

# COLLABORATIVE MARKETING APPLICATION GUIDELINES

## Kiwifruit and Kiwiberry Collaborative Marketing Arrangements

- To export New Zealand grown kiwifruit (other than for consumption in Australia) you will need to have approval from Kiwifruit New Zealand (KNZ) for a collaborative marketing arrangement.
- This guide details what a collaborative marketing arrangement is, how to make an application, and the assessment process. It also details the application timetable and applicable fees. Where multi-year arrangements are in place they are subject to an annual review.
- All collaborative marketing applications and multi-year review reports must be received by KNZ by **29 September 2017**.
- The full regulatory text detailing the legislative framework for collaborative marketing can be read in Part 4 of the Kiwifruit Export Regulations 1999.
- If you have additional questions on collaborative marketing please contact KNZ on [admin@knz.co.nz](mailto:admin@knz.co.nz) or 07 572 3685.
- **Applications and reports should be emailed to [admin@knz.co.nz](mailto:admin@knz.co.nz) or posted to PO Box 4683, Mt Maunganui South 3149**

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# SECTION A

## What is a Collaborative Marketing Arrangement?

Although Zespri is authorised as the sole exporter of New Zealand grown kiwifruit internationally (other than to Australia for consumption), KNZ may approve other individuals to export New Zealand grown kiwifruit in collaboration with Zespri. This is called a collaborative marketing arrangement.

Where a collaborative marketing arrangement is approved by KNZ, Zespri is also required to enter into the arrangement “for the purpose of increasing the overall wealth of New Zealand kiwifruit producers”.

Collaborative marketing arrangements may be approved for one year or multiple years.

Given the collaborative nature of these arrangements, while not required, the applicant may wish to discuss their proposal with Zespri prior to submitting the application. Such discussions may better facilitate a programme that may meet the objective of the wealth test highlighted in section B.

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## How to Make an Application

There is no prescribed application form, however, an application must include the applicant's:

- Full entity/individual name (the applicant must be the collaborative marketer and exporter of record).
- Contact details (including contact person/s, email address, physical address, and phone number).
- Most recent audited company accounts.
- Business plan detailing the proposed programme for the full term of the proposed programme.
- Completed Fruit Return Proposal (see page 4)

Applicants may apply for one year or for multi-year arrangements. To date the maximum multi-year arrangement approved is three years. Further information on multi-year applications is detailed in Section D.

## The Wealth Test

The assessment of a collaborative marketing application focuses on whether the arrangement, if approved, **would increase the overall wealth of New Zealand kiwifruit producers**. Often this is referred to as the “wealth test”.

Generally, this will involve KNZ assessing the collective short and long-term interests of New Zealand producers, rather than the individual interests of individual producers or groups of producers. The assessment may, depending on the arrangement, also need to consider both the individual export market and global market implications of the proposed arrangement. Such considerations are likely to have an economic focus.

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Applicant’s business plans should therefore provide information on these matters, including the potential risks and gains of the arrangement, and any mitigation measures proposed.

To assist applicants, the following provides a non-exhaustive list of the matters KNZ considers should be covered in your business plan and application (where relevant and if possible):

## 1. Sales and marketing plan

- \_\_\_\_\_ Kiwifruit type, size, and volume
- \_\_\_\_\_ Countries or regions
- \_\_\_\_\_ Labelling, branding, and packaging
- \_\_\_\_\_ Distribution channel and customers
- \_\_\_\_\_ Pricing and promotion
- \_\_\_\_\_ Supply chain details
- \_\_\_\_\_ Timing and dates (e.g. shipping and sales)
- \_\_\_\_\_ Alignment with Zespri marketing strategy  
*(both local and global considerations may be relevant)*
- \_\_\_\_\_ Fruit Return Proposal (see page 4)
- \_\_\_\_\_ Any other factors relevant to your proposal

## 2. How the programme may meet the “wealth test”

- \_\_\_\_\_ New, expansion opportunity, or other innovation
- \_\_\_\_\_ New or niche market
- \_\_\_\_\_ Distinct supply or customer channel
- \_\_\_\_\_ Growth potential
- \_\_\_\_\_ Business capability and investment
- \_\_\_\_\_ Financial returns and allocation of returns (e.g. pooling)
- \_\_\_\_\_ Prior performance of previous collaborative marketing arrangements
- \_\_\_\_\_ Any other factors relevant to your proposal

# SECTION B

## 3. Risks and Mitigation

- \_\_\_\_\_ Credit, FX, and entity risk
- \_\_\_\_\_ Leakage of fruit outside distribution channel
- \_\_\_\_\_ Substitution of NZ kiwifruit
- \_\_\_\_\_ Quality assurance, including phytosanitary compliance, traceability, and fruit loss
- \_\_\_\_\_ Customs and documentation compliance
- \_\_\_\_\_ Any other risk mitigation factors relevant to your proposal

**Fruit Return Proposal (FRP)** – All applications must include a FRP (downloaded from the KNZ website <http://www.knz.co.nz/collaborative-marketing/>). The FRP spreadsheet captures the data and figures underpinning the business case presented in the application. Applicant's should ensure that the FRP includes accurate information in all relevant cells. This includes data on fruit variety, size, volumes, markets, price levels, expected costs and expected sales to provide the likely Market Contribution (FOB) and the likely Orchard Gate Returns (OGR). A detailed shipping and sales plan is also included in the FRP. By default, all figures in the spreadsheet are detailed in New Zealand Dollars (NZD).

