

## Record 2016/17 season recounted at Zespri AGM

Zespri reported to around 500 grower-shareholders today at its Annual Meeting on a record 2016/17 season, with global sales up 19 percent from last season to \$2.26 billion on the back of exceptionally high yields.

Chairman Peter McBride explains the high yields and late start to the New Zealand season meant lower per-tray returns for Zespri Green but continued strong per-hectare returns for the Green business.

“A particular highlight was the performance of SunGold which saw a sharp increase in both volume and per-tray returns – up 39 percent to \$98,838 per hectare and five percent per tray to \$8.64,” says Peter.

The Annual Meeting reported on Zespri’s financial year to 31 March 2017, covering the performance of NZ kiwifruit sold in the 2016/17 season with sales running from April to November and Zespri’s counter-seasonal Northern Hemisphere season with fruit sold from October to March. Most of Zespri’s fruit is from New Zealand and the company also sources fruit from Italy, France, Korea and Japan to supply key retail customers with Zespri-branded fruit all year round.

### Zespri’s Northern Hemisphere supply

Peter outlined to shareholders the growth in Zespri Global Supply, Zespri’s 12 month business.

“Volumes in this business grew from 14.5 million trays to 16.6 million trays for the reported season with sales in this business growing from \$183.6 million in 2015/16 to \$215.6 million in the reported period with contributing operating profit growing from \$10.4 million to \$11.9 million. A highlight was the strong gold growth of 46 percent from the previous season (from 3.6 million trays in 2015/16 to 5.3 million trays) and the extra 1,800 hectares of SunGold

licence to be allocated in Europe over the next five years will see European volumes quadruple over the next five years,” says Peter.

### Upcoming consultation with shareholders over constitutional changes

Peter spoke about an upcoming Special General Meeting planned for 14 March 2018 where Zespri will seek shareholder approval for constitutional changes aimed to align shareholding more closely with production following the recently announced changes to the Kiwifruit Export Regulations.

Chief Executive Lain Jager says the industry is in good heart. “Strong returns and confidence are underpinning strong orchard values in the sector and Zespri is focused on delivering value for growers by investing to grow demand around the world,” said Lain.

### Meeting resolutions

The meeting brought seven resolutions for shareholders to consider, including two director elections. All resolutions passed.

- Approval of Zespri Group Limited’s 2016/2017 Annual Report (99.92% votes for).
- Election of Director (Vacancy 1) – To re-elect Nathan Flowerday (92.74% votes for).
- Election of Independent Director (Vacancy 2) – To elect Peter Springford (99.32% votes for).
- Election of shareholder member of Director Remuneration Committee (Vacancy 1) – To re-elect John Griffin (98.62% votes for).
- Re-appointment of KPMG as auditors (99.72% votes for).
- Shareholder resolution regarding director remuneration (97.25% votes for).
- Amendment of the Constitution (96.32% votes for).



CEO Lain Jager (far right) with the Zespri Board.



Zespri Chairman Peter McBride addressing around 500 grower-shareholders at Zespri's Annual Meeting in Mt Maunganui on 24 August.

## August 2017 forecast

The Zespri Board of Directors approved the August forecast and the forecast range of net profit after tax and the dividend for the 2017/18 season.

The August forecast for Green is \$5.84 per tray, compared with the June forecast range of \$5.65 to \$6.15. The average per hectare return is forecast at \$52,038.

Organic Green is forecast at \$7.92 per tray, compared with the June range \$7.65 to \$8.15, with an average per hectare return of \$46,058.

The Gold return is forecast at \$9.28 per tray, an increase on the June range of \$8.75 to \$9.25. The average per hectare return for Gold is \$104,956.

The Green14 forecast return is \$5.25 per tray versus the June range of \$4.20 to \$5.20, and the return per hectare is \$36,408.

CEO Lain Jager comments, “The August forecast shows average OGR returns per hectare for Green and Green Organic that reflect lower yields and higher per tray returns. Gold continues to perform strongly across all markets, reflected in good returns. Green14 returns are off this year, impacted by a very narrow market mix for this small category.”

AVERAGE ORCHARD GATE RETURN (Fruit and Service Payments plus loyalty premium, less post-harvest costs)			
POOLS	MARCH 2017 FINAL (EF)	AUGUST 2017 FORECAST (E2)	VARIANCE BETWEEN MARCH 2017 FINAL (EF) AND AUGUST 2017 FORECAST (E2)
Green	\$53,555 per ha \$4.36 per tray	<b>\$52,038</b> per ha <b>\$5.84</b> per tray	-\$1,517 +\$1.48
Organic Green	\$54,427 per ha \$6.86 per tray	<b>\$46,058</b> per ha <b>\$7.92</b> per tray	-\$8,369 +\$1.06
Gold	\$98,838 per ha \$8.64 per tray	<b>\$104,956</b> per ha <b>\$9.28</b> per tray	+\$6,118 +\$0.64
Green14	\$45,853 per ha \$5.79 per tray	<b>\$36,408</b> per ha <b>\$5.25</b> per tray	-\$9,445 -\$0.54

The total fruit and service payment, across all pools and excluding loyalty premium, is currently forecast at \$1.341 billion.

### Forecast profit and dividend range

The Zespri Board of Directors has approved a forecast range for Zespri Group Limited of

corporate net profit after tax for the year ending 31 March 2018 is \$93 million to \$98 million. The forecast dividend per share range for the year ending 31 March 2018 is \$0.69 to \$0.74. This range is inclusive of the special dividend paid in August of \$0.50 per share.

## China: strong consumer demand in a changing landscape

The Bay of Plenty business community and kiwifruit industry this month took the opportunity to hear fascinating insights on the China economy and consumers from Zespri’s China Advisory Board – ranging from how agricultural land use is changing to the startling growth ecommerce across the country. It was a privilege to host this session with Export New Zealand, many thanks to our speakers Sam Shih, Dr Anning Wei, David Mahon and Zespri’s China Market Manager Lewis Pan. If you would like to read more about this session and what was discussed, please visit our newsroom on [www.zespri.com](http://www.zespri.com).



Dr Anning Wei of Zespri's China Advisory Board presenting to Bay of Plenty's business community on China business matters.



# From the Markets

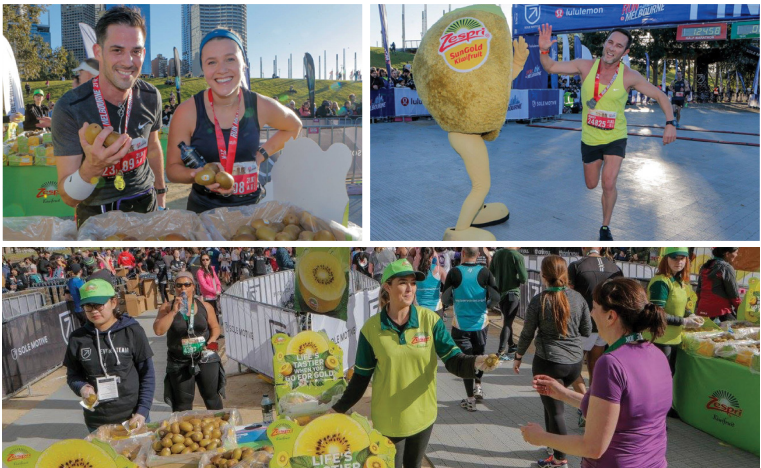
**Australia**

Zespri Australia was proud to be the exclusive fruit partner of the popular Run Melbourne event last month. This follows on from the successful Sydney Half Marathon and Gold Coast Airport Marathon event partnerships.

More than 19,000 people entered Run Melbourne's 2017 half marathon, 10km, 6km and 3km courses around Melbourne famous landmarks.

During the weekend event, runners and supporters enjoyed over 28,000 sweet and juicy Zespri SunGold at the finish line and in the Zespri marquee at Melbourne's central Federation Square.

Participants had fun with Zespri's kiwifruit mascot, making GIF images to post on social media. Check out the Zespri Australia Facebook page for more photos.



Runners and supporters enjoying Zespri Kiwifruit at Run Melbourne.

**Spain**

Zespri's team in Spain sponsored the popular annual summer sailing regatta, 36 Regata Copa del Rey De Vela in Palma de Majorca again this year, serving up Zespri Kiwifruit for breakfast to the 1,500 participants.

The public also enjoyed delicious kiwifruit at the Real Club Nautico de Palma and learnt more about the health benefits of eating kiwifruit.



Sailing participants and members of the public enjoying Zespri Kiwifruit at the Regata Copa del Rey De Vela in Spain.

**America**

Zespri North America recently took first place at the annual Produce Marketing Association's Foodservice Conference lunch competition in California.

Renowned Food Network Chef Domenica Catelli prepared an outstanding open-sandwich pulled pork slider with Zespri SunGold prepared three ways. Conference attendees voted Chef Domenica's SunGold Slider the winning dish, showing innovation, creativity and deliciously featuring SunGold Kiwifruit!



SunGold pulled pork slider voted best concept at PMA Food Service conference in California.

**Japan**

Zespri Japan is once again the gold sponsor for the Japan Dietetic Association (JDA) Nutrition Day and Nutrition Week held in August to promote good nutrition.

A press event was held to kick off the promotion, attended by 36 journalists. The team gave a "Zespri Award" to dietitian Terumi Kobata who gives nutritional advice to professional footballers and baseballers as well as Olympic athletes. Japanese registered dietitians sampled more than 100,000 Zespri Kiwifruit in a health awareness promotion with the support of JDA.



Ichiro Anzai, Japan Country Manager gives the Zespri Award to registered dietitian Terumi Kobata.

**China**

President Sales & Marketing Dan Mathieson was on TV and phone screens around Asia earlier this month on CNBC Asia's Squawk Box business show. Dan talked with host Sri Jegarajah about how we're developing new ways to connect with consumers around the world and the opportunities in market in China, where one-fifth of our fruit is now sold online. You can search the video gallery on the CNBC website to watch Dan's interview.



