



Regulation 15 of the Kiwifruit Export Regulations 1999.

2012-2013 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.¹

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

Table 1: Performance of each collaborative marketing arrangement relative to Zespri²

Collaborative marketer	Arrangement	Fruit type ³	Volume (trays)	Net incremental OGR over Zespri NZ \$	Weighted index to Zespri
Chevalier Wholesale Produce Limited	Pacific Islands	Class 2 Green	850	2,551	313.3%
Splice Fruits Ltd	Austria	Class 1 Organic	100,079	243,416	159.8%
Splice Fruits Ltd	Norway	Class 1 Organic	20,465	39,499	142.7%
Chevalier Wholesale Produce Limited	Pacific Islands	Class 1 Green	10,789	9,072	119.7%
Outlands New Zealand Limited	USA	Class 1 Organic	52,979	45,489	117.5%
Splice Fruits Ltd	Spain	Class 1 Green	52,748	28,662	115.5%
Turners & Growers Limited	Pacific Islands	Class 1 Green	26,565	13,683	111.5%
South Seas Produce Limited	Pacific Islands	Class 1 Green	36,075	18,360	111.2%
First Fresh (NZ) Limited	South East Asia	Class 1 Gold	25,633	20,056	109.4%

¹ 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.

² As at 28 June 2013. Some of these results are provisional.

³ The Fruit type classification is based on those used by Zespri. There may be one or more cultivars involved in each classification.

Collaborative marketer	Arrangement	Fruit type ³	Volume (trays)	Net incremental OGR over Zespri NZ \$	Weighted index to Zespri
Seeka Kiwifruit Industries Limited	Malaysia	Class 1 Organic	576	188	106.7%
South Seas Produce Limited	Pacific Islands	Class 1 Gold	6,203	2,583	105.8%
Turners & Growers Limited	China	Class 1 Gold	18,830	1,181	100.7%
Seeka Kiwifruit Industries Limited	Malaysia	Class 1 Green	282,992	8,196	100.7%
D M Palmer Limited	Hong Kong	Class 1 Gold	12,960	-114	99.9%
Splice Fruits Ltd	Spain	Class 1 Green	348,712	-13,784	99.0%
Splice Fruits Ltd	Netherlands	Class 1 Green	189,391	-15,818	98.3%
Chevalier Wholesale Produce Limited	Pacific Islands	Class 1 Gold	470	-179	95.4%
Turners & Growers Limited	Korea	Class 1 Gold	31,500	-11,885	94.9%
Fruitlynx Marketing Limited	India	Class 1 Green	149,953	-27,783	92.8%
Fruitlynx Marketing Limited	Indonesia	Class 1 Green	178,867	-61,114	92.4%
Southern Produce Limited	North America	Class 1 Green	142,867	-31,815	91.9%
Turners & Growers Limited	Hong Kong	Class 1 Gold	5,040	-4,726	91.4%
Southern Produce Limited	North America	Class 1 Organic	11,900	-5,587	90.8%
Turners & Growers Limited	Pacific Islands	Class 1 Gold	3,462	-2,603	89.8%
First Fresh (NZ) Limited	Hong Kong	Class 1 Gold	30,536	-32,783	89.5%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Green	25,081	-11,399	85.1%
Zespri Group Limited (Coop Italia)	Italy	Class 1 Green	256,142	-164,696	83.2%
Southern Fresh Fruit Exports Limited	Philippines	Class 1 Green	90,617	-83,074	76.9%
Fern Ridge Produce Ltd	Mauritius	Class 1 Green	29,915	-26,832	73.0%
Splice Fruits Ltd	Nordic	Class 1 Green	167,898	-99,603	54.2%
Southern Fresh Fruit Exports Limited	East Malaysia	Class 1 Green	32,911	-67,278	50.9%
Splice Fruits Ltd	Switzerland	Class 1 Green	58,773	-128,059	-75.4%
First Fresh (NZ) Limited	Japan	Class 3 Gold	4378	14,972	NA
Total			2,406,157	-341,224	

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 is used to categorise all four class 1 gold cultivars.

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:

- Each Collaborative Marketer arrangement is compared to the Zespri return of the closest comparable market or geographical region, by fruit type. The Zespri benchmark return is adjusted to match the fruit sizes, timing of delivery and pack type of the collaborative marketing arrangement.

- 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.
- Costs of supply for Zespri supplied kiwifruit are calculated on the same basis as if the supply was to Zespri, plus certain differential costs for administration, and onshore costs directly associated with the arrangement, called Service Level Agreement costs. Onshore direct costs (fruit labels, pallet cards, export documentation etc) are allocated as applicable at the cost of supply, at a separate rate for each fruit type. Other onshore costs are calculated from information provided by Zespri, adjusted for the timing of delivery and pack types as applicable to each collaborative marketing arrangement. Service Level Agreement costs are the specific additional supplier and packhouse costs incurred for handling collaborative marketing packs, at agreed cost by Collaborative Marketing arrangement. For Zespri managed collaborative marketing programmes, the standard Zespri commission rates apply.
- Where kiwifruit is other than from Zespri supply, onshore supply costs are as advised by the collaborative marketer.
- All revenues and costs 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 to 2012 season inclusive, and estimated Orchard Gate Return for the 2012 season are as follows:

Season	Compared to Zespri	CM per TE TFSP	Zespri per TE TFSP
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	-\$597,545	\$6.21	\$6.38
2012-13 (year ended 31 March 2013)	-\$547,850	\$6.71	\$6.94
Total	\$2,304,209		
Season	Compared to Zespri	CM per TE OGR	Zespri per TE OGR
2012-13 (year ended 31 March 2013)	-\$341,222	\$3.85	\$3.99

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 and service returns (TFSP). For the 2012-13 season, the collaborative marketing arrangements returned NZ\$341,222 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. For the 2012-13 season, the average OGR per tray (orchard gate return) for all collaborative marketing arrangements, and the average equivalent Zespri OGR return (for 2012-13, the average OGR return per tray for collaborative marketing was NZ\$3.85 per tray, and the Zespri equivalent was NZ\$3.99 per tray);
3. The total amount by which collaborative marketing programmes have exceeded comparative Zespri TFSP for the 12 years up to and including the 2012-13 season is NZ\$2,304,209.

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

The kiwiberry season runs from February to Early April in each year. The most recent results are for February to April 2013, but are not yet finalised. The results below are for the 2011-12 season, and will be updated when finalised. No benchmarking was conducted against Zespri as Zespri did not market any kiwiberry.

Collaborative marketing arrangements 2012/13 Season	Volume marketed t/e⁴	Average FOBS Return Per Tray
Delica Limited	11,663	\$33.18
Freshmax NZ Limited	6,217	\$32.01
Fresh Produce Group NZ Limited	4,417	\$28.50
NZ Gourmet Holdings Limited	2,020	\$31.17
Produce Partners NZ Limited	9,413	\$29.67
Southern Produce Limited	1,638	\$36.27
Total (average)	35,368	\$31.48

Kiwifruit New Zealand
28 June 2013
(updated 13 September 2013)

⁴ Exports, excluding exports for consumption in Australia