

# December forecast: further increase in average returns

The Zespri Board of Directors approved the December forecast for the 2017/18 season, which shows forecast returns increasing for all pools. The average Green return per tray increased 14 cents versus October to \$6.37, with average returns per hectare at \$56,995. The forecast for Organic Green increased 22 cents versus October to an average of \$8.46 per tray, and the average per-hectare return is \$49,870. The forecast for both the Green and Organic Green pools has been supported by strong pricing in Europe and favourable changes in exchange rates against the US dollar and the Euro. The forecast for Gold increased to an average of \$9.91 per tray and \$112,562 per hectare. The increase has been helped by good fruit quality performance delivering an improvement in offshore fruit loss rates and reductions in sales incentives and quality provisions. The Green14 forecast increased to an average of \$5.47 per tray and \$37,969 per hectare, thanks to reduced onshore costs and favourable changes in the New Zealand dollar/Euro exchange rate. The **total fruit and service payment**, across all pools and excluding the loyalty premium, is forecast at **\$1.413 billion**, compared with \$1.394 billion in the October forecast.

CEO Dan Mathieson says, “It is pleasing to be finishing the New Zealand season well, with shipping complete and just a small volume of Green left to sell. Although volumes this year from New Zealand have decreased from record levels in 2016/17, we have delivered a strong forecast. Particularly pleasing is the fact average yields per hectare for Green fell by over 25 percent between 2016 and 2017, but average per hectare returns have increased by six percent. Our sales and marketing teams are now increasingly focused on transitioning to non-New Zealand supply to continue to serve our customers in major markets.” Chairman Peter McBride comments, “Our latest forecast is indicative of another strong season overall, delivered together by Zespri and the New Zealand kiwifruit industry. I thank growers for their continued support and wish them all the best for the festive season.”

**Corporate profit range**

The corporate profit range of **net profit after tax** for the year ending 31 March 2018 is **\$100 million to \$103 million**. The dividend per share range is \$0.72 to \$0.74, which includes the interim dividend paid in August of \$0.50 per share and the second interim dividend to be paid in December of \$0.08 per share.

AVERAGE ORCHARD GATE RETURN (Fruit and Service Payments plus the loyalty premium, less post-harvest costs)				
POOLS (FRUIT CATEGORIES)	2016 FINAL	OCTOBER 2017 FORECAST (E3)	DECEMBER 2017 FORECAST (E4)	VARIANCE BETWEEN DECEMBER 2017 FORECAST AND OCTOBER 2017 FORECAST
Zespri Green	\$53,555 per ha	\$55,789 per ha	\$56,995 per ha	+\$1,206 per ha
	\$4.36 per tray	\$6.23 per tray	\$6.37 per tray	\$0.14 per tray
Zespri Organic Green	\$54,427 per ha	\$48,968 per ha	\$49,870 per ha	+\$902 per ha
	\$6.86 per tray	\$8.24 per tray	\$8.46 per tray	\$0.22 per tray
Zespri Gold	\$98,838 per ha	\$110,519 per ha	\$112,562 per ha	+\$2,043 per ha
	\$8.64 per tray	\$9.73 per tray	\$9.91 per tray	\$0.18 per tray
Zespri Green14	\$45,853 per ha	\$37,446 per ha	\$37,969 per ha	+\$523 per ha
	\$5.79 per tray	\$5.39 per tray	\$5.47 per tray	\$0.08 per tray

FRUIT AND SERVICE PAYMENTS (The average amount paid by Zespri to supply entities for a grower's fruit - excluding the loyalty premium)				
Total fruit and service payments (across all pools)	\$1,344.0 million	\$1,394.0 million	\$1,412.8 million	\$18.8 million
	\$9.21 per tray	\$11.20 per tray	\$11.35 per tray	\$0.15 per tray
Zespri Green	\$7.55 per tray	\$9.51 per tray	\$9.65 per tray	\$0.13 per tray
Zespri Organic Green	\$9.57 per tray	\$10.99 per tray	\$11.22 per tray	\$0.23 per tray
Zespri Gold	\$12.37 per tray	\$13.61 per tray	\$13.80 per tray	\$0.18 per tray
Zespri Green14	\$9.25 per tray	\$8.46 per tray	\$8.53 per tray	\$0.08 per tray

**Note:** Per tray amounts above are not rounded to two decimal places, therefore rounding differences may apply.



HAVE A VERY

MERRY CHRISTMAS

CHRISTMAS SHUTDOWN

Zespri's New Zealand office will close for the Christmas break on Thursday 21 December at 3pm and reopen on Monday 8 January 2018 at 8am.

If you have any urgent spray diary queries, please phone:

Brett Hogue - 027 483 5546  
Melanie Walker - 027 203 5254

If you have an urgent matter and need to contact someone from the Grower Services Team, please call your Grower Liaison Manager:

Tom MacMorran - 027 511 2005  
Jane Ritchie - 027 511 1056  
Sylvia Warren - 022 101 8550

# Organic SunGold licence release

The Board announced in October that Zespri will allocate 50 hectares of licence per year for the development of Organic SunGold orchards for the next five years. This is subject to annual review but will result in an additional 250 hectares of Organic SunGold. This decision was based on the unsatisfied demand for the organic category, diminishing organic orchards which are reducing due to urbanisation and the need for growers to diversify their kiwifruit portfolio. The reduction of Hayward from both a conventional and organic perspective is front of mind for the Board. As a result the Organic SunGold licence release will be for new developments only. New developments are defined as ungrafted rootstock or undeveloped land that has been non producing for 12 months i.e. they did not supply to Zespri in the 2017 season. This includes:

- bare land
- posts only
- structures and posts only
- rootstock only
- rootstock only which was previously a producing variety (did not produce fruit in 2017)

The main challenge associated with this licence release is to structure the rules to avoid gaming of the process. Strict rules will be applied to ensure legitimate allocations to growers who want to pursue the organic growing method in this category. This licence release for Organic SunGold is open for all growers. There are no restrictions on eligibility.

The Licence Application Overview and Rules document is scheduled to be published early March 2018. However, Zespri will endeavour to have these rules completed prior to March, allowing growers time to fully understand the rules before deciding whether to apply. The most significant rule relating to this licence release is that the **organic status of the licence remains in place for the lifetime of the plant variety right (PVR)**. This means that if the licence is sold (orchard sale) or transferred then the purchaser is required to honour the organic status of the orchard. Failure to comply with the organic status will result in a termination of the licence and forfeiture of monies paid. Zespri will also place a caveat on each property that receives an allocation under this licence release to ensure any future purchasers are made aware of the licence conditions before they enter into a Sales and Purchase agreement. Some other features of this licence release are:

- Minimum bid area: 1 hectare
- Maximum bid area: 10 hectares
- Payment terms: 25 percent on application and remainder due July 2018
- Grafting deadline: two years

This features above are a brief summary of the rules involved for this licence release. The Licence Application Overview and Rules will provide a more detailed explanation of the rules. In addition to this Zespri will provide some technical guidance documents from OPC which will be posted on the Canopy. Growers will be advised once this additional material is available.

Date	Action
7 March 2018	Licence application overview and rules published
28 March 2018	Application process opens
11 April 2018	Closing date for bids
27 April 2018	Pre validation and collation of all bids completed by Cooney Lees Morgan (pending the number of hectares released)
Week of 30 April 2018	Evaluation panel makes decisions regarding allocation of licences and successful bidders notified as soon as possible thereafter
28 May 2018 onwards	Licence packs distributed
20 July 2018	Balance of settlement payments due

# Further assessment of New Green

During December a meeting was held to review the status of the New Green variety in pre-commercial trials. The meeting consisted of the Stage 3 Steering Committee members which oversee the pre-commercial stage of the new cultivar programme, key Plant & Food Research staff, Market research specialists, Forward, and members of Zespri's board, executive and staff. After reviewing growing, marketing and supply chain learnings for the year, the consensus recommendation was:

- The new green should not be commercialised in 2018 as we still have outstanding queries about the variety.
- The 2018 crop from trial blocks will be used to more on how the variety can earn an in-market premium for an exceptional tasting green, customer acceptance and it's performance through the supply chain.
- In June/July, the learnings from the 2018 crop will be used to inform a decision around commercialisation potential for the variety.

