



**STATEMENT OF INTENT  
2020 - 2023**

**KIWIFRUIT NEW ZEALAND**

# **Statement of Intent**

**1 April 2020 – 31 March 2023**

**This document is published in digital form on our website [www.knz.co.nz](http://www.knz.co.nz)  
Prepared in accordance with regulation 33A of the Kiwifruit Export Regulations 1999.**

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## Introduction

This Statement of Intent sets out our strategic direction for the next three years. It details what we want to achieve as the independent regulator within the kiwifruit industry and how we propose to go about doing this work. As such, it offers an insight into our current thinking on our strategic direction for the 2020-2023 period.

It is our second Statement of Intent and is the result of our continuing evolution which builds on the kiwifruit industry's realignment to the kiwifruit regulations as amended in 2017. We are building on the work undertaken in the last three years and moving from the initial implementation stage of structural and regulatory

framework changes to a greater emphasis on compliance and monitoring and improving our systems and processes. We have a strategic focus on undertaking new initiatives with the aim of increasing communication and engagement with our stakeholders so that we can identify issues in a proactive way.

Our business model is that of a truly independent professional regulator. Our independent decision making is protected by statute and our governance structure. Our focus is on our functions as laid out in statute and contributing to a sound industry structure within the continued development of the New Zealand kiwifruit industry.



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**Kristy McDonald QC**  
Chair  
25 March 2020



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**Andrew Fenton**  
Director  
25 March 2020

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## Who are we

New Zealand's kiwifruit industry is a regulated industry. KNZ is the independent statutory regulator.

We were created in 2000 when Zespri was established under the Kiwifruit Industry Restructuring Act and the Kiwifruit Export Regulations 1999 (the Regulations). The Regulations gave Zespri a unique position in the kiwifruit industry as the "single desk" exporter of New Zealand grown kiwifruit to all countries other than Australia, with opportunity for other exporters to export in collaboration with Zespri. The majority of New Zealand grown kiwifruit is exported with only around two percent consumed in New Zealand. While the

Zespri "single desk" supports the industry to meet the global market demands through certainty of quality and supply, it also creates a number of risks such as captured supply, and industry dominance. Our role is to ensure the regulatory protections (mitigation measures) in place to balance this risk are monitored and enforced. We are also the collaborative marketing decision maker under a scheme which provides an opportunity for others to export New Zealand grown kiwifruit in collaboration with Zespri.

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## What we do

KNZ's objectives, values, and priorities are driven by the functions and responsibilities set out in the Regulations. KNZ has three key functions:

Issue Export Authorisation to Zespri	Monitor and Enforce Mitigation Measures	Regulate Collaborative Marketing
This allows Zespri to export New Zealand grown kiwifruit.	These measures mitigate the potential costs and risks which may arise from the monopsony (single buyer) created by the Regulations.	Other individuals may be authorised to export New Zealand grown kiwifruit in collaboration with Zespri for the purpose of increasing the overall wealth of New Zealand kiwifruit producers.
		

1. KNZ grants an **Export Authorisation** to Zespri. The authorisation enables Zespri to export kiwifruit on the terms and conditions that are set out in the authorisation. The Export Authorisation also details how KNZ may take enforcement action against Zespri if KNZ considers Zespri has not complied with its legislative obligations.
2. KNZ regulates the “**mitigation measures**”. The purpose of the mitigation measures is to mitigate the costs and risks associated with the single desk. More specifically, the mitigation measures aim to encourage innovation while managing risks, promoting efficient pricing signals, providing protections for kiwifruit growers, and promoting downward pressure on Zespri's costs. KNZ carries out its functions to best achieve these purposes.

