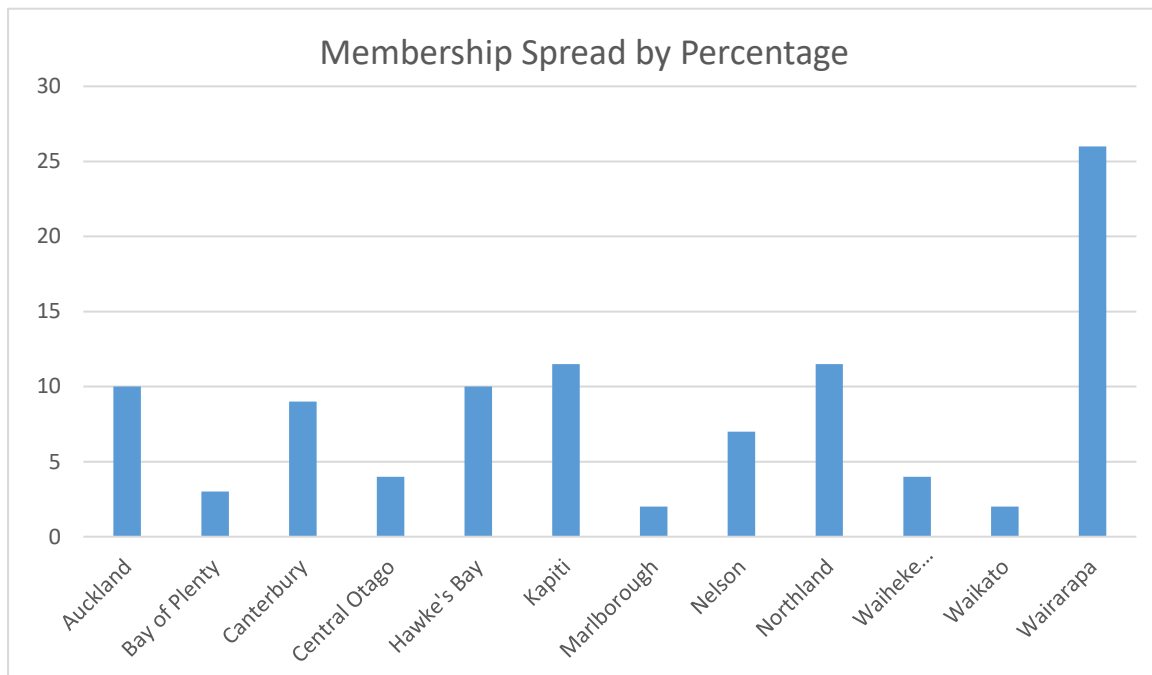


Less than 20% of our members are full time professional olive growers, the majority also have other business or employment interests. However many of these are working towards their olive groves becoming self-supporting operations.

Our members are typically family owned businesses but who may contract outside services for harvesting and processing, and to a lesser extent grove management (pruning, spraying, etc.). Most of the family owned businesses account for at least two people but a number comprise more.

Membership also includes commercial businesses who would typically directly employ 4-10 people. An estimate of people directly employed in the industry would be 600 plus contractors would account for another 20 people. The distribution channel would account for more people.

Membership is spread across the various growing regions as follows.



Membership based on grove size is as follows.



For Benefits of Membership see Appendix One.

Who we are

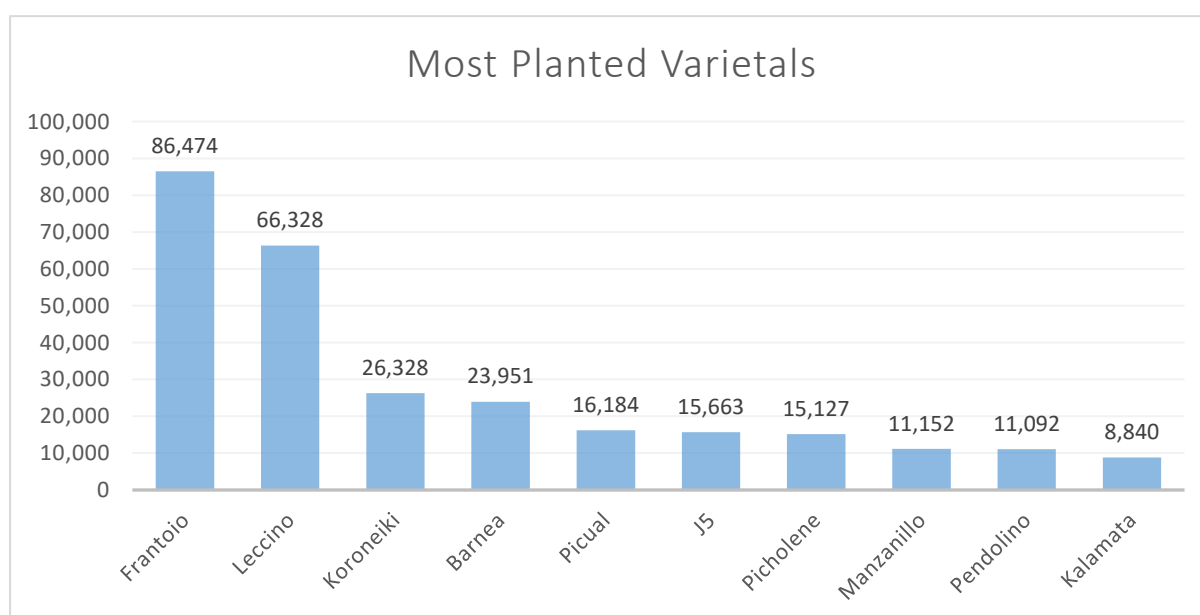
History of Olive Growing in New Zealand²