Zespri's Dan Mathieson on CNBC Asia.

**Germany**

The world's biggest volleyball tournament was held in Germany recently and the winner on the day was... Zespri! With more than 10,000 kiwifruit sampled, 5,974 pieces of Zespri Kiwifruit sold and over 500 kiwi-coladas bought during the evening's entertainment, Zespri was definitely the star of the show.



Participants and spectators were treated to delicious kiwifruit at the world's biggest volleyball tournament in Germany.



## Top 5 www.canopy.zespri.com PAGES

1. Quality Manual
2. Shares
3. The Month Ahead: August
4. Up2Date
5. OPC Events

## Zespri opens new pan-American office in California, growing sales

Zespri officially opened its regional office in Orange County, California in July to manage growing sales across Northern, Central and Southern America.

Zespri Chief Executive Lain Jager says Zespri is growing strongly across North America with most of this growth coming from the new gold variety Zespri SunGold Kiwifruit, which is proving hugely popular.

"The New Zealand kiwifruit industry is on track to more than double sales to \$4.5 billion by 2025 and an important part of this growth will come from developing markets like North America, as well growing sales in our more established markets. Zespri is relaunching the kiwifruit category in the United States and the wider Americas region to attract new consumers and grow sales," says Lain.

A Māori cultural delegation officially opened the new office at an event with senior Zespri executives, Ambassador Tim Groser and Mayor of Newport Beach Kevin Muldoon, with karakia/prayers and waiata/songs to bless the new whakairo/carving commissioned for the office. Carver James Tapiata has made several other carvings for Zespri offices in New Zealand and around the world and he created this work Te Puawaitanga (The Flowering) for the new office. Around 10 people will be based in the office.



L to R: Zespri Regional Market Manager Americas Ben Hughes, Ambassador Tim Groser, Zespri CEO Lain Jager and Zespri Market Manager North America Glen Arrowsmith.

## Grower communications survey 2017

Zespri has commissioned a grower survey, to be held over the next few weeks, to ask for feedback on our communications services to growers.

The last survey was held in February 2015. The purpose is to gain insight to help improve our communication services and check that the content we provide and the channels we use are effective, relevant and timely.

An independent research company will carry out the survey on our behalf, involving a phone survey of up to 250 growers, selected randomly. Respondents will not be asked to provide their names but some background information will be requested to help us understand the demographics of the industry. The topics will focus on the content and channels used in our communications.

Thank you in advance to growers who take part in the survey, which should take around 15 minutes. We value your feedback.



# Zespri wins top award for US trade

Earlier this month, Zespri North America won the Supreme Award as well as Large Exporter of the Year at the AmCham-DHL Awards in Auckland, recognising the investment Zespri has made to grow kiwifruit sales across the United States and improve value returned to growers.

Chief Operating Officer Simon Limmer says Zespri is growing strongly across North America, with most of this growth coming from Zespri SunGold and Organic SunGold, with distribution growing across the

region and US consumers increasingly regarding these products as a delicious healthy snack.

“On behalf of our colleagues and distribution partners – Oppy, Awesum Organics and Catania – we’re thrilled the hard work that’s gone in to relaunch Zespri Kiwifruit across the US has been recognised like this. These awards are particularly special to us as they come just days after we officially opened our office in California to service the Americas region”, says Simon.

Zespri has established a core sales and marketing team in North America following the appointment of Glen Arrowsmith as Market Manager in 2015. The team is gearing up to continue the rapid sales growth in mainstream retail accounts to support the strong distribution already in place into club stores and Asian retail channels in the US. Zespri also recently appointed Ben Hughes to the new role of General Manager Americas, based in California. Ben was previously Zespri’s Regional Manager for MEIOA/Americas and will now focus on leading the growth in the Americas region.



Smoothie bike – Zespri US marketing in full swing at a trade show this season with the Zespri smoothie bike in action.



US consumers sample Zespri SunGold in retail promotions this season.



Zespri award – Zespri directors, executive and growers with Minister of Finance Hon Steven Joyce receiving both the Supreme Award and Exporter of the Year at the AmCham-DHL Awards in Auckland.

## Grower-owned, market-driven seminars

Zespri’s Grower Liaison team is hosting its fourth Grower Engagement Seminar. With a similar format to last year, we are holding a two-day seminar on Wednesday 1 and Thursday 2 November, designed to give a comprehensive overview of the Zespri System. This is targeted at a broad range of people from new growers, industry grower representatives and growers who would like to refresh their industry knowledge.

We also have a one day seminar on Friday 3 November for industry stakeholders who took part in the two-day seminar last November and for people who already have an in-depth knowledge of the industry and want to get up to speed on Zespri marketing and Zespri’s payment system.

The seminars will give you:

- Advanced overview of both the industry and Zespri corporate.

- First hand in-market experience of the integrated Zespri system in our key markets.
  - Empowerment in understanding the capability and value of the Zespri marketing system.
  - Chance to meet a broad range of growers.
  - Understanding Zespri’s payment system.
  - Understanding of how to use the Canopy website.
- Following the seminars, the Grower Liaison team will host a short in-market experience (jointly funded by Zespri and tour group growers) to Zespri’s key markets as part of the development and further education for seminar participants. Please note, participants must complete both days of the in-house seminar at Zespri.
- Please register your interest by Friday 13 October with Grower Services Coordinator Jenny Beirne on [jenny.beirne@zespri.com](mailto:jenny.beirne@zespri.com) or phone 027 836 3426.

## Keep safe, keep growing

Horticulture New Zealand has teamed up with WorkSafe New Zealand to create a health and safety toolkit specifically designed for horticulture businesses.

“Managing health and safety in the workplace is a critical issue for horticulture businesses,” Horticulture New Zealand chief executive Mike Chapman says.

“Keeping up with what is required is something we can help growers with. Working with WorkSafe, we have been able to customise a toolkit, called *Keep Safe, Keep Growing*, which includes both a written booklet and an easy-to-work-through online guide to help growers identify and manage health and safety risks.

The guideline is targeted at those who are responsible for health and safety in a horticulture business. It covers the steps that growers should take to build a health and safety system. Features include a guide for visitors to a property, tools and training resources for workers and contractors, and the ability to create risk assessments for Good Agricultural Practice (GAP) audits.”

The online Guide is available electronically from [www.hortnz.co.nz](http://www.hortnz.co.nz) and a hard copy will be posted to all growers.

## Contractors and sub-contractors assessed against GRASP worker welfare standard

The message is clear - there is no room in the kiwifruit industry for people who break employment laws. All growers are now assessed for compliance with labour laws and worker welfare regulations under the new social responsibility part of GlobalGAP called GRASP, Pre Harvest Certification Manager, Kate McDermott explains this auditing will be extended to labour contractors in the 2017/18 season.

“All contractors and sub-contractors including pruners must now register with Zespri each year and they will be assessed against the same GRASP worker welfare criteria as growers. We will make the list of registered contractors and their compliance status available to growers so they can have confidence that everyone on their orchard is treated fairly and lawfully,” says Kate.

All contractors registered with Zespri have been informed of the upcoming changes and the contractor register will be available on Canopy later in the season.

## Largest-ever single Zespri shipment en route to Europe

The record largest shipment of Zespri Kiwifruit headed for Zeebrugge this month with more than 80 million pieces of fruit! Seatrade Blue arrived last week with 10,060 pallets or 503 40-foot-containers of premium fruit destined for fruit bowls in kitchens around Europe. Our shipping agents Thompson Port Agencies snapped this great photo for us.



Seatrade Blue headed for Europe with the record largest shipment of Zespri Kiwifruit.



## Kiwifruit industry mourns advocates

Our kiwifruit industry mourns the loss of two well respected industry members, Maria Ngatai and Wahiao Raymond James (Jim) Gray.

Maria was a much loved and respected member of the industry and invested endless time into the kiwifruit industry and also the local community, including her roles as Tauranga City Councillor and Justice of the Peace. Maria was also a recipient of the Queens Service Medal.

Jim was a stickler for process and procedure and the industry will miss his wicked sense of humour amongst many other things. Jim made many a contribution to the kiwifruit industry and his wider community and was recently recognised in the Queen’s birthday honours for services to Māori and governance.

Both Maria and Jim served the kiwifruit industry as NZKGI forum members. Our thoughts are with Maria and Jim’s families during this sad time.





## Outstanding innovation in Japan marketing recognised

How can you sell more kiwifruit in Zespri's longstanding number one market against all trends, in a country where people are bombarded by 18,000 TV commercials a year and where sales of fruit have been dropping over the past decade?

Kanako Inomata, head of marketing for Zespri in Japan, was presented with the New Zealand Kiwifruit Industry Innovation Trophy at Zespri's AGM dinner on 24 August for her novel solution to this challenge. The trophy, set up in 2015 by former Chairman of Kiwifruit New Zealand Sir Brian Elwood, recognises outstanding innovation achievements and this is the first year it has been presented.

Zespri General Manager Global Marketing Jiunn Shih explains Kanako's achievement has been to challenge convention and introduce marketing approach in Japan that makes Zespri Kiwifruit the hero, putting it front and centre in consumers' minds.

"For many years, our marketing relied on using well-known celebrities to promote the product. Through her work in consumer research and insights, Kanako recognised while this had positive short-term impact, it failed to build the Zespri brand toward its potential, with consumers remembering the celebrity more than the product they're promoting."

Working with celebrities can also be relatively costly, while marketing budgets have limits. Responding to consumer insights, Kanako came up with an entirely new approach – two mascots called the 'Kiwifruit Brothers'. These award-winning characters have proved enormously popular with consumers and helped increase brand awareness and resonance for Zespri in Japan.

Innovation requires more than a good idea—Kanako's next challenge was to get Zespri's sales partners on board with the new programme, involving instore displays across Japan using 13,000 sets of the mascots, supported with animation-based TV commercial, plus communication through digital media, fruit sampling and packaging,

to establish the loveable mascots as enduring, iconic characters in Japan.

