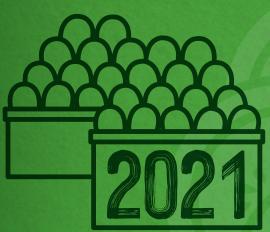


5-YEAR OUTLOOK

2021 season versus 2026 season

New Zealand Kiwifruit Production



178 million trays



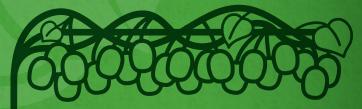
vs 238 million trays



\$2.23 billion Export earnings

New Zealand Kiwifruit Industry

IN 2021



\$3 billion Export earnings

New Zealand Kiwifruit Industry

BY 2026



New Zealand Kiwifruit Growers Incorporated (NZKGI)

Kiwifruit is New Zealand's largest horticultural export, with 178 million trays of kiwifruit being shipped to overseas markets in 2021, the equivalent of \$2.23 billion of revenue. This is set to increase by 33 percent in the next five years, leading to exporting 238 million trays of kiwifruit by the 2026 season. With this large growth within the industry, the number of workers needed to maintain the vines and pick, pack, store, and load fruit will grow also. NZKGI is the representative body which advocates for New Zealand's 2,800 kiwifruit Growers. NZKGI has commissioned the annual seasonal labour analysis to assist with the industry's efforts to future proof our workforce.

Historically, the kiwifruit industry has sourced 20-30 percent of our seasonal workforce from international workers, majority of those on Working Holiday Visas or international students. However, due to New Zealand borders being shut for the past two years during the COVID-19 pandemic, there has been a larger deficit in the seasonal workforce. Despite a focus on employing New Zealanders first, many challenges arise. This includes the low unemployment rates in the Bay of Plenty (the main kiwifruit growing region), inaccurate perceptions of working in the industry, and the inconsistency and seasonality of the work. Each of these current challenges only widens the gap in the worker shortage within the workforce.

CURRENT STRATEGIES TO MITIGATE THE SEASONAL WORKER SHORTAGE

The landscape in the labour space is continually changing and NZKGI is strongly supporting the industry to succeed through change. The industry has several work streams as well as the ongoing NZKGI Labour Attraction Strategy campaign to rekindle interest in seasonal kiwifruit work.

These efforts include:

- Improving payrates and working conditions
 - Most employers are offering at least the living wage and some jobs are being paid significantly more
- Collaboration with the Ministry of Social Development (MSD)
 - Support for seasonal workers and employers
 - Training programmes
- NZKGI-led training programmes and career development
 - Working with training providers to ensure training is fit for purpose
 - Giving a wider understanding of the career pathways available
- Investment in technology/automation
 - Looking for ways to promote efficiencies and reduce reliance on low-skilled positions
- Collaboration with schools
 - Heightened awareness of careers and pathways within the kiwifruit industry via school job fairs and presentations
 - Advertisements for school holiday and weekend jobs



FUTURE INDUSTRY CHALLENGES

On top of the current challenges facing the kiwifruit industry, additional challenges must be planned for, so the industry can continue to grow.

These challenges include:

Disproportionate labour demand

 While efforts are being made to increase the efficacy of harvest via technology and automation, labour demands will continue to increase during the summer months. This will be notable for pruning and thinning, which are difficult to automate.

Increasing costs for employers

- With an increase in council rates, licensing, and other costs for employers, less profit is available to fund innovation projects addressing labour shortages.
- Other increasing costs that are affecting employers are fuel, worker pay rates, and power.

International workforce not returning

Though the New Zealand
 Government plans to have the
 border open by end of July 2022,
 there is still concern from
 employers that the expected
 numbers of international workers
 will not return. This could mean
 that a 20-30 percent gap in
 the required workforce may
 continue.

Weekly picking and packing trays — 2021 vs 2026



This forecast is calculated as a percentage increase upon 2021 volumes and does not take seasonal or storage variables into consideration.

Increase in Gold kiwifruit production and the introduction of Red

- Zespri has forecast a 60 million tray increase of Gold kiwifruit by 2026, and the addition of a new variety, Red, which is forecast up to 13 million trays by the same year. While this means greater returns to Growers, both varieties are more labour intensive and therefore could offer limited opportunity for automation.
- New Zealand is facing a national labour shortage as the cost of living drives the NZ workforce to leave the country for options overseas
 - This means the kiwifruit industry will be competing with other industries for labour, where the chance for full-time work exists.