Olive trees were brought to New Zealand by the early European settlers from the 1830's. Serious propagation of olive trees was, however, only initiated in 1986 with the start of imported cuttings from Israel into Blenheim in the South Island. Subsequently other varieties were imported from Australia. Interest in olive trees surged in the 1990's with more than 200,000 trees planted across the country. A number of groves were subsequently removed (and unfortunately continue to be removed), either in a move to a higher yielding crop (e.g. grapes) or because the varieties planted were not suitable. The current estimate, based on Olives NZ research, is 400,000 trees across New Zealand.

Varieties Planted

The varieties planted in New Zealand originate now from all of the main olive growing regions of the world; Italy, Spain, France, Israel, Greece. However the most planted varieties are the Tuscan varieties of Frantoio and Leccino.

The top ten most planted varieties are shown below.



² For more information on the early development of the olive growing industry refer to the book by Genevieve Noser *Olives – The new passion*. Viking – Penguin Books, Auckland 1997

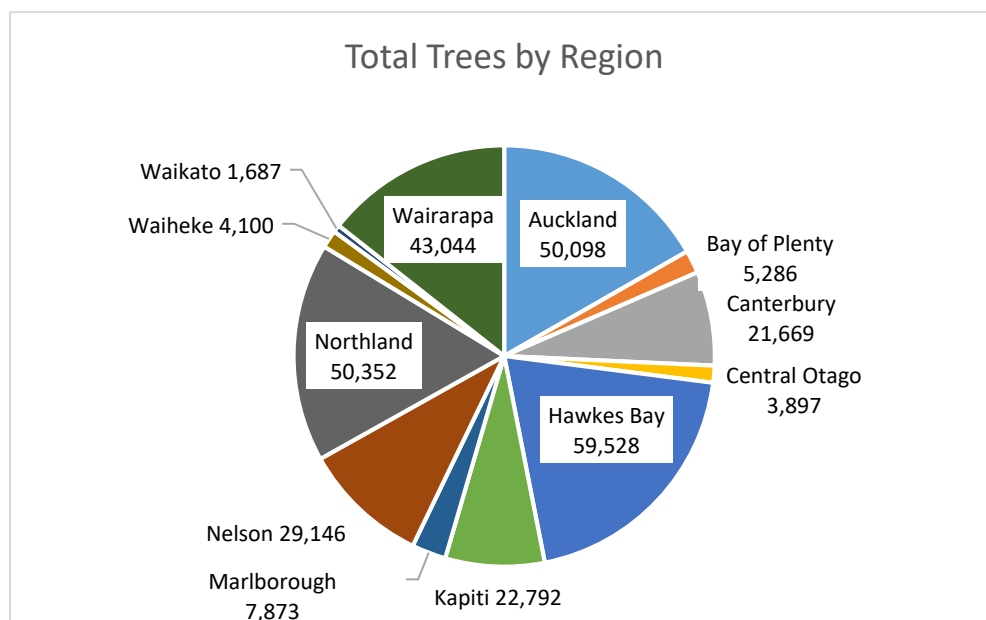
Main Olive Growing Regions of New Zealand

The main olive growing regions in New Zealand are shown on the following map³.



Regional Spread of Trees

In relation to the number of trees, Hawke's Bay has the largest number of trees, followed by Auckland, Northland and Wairarapa. Total trees by region entered in the Olives NZ database as at December 2018 are shown on the following chart.



³ Requejo-Jackman C et al *Effects of Harvest Maturity on EVOO Year 3 – SFF Project #07/1*. Plant & Food Research 2011

Characteristics of the Olive Growing Sector

There are in excess of 300 productive groves in New Zealand and the grove size generally ranges between 500 and 1,000 trees. Three regions have one super large commercial groves each; Auckland (40,300 trees), Marlborough (5,117 trees) and Nelson (9,000 trees). Hawke's Bay has two (17,198; 27,541).

The majority of olive groves operate their own brand and most of these direct sell their product(s) to the consumer (via markets, gate sales, etc.), to restaurants and via specialty stores. Probably a dozen have penetrated the supermarket sector where they compete with imported products. Large brands may rely on other groves to supply olives or certified EVOO to give them capacity to meet the demand for their product. These other groves act as suppliers and often do not have their own brand. Alternatively large brands may also contract manage other groves for additional supply.

In addition to productive groves there are a number of 'dormant' groves, perhaps as many as 100, across most regions. These are typically smaller groves where there is a lack of knowledge or perceived inadequate return on investment to warrant the grove being farmed productively. These dormant groves are a poor use of the land but potentially could contribute towards the solution where demand for NZ EVOO exceeds supply.