Zespri was able to grow sales by 30 percent in this important market between 2015 and 2017 and has plans to further increase sales by 25 percent over the next five years. This shows that innovative marketing approaches based on consumer insights can unlock further growth potential.

The judging panel for the trophy involved Zespri Chairman Peter McBride, industry regulator Kiwifruit New Zealand (KNZ) Chair Kristy McDonald and NZ Kiwifruit Growers Inc (NZKGI) President Doug Brown.

Commenting on behalf of the judges, Peter said the panel reviewed some excellent nominations, showcasing a wide variety of innovation across the industry.

"Whether the innovation involves science and technology, investment models, marketing or other initiatives, the application of new ideas underpins the long-term viability of our industry. We are delighted to recognise Kanako for her excellent contribution which can create enduring value and we thank all those who have been nominated for the trophy this year," said Peter.



(L to R) Zespri Chairman Peter McBride, Japan Marketing Manager Kanako Inomata with her award and President Global Sales & Marketing Dan Mathieson.



New Zealand Kiwifruit Growers Incorporated (NZKGI)  
ph: (07) 574 7139 or toll free on 0800 232 505  
www.nzkgi.org.nz

## Kiwifruit star wins national young grower of the year

Erin Atkinson, 30, from Apata in Te Puke was crowned Young Grower of the Year in Christchurch this month. The competition involved four business and four practical activities as well as taking part in a panel on a leadership issue. Erin won three of the five sections that the competitors vied in. Scott Wilcox from Pukekohe was awarded runner-up and Ben Geaney of Waimate was awarded third place.

To get to the national competition, each of the finalists had to win first place in one of the four regional Young Fruit Grower competitions or the NZ Young Vegetable Grower competition. Erin was the first-ever woman to win the BOP competition and the only finalist representing the kiwifruit industry in the national competition.

"The regional Bay of Plenty competition and the national finals have been a great opportunity to test my horticulture skills against some of the country's best", says Erin. "I'm looking forward

to bringing my experience from this competition back into the kiwifruit industry".

NZKGI CEO Nikki Johnson says, "I congratulate Erin and her supporters on winning the Young Grower of the Year competition. It's great news for the kiwifruit industry that the winner of the BOP final has now gone on to win the national competition."

A core area of NZKGI's work is to show how attractive career options are in the kiwifruit industry. Competitions such as the BOP Young Fruit Competition not only showcase the industry's talented future leaders but also support the development and growth of skilled personnel in the kiwifruit industry.

Erin will now go on to compete for a share of \$40,000 worth of prizes in the Young Horticulturalist of the Year competition which involves the winners from New Zealand's six horticultural competitions.



Young Grower of the Year Erin Atkinson.



All finalists (L to R): Scott Wilcox, Jordan James, Erin Atkinson, Ralph Bastian and Ben Geaney.

## Licence repayments were due end of August

Zespri has sent statements to all growers who previously took a deferred payment option. A copy of the original invoice was sent at the time of the licence issue and was included in the licence pack.

The statements were sent at the beginning of August and are issued to the legal entity that owns the licence. If you have multiple associated KPINs with multiple licenses, then you should have received one statement with all licence repayments summarised into one account.

The amount showing at the bottom right hand corner in the remittance section is the amount payable and was due on the **31 August 2017**. If you are making the payment by cheque please cut off the remittance section and return with the cheque.

### Payments:

#### Please either pay by direct credit to account:

Account name: ZESPRI Group Limited  
Bank name: ANZ Bank New Zealand Ltd  
Account number: 06-0101-0674071-00  
Ref: (input your **customer number** found on your statement)  
Ref: (input the **invoice number** found on your statement)

Or send a cheque payable to:

Zespri Group Limited  
PO Box 4043  
Mt Maunganui 3149  
Ref: (write on back of the cheque your customer number found on your statement)  
Ref: (write on back of the cheque the invoice number found on your statement)  
To ensure that payments are applied to correct accounts it is extremely important that the customer number (highlighted in red) and invoice number on your statement are included as payment reference details.

Non-payment of licence fees on the relevant date may result in Zespri recovering money by way of off-set from other grower payments and/or forfeiture of the licence and forfeiture of any monies paid up to the date of default. Zespri may also charge penalty interest at 9 percent per annum on overdue payments, calculated daily. Naturally, if there is a dispute with your statement this will be taken into account in regards to outstanding repayments but you must contact us immediately if you have a query with the amounts due. All disputes must be written or emailed to the Zespri Grower Contact Centre.

If you have not received a copy and believe you should have a payment due, please call the Zespri Contact Centre on 0800 155 355 or email [new.cultivars@zespri.com](mailto:new.cultivars@zespri.com) to obtain a copy.

For more information please call us on 0800 155 355 Monday to Friday 8.00 am to 5.00 pm or email us at [new.cultivars@zespri.com](mailto:new.cultivars@zespri.com)

REMITTANCE ADVICE	
<b>PAY BY CHEQUE</b> Zespri Group Limited PO Box 4043 Mount Maunganui 3149, New Zealand Please write customer number on back of cheque:	<b>PAY ONLINE</b> Zespri Group Limited ANZ Bank New Zealand Ltd 06-0101-0674071-00 Please use payment reference: <b>XXXXXXXX</b> <b>PAYMENT DUE \$</b>

## Service level agreement (SLA) quarterly report

Zespri negotiates and enters into SLAs during the season which will become binding and part of the 2017 Supply Agreement. The below table outlines the SLAs entered into for the 2017 season. A number of SLAs are rolled over from season to season, for example the Non-Standard Supply and Class 2 Supply SLAs.

SLA Subject	SLA Description
Collaborative marketing/ special programmes	To supply product to meet collaborative marketing and special programme demand such as different packaging requirements and additional pest control procedures.
Local market supply	Distribution opportunity and process allowing registered suppliers to sell Gold and Sweet Green Kiwifruit onto the New Zealand domestic market during the 2017 season through Zespri Group Limited approved distributors and retailers
Consolidation	Consolidation of the industry's remaining Sweet Green part pallets at a designated coolstore
Market specific supply	To secure a volume of Zespri Green conventional and SunGold for shipping which has been pre-cleared for Australia To source low-pest Organic product for Korea
Non standard supply/Class 2	Supply of non standard supply and Class 2 to export markets
Trial	To allow pre-commercialised varieties to be packed and stored at postharvest entities for assessment purposes To allow the use of segregation technology after initial harvest segregation SunGold pre sized controlled atmosphere trial SmartFresh treatment trial for Green Kiwifruit Late SunGold fruit storage trial
Generic services	Supply of generic industry Services at generic industry rates i.e. market specific labelling, pack transfers, shared containers
Quality withdrawal	The contractor to identify grower lines that could be repacked before to export and meet export standards in the short term but is likely to deteriorate rapidly post FOBS.

## Industry Supply Group (ISG) meeting August

The main agenda items discussed were as follows:

- Period 1/Schedule 2 progress
- Vessel sharing agreement
- 2017 maturity review update, independent laboratory review and maturity clearance EOI

- Taste
- 5 year planning

The next meeting will be held on **Thursday 21 September**.




**Class 1 Fruit and Service Payments and Timings (including Loyalty Premium)**


The following charts show when Fruit and Service Payments (including Loyalty) are made throughout the season (to two decimal points).

Actual payments made YTD (as at 15 August 2017) are above the dotted line with the average amount paid.

- Submit is paid in the early months when fruit is submitted into inventory.

Zespri Green14									
	ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBs TE	% of Pool Paid YTD
	Apr-17	\$2.80	\$0.11					\$2.91	34%
	May-17		\$0.10					\$0.10	35%
	Jun-17		\$0.01					\$0.01	35%
	Jul-17			\$0.71	\$0.68			\$1.39	51%
	Aug-17			\$0.00	\$0.68	\$0.18		\$0.86	61%
<hr/>									
	Sep-17		•	•	•	\$1.03		•	•
	Oct-17		•	•		\$0.83		•	•
	Nov-17		•	•	•	•		•	•
	Dec-17		•	•		•		•	93%
	Jan-18						\$0.10	•	•
	Feb-18					•		•	•
	Mar-18					•		•	96%
	Apr-18					•		•	•
	May-18					•		•	•
	Jun-18						\$0.15	•	100%
	Paid YTD	\$2.80	\$0.22	\$0.70	\$1.36	\$0.18	\$0.00	\$5.27	
	Balance to pay	\$0.00	\$0.00	-\$0.12	\$0.69	\$2.54	\$0.25	\$3.36	
Total fruit and service payments - 2017/18 forecast								\$8.63	

- Note 2:** Rates per TE of \$0.00 have values of less than \$0.005.

Zespri Gold3 and Organic Gold3										
	ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Gold OB Premium	Loyalty Premium	Total payment / FOBs TE	% of Pool Paid YTD
	Apr-17	\$2.80	\$0.17						\$2.97	22%
	May-17		\$0.13						\$0.13	23%
	Jun-17		\$0.19						\$0.19	24%
	Jul-17		\$0.05	\$0.00	\$0.94	\$0.89			\$1.88	38%
	Aug-17		\$0.29	\$0.19	\$1.47	\$0.33	\$0.02		\$2.31	55%
	Sep-17		•	•	•	\$0.20			•	•
	Oct-17		•	•	•	\$0.61			•	•
	Nov-17		•	•	•	•	•		•	•
	Dec-17		•	•	•	•			•	90%
	Jan-18							\$0.10	•	•
	Feb-18					•			•	•
	Mar-18					•	•		•	97%
	Apr-18					•			•	•
	May-18					•			•	•
	Jun-18							\$0.15	•	100%
	Paid YTD	\$2.80	\$0.82	\$0.20	\$2.41	\$1.22	\$0.02	\$0.00	\$7.47	
	Balance to pay	\$0.00	\$0.43	\$0.30	\$2.87	\$2.15	\$0.01	\$0.25	\$6.02	
Total fruit and service payments - 2017/18 forecast									\$13.49	



# The Kiwifruit Industry Strategy Project and changes to the Zespri constitution

Zespri wrote to growers and shareholders on 24 August to set out information on the recent amendments to the Kiwifruit Export Regulations.