Motivation and quality of the workforce attracted to the industry varies considerably

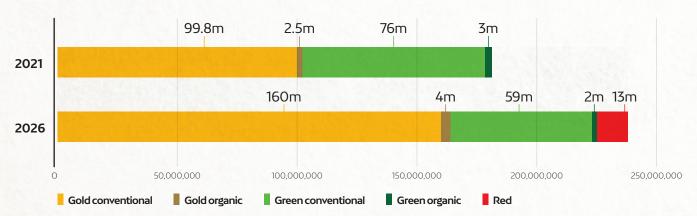
 This can be damaging to the reputation of the industry and leading to a possible loss of the workforce in the future.

Accommodation constraints for RSE's

 To be part of the RSE scheme, employers need to provide accommodation to their RSE employees. Due to the limited sources of accommodation available, many employees have to turn to purpose-built facilities which can be very costly and make the scheme unavailable to many employers.

Total trays — 2021 vs 2026

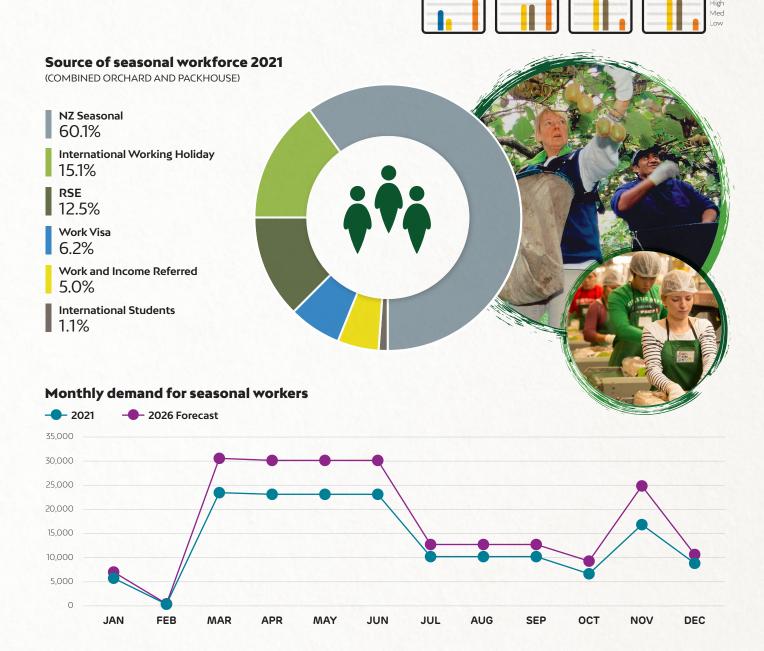
GROWTH PLANS (TRAYS)



THE KIWIFRUIT INDUSTRY'S SEASONALITY — A CLOSER LOOK

The kiwifruit year is made up of short periods of time when tasks must be carried out. This creates varying demand for labour, which in turn leads to the seasonality of many jobs within the industry.

Industry pressures BY MONTH Picking JANUARY FEBRUARY MARCH Winter Pruning Summer Pruning Thinning AUGUST MAY JUNE JULY Packing Re-packing O SEPTEMBER OCTOBER NOVEMBER DECEMBER



THE KIWIFRUIT INDUSTRY'S SEASONALITY - A CLOSER LOOK

continued

Increases in pay rates as a result of labour shortage

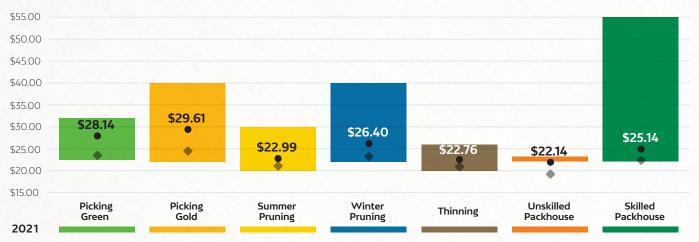
Over the past four years, the average pay of seasonal roles, both on orchard and in post-harvest, within the kiwifruit industry has increased. The seasonal pay rates have increased by 19.3 percent between the 2020 and 2021 harvest seasons. A large driver of this increase is the labour shortage, with most employers paying at least living wage to incentivise new and returning workers. On orchard during harvest, hourly picking rates can be significantly more for experienced pickers.