There are four mitigation measures that KNZ is responsible for monitoring and enforcing:

- i. The non-discrimination rule. This rule provides that Zespri must not unjustifiably discriminate in the way it purchases New Zealand grown kiwifruit.
- ii. The prior notice rule. Before carrying out activities that are not core business, but do support core business, Zespri must inform KNZ.
- iii. The non-diversification rule. Zespri is prohibited from carrying out activities that are not core business and do not support its core business (as defined in the Regulations) unless approved by kiwifruit producers.
- iv. The information disclosure requirements. Zespri is required to make certain information (e.g. financial statements and

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kiwifruit supply contracts) available to the public and KNZ within specified timeframes.

3. KNZ determines, monitors, and enforces the **collaborative marketing** requirements detailed in the Regulations. This includes Zespri's collaborative marketing obligations and the collaborative marketing application process. Where a person, other than Zespri, wishes to export New Zealand grown kiwifruit, they may

apply to KNZ to be approved to export in collaboration with Zespri. KNZ will only approve an arrangement if it considers the proposed arrangement meets the test of increasing the overall wealth of New Zealand kiwifruit producers. Collaborative marketing is intended to increase grower choice, innovation, and market opportunities, thereby increasing kiwifruit industry performance and returns

**Official Information Act** - As KNZ is subject to the Official Information Act 1982, it operates in a way that is consistent with meeting its responsibilities under that legislation.

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## Our Values

Our way of working is underpinned by our core values, which are to:



Promote a culture of professionalism and capability

Act with integrity

Deliver accountable, consistent, and transparent processes

Maintain independence through good governance

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## Working Environment

### Stakeholders and participants

Our stakeholders are all those individuals and groups who are affected by KNZ's actions and decisions. They include those who have a direct interest in the New Zealand kiwifruit industry, such as growers and post-harvest operators, and other commercial operators. It also includes indirect interests such as wider industry groups, Government departments, agencies and primary sector groups.

KNZ's aim is to interact with all groups so that it has active engagement across the industry and its decisions and actions are understood in the context of the Regulations and the industry.

Our key stakeholders include;

- Kiwifruit growers
- Zespri
- Post-harvest operators
- Collaborative Marketers
- Government
- New Zealand Kiwifruit Growers Incorporated

Additional stakeholder groups include;

- New Zealand Horticulture Export Authority
- Horticulture New Zealand
- World Trade Organisation

### International expectations

NZ is the largest kiwifruit export nation and accounts for approximately 45% of world kiwifruit export trade. KNZ remains up to date with world trade trends and their implications for the industry. KNZ regularly meets with international agencies and discusses industry matters as and when appropriate.

### Funding model and framework for charges

KNZ is funded on a cost-recovery basis by charging Zespri and collaborative marketers in accordance with the Regulations.

When deciding the kind and level of charges, KNZ must take the following principles into account as far as is reasonably practicable;

1. Equity
2. Efficiency
3. Justifiability
4. Transparency

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## Our strategic objectives and priorities

### Outcome 1 Effective monitoring and enforcement

Delivering effective oversight of Zespri's compliance with the mitigation measures is one of our key functions. We will also monitor and enforce Zespri's and collaborative marketers' compliance with the collaborative marketing requirements.

To be an effective regulator, we take a risk-focused approach to monitoring and enforcement. This is informed by a detailed understanding of the Regulations, the kiwifruit industry, and the factors that shape it and the matters we regulate.

In the next three years we will be increasing our focus on identifying risk areas in a manner which ensures the most efficient and effective use of our resources. Following the amendment to the regulations there was a period of interpretation and adjustment required. Going forward our emphasis will be on strengthening the monitoring and enforcement of the mitigation measures. KNZ will subject key Zespri activities to detailed analysis and risk assessment as required by the Regulations.

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### How we will measure success

We will measure progress towards our outcome of effective monitoring and enforcement through the following performance measures:

#### Non-discrimination

Proactively identify and respond to potential discrimination issues based on our knowledge of Zespri's activities and engagement with stakeholders.

- Final kiwifruit purchase terms and conditions reviewed within 30 working days of information disclosure by Zespri.
- 95% of complaints received are acknowledged within 5 working days.
- Investigation and enforcement activities undertaken and completed in accordance with the Export Authorisation.
- 95% of written investigation decisions provided within 30 working days from conclusion of an inquiry.