Of specific interest to all shareholders is the fact that the amendments allow Zespri to seek shareholder support to change its constitution in order to strengthen grower ownership and control of Zespri and to improve alignment between production and shareholding over the long-term.

In the letter, Zespri outlined the need for the change; what is being proposed; and the timeline for consultation on these changes, leading up to a special meeting of shareholders on 14 March 2018.

When Zespri was first corporatised, all growers had a share in Zespri and could benefit both in terms of grower returns and from the value created by their marketer. However, over time this position has eroded. A growing number of

New Zealand orchard owners do not own Zespri shares, and over 18 million shares are held by people who have left the kiwifruit industry

Left unaddressed, the issue is a source of destabilisation to the future growth of the industry, because an increasing proportion of growers will not have a stake in Zespri as shareholders. This is one reason why the industry voted in 2015 on the KISP recommendations in a referendum that involved two-thirds of growers. One of the key questions was on measures to strengthen grower ownership and control, which was supported by 92 percent of the growers who voted.

**Proposed changes**

To address the issue, Zespri is proposing a number of changes to its constitution that are designed to firstly reduce and then secondly reverse non-alignment over time. In writing to growers and shareholders, Zespri Chairman

Peter McBride said, “We will do so in a way that is respectful of a shareholders commitment to investing in Zespri and seeking to ensure that shareholders have time to make their decision and receive fair value for their shares.”

In line with this, Zespri will propose recommendations on changes to its constitution, including the following:

- 1. **A maximum shareholding of four shares for each tray of production.**
  - 2. **Dividend restrictions on shareholders who are no longer producing growers.**
  - 3. **A change to voting entitlements.**
- The timeline from here**

There is significant diversity in terms of shareholder position and it is particularly important that the recommendations are fully explained and clearly set out. The timeline for doing so is as follows:

Date	Activity
24 August	Zespri AGM and letter to growers and shareholders.
25 August – 4 September	Grower Roadshows.
September/October	Town hall meetings with shareholders.
17 – 24 November	Grower Roadshows and shareholder information packs.
Late November	Town hall meetings with shareholders.
End February 2018	Notice of meeting and voting forms distributed.
14 March 2018	Zespri Special Meeting.
Late 2018	Targeted share buyback and issue programme.

The full text of the letter is available on The Canopy. Zespri has been providing further details on the process through the August/September grower roadshows and will be communicating more information in the September issue of *Kiwiflier*.

# 2017/18 Season Return Analysis

Class 1 - Approved Progress Payment 15 September 2017	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.12	\$0.15	\$0.15	\$0.10	\$0.10	\$0.10	\$0.05
Zespri Organic Green	\$0.11	\$0.15	\$0.15	\$0.10	\$0.10	\$0.10	\$0.05
Zespri Gold & Organic Gold	\$0.94	\$0.45	\$0.95	\$1.15	\$1.15	\$0.85	No Supply
Zespri Gold3 & Organic Gold3	\$0.20	\$0.05	\$0.20	\$0.15	\$0.90	\$0.50	No Payment
Zespri Green14	\$1.03	\$1.30	\$1.50	\$1.45	\$0.75	\$0.75	\$0.20

Class 1 - Indicative Progress Payment 13 October 2017	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.18	\$0.15	\$0.20	\$0.15	\$0.25	\$0.25	\$0.05
Zespri Organic Green	\$0.72	\$0.05	\$0.50	\$0.75	\$0.85	\$0.85	\$0.70
Zespri Gold & Organic Gold	\$0.64	\$0.45	\$0.65	\$0.70	\$0.75	\$0.60	No Supply
Zespri Gold3 & Organic Gold3	\$0.61	\$0.05	\$0.80	\$1.00	\$0.70	\$0.50	No Payment
Zespri Green14	\$0.83	\$0.90	\$0.90	\$0.95	\$0.75	\$0.75	\$0.65

- Notes**
1. Progress payments are paid on submitted trays and reversed for onshore fruit loss.
2. Net Submit trays = gross submitted trays less onshore fruit loss trays.

Family Kiwi / Replacement Program - Approved Progress Payment 15 September 2017	Average on Net Submit	16/18/22	27	30	33	36	39	42
Family Kiwi™ / Replacement Program Green	\$1.53	\$1.50	\$1.55	\$1.55	\$1.60	\$1.50	\$1.20	\$0.80
Family Kiwi™ Organic Green	\$2.53	\$2.70	\$2.70	\$2.60	\$2.60	\$2.05	\$2.05	\$0.95
Family Kiwi™ / Replacement Program Gold3	\$2.08	\$2.20	\$2.25	\$1.70	\$1.60	\$1.75	\$1.85	\$2.00
Family Kiwi™ / Replacement Program Organic Gold3	\$5.98	\$5.20	\$5.80	\$6.20	\$6.90	\$7.10	\$5.50	No Payment

Non-Standard Supply - Approved Progress Payment 15 September 2017	42	46
Zespri Green		\$0.40
Zespri Organic Green		\$0.65
Zespri Gold3 Low DM	\$4.20	
Zespri Organic Gold3 Low DM	\$6.00	

## Financial Commentary

### Progress Payments

Progress payments have been calculated to ensure cash is returned to the grower as quickly as possible and fairly across all sizes. Payments have been set so that the percentage of total fruit and service payments across the sizes are equal where possible. The rates have been set without direct reference to the size ratios.

Sizes will not receive a progress payment where the percentage of total fruit and service payments paid to date are higher than the other sizes in the same pool.

### September 2017 Approved Progress Payments on Net Submit Trays

Approved per tray progress payments for 15 September 2017:

Class 1	
Zespri Green	\$0.12
Zespri Organic Green	\$0.11
Zespri Gold	\$0.94
Zespri Gold3 & Organic Gold3	\$0.20
Zespri Green14	\$1.03

### October 2017 Indicative Progress Payments on Net Submit Trays

Indicative per tray progress payments for 13 October 2017:

Class 1	
Zespri Green	\$0.18
Zespri Organic Green	\$0.72
Zespri Gold	\$0.64
Zespri Gold3 & Organic Gold3	\$0.61
Zespri Green14	\$0.83

### Orchard Gate Return

The OGR calculations reflect post-harvest cost data compiled by Ingham Mora Limited in July 2017, the August 2017 forecast fruit loss percentages and current productive hectare information.



Full Year August Forecast Return and Orchard Gate Return (OGR) - Industry Average Only