# Potential red variety release in 2018

The Zespri Board has asked the management team to fast-track data collection to allow the Board to consider a red variety commercial release decision in May 2018. In Zespri's pre-commercialisation programme, varieties would normally spend at least three years in pre-commercial trials, therefore a release decision would normally not be made until May 2019 at the earliest. The variety being considered was introduced into the Zespri pre-commercial programme in 2015 and initial data is positive. Knowledge of its performance is limited and therefore any early commercialisation decision would not come without risk. However, there is strong market demand for a red in the Zespri

portfolio and depending on performance observed in the next six months the risk may be appropriate for the industry to accelerate commercialisation of a red cultivar. Variety risk, licence terms and timing, hectares and tendering processes would all be considered as part of the May board discussion so there is no further information on these conditions at this time. It is important to note that this is not an indication that the variety will be commercialised in 2018. The Board may decide that another season of data is needed before a decision on commercialisation can be made.



# From the markets

## Brazil

Kiwifruit has gained space in print media thanks to an article in popular health magazine, Saúde, naming kiwifruit as "the fruit of the moment". The piece highlights kiwifruit's antioxidant properties, benefits to the heart and digestive system.

The article goes on to recommend kiwifruit for diabetics and notes it contributes to sleep quality with high levels of magnesium.

Finally, the report points out that even the kiwifruit skin is edible because it is rich in fibre and vitamins.

SunGold (or "Gold", as it is called in the article) is mentioned as a new variety that should help boost the category, which has grown 50 percent in the past six years.



## Japan

Zespri Japan held the first-ever meeting of large-scale corporate SunGold growers earlier this month. The event was held to encourage collaboration among Zespri's new corporate growers – MiKiwi, Shibaura and G6 Investments.

With the industry in Japan starting at a low level of development, Zespri is encouraging its partners to work together. This means leveraging the strength each one brings will help support the rapid production growth we need to meet the supply gap during the Northern Hemisphere selling season.



Board members Peter McBride and Bruce Cameron, CEO Daniel Mathieson and ZGS General Manager Sheila McCann Morrison, Japan Supply Manager Brian McGillivray and Japan Country Manager Ichiro Anzai with ZGS Japan team members and our corporate partners.

## Te Puke Santa parade

Hundreds of people turned out for Te Puke's annual Santa Parade earlier this month. Zespri was one of many floats in the parade and it was a great morning of festivities and an opportunity to support the local community.



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

1. Crop Protection
2. Shares
3. Quality Manual
4. The Month Ahead: November
5. Up-2-Date

## It's registration time again

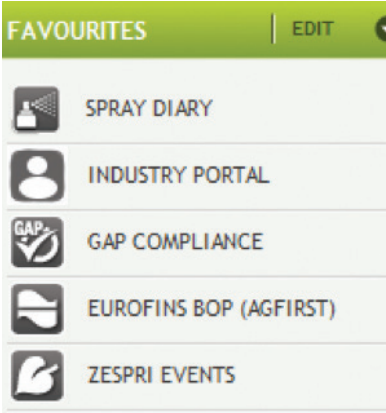
The 2018 KPIN and grower registrations are now due. Growers are encouraged to complete these online through the Zespri Industry Portal. (If you would like to receive this in the mail, please contact Grower Support Services.) An icon in the top right-hand corner by your name on your portal home screen will indicate that you have a notification waiting.

Once you have clicked on the icon you will receive instructions on how to complete your registration. Please note that you are required to complete two separate registrations: one for your KPIN and a second one for your entity that owns the orchard.

### What is the portal?

The portal is a window into Zespri - this displays all the information regarding your orchard that we hold.

Growers can access Zespri Industry Portal by using their Canopy username and password - no additional login is required. To access the portal, navigate to: Canopy > Zespri & The Kiwifruit Industry > Tools & Calculators > Zespri Industry Portal. Or you can add this to your Canopy Favourites.



As in previous years, growers are encouraged to complete the registration forms and submit before Christmas 2017 – even if there are no changes to your details, you are still required to return your form to Zespri.

Growers can request updates of any information that Zespri holds about them through the portal and these will be processed within 24 hours.

**KPIN registration block information–** As no block information is captured on this registration form, growers should check that the correct block information for their orchard is updated in their spray diary.

If you are unable to complete the forms online, or you wish to update block information, growers should contact their post-harvest facility or Zespri Grower Support Services on 0800 155 355 or email [contactcanopy@zespri.com](mailto:contactcanopy@zespri.com).

## Industry Supply Group (ISG) meeting: 14 December

- Agenda items discussed were:**
- 2018 generic services rates
  - 2018 infringement charges
  - 2018 pack differential rates
  - Infringement charges – Schedule 13
  - Generic services SLA
  - 2018 indicative period 1 and time rates
  - Supply Agreement
  - SunGold size 42s
  - Subgroup updates
- This is the last meeting for the year. The next meeting will be held on 8 February next year.**

## Key dates for 2018

Date	Event
End February	Grower roadshows
End February	Dry shareholder town hall meetings
14 March	Special Meeting of Shareholders
13-16 June	Mystery Creek Fielddays
28 March	Gold3 licence application window opens
26 July	Annual General Meeting

## Loyalty contracts 2017

### Have you returned your form?

If you had a new grower number for the 2017 season, you would have received a Loyalty Contract to complete and return to us.

**This would have changed due to one of the following:**

- You changed your post-harvest facility for the 2017 season.
- You changed the ownership or lease arrangements of your orchard for the 2017 season.
- There was a change to the kiwifruit titleholder of your crop for the 2017 season.

To ensure you receive the first instalment of the Loyalty Premium due on 19 January 2018, you need to return your completed Loyalty Contract by 20 December, along with a bank deposit slip if the loyalty is being paid direct to you.

Please contact Zespri Grower Support Services on 0800 155 355 if you need any further help.

## Lain's farewell

Outgoing Chief Executive Lain Jager was farewelled in style last month by Māori growers with a special dinner held at Whareora Marae in Tauranga thanking him for his many years of

service to our industry. Children from the local Māori language school did a beautiful kapa haka performance and many warm speeches were given in Lain's honour.





# INCOME AND PAYMENTS EXPLAINED: 2016/17 RESULTS

Starting with the 2016/17 Annual Report, Zespri now reports our corporate profit for each individual revenue stream. We have redefined our operating segments to better reflect the key business activities and now report against four segments: New Zealand kiwifruit, Non-New Zealand supply, new cultivars and other. Providing growers with clear information about value and sources of funding is important given the kiwifruit industry's strong growth to date and the projected growth ahead. We receive feedback from growers and the wider industry from time to time that indicates those people new to our industry find the way Zespri accounts for its activities difficult to understand. The infographic provided here outlines how money flows through the industry using the 2016/17 corporate results: Zespri's revenue streams, pool costs, fruit payments to growers, corporate costs and how we distribute the profit we make.

## GLOBAL REVENUE \$2,362 MILLION

- Kiwifruit sales \$2,262 million
- Other revenue \$100 million

NEW ZEALAND KIWIFRUIT	NON-NEW ZEALAND SUPPLY	NEW CULTIVARS	OTHER
\$2,046m	\$216m	-	-
\$8m	\$1m	\$87m	\$3m

Kiwifruit sales globally - \$2,262 million from 162.7 million trays supplied. Other revenue driven by SunGold licence release of \$67.2 million and royalties of \$16.7million, along with external innovation and research funding and interest and rental income.

## POOL COSTS \$538 MILLION



\$ 509m	\$ 29m	-	-
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Includes freight, insurance, duty and customs, logistics and promotion costs

## PAYMENTS FOR FRUIT INCLUDING LOYALTY \$1,540 MILLION

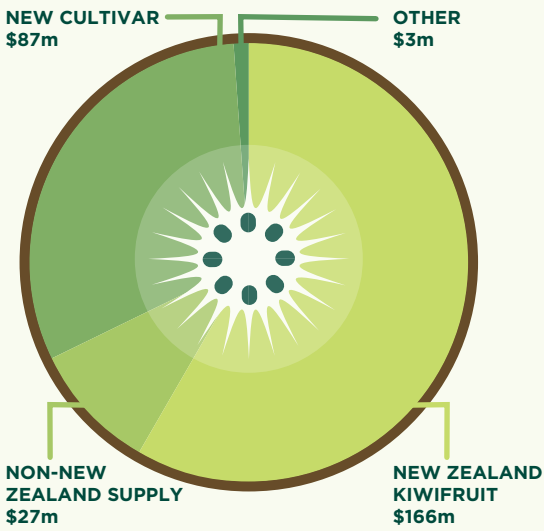


\$ 1,380m	\$ 160m	-	-
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\$1,380 million paid to New Zealand growers for fruit payments including \$36 million for loyalty payments. \$160 million paid to non-New Zealand based growers for fruit purchased.

