



## MAKE SURE YOU HAVE YOUR SAY

A vote in favour of 12-month supply and ownership of PVRs means a vote for the continuation of status quo. Zespri has been investing in these activities for 20 years for the benefit of New Zealand growers so we're now asking for growers' approval to continue to invest and add value to New Zealand grower returns.

Voting is now open for the producer vote – you can vote up until midday on 15 March.

We're asking producers to vote to protect two activities that are vital to delivering strong sustainable returns over the long-term: Zespri's ownership of PVRs and investment in 12-month supply.

This decision is an important one for the industry. We strongly encourage you to have your say by completing and sending in the voting paper we've mailed out to all producers, or voting online using the instructions in your voting pack.

In the voting pack that contains your voting paper, you'll also find an information guide about the producer vote. Please take the time to read it.

### WHY IS THIS VOTE IMPORTANT?

Ownership of PVRs and investment in 12-month supply are fundamental to Zespri's long-term strategy. These activities deliver growth and value to the industry, reflected in the increases in average returns, orchard values and Zespri's profitability.

We could use the 'supports core business' test process under the regulations to continue with these activities, however this process takes a long time and, given the long-term investments in these activities (both in the past and in the future), provides no assurances for the long-term.

If KNZ decide to limit the activities under the 'supports core business' test process, Zespri must limit or cease the activities and would probably have to sell all or part to third parties, over which the industry has no control. SunGold wouldn't have to be sold, however, as it has protection under the transitional provisions for the pre-existing PVRs.

The regulations are designed so producers are the ultimate decision-makers when an activity may be outside core business. While producers voted to include these activities as core business during the KISP grower referendum, the government didn't incorporate them in the new regulations. It did, however, provide this avenue as an alternative to the 'supports core business' test process, for producers to vote again and effectively approve treating these activities as core business. This would provide the greatest certainty for Zespri's investments in these activities which are vital to the long-term future of the overall business.

### WHAT ISN'T PART OF THE VOTE?

Zespri has chosen not to include the commercial growing and procuring of kiwifruit in China or Chile in the 12-month supply resolution (see article on risks for more information).

### HAVE YOUR SAY

The most important part of this process is producers (both landowners and lessees) having their say – so please send in your vote or vote online as soon as possible!

## 12-MONTH SUPPLY AND OWNERSHIP OF PVRs - WHAT ARE THE RISKS AND HOW DO WE MITIGATE THEM?

Under the Kiwifruit Export Regulations, Zespri must consider the risks to producers generally (rather than a particular subset) when it comes to the producer vote.



### 12-MONTH SUPPLY

#### WHAT ARE THE RISKS?

As the direct costs and returns of the 12-month supply business are borne by Zespri and its shareholders, the risk for producers is whether an activity could affect returns to New Zealand growers (meaning a financial risk which could affect Orchard Gate Returns). This risk could arise in various ways, including:

- **Regulatory and/or legislative risk:** Zespri (either in New Zealand or overseas) breaching local laws which impact its reputation and access to markets.
- **Loss of production:** An event that impacts New Zealand fruit production or impacts the value of orchards here. In the case of 12-month supply, it's more likely to be whether an activity risks having a flow on effect on value in New Zealand.
- **Brand reputation:** Negative media, customer or government interest which impacts demand for New Zealand fruit, or misuse of the brand by third parties.

When assessing these risks, we look at their impact versus the likelihood of these events occurring.

#### HOW DO WE MITIGATE THE RISKS?

Zespri takes a number of steps to mitigate risks, such as:

- Putting in place intellectual property protection through registration, enforcement and contractual obligations that protect our interests;
- Having skilled staff on the ground in overseas jurisdictions with the know-how to implement and enforce Zespri standards for fruit produced for sale overseas, as well as maintaining close relationships with local kiwifruit producers and communities. This in turn enables Zespri to maintain oversight of activities and identify risks proactively;
- In new jurisdictions there's a great deal of time spent assessing viability and the business case, alongside the ability to effectively enforce and protect Zespri's interests. Each jurisdiction will have common issues as well as unique risks to consider. These mitigation measures protect producers from the risk of 12-month supply affecting their returns.

#### WHAT'S EXCLUDED FROM THE 12-MONTH SUPPLY VOTE?

Zespri has expressly excluded the commercial growing and procuring of kiwifruit in China and Chile from the vote. China has unique circumstances, and given the experience of other industries going into production in China, it requires separate consideration. In the case of Chile, it would require a significant business case for New Zealand growers to feel they would benefit from growing kiwifruit in this Southern Hemisphere country which already has growers competing head-on against Zespri.



### PLANT VARIETY RIGHTS [PVRs]

#### WHAT ARE THE RISKS?

Again, the relevant risk for the purposes of the vote is to producers generally, rather than to Zespri which bears costs and returns from ownership and commercialisation of PVRs, or to growers who take up PVR licences. In other words, the risk is ultimately about whether anything could affect Orchard Gate Returns for all producers.

There are risks to Zespri, and to growers who take up PVR licences. One of the risks associated with owning PVRs is obtaining adequate protection of the asset. There's also the risk in loss of value of licences if there were to be significant infringement (and the associated risk of lower returns), although Zespri's quality standard associated with use of the brand somewhat off-sets the latter.

We take enforcement steps against third parties that illegally obtain plants, or make them cut out plants to protect the integrity and value in the licences for the benefit of the New Zealand industry. Zespri actively monitors the growing of PVR plants and enforces rights against infringers.

Licence agreements are also important from the perspective of requiring supply to be made ultimately to Zespri, and linking with supply chain requirements that ensure the fruit meets our quality specifications. Zespri also maintains trademarks associated with its varieties, so the link between quality of fruit and the brand is integrated, along with the supply chain. This means risks such as loss of brand reputation are avoided.

Another risk to consider is 'jumping the gun' and commercialising before the variety has been fully evaluated and trialled. Demand for a variety may appear strong, but if it's commercialised too soon and results in a variety that's not easy to get through the supply chain to market in peak condition, then there will be significant costs and losses for licensed growers. While Zespri can't guarantee its trials will anticipate every potential risk (given the nature of plants and the natural environment), it can – and does – do its best to mitigate those risks by conducting extensive trials, from growing through to market, to work through potential issues. Licensed growers of new varieties are always informed there's no guarantee of the fruit's commercial success, because ultimately that depends on the consumer.

When it comes to returns for producers generally (as distinct from licensed growers) from owning and commercialising PVRs, Zespri considers the risks to be low. However, the mitigation measures we use to manage commercialisation risks also protect producers generally – not just licensed growers.



### EFFECT OF THE VOTE

Aside from the exceptions outlined above, the producer vote approval will effectively enable Zespri to continue with 12-month supply and ownership of PVRs as if they're part of core business. There's one additional requirement, however: the regulations require Zespri to mitigate the risks from these businesses for producers that don't vote in favour of the resolution (whether they voted or not). As a matter of course, Zespri actively mitigates risks for all producers.

The regulator, KNZ, will also continue to monitor Zespri's activities to ensure it only carries out those it's authorised to.

# PRODUCER VOTE Q&A

- Q What's the vote for?**

A To allow Zespri to continue with its 12-month non-New Zealand supply business and to continue owning the Plant Variety Rights (PVRs) it develops. There's a resolution on each one.
- Q Who votes?**

A Producers, which are grower landowners and lessees (with a current lease of at least one year or more).
- Q Why do we need to have a vote?**

A When the Kiwifruit Export Regulations changed, not all parts of the business were included as 'core business'. Those that weren't have to meet the 'support core business' test criteria or be approved by way of a producer vote. The producer vote, if passed, ensures the long-term future security of investment for the activities affected.
- Q What happens if non-New Zealand supply fruit is ready when Zespri is still selling local fruit?**

A Zespri manages supply to ensure that the ZGS fruit goes into the market when we start to get short on New Zealand fruit, and ZGS fruit leaves the market when New Zealand fruit becomes available.
- Q How does Zespri ensure non-New Zealand 12-month supply provides good quality fruit?**

A Zespri staff actively monitor and enforce quality requirements (in the same way they do here) to ensure we maintain the Zespri brand as representing premium quality fruit.
- Q When and how do producers vote?**

A Producers can vote online or by postal vote. The voting period will run from **22 February to 15 March**. Zespri has sent out a voting pack with more detail on the producer vote and how to vote.
- Q Is Zespri running the vote?**

A Zespri has engaged Electionz, an independent organisation that runs elections/votes to run the voting
- process, to act as returning officer and count the votes. We've also engaged KPMG to audit the voting process and verify the results. Zespri won't see how individual producers have voted.
- Q If one or both of the resolutions don't pass, what happens?**

A If KNZ (the regulator) were to determine at any time that either, or both, or part of the activities didn't 'support core business', Zespri would have to cease or limit the activities. Any ceased activities would most likely have to be sold to recoup Zespri's investment. The PVRs that Zespri already own (for example, SunGold) wouldn't have to be sold as they're already protected under the regulations.
- Q Is the approval for 12-month non-New Zealand supply ongoing if the resolutions pass, or is there a time or volume limit?**

A The Zespri board intends to come back to producers to seek further approval if Zespri achieves the current 10 year planned supply volumes (out to 2028) for ZGS and wishes to expand beyond this point.
- Q How is the weight in kilograms calculated for the vote counting?**

A The average weight per kilogram per fruit group is used to calculate the production weight attributable to each landowner and/or lessee. Each fruit group is based on size, class and variety of kiwifruit. For example, GA1CK weights range from 3.226kg to 3.599kg and HW1CK weights range from 3.243kg to 3.610kg.
- Q Is the producer vote a vote for change?**

A A vote in favour of 12-month supply and ownership of PVRs means a vote for the continuation of status quo. Zespri has been investing in these activities for 20 years for the benefit of New Zealand growers so we're now asking growers' approval to continue to invest and add value to New Zealand grower returns.

# February forecast returns announced

The Zespri Board approved the February forecast for the 2018/19 season on 18 February, with a revision down in average returns per tray for Green but increases for Organic Green, Green14 and SunGold.

The average Green per tray return decreased by six cents to \$5.36, reflecting the impact of fruit quality claims at the end of the season. However, the average per hectare return for Green is \$62,454, which is the highest result ever achieved for the Green category – the result of strong demand and higher orchard productivity with average yields of 11,654 trays per hectare.

The Organic Green return increased from December by 20 cents to \$8.88 per tray, with average per hectare returns reaching \$70,643. The result was helped by lower freight and promotion expenditure and growing demand for organic kiwifruit.

Green14 achieved a forecast average per tray return of \$7.21, up five cents from December. The average per hectare return is \$46,151. The improvement was driven by movements in post-harvest costs.

SunGold posted the largest gain with forecast average per tray returns up 34 cents at \$10.80 and average per hectare returns at \$144,822. The improvement was driven by the release of fruit quality and customer rebate provisions.

