



SURVEY RESULTS:

ALLOCATION MECHANISM FOR GOLD3 LICENSE

August 2017

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1.0 Purpose

On 30 June 2017 NZKGI released a discussion paper on the allocation mechanism for Gold3 Licence. This follows consideration given to the topic by NZKGI in September 2016 following the first licence release. Now that there have been two years of release using largely the same mechanism, NZKGI sought to determine if views had changed prior to the next release.

A Gold3 Licence Allocation survey was issued in conjunction with the discussion paper to seek the views of Growers. The survey was open for one month and closed on 31 July 2017. This report summarises the results of the survey.

2.0 Executive Summary

172 respondees completed the survey; 168 (98%) were growers and 4 (2%) advised they were non-growers. Further analysis of the 4 non-growers indicated that 1 was a Kiwifruit Management Company, 1 was a grower's son, 1 was an actual grower (owned the land and grew kiwifruit) and 1 did not provide an explanation for their response.

Not all survey questions were answered by growers and this has been indicated in the relevant section commentary of this report.

The results of the survey can be summarised as follows:

- **Grower Demographics** (refer sections 3.1 - 3.4 of this report)
 - The Bay of Plenty areas of Katikati (21.05%), Tauranga (13.45%) and Te Puke (35.09%) represented 119 of the responses (69.6%).
 - 124 (72.5%) of the respondees were growers who had been in the business for more than 10 years.
 - 118 (69%) growers advised that they had an orchard size of 10 hectares or less.
 - 85 (49%) growers advised that they had bid in previous years and their bids were successful while 110 (64%) growers advised that their bids had been unsuccessful. 26 (15%) growers had not bid in previous years.
- **Release Principles** (refer section 4.0 of this report)

The top 3 release principles most supported by growers are:

 - Controlled growth of the G3 market (not oversupplying) (87%),
 - Spread of license - not allowing license to be purchased by a small number of larger growers (80%), and
 - Equity of opportunity - all growers have an opportunity to grow G3 (70%).
- **Pricing Mechanism** (refer section 5.1 of this report)
 - Fixed price is the preferred license release mechanism of growers (50%).
 - There was a variation in the fixed price per ha suggested by growers. Of those who provided commentary:
 - 52% suggested a fixed price of \$100k or less/ha, with 39% of those being \$20k or less/ha.
 - 27% suggested a fixed price of \$101k - 200k/ha, with 81% of those being \$150k or less/ha.
 - 21% suggested a fixed price of \$201k plus/ha, with 75% if those being \$250k or less/ha.
- **Deferred payment** (refer section 5.2 of this report)

Most growers do not support deferred payment and are in favour of its removal (67%).

- **Maximum bid size** (refer section 5.3 of this report)
 - 5 ha is the most supported maximum area that growers believe can be allocated to any one entity (37%).
 - Most growers do not support different maximum bid sizes for green cutover and greenfields (58%).

- **Restricted pools** (refer section 5.4 of this report)
 - A single bidding pool is the most supported pool system by growers (50%).
 - Growers are equally divided on whether a separate pool should be made available to green only growers with a small maximum bid size (e.g. 0.5 ha) restricted to a total of 50 ha. There is no definitive answer on this point.
 - Growers support a small pool being made available to allow them to buy small amounts of license for finishing off existing blocks (i.e. a small pool of 50 ha for completing an existing block with a maximum bid size of 0.25 ha) (56%).

- **Implementation restrictions** (refer section 5.5 of this report)
The grafting restriction most supported by growers is 1 year for all (55%).

- **Administration** (refer section 6.0 of this report)
Growers overall are satisfied with the administration of the bid process, believing it to be sound and well run.

- **Additional comments** (refer section 7.0 of this report)
Of the comments received, most growers do not believe that the current process is doing the industry any favours. They advise that they feel the license fee has got out of control and the small grower has been disregarded and left behind by being priced out of the market, both in terms of initial outlay, as well as the time to break even when the total cost of cutover is considered.

3.0 Grower Demographics

3.1 Region Response

171 respondees answered this question and 1 skipped the question.

Growers were from the following regions, with the Bay of Plenty areas of Katikati (21.05%), Tauranga (13.45%) and Te Puke (35.09%) representing 119 of the responses (69.6%).