Full Year Return	2017/18 - August Forecast							2016/17 Actual						
	Zespri Green	Zespri Organic Green	Zespri TOTAL Gold & Organic Gold	Zespri Gold & Organic Gold	Zespri Gold3 & Organic Gold3	Zespri Green14	All Pools	Zespri Green	Zespri Organic Green	Zespri TOTAL Gold & Organic Gold	Zespri Gold & Organic Gold	Zespri Gold3 & Organic Gold3	Zespri Green14	All Pools
Total forecast:														
Total trays supplied (m)	64.6	2.7	52.2	0.3	51.9	1.2	123.4	90.8	3.9	48.5	1.7	46.8	1.5	145.9
Kilograms supplied (m)	226.0	9.5	181.5	0.9	180.6	4.2	426.2	319.0	13.7	169.0	5.4	163.7	5.3	510.8
Average size per tray	29.3	33.3	26.7	29.0	26.7	34.1		32.5	35.0	29.9	31.8	29.9	36.1	
Fruit payments (\$m)	308.2	19.4	323.6	1.8	321.8	6.7	675.5	381.0	23.5	291.0	10.0	280.9	10.2	711.9
Fruit incentives (\$m)	186.0	7.6	301.8	1.5	300.3	3.2	498.6	167.0	10.0	241.6	7.7	233.9	3.2	421.8
Service costs (\$m)	99.3	2.2	65.2	(0.0)	65.2	0.3	167.2	137.9	4.2	67.5	1.3	66.2	0.7	210.3
Fruit and service payments excl. loyalty premium (\$m)	593.4	29.2	690.6	3.2	687.3	10.2	1,341.2	685.8	37.7	600.1	19.0	581.0	14.1	1,344.0
Total forecast per tray (\$):														
Submit payment	2.25	2.25	2.80	2.80	2.80	2.80		2.25	2.25	2.80	2.80	2.80	2.80	
Progress payments (including GOLD ORGANIC Premium)	2.52	4.85	3.40	3.21	3.40	2.72		1.95	3.72	3.20	2.95	3.21	3.88	
Total fruit payments per net submit trays	4.77	7.10	6.20	6.01	6.20	5.52		4.20	5.97	6.00	5.75	6.01	6.68	
KiwiStart <sup>1</sup>	0.42	0.43	0.41	0.15	0.42	0.71		0.35	0.67	0.51	0.98	0.49	0.31	
Taste Zespri	2.37	2.37	5.28	4.74	5.28	2.05		1.40	1.87	4.40	3.40	4.44	1.85	
Supplier Accountability	0.09	0.00	0.08	0.00	0.08	-0.12		0.08	0.00	0.07	0.04	0.07	-0.05	
Fruit incentives	2.88	2.80	5.78	4.89	5.78	2.64		1.84	2.54	4.98	4.42	5.00	2.11	
Pack Type	0.58	0.15	0.69	-0.01	0.69	0.22		0.41	0.18	0.63	0.55	0.63	0.46	
Time Payment	0.96	0.66	0.56	0.00	0.57	0.00		1.10	0.88	0.76	0.20	0.78	0.00	
Service costs	1.54	0.81	1.25	-0.01	1.26	0.22		1.52	1.07	1.39	0.75	1.42	0.46	
Class 1 forecast fruit and service payments per net submit trays	9.19	10.71	13.22	10.89	13.24	8.38		7.55	9.57	12.37	10.92	12.42	9.25	
Loyalty Premium	0.25	0.25	0.25	0.25	0.25	0.25		0.25	0.25	0.25	0.25	0.25	0.25	
Class 1 fruit and service payments with loyalty per net submit trays	9.44	10.96	13.47	11.14	13.49	8.63		7.80	9.82	12.62	11.17	12.67	9.50	
Less: onshore fruit loss	-0.18	-0.16	-0.12	-0.02	-0.12	-0.05		-0.22	-0.11	-0.11	-0.04	-0.11	-0.13	
Fruit loss percentage <sup>2</sup>	1.90%	1.50%	0.90%	0.20%	0.90%	0.60%		2.76%	1.16%	0.87%	0.34%	0.89%	1.36%	
Class 1 fruit and service payments per gross submit trays	9.26	10.80	13.35	11.11	13.37	8.58		7.59	9.70	12.51	11.13	12.56	9.38	
Plus Class 2 Return	0.08	0.12	0.09	0.12	0.09	0.05		0.08	0.18	0.06	0.11	0.05	0.04	
Plus Non-Standard Supply (NSS) <sup>3</sup>	0.01	0.02	0.00	0.05	0.00	0.03		0.00	0.02	0.00	0.08	0.00	0.02	
Plus Other Income (Non dividend) <sup>4</sup>	0.00	0.00	0.01	0.00	0.01	0.00		0.01	0.00	0.00	0.00	0.00	0.00	
Average revenue per gross submit trays	9.36	10.94	13.45	11.28	13.47	8.66		7.69	9.91	12.57	11.32	12.62	9.43	
LESS: Post-harvest costs deducted														
Base packing and packaging	-1.49	-1.57	-2.17	-2.28	-2.17	-2.23		-1.45	-1.52	-2.07	-2.33	-2.06	-2.17	
Pack differential	-0.57	-0.14	-0.68	0.01	-0.68	-0.22		-0.40	-0.18	-0.62	-0.54	-0.63	-0.45	
Base cool storage	-0.80	-0.81	-0.81	-0.66	-0.81	-0.81		-0.77	-0.79	-0.79	-0.71	-0.79	-0.80	
Logistics	-0.14	-0.14	-0.14	-0.24	-0.14	-0.14		-0.13	-0.14	-0.14	-0.23	-0.14	-0.14	
Time and CC/RK charges	-0.52	-0.35	-0.37	0.00	-0.38	-0.01		-0.56	-0.42	-0.30	-0.05	-0.31	-0.08	
Total post-harvest costs per gross submit trays	-3.52	-3.02	-4.17	-3.17	-4.18	-3.41		-3.33	-3.05	-3.93	-3.86	-3.94	-3.64	
OGR per gross submit trays	5.84	7.92	9.28	8.12	9.29	5.25		4.36	6.86	8.64	7.46	8.68	5.79	
Average industry yield per productive hectare <sup>5</sup>	8,915	5,815	11,308	9,698	11,319	6,930		12,281	7,933	11,442	10,853	11,466	7,921	
Number of productive hectares	7,382	476	4,660	30	4,629	176		7,604	502	4,277	161	4,116	195	
OGR per hectare	\$52,038	\$46,058	\$104,956	\$78,707	\$105,140	\$36,408		\$53,555	\$54,427	\$98,838	\$80,968	\$99,547	\$45,853	
Average kilogram per tray <sup>6</sup>	3.50	3.50	3.48	3.13	3.48	3.49		3.51	3.49	3.48	3.12	3.50	3.46	
OGR per kilogram	1.67	2.26	2.67	2.59	2.67	1.50		1.24	1.97	2.48	2.39	2.48	1.67	

The August forecast reflects final Taste payments and final Time and KiwiStart rates.

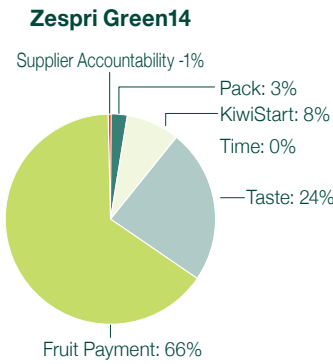
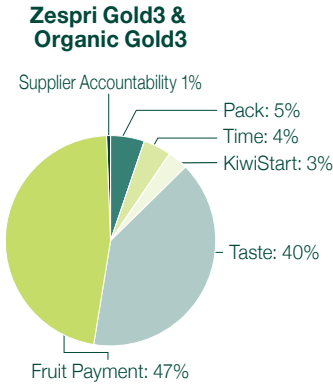
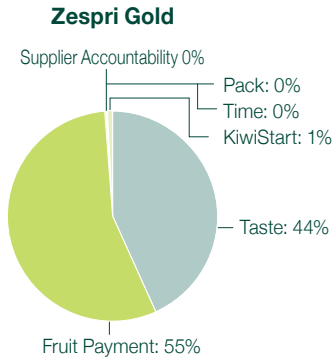
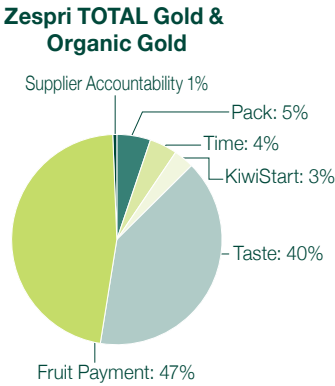
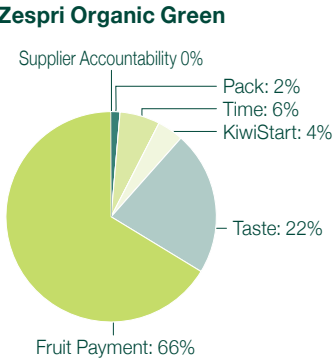
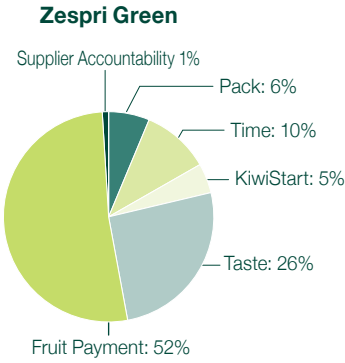
- Notes:**

  - KiwiStart includes Priority Premium payments. These are period one - to week 18 related payments that apply to fruit shipped in the applicable weeks and vessels. For Gold this row includes the Hort16A Equalisation Payment.
  - Fruit loss percentage includes Ungraded Fruit Inventory losses.
  - Zespri does not procure NSS in all categories, returns are as reported in the Ingham Mora post-harvest survey.
  - Other Income may include any Service Level Agreement payments, Class 3 income and interest returns are as reported in the Ingham Mora post-harvest survey.
- The average industry yield per hectare equals Class 1 volumes submitted divided by productive hectares. Productive hectares includes all hectares described by growers as producing vines. The OGR may be distorted by the inclusion of orchards in the first years of production in the calculation.
  - Average kilograms per tray are derived using the individual size conversions published in the specific season's Pack Conversion Guide. The finalised Time and KiwiStart Rates are established at the August Forecast - this results in an amendment to KiwiStart and Time, and a corresponding amendment to Fruit Payments.



# 2017/18 Season Grower Payments Portions - Total Fruit and Service Payments

2017/18 - August Forecast



## Briefs

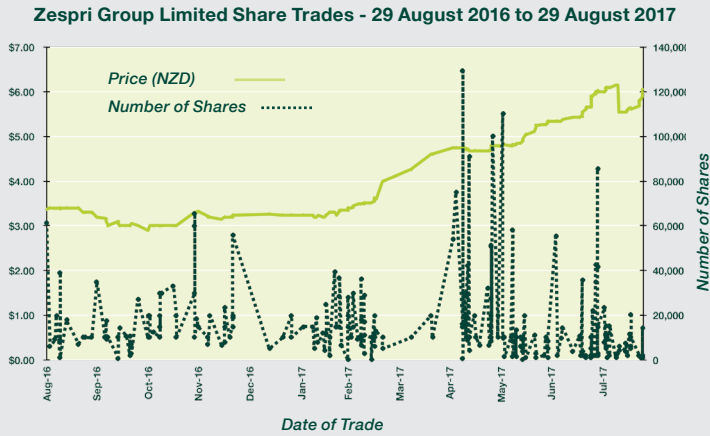
### Share Briefs

As at **29 August 2017** the last Zespri share price trade was **\$6.05** traded on **24 August 2017**. There were eight buyers at **\$6.05, \$6.00, \$5.90, \$5.85, \$5.80, \$5.75, \$5.71** and **\$5.70**. There were three sellers at **\$6.10, \$6.15** and **\$6.50**.

To trade Zespri shares please contact one of the registered Unlisted brokers – See [canopy.zespri.com/EN/grow/zipri/Shares](http://canopy.zespri.com/EN/grow/zipri/Shares) for more information.

For all other general shareholder enquiries, please contact the Zespri Grower Contact Centre on 0800 155 355.

The graph below shows the price per share that has been traded with Unlisted and the corresponding number of shares for each trade.



**Want to see current buyers and sellers?**

To get a list of the price for current buyers and sellers and the associated shares go to [www.unlisted.co.nz](http://www.unlisted.co.nz). The Zespri Group Limited listing code is 'ZGL'. The Unlisted website shows:

- Latest prices
- Market depth – to see the parcels of shares for sale and the parcels and price that buyers are seeking
- Last 10 trades
- Market announcements

Below is the current Market Depth information as at **29 August 2017**.