Recognised Seasonal Employer scheme (RSE)

The Recognised Seasonal Employer (RSE) scheme is critical to the kiwifruit industry. While providing only 13 percent of the seasonal workforce in 2021, these workers are efficient and reliable. The RSE scheme has been in place for 15 years and has grown from 5,000 workers in 2007 to 14,400 in 2021. The workers bring much needed labour and efficiency to the horticulture and viticulture sectors and the scheme has very positive impacts on the Pacific Island countries.



2021 season payrates



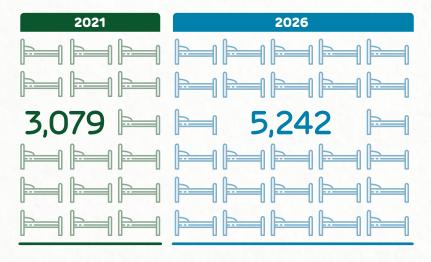
● 2021 Average (minimum wage: \$20.00) ◆ 2020 Average (minimum wage: \$18.90)

Accommodation

In the Bay of Plenty region, a shortage of accommodation for seasonal workers has been a challenge when trying to grow the workforce. This has particularly been the case in the smaller Western Bay of Plenty towns where most orchards and packhouses are located. One approach to overcome this has been for kiwifruit employers to build or convert existing accommodation to facilitate employees near the workplace.

In 2021, surveyed employers indicated that they had 3,079 beds available for seasonal workers, with plans for 5,242 additional beds by 2026.

Five year planned accommodation



THE KIWIFRUIT INDUSTRY'S SEASONALITY - A CLOSER LOOK

Research and development

With the growth of the industry leading to more seasonal labour demands, the need to invest in technology that automates and makes roles more efficient has increased. This can be seen mainly within the post-harvest space, where bin tippers, NIR grading, automated pack-lines, lights-out coolstores and automation have reduced the amount of people needed and increased the trays produced per hour.

There have also been advancements made on orchard, including digital crop counting technology which makes crop estimates more accurate. Assistive e-bins can also make picking kiwifruit faster and less physical.



Worker welfare

Worker welfare is always a focus for the kiwifruit industry. This becomes more apparent when there are worker shortages within the industry. These existing shortages can add extra stress on the workers. NZKGI continues to assist in this space by providing resources to support the welfare of staff.

Since 2018, all employers must be registered and audited through the internationally recognised GLOBALG.A.P (Good Agricultural Practice) and GRASP (GLOBALG.A.P Risk Assessment on Social Practice) programmes. There is a high bar to be met before new employers can become part of the industry. In addition, there are several methods where employees' concerns and complaints can be voiced and addressed. This goes a long way towards dismissing the lingering misconceptions that deter potential employees from the industry.

Transport

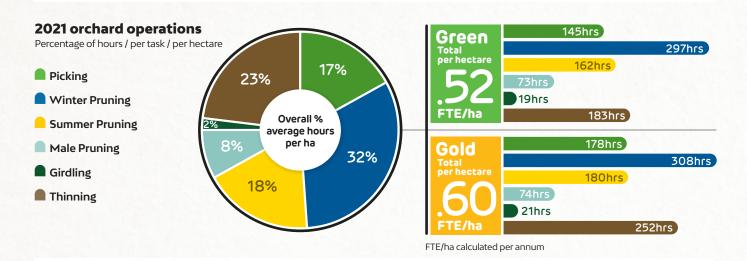
An incentive some employers have adopted is subsidised transport to and from the workplace. In 2021, the average subsidised travel cost for employees for this was \$7.14 per day and 62 percent of surveyed employers indicated they have provided some form of transport.

Key findings - NZKGI labour needs analysis

We conducted our worker shortage research prior to the 2022 harvest, gathering a representative body of information from across the industry. The analysis reveals a number of issues, as outlined in the preceding pages. Here are three additional graphs that show the basis for our seasonal worker requirements.

Packhouse tray rates — 2021 Packing capacity / per person (grading, packing, tray prep, re-packing) Green TRAYS Gold TRAYS TRAYS

per person / per hour



Type of employment contract