The **Total Fruit and Service Payment**, across all pools and excluding the loyalty premium, is forecast at \$1,769.5 million compared with \$1,753.2 million in the December forecast.

The Zespri Board also approved a **net profit after tax range** for the year ended 31 March 2019 of \$177.0 million to \$180.0 million, which includes licence release income. The dividend per share range is \$1.35 to \$1.37 per share (before the 3-for-2 share split) including dividends relating to 2018 licence release income.

CEO Dan Mathieson comments, "We've had a long season with teams working hard across the industry in New Zealand and in our markets to manage quality, drive sales and finish the year as cleanly as possible. A challenge was to manage the 24 percent rise in Green supply, sustaining run rates while minimising fruit loss. The result is a credit to the effort of our partners right across the supply chain."

With New Zealand sales finished, Zespri has been working to retain shelf space and keep the brand front of mind through continuous supply to key markets from Northern Hemisphere growing locations. As of week seven, non-New Zealand sales were tracking well on the back of strong demand and around 75 percent complete. Zespri expects to sell 19.2 million trays this year, up from 15.4 million trays in 2017/18.

Dan comments, "We've seen good volume growth this year, driven by SunGold supply from Italy and sales into Europe and China. I can't stress enough how important our non-New Zealand business is in helping us to maximise long-term sustainable returns for New Zealand producers. Our absence from the market leaves space for competing fruits and it is costly to win back share for New Zealand supply. Our Northern Hemisphere supply supports the shoulders of our New Zealand season as holding shelf space becomes increasingly challenging with a range of new season fruits entering the market. It's very much a complementary strategy."

Dan continues, "We're now preparing well for the season ahead and are expecting strong growth in supply of SunGold and a reduction in supply of Green versus the high volume of 2018. We are hoping to get an even earlier start than last season and look forward to the opportunity to serve more consumers with the world's best kiwifruit than ever before, at the same time as working relentlessly to create value and sustain strong returns for growers and shareholders."

AVERAGE ORCHARD GATE RETURN				
Fruit and Service Payments plus the loyalty premium, less post-harvest costs				
POOLS	2017 SEASON FINAL	DECEMBER 2018 FORECAST	FEBRUARY 2019 FORECAST	VARIANCE BETWEEN DECEMBER 2018 FORECAST AND FEBRUARY 2019 FORECAST
Zespri Green	\$59,981 per ha	\$63,786 per ha	\$62,454 per ha	-\$1,332 per ha
	\$6.71 per tray	\$5.42 per tray	\$5.36 per tray	-\$0.06 per tray
Zespri Organic Green	\$52,375 per ha	\$68,864 per ha	\$70,643 per ha	+\$1,779 per ha
	\$8.93 per tray	\$8.68 per tray	\$8.88 per tray	+\$0.20 per tray
Zespri Gold3 and Organic Gold3 <sup>1</sup>	\$114,345 per ha	\$140,195 per ha	\$144,822 per ha	+\$4,627 per ha
	\$10.06 per tray	\$10.46 per tray	\$10.80 per tray	+\$0.34 per tray
Zespri Green14	\$38,937 per ha	\$45,855 per ha	\$46,151 per ha	+\$296 per ha
	\$5.61 per tray	\$7.16 per tray	\$7.21 per tray	+\$0.05 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)	\$1,434.0 million	\$1,753.2 million	\$1,769.5 million	+\$16.3 million
	\$11.52 per tray	\$11.33 per tray	\$11.49 per tray	+\$0.16 per tray
Zespri Green	\$9.86 per tray	\$8.86 per tray	\$8.76 per tray	-\$0.10 per tray
Zespri Organic Green	\$11.43 per tray	\$11.50 per tray	\$11.67 per tray	+\$0.17 per tray
Zespri Gold3 and Organic Gold3 <sup>1</sup>	\$13.90 per tray	\$14.57 per tray	\$15.03 per tray	+\$0.46 per tray
Zespri Green14	\$8.60 per tray	\$10.02 per tray	\$10.02 per tray	+\$0.00 per tray

1 - 2017 Final includes Hort16A variety.

# HOW TO VOTE IN THE PRODUCER VOTE

If you take a look in the voting pack we've sent out, you'll find a voting form, a freepost envelope and an information guide.

- The voting form outlines the two different ways you can vote:**
- 1) By internet: a PIN and password are included on the voting form; or

2) By post: a freepost envelope is included with your voting pack.
- The voting form explains the two resolutions and includes the voting paper, which you can tear apart from the rest of the form if sending via post directly to Electionz (an independent organisation running this vote).
- Electionz will calculate the voting results, while KPMG has been engaged to audit the results. If you have any questions, please call the Electionz voting helpline on 0800 666 028.

# 2019 GROWER PAYMENTS BOOKLET enclosed

Please find a copy of the 2019 GROWER PAYMENTS book enclosed with your print edition of the February *Kiwiflier*. If you'd like additional copies, please email [contactcanopy@zespri.com](mailto:contactcanopy@zespri.com)





# 2019 SunGold licence release

The Zespri Board has confirmed its decision to continue with the SunGold licence release programme in 2019. Zespri will allocate a further 700 hectares of conventional SunGold licence and 50 hectares of Organic SunGold licence.



APPLY  
ONLINE BY  
ANSWERING  
FIVE SIMPLE  
QUESTIONS

On **7 March** the Licence Application Overview and Rules (LAOR) for both the unrestricted 700 hectare pool and the Organic SunGold only pool (50 hectares) will be published and available to view on the Canopy website. As per the timetable below, however, the application window will not open until **27 March**.

*Please note: the unrestricted bidding process will be run at the same time as the Organic SunGold only bidding process (50 hectares).*

Online licence application

There are two ways you can apply for a SunGold licence this year – you can either complete an application form (downloaded from Canopy) manually, or complete an online application form via the industry portal. If you choose to complete the application form via the portal (available from 27 March till 10 April), your KPIN and legal entity details will pre-populate on your application form. A copy of your application will then be emailed to you to review before finalising your bidding details.

Whether you complete the form manually or via the portal, you must print and **post** a copy of your application form (along with your deposit payment) to Cooney Lees Morgan before 5pm on 10 April (when applications close).

To complete an online application via the portal, log on to the Canopy website and click the ‘online licence’ tab as shown below.



Gold Licence Application Form Request

1. Choose the type of bid application form you'd like to receive \*

Note: There is a separate Unrestricted and Organics only Gold 3 Application form. There is a different Licence Application Overview and Rules (LAOR) for each bid type, if you want to apply in the Organic only Gold 3 pool please ensure you select the relevant button below.

☒ Unrestricted

☐ Organic Only

2. Choose the entity on behalf of which the application will be made (this will be the licence holder) \*

Note: If you don't see the bidding entity you wish to apply under in the drop down, please call or email the Zespri Grower Support Service Team on 0800 155 355 or email [new.cultivars@zespri.com](mailto:new.cultivars@zespri.com)

Search entity

3. Choose the KPIN \*

KPIN

4. Choose the contact person for the application \*

Contact

5. Please enter the email address to send the application form to \*

Email

SUBMIT

CANCEL

For assistance with the online licence application, LAOR download or any other questions relating to the application process for either the unrestricted or Organic SunGold release, please call Zespri Grower Support Services on 0800 155 355 or email [new.cultivars@zespri.com](mailto:new.cultivars@zespri.com).

2019 process – unrestricted SunGold 700 hectares

- A maximum of 30 hectares in total may be successfully bid for by any legal entity.

The LAOR documents contain the rules and application forms for the unrestricted release. There will be a separate LAOR for the Organic SunGold process. All growers considering making an application for the licence are encouraged to inform themselves, seek appropriate advice and read the LAOR before applying.

# SunGold Organic licence released

On 6 December 2018, the Zespri Board approved a further 50 hectares of SunGold Organic licence to be released under a closed tender bid in 2019.

Application of these rules has resulted in material changes to both the Licence Application Overview and Rules ('LAOR') and the Zespri Kiwifruit Variety Licence ('Licence'). An 'Organic' version of both the LAOR and licence document has been created to apply these rules for this licence release. The versions are referred to as the Organic LAOR and the Organic licence.

*Please note: these documents have different terms and conditions to the 700 hectare SunGold licence release (referred to as the unrestricted licence release).*

There are a number of key features that differ between the Organic SunGold and unrestricted licence release, including:

- Minimum bid area: one hectare of land on a single property unless the total plantable area on the property is less than one hectare, in which case the bid must be for 100 percent of the total plantable area; or the bid area relates to a property that already contains existing organic developments that require less than a hectare to complete
- Maximum allocated bid area is 10 hectares under any one legal entity
- There's a two year deadline after the licence is issued to obtain a certificate of registration with an organic certified body
- The licensed area must be grown to certified organic standards at all times after registration
- There's a five year deadline for the licensed area to become fully certified organic
- Failure to satisfy the organic requirements as specified in the licence document will give Zespri the right to terminate the licence (but Zespri may choose not to exercise its right to terminate the licence)
- The organic status of the licence remains with the licence for the lifetime of the PVRs
- To be a valid bid, the allocation must be a new kiwifruit development, which is defined as:
  - o Bare land; or
  - o Land being used for some purpose other than growing kiwifruit; or
  - o Land being prepared for growing kiwifruit but which isn't yet producing kiwifruit (this includes existing orchards where all canopy was removed for re-grafting prior to the 2018 harvest)
- Zespri will exercise its right to register a caveat against the title of all Organic SunGold licensed properties
- If undersubscribed, those bidders who were allocated the maximum bid area will be contacted and offered additional area at their highest bid price to a maximum of 20 hectares.

Zespri will audit all applications to confirm the area intended for the Organic SunGold licence allocation satisfies the new kiwifruit development criteria. Applications that don't satisfy these requirements will be invalid.

Inform yourself before you apply

The LAOR and sample licence document will be released on 1 March. Growers are encouraged to refer to the Canopy home page to locate the documents once published.

All applicants must ensure they've fully read and understood the Organic licence, as well as the terms and conditions of the application process. There have been material changes to the licence document to incorporate the rules applicable to organic requirements. We recommend seeking professional advice prior to submitting an application.

Caveats

Zespri's right to register a caveat exists for all holders of SunGold or Green14 licences (see clause 11.3 of those licences), however it's only with the introduction of the certified organic requirement that Zespri is exercising its rights under the equivalent clause in the Organic SunGold licence.

In many instances, Zespri only becomes aware of a property change of ownership once the sale and purchase agreement has become unconditional, or the property has already been settled. Now that there are restrictions on the Organic licence that could result in the licence being terminated if they are not followed, Zespri must ensure that any person purchasing a property on which there's an Organic SunGold Licence is aware of these rules. In the event that you decide to sell your property or change its legal ownership, Zespri must ensure that any transferee (purchaser of a property) is fully aware and in agreement with the organic requirements on the licence, and that the caveat safeguards Zespri's interests in this regard.