Quote Line at Tuesday 29 August as at 8.15am								
Code	Bid (\$)	Offer (\$)	Last (\$)	At	High (\$)	Low (\$)	Volume	Value (\$)
ZGL	6.050	6.100	6.050	24/08/17 12:01	-	-	0	0.000

Market Depth					
BIDS			OFFERS		
Orders	Quantity	Price (\$)	Price (\$)	Quantity	Orders
1	5,000	6.050	6.100	1,000	1
1	10,000	6.000	6.150	1,000	1
1	5,000	5.900	6.500	20,000	1
1	4,000	5.850			
1	5,000	5.800			
1	10,000	5.750			
1	10,000	5.710			
1	10,000	5.700			

Last 10 Trades				
	Date/Time	Quantity	Price (\$)	Value (\$)
-	24/08/17 12:01	2,000	6.050	12,100.000
-	24/08/17 9:32	14,500	6.000	87,000.000
-	24/08/17 9:29	2,000	5.950	11,900.000
-	24/08/17 9:29	1,000	5.900	5,900.000
-	23/08/17 10:20	1,000	5.850	5,850.000
-	22/08/17 14:53	2,000	5.800	11,600.000
-	22/08/17 14:53	2,000	5.750	11,500.000
-	22/08/17 12:44	2,000	5.690	11,380.000
-	17/08/17 16:38	10,060	5.620	56,537.200
-	17/08/17 16:36	5,000	5.620	28,100.000

**Director share trading**

For the month of August (as at **29 August 2017**), there were **17,000** shares traded by entities associated with Zespri Directors. See the Canopy for details: Canopy > Growing Zespri Kiwifruit > Working with Zespri > Shares. Alternatively search for 'Director Shares' using the search function.

# 2017/18 Season Taste Zespri Payments

2017/18 Season Taste Zespri Payments – based on August 2017 Forecast	Zespri Green <sup>1</sup> \$ per TE	Zespri Organic Green <sup>1</sup> \$ per TE	Zespri Green14 \$ per TE	Zespri Hort16A Total <sup>2</sup> \$ per KG	Zespri Sungold Total <sup>2</sup> \$ per KG
Interim August 2017 forecast fruit payment <sup>3</sup>	\$4.86	\$7.20	\$5.52	\$1.80	\$1.80
Plus August 2017 taste payments	\$2.37	\$2.37	\$2.05	\$1.52	\$1.52
August 2017 forecast fruit payments including taste	\$7.24	\$9.58	\$7.57	\$3.38	\$3.38
Percentage payable as Taste Zespri	60%	60%	60%	70%	70%
	Maximum taste payment - per Kilogram			\$2.32	\$2.32
	Average Kilogram per Tray Conversion <sup>4</sup>			3.13	3.48
<b>Maximum taste payment per tray</b>	<b>\$4.34</b>	<b>\$5.75</b>	<b>\$4.54</b>	<b>\$7.26</b>	<b>\$8.08</b>
2017/18 average TZG	0.55	0.41	0.45	0.65	0.65
Average Taste Zespri payment per tray 2017/18 Season	\$2.37	\$2.37	\$2.05	\$4.74	\$5.28

Payment Schedule:					
14 July 2017 (based on December 2016 forecast)	30%	30%	30%	30%	30%
15 August 2017 (based on December 2016 forecast)	30%	30%	30%	30%	30%
15 September 2017 (based on August 2017 forecast)	20%	20%	20%	20%	20%
15 November 2017 (based on August 2017 forecast)	20%	20%	20%	20%	20%

Amounts above are not rounded to 2 decimal places, therefore rounding differences may apply.

**Notes:**

1. The Green and Green Organic pools include below-MTS fruit. If the below-MTS fruit is excluded, the Green TZG remains at 0.55 however the Green Organic TZG increases to 0.43.
2. The Zespri Gold cultivars share a pooled Fruit plus Taste Payment per Kilogram
3. Interim August forecast used in the calculation of final MTP and Taste payments is before the final Time and Kiwistart rates are updated in the forecast model.
4. Average Kilogram per Tray are derived using the individual size conversions published in the 2017 Pack Conversion Guide.

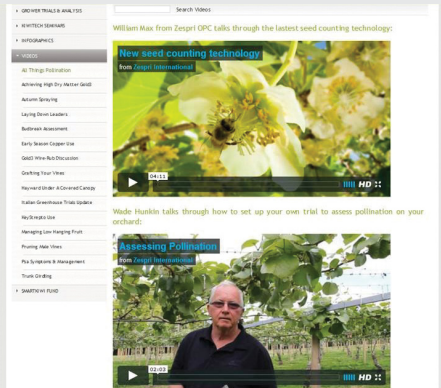
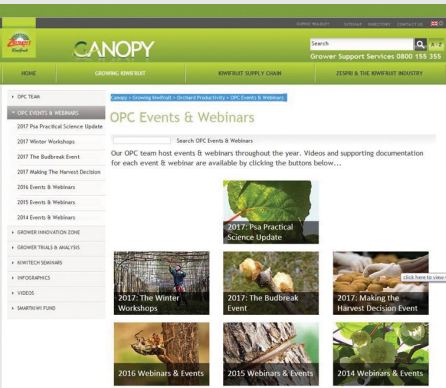


# Raining? Why not spend some time reviewing the videos on the Canopy?

Check out the OPC Events and Webinars page (Canopy > Growing Kiwifruit > Orchard Productivity > OPC Events & Webinars) where you can watch the recent KVH and Zespri Psa practical science update and the OPC budbreak event to make sure you are up to date with the latest science and research.

The recent OPC pollination event will soon be loaded and will have videos of all the speakers along with handouts. In the meantime, you can get in to the pollination zone by viewing the 'All things pollination' videos page (Canopy > Growing Kiwifruit > Orchard

Productivity > Videos > All things pollination) which has some useful videos on assessing pollination and seed counting. Why is seed counting important? Because there is a seed to dry matter relationship - the more seeds you have, the higher the dry matter.



# Practical science update

More than 100 growers attended the recent KVH and Zespri-run Psa science update meeting in Te Puke in July.

Growers heard from a range of speakers including Dr Joel Vanneste from Plant & Food Research who outlined the latest understanding around the evolution of Psa resistance to copper and how use at below label rates, or when poorly applied, increases the risk of copper failing to control Psa over time.

Dr Stephen Hoyte from Plant & Food Research outlined the work currently being done in the Gold Futures project which is comparing management practices on Gold3 orchards with high Psa symptoms versus those with low Psa symptoms and will be recommending changes in management practices for the challenged sites. Orchard pairings in various regions have been found for the trial.

Growers were also given an update on the trial results for a new yeast based Psa control product

that is expected to be released to the market within the next 12-months. Shane Max, Zespri Global Production Manager provided a brief overview of Psa pressures in Zespri's international growing regions. The key message from Shane was don't get complacent—you cannot predict the weather so assume every season is going to be bad for Psa.

Finally, Dr Greg Clark from Zespri presented the latest understanding around the mode of action that is assisting the spring girdle of Hayward vines, reduced budrot and flower drop.

A summary of the meeting along with the presentations and a video taken on the day is available on the Canopy OPC Events and Webinars page (Canopy > Growing Kiwifruit > Orchard Productivity > OPC Events & Webinars).



# Kellogg scholarship applications open

Investing in the future leaders of the kiwifruit industry is an important focus for Zespri, so we are sponsoring one person from our industry to attend one of next year's Kellogg Rural Leadership Programmes. This is a highly respected rural and primary sector programme, providing knowledge and skills for:

- Personal development and growth
- Developing the 'contextual intelligence' and thinking required for leadership
- Gaining greater insights into the primary industry sector
- Making strategic connections and networks

Many graduates of the programme have gone on to achieve successful careers in leadership roles in New Zealand agriculture.

Applications are open 28 August to 16 October 2017. The scholarship recipient can chose to attend either course:

- Course 1: 23 January - 4 July 2018**
- Course 2: 19 June - 22 November 2018**

Last year's recipient was Baygold Orchard Manager Matthew Nelson. Matt heard about the course from a friend, "A friend of mine completed the Kellogg course and said I'd be silly not to apply for it, so I decided to give it my best shot," says Matt.

Matt says one of his career goals is to help grow the future of Baygold Orchards. He will help the younger members of the Baygold

team complete their PITO studies and he would love to become a senior orchard manager within the next three years. He also says that after winning the Bay of Plenty regional award last year, he would love to be the first horticulture business to win the national Ballance Farm Environment Awards.

For more information visit [www.zespri.com/scholarships](http://www.zespri.com/scholarships).

# A reminder of key dates:

Date	Event
September/October	Town hall meetings with shareholders
30 September	Zespri Horticulture Scholarships now open
5-19 October	OPC spring field days
1-2 November	Grower engagement seminar
17-24 November	Grower roadshows
Late November	Town hall meetings with shareholders
14 March 2018	Zespri Special Meeting





Ballance Farm Environment Awards®  
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## 2018 Ballance Farm Environment Awards

## Entries now open!

[www.bfea.org.nz](http://www.bfea.org.nz)

The Ballance Farm Environment Awards promote farming and growing practices that protect and enhance the farm environment.



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# Spring field days - save the date

Spring is always busy and the decisions you make on cropload, pollination and early season canopy management can be the difference between a good result and a poor one. As an industry, we continue to invest in trials and innovation research to help you with your orchard management decision making. The latest research points to flower quality, optimal pollination and canopy management being as critical in Gold3 as it is for Hayward and Hort16A.

If your goal is to improve dry matter and harvest a more consistent crop, come along to an OPC orchard field day to talk with other growers about what this latest research means for your orchard management plan this spring.

Orchard venues are yet to be confirmed, but get these dates in your diary so you don't miss out. We will advertise locations next month as well as on the Canopy and in KiwiTips (if you don't receive KiwiTips email [opc@zespri.com](mailto:opc@zespri.com) and we will add you to the list).

