



**6 APRIL 2023**

## **ADDITIONAL INFORMATION FOR BIDDERS PARTICIPATING IN THE 2023 ZESPRI RUBYRED KIWIFRUIT LICENCE AUCTION PROCESS**

- Update of 'Red19 financial considerations' section published in the 2022 RVIG and 2023 RVIG Addendum document on 16 February 2023
- Red19 2023 harvest and packing season update: packout and yields.

The purpose of this document is to provide potential Red19 licence purchasers of new information that has become available since the publication of the RVIG Addendum on 16 February 2023 and which may be relevant to licence purchase considerations.

In addition to the information below, growers should also fully inform themselves of the content of the 2022 Zespri RubyRed™ New Variety Information Guide ("RVIG"), and the RVIG Addendum published on 16 February, which can be found on the Zespri Canopy website: [Canopy > Growing Kiwifruit > Zespri™ Variety Licences > Licence Release](#)

## **UPDATE OF RED19 FINANCIAL CONSIDERATIONS PUBLISHED IN RVIG ADDENDUM ON 16 FEBRUARY 2023**

Updated per Class 1 TE OGR ranges are set out below, showing an updated 2022 forecast and clarification of the long term forecast range. These figures supersede those previously published in the 2022 RVIG, or in the RVIG Addendum published on 16 February 2023.

The OGR is forecast to decrease as volumes grow, market mix changes, and additional price premium brought about by current scarcity of supply decreases. There is a high level of uncertainty still associated with this variety while we build commercial volumes. These forecast returns are indicative only.

### **Forecast OGR per Class 1 TE**

	2022 harvest	2023 harvest	2024 harvest	2025 harvest	2026 harvest
OGR: Kiwiflier and Chairman's update – March 2023	\$21.99				
OGR: Five-Year <i>Outlook</i> – December 2022		\$18.00	\$16.63	\$14.17	\$14.46
OGR: Previously published in the RVIG	\$11.00 - 13.00	\$10.50 - 13.00	\$10.50 - 13.00	\$10.50 - 13.00	\$10.50 - 13.00

Beyond the five-year horizon, we recommend using Zespri's long-term (10-year) forecast of potential average returns of \$10.50 - \$16.50, as per the *Outlook* document published in December 2022.



We recommend growers consider carefully the yield and packout information provided in this document in estimating potential per hectare returns.

### RED19 2023 HARVEST AND PACKING SEASON UPDATE: PACKOUT AND YIELDS

Red19 has a smaller average natural fruit size than other commercial Zespri cultivars, and this small size profile appears to be exacerbated in the 2022/2023 season by the proportion of “young” (first and second year) producing orchards and by the unusual 2022/2023 growing season conditions, resulting in historically small Red19 fruit size. This has led to an abundance of small and undersized fruit at harvest, contributing to low Class 1 Standard Supply packout rates, higher proportion of Non-Standard Supply (including Size 46s), and significantly lower than anticipated Class 1 yields.

#### Indicative Class 1 packout information

Zespri has sought to quantify packout information from post-harvest facilities. Zespri does not have direct access to facility packout data, and information has been provided voluntarily by post-harvest facilities. The data does not cover 100 percent of industry, so should be considered indicative only.

- In 2023, the weighted average packout of Class 1 Size 18-42s was 54 percent of gross volume sent to packhouses. Adding Non-Standard Supply (Size 46s) increases packout to 69 percent. *This data represents 70 percent of total industry volume from packhouses surveyed in 2023.*
- In 2022, the weighted average packout of Class 1 Size 18-42s was 66 percent of gross volume sent to packhouses. Adding Non-Standard Supply (Size 46s), increases packout to 77 percent. *This data represents six packhouses surveyed in 2022.*