Please see caveat FAQ article on page four for more information, or visit Canopy: Canopy > Growing Kiwifruit > Zespri Variety Licences > Licence Release > 2019 Organic Supplemental Information (Resources: 2019 organic licence release FAQs PDF).

How to apply

Similar to the unrestricted 700 hectare SunGold licence release, applicants can either download the application documents (Organic LAOR) from the Canopy website, or alternatively apply online via the industry portal.

Supporting material for applicants

Similar to other licence releases, Zespri will have a designated page on the Canopy website where supporting material relating specifically to Organics can be sourced. On this page, you'll find material such as:

- Current payment pooling structure for Organic SunGold including:
  - o Illustrative OGR
  - o Royalty rate
  - o Yield over time (compared to conventional)
  - o Estimated new development costs.
- OPC certification and growing guide
- Previously published articles and *KiwiTech* bulletins
- Key contacts at BioGro to discuss certification
- Key contacts such as existing Organic SunGold growers
- FAQs
- Summary of rule changes of the SunGold licence compared to Organic licence.

Growers or applicants that don't have access to the Canopy website should contact the Zespri Grower Support Services team 0800 155 355 – we'll help you access these documents.

The timeline below relates to both the Organic SunGold licence release (50 hectares) and the unrestricted licence release (700 hectares).

Date	Action
1 March	Licence Application Overview and Rules published
27 March	Application process opens
10 April	Closing date for bids – applications <b>must</b> be received by Cooney Lees Morgan prior to 5pm
17 April	Preliminary revenue range announced
26 April	Pre-validation and collation of all bids completed by Cooney Lees Morgan
Week of 29 April	Evaluation panel makes decisions regarding allocation of licences (successful bidders notified as soon as possible thereafter)
Week of 29 April	Deposit cheques presented three working days after successful bidders are notified
27 May onwards	Licence packs distributed
19 July	Balance of settlement monies due

# Caveat FAQ: Organic SunGold licence release

If I’m successful in my bid for an Organic SunGold licence, the terms state that Zespri will place a caveat on my property. What does this mean?

Zespri will lodge a limited form of caveat on each of the properties that an Organic SunGold licence is allocated to. This caveat is a notice that Zespri has an interest in the property. The ‘interest’ is a right of entry (an easement) by Zespri to enter the property to confirm the licence terms are being complied with and to remove SunGold plant material if the licence is terminated for any reason.

If a Land Information New Zealand (LINZ) search is conducted on the property, the caveat, with reference to the Organic licence and Cooney Lees Morgan’s contact details as Zespri’s representative, will show. This means anyone looking to deal with the property in any way will be on notice of Zespri’s interests, and will be aware that a Zespri Organic licence is in place on the property.

As a result of the caveat, Zespri’s consent will be required for any change of ownership of the property (but the caveat will be limited so Zespri’s consent won’t be required for any other dealings with the title).

Transactions that involve a transfer of ownership of all or part of the property would require consent from Zespri, for example land owned by a trust. If a change of trustees requires a transfer of title from the old trustees to the new, this would require Zespri consent (it’s worth noting a change of ownership of the property requires Zespri’s consent under the terms of all existing Zespri licences in any event, regardless of whether there’s a caveat on the property or not). Any boundary adjustment or subdivision of the property that also involves a change of ownership would also require consent from Zespri.

The following types of transactions could be registered on the title of the property **without gaining consent** from Zespri:

- Registration or discharge of mortgages
- Granting of easements, rights of way and transactions of a similar nature that do not involve any change of ownership of the property.

In cases where there’s a transfer of ownership (including a subdivision or boundary adjustment affecting ownership of the property), you or your lawyer will need to contact Cooney Lees Morgan to obtain Zespri’s consent. Where a boundary adjustment or a subdivision doesn’t affect the ownership of the licensed area under the Organic licence, Zespri will always provide consent to the transaction.

Where a change of ownership of the licensed area is involved, Zespri will contact the purchaser of the property and confirm that they’re aware of the requirements for the licensed area to be grown as certified organic. Zespri will also arrange for the necessary licence transfer to take place to the new owner, subject to the usual transfer terms of the licence.

Both Zespri and Cooney Lees Morgan have systems in place to manage this process, and will always strive to turn around consents quickly. If the purchaser doesn’t agree, Zespri may refuse to transfer the licence and refuse to issue a licence to the purchaser.

If the transfer of ownership is merely a change of trustee, Zespri will automatically consent to the requests but will still require a copy of the deed evidencing the change of trustees, and for the existing licence to be transferred into the names of the new trustees who jointly own the licence.

In cases where the landowner is the lessor and the licensed grower is the lessee, Zespri will consent to ownership transfers provided the new owners sign an Acknowledgement of Owner Form (appendix three of the licence). Zespri consent wouldn’t be required for building on the property.


For more information about caveats visit [www.canopy.zespri.com](http://www.canopy.zespri.com), or contact Zespri Grower Support Services by phone on 0800 155 355 or email at [new.cultivars@zespri.com](mailto:new.cultivars@zespri.com).

# Grower contracts (Schedule 5 of 2019 Supply Agreement)

Schedule 5 of the 2019 Supply Agreement (grower contracts) has been sent to all growers. If you haven’t received a copy, please call Zespri Grower Support Services.

Enclosed in your pack is a yellow form that must be signed and returned to Zespri by 14 March. You’ll also need to ensure that your registered supplier has signed the Schedule 5 form before it’s returned

to Zespri. Completed forms can either be posted or scanned and emailed through (note we no longer require the original it’s scanned and emailed). On receiving the completed Schedule 5 form, a grower number is then issued by Zespri. This number is required to request a clearance to pick your fruit. If you have any queries, please contact Zespri Grower Support Services on 0800 155 355 or [contactcanopy@zespri.com](mailto:contactcanopy@zespri.com).



## 2019 Supply Agreement

### Schedule 5

**Legal entity name:**  
If the name above is incorrect, please visit The Canopy (<https://canopy.zespri.com/>) or call Zespri Grower Support Services on 0800 155 355 to obtain a blank form (preferred) or alternatively make the change above. *All changes must be initialed and the Zespri Grower Support Services Team will be in contact to obtain further information on any changes to the Legal Entity Name.*

**Orchard Name:** \_\_\_\_\_ **Property Address:** \_\_\_\_\_

Please choose either **OPTION A** or **OPTION B**, then sign and complete the Execution Section (below).

**OPTION A: Agreement via Registered Supplier**  
I wish to supply my Class 1 Kiwifruit under the 2019 Supply Agreement to be entered into by my Registered Supplier with Zespri Group Limited, and acknowledge that I have read and understood the terms and conditions overleaf.

Name of Registered Supplier \_\_\_\_\_

Name of Facility (if different) \_\_\_\_\_

Signature of Registered Supplier \_\_\_\_\_  
(your Registered Supplier signs here)

**OR**

**OPTION B: 2019 Supply Agreement – Zespri Direct** LEAVE THIS OPTION BLANK IF YOU HAVE CHOSEN OPTION A (above)  
I agree to enter into the 2019 Supply Agreement with Zespri Group Ltd for the supply of my Class 1 Kiwifruit for the 2019 season, and in doing so acknowledge that I have read, understood and agree to the terms and conditions overleaf.

Name of Facility (if different from Registered Supplier named below). \_\_\_\_\_

**Services**  
I have negotiated that the Services obligation under Part C of the 2019 Supply Agreement will be performed by \_\_\_\_\_  
(enter name of Registered Supplier)

I confirm that performance of Services in relation to the kiwifruit referred to in this Agreement will be performed by me under Part C of the 2019 Supply Agreement to be entered into by me and Zespri Group Ltd (ZGL).

Signature of Registered Supplier \_\_\_\_\_  
(your Registered Supplier signs here)

**(Please turn over to complete Option B Payment Assignments)**

**Permission for use of Information**  
I acknowledge that contact and orchard information held by Zespri will be provided to relevant government authorities and third parties as required for satisfaction of legal requirements relating to the distribution of kiwifruit and management of Psa. Personal data will be treated in accordance with Zespri’s Privacy statement located at [www.zespri.com/Pages/Privacy.aspx](http://www.zespri.com/Pages/Privacy.aspx)

**Permission to enter orchards**  
For the 2019 season I grant Zespri and/or its authorised representatives an irrevocable licence to enter the orchard(s) associated with this KPIN following a request by myself or my post-harvest operator for the purposes of assessing whether my fruit complies with the provisions of the Supply Agreement and any applicable compliance requirements, including removal of samples for the purposes of monitoring and/or testing factors such as maturity, residue or other fruit quality or market access issues. I understand that Zespri or its authorised representatives will endeavour to contact my nominated contact person prior to entering the property and when exercising access Zespri and its authorised representatives must comply with all reasonable instructions regarding health and safety. I agree that Zespri or its authorised representatives will be provided with an accurate map of the orchard and a list of any known hazards which exist at the time the visit is scheduled. Orchard access shall be subject to Zespri and its authorised representatives complying with KVH’s orchard hygiene practices and taking reasonable care. I agree to assist Zespri to meet both its customers’ contractual requirements and any applicable regulatory requirements by (1) providing all reasonable information requested by its customers and regulators about my orcharding operations and, (2) following the receipt of 24 hours’ notice, I agree to escort its customers or regulators around my orchard(s). I agree to inform any authorised visitors to my orchards of applicable health and safety requirements and any particular hazards which may be found on the orchard.

**Execution of Contract (signature required)**

**Kiwifruit Titleholder Execution Section**  
*I am authorised to sign this document on behalf of the legal entity named at the top of this form (only one signature is required).*

Signature \_\_\_\_\_

Full Name \_\_\_\_\_

Date \_\_\_\_\_

FOR OFFICE USE ONLY  
**Zespri Group Ltd Execution Section**

Signature \_\_\_\_\_

Date \_\_\_\_\_

Please return to Zespri by 14 March 2019

# Food Act registration: register now!

It’s a legal requirement for horticultural food businesses (like yours) to be registered for the Food Act by 28 February. If you’re yet to register, it’s important to do so immediately.

As you’re aware, Zespri is facilitating a registration and verification process for the Food Act. Pre-populated registration forms should

have been received by your orchard GAP legal entity (entities responsible for GAP) in January via email. If you haven’t yet received your form, please contact the Food Act Coordinator by email: [preharvest@zespri.com](mailto:preharvest@zespri.com) or phone 07 572 7621.

Registration through Zespri is optional. You can register yourself through your local council or MPI and arrange your own verification (at your own cost), or you can register through Zespri by completing the registration form and returning it to us now. We will arrange verification for you through your next GAP inspection.

## Industry Supply Group (ISG) meetings

The first ISG meeting for 2019 was held on 7 February. Below is a summary of the main agenda items that were discussed:

- Period one planning
- Schedule 2
- Supply agreement
- Supplier accountability
- Pack transfers
- Advanced movement
- Gold OB Japan premium
- Domestic market
- Class 2
- PHC survey
- Carryover packaging

The second February ISG meeting was held on **21 February**, with the next meeting scheduled for **21 March**.