ANSWER CHOICES	RESPONSES
▼ Northland	11.70% 20
▼ Auckland	4.68% 8
▼ Waikato	1.75% 3
▼ Waihi/Coromandel	2.34% 4
▼ Katikati	21.05% 36
▼ Tauranga	13.45% 23
▼ Te Puke	35.09% 60
▼ Whakatane	5.85% 10
▼ Opotiki	8.19% 14
▼ Poverty Bay	2.92% 5
▼ Hawkes Bay/Lower North Island	2.92% 5
▼ South Island	1.75% 3

[Responses by Region]

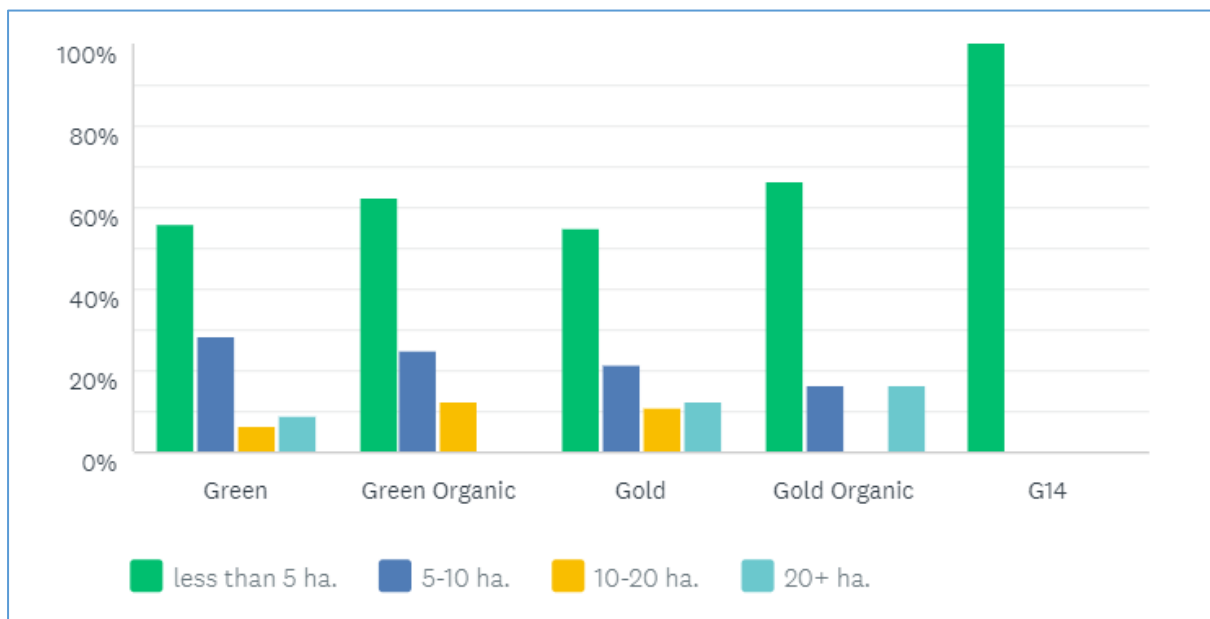
Of the growers,

- 06 (3.5%) had been a kiwifruit grower for 1 year or less,
- 23 (13.5%) for 2-5 years,
- 18 (10.5%) for 5-10 years, and
- 124 (72.5%) for >10 years.

3.2 Hectares of each variety grown

171 respondees answered this question and 1 skipped the question.

157 (91.8%) of the respondees are Green growers (136 Conventional, 8 Organic and 13 G14) and 142 (83%) are Gold growers (136 Gold3, 6 Organic) i.e. many growers grow both Green and Gold varieties.



[Hectares by Variety]

3.3 Total orchard size

170 respondees answered this question and 2 skipped the question.

118 growers (69%) had an orchard size of 10 hectares or less, with the full analysis being:

- 57 (34%) <5 ha,
- 61 (36%) 5-10 ha,
- 29 (17%) 10-20 ha, and
- 23 (13%) >20 ha.

3.4 Bids in previous years

172 respondees answered this question with some growers providing multiple answers (i.e. successful and unsuccessful bids).

85 (49%) of the growers advised that they had bid in previous years and their bids were successful while 110 (64%) growers advised that their bids had been unsuccessful. 26 (15%) of the growers had not bid in previous years.

4.0 Release Principles

During the 2016 consultation, several key outcomes from the release of new G3 license were discussed. Growers were asked to review these principles again and advise those they supported. 172 growers answered this question and provided multiple responses. The principles are listed in the extract below, with the top three receiving grower support being:

- Controlled growth of the G3 market (not oversupplying),
- Spread of license - not allowing license to be purchased by a small number of larger growers, and
- Equity of opportunity - all growers have an opportunity to grow G3.