## Assessment and Decision Process

### 1. Receipt of application and initial process

On receipt of an application, the applicant will receive an acknowledgement from KNZ. The nature of collaborative marketing arrangements means that all applications are also sent to Zespri for its written response. A copy of Zespri's response will be provided to the applicant.

The KNZ CEO will prepare a report for the KNZ Committee deciding the application ("the Committee"). The report provides an initial analysis which may assist the Committee and the applicant by highlighting relevant factors and providing details of past performance. A copy of this report will be provided to the applicant and Zespri.

Applicants have the opportunity to respond to both the KNZ CEO report and Zespri's written response.

### 2. Committee decision making

**On the papers** - The Committee will receive the application, the KNZ CEO's report, Zespri's response and any further written response from the applicant. The Committee will consider this material "on the papers" meaning the Committee will decide based on the above written material whether:

- To approve the application;
- It needs minor clarifications to decide the application; or
- A hearing is needed to ask further questions of the applicant and/or Zespri before reaching a decision.

**Committee Hearing** - If an application is not approved on the papers it will automatically go to a hearing – no application will be declined on the papers.

# SECTION C

Where the Committee holds a hearing, the applicant and Zespri will be invited to make further written submissions on any matters highlighted by the Committee. These written submissions will also be provided to the other party.

Where a hearing is held, the applicant will have the opportunity to present its application in person to the Committee. Zespri will also have the opportunity to present its position. Both parties may only present information that has previously been submitted to the Committee and the other party. In exceptional circumstances, the Committee may use its discretion to receive any additional evidence it considers appropriate.

The Committee will then make its decision to either approve or decline the application. The applicant and Zespri will be notified of the Committee's decision in due course. Where an application is declined, the Committee will provide a written decision detailing its reasons.

### **3. Review Process**

An applicant may seek a review of the Committee's decision to decline their application. Where possible that review will be undertaken by a different committee appointed by KNZ.

The review is not an opportunity to submit a new application and, other than in exceptional circumstances, new evidence will not be permitted.

The request for review must be received by KNZ within 5 working days of the date of the KNZ Collaborative Marketing Committee's written decision. The grounds of review relied on must be clearly stated in the request for review. The Review Committee's consideration of the matter will be limited to a consideration of whether the first committee's decision was illegal, unreasonable, or whether there was procedural unfairness. The review will generally be done on the papers unless a hearing is required.

There will be a filing fee of \$500, and the Review Committee retains the discretion to refund all or part of the fee.



## Multi-Year Arrangements

Applicants may apply for a one year or a multi-year arrangement. Where an application is the first application for a multi-year arrangement, the process detailed in Section C will apply. Where a multi-year application is made, the applicant's business case should also clearly identify why a multi-year arrangement is sought.

Where KNZ has approved a multi-year arrangement, and it continues to be approved for the forthcoming year, collaborative marketers are subject to an annual review. This takes the form of a review of the arrangement rather than a new assessment.

Multi-year collaborative marketers are required to submit a report containing information to enable KNZ to assess whether the arrangement continues to meet the wealth test, whether the conditions of the approval need amendment, and the applicant's and Zespri's compliance with the arrangement.

Multi-year approval holders are requested to provide information on the following:

- Do the collaborative marketing opportunities previously presented to and approved by KNZ still exist? Identify any changes to those opportunities.
- Are there any significant changes to the information previously provided to KNZ.
- A comparison of performance against the previous year's FRP (including fruit volumes, sizes and returns).
- Provide an updated FRP for the forthcoming year (including fruit volumes, sizes and returns).
- Are changes proposed to the business plan for the remaining years of the approval? Provide specific information on any changes.
- Information on compliance with the terms and conditions of the approval.
- Any new challenges or risks to the arrangement
- Any other information the collaborative marketer considers relevant to the review.

## SECTION D

On receipt of the report, the collaborative marketer will receive an acknowledgement from KNZ and a copy of the report will be forwarded to Zespri for its response. Zespri's response will be provided to the collaborative marketer and the Committee.

The KNZ CEO will prepare a report for the Committee providing an initial analysis which may assist the Committee and the collaborative marketer by highlighting relevant factors and providing details of past performance (which may include operational or relevant compliance matters). A copy of this report will be provided to the collaborative marketer and Zespri.

Collaborative marketers have the opportunity to respond to both the KNZ CEO report and Zespri's written response.

The Committee will then follow the decision-making process as detailed in Section C.2. Where minimal changes are required to the arrangement, the Committee may approve such amendments on the papers. However, where the issues are more significant, it is likely a hearing will be required.

