



23 March 2016

Kiwifruit Regulations Submission
Forestry and Plants Team
Policy and Trade Branch
Ministry for Primary Industries
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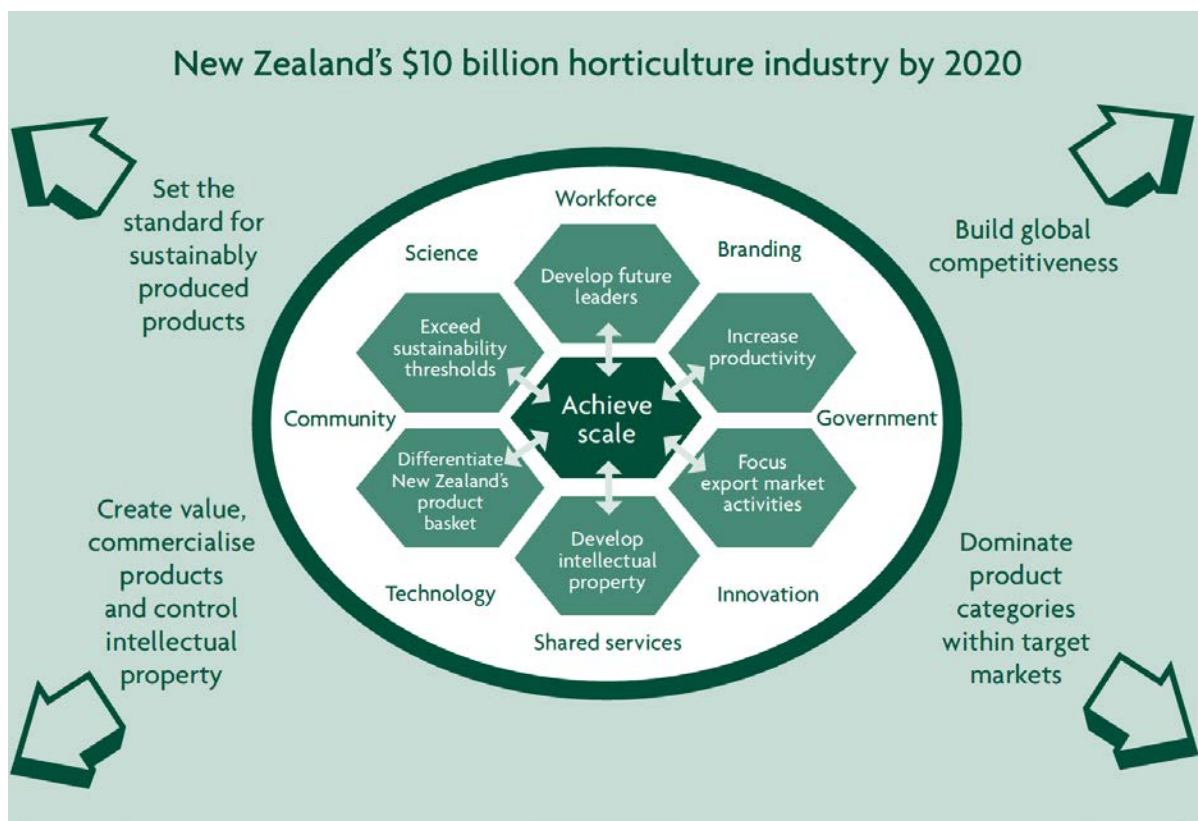
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SUBMISSION ON THE PROPOSED AMENDMENTS TO THE KIWIFRUIT EXPORT REGULATIONS 1999

Submitter: Horticulture New Zealand Incorporated
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1. Horticulture New Zealand (HortNZ) represents the interests of New Zealand's 5,500 commercial fruit and vegetable growers. The horticulture industry is valued at over \$5.5 billion with \$2.5 billion in exports. The horticultural industry is undergoing significant change. The key fruit crops, kiwifruit and apples, are growing rapidly, and vegetable production is up 10% in 2015 from 2014. Despite volume only growing by 25%, fresh fruit and vegetable exports doubled in value in the decade to 2015. The industry is therefore making a very strong contribution to the Government's 'export double' goal by 2025.
2. The kiwifruit industry makes up around a third of the membership of HortNZ. Due to its phenomenal performance it is the key driver in attaining the Horticulture Industry Strategy for horticulture's goal to reach an industry value of \$10 billion by 2020.
3. This Industry Strategy was developed in 2009 and has as part of its strategic actions a focus on exporting, developing intellectual property, differentiating our products and building scale. The kiwifruit industry has been an exemplary example of how to achieve growth through these and other strategic actions. A copy of the Industry Strategy is attached to this submission.
4. The key driver for the kiwifruit industry's success has been its ability to achieve scale and market dominance by being flexible, timely and nimble to meet market demands. The kiwifruit industry has achieved this by putting into practice the work streams set out in the Industry Strategy summary diagram below.



5. The Kiwifruit Industry Strategy Project (KISP) was designed to build on the kiwifruit industry's success and set in place the structures to enable ongoing growth for at least the next decade.
6. The key elements being:
 - Grower ownership and control of Zespri with the Kiwifruit Export Regulations being amended to permit the issue of dry and overshaed growers to be addressed.
 - Redefinition of "core business" as defined in the Kiwifruit Export Regulations to recognise the activities that Zespri is currently performing.
 - Without amending the Kiwifruit Export Regulations, to enhance the performance and contribution of collaborative marketing to the overall industry marketing strategy.
 - Developing a new and empowered grower forum with direct oversight into Zespri's operations. This role is to be further enhanced with an amendment to Zespri's Constitution providing for the grower forum to have direct access to the information it needs for effective oversight and control of Zespri's activities.
 - Maintaining the industry regulator, Kiwifruit NZ, but with the majority of its members being elected by growers while at the same time permitting an appropriate skill mix on the Board.
7. The total package was designed to achieve the KISP goals without removing any of the key drivers that have underpinned the kiwifruit industry's success to date.
8. HortNZ submits that when implementing those aspects of KISP that require Regulatory change Government should avoid the temptation to change the ingredients of the kiwifruit industry's success. Commercial forces and a strong adherence to the market driven philosophy and the other strategic actions identified in the horticulture Industry Strategy have driven the kiwifruit industry's success. HortNZ's submits that increased

Governmental and Regulatory oversight would more than likely reduce the dynamic nature of the kiwifruit industry and curb its growth and, in turn, slow the growth of horticulture as a whole.

9. HortNZ therefore submits that the current “light handed” approach to the Regulation of the kiwifruit industry is effective and should continue and no additional regulatory or other controls be imposed upon it. The industry itself through Zespri’s shareholders and, particularly the NZ Kiwifruit Grower Forum and NZ Kiwifruit Growers Incorporated, provides both comprehensive and robust oversight. There is no better control over an industry than the owners of that industry properly empowered and supported by expert advice. HortNZ submits that nothing should be done to take away this dynamism and flexibility locking the kiwifruit industry into a regulatory straightjacket.
10. HortNZ therefore submits that in making the amendments to the Kiwifruit Export Regulations, Government should make the changes identified by the KISP project that were supported by more than 90% of growers.
11. Finally HortNZ has studied the NZKGI submission and supports NZKGI’s detailed comments.



MJ Chapman
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