



Regulation 15 of the Kiwifruit Export Regulations 1999.

2013-2014 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

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 2014.

Collaborative marketer	Arrangement	Fruit type ³	Volume (trays)	Net incremental OGR over Zespri NZ \$	Weighted index to Zespri
Splice Fruit Ltd	Austria	Class 1 Organic	108,949	302,335	161.3%
Chevalier Wholesale Produce Ltd	Pacific Islands	Class 1 Gold	312	731	130.3%
DMPalmer NZ Ltd	Hong Kong	Class 1 Gold	19,440	54,847	129.8%
Chevalier Wholesale Produce Ltd	Pacific Islands	Class 1 Green	5,593	5,687	124.2%
Fern Ridge Produce Ltd	Mauritius	Class 1 Green	24,268	20,682	120.8%
First Fresh NZ Ltd	Malaysia	Class 1 Gold	25,701	30,421	116.2%
Turners & Growers Ltd	Pacific Islands	Class 1 Green	10,765	7,845	116.1%
Seeka Kiwifruit industries Ltd	China	Class 1 Green	53,886	36,829	116.1%
Bidvest New Zealand Ltd	Pacific Islands	Class 1 Green	9,376	5,285	112.1%
First Fresh NZ Ltd	Singapore	Class 1 Gold	12,825	11,080	111.3%
South Seas Produce Ltd	Pacific Islands	Class 1 Green	34,543	17,726	111.3%
First Fresh NZ Ltd	Thailand	Class 1 Gold	5,129	3,873	110.2%
First Fresh NZ Ltd	Indonesia	Class 1 Gold	25,647	20,040	110.1%
Splice Fruit Ltd	Sweden	Class 1 Organic	18,655	9,799	109.7%
Seeka Kiwifruit industries Ltd	Malaysia	Class 1 Green	282,412	120,076	109.4%
Outlands New Zealand Ltd	USA	Class 1 Organic	64,180	28,996	109.2%
South Seas Produce Ltd	Pacific Islands	Class 1 Gold	555	276	106.4%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Organic	768	145	104.1%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Green	11,853	289	100.6%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Green	104,593	1,088	100.3%
Fruitlynx Marketing Ltd	Indonesia	Class 1 Green	242,030	-7,881	99.3%
Coop Italia	Italy	Class 1 Green	140,230	-12,748	98.1%
Turners & Growers Ltd	China	Class 1 Gold	5,120	-1,849	96.8%
Fruitlynx Marketing Ltd	India	Class 1 Green	158,649	-77,738	87.5%
Turners & Growers Ltd	USA	Class 1 Gold	93,938	-87,358	86.3%
Southern Produce Limited	USA	Class 1 Green	125,276	-62,884	86.1%
Bidvest New Zealand Ltd	Pacific Islands	Class 1 Gold	1,424	-1,384	84.3%
Turners & Growers Ltd	Korea	Class 1 Gold	52,598	-68,767	82.3%
Southern Produce Limited	USA	Class 1 Organic	6,723	-8,227	74.9%
Splice Fruit Ltd	Nordic	Class 1 Green	97,134	-69,381	72.2%
Total			1,742,573	279,834	

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

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

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 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 2013 season inclusive, and estimated Orchard Gate Return for the 2013 and 2014 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	-\$547,850	\$6.71	\$6.94
2013-14 (year ended 31 March 2014)	285,891	\$7.78	\$7.62
Total:	2,042,250		
Season	Compared to Zespri	CM per TE OGR	Zespri per TE OGR
2012	-\$341,222	\$3.85	\$3.99
2013-14 (year ended 31 March 2014)	\$279,834	\$4.89	\$4.73

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 returns (TFSP and OGR). For the 2013-14 season, the collaborative marketing arrangements returned a TFSP return of NZ\$279,834 more 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 2013-14 season, the average OGR per tray (orchard gate return) for all collaborative marketing arrangements was NZ\$4.89 per tray, and the and the average equivalent Zespri

OGR return Zespri equivalent was NZ\$4.73 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 2013-14 season is NZ\$2,042,250.

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 2014, but are not yet finalised. The results below are for the 2012-13 season. No benchmarking was conducted against Zespri as Zespri did not market any kiwiberry.

Collaborative marketing arrangements 2013/13 Season	Volume marketed t/e⁴	Net Return Per Tray
Delica Limited	11,663	\$27.59
Freshmax NZ Limited	6,217	\$27.14
Fresh Produce Group NZ Limited	4,417	\$25.51
NZ Gourmet Holdings Limited	2,020	\$27.03
Produce Partners NZ Limited	9,413	\$26.30
Seeka Kiwifruit industries Ltd	-	-
Southern Produce Limited	1,638	\$31.25
Total (average)	35,368	\$27.05

Kiwifruit New Zealand
28 June 2014

⁴ Exports, excluding exports for consumption in Australia