## CORPORATE REVENUE \$283 MILLION

- Included in Global Revenue



\$166m	\$27m	\$87m	\$3m
After the loyalty rebate, \$165.7 million earned from \$2 billion in kiwifruit sales. The Zespri margin under KISP for the 2017/18 year has a target of 1% of 'New Zealand Kiwifruit EBIT' after loyalty payments. If the margin is greater than 1% an additional loyalty payment equal to half of the excess 'New Zealand Kiwifruit EBIT' is payable.	\$27.1 million in corporate revenue earned from \$216 million in kiwifruit sales.	<ul style="list-style-type: none"><li>\$67.2 million revenue from 400 hectare SunGold licence release plus treasury and shelter belt releases.</li><li>\$16.7 million royalty income from PVR (Plant variety rights) sales.</li><li>\$3.6 million of external research funding received.</li></ul>	Interest income and land and building rental income.

## CORPORATE COSTS \$176 MILLION

- Innovation costs \$25 million
- Overhead costs \$151 million

\$11m	-	\$14m	-
\$133m	\$15m	\$2m	\$1m

## PROFIT BEFORE TAX \$107 MILLION

\$22m	\$12m	\$71m	\$2m
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## TAXATION \$33 MILLION

\$33m
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## PROFIT AFTER TAX \$74 MILLION

**RETAINED EARNINGS**  
Increase in retained earnings \$44 million  
- Earnings reinvested into the business for assets, working capital and financial stability.



**DIVIDENDS**  
Dividends paid \$30 million or \$0.25c per share. Paid to shareholders - current dividend policy is 70-90 percent of the distributable profit profile.

# 2017/18 Season return analysis

Class 1 - Approved Progress Payment 15 February 2018	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.50	\$0.20	\$0.60	\$0.60	\$0.35	\$0.35	\$0.45
Zespri Organic Green	\$0.66	\$0.75	\$0.75	\$0.70	\$0.70	\$0.70	No payment
Zespri Gold	\$0.49	\$0.35	\$0.45	\$0.55	\$0.50	\$0.65	No supply
Zespri Gold3 & Organic Gold3	\$0.50	\$0.50	\$0.50	\$0.55	\$0.50	\$0.65	No payment
Zespri Green14	\$0.17	\$0.25	\$0.20	\$0.15	\$0.20	\$0.20	\$0.05
Class 1 - Indicative Progress Payment 15 March 2018	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Zespri Organic Green	\$0.09	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	No payment
Zespri Gold	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	No supply
Zespri Gold3 & Organic Gold3	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	No payment
Zespri Green14	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10

- 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 February 2018	Average on Net Submit	16/18/22	27	30	33	36	39	42	Non-Standard Supply - Approved Progress Payment 15 February 2018	42	46
Family Kiwi™ / Replacement Program Green	\$0.05	No payment	\$0.15	No payment	No payment	No payment	No payment	No payment	Zespri Green		\$0.10
Family Kiwi™ Organic Green	\$0.72	\$0.80	\$0.80	\$0.70	\$0.65	\$0.60	\$0.60	\$0.45	Zespri Organic Green		\$0.30
Family Kiwi™ / Replacement Program Gold3	(\$0.00)	No payment	No payment	\$0.25	No payment	(\$0.23)	(\$1.12)	(\$4.16)	Zespri Gold3 Low DM	\$0.05	
Family Kiwi™ / Replacement Program Organic Gold3	(\$0.06)	(\$0.04)	No payment	(\$0.44)	\$0.10	\$0.15	No payment	No supply	Zespri Organic Gold3 Low DM	\$2.00	



## Briefs

### Share briefs

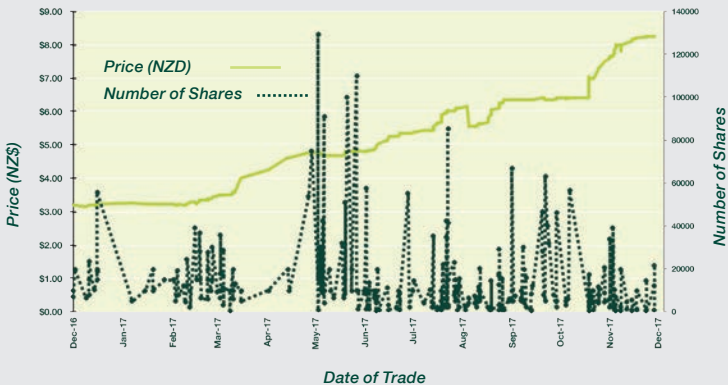
As at **5 December 2017**, the last Zespri share price trade was **\$8.25** traded on **4 December 2017**. There were two buyers at **\$8.25** and **\$8.20**. There were four sellers at **\$8.50, \$8.36, \$8.30** and **\$8.29**.

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

For all other general shareholder enquiries, please contact Zespri Grower Support Services on 0800 155 355.

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

Zespri Group Limited Share Trades - 27 November 2016 to 27 November 2017



- 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 – view 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 **5 December 2017**.

Quote Line at Tuesday 5 December as at 9.30am								
Code	Bid (\$)	Offer (\$)	Last (\$)	At	High (\$)	Low (\$)	Volume	Value (\$)
ZGL	8.250	8.290	8.250	4/12/17 15:19	-	-	0	0.000

Market Depth					
BIDS			OFFERS		
Orders	Quantity	Price (\$)	Price (\$)	Quantity	Orders
1	12,000	8.250	8.290	1,200	1
1	4,000	8.200	8.300	1,000	1
			8.360	1,000	1
			8.500	4,000	1

Last 10 Trades			
Date/Time	Quantity	Price (\$)	Value (\$)
4/12/17 15:19	1,000	8.250	8,250.000
4/12/17 9:00	21,850	8.250	180,262.500
4/12/17 9:00	12,000	8.250	99,000.000
29/11/17 9:04	215	8.250	1,773.750
29/11/17 9:04	14,785	8.250	121,976.250
29/11/17 9:04	1,000	8.230	8,230.000
23/11/17 12:10	10,000	8.200	82,000.000
23/11/17 11:51	1,000	8.200	8,200.000
23/11/17 11:51	1,170	8.200	9,594.000
20/11/17 14:44	5,630	8.150	45,884.500

**Director share trading**

For the month of **December** (as at **5 December 2017**), there were no 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.

Please note that at any time that content for the *Kiwiflier* is finalised for publication, there may be some trades associated with director entities which have been matched and transacted, but the paperwork has not yet been received by Zespri or Computershare. As such, there may be some lags in reporting trading by entities associated with directors. Zespri will however ensure that as at the end of each month, the 'Director Share Holdings and Transfers' document on the Zespri Canopy will always provide the most up to date information held by Zespri.

## 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.

### February 2018 Approved Progress Payments on Net Submit Trays

Approved per tray progress payments for 15 February 2018:

Class 1	
Zespri Green	\$0.50
Zespri Organic Green	\$0.66
Zespri Gold	\$0.49
Zespri Gold3 & Organic Gold3	\$0.50
Zespri Green14	\$0.17

### March 2018 Indicative Progress Payments on Net Submit Trays

Indicative per tray progress payments for 15 March 2018:

Class 1	
Zespri Green	\$0.10
Zespri Organic Green	\$0.09
Zespri Gold	\$0.10
Zespri Gold3 & Organic Gold3	\$0.10
Zespri Green14	\$0.10