## SUSTAINABILITY AND INNOVATION

### Global sustainability trends and opportunities for the kiwifruit industry

Keen for a glimpse into the future? Join Zespri and Kiwi business journalist and expert speaker, Rod Oram, at a very special event on 19 March where Rod will be sharing valuable insights on global sustainability trends (and how they’re impacting food producers world-wide) and outlining emerging opportunities for our kiwifruit industry.

**Date:** 19 March 2019  
**Time:** 12:50-2:15pm  
**Where:** Mt Maunganui Club, upstairs in the cruise deck function room.  
There are limited spaces available so please book now to secure your spot.  
<https://www.zesprievents.co.nz/event50>.



# New Zealand's wellbeing 'King'

Earlier this month, around 200 members of the New Zealand Kiwifruit industry (including Zespri staff) heard from mental health advocate and former comedian Mike King about the importance of wellbeing.

The event, organised by Future Leaders and co-sponsored by Zespri and the New Zealand Kiwifruit Growers Inc, saw Mike speak about his own mental health journey and share some of his tips for managing mental health and wellbeing. The presentation was filled with plenty of the humour that made Mike one of the world's most in-demand stand-up comedians, but also some very raw and emotional storytelling as Mike talked about the challenges we all face in managing our own 'inner critic' which is where we essentially bully ourselves with negative thinking. Little negative things we say each day in isolation don't mean much, but when we're doing it twice a day, seven days a week, 52 weeks a year, they can really start to bring us down.

Mike emphasised how this inner critic is causing us harm, and that we should be feeding our 'voice of reason' instead, which is

often silenced by society. He also spoke about mistakes – which everyone makes – and how they provide us with important lessons that allow us to grow. He reminded us to accept that life is full of ups and downs and that it's important to let people know when we're not in a good space. It's also important to remind our friends and colleagues of their value.

With our industry subject to plenty of pressure, particularly as we move closer to harvest, Mike's talk was a timely reminder that we all need to look after ourselves and each other. Mental health is one of the four fatal risks Zespri has recognised within our Handle with Care project that's designed to ensure we're looking after everyone involved in our industry.

You can read more about Mike's work on his website - [www.keytolife.org.nz](http://www.keytolife.org.nz).



Zespri staff and industry members unite to learn about wellbeing.



Former comedian and mental health advocate, Mike King, in action.

## Zespri support crew

As gold sponsors of the Bay of Plenty Young Fruit Grower Competition, we headed along to the Te Puke A&P show to cheer on the competitors on 9 February and keep spectators refreshed with our smoothie bikes. We were then treated to some high calibre speeches at the Gala Dinner. Congratulations to all participants and a special mention to Alex Ashe for taking out the 2019 competition!



Ricky and Jack Hann enjoy a smoothie on the go.

# Industry Governance Development Programme

Do you want to shape the future of the kiwifruit industry? Are you interested in taking on governance roles? The Industry Governance Development Programme could help you get there.

This programme was created to identify kiwifruit industry leaders with the potential to take on governance roles and give them the education and mentoring they need to step up. The programme will incorporate media training and quarterly participant forums with leading business figures who'll speak on a particular subject to share their experience and expertise.

Each participant must complete a formal learning component over the year which they'll report on to the Zespri Industry Governance Development committee. This might include key governance themes

over the year in the wider business community (either national or international) or completing a comparative study of how boards in other industries operate or deal with a particular challenge.

Participants from the previous programme include Kiritapu Allan, Colleen Neville, Debbie Oakley and Ngaire Scott. All women found the programme to be extremely valuable to their current (and future) roles.

Applications are open now! For more information, or to apply, visit [www.zespri.com](http://www.zespri.com) or email [scholarships@zespri.com](mailto:scholarships@zespri.com).



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)

## 2019 Bay of Plenty Young Fruit Grower crowned

Congratulations to Alex Ashe who has been named Bay of Plenty's Young Fruit Grower for 2019!

The technical advisor at Farmlands Te Puna took out the title at an awards dinner in Tauranga on 13 February, following a practical competition on 9 February at Te Puke Showgrounds where eight competitors tested their skills and ability to run a successful orchard in a series of challenges. These challenges were then followed by a speech competition discussing future disruptors to horticulture.

Alex excelled in individual challenges, and especially impressed judges with his speech on future disruptors to the horticulture industry. Hamish McKain (an avocado/production manager at DMS Progrowers) was this year's runner-up, while Emily Crum (an orchard manager at Prospa/EastPack Te Puke) took out third place.

Like many other competitors, Alex applied to compete because he enjoys a challenge and saw an opportunity to develop new skills. He also wants to promote horticulture as a career to younger generations, and feels that the Young Grower competition is a great opportunity to do so.

"It was such an enjoyable event because everybody was there to support each other," says Alex. "Everyone wants to help the youth of the industry do their best, so if you're looking to compete next year, give it a go – it's a great event!"

Andrew Dawson, Chair of the Bay of Plenty Young Fruit Growers Upskilling Committee, says the 2019 event has again proven to have a high calibre of competitors. "The contestants displayed exceptional skills and showcased

the great variety of opportunities available in the horticulture industry."

New Zealand Kiwifruit Growers Incorporated CEO Nikki Johnson says, "It's essential young people are attracted to join the kiwifruit industry to achieve our forecast growth. The Young Fruit Grower competition provides an excellent example of the different commercial, technical and scientific opportunities that the industry offers, and I'd like to take this opportunity to congratulate all of this year's competitors who displayed the talent our industry has."

Horticulture New Zealand Chief Executive Mike Chapman agrees, and says the competition is a highlight of the annual horticulture calendar. "As a Bay of Plenty local, I know that talented young people like Alex exist in our industry. This competition shows the rest of the country what we've been saying all along; horticulture is a growth industry, and you can make an excellent career out of it if you put the effort in. Alex and the other contestants are exactly the kind of people the future of our industry will be based on, and it's great to see them getting the limelight they deserve."

Alex will go on to compete in the national Young Grower of the Year competition, run by Horticulture New Zealand (his prize covers all expenses for the competition which will be held in Tauranga in October, as well as \$1,500 cash). There, he will join the winners of the Nelson, Hawke's Bay, Gisborne, and Central Otago regionals, as well as a Young Vegetable Grower, to compete for the national title of Young Grower 2019 which is proudly sponsored by the Horticulture Trust.



This year's contestants, featuring the 2019 BOP Young Fruit Grower of the Year - Alex Ashe (fourth from left).



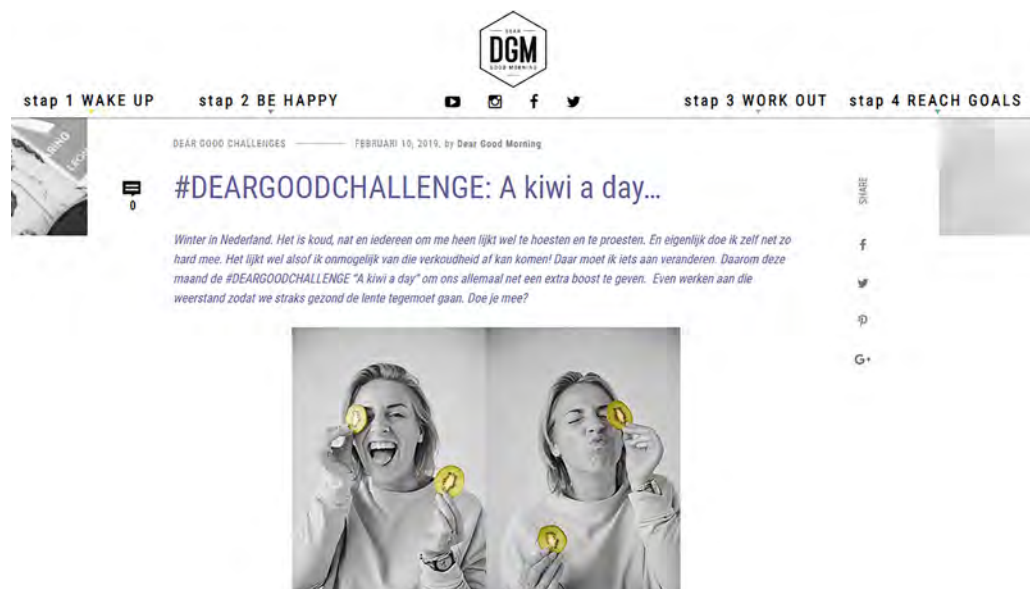


# From the markets

## Benelux - #DEARGOODCHALLENGE

Winter in the Netherlands can be cold, wet and miserable. While everyone around them seems to be coughing and sneezing, the Benelux team have come up with a great campaign to fight colds and boost immunity through its 'A kiwi a day challenge'. The team has engaged Dutch health and wellness influencer *Dear Good Morning* who's known for motivating and inspiring her followers to take

part in challenges (such as 'stay offline' and 'a quote a day'). With almost 70,000 highly engaged followers, *Dear Good Morning* and the Benelux team hope to encourage locals to start eating a kiwifruit every day to keep the doctor at bay. This well-aligned partnership with an influencer who authentically believes in the product they're promoting is a great example of innovation, strategy and the power of social media.



Benelux team set to roll out innovative influencer marketing campaign.

## Italy - Irrigation and Ferti-irrigation Workshop

Earlier this month, the Italian OPC team organised an 'Irrigation and Ferti-irrigation Workshop' for all SunGold growers (one in Italy's north, and the other in the centre). This featured agronomist expert Mr Silvio Fritegatto who has more than 20 years consulting and training experience. In Northern Italy, the workshop focused on water requirements and explored how to calculate

the amount of water to be supplied to the plant based on soil types, irrigation systems and evapotranspiration. In central Italy, the workshop focused on micro and macro elements involved in ferti-irrigation based on soil analysis. It's fantastic to see such valuable information being shared between experts and growers around the world.



Zespri SunGold growers soaking up knowledge in Emilia Romagna, Italy.

## ZESPRI IN THE COMMUNITY

### Scholar rolls up her sleeves

When Alex Tomkins, a second year Massey University student and current Zespri scholar, visited Jeff and Shirley Roderick's orchard on an industry tour last year, we didn't know she'd be back over summer to complete her practical work.

As a casual staff member, Alex gained valuable experience pruning, thinning and assisting with girdling over the summer months. Though the hot weather and physically demanding work proved to be challenging, Alex found it highly beneficial to connect her university studies to hands-on work in the field, and was particularly interested to learn about growing kiwifruit to meet consumer demand in regards to taste. Alex had a fantastic experience overall, but some of her highlights included listening to Dan Mathieson speak at the grower roadshow and the sustainability focus that comes naturally with organic growing practices. The ice blocks provided by Shirley on hot days were also a hit!



