

Cracking the macadamia market

Torere Macadamias has had Activate Tairawhiti help to grow the business and progress plans for a regional co-operative, as it targets 50ha in macadamia trees here in 10 years — to rival Waikato as the country's biggest producer. Andrew Ashton reports.

A Gisborne business owner is a step closer to fulfilling her long-held dream of making the East Coast the nation's biggest macadamia producer, thanks to assistance from the region's economic development agency.

Torere Macadamias co-director Vanessa Hayes says the company, which owns a nursery and orchard in Torere — about 25km from Opotiki, towards the East Cape — and a production and administration facility in Gisborne, applied to Activate Tairawhiti last year for a \$5000 grant from NZ Trade and Enterprise to co-fund a feasibility report and information memorandum to promote the company and the industry, and open both up for investment.

Ms Hayes says this work will help take the family-run company to the next level.

"It's really a sealing of a relationship between ourselves and Activate Tairawhiti.

"My perception of that relationship is that they are going to provide me with any advice or source any back-up I might require to establish the business more in the Tairawhiti region — to help me develop the business and a new food industry for the region.

"Currently, there are only 3000 macadamia trees growing in the East Coast region and from those 3000 trees, 15 tonnes of nuts have been produced; we produced half of that ourselves.

"I have a 10-year target projection to grow that 3000 trees in this area to 20,000 trees, which is around 50ha of land that will produce 300 tonnes of nut in shell."

That would equate to 100 tonnes of kernel to either add value to, or sell raw.

Raw macadamia kernels retailed at \$35 per kg last year, earning \$15/kg after costs; added-value kernels fetched \$78/kg, or \$30/kg after costs.

Macadamia trees can be planted at about 500 trees to the hectare in this region, and start producing quickly — rising from 1-2kg of nuts (in shell) at three years old to 15-20kg at 15 years.

Ms Hayes says average net returns per hectare are \$3000 (\$7200 added value) at three years, \$9000 (\$21,600) at five years, \$30,000 (\$72,000) at 10 years and \$45,000 (\$108,000) at 15 years.

"We need to work out what employment growth would result from bringing this new industry to the region, how much tourism growth, and the economic value to the region as a whole," says Ms Hayes.

"So, that's really where Activate Tairawhiti are coming on board."

Torere Macadamias has had to limit the number of businesses it supplied macadamias to, due to the lag between supply and demand. But if the growth in plantings Ms Hayes is seeking can be achieved, Gisborne would be on-par with Waikato as New Zealand's leading producer of macadamia nuts.

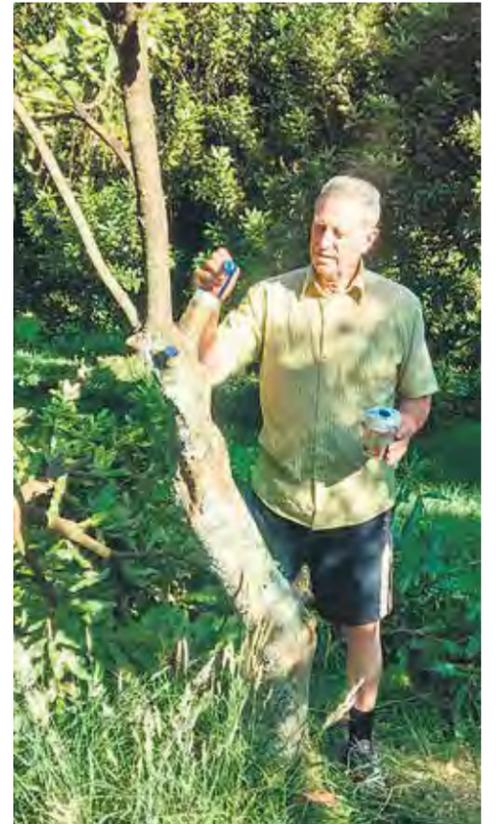
"There is a huge global shortage. New Zealand imports more than it produces, and the demand and supply maintains a high value."

New Zealand produces just 47 tonnes of macadamia kernels and imports 174 tonnes — mainly from Australia which is the world's biggest producer, accounting for about 32 percent of global production.

South Africa (30 percent), the United States and Kenya (about 20 percent between them) are the other top global producers (according to the 2014-15 Nuts and Dried Fruit Global Statistical Review). New Zealand now accounts for less than 1 percent of worldwide production. Macadamia trees are a native of Australia and



SHARING KNOWLEDGE: Torere Macadamias co-director Vanessa Hayes, left, compares notes with Warkworth grower Dianne Niccolls. Right, Torere Macadamias co-director Rod Husband top-grafts old macadamia varieties over to a new "dropping" variety.



Pictures supplied

a member of the Proteaceae family, related to the New Zealand rewarewa.

Torere Macadamias views the East Coast, with its rich organic soil and a mild coastal climate, as perfect for growing their new dropping variety of macadamia trees.

"Once we get enough growers on-board, we'd like to set up a grower co-operative, build a new factory and do the processing from Gisborne — and that's where Activate Tairawhiti comes in.