### Orchard Gate Return

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

Full Year Forecast Return and Orchard Gate Return (OGR) - industry average only

Full Year Return	2017/18 - December forecast							2016/17 actual						
	Zespri Green	Zespri Organic Green	Zespri TOTAL Gold & Organic Gold	Zespri 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)	65.2	2.8	52.5	0.3	52.2	1.2	124.4	90.8	3.9	48.5	1.7	46.8	1.5	145.9
Kilograms supplied (m)	228.1	9.7	182.5	0.9	181.6	4.2	429.6	319.0	13.7	169.0	5.4	163.7	5.3	510.8
Average size per tray	29.4	33.4	26.7	29.0	26.7	34.1		32.5	35.0	29.9	31.8	29.9	36.1	
Fruit payments (\$m)	338.7	20.7	354.1	1.9	352.2	6.8	738.1	381.0	23.5	291.0	10.0	280.9	10.2	711.9
Fruit incentives (\$m)	190.1	7.8	302.5	1.4	301.1	3.3	503.7	167.0	10.0	241.6	7.7	233.9	3.2	421.8
Service costs (\$m)	100.2	2.5	67.7	(0.0)	67.7	0.3	170.9	137.9	4.2	67.5	1.3	66.2	0.7	210.3
Fruit and service payments excl. loyalty premium (\$m)	629.0	31.0	724.3	3.3	721.0	10.4	1,412.8	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 Organic Gold premium)	2.95	5.23	3.94	3.71	3.95	2.81		1.95	3.72	3.20	2.95	3.21	3.88	
Total fruit payments per net submit trays	5.20	7.48	6.74	6.51	6.75	5.61		4.20	5.97	6.00	5.75	6.01	6.68	
KiwiStart <sup>1</sup>	0.42	0.43	0.42	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	5.29	2.05		1.40	1.87	4.40	3.40	4.44	1.85	
Supplier accountability	0.13	0.02	0.06	-0.04	0.06	-0.05		0.08	0.00	0.07	0.04	0.07	-0.05	
Fruit incentives	2.92	2.83	5.76	4.85	5.77	2.71		1.84	2.54	4.98	4.42	5.00	2.11	
Pack type	0.57	0.24	0.73	-0.01	0.73	0.22		0.41	0.18	0.63	0.55	0.63	0.46	
Time payment	0.97	0.67	0.56	0.00	0.57	0.00		1.10	0.88	0.76	0.20	0.78	0.00	
Service costs	1.54	0.91	1.29	-0.01	1.30	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	9.65	11.22	13.80	11.35	13.81	8.53		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	9.90	11.47	14.05	11.60	14.06	8.78		7.80	9.82	12.62	11.17	12.67	9.50	
Less: onshore fruit loss	-0.13	-0.15	-0.11	-0.01	-0.11	-0.05		-0.22	-0.11	-0.11	-0.04	-0.11	-0.13	
Fruit loss percentage <sup>2</sup>	1.30%	1.30%	0.81%	0.10%	0.82%	0.60%		2.76%	1.16%	0.87%	0.34%	0.89%	1.36%	
Class 1 fruit and service payments per gross submit trays	9.77	11.32	13.93	11.59	13.94	8.73		7.59	9.70	12.51	11.13	12.56	9.38	
Plus Class 2 return	0.10	0.11	0.09	0.11	0.09	0.07		0.08	0.18	0.06	0.11	0.05	0.04	
Plus non-standard supply (NSS) <sup>3</sup>	0.01	0.03	0.01	0.00	0.01	0.02		0.00	0.02	0.00	0.08	0.00	0.02	
Plus other income (non-dividend) <sup>4</sup>	0.01	0.01	0.01	0.00	0.01	0.01		0.01	0.00	0.00	0.00	0.00	0.00	
Average revenue per gross submit trays	9.89	11.46	14.03	11.70	14.05	8.83		7.69	9.91	12.57	11.32	12.62	9.43	
LESS: Post-harvest costs deducted														
Base packing and packaging	-1.48	-1.53	-2.18	-2.43	-2.18	-2.17		-1.45	-1.52	-2.07	-2.33	-2.06	-2.17	
Pack differential	-0.56	-0.23	-0.72	0.01	-0.72	-0.22		-0.40	-0.18	-0.62	-0.54	-0.63	-0.45	
Base cool storage	-0.80	-0.82	-0.81	-0.67	-0.81	-0.81		-0.77	-0.79	-0.79	-0.71	-0.79	-0.80	
Logistics	-0.13	-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	-0.53	-0.27	-0.27	0.00	-0.27	-0.01		-0.56	-0.42	-0.30	-0.05	-0.31	-0.08	
Total post-harvest costs per gross submit trays	-3.52	-3.00	-4.12	-3.34	-4.13	-3.36		-3.33	-3.05	-3.93	-3.86	-3.94	-3.64	
OGR per gross submit trays	6.37	8.46	9.91	8.36	9.92	5.47		4.36	6.86	8.64	7.46	8.68	5.79	
Average industry yield per productive hectare <sup>5</sup>	8,947	5,892	11,360	9,699	11,371	6,941		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	\$56,995	\$49,870	\$112,562	\$81,104	\$112,767	\$37,969		\$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	1.82	2.42	2.85	2.67	2.85	1.57		1.24	1.97	2.48	2.39	2.48	1.67	

**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. For Gold3 Zespri expects that the NSS income will increase in future surveys given the volume and value of these pools in the 2017 season.

- Other Income may include any Service Level Agreement payments, Class 3 income and interest.
- 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.




# Class 1 Fruit and Service Payments and Timings


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


Actual payments made YTD are above the dotted line with the average amount paid.

Payments yet to be made are indicated below the dotted line.


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


Zespri Green								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-17	\$2.25	\$0.02					\$2.27	23%
May-17		\$0.11					\$0.11	24%
Jun-17		\$0.10					\$0.10	25%
Jul-17		\$0.03	\$0.00	\$0.26	\$0.61		\$0.90	34%
Aug-17		\$0.15	\$0.18	\$0.42	\$0.20		\$0.96	44%
Sep-17		\$0.29		\$0.72	\$0.12		\$1.13	55%
Oct-17		\$0.38	\$0.27	\$0.32	\$0.18		\$1.14	67%
Nov-17		\$0.31	\$0.03	\$0.59	\$0.60		\$1.54	82%
Dec-17		\$0.15	\$0.03	\$0.06	\$0.43		\$0.66	89%
Jan-18			●			\$0.10	●	●
Feb-18					\$0.50		●	●
Mar-18					\$0.10		●	96%
Apr-18					●		●	●
May-18					●		●	●
Jun-18						\$0.15	●	100%
Paid YTD	\$2.25	\$1.53	\$0.51	\$2.37	\$2.15	\$0.00	\$8.81	
Balance to pay	\$0.00	\$0.01	\$0.03	\$0.00	\$0.80	\$0.25	\$1.09	
Total fruit and service payments - 2017/18 forecast							\$9.90	


Zespri Organic Green								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-17	\$2.25						\$2.25	20%
May-17		\$0.01					\$0.01	20%
Jun-17		\$0.07					\$0.07	20%
Jul-17		\$0.02	\$0.07	\$0.29	\$0.67		\$1.04	29%
Aug-17		\$0.11	\$0.15	\$0.46	\$0.92		\$1.64	44%
Sep-17		\$0.21		\$0.83	\$0.11		\$1.15	54%
Oct-17		\$0.24	\$0.24	\$0.23	\$0.72		\$1.43	66%
Nov-17		\$0.11	\$0.00	\$0.54	\$1.08		\$1.73	81%
Dec-17		\$0.07	\$0.00	\$0.04	\$0.78		\$0.88	89%
Jan-18			●			\$0.10	●	●
Feb-18					\$0.66		●	●
Mar-18					\$0.09		●	96%
Apr-18					●		●	●
May-18					●		●	●
Jun-18						\$0.15	●	100%
Paid YTD	\$2.25	\$0.85	\$0.46	\$2.37	\$4.27	\$0.00	\$10.20	
Balance to pay	\$0.00	\$0.05	\$0.00	\$0.00	\$0.96	\$0.25	\$1.26	
Total fruit and service payments - 2017/18 forecast							\$11.47	

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	33%
May-17		\$0.10					\$0.10	34%
Jun-17		\$0.01					\$0.01	34%
Jul-17			\$0.71	\$0.68			\$1.39	50%
Aug-17			-\$0.05	\$0.68	\$0.18		\$0.81	59%
Sep-17		\$0.00		\$0.28	\$1.03		\$1.31	74%
Oct-17		\$0.00		\$0.00	\$0.83		\$0.83	84%
Nov-17			\$0.00	\$0.41	\$0.07		\$0.48	89%
Dec-17			\$0.00	\$0.00	\$0.22		\$0.22	92%
Jan-18			●			\$0.10	●	●
Feb-18					\$0.17		●	●
Mar-18					\$0.10		●	96%
Apr-18					●		●	●
May-18		\$0.00			●		●	●
Jun-18						\$0.15	●	100%
Paid YTD	\$2.80	\$0.22	\$0.65	\$2.05	\$2.33	\$0.00	\$8.06	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.47	\$0.25	\$0.72	
Total fruit and service payments - 2017/18 forecast							\$8.78	

- Pack and Time, KiwiStart and Taste Zespri is paid on FOBS, i.e. when fruit is shipped. Some of the Supplier Accountability payments are subject to SLA terms.
- Progress will be paid in the remaining months at levels subject to Zespri Management approval.
- Average payments per TE are based on the 2017/18 December forecast trays and actual payments to date.
- YTD amounts for Pack and Time may move from previous Kiwifliers due to SLAs being paid late in a month.