New Zealand typically produces Extra Virgin Olive Oil, in fact less than 1% submitted for Certification fails to meet the standard required for Extra Virgin. Annual production ranges from 200,000 litres to 400,000 litres per annum depending on the year. Approximately 4 tons of table olives are produced annually.

The olive industry encompasses 2,172 ha with an on-farm investment estimated at \$190m and an off-farm investment estimated at \$130m⁴. The industry is valued at \$35m of which more than 90% is imported and predominately from Spain⁴. The New Zealand consumption of olive oil is approximately 4m litres per annum with the New Zealand produced product accounting for less than 10%.

Environmental Considerations

The olive industry contributes to diversification of land use. Best practice methodologies result in more efficient and environmentally friendly use of the land. Investment in appropriate nutrients leads to improved soil and tree health and overall a better production footprint.

Provisional studies by the International Olive Council indicate that a hectare of olive trees cancels out one person's annual carbon footprint and the production of a litre of olive oil captures 10.64kg of atmospheric carbon dioxide (CO₂). These studies show olive oil production is beneficial for the environment. (See <http://carbonbalance.internationaloliveoil.org/en>)

Note that olive trees are evergreen so their contribution to the environment continues 365 days of the year.

⁴ *Fresh Facts New Zealand Horticulture 2017*, published by Horticulture New Zealand and Plant and Food Research

Olives New Zealand – the organisation

Olives New Zealand was established in 1996.

The Mission Statement stated in the Constitution is as follows.

“To foster a healthy and positive environment for the New Zealand olive industry to be the best producer of premium quality extra virgin olive oil and olive products”.

The objects of Olives New Zealand as stated in its Constitution are:

1. To promote all aspects of the New Zealand olive industry.
2. To set and maintain quality standards for New Zealand produced olive products.
3. To promote and support quality research and development to assist in the creation of a sustainable New Zealand olive industry.
4. To actively support an on-going consumer awareness programme to promote the benefits and create a preference for New Zealand olive products.
5. To encourage an interchange of ideas and information amongst olive industry participants.
6. To be a focal organisation which facilitates progressive direction for growers in the New Zealand olive industry.

Olives New Zealand – the structure

The Executive

Olives New Zealand management and control is vested in the Executive Committee which is made up of up to 8 directors as follows:

President/Chairperson

Vice President

Treasurer

Four other Committee members selected from the Branch Chairpersons

One co-opted member (optional).

The first three positions above are elected by the membership for a three year term. Voting power is determined by membership type; Full Members have 4 votes, Small Groves have 2 votes, Hobby Groves have 1 vote and Associate Members have no voting power.

The role of the Executive is to:

1. set the strategic direction of Olives New Zealand according to its Mission and Objectives
2. provide leadership and support to olive growers in New Zealand and in particular members of the organisation
3. support the operation of the organisation through involvement in and endorsement of its activities.

Regional Branches

At a regional level, the Olives NZ structure encourages Branches. The Branches operate regional activities and the Chair is eligible for a position on the Olives NZ Executive. There are branches currently operating in Canterbury, Hawke's Bay, Kapiti, Nelson and Wairarapa. The consortium of Northland, Auckland and Waiheke Island growers is managed informally by a member within that region. A similar arrangement exists in Central Otago with an independent grower group.

Executive Officer

Olives NZ contracts an Executive Officer to manage the administration of the organisation. The key roles of this position are:

- General administration
- Financial management
- Membership support
- Certification
- Event management (Including the New Zealand Extra Virgin Olive Oil Awards, Conferences, Courses, etc.)
- Special projects (e.g. Sustainable Farming Fund Project)
- Industry promotion
- Marketing support
- Sponsorship support
- Grove and harvest census.

The Executive Officer reports to the President.

What we do

Industry Strategy

The most recent major consultation Olives NZ undertook with members to determine the industry strategy was in 2015. The outcome was that members wanted Olives NZ to focus primarily on improving grove production and secondly to promote New Zealand Extra Virgin Olive Oil. This direction is affirmed annually via the AGM and every second year via Conference. The Executive also welcomes feedback from the Branches and broader membership.

The strategy is summarised as:

Increase the market share for New Zealand Olive Oil

This strategy has driven special projects and research and the annual business plan.

Annual Plan

The Annual Plan focusses on the key activities of the organisation as follows.

Certification System

Olives NZ developed the Certification System to ensure the quality and integrity of olive oil produced in New Zealand. To qualify for Olives New Zealand Certification, New Zealand olive oil must meet specific requirements. These include the chemical and sensory criteria that Olives New Zealand has based on the International Olive Council (IOC) standards for extra virgin olive oil, as well as bottling and labelling standards.

Those oils that meet all these requirements are eligible to use the red **OliveMark®** once the Certification Licensing Agreement has been signed by the grower. The **OliveMark®** has been trademarked and is the consumers' guarantee that the oil is actually Extra Virgin Olive Oil. The Certification System is run by the Executive Officer and uses the IOC accredited laboratory and sensory panel operated by The Oil Testing Service of the Australian Department of Primary Industries.