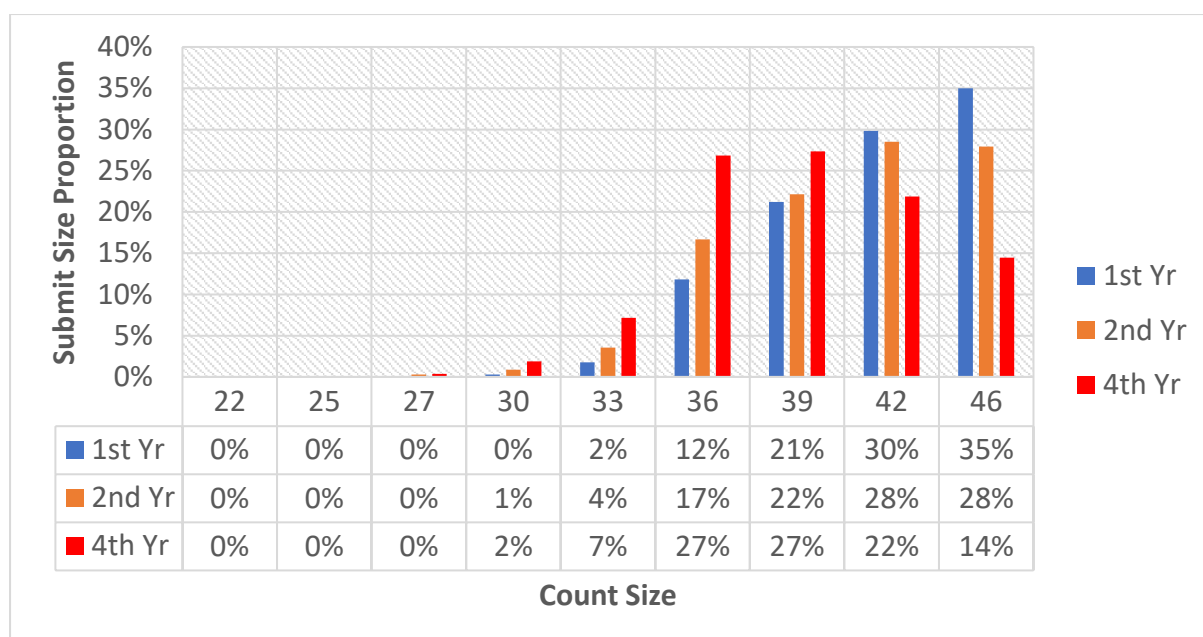


# RVIG ADDENDUM

## Red19 size profile (2023 season)

The chart below shows size profile information based on year of production, classed as 1<sup>st</sup> Year, 2<sup>nd</sup> Year, or 4<sup>th</sup> Year (greater than or equal to 4<sup>th</sup> year of production). *Maturity Areas that are a mix of 1<sup>st</sup>, 2<sup>nd</sup>, or 3<sup>rd</sup> year of production have been excluded.*

### Size profile based on year of production (vine age)



This Red19 size profile analysis shows a significant proportion of Size 46, particularly for 1<sup>st</sup> and 2<sup>nd</sup> year of production.

All Red19 Sizes 46s were procured for export as Non-Standard Supply by Zespri in 2023.

Zespri will review the status of Size 46 prior to the 2024 season to decide whether Size 46 should become Standard Supply, which Zespri commits to procure for that season.

Feedback from the market on customer response to Size 46s is an important consideration to make this decision, as well as recognising the importance of fruit returns on this size for growers, and other factors.

Size 49s are packed only for New Zealand post-harvest suppliers' own New Zealand domestic programmes, do not enter Zespri's inventory system, are not procured by Zespri for export, and therefore are not included in the above profile information. It is envisaged Size 49s will remain as Non-Standard Supply for the New Zealand domestic market until further notice.