Budding kiwifruit expert and Zespri scholar, Alex Tomkins.

### Education and art

In November last year, Zespri's External Relations, Innovation and Tours and Events teams headed down to two schools near Te Kaha – Te Kura Mana Māori o Whangaparāoa and Te Kura o Te Whānau-ā-Apanui – to deliver their second Type 2 diabetes awareness programme. While there, budding artists were asked to create artwork which would be turned into calendars.

Earlier this month, some of the Zespri team headed back to Whangaparāoa and Omaio and handed out calendars which included their very own drawings and artwork to excited students. All were very happy to point out their masterpieces to friends and teachers!



Students see their artwork come to life as part of a Zespri awareness programme.

### Scholarship opportunity: Kellogg Rural Leadership Programme

Investing in our industry's future leaders is an important focus for Zespri, so we're sponsoring one person to attend the June intake of this year's Kellogg Rural Leadership Programme. 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 enjoy successful careers in leadership roles in New Zealand agriculture. Applications are now open for this year's course which runs from 18 June - 28 November. For more information visit [www.zespri.com](http://www.zespri.com) or email [scholarships@zespri.com](mailto:scholarships@zespri.com).

### Meet Jessica Smith, our 2018 scholar

Jessica grew up on a hill country sheep and beef farm in Taihape. Her love for the land and passion for Māori development has led her down a fulfilling pathway of helping to build a whanau (family) enterprise on whanau land. Over the past five years, Jessica has been working with Māori land owners across the Bay of Plenty to develop kiwifruit orchards on their whenua (land). Jessica is guided by the whakatauki (proverb) "Whakakoi te tipu o te rakau hei huanga mou, Hei huanga mo te hapu" - sharpen your skills so that you are of benefit to your people.

When she received the Zespri Kellogg Rural Leadership scholarship she saw it as an opportunity to grow and enhance her leadership skills. "Kellogg has been around for nearly 40 years and has a proud history of developing future leaders, so to be part of this was an absolute privilege. The prestigious programme has enabled me to network and connect with passionate like-minded individuals across the primary sector and New Zealand. It's also given me clarity of purpose, confidence and direction to be the change agent for effecting positive change in regional New Zealand. This programme was a game changer and I would thoroughly recommend it to anyone!"



Follow in Jessica's footsteps – apply now for the 2019 Kellogg scholarship.



# 2018/19 Season Return Analysis

Class 1 - Approved Progress Payment 15 March 2019	Average on Net Submit	16/18/22	25/27	30/33	36	39	42
Zespri Green	\$0.16	\$0.35	\$0.10	\$0.20	\$0.10	\$0.10	No Payment*
Zespri Organic Green	\$0.27	\$0.30	\$0.35	\$0.05*	\$0.40	\$0.40	\$0.55
Zespri Gold3 and Organic Gold3	\$0.64	\$0.60	\$0.65	\$0.65	\$0.60	\$0.90	No Supply
Zespri Green14	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10

\* Reduced from Indicative Rate as a result of higher than anticipated fruit quality claims and marketing support required for this size group.

Class 1 - Indicative Progress Payment 15 April 2019	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	No Payment
Zespri Organic Green	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
Zespri Gold3 & Organic Gold3	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	No Supply
Zespri Green14	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10

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.

## 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.

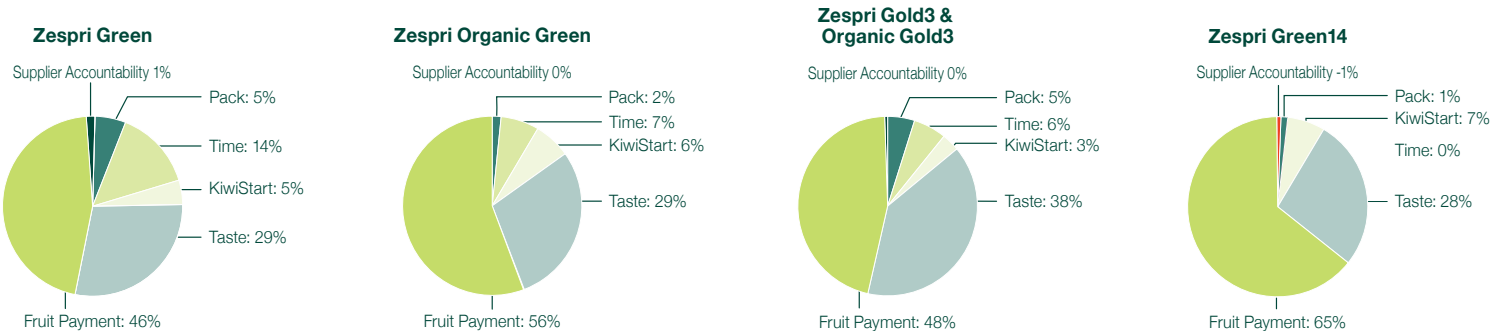
March 2019 approved progress payments on Net Submit trays	
Approved per tray progress payments for 15 March 2019:	
Class 1	
Zespri Green	\$0.16
Zespri Organic Green	\$0.27
Zespri Gold3 and Organic Gold3	\$0.64
Zespri Green14	\$0.10

April 2019 indicative progress payments on Net Submit trays	
Indicative per tray progress payments for 15 April 2019:	
Class 1	
Zespri Green	\$0.10
Zespri Organic Green	\$0.10
Zespri Gold3 and 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 January 2019, the February 2019 forecast fruit loss percentages and current productive hectare information.

## 2018/19 Season Grower Payments Portions - Total Fruit and Service Payments

2018/19 - February forecast



## SHARE BRIEFS

As at **21 February 2019** the last Zespri share price trade was **\$8.60** traded on **20 February 2019**. There were four buyers at **\$8.50, \$8.45, \$8.40, and \$7.95**. There were four sellers at **\$8.60, \$8.65, \$8.70 and \$9.20**.

To trade Zespri shares please contact one of the registered USX brokers – see <https://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 that has been traded with USX 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 <http://www.usx.co.nz>. The Zespri Group Limited listing code is 'ZGL'. The USX 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 **21 February 2019**.

Quote Line at Thursday 21 February as at 8.30am						
Code	Bid (\$)	Offer (\$)	Last (\$)	High (\$)	Low (\$)	Volume
ZGL	8.500	8.600	8.600	0.000	0.000	0

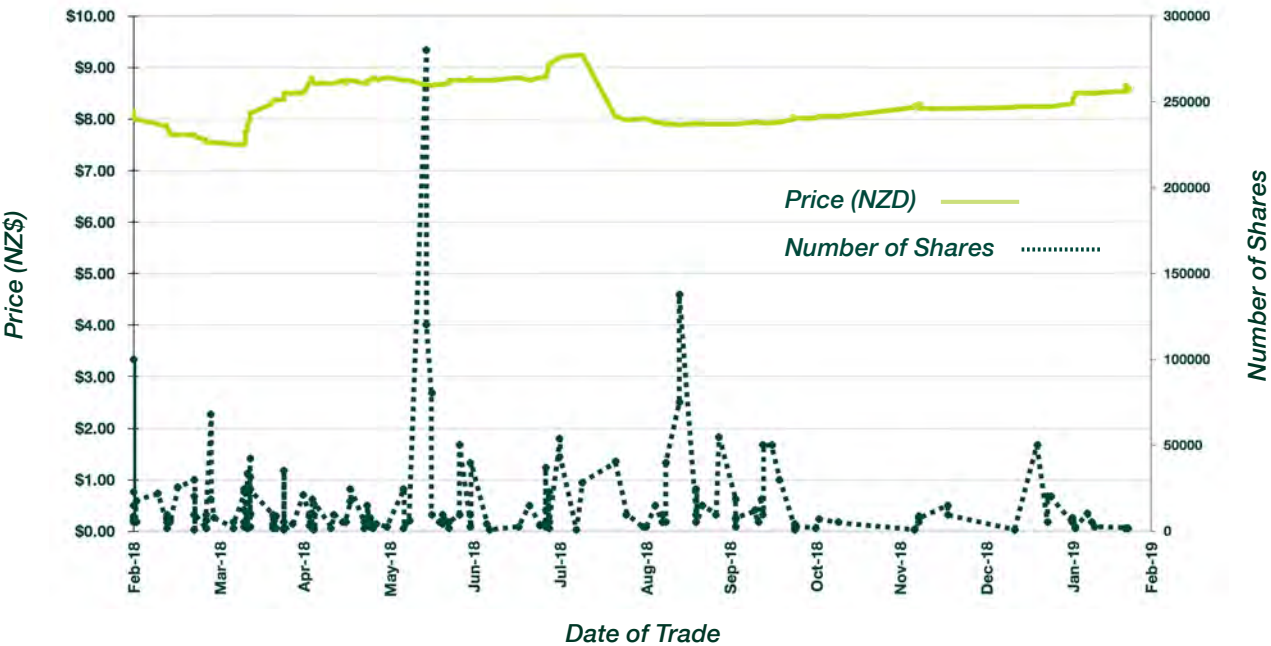
Market Depth					
BIDS			OFFERS		
Orders	Quantity	Price (\$)	Price (\$)	Quantity	Orders
1	2,000	8.500	8.600	2,000	1
1	2,000	8.450	8.650	2,000	1
1	2,000	8.400	8.700	2,000	1
1	27,082	7.950	9.200	10,000	1

Last 10 Trades			
Date/Time	Quantity	Price (\$)	Value (\$)
20/02/19	2,000	\$8.60	17,200.000
20/02/19	2,000	\$8.55	17,100.000
19/02/19	2,000	\$8.65	17,300.000
19/02/19	2,000	\$8.60	17,200.000
19/02/19	2,000	\$8.55	17,100.000
8/02/19	2,500	\$8.50	21,250.000
7/02/19	5,000	\$8.50	42,500.000
5/02/19	10,300	\$8.50	87,550.000
1/02/19	2,000	\$8.45	16,900.000
1/02/19	3,000	\$8.50	25,500.000

**Director share trading**  
For the month of February (as at **21 February**), there were 40,000 shares traded by entities associated with Zespri Directors. See the Canopy website for details: Canopy > Growing Zespri Kiwifruit > Working with Zespri > Shares. Alternatively search for 'Director Shares' using the search function.

Please note - any time content for *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 Canopy website will always provide the most up-to-date information.

