



Hail Compensation Grower Survey Results

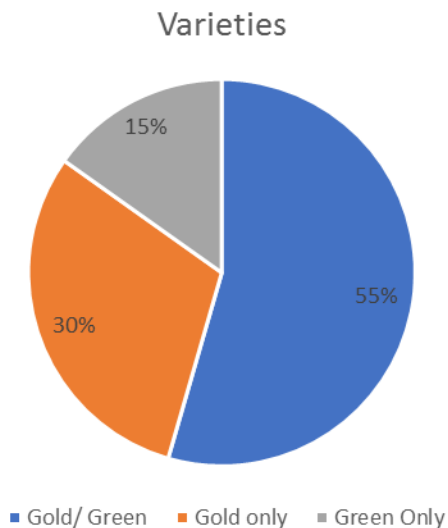
NZKGI Forum
March 2021



Survey overview

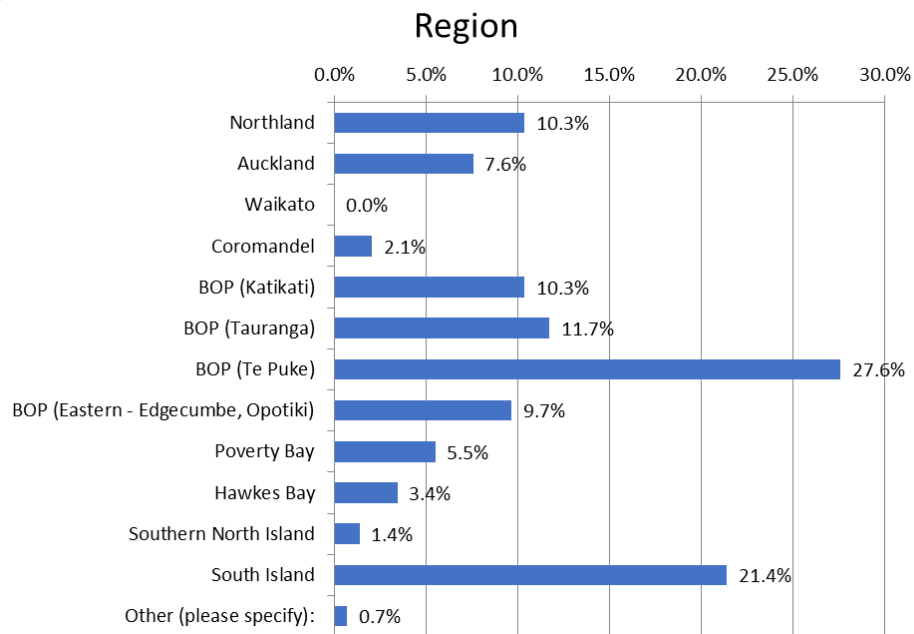
- Based on paper providing background following discussions at Forum and IAC in February 2021
- 144 growers provided completed responses

Varieties



- Half of the respondents grew both Green and Gold with 15% only Green growers.
- Several of the Green only growers said they didn't comment on the Gold pool options as they didn't grow Gold

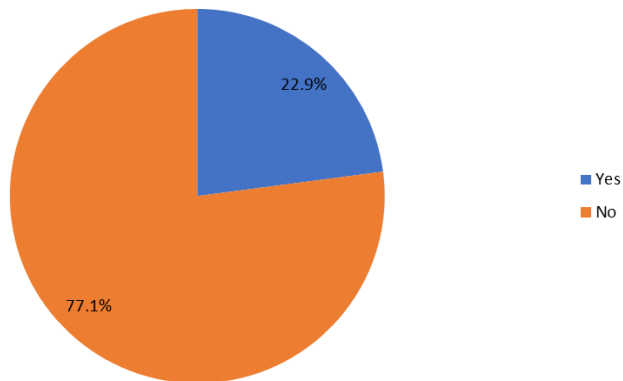
Regions



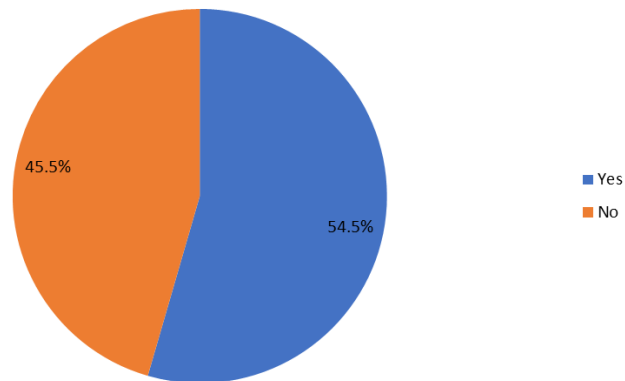
- A range of responses from around the growing regions but a pronounced response from Nelson growers

Hail affected

Have you been affected by hail in the 2020/2021 season?