Date	Region
Thurs 5 October	Gisborne
Fri 6 October	Hawke's Bay
Tues 10 October	Te Puke Edgcumbe
Wed 11 October	Opotiki
Thurs 12 October	Tauranga
Fri 13 October	Katikati
Mon 16 October	Waikato
Tues 17 October	Kerikeri Whanganui
Wed 18 October	Whangarei Nelson
Thurs 19 October	Auckland






# Two days of OPC events focussing on pollination

The Orchard Productivity Centre's (OPC) two-day pollination event was held this month in Tauranga, with both sessions well attended by people from around the industry keen to hear about the latest science and a plan for the upcoming spring. The first session centred around a science update, with Mark Goodwin (Plant & Food Research), Mary Black and William Max (Zespri) presenting recent findings on all things pollination. This included pollinating under hail net, the relationship between pollination and dry matter, bumblebee colonies, the effect of distance from male vines, and a whole range of other topics. The second day involved an interactive workshop, where attendees discussed various orchard case studies with an expert panel and debated pollination strategies.

For those that attended, thanks so much for turning up and engaging. Resources will be available on Canopy under Growing kiwifruit > Orchard

Productivity Centre > OPC Events and Webinars > 2017 Pollination event, including videos of the science update presentations, an event recap, and the OPC pollination workbook.





# The month ahead

As reported last month, OPC is updating its information on the Canopy website and part of the revamp is inserting new 'The month ahead' pages. These are full of information that you should be thinking about for the up-coming month (as was previously included in the Tech Tips). Having the information on a page of the Canopy allows us to insert links that will direct you straight to further information and/or tools for that topic rather than you having to use the search function.

Key topics included in the 'Month ahead' page for September are below - for all the details check out the page on the Canopy > growing kiwifruit > The month ahead.

### Planning for spring:

- Spring is hectic on the orchard and it begins this month! There's so much happening, so it's really important to have a plan.

### Pollination:

- Pollination may seem like a while off but you should ensure you secure hives now, and order pollen as a back-up if you don't have any in the freezer.

### Budbreak:

- Budbreak is not far off and just before budbreak is the ideal time to apply compost and nitrogen-based fertilisers so the rapidly-growing canopy has plenty of nitrogen available when it's needed. It's important to try to identify, predict and monitor your budbreak. There are some great resources to help you do just that on the Canopy and don't forget to check out the slides and videos of scientists speaking at the recent budbreak event.

### Spraying:


- Plan out your spray activities through spring - try plotting these out around your predicted budbreak and flowering dates. Take into

consideration the intervals you need to leave between applications, what you can mix in the tank, and the safe re-entry periods so you know when it's safe to go back to work in the orchard.

### New grafts:

- Remember to check out GraftCare to keep up to date with what you need to be doing to look after your grafts. This season's goal for your new grafts is to get as much canopy established as possible. Talk to your fertiliser consultant for recommendations for your site.

Other things to look out for include, **frost**, **bird strike** and considerations for growing for good **taste**.



## Key focuses September


Planning for Spring

Pollination

Budbreak

Spraying

New grafts



# KIWIFRUIT QUIZ

Edition 1: August 2017

**Welcome to the first ever OPC Kiwifruit Quiz!**

We've got some pretty technical questions for you, but we think you can handle them. If you need to cheat, the answers are below - but we've also let you know where you can find out more in the Kiwifruit Journal. Good luck!

**1. Why do we use budbreak enhancers on kiwifruit?**

- To reduce the spread of budbreak, increase flower numbers and possibly reduce the incidence of laterals.
- To increase fruit size.
- To prevent passionvine hopper coming onto the orchard.

**2. In plants, which three mineral nutrients play an important role in physiological processes, like dry matter accumulation and water uptake?**

- Sodium (Na), Magnesium (Mg) and Calcium (C)
- Phosphorus (P), Magnesium (Mg) and Chloride (Cl)
- Nitrogen (N), Potassium (K) and Calcium (C)

**3. Why is determining the sun's position important to honey bees?**

- They need to follow it to absorb vitamin D.
- They need it to navigate so they can return to their hives after foraging and to indicate to other bees where they have been foraging.
- They can't forage in direct sunlight so need to know where the sun is to be able to avoid it.

**4. Do kiwifruit flowers produce nectar?**

- Yes.
- No.
- Only Gold3 flowers.

**5. Why do we think smaller bee colonies lose a lower percentage of bees than larger colonies when under hail netting?**

- They're a tight-knit community and won't leave their hive for another.
- The smaller colonies have a higher ratio of pollen collectors to nectar foragers, so don't get lost by flying far from the hive to search for nectar.
- Larger colonies get too hot in their hives because they generate more heat so some bees fly away and don't come back.

**6. Why is ploidy an important consideration when selecting male varieties for your orchard?**

- Because males should have a ploidy the same as or higher than the female on your orchard.
- Because ploidy impacts on the time of flowering.
- Ploidy isn't important.

Answers

1) A (KfJ May/June 2016 p14 Budbreak and flowering: back to basics), 2) C (KfJ July/August 2017 issue 244 p43 Managing nutrients in Gold3), 3) B (KfJ July/August 2017 issue 244 p25 Using small, strong beehives for pollination under cover), 4) B (KfJ July/August 2017 issue 244 p25 Using small, strong beehives for pollination under cover), 5) B (July/August 2017 issue 244 p25 Using small, strong beehives for pollination under cover), 6) A (KfJ July/August 2017 issue 244 p22 Back to basics with pollination).



# Zespri Horticulture Scholarships now open

Zespri's horticultural scholarships are open now and secondary students heading to tertiary study with plans to work in the kiwifruit industry are encouraged to apply.

Zespri General Manager Grower & Government Relations Dave Courtney explains that Zespri awards two scholarships worth up to \$15,000 each towards tertiary study tuition. As well as receiving up to \$5000 a year for three years, recipients receive valuable mentorship, networking and engagement opportunities in the industry.

"The kiwifruit industry is set to more than double sales to \$4.5 billion over the next seven years and there are great careers to be had right across the industry from the orchard to postharvest to sales, marketing, accounting, HR, law and much more," says Dave.

These two scholarships are aimed at students in their last year of secondary school heading off to study in any field within the horticulture sector. Zespri is looking for students who achieved academic excellence as well as strong leadership, community, sporting and/or cultural achievements, receiving over 200 applicants last year.

Last year's recipients Georgia Cook and Libby Bradley are making strong gains in their studies. After graduating from Thames High School and serving as Deputy Head Student and a volunteer firefighter, Georgia is now studying towards a Bachelor of Science majoring in human nutrition at Otago University.

"I'm really grateful that that I was selected as a worthy recipient, and I feel very lucky to have this

support. It has been awesome to find out more about the kiwifruit industry and it has made me realise that there are other job opportunities that look really rewarding for nutritionists and dieticians," says Georgia.

Meanwhile, Libby, former Deputy Head Girl at Katikati College and lifeguard at the Mount Maunganui Lifeguard Service, is now a law student at Victoria University. She believes horticulture-focused students should submit a scholarship application whatever they're planning to study.

"I am studying law and previously had no idea that it could contribute to the kiwifruit industry, however it was shown to me the many different job opportunities on offer and their reach surprised me. Many jobs make up the kiwifruit industry!"

Scholarship applications are due by 30 September with recipients announced 3 November. For more information, go to [www.zespri.com/Pages/HortScholarship.aspx](http://www.zespri.com/Pages/HortScholarship.aspx)

### Eligibility and criteria for applicants:

- NCEA Level 3 endorsed with merit or higher (but don't need Level 3 finished by application time)
- Provide examples of leadership skills, community service and/or sporting activities
- Give examples of how their study will benefit the kiwifruit industry
- A New Zealand citizen or New Zealand permanent resident
- Maintain an academic grade average of B+ or higher throughout the scholarship



Georgia Cook (left) and Libby Bradley 2016 scholarship recipients.



New Zealand Kiwifruit Growers Incorporated (NZKGI)  
ph: (07) 574 7139 or toll free on 0800 232 505  
[www.nzkgi.org.nz](http://www.nzkgi.org.nz)

## Medical examinations easier in Vanuatu thanks to the Kiwifruit Industry Community Support Fund Inc

- Kiwifruit Industry Community Support Fund Inc donates digital radiology equipment to the Vanuatu Ministry of Health
- Up to 2,000 Recognised Seasonal Employer (RSE) workers can use a new radiology service in Santo

3,500 people from Vanuatu come to New Zealand every year under the RSE to work in the horticulture industry during peak times when there are insufficient workers available in New Zealand.

As part of their visa application, RSE workers must undergo an immigration medical examination in Port Vila to be able to come to New Zealand. This can provide a tricky situation for these potential employees who must often travel from outlying islands. The requirement to travel to Port Vila increases workers time away from community and family and involves costs while in the city.

Following a pilot assessment in 2016, it was found that immigration medical examinations could be conducted at the hospital on the outlying island of Santo. This would be made possible with the help of a digitiser that enables x-rays to be available in an electronic format that can be submitted to Immigration New Zealand.

To make this a reality, the Kiwifruit Industry Community Support fund Inc raised over \$50,000 to buy a digitiser and arranged for the x-ray machine and digitiser to be made

available in Santo. The Fruitgrowers Charitable Trust provided a substantial donation to the Fund which recognises the importance of Vanuatu RSE workers to the wider fruit industry in New Zealand.

Kiwifruit Industry Community Support Fund Inc Chair Neil Trebilco says; "We are delighted to have been able to raise enough money to provide easier medical examinations. Employees from Vanuatu make an important contribution to our kiwifruit industry and the New Zealand economy as a whole, and we are pleased to be able to give them something in return."



Dr Griffith radiographer and locals using radiograph equipment.



## Collaborative marketing of Kiwifruit and kiwiberry

Kiwifruit New Zealand (KNZ) invites applications for new or reviews of existing, collaborative marketing arrangements for the 2018 selling season.

While Zespri is authorised as the sole exporter of New Zealand-grown kiwifruit internationally other than to Australia for consumption, KNZ may approve other individuals to export New Zealand-grown kiwifruit (including kiwiberry) in collaboration with Zespri.