### ZESPRI GROUP LIMITED SHARE TRADES 21 FEBRUARY 2018 TO 21 FEBRUARY 2019



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

Full Year Return	2018/19 - February forecast					2017/18 Actual				
	Zespri Green	Zespri Organic Green	Zespri Gold3 & Organic Gold3	Zespri Green14	All Pools	Zespri Green	Zespri Organic Green	Zespri Gold3 & Organic Gold3	Zespri Green14	All Pools <sup>7</sup>
Total forecast:										
Total trays supplied (m)	81.0	3.5	66.0	0.9	154.0	65.1	2.8	52.3	1.2	124.4
Kilograms supplied (m)	284.7	12.4	230.0	3.1	537.7	227.9	9.7	181.8	4.3	429.6
Average size per tray	30.6	33.3	27.3	35.4		29.4	33.4	26.7	34.1	
Fruit payments (\$m)	328.5	23.1	471.1	5.8	845.0	348.3	21.3	358.8	6.9	756.0
Fruit incentives (\$m)	245.0	14.4	416.2	3.0	679.9	192.7	7.8	301.2	3.3	506.5
Service costs (\$m)	135.8	3.5	104.8	0.1	244.6	101.2	2.4	67.4	0.3	171.5
Fruit and service payments excl. loyalty premium (\$m)	709.3	41.1	992.1	8.9	1,769.5	642.1	31.6	727.5	10.5	1,434.0
Total forecast per tray (\$):										
Submit payment	2.25	2.25	2.80	2.80		2.25	2.25	2.80	2.80	
Progress payments (including GOLD ORGANIC Premium)	1.81	4.32	4.34	3.71		3.10	5.47	4.06	2.88	
Total fruit payments per net submit trays	4.06	6.57	7.14	6.51		5.35	7.72	6.86	5.68	
KiwiStart <sup>1</sup>	0.39	0.76	0.47	0.69		0.42	0.44	0.42	0.70	
Taste Zespri	2.53	3.34	5.76	2.76		2.37	2.38	5.29	2.05	
Supplier Accountability	0.11	-0.01	0.07	-0.08		0.17	0.03	0.06	-0.05	
Fruit incentives	3.03	4.10	6.30	3.37		2.96	2.84	5.76	2.70	
Pack type	0.47	0.18	0.71	0.14		0.57	0.24	0.73	0.22	
Time payment	1.20	0.82	0.88	0.00		0.98	0.63	0.56	0.00	
Service costs	1.68	1.00	1.59	0.14		1.55	0.87	1.29	0.22	
Class 1 forecast fruit and service payments per net submit trays	8.76	11.67	15.03	10.02		9.86	11.43	13.92	8.60	
Loyalty premium	0.25	0.25	0.25	0.25		0.28	0.28	0.28	0.28	
Class 1 fruit and service payments with loyalty per net submit trays	9.01	11.92	15.28	10.27		10.14	11.71	14.20	8.88	
Less: onshore fruit loss	-0.27	-0.14	-0.22	-0.02		-0.13	-0.12	-0.10	-0.02	
Fruit loss percentage <sup>2</sup>	2.98%	1.21%	1.41%	0.16%		1.30%	1.03%	0.74%	0.23%	
Class 1 fruit and service payments per gross submit trays	8.74	11.78	15.06	10.25		10.01	11.59	14.09	8.86	
Plus Class 2 Return	0.13	0.21	0.10	0.11		0.17	0.30	0.09	0.09	
Plus Non-Standard Supply (NSS) <sup>3</sup>	0.01	0.02	0.04	0.01		0.00	0.03	0.02	0.01	
Plus Other Income (Non dividend) <sup>4</sup>	0.01	0.01	0.02	0.01		0.01	0.01	0.01	0.01	
Average revenue per gross submit trays	8.89	12.01	15.21	10.38		10.19	11.93	14.21	8.97	
LESS: Post-harvest costs deducted										
Base packing and packaging	-1.47	-1.54	-2.23	-2.07		-1.49	-1.54	-2.18	-2.18	
Pack differential	-0.46	-0.18	-0.70	-0.14		-0.57	-0.23	-0.72	-0.22	
Base cool storage	-0.82	-0.83	-0.83	-0.82		-0.81	-0.82	-0.81	-0.81	
Logistics	-0.14	-0.15	-0.15	-0.15		-0.13	-0.14	-0.14	-0.13	
Time and CC/RK charges	-0.65	-0.44	-0.50	-0.01		-0.48	-0.26	-0.28	-0.01	
Total post-harvest costs per gross submit trays	-3.53	-3.13	-4.41	-3.18		-3.48	-2.99	-4.14	-3.36	
OGR per gross submit trays	5.36	8.88	10.80	7.21		6.71	8.93	10.07	5.61	
Average industry yield per productive hectare <sup>5</sup>	11,654	7,956	13,403	6,404		8,937	5,862	11,377	6,941	
Number of productive hectares	7,163	448	4,996	139		7,382	476	4,629	176	
OGR per hectare	\$62,454	\$70,643	\$144,822	\$46,151		\$59,981	\$52,375	\$114,553	\$38,937	
Average kilogram per tray <sup>6</sup>	3.52	3.51	3.49	3.49		3.50	3.50	3.48	3.49	
OGR per kilogram	1.52	2.53	3.10	2.07		1.92	2.55	2.89	1.61	

**Notes:**

1. KiwiStart includes Priority Premium payments. These are period one related payments that apply to fruit shipped in the applicable weeks and vessels.
2. Fruit loss percentage includes ungraded fruit inventory losses.
3. Zespri does not procure NSS in all categories, returns are as reported in the Ingham Mora post-harvest survey.

4. Other Income may include any Service Level Agreement payments, Class 3 income and interest.
5. 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.
6. Average kilograms per tray are derived using the individual size conversions published in the specific season's Pack Conversion Guide.
7. Last year "all pools" column includes Hort16A which is excluded from the Gold3 column.



# 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 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.

- 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 2018/19 February 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 Green FEBRUARY								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-18	\$2.25	\$0.01					\$2.26	25%
May-18		\$0.09					\$0.09	26%
Jun-18		\$0.09	\$0.00				\$0.09	27%
Jul-18		\$0.01		\$0.35	\$0.72		\$1.08	39%
Aug-18		\$0.09	\$0.21	\$0.53	\$0.09		\$0.92	49%
Sep-18		\$0.14	\$0.00	\$0.36	\$0.10		\$0.60	56%
Oct-18		\$0.48	\$0.18	\$0.47	\$0.05		\$1.19	69%
Nov-18		\$0.39		\$0.69	\$0.08		\$1.17	82%
Dec-18		\$0.37	\$0.06	\$0.12	\$0.29		\$0.84	91%
Jan-19			\$0.05			\$0.10	\$0.15	93%
Feb-19		\$0.01		\$0.00	\$0.10		\$0.11	94%
<hr/>								
Mar-19					\$0.16		.	96%
Apr-19					\$0.10		.	.
May-19					.		.	.
Jun-19						\$0.15	.	100%
Paid YTD	\$2.25	\$1.68	\$0.50	\$2.53	\$1.43	\$0.10	\$8.49	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.37	\$0.15	\$0.52	
Total fruit and service payments - 2018/19 forecast							\$9.01	

Zespri Gold3 and Organic Gold3 FEBRUARY									
 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-18	\$2.80	\$0.12						\$2.92	19%
May-18		\$0.14						\$0.14	20%
Jun-18		\$0.18						\$0.18	21%
Jul-18		\$0.03		\$1.00	\$0.91			\$1.94	34%
Aug-18		\$0.24	\$0.22	\$1.50	\$0.49	\$0.02		\$2.46	50%
Sep-18		\$0.27	\$0.00	\$1.47	\$0.52			\$2.25	65%
Oct-18		\$0.45	\$0.26	\$0.54	\$0.33			\$1.58	76%
Nov-18		\$0.14	\$0.00	\$1.25	\$0.21	\$0.01		\$1.62	86%
Dec-18		\$0.02	\$0.03	\$0.01	\$0.82			\$0.88	92%
Jan-19			\$0.02				\$0.10	\$0.12	93%
Feb-19		\$0.00		\$0.00	\$0.20			\$0.21	94%
<hr/>									
Mar-19					\$0.64	.		.	98%
Apr-19					\$0.10			.	.
May-19		\$0.00		\$0.00	.			.	.
Jun-19							\$0.15	.	100%
Paid YTD	\$2.80	\$1.59	\$0.54	\$5.77	\$3.48	\$0.02	\$0.10	\$14.29	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.83	\$0.00	\$0.15	\$0.98	
Total fruit and service payments - 2018/19 forecast								\$15.28	

Zespri Organic Green FEBRUARY								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-18	\$2.25	\$0.00					\$2.25	19%
May-18		\$0.03					\$0.03	19%
Jun-18		\$0.03					\$0.03	19%
Jul-18		\$0.00		\$0.39	\$0.80		\$1.19	29%
Aug-18		\$0.09	\$0.35	\$0.67	\$0.67		\$1.78	44%
Sep-18		\$0.23		\$0.90	\$0.35		\$1.47	57%
Oct-18		\$0.35	\$0.41	\$0.54	\$0.57		\$1.86	72%
Nov-18		\$0.15		\$0.78	\$0.54		\$1.46	85%
Dec-18		\$0.12		\$0.06	\$0.74		\$0.91	92%
Jan-19			\$0.00			\$0.10	\$0.10	93%
Feb-19		\$0.00		\$0.00	\$0.20		\$0.20	95%
<hr/>								
Mar-19					\$0.27		.	97%
Apr-19					\$0.10		.	.
May-19		\$0.00		\$0.00	.		.	.
Jun-19						\$0.15	.	100%
Paid YTD	\$2.25	\$1.00	\$0.76	\$3.34	\$3.85	\$0.10	\$11.30	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.47	\$0.15	\$0.62	
Total fruit and service payments - 2018/19 forecast							\$11.92	

Zespri Green14 FEBRUARY								
 ISO Month	Submit	Pack and Time	KiwiStart Accountability	Taste Zespri	Progress	Loyalty Premium	Total payment / FOBS TE	% of Pool Paid YTD
Apr-18	\$2.80	\$0.06					\$2.86	28%
May-18		\$0.07					\$0.07	28%
Jun-18							\$0.00	28%
Jul-18				\$0.70	\$0.28		\$0.98	38%
Aug-18		\$0.00	\$0.27	\$0.70	\$0.65		\$1.62	54%
Sep-18				\$0.81	\$1.05		\$1.86	72%
Oct-18			\$0.34		\$0.42		\$0.76	79%
Nov-18				\$0.55	\$0.32		\$0.87	88%
Dec-18		\$0.01			\$0.60		\$0.61	94%
Jan-19			\$0.00			\$0.10	\$0.10	95%
Feb-19					\$0.10		\$0.10	96%
Mar-19					\$0.10		•	97%
Apr-19					\$0.10		•	•
May-19		\$0.00			•		•	•
Jun-19						\$0.15	•	100%
Paid YTD	\$2.80	\$0.14	\$0.61	\$2.76	\$3.42	\$0.10	\$9.82	
Balance to pay	\$0.00	\$0.00	\$0.00	\$0.00	\$0.30	\$0.15	\$0.45	
Total fruit and service payments - 2018/19 forecast							\$10.27	

Note 1: The submit and progress payments detailed in the tables are based on net submit trays.  
Note 2: Rates per TE of \$0.00 have values of less than \$0.005.