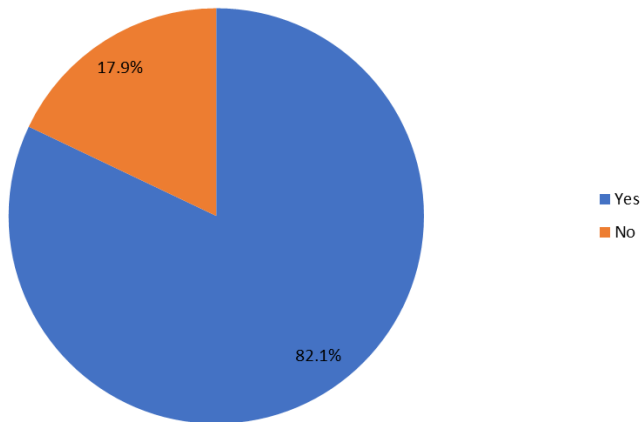


Have you been affected by hail in previous seasons?

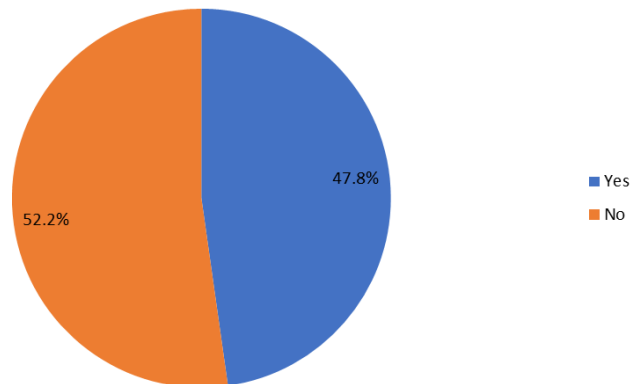


Zespri Shareholder

Are you a Zespri shareholder?



Should Zespri corporate (shareholders) be encouraged to provide funding?



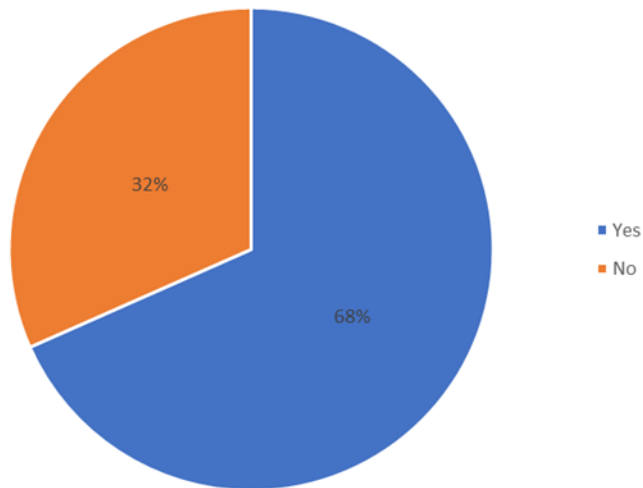
On orchard costs

	Survey average	2020 review
Gold per hectare	\$ 45,992	\$ 42,770
Gold per tray	\$ 3.23	\$ 3.13
Green per hectare	\$ 35,776	\$ 35,280
Green per tray	\$ 3.34	\$ 3.48

- Per hectare average costs are slightly higher - feedback is due to wage increases
- Per tray is similar but feedback was variable due to variation in yield per season but per hectare costs generally fixed.

Support for Gold 3 Pool funding increase

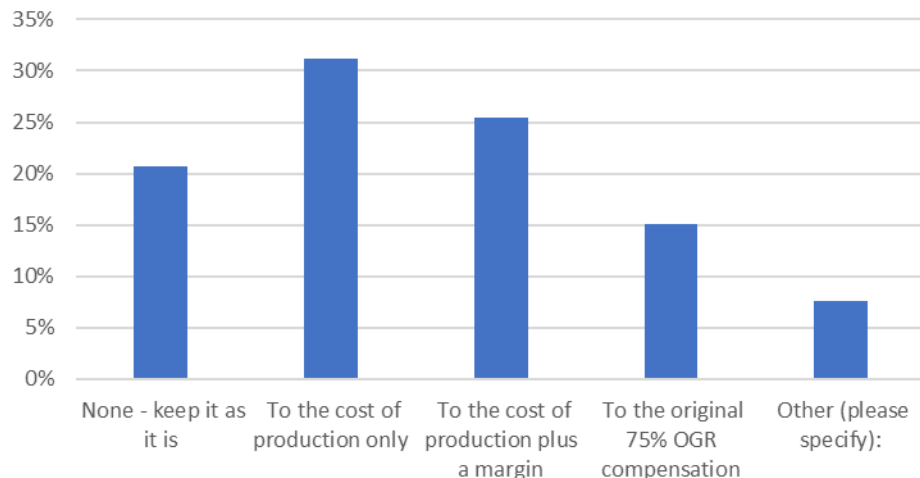
Support for Gold Pool Increase excl affected growers



- Majority of non affected growers support an increase to the grower pool hail fund, however over 30% don't agree
- Much of the feedback was that growers should assess the risks and can get their own hail top up insurance or erect hail cover to mitigate risk
- Due to the fact that this could be mitigated it doesn't meet Pool principles for compensation
- Support for fellow growers
- Current hail policy cover is inadequate and hasn't kept up with volume or value increases

What level of increase?