New Zealand Extra Virgin Olive Oil Awards

Olives NZ developed the annual New Zealand Extra Virgin Olive Oil Awards to:

- Recognise excellence in New Zealand Extra Virgin Olive Oils.
- Provide producers the opportunity to benchmark their oils against other locally produced extra virgin olive oils.
- Afford New Zealand olive producers a medium for increasing public awareness and promotion of the quality of New Zealand extra virgin olive oils currently available in retail markets.
- Foster international awareness of the excellent standard of New Zealand extra virgin olive oils and to enhance New Zealand's reputation as a premium olive oil producer.

As a condition of entry all Extra Virgin entries must be certified as such via the Olives NZ Certification System. There are also rules around Flavoured Oils.

The Judging Panel comprises a minimum of 6 judges, including at least one International Guest Judge, designated as Head Judge and typically at least two from Australia. All judges must have been trained to IOC Sensory Panel standard and have experience in judging at olive oil competitions, preferably international.

An independent Facilitator/Scrutineer is appointed to oversee the awards and as an external independent auditor.

After the completion of the judging and before the Awards Dinner, the Head Judge carries out a regional tour and attends Field Days, runs EVOO tasting/evaluation sessions, etc. This is added value for the members as well as enables the Head Judge to view and comment on the NZ growing and processing environment.

The NZ EVOO Awards culminate in a formal Awards Dinner at which the winners are announced and trophies and certificates presented.

The NZ EVOO Awards are recognised as the ultimate award for the New Zealand industry and are well regarded internationally. Growers report that winning a medal enhances the sales of their products.

Marketing Support

Olives NZ provides marketing support to members with a variety of merchandise to use at on-grove shops, Farmers Markets, other markets and events they attend. This merchandise includes woven bags featuring the OliveMark, recipe leaflets, butter/olive oil conversion magnets, health benefits brochures, etc.

Olives NZ promotes members via the “Where to buy” section of the website and also maintains a Facebook page with a good following.

Olives NZ developed a promotional DVD which many members link to their websites.

Professional Development

A variety of professional development course are offered to members, including sensory analysis, processing practices, blending and table olive production.

A Conference is run every two years and keynote speakers are national and international experts on pertinent topics (e.g. pests and diseases, health benefits of EVOO, olive growing internationally, marketing, latest research).

Other resources are available to members including olive growing publications, fact sheets, Best Practice Manual, Food Safety Templates and an Olive Growing Costing Programme.

Communications

The main method of communication with members is via the monthly newsletter.

The Olives NZ website also includes general information and has a specific Members Section. The website has the capability for member interaction via a chat facility for each of the sections.

Olives NZ manages specific communications via email outs, including event information and packs, sponsor offers, research updates, surveys, etc.

Field Days

While Regional Branches typically arrange Field Days, this is often in conjunction with the central organisation, especially if this includes special guests (e.g. NZ EVOO Awards International Head Judge, international researchers, and product specialists) or is in conjunction with another event such as Conference.

Industry Promotion

Olives NZ supports industry promotion via participation in national and international projects, related activities (e.g. support for other industry conferences, other publications). Also by hosting international delegations (e.g. at the request of Ministry of Primary Industries, Ministry of Foreign Affairs) and other international visitors interested in the New Zealand olive industry (most recently from Argentina, Japan, Greece and Australia).

Olives NZ contributes regularly to publications such as the Australian & New Zealand Olivegrower & Processor magazine, the Italian Flos Olei Guide to the World of Extra Virgin Olive Oil, the IOC Annual Reports. Industry data is also supplied as requested for research purposes and publications nationally and internationally.

Olives NZ has also supported TV programmes such as Fair Go and Café Secrets by providing information and co-ordinating support and activities.

The Olives NZ Database

Olives NZ operates a sophisticated database management system. The main applications of the database are:

- Membership
- Certification
- NZ EVOO Awards
- Grove Census
- Reports
- Group Mail.

The database has been designed to ensure integrity and consistency across all applications. There is substantial data available in the database with the ability to produce specific and adhoc reports, as well as other required documentation (e.g. submission forms, packing lists, carton labels, Certification Certificates and formal results advice for the Certification System). The system has been invaluable in lifting and maintaining the operations and reputation of Olives NZ and the New Zealand olive industry.

The database is “rolled” annually and each year remains accessible.

To see the Database standard reports menu, see Appendix Two.

Our Research

Olives NZ has a rich history of conducting industry research projects since the inception of the organisation. Typically this has included contestable funding matched with industry funding.

Previous Research

Recent research projects have included as below.

Best Practice Grower Manual

An e-manual developed over 2002 – 2004. While this manual is now in dire need of updating, this is the most comprehensive resource on olive growing in New Zealand.

Effects of Harvest Maturity on EVOO

Carried out by Plant and Food Research over 2007 - 2010. The primary aim was to develop new locally appropriate measures of assessing the maturity of New Zealand fruit. A secondary aim was to collect a robust range of data on phytochemicals in the oil of cultivars from most growing regions in New Zealand. As well as substantial reports a spreadsheet was developed to help growers determine when to harvest by looking at the moisture content of the olives.

Grove Census

Olives NZ undertook a major census of olive groves in New Zealand in 2012 and produced the “New Zealand Olive Grove Census Report 2012”. The report included data on Groves; trees – year planted, variety, varieties planted by region, total trees by region, grove size, hectares planted, grove matrix, those irrigated, spray programme, whether organic, land contour, harvest methods and production type – oil, table olives, and information on processing facilities. Also 2013 production figures – oil yield, tree performance, table olives tonnage. The report was totally updated in May 2014. Subsequently a supplementary Harvest Data Report has been produced annually.