ANSWER CHOICES	RESPONSES
Controlled growth of the G3 market (not oversupplying)	86.63% 149
Equity of opportunity - all growers have an opportunity to grow G3	69.77% 120
Encouraging Hayward-only growers to diversify by having some G3 license	46.51% 80
Continuing to re-balance the industry's variety portfolio by shifting Hayward hectares into higher-performing varieties	52.33% 90
Return on investment to Zespri for breeding the variety	24.42% 42
Spread of license - not allowing license to be purchased by a small number of larger growers	80.23% 138
Allowance of new entrants into the industry	36.05% 62
Other (please specify)and/or add a comment about this topic:	Responses 22.09% 38

[Release Principles]

Grower Comment Analysis

- New Entrants to date have been riding the same wave as existing growers. New variety's come at a cost, which has come from the industry over the years, yet new entrants who have not contributed to this cost can just step in (pay the same cost /hectare for licence) and reap the same rewards. A fair charge/cost should be applied to new entrants and this return is further used for new variety development.
- Young growers are extremely disadvantaged with the current mechanism as they have not been in the industry long enough to raise suitable capital. They are now missing out on the progression of the industry as they are shut out by price. They simply cannot compete.
- We strongly support the development and marketing of new varieties and believe the growing of these varieties should be open to all growers.
- Return to Zespri should mainly come from fruit sales, not up-front loading on a new variety lease. The current dividend pay-out of license funds is embarrassing. Over shared Zespri Directors voting for the current system, creating the surplus and then deciding the dividend!
- Nice to see new people and families joining the industry but it's a bit sad watching the big players getting bigger. Often Zespri board members!
- Hayward growers have had plenty of opportunity to diversify; they should not continue to get preferential treatment. Re-balancing should not be a central decision but rather an individual grower's decision based on commercial drivers. The ROI for Zespri needs to be based off commercial drivers and any interference in the market to limit large growers will produce non-optimal allocation.
- It is up to individual growers to decide what level of risk they undertake with regard to growing new cultivars. All growers have had ample opportunity to obtain new cultivar license. Some have decided not to, to date. That is their choice. It is also their lost opportunity.

5.0 Release Mechanism

There are five key elements to the license release mechanism.

5.1 Pricing Mechanism

170 respondees answered this question and 2 skipped the question.

There are varying views on the most appropriate pricing mechanism. Prior to the 2016 release, NZKGI felt that a fixed price model was most appropriate to ensure that growers had equal opportunity to access G3 license.

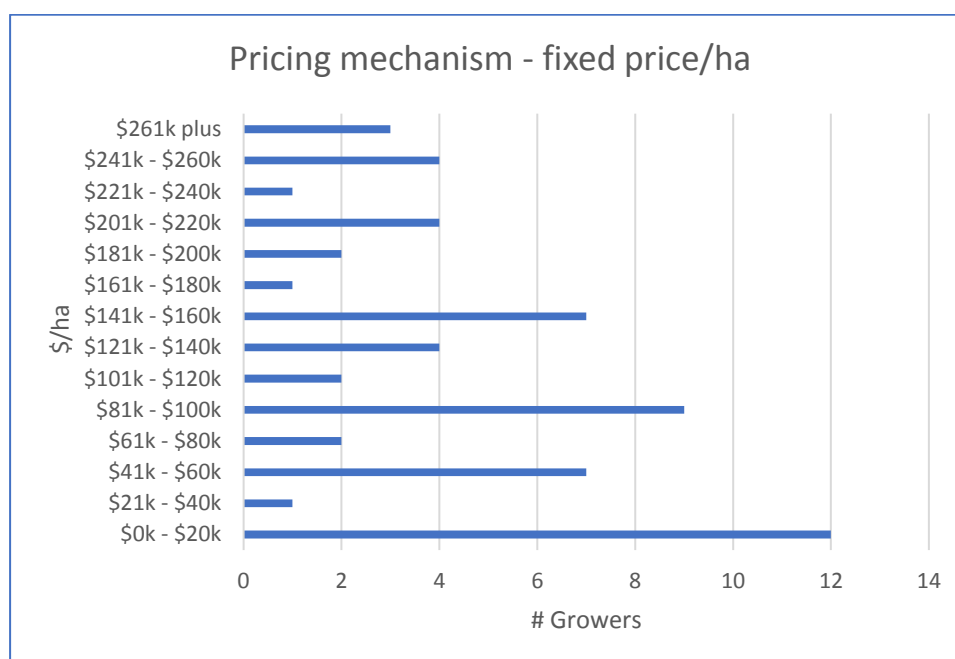
Survey results indicate that the **fixed price model** is still the preferred licence release mechanism with 85 (50%) of the respondees favouring this. The overall results were:

- 85 (50%) Fixed price,
- 15 (9%) Book build,
- 25 (15%) Open tender, and
- 46 (26%) Closed tender.