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### **Prior Notice**

Zespri's activities are identified and assessed against the Regulations. We will also assess how the process has been applied.

- At least one in-depth annual review of any Zespri notification.
- 95% of complaints received are acknowledged within 5 working days.
- Investigation and enforcement activities are undertaken and completed in accordance with the Export Authorisation.
- 95% of written investigation decisions provided within 30 working days from conclusion of an inquiry.

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### **Non-Diversification**

We will ensure we have the necessary knowledge and capability to identify and assess Zespri's activities against the Regulations. We will also assess how the non-diversification process has been applied.

- At least one in-depth annual review of Zespri assessment.
- 95% of complaints received are acknowledged within 5 working days.
- Investigation and enforcement activities undertaken and completed in accordance with the Export Authorisation.
- 95% of written investigation decisions provided within 30 working days from conclusion of an inquiry.

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### **Information Disclosure**

We will review, monitor and enforce Zespri's information disclosure obligations.

- Review compliance calendar annually and monitor Zespri's information disclosure performance.
  - 95% of complaints received are acknowledged within 5 working days.
  - 95% of written investigation decisions provided within 30 working days from conclusion of an inquiry.
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## Collaborative Marketing

We will proactively engage with Zespri to assess whether collaborative marketing contracts have been entered into and are consistent with the approved arrangements.

We will take a risk-focused and responsive monitoring and enforcement approach to the parties' collaborative marketing obligations and commitments.

- All signed collaborative marketing contracts reviewed within 20 working days of being provided by Zespri.
  - Any KNZ fruit allocation direction made no later than 1 May each year.
  - On a risks-based approach conduct in-market monitoring.
  - Conduct monthly assessment of collaborative marketer's compliance reporting.
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## Outcome 2 Robust regulation and decision making

Robust, credible, and clear standards and processes are important to our success as an independent and effective decision maker. While we are created by statute, and our functions are clearly defined, it is important that the way we operate is fit for purpose and agile.

We continually assess our systems, processes and policies to ensure that our oversight and regulation of the industry is robust, proportionate, and fair, and that we have a solid framework to deliver the legally correct decisions. Our decisions must be sound, easy to understand and credible.

We will continue to develop and improve our standards and processes with a view to ensuring they are streamlined, fit with our functions, keep costs down, and decrease barriers to stakeholder engagement where possible.

While we are based on a low overhead cost model, we have three highly experienced permanent staff, and a Board that brings skills and knowledge to ensure robust regulation and decision making. We also make use of specialist external expertise where required.

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### How we will measure success

We will measure progress towards our outcome of robust regulation and decision making through the following performance measures:

#### Enforcement Regime

The Export Authorisation is critical to our enforcement function. It is assessed annually to ensure it is robust and fit for purpose.

- Annual review of Export Authorisation prior to 1 February.

#### Collaborative Marketing

KNZ has processes in place to assist applicants and give transparency to stakeholders on KNZ's decision making processes.

- Collaborative marketing guidelines published on KNZ website at least 45 days before application close date.
- Annual review of collaborative marketing process (including guidelines) in consultation with Zespri and 80% of applicants.
- Within 3 months after 31 March, disclose the identity of collaborative marketers, the volume marketed by each, and financial information on net returns.

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### **Official Information Act Requests**

KNZ will ensure adequate resourcing is available to meet the Act's requirements.

- Acknowledge receipt of request, and where necessary, request clarification within 7 working days
  - Make and communicate decision, or extend time limits to make decision, within 20 working days after request received.
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### **Outcome 3                      Improved industry and stakeholder communications**

As an independent public interest body, communication with our stakeholders is critical to how we operate. We want to support constructive stakeholder engagement recognising that open and clear communication is a key element of strengthening trust and knowledge about KNZ's work. Two-way information flow also enables us to be a pro-active responsive regulator. As such, we need to

communicate with stakeholders and interest groups in a variety of ways.