Consumer Surveys

Olives NZ commissioned substantial independent research with consumers, food writers and chefs in May 2018 to better understand attitudes and usage of oils. There was very meaningful data collected, formal reports produced and the results were formally presented at the 2018 Conference.

As a follow-on from the surveys, Olives NZ also commissioned an independent review of the full research results; the findings and recommendations on a growth strategy for NZ EVOO and how this could be achieved. The summary of this review was included in the Conference presentation with feedback sought on the recommendations.

As a consequence a marketing subcommittee with regional representation was formed to consult on and consider the recommendations. The final outcome was that while demand exceeds supply, the focus should be on increasing production rather than on marketing.

Current Projects

The main current research project being undertaken by Olives NZ is “Increasing the Market Share for New Zealand Olive Oil” under the Ministry of Primary Industries Sustainable Farming Fund. The project started in July 2016 and is due to complete in October 2019.

The background was that while New Zealand is capable of producing around 1.8m litres of olive oil, currently production is less than 25% of that figure. The industry is challenged with biennial bearing and other factors (disease, weather) that can devastate a potentially increased harvest. The key aim of the project was identifying basic grove management practices to enable the industry to consistently lift production and also reduce costs.

Five Focus Groves were established in each of the main growing regions; Northland, Hawke's Bay, Wairarapa, Nelson and Canterbury. The Focus Groves were responsible for implementing and trialling new approaches, measuring outcomes and hosting Field Days to share their experience with others.

Now in its final stage of completion the project is on track for exceptional outcomes. In the Focus Groves and other groves following the recommended project practices, the two major diseases, Peacock Spot and Cercospora, are now effectively managed. Tree health is at an internationally exemplary stage. Biennial bearing is being managed and the improved harvest target of 15kg per tree (from less than 10kg) has been exceeded with most groves reporting 25kg or more per tree on an annual basis.

Having Field Days at the Focus Groves across the regions has been an extremely effective means of dissemination with tremendous turnouts, for example a total of 153 attendees in March 2019, including two international visitors. The Field Days also provided an opportunity to involve suppliers and demonstrations of equipment.

There has been a high level of reports produced from the project (available on the Olives NZ website), along with Fact Sheets and Conference presentations. There have been regular project updates published in the Australian & New Zealand Olivegrower and Processors magazine. The project was also profiled in the Ministry of Primary Industries "1000 projects and counting - celebrating the success of the Sustainable Farming Fund 2000-2017".

There has been international interest in the project and following a project presentation at the Australian Olive Conference in 2018, a similar project has been implemented in Australia.

Quote from the Editor, Australian & New Zealand Olivegrower & Processors magazine:

Your project results are seriously impressive: you, the project consultants and all of the participating grove owners should be very proud of what you have achieved. It's an incredible industry 'resource' which has no doubt changed the projected forecast of the NZ olive industry, and assured its viability.

International Collaboration

Olives NZ contributes annually to research publications from the International Olive Council (Spain) and Flos Olei (Italy), as well as meeting other requests for industry data from international researchers and organisations.

An example of our international collaboration is the "Boutique Olive Growing in New Zealand", a Case Study by Sutton and Burland published in 2014. Olives NZ provided significant input into the case study, which was subsequently presented at the 31st International Conference on Case Method Research & Application.

Future Research

The “Increasing the Market Share for New Zealand Olive Oil” project has been hugely successful in increasing productivity and dealing with the most common diseases. However, demand for NZ EVOO continues to exceed current supply capability. Accordingly there has been consistent feedback from the industry that the momentum in increasing productivity is continued by looking at other aspects of best practice in grove management. It is also critical to ensure there is no backtracking of what has been successful by continuing to monitor and respond to the impact and stress of increased production.

A number of growers would also like an alternative to the intensive spraying programme implemented/employed in the previous project. The option of including other and organic approaches has been suggested as these may be more easily implemented by smaller groves, also requiring less capital expenditure.

This feedback has led to developing a new project with the following aims:

1. Understand the nutrient requirements of olive trees in New Zealand given increased production and the potential to increase production further
2. Determine changes in olive tree canopy and crop load management for sustaining annual yields under increased productivity from best practice grove management
3. Benchmark the effectiveness and sustainability of alternate and more organic approaches to olive grove management
4. Establish an effective regime to manage diseases in olive groves, particularly Anthracnose a recently identified disease causing significant yield loss from two causes – blossom rot reducing fruit set in spring and rots in mature fruit causing crop loss at harvest.

This new project would follow the same methodologies which were Key Success Factors with the previous project.