Grower Comment Analysis

Key points made were as follows:

- **Fixed Price**
 - There was variation in the fixed price per ha suggested by growers, as indicated in the table below. Of those who provided commentary:
 - 52% suggested a fixed price of \$100k or less/ha, with 39% of those being \$20k or less/ha.
 - 27% suggested a fixed price of \$101k - 200k/ha, with 81% of those being \$150k or less/ha.
 - 21% suggested a fixed price of \$201k plus/ha, with 75% if those being \$250k or less/ha.



- Consider a ballot system of distribution:
 - whereby you can apply for a fixed percentage of the total canopy ha you currently crop.

- with successful bidders not being eligible for the following round of licence application. Allow unsuccessful bidders priority over those who have received license in previous tenders. The price needs to reflect the cost of developing new varieties with no one entity making profit/loss. Growers are finding it very difficult competing against wealthy and/or large orchardists including new greenfield developers already having gained large licence areas previously.
 - Have a fixed price for restricted release and open tender for unrestricted release.
 - Since the industry is trying to reduce the Hayward footprint, priority should be given to Hayward growers looking to opt out of growing Hayward.
 - The price of licence needs to reflect the cost of development of G3 and reasonable future contribution to R & D as opposed to a profit maximisation.
 - Italians get it for free and soon the Chinese will be offered it for free too (one northern hemisphere grower can hardly be made to pay when another is getting it for free). This generous transfer of wealth is a gift to northern hemisphere growers from NZ Zespri shareholders, who can now not afford to buy their own G3 licences. What do the Japanese and Koreans pay for licence at the moment? The Chinese who are already illegally growing G3 have achieved the same transfer of wealth that the Italians have achieved and could now potentially be filling the off-season shelf space for Zespri if they were allowed to continue growing it. Those growers like myself, and especially Zespri directors (who have done major green fields developments) have achieved a massive transfer of wealth during the initial G3 release. Now the reason given for green growers not getting G3 licence at a moderate fixed price is that it is a transfer of wealth to them.
 - If the current mechanism is to ensure equal opportunity, the total income from the tender process should be returned to the grower pool. Growers do not agree with large windfall profits for Zespri as a result of growers investing in more profitable lines from which Zespri too benefits.
- **Book build**
 - Book build and open tender are just different mechanisms to the same answer.
 - Overseas growers are being given licences yet we pay an extreme price for the privilege of growing a variety with no guaranteed returns.
- **Open Tender**
 - Changing the release mechanism to open tender may bring a price at a more realistic level and give more people a chance to become part of the kiwifruit growth. More hectares should also be released (i.e. reducing the ha available for purchase to either 5 or 10 ha at a time).
 - An online auction would be fairer so growers can see what they need to pay.
 - Pricing is at a point where it is not cost effective to move to gold and rip out the green. There is no encouragement to move and it all seems to be based around the corporate model to make as much profit for the shareholders and leave little or none for the small stakeholders. A large number of smaller growers are feeling very disenfranchised.
- **Closed Tender**
 - The fairest and most transparent method.
 - \$10,000 per ha for a maximum allocation at this price of 0.5ha or 12.5% of existing MA whichever is the lesser figure. Also restricted to one allocation per NZKGI levy paying grower regardless of the number of KPINS they may own.

5.2 Deferred Payment

172 respondees answered this question.

During the last feedback round, most growers supported the removal of the deferred payment system and it was not offered by Zespri in the 2017 release, with no plans to reintroduce it.

Survey results indicated that 115 (67%) of growers supported this decision, while 56 (33%) would still like to see the deferred payment system offered.

Grower Comment Analysis

Growers who **did not** support the deferred payment system offered two key reasons for their response:

- A deferred payment system potentially elevates price artificially.
- Zespri should not act as a bank to growers.

Growers who **did** support the deferred payment system offered the following key reasons for their response:

- Deferred payment options on commercial terms would allow the process to be viable for small growers to invest.
- Growers should pay for the license when the new variety is producing income.
- It would be helpful for young orchardists starting out. There is a huge cost to get into this industry and we need more young players in the game.
- It assists the green grower cutting over to the gold.
- Zespri needs to support the industry at every turn and not look to maximizing immediate corporate profit for the benefit of shareholders. It is growers' money and contributions that have developed new varieties. Zespri will still benefit as the deferred payments are made and with increased royalties.