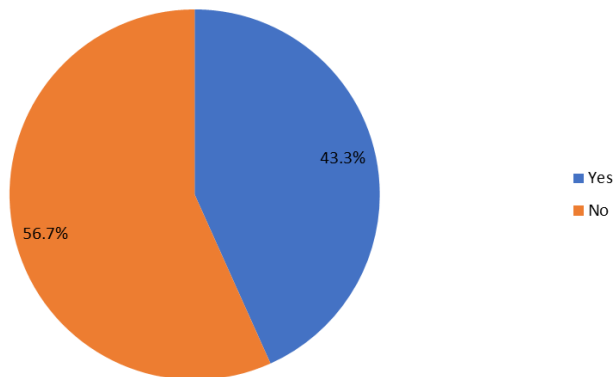
At what level would you support topping up the hail fund to? Excl affected growers



- Around half feel that the compensation should be around the cost of production or with a margin only rather than a proportion of OGR
- Those who stated “other” specified 40 or 50% of OGR or \$6.00 per Tray, 1% of total OGR
- Comments were varied
 - Several said growers need to take responsibility of risk themselves and take additional insurance or measures
 - Many said that they thought that they would be covered to 75% OGR so additional insurance wasn't necessary
 - Others said it should cover the cost of production along with additional to cover cost of debt.
- Affected growers tended to support the 75% OGR compensation

Independent top up insurance

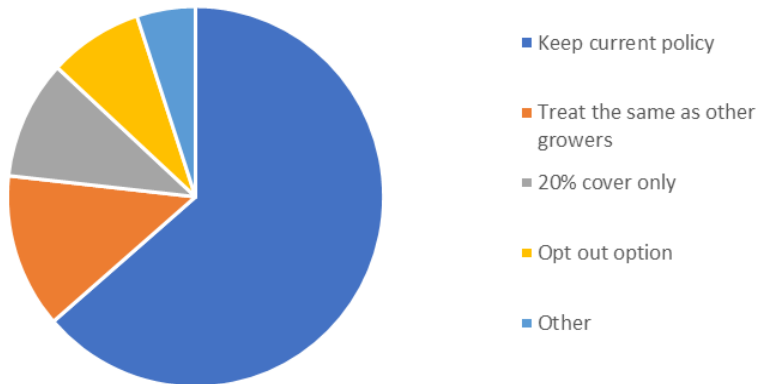
Should independent grower/post harvest top up insurance be taken into account?



- General feedback is no, this is growers taking out their own additional cover and mitigating their own risk.
- Some said it shouldn't be as it would be double dipping
- The additional insurance covers other costs, such as packing a damaged line

Hail nets

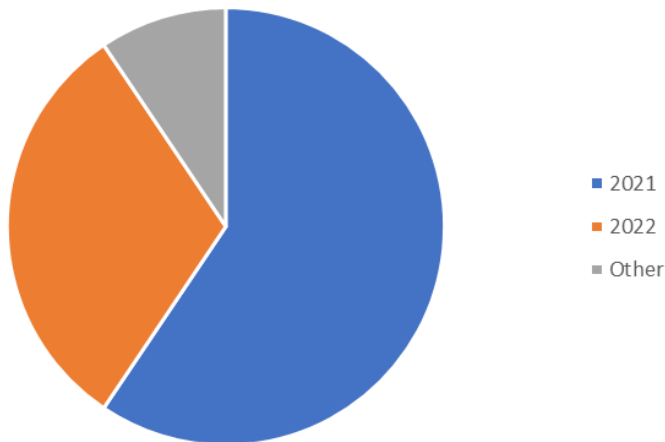
How should those with hail nets be treated given they have an 80% rebate on the current policy?



- Most people responded to keep the current policy in place with the 80% rebate
- Others suggested that all growers pay and are treated the same with no rebate for hail nets as it's similar to taking out top up insurance as an additional risk mitigation tool.
- Some suggested that if they get an 80% rebate then they only get 20% cover
- Other suggestions included those with hail netting having the option to opt out or increase the rebate amount or have a separate insurance pool for hail nets

Cover for 2022 crop as well

Should we consider only the 2021 crop impacts or also include impacts on 2022 crop?



- Most said only 2021
 - Policy only for current season
 - Too hard to quantify impact on future seasons
- Those who had an “other” view said a more enduring hail policy, could be a voluntary scheme, could be on a case by case basis depending on the impact

Considerations for 2022 and beyond

- A lot of comments saying the programme should be a cost recovery and so cost of production only and some preferred an additional margin to cover other costs
- Self insurance policy proposed by several and holding back funds in a low hail season to increase the fund in large scale events - benefit of single desk
- Climate change is going to mean these events are more frequent so need to reassess our policy.
- Can regional risk be taken into account? Higher contribution? Regional pools?
- Need to increase the Gold cover in line with production increases.
- Is there a way to treat growers differently who have been affected to different levels, eg 20% loss vs 100% loss