"They also see it that if they help us develop and grow macadamias on the East Coast, it's going to help develop the region. It's going to provide another form of employment and revenue through food production, which is a big thing for Gisborne."

Ms Hayes began macadamia variety research in 1983, founded the company in 1993 and partner Rod Husband became co-director in 1996.

In 2011 MAF "sustainable" funding was approved to establish a national macadamia co-operative. That did not proceed due to Ms Hayes, who was the project leader, contracting cancer.

She has now recovered fully and reverted to her original plan to establish a grower co-operative on the East Coast.

"We've got the IP knowledge and exclusive rights in New Zealand for the new varieties, we've got the nursery, we do the processing. We have the land here and we have got the

economic need."

The new "dropping varieties" of macadamias are a viable and sustainable crop that produce commercially "for years", she says.

Torere Macadamias plans to increase staffing levels this year to deal with increased capacity at its nursery.

"The nursery will be the first stage in an increase in employment."

The company's organic orchard now has 1500 trees, with capacity to increase that to 3000.

Torere Macadamias sold 25,000 trees nationwide from 2005 to 2015 and projects sales to double by 2025 with East Coast as the biggest recipient.

They hold the IP and sole Plant Variety rights in NZ for the trees they have trialled and increased nursery capacity to 10,000 plants to meet growing demand.

Nuhiti Q, a farming incorporation on the East Coast near Anaura Bay, is planting its first lot of macadamias this year.

Torere Macadamias will support and train Nuhiti Q's new employee to manage and develop its macadamia block.

"That's going to create a new occupation on that farm. It's not going to generate income for three years but it's going to utilise an area of land that was under-utilised before."

Existing businesses are cornerstone for Activate

Activate Tairawhiti business growth adviser Jo Emerre has been working with Torere Macadamias since 2014, helping to support its development.

Torere Macadamias co-director Vanessa Hayes says Activate's involvement will help establish the macadamia industry more firmly in Tairawhiti, as the company encourages new and prospective growers here to join them in growing macadamias through to the food production stage — boosting local employment and economic growth.

"We are supporting a small group of local growers and the first major grower within this region is Nuhiti Q, which will begin planting this spring. We are also working with several other local prospective growers interested in planting from 2017," said Ms Hayes.

"We are extremely grateful for AT assistance in funding the macadamia feasibility report which provided the incentive to retain the macadamia processing facilities in Tairawhiti. Their support to help us grow the macadamia industry in this region is vital for its success."

Mrs Emerre said Activate Tairawhiti provided Ms Hayes an opportunity to sell directly into China through an introduction to Sally Gallagher at the Food Innovation Network. She was able to help with information on an R&D (research and development) project.

Activate Tairawhiti also provided Ms Hayes with access to the expertise of the NZTE Better By Capital team, and co-funding through the NZTE capability voucher scheme to undertake BDO's investment memorandum programme for the company.

"She now has a robust investment memorandum and has interested investors.

"Vanessa is fully engaged, ready and willing to take advice and capitalise on opportunities, and has an excellent business with enormous potential to scale up that could benefit the region."

Activate Tairawhiti chief executive Steve Breen says development of the region's existing businesses is a "cornerstone" of the agency's economic development policy. "We have just on 5000 existing businesses within the region employing, on average, just over four people per business.

"These businesses have already made a commitment to operating here. They've invested time and resources into becoming established and securing customers, so it's more achievable for them to secure additional

growth than it is to attract a whole new business to the region."

Adding a new role to an already established business requires less up-front resources than businesses that start from scratch, he says.

"Existing businesses usually know where the next customer or next opportunity for growth is, so applying resources to assist them is more-often-than-not rewarded with a result.

"This is why Activate Tairawhiti's early efforts have been to focus on increasing the level of support available to our local, established businesses. We will continue providing this support because we recognise the vital importance of our local businesses to our economy and our region's future prosperity."

So far, outcomes also included more conversations with and engagement from local and central government, along with additional government funding. Callaghan Innovation and NZTE also continued to grow the economic prospects of local businesses and the region.

Mrs Emerre said another 80 local businesses engaged with the Regional Business Partners programme last year.

"Now that NZTE and Callaghan Innovation have given Activate the funding to hire a second business growth adviser, we will be engaging with at least 135 local businesses in 2016.

"We're currently in the process of capturing results from the businesses we've engaged with since Activate Tairawhiti was established last year, and over the coming 12 months will be reporting on successes as businesses build on the support they've received."

Business knowledge and expertise had already been greatly enhanced.

"Connections have been made that are resulting in specialist advice and new business opportunities. Many have accessed co-funding, specialised R&D grants and other investment. "Local businesses are working smarter.

Some have taken on new employees due to the resulting business growth.

"We have two businesses going through the High Performance Work Initiative programme now, and will have results in six months.

"A year ago we had \$60,000 in NZTE capability voucher funding to allocate to businesses in this region. This year we have \$100,000, equating to \$200,000 of training and development in-region. And more businesspeople are engaging with Activate, seeking development, training and support."