Zespri TOTAL Gold and Organic Gold									
 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	\$0.16						\$2.96	21%
May-17		\$0.13						\$0.13	22%
Jun-17		\$0.19						\$0.19	23%
Jul-17		\$0.04	\$0.00	\$0.93	\$0.89			\$1.87	37%
Aug-17		\$0.29	\$0.18	\$1.46	\$0.33	\$0.02		\$2.29	53%
Sep-17		\$0.41	\$0.02	\$1.78	\$0.20			\$2.41	70%
Oct-17		\$0.05	\$0.24	\$0.05	\$0.61			\$0.95	77%
Nov-17		\$0.00	\$0.01	\$1.06	\$0.54	\$0.01		\$1.62	88%
Dec-17		\$0.01	\$0.01	-\$0.01	\$0.56			\$0.56	92%
Jan-18			●				\$0.10	●	●
Feb-18					\$0.50			●	●
Mar-18					\$0.10	●		●	98%
Apr-18					●			●	●
May-18					●			●	●
Jun-18							\$0.15	●	100%
Paid YTD	\$2.80	\$1.29	\$0.47	\$5.28	\$3.12	\$0.02	\$0.00	\$12.99	
Balance to pay	\$0.00	\$0.00	\$0.01	\$0.00	\$0.80	\$0.00	\$0.25	\$1.06	
Total fruit and service payments - 2017/18 forecast							\$14.05		

Zespri Gold								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Gold OB Premium	Loyalty Premium	Total payment / FOBS TE
Apr-17	\$2.80							\$2.80
May-17								\$0.00
Jun-17		-\$0.01						-\$0.01
Jul-17				\$1.23				\$1.23
Aug-17			\$0.07	\$1.23	\$0.51			\$1.81
Sep-17			\$0.01	\$1.33	\$0.94			\$2.27
Oct-17			\$0.08		\$0.64			\$0.71
Nov-17			-\$0.01	\$0.95	\$0.35			\$1.29
Dec-17			-\$0.01	\$0.00	\$0.50			\$0.48
Jan-18			●				\$0.10	●
Feb-18					\$0.49			●
Mar-18					\$0.10			●
Apr-18					●			●
May-18					●			●
Jun-18							\$0.15	●
Paid YTD	\$2.80	-\$0.01	\$0.12	\$4.74	\$2.93	\$0.00	\$0.00	\$10.58
Balance to pay	\$0.00	\$0.00	-\$0.01	\$0.00	\$0.78	\$0.00	\$0.25	\$1.02
Total fruit and service payments - 2017/18 forecast							\$11.60	

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
Apr-17	\$2.80	\$0.17						\$2.97
May-17		\$0.13						\$0.13
Jun-17		\$0.19						\$0.19
Jul-17		\$0.04	\$0.00	\$0.93	\$0.89			\$1.87
Aug-17		\$0.29	\$0.18	\$1.47	\$0.33	\$0.02		\$2.29
Sep-17		\$0.41	\$0.02	\$1.78	\$0.20			\$2.42
Oct-17		\$0.05	\$0.24	\$0.05	\$0.61			\$0.95
Nov-17		\$0.00	\$0.01	\$1.06	\$0.54	\$0.01		\$1.62
Dec-17		\$0.01	\$0.01	-\$0.01	\$0.56			\$0.56
Jan-18			●				\$0.10	●
Feb-18					\$0.50			●
Mar-18					\$0.10	●		●
Apr-18					●			●
May-18					●			●
Jun-18							\$0.15	●
Paid YTD	\$2.80	\$1.30	\$0.47	\$5.29	\$3.12	\$0.02	\$0.00	\$12.99
Balance to pay	\$0.00	\$0.00	\$0.01	\$0.00	\$0.80	\$0.00	\$0.25	\$1.06
Total fruit and service payments - 2017/18 forecast							\$14.06	

Note

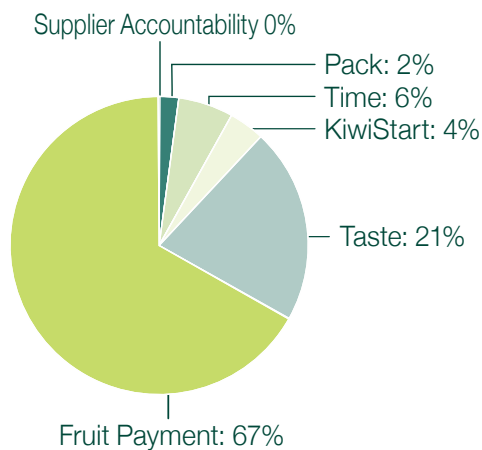
1. The submit and progress payments detailed in the tables are based on net submit trays.

2. Rates per TE of \$0.00 have values of less than \$0.005.

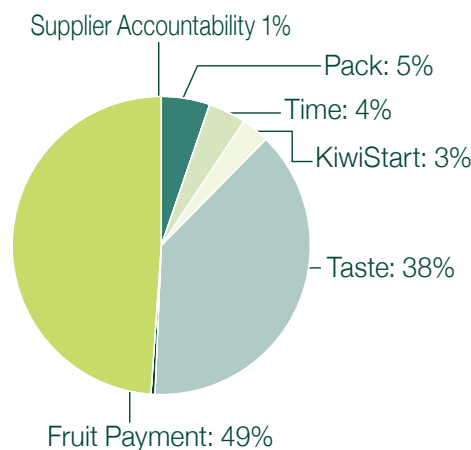
# Season Grower Payments Portions - Total Fruit and Service Payments

2017/18 - December forecast

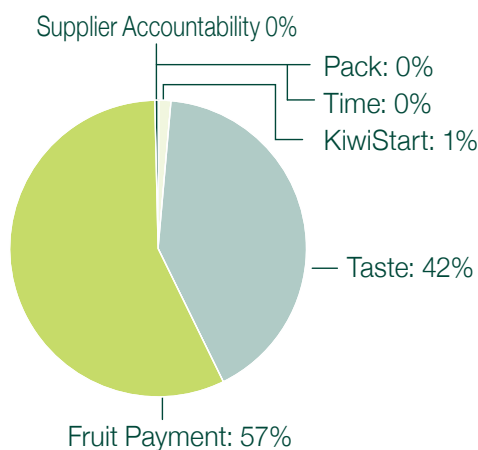
Zespri Organic Green



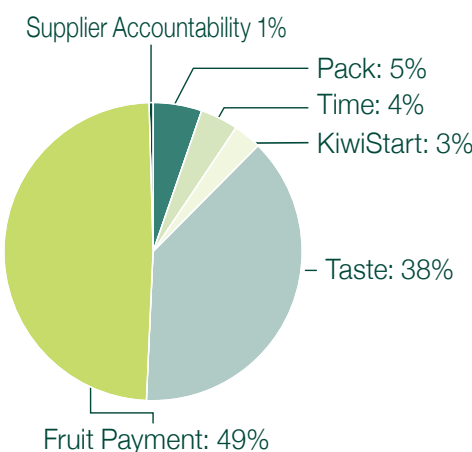
Zespri TOTAL Gold & Organic Gold



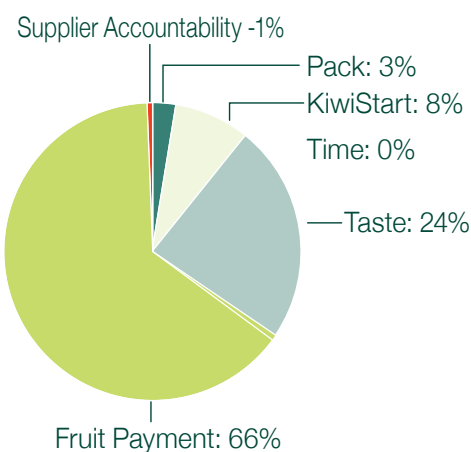
Zespri Gold



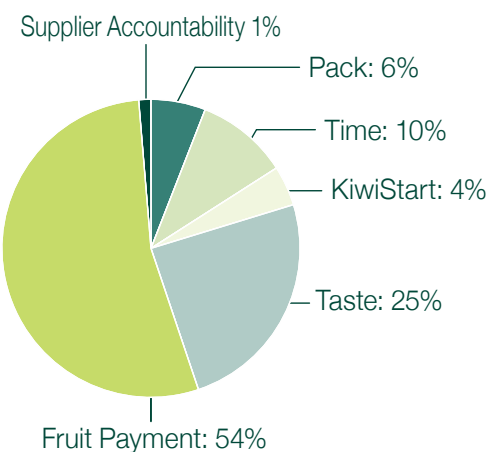
Zespri Gold3 & Organic Gold3



Zespri Green14



Zespri Green



## Kiwifruit fungal pathogen workshop



A biosecurity incursion of a fungal pathogen such as Brazilian Wilt could severely impact our kiwifruit industry, like it has in Brazil where kiwifruit may no longer be an economically viable crop.