1. The services of an expert consultant would be contracted who had demonstrated expertise in successfully researching and implementing strategies for improving orchard production.
2. Five focus groves would be established in each of the main regions. These would be groves that have demonstrated a commitment to the principles of the previous project and have a well-established baseline. They would be responsible for implementing and trialling new approaches, measuring outcomes and hosting Field Days to share their experiences.
3. Other groves would be selected for their alternate approaches to grove management to be visited as part of the Field Days to review and record their approach and to benchmark.
4. Field Days would be held twice annually to share the knowledge, demonstrate application and review the outcomes. As above this would not only include the focus groves but also groves who have adopted alternate approaches.
5. Reports would be produced after each Field Day to detail the strategies trialled, results and future recommendations. This enables broad communications which can be used by the industry, other sectors with similar issues, for researchers and as a basis for media articles.
6. Fact sheets on key findings would be issued as soon as successful strategies were identified.
7. Project synopsis would be presented at the Olives NZ Conference and be available to be used at other conferences, nationally and internationally.

It is hoped to gain co-funding for this new project to enable a start in October 2019.

Innovation

Olives NZ has really displayed innovation since its inception. This is evidenced, for example, in having a Sensory Panel and Panel Leaders trained and recognised by the International Olive Council in 2006 and then re-recognised annually until Olives NZ moved to using the Australian Panel in 2012. New Zealand was only the second English speaking Panel to be accredited in the world.

All previous, current and future research projects have been seen as innovative internationally and Olives NZ has been asked to report on these for international publications.

Olives NZ is asked to host international guests who wish to observe the outcomes of the projects and the on grove innovation. These guests are always very impressed with what they see, particularly in comparison to olive groves in their home country.

In 2016 Olives NZ developed a Japan Export Pilot for a consortium of growers. This included developing a package of products, brochures, e-business card with the promotional video all in Japanese and a stand at the Kansai Olive Oil Expo held in Osaka. This drew a lot of interest from potential importers and established ongoing relationships.

The Olives NZ database is unique to the olive industry internationally in relation to the data recorded and the reports that are produced.

In relation to food safety, Olives NZ worked with MPI to establish criteria where olive growers who package their own oil could be exempt from the requirement to register under National Programme Three. Additionally Olives NZ developed three templates for use by members; National Programme One (for growers), National Programme One (for growers requiring the packaging exemption) and National Programme Three (for all other growers and processors).

Olives NZ encourages and provides support for members to enter international olive oil competitions. As a result NZ EVOO consistently wins top award in international competitions such as those run in New York, Los Angeles, Italy and Japan. These awards benefit the whole industry in being able to show case the quality of NZ EVOO on an international platform.

The Olives NZ Certification System and trademarked OliveMark are seen as innovative internationally. It drew special praise from international European Union delegation that visited New Zealand in February 2019. Olives NZ was asked to speak on the Certification System at the Kansai Olive Oil Expo held in Japan in 2016.

Regional branches encourage collaboration and co-operation, for example shared purchases of equipment, sprays, packaging, etc. This helps alleviate the challenge of poor economies of scale by smaller groves and also their ability to fund capital expenditure.

Funding

The main source of funding for operational activities comes from the annual membership fees. Other activities and events run by Olives NZ are at least self-funding/user pays including Certification, NZ EVOO Awards, Awards Dinner, Conferences and courses. Members will also contribute towards special activities such as the Japan Export Pilot, the Focus Farm Project.

Olives NZ applies for funding for special projects from organisations such as AGMARDT and the Ministry of Primary Industry.

Olives NZ is fortunate in having partnerships with sponsors, including:

Gold Sponsors

Kiwi Labels

Complete Packaging

Silver Sponsor

The Grove Supply Company

Bronze Sponsors

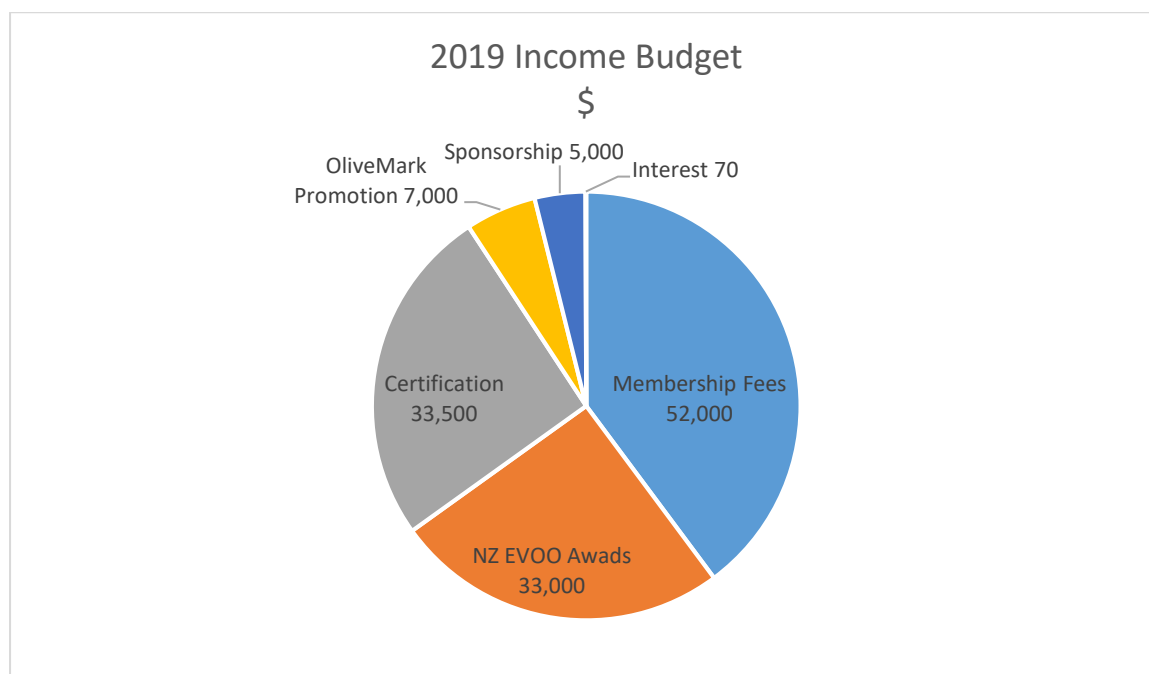
Arthur Holmes Ltd

Food Tech Solutions

HortPlus

VITIS

A breakdown of funding budget for the organisation for 2019 is shown on the following chart.



Situational Analysis

Where are we now?

We are a relatively young industry but already in an enviable position with our international reputation (albeit limited).

To date all commercially produced Certified olive oil in New Zealand has an FFA of less than 0.8% (typically 0.1% - 0.2%). No other country can claim this.

In terms of world production of olive oil New Zealand cannot compete, but in terms of extra virgin production, we can. (Less than 10% of world production qualifies as extra virgin).

New Zealand has a unique climate. There is no other country that can produce olive oil with the same characteristics (characteristics that are seen as superior).

The style of oil emerging from olives grown in our temperate climate and fertile soils is more robust with deeper flavours and fruitiness – much like our wines (from the new world).

The New Zealand olive industry is a collection of individual brands ranging in size from those able to supply supermarkets to those who are boutique with targeted markets.

Many growers produce small quantities of oil and market it under their own brand name. A few have formed co-operatives to pool their oil under a common brand name. The smaller growers sell via personal contact (e.g. markets) rather than through domestic or international distribution networks.

The local New Zealand market is now well served by New Zealand brands.

There are only a small number of brands that have established export markets. These are mainly USA, Japan and China.

The 2018 Consumer Survey showed that EVOO is the dominant oil in the New Zealand market, widely used and appreciated for its many benefits. This is unique in the world according to the International Olive Council. Key findings included:

- Cooking is dominated by EVOO (60%)
- Baking is shared by Canola and EVOO
- Frying is shared by Canola and EVOO
- Dressing is dominated by EVOO
- Finishing is dominated by EVOO
- Health and flavour are seen as the two primary benefits of EVOO.

Marketing Synopsis

NZ EVOO is an extremely high end product, comprising around 100 brands, competing with much cheaper imported olive oil and non-olive oils, in a market of customers who don't fully understand and appreciate the benefits of NZ EVOO⁵. But the NZ consumer is becoming increasingly aware.

New Zealand already has one of the highest ratios of EVOO use in the world, surpassing European countries. The 2018 Consumer Survey conducted by Olives NZ showed that 75% of respondents had

⁵ Olives NZ Initial Recommendations – paper prepared by Rob Bree, BMSW Strategies for Growth, July 2018

used EVOO in the last 4 weeks, well ahead of the next oil at 50%. However the cheaper supermarket brands are most commonly purchased for a variety of reasons.

SWOT Analysis

Strengths:

- The Olive Mark and Certification programme.
- New Zealand's heritage and image.
- NZ wine, dairy, meat, fruit, film industry, sporting teams.
- Passionate people involved in NZ olive industry.
- Exceptional quality oil.
- Our oil tastes different ((more flavour / fruitiness).
- Different tastes = different uses.
- New world producer
- Unique (because of climate, soil, horticultural expertise).
- Variety of flavoured olive oils available (infused, agrumato).

Weaknesses:

- NZ unknown as an olive growing country.
- Productivity.
- Expensive product.
- Pricing.
- Domestic market ignorance.
- No overall promotional budget.

Opportunities:

- No baggage – we can position our product from scratch.
- Own the top end of the market.
- NZ market undeveloped (but open-minded and adventurous).
- Small, savvy local market (used by many companies as an ideal “test market”).
- Co-operative possibilities with other premium NZ product categories.
- Create profile via food trade (chefs, writers, media etc.).
- Pool our resources for branding clout.
- Work together to create economies of scale to reduce costs / pricing.
- Re-invigorate the dormant groves.

Threats:

- Inconsistent seasons and weather patterns.
- Unreliable quantities of product.
- Inability to rationalise cost of production.
- International subsidisation.
- Poor truth in labelling.
- No country of origin requirement.
- Other types of oils.
- Other crops with current higher returns.

Summary

Olives are a fledgling industry in NZ. Our oils are expensive to produce compared with imported oils due to the inverse relationship between quality and quantity and the lack of scale. The NZ product is exceptional, as confirmed annually by international judges at the New Zealand Extra Virgin Olive Oil Awards and at renowned international competitions (e.g. Japan, New York, Los Angeles, Italy). And the price reflects the quality.

We are at a crossroads. With the price of olive oil driven down by cheap imports, the local industry is struggling. Groves around the country are being pulled out because they cannot be made profitable. We produce some of the best EVOO in the world and the public is only just coming to understand this. Our EVOO provides a benchmark for the education of the public as to how a high quality olive oil should taste.

