



## Regulation 15 of the Kiwifruit Export Regulations 1999.

### 2011/2012 Season Collaborative Marketing

Regulation 15 of the above Regulations requires Kiwifruit New Zealand, within 3 months after the end of each season, to publicly disclose for that season:

- (a) The identity of each person approved by the Board to be a collaborative marketing approval holder; and
- (b) The volume of kiwifruit marketed by each collaborative marketing approval holder; and
- (c) Financial information to enable an assessment to be made as to whether the net returns to suppliers in respect of each collaborative marketing arrangement were greater than would have been the case if the collaborative marketing arrangement had not been approved, including the methodology used by Zespri to allocate costs to the collaborative marketing approval holder.<sup>1</sup>

The results for each collaborative marketing arrangement are set out in Table 1 below.

**Table 1: Performance of each collaborative marketing arrangement relative to Zespri**

Collaborative marketer	Arrangement	Fruit type <sup>2</sup>	Volume (trays)	Net incremental TFSP over Zespri NZ\$	Weighted index to Zespri
Fruitlynx Marketing Limited	Baltic States	Green Class 2	29,463	60,849	162.2%
Splice Fruit Limited	Austria	Green Organic Class 1	102,322	219,199	131.6%
First Fresh Limited	Hong Kong	Gold Class 1	7,776	18,766	126.0%*
Turners & Growers Limited	Pacific	Gold Class 1	1,364	2,605	120.8%
Fern Ridge Produce Limited	Mauritius	Green Class 1	23,530	24,266	115.6%*
Chevalier Wholesale Produce Limited	Pacific	Gold Class 1	999	626	106.8%
Chevalier Wholesale Produce Limited	Pacific	OECD	5,143	1,839	106.0%
Turners & Growers Limited	Pacific	Green Class 1	19,138	6,951	104.9%
Chevalier Wholesale Produce Limited	Pacific	Green Class 1	15,954	5,766	104.8%
South Seas Produce Limited	Pacific	OECD	4,366	1,042	104.0%
South Seas Produce Limited	Pacific	Green Class 2	9,244	1,657	103.8%
Fern Ridge Produce Limited	Re Union Island	Green Class 1	24,444	5,451	103.7%

<sup>1</sup> Regulation 15(c) requires an assessment to be made as to whether the net returns to suppliers in respect of each collaborative marketing arrangement were greater than would have been the case if the collaborative marketing arrangement had not been approved, that is a comparison of the arrangement with the next best alternative. Currently available information limits the comparison to benchmarking against the Zespri benchmark (actual average Zespri return) as available for the comparative market or alternatively the comparative geographical region.

<sup>2</sup> The Fruit type classification is based on those used by Zespri. In each case, there may be one or more cultivars involved.

Collaborative marketer	Arrangement	Fruit type <sup>2</sup>	Volume (trays)	Net incremental TFSP over Zespri NZ\$	Weighted index to Zespri
Chevalier Wholesale Produce Limited	Pacific	Green Class 2	6,369	1,049	103.5%
South Seas Produce Limited	Pacific	Gold Class 1	5,875	1,222	102.3%
Splice Fruit Limited	Spain(1)	Green Class 1	574,338	67,289	101.8%
South Seas Produce Limited	Pacific	Green Class 1	37,567	1,297	100.5%
Zespri International Limited	Italy	Green Class 1	258,545	7,408	100.4%
Splice Fruit Limited	Spain(2)	Green Class 1	340,515	6,372	100.3%
Southern Produce Limited	USA	Green Class 1	353,234	-29,749	98.2%
Fruitlynx Marketing Limited	Malaysia	Green Organic Class 1	1,510	-288	97.5%
Seeka Kiwifruit Industries Limited	Malaysia	Green Organic Class 1	1,723	-371	97.3%
Splice Fruit Limited	Sweden	Green Organic Class 1	23,825	-6,740	96.3%
Seeka Kiwifruit Industries Limited	Malaysia	Green Class 1	210,758	-63,757	95.7%
Splice Fruit Limited	Netherlands	Green Class 1	464,283	-161,611	94.7%
Fruitlynx Marketing Limited	Indonesia	Green Organic Class 1	1,536	-652	94.2%
Fruitlynx Marketing Limited	Malaysia	Green Class 1	261,854	-126,509	93.1%
Outlands NZ Limited	USA	Green Organic Class 1	38,411	-20,690	91.9%
Fruitlynx Marketing Limited	India	Green Class 1	136,984	-78,395	91.5%
Fruitlynx Marketing Limited	Indonesia	Green Class 1	228,002	-145,157	90.9%
Southern Fresh Fruit Exports Limited	Philippines	Green Class 1	100,624	-77,071	89.2%
Southern Fresh Fruit Exports Limited	Malaysia	Green Class 1	16,065	-27,781	74.5%*
Splice Fruit Limited	Norway	OECD	174,205	-187,561	74.3%*
Splice Fruit Limited	Switzerland	OECD	96,732	-104,867	69.7%*
Total			3576,698	-597,545	

Note: Each arrangement is discrete and benchmarked against the closest available comparable Zespri market or geographical area by fruit type. The results cannot be reliably compared to each other because of the differing circumstances of each market. The fruit type classification used above is based on that used by Zespri, and may be used to describe more than a single cultivar. For example, Gold Class 1 can be used to describe both the Hort16A and other gold cultivars.  
\* A number of these results have been adversely affected by the differences between the Zespri forward covered exchange rate and the rates returned by collaborative marketers for each arrangement, by fruit claims, and by repack costs. A number of results remain provisional while these are being further considered.