5.3 Maximum Bid Size

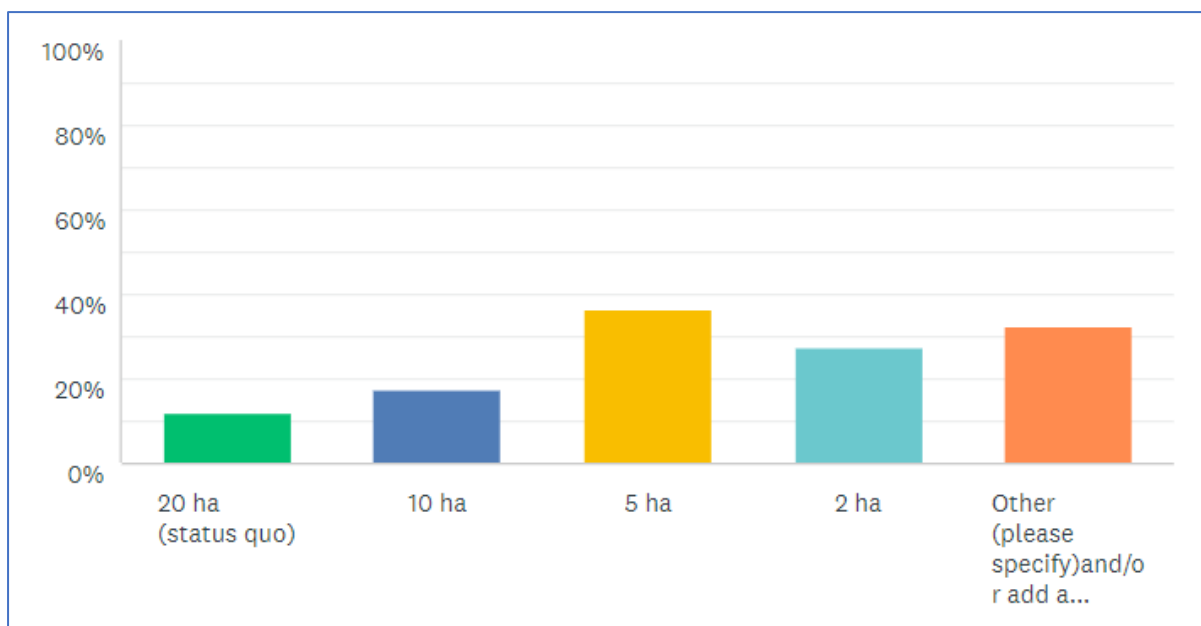
5.3.1 Maximum ha allocated to any one entity

172 respondees answered this question.

In both the 2016 and 2017 releases, the maximum that any one entity could bid for was 20 ha. However, during the consultation phase following the 2016 release, the principle of spreading the license across as many growers as possible was supported by the growers.

The survey asked what growers supported as a maximum area (ha) that can be allocated to any one entity. Some growers gave multiple answers, as indicated below:

- 21 (12%) 20 ha,
- 30 (17%) 10ha,
- 63 (37%) 5 ha,
- 47 (27%) 2 ha, and
- 55 (32%) Other.



[Maximum bid size]

Grower Comment Analysis

Key points made were as follows:

- **20ha**
 - It is important to allow larger operators the opportunity to use some degree of scale to advantage within their operations.
 - Some larger bids have multiple younger shareholders in them, which can have the advantage of working together to make an orchard work and bring the next group into ownership.
- **10ha**
 - Reducing the maximum is a method to spread the opportunity and slow down the holding of license by big growers.
 - Increase share of total hectares for Hayward conversion.
- **5ha**
 - Given the number of growers seeking licence, a wider allocation would be fairer to existing growers who feel aggrieved that new greenfield developments are precluding them from acquiring licence. Let everyone have a go.
 - Give the smaller growers a better chance. And make it less attractive for investors and corporates. The owner/grower most often finds it harder to take the risks of borrowing as they better understand there is a risk in growing a horticulture crop. Go to max of 10 ha when there is 50 ha made available for 0.5 ha available for changeover from green and a pool for finishing blocks of 50 Ha. Both will make a huge difference to the average grower.
 - 5ha is a financial economic area and will allow a lot more growers to be successful in obtaining area.
 - All existing Haywood growers should have priority over any future greenfield developments, as was the case for the first 2 years of licenses issued in 2010 and 2011 years, then Psa impacted Hort 16A orchards and the rules changed. Stop shifting the goal posts, making it very difficult for many small Haywood growers.
- **2ha**
 - 2 ha maximum area for restricted pool (green cutover). 10 ha maximum area for the unrestricted pool (greenfields).