Without support at this time, we could lose our local industry just as the public is starting to recognise the difference and be willing to pay the price for locally produced EVOO. Without more investment at this time, we risk the demise of the local industry to crops that have already benefitted from significant investment resulting in higher returns.

Nevertheless, it is apparent that the New Zealand olive industry, via Olives New Zealand, already punches well above its weight on an international platform. Particularly in relation to producing high quality EVOO with unique and highly desired taste profiles, also in relation to leading research, providing input into other research and international collaboration.

The industry has yet to reach its full potential. Demand exceeds supply and there is capacity to increase production substantially. Imagine what the industry could be with the required investment and support to continue its works and reach its potential!

Appendix One: - Membership Benefits

- **Certification** – access to the Olives New Zealand Certification Programme to ensure and certify your product is EVOO using an IOC accredited laboratory and Panel (not available to Associate Members)
- **OliveMark** – quality trademark only available for use by Olives New Zealand members
- **New Zealand Extra Virgin Olive Oil Awards** – access to entry of New Zealand’s most prestigious olive oil awards
- **Conference** – brings members together to learn and to share experiences
- **Olive NZ Newsletter** – Olives New Zealand’s informative monthly newsletter
- **Voting rights** – your chance to make a difference at the Annual General Meeting
- **Representation** – as part of a recognised industry group
- **Branch membership** – membership of Olives New Zealand will guarantee you membership to the Olive New Zealand’s branch in your region
- **Regional Field Days** – typically at least two per year, a great chance for learning
- **Olives New Zealand website** – you will have full access to restricted member website pages including those on Research and Marketing, Latest News, Minutes of Meetings, etc.
- **Olive Grove Listing** – free on the Olives New Zealand website with a hotlink to your own website (if available), used by people and businesses looking to buy NZ EVOO
- **Classifieds Listings** – free listings on the Olives New Zealand website in the Buy/Sell section
- **National Programme Templates** – recognised by MPI and one version including an exemption for growers who package their oil
- **Olive Growers Best Practice Manual** – access via the website to the most comprehensive New Zealand specific olive grower manual available
- **Referrals** – from purchasers who approach Olives New Zealand for local suppliers
- **Referrals** from Media wanting to feature NZ olive industry (TV, magazines, radio)
- **Referrals** – for sponsorship of prestigious events
- **Research** – access to up-to-date research, an essential part of our future
- **Professional Development** – access to courses run by Olives New Zealand
- **Promotional Activities** – Olives New Zealand promotes NZEVOO and the OliveMark to the consumer and other interested groups
- **Merchandise Material** – members can purchase a variety of merchandising products to help promote/sell their products (bags, brochures, etc.)
- **Discounted rate for Aust and NZ Olive Grower magazine** – AUD29.50 per annum
- **EVOO Brokerage** – Olives New Zealand provides a brokerage service between people wishing to sell bulk EVOO and those wishing to buy.

Appendix Two – The Olives NZ Database Standard Reports



All Reports



Membership

- | | |
|-------------------------|-----------------------------|
| ☆ Contact Phone List | ☆ Processor Contact List |
| ☆ Contact Status Report | ☆ Processor Capacity Report |
| ☆ Participation Summary | ☆ |
| ☆ Export All Contacts | ★ Membership Rankings |

Certification

- | | |
|-----------------------|------------------------------|
| ☆ Website EVOO Report | ☆ Certification Requests |
| ☆ | ☆ Certification Test Results |
| ☆ | ★ Trading Name in Carton |
| ☆ Export All Samples | ☆ Olive Oil Transfers |

Annual Awards

- | | |
|---------------------------|---------------------------|
| ☆ Facilitators Entry List | ★ Members Awards Entries |
| ☆ Printers Winners List | ☆ Members Awards Results |
| ☆ Website Winners List | ☆ Awards Medals by Region |
| ☆ Awards Entries by Class | ☆ Blended Oil Recipes |
| ☆ Medal Boxes Required | ☆ Awards Presentation |
| ☆ Export All Awards | ☆ Awards Best Processor |

Olive Grove

- | | |
|---------------------|-----------------------------|
| ☆ Grove Details | ☆ Sprays Used |
| ☆ Grove Summary | ☆ Most Popular Trees |
| ☆ Tree Adjustments | ☆ Total Tonnes by Member |
| ☆ Varietals Planted | ☆ Average Yield by Member |
| ☆ Export All Yields | ★ Regional Crop by Variety |
| ☆ Export All Trees | ☆ Regional Yield by Variety |

Management Reports

- | | | | |
|--------------------------------|----------------------------------|----------------------------|------------------------------|
| ☆ Responses Returned | ☆ Response Rate by Region | ☆ Certifications by Region | ☆ Certification Data Summary |
| ☆ Trees Planted by Region | ☆ Most Popular Varietals | ☆ | ☆ |
| ☆ Tree Crop by Region | ☆ | ☆ | ☆ |
| ☆ Crops including Focus Groves | ☆ Top Individual Crops | ☆ | ☆ |
| ☆ Average Yields by Region | ☆ Best Average Yields by Variety | ☆ | ☆ |