Kiwifruit has been identified as one of the most susceptible crops to this pathogen which is spreading around the world. A number of new epidemics have appeared in the past 10 years, including in Hawaii where it is wiping out their native 'ōhi'a tree, a close relative to our pōhutakawa.

While KVH leads industry preparedness for biosecurity threats, Zespri provides a significant financial contribution to research initiatives and manages a biosecurity research portfolio on our behalf.

In November, KVH held a science workshop to identify research priorities for our most significant fungal pathogens, to be undertaken within this biosecurity research portfolio. The workshop was attended by 25 people from KVH, Zespri, Better Border Biosecurity, Plant & Food Research, Landcare Research, Scion, New Zealand Avocados and the Ministry for Primary Industries.

**Key points from the day that will be of interest to growers include:**

- **Brazilian Wilt** – the kiwifruit industry has already invested more than \$200k into research to improve our preparedness for this pathogen. However, there are still many fundamental knowledge gaps, such as how long does it take from when a vine is infected to when

symptoms are expressed? Could the pathogen already be in New Zealand but not yet expressing symptoms? The group workshoped a priority list that will be used to shape research projects for the next financial year.

- **Verticillium Wilt** – in Chile, certain kiwifruit cultivars seem susceptible and several New Zealand scientists have visited the region to better understand the pathogen that causes this. Developing a diagnostic tool to firstly determine if it is already present in New Zealand (and if not, detect it should it arrive) was agreed as a research priority.
- **Phytophthora** – an expert from Scion stated that Phytophthora around the world are evolving and we are constantly seeing new diseases from these pathogens. In New Zealand, Phytophthora typically affects only kiwifruit vines in poor growing environments or under stress, but observations from other industries suggest that new aggressive strains could affect vines in good soil types.

What can growers do to reduce risk? Containment of a fungal pathogen that we cannot see is only feasible if industry always follows best practice. Source clean plant material, check and clean all tools and machinery that enter your orchard, and report anything unusual.

## Valuable insight from monitoring



The value of monitoring has been highlighted during this year's KVH monitoring rounds in Whangarei and North-West Auckland, where a further Psa positive result was identified. Symptoms were leaf spotting and flower bud browning on several male vines in a Hayward orchard.

As there is Psa inoculum around, growers in this region are advised to carefully check their orchards for symptoms and contact their post-harvest representative or KVH to have samples taken if they see anything unusual.

KVH staff also monitored orchards surrounding and including the two positive orchards in Whangarei. Several samples were taken during this monitoring round but no new Psa positive sites were identified.

It is a requirement under the National Pest Management Plan (NPMP) that all growers of Not Detected orchards in all regions monitor their orchards and report their results to KVH each year by the end of October. If your orchard is Not Detected and you have not yet monitored or reported please contact KVH or complete the online form to ensure compliance with NPMP requirements.

More information about monitoring and results, including Psa statistics by region, is available on the KVH website.





ORCHARD PRODUCTIVITY CENTRE

# KIWIFRUIT QUIZ

Edition 4: December 2017

Please note all page references for the quiz point to the November/ December 2017 Kiwifruit Journal.

1. According to a Zespri Innovation contracted project, mowing the sward before harvest decreased pest loading on fruit at harvest. (See page 12, 'Innovation in brief')
- a) True

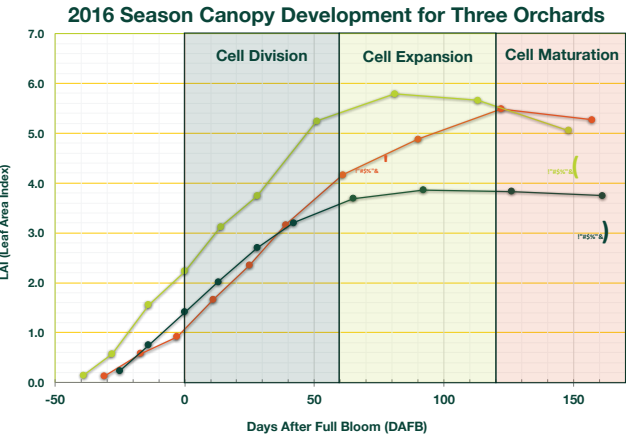
b) False
2. Which grafting method is usually best for Bounty71? (See page 24, 'Grafting Bounty71 – the realities')
- a) Whip and tongue

b) Cleft

c) Kerf
3. Results from a 2017 Plant & Food Research study suggest a January girdle on Gold3 on Bounty71 increased dry matter by how many points? (See page 21, 'Trunk girdling with Bounty')
- a) 0.6 percent

b) 1.0 percent

c) No increase
4. The graph below shows leaf area index (measurement of canopy density) for three orchards through the growing season. Which orchard do you think had the best result? Note the dotted red line gives the standard model for daily dry matter accumulation. (See page 28,



- 'Finding your balance: The fight for carbohydrates')
- a) Orchard A (red)

b) Orchard B (green)

c) Orchard C (blue)
5. While Hayward yield increased between 2014 and 2016, what happened to Hayward dry matter across the industry? (See page 31, 'Hayward hitting more high notes')
- a) Increased by 0.5 percent

b) Increased by 1.0 percent

c) Decreased by 0.8 percent

d) No change
6. Why are most growers in South Korea, who are converting from Hort16A to Gold3, not able to stump graft their vines? (See page 59, 'South Korea's golden harvest')
- a) Chainsaw safety laws in South Korea prohibit their use in horticulture.

b) The original vines were grafted at ground level.

c) Rural noise restrictions do not allow for use of the necessary equipment within 200m of residential properties.

Answers: 1. B | 2. A | 3. B | 4. C | 5. C | 6. B

# The month ahead: January



ORCHARD PRODUCTIVITY CENTRE

## Key focuses January

Canopy Management

Male Pruning

Trunk Girdling

Fruit Thinning

Below is a short version of the Month Ahead for January – the full version has much more information and can be found on the 'Month Ahead' pages on the Canopy > Growing Kiwifruit > The month ahead

- Canopy management
- Remember to get on top of all your canopy management jobs before you go away on holiday. By removing blanks that were missed in the first canopy management rounds along with cutting tangles, zero leafing ends and zero leafing large canes that have grown in the middle of the bay means you are getting maximum light interception and increasing the floral response on the canes that you will tie down in winter.

It is important to maintain a healthy canopy during fruit growth. Identifying issues quickly and distinguishing between nutrient deficiencies and pest damage will help remedy issues fast.

NIWA is forecasting above average temperatures for New Zealand. Combine this with the forecast for normal to slightly above normal rainfall along with soil moisture in most regions of the North Island and the result is vegetative growth. Be aware of this type of growth which appears after rain following a dry spell and needs to be controlled.
- Male pruning
- Males need repeated pruning rounds to remove upright non-terminating growth. Remember how they looked after

their first round of pruning post-pollination? Now's the time to give them another go and bring them back to that size.
- Trunk girdling
- Girdle during January and February to increase dry matter in Hayward and Gold3. Research has shown summer trunk girdling increases average dry matter by 0.5 percent for Hayward and up to 1.2 percent for Gold3.
- Fruit thinning
- Fruit thinning for quality is a task you can slowly chip away at. Small late fruit are a source of variability in Gold3; thin now to improve dry matter and reduce harvest delays. To help you work out what size to thin, use the OPC Productivity Calculators on Canopy to help you.
- Other
- Applications of foliar fertilisers may assist with maintaining leaf health over summer.

Watch out for cicadas and passion vine hopper, and monitor for scale.



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# MERRY KIWI(FRUIT) CHRISTMAS

2017 has been an extremely busy year for NZKGI with many notable achievements. Growers can be very pleased with NZKGI reaching significant milestones such as gaining strong support for the continuation of NZKGI's levy, amending the Kiwifruit Regulations, signing the Enduring Funding model, supporting the establishment of the Māori Kiwifruit Growers Forum and conducting an independent audit into the direct and indirect pool costs for 2016/17.

However, 2017 hasn't only been a year of highs. Growers battled a very wet season which contributed to low dry matter and flooding, with particular note of the Tasman Tempest and ex-cyclone Debbie. Total volumes of 125 million trays were also down on 2016's 145 million trays. Kiwifruit contractors also got a lot of negative publicity after some of those audited were found to be failing minimum labour standards. One other concerning event was the breach of Gold3 and Gold9 plant variety rights.