## Financial analysis methodology

The Collaborative Marketer's net return to suppliers is calculated as far as possible in a consistent manner with Zespri returns, as follows:

- The collaborative marketing arrangements and Zespri benchmarks are compared by fruit type at total fruit and service payment, and orchard gate return.
- With the exception of the Pacific Island<sup>3</sup>, each Collaborative Marketer arrangement fruit and service payments per tray is compared to the Zespri return of the closest comparable market or geographical region, by fruit type. Other than for the Pacific Islands, the Zespri benchmark return is adjusted to match the fruit sizes, timing and pack of the collaborative marketing arrangement.

<sup>3</sup> As there are no Zespri Pacific Island sales programmes, the average of the returns from the collaborative marketing arrangements into the Pacific is used as the benchmark.

- Revenues and costs (net sales, freight and insurance, direct costs, market selling costs, and Collaborative Marketer commission) and exchange rates used in the calculation of FOB return are those advised by the Collaborative Marketer.
- For collaborative marketing arrangements using Zespri supply kiwifruit, some on-shore costs are based on arrangement specific costs, and the remainder on Zespri average costs, adjusted for delivery timings and pack differential costs. Service Level Agreement costs are the specific additional supplier and packhouse costs incurred by the collaborative marketer, for handling collaborative marketing packs, at agreed cost by Collaborative Marketing arrangement. For Zespri sponsored collaborative marketing programmes, the standard Zespri commission rates apply. Otherwise Zespri are reimbursed at an agreed standard rate per tray for supply and other administration. Onshore direct costs (fruit labels, pallet cards, export documentation etc) are allocated as a cost of supply at a separate rate for each fruit type.
- Where kiwifruit is other than from Zespri supply, actual onshore supply costs are as advised by the collaborative marketer.
- All calculations are converted to New Zealand dollars.

### Net Return Indexed to Weighted Zespri Return

The net return to New Zealand suppliers is indexed against a weighted Zespri return - calculated using the methodology outlined above.

- The average Zespri return for the closest comparable market or geographical area is calculated as a benchmark, and is used as the comparable return to suppliers for the fruit if Zespri had sold it.
- The return under each collaborative marketing arrangement is indexed against the comparable weighted Zespri return to suppliers.

Interpreting the Index:

- An index figure of **100.0** means that the net return to suppliers from the collaborative marketing arrangement was **the same as** comparable Zespri returns in the closest comparable market or geographical area.
- An index figure of **less than 100** means that the net return from the collaborative marketing arrangement was **less than** comparable Zespri returns in the same market or geographical area.
- An index figure of **more than 100** means that the net return from the collaborative marketing arrangement was **more than** comparable Zespri returns in the same market or geographical area.

Total fruit and service payment returns to suppliers per tray since 2000 are as follows:

Season	Compared to Zespri	CM per TE	Zespri per TE
2000	\$142,464	\$5.26	\$5.13
2001	-\$1,371,226	\$5.32	\$6.06
2002	\$684,615	\$6.48	\$6.07
2003	\$738,349	\$7.56	\$7.10
2004	\$19,297	\$5.57	\$5.56
2005	-\$55,660	\$4.79	\$4.82
2006	\$202,485	\$6.85	\$6.71
2007	\$607,907	\$6.27	\$5.90
2008	\$392,174	\$7.01	\$6.80
2009	\$682,789	\$6.79	\$6.39
2010	\$858,560	\$6.82	\$6.48
2011-12 (year ended 31 March 2012)	-\$597,545	\$6.21	\$6.38
Total	2,304,209		

The above table sets out:

1. By year, the total amount by which the collaborative marketing programmes exceeded or fell short of the comparative Zespri fruit returns (for 2011-12, the collaborative marketing programmes returning NZ\$597,545 less than Zespri would, had Zespri been able to sell the fruit at the same level as the average it actually achieved in the equivalent markets);
2. By year, the average return per tray for all collaborative marketing arrangements, and the average equivalent Zespri return (for 2011-12, the average return per tray for collaborative marketing was NZ\$6.21 per tray, and the Zespri equivalent was NZ\$6.38 per tray);
3. The total amount by which collaborative marketing programmes have exceeded comparative Zespri fruit returns for the 12 years up to and including the 2011-12 (2011) season is NZ\$2,304,209.

**Table 2: Approval holder and tray allocation for KiwiBerry (Arguta) for all export markets excluding Australia.**

No benchmarking was conducted against Zespri as Zespri did not market any kiwiberry.

Collaborative marketing arrangements 2011/12 Season	Volume marketed t/e <sup>4</sup>	Average FOBS Return Per Tray
Delica Limited	16,987	\$32.36
Freshmax NZ Limited	4,296	\$30.81
Fresh Produce Group NZ Limited	9,058	\$28.11
Produce Partners NZ Limited	10,854	\$27.84
Southern Produce Limited	4,220	\$29.07
Total (average)	45,415	\$29.98

<sup>4</sup> Exports, excluding exports for consumption in Australia

Kiwifruit New Zealand  
30 June 2012