

GUEST EDITORIAL

A progressive cooperative

by Ray Sharp

Chairman, EastPack Ltd

EastPack Ltd is a grower owned company registered under the Cooperative Companies Act 1996. Governance is by six elected grower directors and two commercial appointed directors.

Originating in Edgcumbe in 1983 and with growers' support and involvement, EastPack has maintained a steady growth rate for the past 25 years.



EastPack was formerly known as Rangitaiki Fruit Packers Ltd (RFP). This fledgling company set in place a cooperative grower supply system. In 1983 RFP purchased land on Eastbank Road next to the dairy company and started to develop this site into what is now the head office of EastPack Ltd. In its first season, RFP packed 60,000 trays for 23 shareholding members.

In 1996, RFP completed the purchase of the Opotiki Co-op. This increased suppliers and customers to approximately three million trays, which were quickly integrated into the shareholder system. In 1997, RFP changed its name to the current EastPack Ltd.

In 2000, EastPack purchased Zest Company, a Te Puke based packing and coolstorage operation with clients in Te Puke, Tauranga, Waikato and Hawkes Bay.

Due to EastPack's increasing market share, it developed a purpose built packhouse and coolstorage facility on a nine hectare site on Te Puke Quarry Road, situated in the heart of the kiwifruit industry. This site, the largest in the New Zealand kiwifruit industry, packed nine million trays of kiwifruit for the 2008 harvest.



EastPack's 2008 production was 15,750,000 trays (or 56,000 tonnes) of Class I kiwifruit. It is now the New Zealand's second largest kiwifruit post harvest company, accounting for approximately 15% of

total production.

EastPack has a hybrid cooperative share structure with two share types – transactor and investor. Transactor shares have first call on company profits and have enjoyed a rebate between 20 and 30 cents per tray supplied. The investor shareholders receive a dividend relative to the after-rebate profits of the company, and the dividends per share have ranged from 12 to 31 cents. Investor shares in EastPack are owned only by grower suppliers and senior executives and represent just 5% of the total.

EastPack shares are traded on the unregistered securities trading facility called “unlisted”. Trading in securities quoted on unlisted can only be undertaken via brokers. Unlisted is not accompanied by the investor protections which accompany a registered exchange. To counter this EastPack pledges to



conduct business to the standard of a listed company and this, coupled with its communication strategy to its supplier shareholders, ensures that investors are well informed.

EastPack's cooperative structure has enabled it to achieve a growing market share of the kiwifruit industry's post harvest functions. Its present size of 15% of the kiwifruit industry has meant that it has the economies of scale to invest in innovative technologies.

The 2008 season saw EastPack commission two industry firsts: a robotic automatic pallet stacking and strapping system at its Te Puke site; and a RFID pallet location system in all of its 42 coolstores situated at Opotiki, Edgcumbe and Te Puke. Both systems have driven efficiency gains that have transformed into an improved bottom line for this progressive cooperative. ●

Cooperatives
NEWS

DECEMBER 2008
– JANUARY 2009

A REPRINT FROM

Cooperatives News
newsletter of the
New Zealand
Cooperatives
Association Inc.,
Level 3
75 Ghuznee St
Te Aro
Wellington 6011
P 04 384 4595
F 04 801 6966
nzca@nz.coop

Ray Sharp

Chairman, EastPack Ltd

PHOTO: EASTPACK LTD

One of EastPack's robots
in use

PHOTO: EASTPACK LTD

The EastPack plant in Te
Puke

PHOTO: EASTPACK LTD

This cooperative can be
found online at
www.eastpack.co.nz