But NZKGI's 2017 has really been a year of the people. NZKGI has been very pleased that senior members of the kiwifruit industry, Peter Ombler and Dr David Steven, were recognised for their contributions as well as Jim Gray and Alby Osbourne, who received the New Zealand Order of Merit.

Recognition was also given to two members of the NZKGI Executive, with Simon Cook being named a 2017 Nuffield scholar and Debbie Oakley being selected for the Industry Governance Development Programme.

Our young and upcoming horticulturalists also proved to be punching above their weight. Nine out of the 17 participants selected for this year's Horticulture New Zealand leadership programme are involved in the kiwifruit industry. Particular note must also be made of Erin Atkinson who was crowned Young Grower of the Year, the national Young Grower of the Year competition and went on to compete in the Young Horticulturalist of the Year Award.

Within NZKGI there were several changes of people this year. Executive Committee member Mike Smith retired from his position by rotation and was replaced by Debbie Oakley. Forum members, Andrew Hill (Waihi/Coromandel) and John Ericksen (Hawkes Bay and Lower North Island) and Terry Richards (Te Puke) resigned from their positions and were replaced by Andrew Dawson, Richard Pentreath and Ross Bawden respectively.

NZKGI was also pleased to welcome Lynda McCalman as the Performance and Supply Manager to lead the development and implementation of NZKGI's performance portfolio and recommendations from KISP. Another new staff member, Katy McGinity, replaced Kate Longman's position. Katy focuses on the education portfolio and has been providing policy support in the external relations portfolio.

There was also the sad passing away of valuable members of the kiwifruit industry including Maria Ngatai, Mike Muller and Jim Gray.

2018 is already looking to be as full as this year. NZKGI will be placing a significant priority on advocating for growers in the areas of water, labour and land alongside ongoing monitoring of Zespri performance and guidance on meeting health & safety requirements.

2018 will also see elections for grower representatives on the Forum mid-year. As in 2017, NZKGI will continue to advocate for growers across all of our portfolios and will keep growers and the industry up to date on our activities through our weekly email. The key to representing growers effectively is to make sure we hear from you, our growers. Your input is vital. Talk to your Forum representatives (contact details on the NZKGI website [www.nzkgi.org.nz](http://www.nzkgi.org.nz)) or contact the NZKGI office at [info@nzkgi.org.nz](mailto:info@nzkgi.org.nz) or 0800 232 505.

The NZKGI Forum, Executive and staff wish all growers a wonderful Christmas and summer break and here's to a fantastic 2018.

Doug Brown, NZKGI Chairman



Contact Industry Liaison Team Leader Tom MacMorran (027 511 2005) or Grower Liaison Managers: Sue Groenewald (027 493 1987), Sylvia Warren (022 101 8550) or Jane Ritchie (027 511 1056).

# Q.&A. from the field



**Q1: I've heard that Northern Hemisphere growers don't have to pay for SunGold licence. Is this right?**

**A1:** Zespri's Northern Hemisphere growers have a different payment system for the rights to grow SunGold as opposed to the upfront payments used in New Zealand. They pay significantly higher commission to Zespri each season to sell their fruit, effectively paying each year as opposed to a once-off cost and paying more over the life of the licence. Over the course of paying the licence these growers are not able to extract the same value as New Zealand growers, while paying a much higher commission.  
It is important to note that the competitive, economic and commercial operating environments of growing kiwifruit in the Northern Hemisphere are all completely different to New Zealand – it's a much more complex equation. We are competing for growers in an environment where upfront payments for plant material would be a significant deterrent. European growers also supply a much different market mix to New Zealand growers, with a significantly less proportion of their fruit going to high-returning Asian markets. ZGS supply has the strategic imperative to fill demand created by New Zealand fruit and New Zealand growers benefit hugely from having the Zespri brand in front of consumers year-round, maintaining shelf space and relationships with retailers and customers.

**Q2: Why haven't I received a 2018 KPIN or Grower Registration form?**

**A2:** Zespri is now using an online registration process. Growers are able to access and update all their information through the Industry Portal. If you requested your registration through the Portal, these will be available on there. Growers wishing to complete a paper registration form for 2018. Request a copy from Zespri Grower Support Services on 0800 155 355 or by emailing [contactcanopy@zespri.com](mailto:contactcanopy@zespri.com)

**Q3: Why have/haven't I received a 2017 loyalty contract form?**

**A3:** 2017 loyalty contracts were mailed to all growers who don't have a loyalty contract for their 2017 crop. Growers who already have a contract in place from previous years and have not changed any details, will not have received a contract because the loyalty contract from the previous season will be rolled over.

**Q4: How will Eurofins notify me when they come to collect maturity and residue samples on my orchard this coming season?**

**A4:** Eurofins are implementing a new notifications process for the upcoming season to improve the visibility of samplers arriving and leaving. They won't samplers at specific times but the primary contact for each KPIN will receive the following notifications:

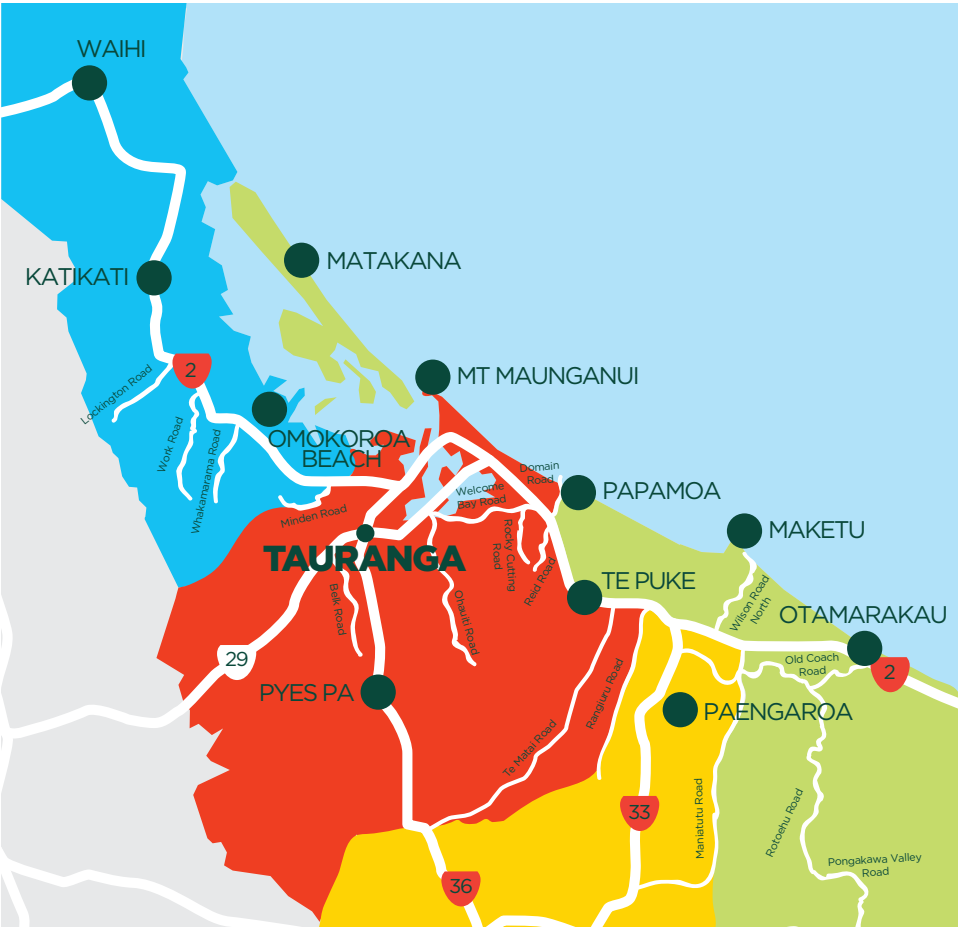
- Notification the day prior to sample collection – usually within 15 minutes of receiving a sample request
- Notification the night before sample collection with an estimate of arrival time
- Notification when finished sampling with previous orchard with an estimate of arrival time based on the distance from the orchard
- Notification when the sampler arrives at the orchard
- Notification when the sample is completed and the sampler is leaving the orchard.