The application guidelines, including the

regulatory requirements, can be found at [www.knz.co.nz/collaborative-marketing](http://www.knz.co.nz/collaborative-marketing). Applicants may wish to contact KNZ for further information before submitting their application.

Applications for collaborative marketing arrangements must be received by KNZ by 29 September 2017.

**KNZ can be contacted at: Ph 07 572 3685 or [admin@knz.co.nz](mailto:admin@knz.co.nz)**  
**Kiwifruit New Zealand, PO Box 4683, Mt Maunganui South 3149**

# Getting the industry prepared for BMSB

One of the biggest threats to the kiwifruit industry today is the Brown Marmorated Stink Bug (BMSB). If this unwanted pest were to establish in New Zealand, it could cost the wider horticultural industries hundreds of millions of dollars, and be a significant public nuisance pest as it takes up residence in kiwi homes and industrial buildings over winter.

How would we respond? What if we fail to eradicate it? How would we manage it on our orchards – especially over the longer term?

As September marks the start of the next high-risk season, these are just some of the questions addressed at a recent simulation exercise of a BMSB incursion on a New Zealand kiwifruit orchard, hosted by KVH and Zespri and attended by representative observers from across horticulture and the Ministry for Primary Industries (MPI).

The exercise was supported by technical, response, operational, research, and communications staff who worked together to test the industry's level of readiness for two scenarios – an incursion and long term management. It was held to coincide with a regular meeting of KiwiNet, the team of people selected from across the kiwifruit industry who champion biosecurity readiness and coordinate the deployment of kiwifruit industry resources into biosecurity responses.

Teams worked through what would need to happen under both scenarios to ensure key advice is developed and provided to decision makers efficiently; impacts on orchards and postharvest facilities are managed; key information to growers, the media and wider public is coordinated and regular; and the right

capability can be mobilised at the right time e.g. KiwiNet responders.

A readiness plan recently developed by a joint KVH/Zespri working group identified activities to mitigate impacts of BMSB and was used during the exercise by teams to guide thinking.

### What we learned from the simulation exercise was:

- Movement controls are difficult as the bugs fly and there are other risk movement pathways (non-kiwifruit activities) beyond our control.
- If we have to spray kiwifruit orchards as part of eradication we need to have clarified compensation issues in advance.
- Industry and Government work together well and have good, aligned systems in place. However, we can't do it alone and the assistance of local councils, iwi and community groups is imperative. We need to make sure we consult with these groups throughout any response.
- It's a big logistical exercise to get enough people on the ground as fast as possible. Kiwinet will help make this happen and other support or volunteer networks may also be useful.

From here, KVH and Zespri will continue to work together to look further into the need for and impact of movement controls, and the development of protocols for post-harvest operators to help with their contingency planning. A framework for coordinated long term approaches will also be developed, to ensure activities and decisions are aligned across industries and regions.



Industry stakeholders participating in a simulation exercise of a BMSB incursion on a New Zealand kiwifruit orchard, hosted by KVH and Zespri.





Contact Industry Liaison Manager Neill Malcon (027 442 3450) or Grower Liaison Managers Sue Groenewald (027 493 1987), Tom MacMorran (027 511 2005) or Sylvia Warren (022 101 8550) for further information or to suggest questions.

# Q.&A. from the field

**Q1: I don't agree with my licence audit results, as I don't believe that my canopy area has changed. What can I do about this?**

**A1:** Please contact the Zespri Grower Contact Centre on **0800 155 355** or email **new.cultivars@zespri.com**. GPS-it are able to extract all the historical mapping co-ordinates and overlay them so we can see where the differences are at a block level. The comparison may also allow us to estimate the period in which the changes occurred. Once the cause of the change is determined, Zespri will work with the grower to reach a resolution. The resolution options will change depending on the outcome of the audit history analysis.

**Q2: I want to buy/sell shares publicly. What brokers can I use?**

**A2:** An on-market trade requires the services of a share broking firm. Zespri shares trade on the Unlisted platform. Unlisted has six approved brokers which trade shares.

Unlisted Broker	Contact Details	Agreed Maximum Commission Structure
	ANZ Securities General Share Trading Enquiries: Phone: 0800 805 777 or Email: <a href="mailto:info@anzsecurities.co.nz">info@anzsecurities.co.nz</a>	0.8% Brokerage rate per phone trade (minimum charge of \$30.00)
	Craigs Investment Partners Zespri New Client Contact: Lawrence Young Phone: 07 577 6049 Email: <a href="mailto:lawrence.young@craigsip.com">lawrence.young@craigsip.com</a>	\$7.50 and 1% Brokerage rate per trade (minimum charge of \$50.00)
	First NZ Capital General Enquiries: Phone: 0800 805 584	No agreed structure in place. Commission rates to be individually negotiated between new client and the broker
	Forsyth Barr General Enquiries: Phone: 0800 367 227	\$7.50 and 1% Brokerage rate per trade (minimum charge of \$100.00)
	Hamilton Hindin Greene General Enquiries: Phone: 0800 10 40 50 Email: <a href="mailto:enquiries@hkg.co.nz">enquiries@hkg.co.nz</a>	1.25% Brokerage rate per trade (minimum charge of \$85.00)
	JBWere General Enquiries: Phone: 0800 555 555	No agreed structure in place. Commission rates to be individually negotiated between new client and the broker

**Q3: Some of my Gold3 grafts have failed and need to be regrafted. Can I get any budwood from Zespri?**

**A3:** Zespri has a small amount of Gold3 budwood available to growers for regrafting. If you need any Gold3 budwood, contact your Grower Liaison Manager.

## New seasonal management guide out now



The Psu-V Seasonal Management Wall Chart 2017-18 is now out and a copy is included with this edition of KIWIFLIER.

Also available to view or download from the KVH website, a key feature of the wall chart is the KVH Recommended Product List, which sets out the upcoming seasons approved products for protection against Psu, their year-round application rates and permitted use periods.

**Key changes to this season's product list are:**

- Champion++® joins the copper product list. This copper hydroxide is registered with a full label claim against Psu and is Biogro registered
- KiwiVax™ has been added as a further biological product option for growers. Applied as a root drench, KiwiVax™ has a limited claim against Psu and is Biogro registered.

As in previous years, any changes or updates made to the chart/product list will be made to the online version.

Complementing the chart is the KVH Psu-V Risk Model. Developed as an online, weather-based decision support system, the model helps growers with orchard management in a Psu environment. It includes actual weather station data and weather forecast details to provide customised access to unique disease information and interpretations.

KVH has produced an online video tutorial to guide growers through the model, demonstrating how to use the weather tools available. The video and the model itself are both available on the KVH website at [www.kvh.org.nz/kiwi\\_psu](http://www.kvh.org.nz/kiwi_psu).

## Award-winning biosecurity excellence at the Port of Tauranga



Biosecurity champions from across the country have been recognised with the announcement of the 2017 New Zealand Biosecurity Award recipients.

KVH is delighted that the 'Biosecurity Excellence at Port of Tauranga' initiative received the Industry Award, which recognises groups or organisations in industry that significantly contributed to improving New Zealand's biosecurity integrity.

A partnership between KVH, the port, the Ministry for Primary Industries (MPI), local government and industry organisations, the initiative has the goal of no biosecurity incursions coming through the port.

Everyone who works around the port - including the wider freight and logistics sector and the local Mount Maunganui community - is encouraged to play their role in keeping unwanted pests out of New Zealand. This is a community of just over 10,000 people operating on the front line.

All groups in the partnership are working together to sustain a port community that is committed to biosecurity excellence. Activities include a biosecurity induction for all port workers, awareness campaigns focused on key pests such as the Brown Marmorated Stink Bug (BMSB), hosting events like Biosecurity Week, regular biosecurity engagement with the wider port community, and distribution of wall planners, calendars and other useful information/alerts that highlight potential pests.

There is also a proactive approach to innovation and understanding how modern technology can impact on biosecurity performance.

A key focus for the initiative is to develop a biosecurity model that can be adapted and applied across all New Zealand ports. KVH and the other partners believe this can realistically be achieved by 2025.

KVH also congratulates the New Zealand Plant Producers Incorporated (NZPPI) who received the Highly Commended award in the Industry category. NZPPI Board Chair Andrew Harrison - who is also KVH's Biosecurity Programmes Manager - was on hand to accept the award in recognition of the work NZPPI does to ensure a strong and united voice on biosecurity issues for plant producers, especially during the recent myrtle rust response.



Biosecurity in action at the Port of Tauranga.

## Protect your plants from myrtle rust



Myrtle rust finds in the Te Puke region (on residential properties only) continue to be investigated. Although the fungus doesn't affect kiwifruit or kiwifruit vines the approaching spring season is a timely reminder for all growers to look out for symptoms on Myrtaceae trees and shrubs around orchards and in gardens.

Myrtle rust could affect iconic New Zealand plants like pōhutukawa, kānuka, manuka, ramarama and rātā, as well as species such as eucalyptus, guava and feijoa.

To protect any myrtaceae species on your property (eg in your garden or orchard), you may want to consider spraying them with copper at label rates.

Continued vigilance, inspections and adherence to best practice is crucial. Come spring, growing conditions will again be ideal for the fungus. Be on the lookout for:

- bright yellow powdery eruptions appearing on the underside of the leaf (young infection)
- bright yellow powdery eruptions on both sides of the leaf (mature infection)
- brown/grey rust pustules (older spores) which can appear on older lesions
- buckled or twisted leaves which may die off.

If you see any of these symptoms call MPI immediately on 0800 80 99 66.

It's also important to remember that good hygiene practices should always be followed to help manage biosecurity threats, particularly KVH hygiene recommendations (available in full on the KVH website).

**The key points are:**

- check and clean tools, vehicles, machinery, people and clothing
- ensure everything coming across your boundary is free from soil and plant material
- sanitise highest risk items and wash down dirty areas.



Myrtle rust infection on plant leaves.