- This would control the price and allow all growers a fair chance to participate. Spread the license far and wide. The process needs to be more equitable by allowing more growers to be involved and share in this opportunity.
- **Other**
 - No maximum area. Let commercial drivers prevail for growers to tender for unlimited area up to maximum license released.
 - Maximum bid size is a limiting factor. Is there an ability to consider special bids at higher volumes of licence?
 - No Restriction; past tenders have shown that this isn't an issue. Price controls behaviour.
 - 0.5 - 1.0 Ha or 10% of canopy area. A greenfields development can only be grafted at 10% of their area. If the bids are over-subscribed, a ballot could be held for those that can graft in the current year, and the remainder would be allotted the following year/s to graft.

5.3.2 Maximum bid size for green cutover and greenfields

165 respondees answered this question and 7 skipped the question.

A suggestion was received during the 2016 consultation phase that maximum bid sizes should be set by related party rather than by entity to ensure some parties were not circumventing the maximum bid restriction. Zespri have indicated that enforcement of related parties is difficult and involves a high level of subjectivity.

The Survey asked whether respondees supported different maximum bid sizes for green cutover and greenfield. 95 (58%) of growers stated they were not in support and 70 (43%) stated they favoured maximum bid sizes.

Grower Comment Analysis

Key points made were as follows:

- **Yes (in support)**
 - If Zespri genuinely have an interest in aiding green growers into a more profitable variety then a priority and provision should be made to enable this.
 - Green cutover is more important than encouraging new developments.
 - Given the demand from existing growers, weighting should be to that group. We need to get more ha out of Hayward and into this high performing variety
 - Suggest a 2:1 ratio of green cutover to greenfields (note: other grower suggestions were in the range of 70/30 - 80/20 green cutover to greenfields).
- **No (not in support)**
 - What would be the commercial basis for any such discrimination? It should be the same for all growers. Larger growers have just as many rights as small growers. Also, where would you draw the line; there are so many relationships within the kiwifruit industry, that this would be impossible to police. It would be outrageous to set a limit on someone over there, because someone over here, who they have a relationship with, wants license as well.
 - No greenfields development should be considered until all Hayward growers have had the chance to gain sufficient licence for conversion. Was that not Zespri's original approach when G3, G9 and G14 licences were offered?
 - Cutover from green does not necessarily mean it is better for the industry. Also, green growers have the advantage as it is quicker to establish the block.
 - There should be no bidding - fixed price only.

5.4 Restricted Pools

5.4.1 Pool system

171 respondees provided an answer to this question and 1 skipped the question.

In both the 2016 and 2017 release, there were two pools; Restricted Closed Tender Bid and Unrestricted Closed Tender Bid. However, in the 2017 process, all bids were ranked in a single bidding pool. Survey respondees were asked which pool systems they supported. The result was as follows:

ANSWER CHOICES	RESPONSES	
▼ A single pool (e.g. 2017)	50.29%	86
▼ Two pools split 50/50 (e.g. 2016)	7.60%	13
▼ Two pools split with preferential access to green	36.84%	63
▼ Other (please specify)and/or leave a comment on this topic:	Responses 18.71%	32

[Pool systems]

86 (50%) of growers advised that they were in favour of a single bidding pool.

Grower Comment Analysis

Key points made were as follows:

- **A single pool**
 - Unrestricted - open participation and no discrimination. Bids are ranked on price.
 - If you restrict the maximum ha by related party then there is no need for split pools.
- **Two pools split 50/50**
 - In general, the situation where growers are driving up the price against each other is bad. A fixed price based on a realistic budget need would be much better. Would it be possible to do a fixed price; then run a simple lottery to choose the first 400ha of successful applicants and they can graft in 2019. Then announce the next 400 ha who will be allowed to graft in 2020, the next group in 2021, etc. until all applicants have been assigned a start time. Of course, you would still have to have a maximum number of Ha per applicants. Let's find a way where we are not driving the price to where only the rich corporations can grow kiwifruit.
- **Two pools split with preferential access to green**
 - As Zespri appears to be trying to get away from Hayward, there must be preference shown which encourages green growers to cutover to G3.
 - The kiwifruit industry was founded on Hayward and initially funded by it as well and therefore Hayward growers should be able to afford licence.
 - If changes are not made corporates will just take over the industry at the detriment of the multitude of smaller growers.
 - License has become highly speculative, attracting investors with less interest than genuine growers who may in turn become less focused on the single desk that we currently enjoy.
 - Uncompleted block conversions from Green to G3 and it is more expensive to manage. This imposes extra costs on operations.
- **Other**
 - The industry doesn't need more green - so we need to ensure the greenfield get a fair chance for at least getting some new variety.
 - There should be one pool with no greenfield's developments so priority is given totally for green growers to complete conversions where they desire.