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







# The month ahead – March

Canopy Management

Male Pruning

Trunk Girdling

Fruit Thinning

In the lead up to harvest there are a number of jobs to be done and decisions to be made. It's certainly a busy time of year, but if you get cracking on preparing the crop, site, tools, services and paperwork now, you'll be prepared and ready to go as soon as you get clearance.

March is also when some growers start asking whether now is the right time to harvest. Early monitoring rounds will help you decide on whether your orchard is a serious contender for KiwiStart. Remember, it's not just about dry matter – you also need to have high enough brix levels and colour.

Consider your fruit size profile, how much it's likely to increase and what the profile will look

like at different harvest dates. Will it be big enough for KiwiStart? You can use the OPC productivity fruit size profile calculator, fresh weight and dry matter calculator, and OGR estimator to make predictions for different harvest dates.

The month ahead for March page on the Canopy website has details of what you should be preparing, as well as hyperlinks to calculators and information for each subject. Check it out at **Canopy > Growing kiwifruit > The month ahead > The month ahead: March**.

Remember – it's very important to keep communicating with your packhouse because harvest is a carefully orchestrated process with many moving parts.

# Understanding your size profile

Deciding whether to do a final thinning round to remove undersize fruit (or whether you have few enough small fruit to pick without clearing small sizes) relies on having a solid grasp of your crop's fruit size profile.

Because fruit size is so variable across an orchard, the 90-fruit sample taken for your maturity clearance test isn't very good at predicting the size profile of your maturity area. Some post-harvest facilities will collect a larger sample (200-600 fruit), but if you want to work out a more accurate profile for yourself, it's very simple:

1. Collect a random fruit sample from right across your maturity area. Try to sample equally from areas close to the leader, half way along the canes and at the end of canes. When you select fruit, reach up into the canopy without looking and select the first fruit your hand touches.
2. Once you've got your sample, weigh each fruit and record their weights.

3. Pop the fruit weights into the Fruit Size Profile Calculator (Canopy > Zespri & The Kiwifruit Industry > Tools & Calculators > Calculators & Apps > Fruit Size Profile Calculator).
4. The calculator will give you a fruit size profile graph and produce a table that shows the proportion of each fruit size.

The two graphs below are from a 90-fruit and a 270-fruit sample from the same maturity area. It's clear that the bigger the sample the more accurate the profile will be, and in this example there's a big difference between the 90-fruit and 270-fruit sample profiles. In the 90-fruit sample, there are about 11 percent 36s and 39s, while in the 270-fruit there are only five percent of these sizes. This could mean the difference between picking or not for a grower if these sizes have not cleared.

This calculator is a simple tool that can give you confidence when making orchard harvest decisions.

# Sustainable girdling walk and talk

Sustainable girdling trial site

WALK & TALK

Whenuakite Orchard

38 Morton Road, Aongatete

10am-noon, Thursday 21 March

Discuss

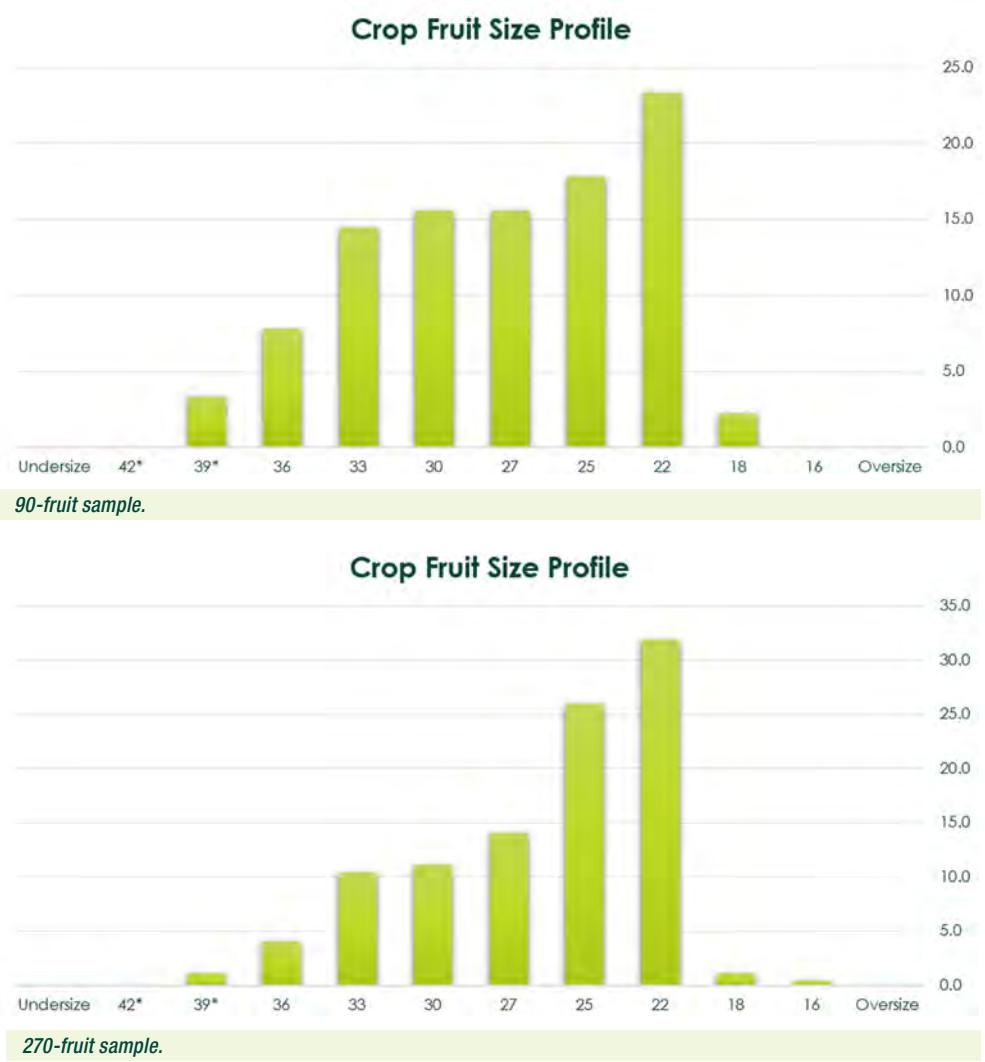
Investigate

Learn

Share

Debate

We're now at the end of year three of this five-year trial looking at the long term impacts of different girdling programmes. Join us for a walk and discussion.



# Tips for preventing exploding softs getting to the packhouse

Over the last few seasons, there have been issues with 'SunGold exploding softs' exploding at the bin dump at the packhouse, which can be costly. One exploding fruit can contaminate up to 30 others – that's one tray of fruit that goes into the bin that you don't get paid for. The other issue is the packhouse having to stop and clean the line, which slows the packing process.

Below are some harvest tips for minimising the risk of exploding softs making their way to the packhouse.

**Before harvest**

- Run your sprayer through – even if you're not using a clean-up spray, run your sprayer through with the fan on (and run it through again if there's a real problem)
- If bins have been laid out before harvest, check and remove any fruit that may have dropped into them
- Shake vines vigorously by grabbing the leaders (like a grape harvesting machine) to try and drop the soft fruit off
- Let the packhouse know if you suspect your

orchard has an issue. They'd much rather know about it early.

**During harvest**

- At the start of each day/orchard/block, brief pickers to:
  - Drop soft fruit on the ground or leave it on the vine. If one does end up in the bag, remove it immediately (and if it has already exploded, remove any fruit it has touched)
  - Pick without gloves, or use latex gloves, and pick the fruit around the waist rather than the top (but don't squeeze!)
- Ensure there's good supervision
- Put auditors on every bin trailer to look for softs and continually feed back to the pickers if they're not segregating soft fruit out.
  - One person only has to prevent three exploding fruit per hour getting to the packhouse to make this exercise worthwhile
- Consider select picking larger sizes if they're cleared, as these are likely to be the softest, most mature fruit.

Maturity areas

We've said it before and we'll say it again – maturity area selection (particularly how you set up your maturity areas) can have a big influence on variability.

The definition of a maturity area is 'an area in an orchard that provides fruit of the same variety, similar maturity and similar dry matter across a maximum of four hectares and a maximum of 60,000 TE. It mustn't include areas of first-year production with other production.'

There are a few important points in this definition:

1. Same variety, similar maturity and dry matter: if you've managed areas differently during the season, you should pack them in separate maturity areas.

2. Maximum of four hectares and a maximum of 60,000 trays: this is to increase the maturity sample coverage.

3. It mustn't include areas of first-year production with other production: first-year production is often earlier to mature than other production. These first-year production maturity areas are often extremely variable and post-harvest usually tries to ship them early in the season so they don't risk fruit loss.

There are dispensations available – talk to your packhouse if you think you might need one.





# OPC pre-harvest orchard hops

Join OPC at your region’s ‘pre-harvest orchard hop’ where we’ll be visiting three orchards in three hours. This will be a great opportunity to see how different orchards in your region are tracking and to hear growers discuss their harvest plans.

The OPC team will also remind you how to identify and address variability, how to get the best out of select picking, what to focus on in your clearance report and what you need to do to ensure you meet your pre-harvest requirements.

Lunch will be provided from 12:30pm, so you’ll have a chance to catch up with each other before the orchard visits begin. If you can’t make the free lunch, please ensure you arrive well before 1pm as we’ll be starting the first orchard visit at 1pm sharp. Hope to see you all there!

PRE-HARVEST Orchard Hop 2019			
STARTS AT 1PM SHARP. PLEASE ARRIVE BEFORE 1PM. LUNCH FROM 12:30.		FIRST ORCHARD / MEETING POINT	
Hawkes Bay	Monday, 4 March	12:30 - 4pm	Waima No. 2, 1775 State Highway 50, Hastings
Whangarei	Tuesday, 5 March	12:30 - 4pm	Whatitiri Gold Trust, 319 Whatitiri Road, Whangarei
Kerikeri	Wednesday, 6 March	12:30 - 4pm	Park on Orangewood Road, Kerikeri (follow the signs)
Te Puke 1	Friday, 8 March	12:30 - 4pm	Te Mara Rowe, 226 Young Road, Te Puke
Katikati	Monday, 11 March	12:30 - 4pm	MacMillan Orchard, 275 Beach Road, Katikati
Auckland	Tuesday, 12 March	12:30 - 4pm	Monaco Orchard, 41 Cuff Road, Pukekohe
Edgumbe	Friday, 15 March	12:30 - 4pm	Phoenix Orchard, 61 Galatea Road, Edgumbe
Tauranga	Monday, 18 March	12:30 - 4pm	Puketiro Orchard, 345 Joyce Road, Tauranga
Waikato	Wednesday, 20 March	12:30 - 4pm	Amberlea Orchard, 845 Paterangi Road, Te Awamutu
Te Puke 2	Tuesday, 26 March	12:30 - 4pm	Kauri Close Too Orchard, Bayly Road, Te Puke

## Impressive turnout for new variety open days

Earlier this month, more than 400 growers attended three days of orchard visits where they were given the opportunity to have a sneak peek at new varieties (green and red) in the pre-commercial system.