We will be increasing the frequency and quality of engagement with both Zespri and other stakeholders. This will involve an increased attendance at industry events, use of discussion and issue specific working groups, and making presentations at relevant forums.

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#### **How we will measure success**

We will measure progress towards our outcome of improved industry and stakeholder communications through the following performance measures:

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##### **KNZ Website**

The KNZ website is a major tool for communication with our stakeholders. Our current site is a simple site and will be updated so that it can be used as a more effective communication tool.

- Updating the KNZ website to better facilitate the sharing of information and communications.

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##### **Stakeholder engagement**

There are a number of stakeholder events and engagement opportunities that KNZ will use to increase stakeholder interaction.

- Quarterly engagement with key stakeholders
- Attend 2 Zespri "roadshows" per year
- Presentation to NZKGI forum annually
- Attend Zespri and NZKGI AGM's.

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**Outcome 4****Improved efficiency from systems and technology**

KNZ is a modern regulator, utilising technology and the latest good business practises to support quality decision-making and maximise efficiency and cost effectiveness.

KNZ is reducing financial and environmental impact by applying sound technology disciplines and guidelines for the organisation. This includes secure and confidential storage and handling of information, implementing new technology solutions, stream-lining

collaborative marketing applications and processes, and minimising travel requirements by audio and video conferencing.

By way of example, we have implemented a document system which provides our staff and Board with remote and secure access to documents and upgraded our communications systems to better support remote conferencing.

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**How we will measure success**

We will measure progress towards our outcome of improved efficiency from systems and technology through the following performance measures:

**Technology**

Information technology is critical to the storage, acquisition, sharing and use of information. Our systems and technology need to be of an appropriate standard to support KNZ's operations.

- Development of written secure data management policy.
  - Annual internal audit of handling of sensitive and confidential information.
  - Biennial external review of IT risk factors and controls.
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## Organisations Health and Capability

To achieve our functions, we have a Board of 6 Directors. Our Chair and two Directors are independent of the kiwifruit industry and appointed by the Minister of Agriculture from a list of potential candidates compiled by the Ministry for Primary Industries in consultation with the Board. Our other three Directors are elected by kiwifruit growers. This composition means that KNZ has a broad range of skills on the Board, the ability to manage conflicts of interest, and can discharge the Board's functions impartially.

In support of the Board, KNZ has an executive team which is made up of a Chief Executive, Senior Legal Counsel, and an Executive Assistant. Its role is to carry out the day to day activities of KNZ and provide advice and recommendations to the Board.

From time to time the Board may appoint committees to advise the Board or carry out specific functions of the Board. Examples include a Collaborative Marketing Committee, and an Audit and Assurance Committee.

### ***Health and Safety***

KNZ is committed to providing and maintaining a safe working environment, and taking all reasonably practicable steps to prevent illness, injury or harm from work carried out by, and on behalf of, KNZ.

### ***Capability***

KNZ has a highly capable team with experienced staff who can deliver a wide range of functions. We invest in ongoing staff development and continuous improvement and innovation is encouraged. Personal and professional development plans are agreed with the executive every 6 months.

In instances where we do not have the right skill set internally to perform a specific function, we make use of external capacity when required.

### ***Staff engagement***

We are committed to a work environment where staff feel supported and valued for their contribution. Our aim is for staff to feel their views are respected and listened to and know how their role contributes to KNZ.

### ***Equal employment opportunities***

We are committed to ensuring equal opportunities which is reflected in both our practice and internal policies. Our internal culture is inclusive, and we are committed to promoting a culture where all people are treated equitably and with respect.



Contact Details:

Kiwifruit New Zealand offices are situated at:  
81 Girven Road, Mount Maunganui 3116

Postal Address:

PO Box 4683  
Mount Maunganui South 3149

Phone: 07 572 3685

Website: [www.knz.co.nz](http://www.knz.co.nz)