Where a multi-year arrangement is cancelled, the collaborative marketer has a right of review. The review will follow the same process as detailed in Section C.3.

## Timetable

KNZ conducts an annual collaborative marketing application assessment and multi-year review process (the two processes run concurrently).

Applications for collaborative marketing arrangements for the 2018 Season must be received by KNZ no later than **29 September 2017**.

Existing multi-year collaborative arrangement holders must also provide their multi-year reports to KNZ no later than **29 September 2017**.

All supporting information must be provided with the application or report. Applicants should endeavour to provide all information earlier if possible.

The following dates apply to the 2018 Season collaborative marketing processes (please note the dates highlighted in green require action from applicants and/or multi-year collaborative marketers):

**Table 1 – Collaborative marketing applications and multi-year review timetable**

29 September	Applications and review reports to be filed with KNZ. Copies will be provided to Zespri thereafter.
20 October	Zespri response to be provided to KNZ. Zespri response and KNZ CEO report will be provided to the parties thereafter.
By 27 October	Applicant or multi-year collaborative marketer to provide KNZ with a written response to Zespri and KNZ CEO reports.
Early Nov	Collaborative Marketing Committee meets to consider applications and reviews on the papers. Thereafter, KNZ will advise the parties whether the application is approved, and in the case of multi-year reviews, whether the arrangement has been amended. If a hearing is required, the parties will be advised of the hearing date and, if required, the parties will be invited to make further written submissions.
Week of 13–17 November	Collaborative Marketing Committee hearings
01 December	Collaborative Marketing Committee decisions
By 08 December	Applicant or multi-year collaborative marketer may request a review if application is declined
December	CM Review Committee considers the request.

*This timetable may be modified by KNZ if deemed necessary.*

# SECTION E

**Late applications** – In general, late applications will only be received in special circumstances. KNZ may at its sole discretion consider an application submitted outside the prescribed dates. In exercising that discretion, KNZ may consider matters including, but not limited to, whether there are exceptional circumstances beyond the applicant’s control which meant the dates could not be met, and/or whether there is a significant new collaborative marketing opportunity which has arisen outside the prescribed dates.

## Fees

KNZ operates on a cost recovered basis and does not make a profit. If surplus funds are collected, refunds are made at the end of the financial year. KNZ may deduct any amounts owing to it from amounts otherwise owing to a collaborative marketer.

KNZ reserves the right to reduce or waive fees where it considers there are circumstances that warrant an exception to the stated fees.

KNZ may also charge an additional late application fee. There is a filing fee of \$500 for reviews.

Final fees may be subject to supplementary or other fees as applicable. Final fees are due and payable prior to the issue of an export permit number.

### 1. Kiwifruit

Fees are charged as either a minimum non-refundable flat fee of \$2,500 or against the volume of fruit applied for (weighted tray fee) – whichever is the greater.

Where an applicant is charged a weighted tray fee, payments are spread-out over 3 instalments (33.3% each). Where an application is declined, the maximum fee due is \$2,500 (where the applicant was charged a flat fee) or 25% of the weighted tray fee.

Tray weighted fees are 18 cents per weighted tray (see Table 4).

#### a) Table 3 - Kiwifruit Fees

Initial Application fee (due on application and no later than 29 September 2017)	Flat fee of \$2,500 (excl. GST) or 33.3% of weighted tray fee
Fee for approved application (due 20 December 2017)	33.3% weighted tray fee
Final balance (due 20 February 2018)	33.3% weighted tray fee

**Table 4 – Weighted tray fees example (excl. GST)**

	For new (including multiple year) on time applications			Second and subsequent year of a multiple year application (10% decrease on year 1 fees)	
Trays applied for:	25,000	500,000	1,000,000	500,000	1,000,000
Weighted trays	25,000	345,000	470,000	345,000	470,000
Initial application fee (\$)	2,500	20,698	28,197	18,628	25,377
<b>On approval:</b>					
Trays approved	25,000	500,000	1,000,000	500,000	1,000,000
Weighted trays	25,000	345,000	470,000	345,000	470,000
Final fee (\$)	4,500	62,100	84,600	55,890	76,140
Amount payable (\$)	2,000	41,402	56,403	37,262	50,763
<b>On decline:</b>					
Trays approved	Nil	Nil	Nil	As determined by KNz	As determined by KNZ
Final fee (\$)	2,500	15,252	21,150	As determined by KNz	As determined by KNZ
Amount payable (refund)	0	-5,446	-7,047	As determined by KNz	As determined by KNZ

*All numbers exclusive of GST*

## 2. Kiwiberry

### (b) Table 5 – Kiwiberry fees

Initial Application fee	A flat fee of \$1, 000 (excl. GST)
Reporting Deposit (to be refunded if reporting of results is received on or before 1 June 2017)	\$500 (excl. GST)

### 3. Multi-year fee:

A 10% reduction on the above fee structure applies for the 2nd and subsequent years of the arrangement.

**SECTION G**

### Summary of Collaborative Marketing Application Process

