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I N T R O D U C T I O N

Pollination is considered by many people to be the key to high yields of export kiwifruit.

1985/86 proved a difficult season for growers and beekeepers. A great deal of fruit did not attain export size, as a result a higher than average proportion of the crop was dumped or never picked.

Many people throughout the Industry rightly or wrongly, blamed pollination.

These proceedings are a compilation of papers presented at Tauranga and other centres throughout the kiwifruit growing regions.

The aims of the organisers were to help kiwifruit growers to understand better the complex factors affecting pollination and fruit sizing.

We wanted all involved to hear the latest research and other developments in this little understood area.

We also wanted to bring the various factions together so that we can work as a team for the benefit of all involved in production and marketing of kiwifruit.

We would like to say 'Thank you' to all who have contributed to the seminars and helped with the presentation of these proceedings.

Trevor Bryant

*Trevor Bryant
on behalf of all involved*

ADDRESS TO KIWIFRUIT POLLINATION SEMINAR - OCTOBER 23RD, 1986

BY MR P.M. TURNER, MARKETING MANAGER, FRUITFED EXPORT

SUBJECT: PAYMENT FOR KIWIFRUIT BY COUNT

For many years, indeed, since the inception of the kiwifruit industry, payment to growers, related to market returns, has been on a 'common pool' basis with a similar price being paid for all counts.

A form of modification was introduced a few years back through the New Zealand Kiwifruit Authority imposing - with assent from exporters - a mandatory 46 count differential. This commenced at \$1.00 was extended to \$2.50 and is now at \$3.00.

In essence, the previous system proved reasonably equitable as, in its developmental phase, the differential market prices for the various counts was not great - except for count 46 - which of course was covered by the New Zealand Kiwifruit Authority penalty. It would be fair to say, nevertheless, that the 46 count penalty could be better described as a 'yield expectation penalty' as opposed to a market related return.

As the crop grows we are now moving very quickly from a supply or virtual allocation environment in world markets, to a market demand situation. By this we mean that the market is now far more selective in insisting on the size of fruit that the market demands as opposed to taking what is available and paying a relatively similar price for all fruit.

Because of this new environment, the market can also insist that its pricing policies are dictated accordingly - it will pay top dollar for what it wants but will force price discount quite heavily on what is not wanted. This trend is seen to continue and possibly widen.

Another factor which is now tending to influence market demand is the 'multiple sale' syndrome. This is the 'unit-multiple' price as opposed to a weight price :-

e.g. 3 for \$1.00 (USA)
5 for Yen 450 (Japan)
4 for a Pound (UK)

As an industry, we have endeavoured to encourage this type of development in that it preserves the unit price concept and thereby negates the next possible step of a weight sale :-

e.g. 50 cents a lb
2.00 a kg etc.

Any ultimate movement to this mode of retail selling will, we believe, result in a lower unit price and, accordingly, a lower tray return to the grower.

The final grower return in any year depends on a whole matrix of factors but it is a naturally logical step to try and reflect to growers a more true indication of what that growers fruit is worth. Why should any grower who, through his excellent orchard management producing what the market wants, necessarily subsidise the return of that grower who does not ?

The question then asked - obviously - is :

What does the market want ?

A very good question.

Figure 1 provides a broad summary of current volumes and percentages to world markets, together with a broad indice of preferred or acceptable sizes. There is no doubt that, taken as a spectrum across all world markets, the key requirement is in counts 33, 36 and 39.

Figure 2 Gives a summary of the industry size count split received in the past five years.

Of all these years, 1982 provided probably the best size statistic - for the following reasons :

13.4% in counts 25/27/30
63.4% in counts 33/36/39
23.2% in counts 42-46

No other year has provided this crop percentage in the preferred 33/36/39. 1984 was close but really produced too much very large fruit - 26% in counts 25/27/30.

In our view, an ideal crop split would look something like :

Figure 3

15% in 25/27/30
65% in 33/36/39
14% in 42
6% in 46

—

100%

—

Any reduced quantity of 25/27/30 would best be taken up in 33/36/39 - in other words no more than 20% in 42/46. There is no doubt that a disproportionate percentage of relatively unwanted or less preferred varieties will have an impact on the overall market prices attained in any market.

A comparison of attained prices in 1985 and 1986, to week 35 only, in West Germany shows in Figure 4:

Taking count 36 versus count 46, we see a DM2.75 variable in 1985 but splitting to a DM6.88 difference in 1986.

With the DM now at par with the New Zealand dollar, these price differences are truly reflected in New Zealand dollars also.

We can also see that whilst the DM price is marginally higher, for count 46, in 1986 over 1985, the overall market average price is DM0.40 or NZ\$0.40 lower - and this is on something like 700,000 trays of fruit.

At this stage, but subject to final analysis of the 1986 crop returns, Fruitfed Export would intend to create grouped pools as follows :

25/27/30 - 1 Pool
33/36 - 1 Pool
39 - 1 Pool
42 - 1 Pool
46 - 1 Pool

for a total of 5 Pools

The rationale for a separate count 39 pool is :

(A) Crop sizing will probably determine the volume, if any, of this count which will be shipped to Japan. We have seen this count shipped this year - but generally with a price discount.

(B) In a 'normal' crop year - is there such a thing ? - count 39 will return very similar money to counts 33 and 36. In a small (size) crop year it will tend to suffer by comparison - as seen in the West German figures as per Figure 4.