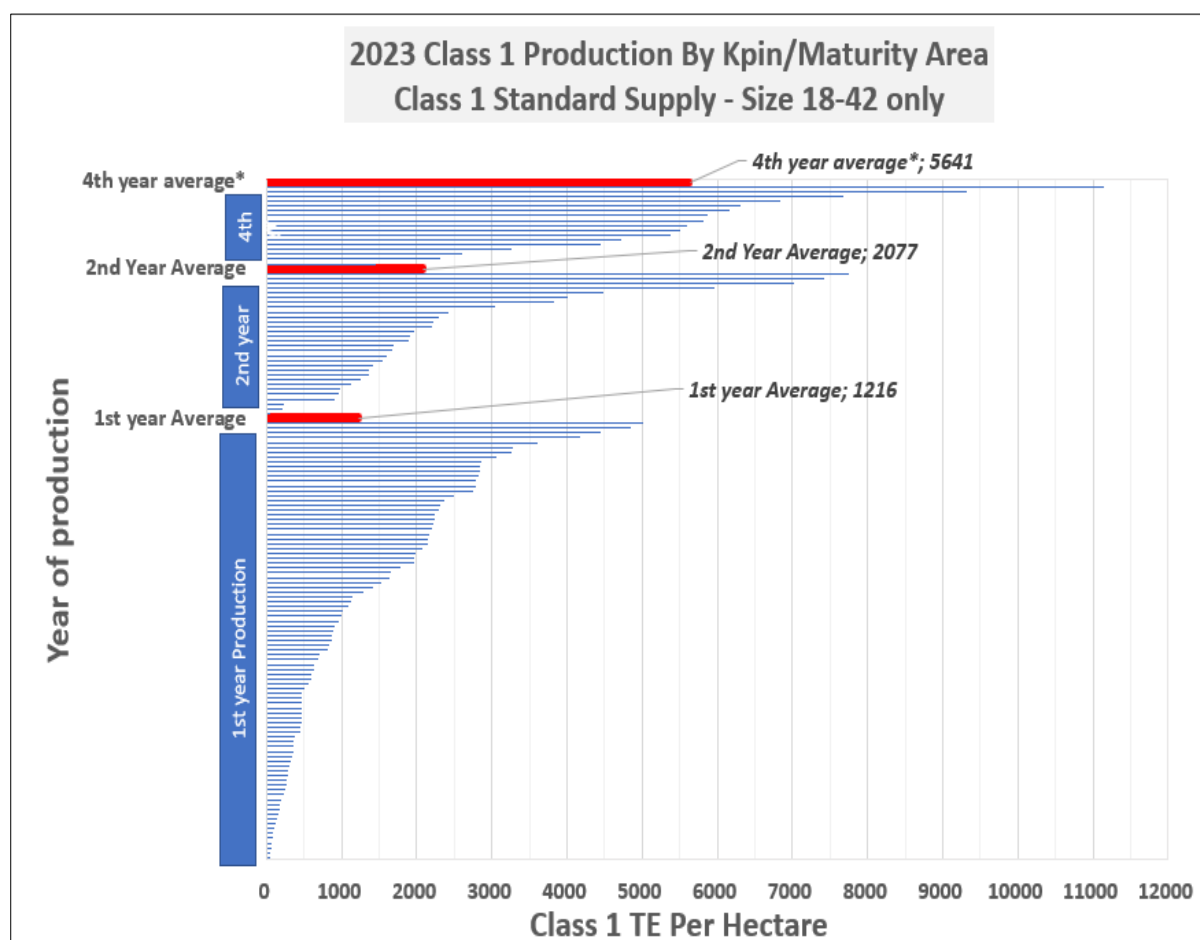


# RVIG ADDENDUM

## Yield information: yield versus year of production 2023

The chart below shows 2023 Red19 yield profile by year of production for KPIN maturity areas, classed as 1<sup>st</sup> Year, 2<sup>nd</sup> Year, and 4<sup>th</sup> Year (greater than or equal to 4<sup>th</sup> year of production). *There are no KPIN/Maturity years in the 3<sup>rd</sup> year of production and Maturity Areas that are a mix of 1<sup>st</sup>, 2<sup>nd</sup>, or 4<sup>th</sup> year of production have been excluded.*

Size 46 are **excluded** from the table below, so are additional to the yields shown here.



Overall average production for maturity areas in 4<sup>th</sup> year of production in 2023 was 5,648 TE of Class 1 Standard Supply Size 18-42. Earlier yield assumptions of 10,000 trays per hectare are not currently being realised from orchards that have been in production for  $\geq 4$  years. Knowledge of this new variety is still being developed, including understanding the yield potential and how to optimise pack out. It is uncertain if long term average yields will reach the 10,000 TE assumption.



## RISKS REMINDER

With consideration to the above information, we wish to draw growers' attention to the risks set out in the Red19 New Variety Information Guide (RVIG), including those noted below.

The below risks are being highlighted due to the abundance of small and undersize fruit at the 2023 harvest, particularly from young orchards, contributing to low Class 1 Standard Supply packout rates, higher proportion of Non-Standard Supply (including Size 46s), and significantly lower than anticipated Class 1 yields.

Please note, this is not a complete list of all risks that growers need to keep themselves informed on but are risks that relate directly to the size profile of this variety. Any potential bidders need to refer to the RVIG to understand all associated risks.

### Managing crop load and impacts on dry matter and size

Red19 is typically a highly floral variety with a smaller natural fruit size than other commercial cultivars. Crop loads will significantly impact Red19's size development and may impact dry matter development. Managing flower and fruit numbers and using other on-orchard management practices to optimise fruit size and dry matter relative to yield will be important in a successful outcome for Red19. Failure to appropriately manage crop loads increases the risk of producing very small fruit, an abundance of undersize reject fruit and lower dry matter fruit. This could significantly affect grower returns. Managing crop load will also be crucial during establishment for optimal canopy development (Page 26, RVIG, 'Risk identification' section).

### High thinning costs

Red19 is a very floral variety. Crop load management will likely require additional thinning costs compared with other varieties. This could affect grower returns (Page 26, RVIG, 'Risk identification' section).