- Do not support 2016/2017 system at all. Prefer 2011/2013 system.
- Is there a preoccupation with lining shareholder's pockets with the inflated licence price, given that smaller growers are less likely to be shareholders, or only small shareholders because of lack of capital to invest outside of their own orchards?
- Different pools that allocate to more than one factor such as age of grower, amount bid for. Growers are able to pay huge amounts (per Ha) when they are only paying grafting a small part of ha. It pushes up the cost of the licence and makes it unaffordable for growers bidding for 10ha+ etc.
- A single pool, ranking all growers, for the entire 400Ha. Treat all growers equally

5.4.2 Pool for green growers

170 respondees provided an answer to this question and 2 skipped the question.

It has been suggested that in order to allow green only growers the greatest opportunity to access some gold license, a separate pool be made available to green only growers. It was suggested that this pool would have a small maximum bid size (e.g. 0.5ha) and be restricted to a total of 50 ha.

The survey asked whether growers supported a small pool of 50 ha for green only growers with a maximum bid size of 0.5ha. 78 (46%) of growers advised that they were in support, while 77 (45%) advised that they were not in support. The remaining 16 (9%) were undecided i.e. responded Don't Know.

Grower Comment Analysis

Key points made were as follows:

- **Yes (in support)**
 - It empowers smaller Hayward growers who may rightly feel aggrieved that more powerful existing G3 growers have an unjustified advantage.
 - It gives small growers, who are very passionate and connected to their business, a better chance to grow the industry.
 - Growers that have small blocks that need finishing off should definitely be given preference.
- **No (not in support)**
 - A pool of this nature would be too small to be effective.
 - All green growers to date have had fair and equal opportunity to convert to new varieties and some have chosen not too. All growers must now compete on equal terms.
- **Don't know**
 - Why only green? Many growers need more G3 licence to finish part completed blocks. how about a small restricted pool for the new generation of growers coming through?
 - 0.5ha may be too small. Really need a maximum of 1 ha.

5.4.3 Pool to complete an existing block

172 respondees provided an answer to this question.

There has been support for a small pool being made available to growers to allow them to buy small amounts of license for finishing off existing blocks. The survey asked whether respondents supported a small pool of 50ha for completing an existing block with a maximum bid size of 0.25ha. 97 (56%) of growers advised that they were in support, while 68 (40%)

advised that they were not. The remaining 6 (4%) were undecided i.e. responded Don't Know.

Grower Comment Analysis

Key points made were as follows:

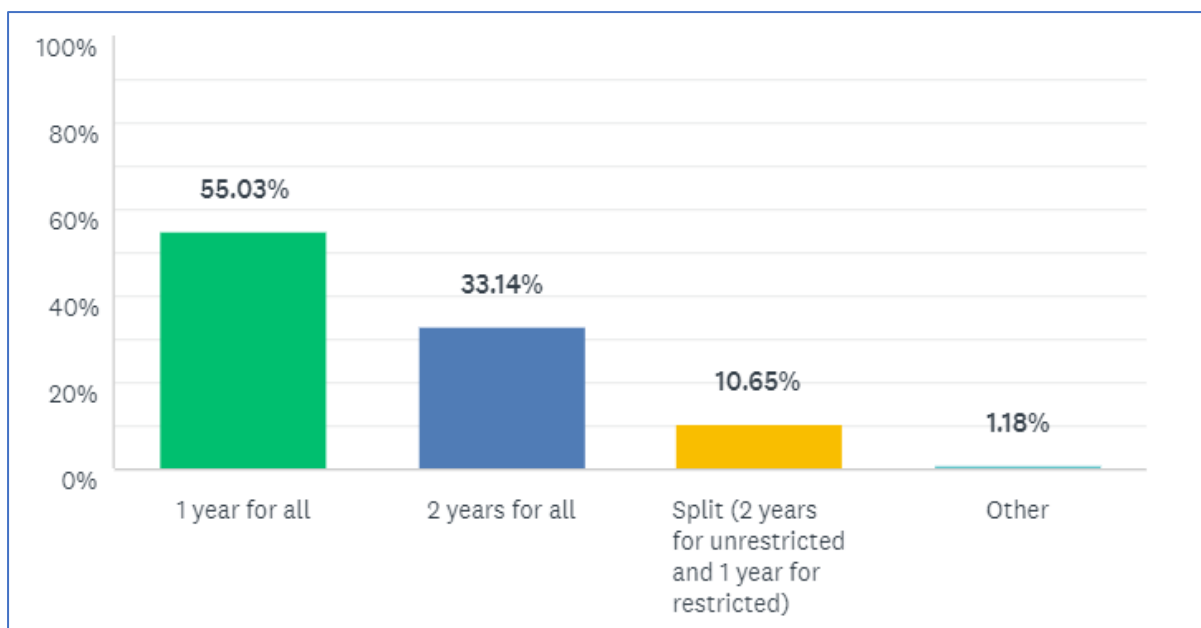
- **Yes**
 - Leaves an avenue to tidy up unplanned overs and unders.
 - Initially needs to be larger than 50ha made available as this is a large group of growers looking to finish converting.
 - This should be a cheaper option to allow growers to tidy up their orchards based on the original pricing before all the rich and risky started getting crazy.
 - Small areas that need to be finished because of GPS altered areas also need preference.
 - 1 ha maximum bid size seems more realistic.
- **No**
 - .25ha won't enable completion of many incomplete blocks. The extra production cost problems will just continue under this scenario.
 - These growers should not be given preferential treatment.
 - 50 ha is too much and should not be at a differential price.
 - These bidders need to increase their price expectations to ensure they obtain license.
 - We need to support growers who have no gold and are not making any money. Anything we need to give to anyone should be the green only grower.
- **Don't know**
 - Would this be any different to Treasury stock?