Obviously, the introduction of grouped pools must have some relevance, also, to future crop disposition. Latest indices would show that, by 1992, likely market split will be as per Figure 5 :

From these figures we can see -

| | |
|-------------|------------------------------------|
| Japan: | More or less holding its crop % |
| W. Germany: | Reducing quite dramatically to 18% |
| N. America: | Lifting by 6.5% to 16% |
| France: | Lifting by 2.5% to 10% |
| Austria: | Dropping by half to 2.0% |

A key element in this likely market movement is that West Germany and Austria, which are key markets for counts 42 and 46, will by 1992 receive 10% less of the annual crop. This trend reflects the earlier levelling off of supply/demand in these markets through comparatively early and very successful development.

In contrast, we see the newer developing markets like North America and France and, to a lesser extent, Italy, Spain and new markets having a distinct preference for the prime 33/36/39 range.

We trust our comments have been of some value - and interest.

Thank you,

P.M. Turner,
MARKETING MANAGER, FRUITFED EXPORT.

PMT/vfk

13th October, 1986

FIGURE 1

KIWIFRUIT EXPORTS TO MARKET AREAS - 1986

| Country | Approx. Vol. | % | Preferred Sizes | | | | | |
|---------------|-------------------|--------------|-----------------|----|----|----|----|----|
| | | | 25/27/30 | 33 | 36 | 39 | 42 | 46 |
| Japan | 9,460,000 | 32.0 | X | X | X | X | | |
| W. Germany | 7,468,000 | 25.5 | | | X | X | X | X |
| North America | 2,792,000 | 9.5 | | X | X | X | | |
| France | 2,196,000 | 7.5 | X | X | X | | | |
| Austria | 1,215,000 | 4.1 | | | X | X | X | X |
| Italy | 1,071,000 | 3.7 | X | X | X | | | |
| Australia | 883,000 | 3.0 | | | X | X | | |
| Scandinavia | 855,000 | 2.9 | | | | X | X | X |
| Belgium | 774,000 | 2.6 | | X | X | X | X | |
| U.K. | 770,000 | 2.6 | | | | X | X | X |
| Holland | 603,000 | 2.1 | | | X | X | X | X |
| Spain | 440,000 | 1.5 | X | X | X | | | |
| Other Markets | 428,000 | 1.5 | | X | X | X | | |
| Switzerland | 297,000 | 1.0 | | X | X | | | |
| Ireland | 149,000 | 0.5 | | | | | X | X |
| | <u>29,401,000</u> | <u>100.0</u> | | | | | | |

FIGURE 2

INDUSTRY SIZE STATISTICS - 1981 TO 1986

| | 25/27 | 30 | 33 | 36 | 39 | 42 | 46 |
|------------|-------|------|------|------|------|------|------|
| 1981 | 2.4 | 6.5 | 11.6 | 17.2 | 16.9 | 22.3 | 23.1 |
| 1982 | 3.3 | 10.1 | 24.6 | 22.5 | 16.3 | 14.3 | 8.9 |
| 1983 | 1.5 | 5.2 | 15.8 | 20.5 | 19.1 | 21.4 | 16.5 |
| 1984 | 7.9 | 18.1 | 28.2 | 18.3 | 13.3 | 9.6 | 4.6 |
| 1985 | 2.0 | 8.1 | 23.4 | 19.5 | 18.2 | 18.2 | 10.6 |
| 1986 (Est) | 0.6 | 3.9 | 15.4 | 17.5 | 20.5 | 24.1 | 18.0 |

FIGURE 3

PROJECTED 'IDEAL' CROP SIZE

| COUNT | PERCENTAGE |
|----------|------------|
| 25/27/30 | 15% |
| 33/36/39 | 65% |
| 42 | 14% |
| 46 | 6% |
| | 100% |

FIGURE 4

COMPARATIVE VOLUME / PRICES

WEST GERMANY : 1985 : 1986 (TO WEEK 35)

| 1985 | | | 1986 | |
|------------------|--------|----------|------------------|----------|
| COUNT | VOL. % | PRICE | VOL. % | PRICE |
| 33 | 08 | DM 22.70 | 01 | DM 24.90 |
| 36 | 20 | 21.80 | 04 | 25.95 |
| 39 | 30 | 21.50 | 17 | 22.30 |
| 42 | 30 | 20.35 | 44 | 20.65 |
| 46 | 12 | 19.05 | 34 | 19.07 |
| Average DM 21.02 | | | Average DM 20.62 | |

FIGURE 5

ESTIMATED CROP SHARE TO MARKET

1986 & 1992

| | <u>1986</u> | <u>1992</u> |
|---------------|---------------|---------------|
| Japan | 32.0% | 31.0% |
| West Germany | 25.5 | 18.0 |
| North America | 9.5 | 16.0 |
| France | 7.5 | 10.0 |
| Austria | 4.1 | 2.0 |
| Italy | 3.7 | 4.0 |
| Australia | 3.0 | 2.0 |
| Scandinavia | 2.9 | 3.0 |
| Belgium | 2.6 | 2.0 |
| U.K. | 2.6 | 4.0 |
| Holland | 2.1 | 2.0 |
| Spain | 1.5 | 2.0 |
| Other Markets | 1.5 | 2.0 |
| Switzerland | 1.0 | 1.0 |
| Ireland | 0.5 | 1.0 |
| | <u>100.0%</u> | <u>100.0%</u> |