



## Regulation 15 of the Kiwifruit Export Regulations 1999.

### 2010/2011 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	Volume	Net incremental return over Zespri NZ\$	Weighted index to Zespri
Fruitlynx Marketing Limited	Baltic States	Green Class 2	41,741	050,538	136.6%
Outlands NZ Limited	USA	Green Organic Class 1	25,131	41,584	122.5%
Southern Produce Limited	USA	OECD	412,265	324,212	119.6%
Splice Fruit Limited	Spain	Green Class 1	314,827	347,697	116.9%
Splice Fruit Limited	Norway/Finland	OECD	98,776	60,130	114.6%
Zespri International Limited	Italy	Green Class 1	200,449	169,063	112.2%
Southern Fresh Fruit Exports Limited	Philippines	Green Organic Class 1	256	132	106.2%

<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) for the comparative market.

Turners & Growers Limited	Pacific Islands	Green Class 1	21,762	7,991	105.0%
Chevalier Wholesale Produce Limited	Pacific Islands	Gold Class 1	761	280	104.1%
South Seas Produce Limited	Pacific Islands	Gold Class 1	8,413	3,099	104.1%
Turners & Growers Limited	Pacific Islands	Gold Class 1	1,593	587	104.1%
Splice Fruit Limited	China	Green Organic Class 1	168,960	54,949	104.0%
South Seas Produce Limited	Pacific Islands	Green Class 2	713	141	103.5%
South Seas Produce Limited	Pacific Islands	Green Class 1	52,387	11,407	103.0%
Zespri International Limited	Germany	Green Organic Class 1	263,467	74,521	102.9%
Chevalier Wholesale Produce Limited	Pacific Islands	Green Class 1	16,469	3,198	102.6%
Fern Ridge Produce Limited	Reunion Island	Green Class 1	24,510	3,224	102.2%
Fruitlynx Marketing Limited	Malaysia	Green Class 1	220,155	11,041	100.7%
Southern Produce Limited	Vladivostok	Green Class 1	20,480	-1,067	99.3%
Fruitlynx Marketing Limited	Malaysia	Green Organic Class 1	2,160	-138	99.0%
Marquet Trading Limited	Philippines	Green Class 1	17,201	-3,340	97.2%
Fruitlynx Marketing Limited	Indonesia	Green Class 1	178,867	-34,710	96.9%
Southern Fresh Fruit Exports Limited	Philippines	Green Class 1	69,406	-16,572	96.5%
Seeka Kiwifruit Industries Limited	Malaysia	Green Class 1	211,742	-75,262	95.0%
Fruitlynx Marketing Limited	Indonesia	Green Organic Class 1	3,711	-3,122	88.2%
Splice Fruit Limited	Sweden	Green Organic Class 1	40,012	-56,960	82.4%
Splice Fruit Limited	Switzerland	OECD	94,823	-79,748	76.2%
Southern Fresh Fruit Exports Limited	East Malaysia	Green Class 1	20,091	-26,154*	71.9%*
Produce Partners NZ Limited	Singapore	Green Class 1	2,784	-8,162	55.3%
Totals			2,533,912	858,560	

Note: Each arrangement is discrete and benchmarked against the comparable Zespri market by fruit type. The results cannot be reliably compared to each other because of the differing circumstances of each market. \* The Southern Fresh Fruit Exports Limited East Malaysia result is provisional.

## Financial analysis methodology

The Collaborative Marketer's net returns to suppliers was calculated as far as possible in a consistent manner with Zespri returns so that comparisons could be made. To achieve

consistency the following apply:

- With the exception of the Pacific Island and Fern Ridge arrangements<sup>2</sup>, each Collaborative Marketer arrangement fruit and service payments per tray was compared to the Zespri return of the closest comparable market, by fruit type.
- No adjustment was made for sales timing and pack differential costs. The results are adjusted for fruit size.
- 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 were those advised by the Collaborative Marketer.
- For non-Zespri collaborative marketing arrangements, Zespri are reimbursed at an agreed standard rate per tray for supply and other administration. For Zespri sponsored collaborative marketing programmes, the standard Zespri commission rates apply.
- 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. 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 for each of non-Zespri and Zespri sponsored collaborative marketing arrangements.
- 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 was 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 was 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.
- 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.

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<sup>2</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.

- 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.

Net fruit 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
2010-11 (year ended 31 March 2011)	\$858,560	\$6.82	\$6.48
Total	2,901,754		

The above table sets out:

1. By year, the total amount by which the collaborative marketing programmes exceeded the comparative Zespri fruit returns (for 2010-11, the collaborative marketing programmes returning NZ\$907,756 more than Zespri would, had Zespri been able to sell the fruit at the same level as the average it actually achieved in equivalent markets);
2. By year, the average return per tray for all collaborative marketing arrangements, and the average equivalent Zespri return (for 2010-11, the average return per tray for collaborative marketing was NZ\$6.82 per tray, and the Zespri equivalent was NZ\$6.51 per tray);
3. The total amount by which collaborative marketing programmes have exceeded comparative Zespri fruit returns for the 11 years up to and including the 2010-11 (2010) season is NZ\$2,950,950.

**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	Volume marketed t/e <sup>3</sup>	Average FOBS Return Per Tray
Delica Limited	9,575	\$30.29

<sup>3</sup> Exports, excluding exports for consumption in Australia

Freshmax NZ Limited	4,493	\$26.39
Fresh Produce Group NZ Limited	5,568	\$28.24
Produce Partners NZ Limited	10,601	\$25.62
Seeka Kiwifruit Industries Limited	1,280	\$25.02
Southern Produce Limited	6,116	\$26.30
Total (average)	37,633	\$27.38

Kiwifruit New Zealand  
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