The open days, which are organised through packhouses annually, provided growers with valuable insights into new varieties and how they were tracking. Because of its huge success, Zespri is considering holding another event in spring – so stay tuned. If you have any questions about new varieties in the meantime, please contact our Grower Liaison Managers.



## Take action now to prevent pampas from flowering



The invasive South American plant, pampas, will very shortly be sending up flower heads. Pampas flowers in the late summer and autumn months and can be a significant problem for kiwifruit crops, in that the thousands of fine, wind-blown seeds produced from each flower head can attach to fruit. This seed contaminant is a reject factor and may prevent fruit access to some overseas markets. There was a huge spike in the number of pampas seed detections on kiwifruit during the last packing season, so ensure pampas plants adjacent or near your kiwifruit orchard are destroyed.

Refer to the KVH website for detailed information on controlling pampas and identifying differences between South American pampas and our native toetoe.



## Protect your investment during harvest



Biosecurity threats could affect your OGR and have wider ramifications for the local community through loss of productivity and jobs, and potential movement restrictions. For example, Brazilian Wilt, the fungal disease decimating kiwifruit orchards in Brazil, is resulting in up to 50 percent vine loss on some orchards and threatens the viability of the country’s entire kiwifruit industry.

- The best way to protect your orchard and investment is to have a good understanding of risks. Here are some tips:
- Restrict access to those who you are comfortable with sharing your knowledge and requirements – this will prevent the spread of unwanted pests and diseases vine-to-vine and between orchards
  - Be sure to consider the risk from people, vehicles, machinery and tools that come on to your property as a number of organisms of concern are transferred in soil and this is something you can effectively protect yourself from
  - Define and signpost access areas using the free signs from KVH that are available through your local packhouse or by contacting KVH directly. Have designated parking areas
  - Where and when restricting access isn’t practical, ensure good orchard hygiene practices, particularly the KVH hygiene recommendations, are followed
  - Tools should be cleaned and sanitised (at least between rows) to limit the inadvertent spread of biosecurity threats within the property. Diseases can be spread with tools that aren’t effectively sanitised between vines. When working in a disease affected orchard, best practice is to move from the least affected to the most affected areas
  - Harvest is a time when there’s a lot of movement onto and between orchards, so maintaining good orchard hygiene is particularly important over this period. To minimise individual risk, harvest bins in all regions

- should be sanitised and clear of plant material prior to reuse. You should also ensure bins moving onto your orchard are inspected and free of leaf and plant material
- Share your biosecurity expertise with visitors, harvest staff and contractors and make sure they know (and follow!) your hygiene requirements. If people visiting or working on your property – including friends and family – have been overseas recently, consider the risks they pose through potentially dirty footwear and hitchhiking pests in luggage.
- Make sure everyone who works on your orchard knows to be on the lookout for anything unusual and reports anything of concern to KVH on 0800 665 825.

STOP

BIOSECURITY AREA

NO UNAUTHORISED ACCESS

PROTECT OUR INDUSTRY

Let's work together to protect New Zealand's kiwifruit industry from unwanted pests and disease threats  
www.kvh.org.nz

PLEASE CONTACT BEFORE ENTERING

NAME:

Do not enter property without prior approval.

Plant material, vehicles, people and equipment can carry pests and diseases.





Contact Industry Liaison Team Leader Tom MacMorran (027 511 2005) or Grower Liaison Managers: Sue Groenewald (027 493 1987), Sylvia Warren (022 101 8550), Casie Rudnicki (027 271 2695) or Jane Ritchie (027 511 1056).

# Q.&A FROM THE FIELD

**Q I'm seeing thrip damage in my orchard on leaves and fruit. What can I do about it?**

**A** A pyrethrum spray like ZetaPy or Pyganic can be applied under a Justified Approval for thrips. Pyrethrum products break down quickly in UV, so should be applied later in the afternoon. Both products have a 14 day pre-harvest interval, so we recommend applying at least two weeks prior to harvest.



**Q I have a new development property that I want to buy a SunGold licence for in the 2019 licence release. Do I need to get a KPIN registered before I'm able to bid for the licence?**

**A** No – you can participate in the 2019 licence release without a Kiwifruit Property Identification Number (KPIN) for your property. If you're successful in purchasing a licence, you will have two years to nominate a KPIN for the licence to be assigned to.

**Q Do I have to register for the Food Act (2014)?**

**A** You should now be aware of the Ministry for Primary Industries' (MPI) regulatory requirement for all food businesses in New Zealand to be registered under the Food Act (2014). Producing or packing kiwifruit classes you as a food business. To run a business under the Food Act, you need to be registered by 28 February. If you're not registered for the Food Act by this date, but are still trading, your business will be operating illegally. Registration through Zespri is optional – you can also register yourself through your local council or MPI and arrange your own verification (at your own cost).

See article on page four for further information on how to register. If you haven't yet received your form, please contact the Food Act Coordinator by email: [preharvest@zespri.com](mailto:preharvest@zespri.com) or phone: 07 572 7621.

**Q What will prevent Eurofins from collecting a clearance sample from my orchard?**

- A** Some stop sampling procedures are applied to orchards in order to protect Eurofins samplers. The most commonly encountered risks are:
- Long grass (above 30cm – including headlands and access ways) restricting the visibility of the terrain (such as slopes, holes and debris). This doesn't apply to spray strips under the leaders or areas that samplers will not be accessing
  - A significant amount of hard fruit on the ground
  - Collapsed or damaged structures
  - Spraying – if spraying is in progress and there's a risk of spray drift from a neighbouring block, or if a sampler suspects a block has just been sprayed
  - Curtains that are too heavy or cumbersome to be lifted by samplers
  - Reflective mulch or Extenday poses a risk if it's wet (from rain or soft fruit), the cloth is loosely laid, has holes in it or is uneven due to weeds or holes underneath
  - Holes in the orchard that aren't identified by being flagged or marked
  - Loose wire, guy wires, tee-pee strings or nooses at row ends or through canopy
  - Aggressive or violent growers or orchard contractors.

In all instances where the sampler visits the orchard and a sample can't be taken, a sample collection fee will apply. If a stop-sampling incident occurs on your orchard, Eurofins will contact your orchard representative. In some instances, a Grower Liaison Manager may also be in touch to discuss what needs to be resolved. If you have any concerns around sampling on your orchard, please contact your Grower Liaison Manager.

## IF THE GRASS IS HIGHER THAN YOUR REDBANDS



## THEY STOP SAMPLING

## Growers get together to enjoy cricket.

Kiwis love cricket, so it's no surprise we had a great response from the industry to attend the New Zealand vs India One Day International at Bay Oval on Monday 28 January. Around 100 growers joined the Zespri Grower Services and External Relations teams in a marquee (which was a welcome relief in the 31-degree heat!) overlooking the field where they got to relax and watch the game over dinner and drinks.

India beat the Black Caps by seven wickets, but that didn't dampen the mood – the evening was a huge success and a great opportunity for growers to network and take time out from busy life on the orchard.



## Fruit fly detections



Biosecurity New Zealand, KVH and horticultural industry groups are investigating fruit fly detections in Auckland.

Surveillance activity has been stepped up following the discovery of a third Queensland Fruit Fly (QFF) on the North Shore. The solitary, male fly was collected from a trap and is the third male QFF to be found – the first was detected in a trap in Devonport. Two male *Facialis* fruit flies have also been detected in Otara.

A response was immediately set up following each detection. One of the most important things the responses will determine is if the fly found in each case is a lone specimen or if there's a population of flies in either area (at this stage, there's no evidence of this). More traps have been set around the finds and the movement of fruit and vegetables has been restricted as a precaution. Information has been distributed to the public via mailbox leaflet drops and door-to-door visits. KVH staff have been in Auckland assisting with this work as have our industry-wide KiwiNet group, who have considerable skills and experience to contribute to all aspects of on-the-ground activities.

The restrictions in place are the same in Devonport, Northcote and Otara - whole fresh fruit and vegetables (except leafy vegetables and root vegetables) can't be moved outside of the A Zone of the controlled area. This is the area that extends 200m out from where the fly was found in each case. Home-grown vegetables can't be moved out of a wider B Zone. Detailed maps are available online.

KVH is concerned about these fruit fly detections and we're taking them seriously, as are our

partner horticultural organisations and Biosecurity New Zealand. In all cases, the fruit flies were found in traps which shows we have a strong surveillance system aligning with our border controls. We're pleased to note, however, that Biosecurity New Zealand says there will be an independent assessment of the air passenger and cruise pathways (a cargo pathway review is already underway) to make sure our biosecurity system is robust and that any learnings from these detections are taken into account.

The high-risk entry period for fruit flies runs through to June – so be vigilant and keep watch. While it may be possible to find on fruit trees, a better option is to look out for any larvae in fruit, including tree-fallen fruit. If you hear of someone who has accidentally brought fruit or vegetables into New Zealand, make sure it's reported to Biosecurity New Zealand and then appropriately destroyed (bagged and put in the rubbish is the best way, not composted). Report any finds or anything unusual to either Biosecurity New Zealand on 0800 80 99 66 or KVH on 0800 665 825.



Growers are urged to stay alert and report anything unusual following three fruit fly detections.

## MARCH SHARE SPLIT



As we informed you in last month's issue of *Kiwiflier* and recently in a letter sent out to shareholders, Zespri is conducting a share split (a subdivision of shares) on the evening of Friday 15 March. The shares will be subdivided on a 3-for-2 basis, so every two shares become three shares.

The shares will have the same characteristics as the original shares they were subdivided from, and the split applies across all shares, irrespective of whether they're held by current growers or not, or the shareholder is oversold. The same rules apply to the resulting additional shares, which include the same applicable dates for when dividends will




cease for non-producers who hold shares and sanction dates for shares held over the cap. A key change as part of the share split is the increase in the share cap to 6:1 (six shares per tray of production). This is an automatic result of the share split as prescribed by the constitution. There is, however, no change to the voting cap.

No action is required by shareholders for the share split. All existing share certificates will be invalidated and share records will be managed electronically going forward on [www-au.computershare.com/Investor](http://www-au.computershare.com/Investor). If you have any questions, please email [shares@zespri.com](mailto:shares@zespri.com) or call 0800 155 355.

**ZESPRI SHARE SPLIT**








For every two shares, the shareholder will have three shares instead



Equivalent to multiplying existing holding by 1.5

**ZESPRI SHARE SPLIT: VALUE STAYS SAME EXAMPLE**

Current	Future
 	  
20 Shares at \$8 per share = <b>\$160</b>	30 Shares at \$5.33 Per share = <b>\$160</b>