5.5 Implementation Restrictions

169 respondees provided an answer to this question and 3 skipped the question.

In the 2016 release, there was a differential grafting timeframe for unrestricted bidders (2 years) and restricted bidders (1 year). In the 2017 release, all successful bids regardless of the pool were restricted to grafting by 31 January 2019. The survey asked respondents which grafting restriction they supported. Grower responses were as follows:

- 93 (55%) supported 1 year for all,
- 56 (33%) supported 2 years for all,
- 18 (11%) supported a split (2 years for unrestricted and 1 year for restricted), and
- 2 (1%) Other.



[Grafting restriction]

Grower Comment Analysis

Key points made were as follows:

- **1 year for all**
 - Use it or lose it should be the golden rule.
 - If Zespri want production asap, growers should have to graft within 1 year of license approval, otherwise this license should be offered to others who are willing to graft in the winter of license release.
 - This will take the speculators out of the market.
 - Stops people banking large blocks of license for the future.
 - Keeps volume increasing to meet consumer demand.
- **2 years for all**
 - It is difficult getting contractors in to complete work with the one-year time frame.
 - With 1 single pool and no preferential treatment, 2 years is fine for all. Smart growers will understand that they need to graft asap with the money they are outlaying on license.
- **Split (2 years for unrestricted and 1 year for restricted)**
 - There is more to arrange with a greenfield development and a lot of these things can not be confirmed until the license is sorted.
- **Other**
 - None of the above (no further explanation given).
 - Does this really matter? Surely the successful bidders will graft as quickly as possible!

6.0 Administration of the bid process

Feedback was sought from growers involved in the bidding process on any improvement that could be made.

Grower Comment Analysis

52 growers provided additional comments (120 skipped this question).

Of the comments received, the majority were in support of how the current bid process is administered, with many stating that it was well run and sound. Respondee encouraged continued open and transparent communication.

Other common responses received were as follows:

- Develop a system using electronic banking and get rid of cheque payments. There should be an ability to do all of this online.
- Withdraw the deposit requirement such that the deposit is only required to be lodged within 10 working days of the bid being advised as successful.
- Allow greater time to get the bids in.
- Release successful bids earlier.
- Make sure that small growers can afford the licence. We all are not that financial that we can afford the huge price that the tender got last year. It's not only the license that we have to pay for. Shelter, frost protection etc all come into the equation.
- Many growers need a human touch with the process, especially the older growers.

7.0 Additional Comments

The following additional comments regarding the allocation mechanism were received:

Grower Comment Analysis

44 growers provided additional comments (128 skipped this question).

Of the comments received, most growers do not believe that the current process is doing the industry any favours. They advise that they feel the license fee has got out of control and the small grower has been disregarded and left behind by being priced out of the market, both in terms of initial outlay, as well as the time to break even when the total cost of cutover is considered.

There are a number of comments by growers about the rich getting richer and the poor getting poorer. Growers indicate that the current license process favours those with huge financial resources, including Zespri directors. Growers advise that they want the discrimination to end and for all growers to be treated the same. Allocating more license to a wider grower base is prevalent throughout the comments.

There is a strong green grower view that the industry needs to look after them by prioritising license allocation in order for them to cutover from Green to Gold. However, this is not supported by others, who believe discrimination works both ways. Those growers advise that it is important that the process is commercial and protects the investment made by successful bidders to date.