**Q5: Who do I call over the Christmas period with crop protection issues?**

**A5:** The KiwiGreen helpline will not operate over the Christmas break. However, anyone wishing to discuss their question will have the option to have their call diverted to someone in the Crop Protection Team who will be able to assist.  
**For urgent spray diary queries please phone:**  
Brett Hogue - 027 483 5546  
Melanie Walker - 027 203 5254

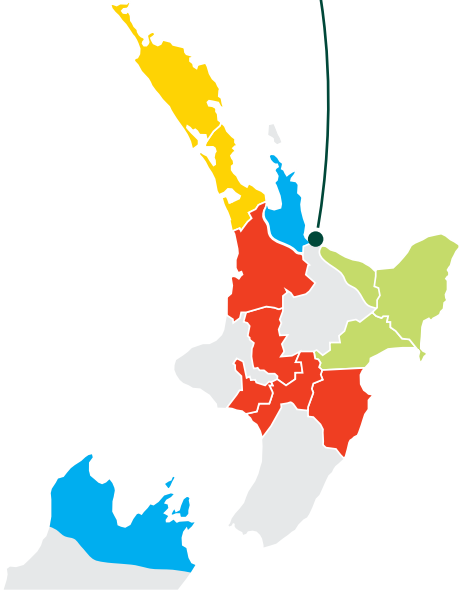
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FOR FURTHER INFORMATION OR FEEDBACK PLEASE CONTACT: THE ZESPRI GROWER SUPPORT CENTRE (0800 155 355)  
P.O. BOX 4043, MOUNT MAUNGANUI, TEL. 07-572 7600, FAX 07-572 7646  
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## Grower Liaison Managers (GLM) Regional Map



Here's an updated map of the regions covered by Grower Liaison Managers

- Sylvia Warren**
  - Gisborne
  - Opotiki
  - Whakatane
  - Te Kaha
  - Te Puke
    - Maketu
    - Otamarakau
    - Pongakawa
- Sue Groenewald**
  - Coromandel
  - Waihi
  - Katikati
  - Te Puna
  - Upper South Island
- Jane Ritchie**
  - Waikato
  - Hawkes Bay
  - Whanganui / Lower North Island
  - Tauranga
  - Te Puke
    - Papamoa Hills to Rangitapu Road, Te Puke
- Tom MacMorran**
  - Auckland
  - Whangarei
  - Kerikeri
  - Te Puke
    - Rangitapu Road to Maniatutu Road, Te Puke
    - Paengaroa



## Psa effects to lessen over summer



Spring proved to be difficult for Psa on many sites across all growing regions with KVH still receiving reports of ongoing symptoms in Gold3.

For some sites cankers remain active and collapsed canes and leaders continue to be removed. More Gold3 orchards have reported leaf spotting this year also, with many noticing increased flower abortion adjacent to these areas. Vines with root systems compromised by very wet weather or younger vines have been more affected.

Image galleries from recent KVH visits to orchards are available on the KVH website.

Symptoms are expected to reduce significantly as temperatures increase over summer. Similarly, for Hayward, Psa effects should reduce as the weather warms.

Going forward, growers are reminded of the importance of continuing Psa protection and should use the online Psa Risk Model as a guide

to upcoming high-risk weather. Also, choose dry weather for spring trunk girdling, male pruning and catch up canopy management, or thinning rounds. Be sure to maintain tool hygiene between plants and bays.

KVH continues to visit and support growers seeing symptoms that appear quite different from previous years. Growers are urged to contact KVH with any concerns about unexplained symptoms.



Spring proved to be difficult for Psa.



# IMPLEMENTING THE KIWIFRUIT INDUSTRY STRATEGY PROJECT



## RESOLUTIONS ON DIVIDEND RESTRICTIONS

At the special meeting of shareholders to be held on 14 March 2018, shareholders will be asked to vote on the introduction of a dividend cap for non-producers.

The resolutions propose that:

- a) current non-producers (as at the date the new constitution is adopted) will no longer receive dividends seven years after the constitution is amended; and
- b) future non-producers (meaning any current producers who leave the industry/cease production after the new constitution is adopted) will no longer receive dividends three years after the constitution is amended.

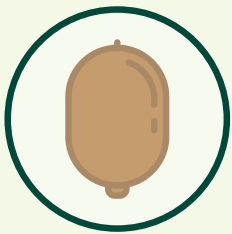
The restriction of dividends does not mean they have to sell their shares, but the incentive is for them to consider doing so.

In accordance with the Companies Act, there will be a number of interest group votes for the changes to the constitution. The interest group for non-producers

comprises the current non-producers. However, because the resolution in (b) only affects producers in future, Zespri's Board has decided that this resolution will be subject to producers also being asked to vote on the change affecting them (i.e. as potential future non-producers).

This means we will have three resolutions that will address the dividend cap:

- Current non-producers voting on dividend restrictions that apply seven years after the constitution is amended;
- Current non-producers voting on dividend restrictions for future non-producers that apply three years after they cease to be producers; and
- Producers voting on dividend restrictions for future non-producers (which may include them in future) that apply three years after they cease to be producers.



## LESSEES WITHOUT LEASES?

Up until very recently, Zespri has operated on a trust system in relation to shareholding by lessees. However, given the proposed changes to its constitution, including the changes to shareholding entitlements, Zespri needs to be sure that its records are accurate and that lessees that want to purchase shares, are in fact producers, i.e. have a lease of one year or more of land in New Zealand for the supply of kiwifruit to Zespri.

Zespri has sent out letters with declaration forms requesting copies of leases and for the declaration to be completed in accordance with the instructions provided. We urgently need lessees that haven't yet done so, to send the information back to us.

**What are the consequences of not providing evidence that I have a valid lease of a KPIN?**

If you are a lessee shareholder and Zespri does not have the required evidence of a valid lease, and all the constitutional amendments are adopted in March next year, you will be:

- Recorded as a dry shareholder;
- Lose dividends on your shares after the specified time period;
- Lose the right to vote your shares at the annual meeting; and
- You will not be permitted to buy any more Zespri shares.

We are happy to help explain what you need to do to complete the declaration, please feel free to call Grower Support Services. Freephone 0800 155 355 or email [contactcanopy@zespri.com](mailto:contactcanopy@zespri.com)



## HOW WILL SHARES BE ALLOCATED IN THE NEW SHARE SYSTEM?

If the changes to the constitution are passed at the special meeting of shareholders on 14 March 2018, entitlement to shares, and the priorities that apply between multiple producers on the same KPIN, will change. Zespri is updating its share system in anticipation of the changes, and we explain here how shares will be allocated across properties.

The simplest scenario is where the landowner of a single orchard owns shares. In this case, we calculate the production entitlement for that KPIN and see whether the landowner's shares are over or under the 4:1 share cap. In the share system the landowner is identified as having the priority entitlement to take up the shares for that KPIN.

If the landowner decides to lease the KPIN to another party (lessee) but keeps their shares, the share system will show that there is a lessee. While the landowner has the priority

entitlement to take up shares, if they do not take up the full allocation (below the 4 to 1 share cap), then there will be 'headroom' available that the lessee can use, by buying shares within the amount of headroom for that KPIN. However, if the lessee has more shares than headroom available, the lessee becomes oversubscribed by the number of excess shares they hold.

To demonstrate this scenario:

### KPIN 1111

Production (best 2 of the last 5 years): 50,000 trays

Share entitlement (associated with the KPIN): Up to 200,000 shares

Voting entitlement: 50,000 votes

Landowner shares: 125,000

Headroom: 75,000 shares

The lessee can take up 75,000 shares. They will not have any voting rights, because the

landowner who has priority, has already used up the voting entitlements (which are 1 vote per tray maximum).

### What if the landowner of the KPIN leases the property to two lessees?

In this situation, the production for the property is split proportionally to production on each leased part of the property. So lessee 1 may lease the part of the orchard that has 75 percent (37,500 trays) of the production and that part of the orchard will therefore have an entitlement for up to 150,000 shares. Lessee 2's part of the orchard has 25 percent of the production (12,500 trays) and so there is an entitlement for up to 50,000 shares.

### Assuming the landowner still has 125,000 shares:

- With 75% of production on lease 1, it means the landowner's shares are allocated 93,750 to that property, leaving lessee 1 with an entitlement to

56,250 shares (150,000 shares minus landowner's 93,750).

- 25% of production is on lease 2, so the landowner's shares are allocated 31,250 to that property, leaving lessee 2 with an entitlement to 18,750 shares (50,000 shares minus landowner's 31,250).

### Priority for allocation to owned properties before leased properties

The share system will always allocate a landowner's shares to properties it owns first. If a landowner owns some properties and leases others, the default position is that production is allocated to the owned KPINs first. Only if the landowner has more shares than it has entitlements on owned properties, will the balance of shares then be allocated to any headroom available on properties where it is the lessee.