



## Regulation 15 of the Kiwifruit Export Regulations 1999.

### 2014-2015 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<sup>2</sup>**

---

<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> As at 29 June 2015.

Collaborative marketer	Arrangement	Fruit type <sup>3</sup>	Volume (trays)	Net incremental OGR over Zespri NZ \$	Weighted index to Zespri
First Fresh NZ Ltd;	Vietnam	Class 1 Gold	15,192	52,404	154.4%
Splice Fruit Ltd;	Austria	Class 1 Organic	138,037	339,891	143.5%
Bidvest New Zealand Ltd;	Pacific Islands	Class 1 Gold	277	661	136.7%
Turners & Growers Ltd;	Pacific Islands	Class 1 Gold	555	1,272	135.3%
First Fresh NZ Ltd;	Indonesia	Class 1 Gold	12,825	27,287	133.7%
DMPalmer NZ Ltd;	Hong Kong	Class 1 Gold	19,440	57,539	129.8%
First Fresh NZ Ltd;	China	Class 1 Gold	6,413	16,769	125.1%
Seeka Kiwifruit industries Ltd;	China	Class 1 Green	103,366	106,989	118.2%
First Fresh NZ Ltd;	Malaysia	Class 1 Gold	13,146	14,658	117.5%
Seeka Kiwifruit industries Ltd;	China	Class 1 Green	51,740	46,512	116.2%
Seeka Kiwifruit industries Ltd;	Malaysia	Class 1 Green	318,740	242,238	116.1%
Chevalier Wholesale Produce Ltd;	Pacific Islands	Class 1 Green	6,379	4,166	114.2%
Fern Ridge Produce Ltd;	Mauritius	Class 1 Green	18,503	8,865	112.8%
Southern Produce Limited;	USA	Class 1 Green	79,870	23,527	105.7%
Outlands New Zealand Ltd;	North America	Class 1 Organic	29,122	7,729	104.4%
South Seas Produce Ltd;	Pacific Islands	Class 1 Green	40,160	8,444	104.3%
Freshmax NZ Ltd;	Indonesia	Class 1 Green	257,694	30,656	102.4%
Bidvest New Zealand Ltd;	Pacific Islands	Class 1 Green	12,076	679	101.1%
Southern Fresh Fruit Exports Ltd;	Philippines	Class 1 Organic	1,024	-374	93.3%
Southern Fresh Fruit Exports Ltd;	Philippines	Class 1 Green	114,088	-34,866	92.9%
Turners & Growers Ltd;	Pacific Islands	Class 1 Green	11,617	-5,009	91.2%
First Fresh NZ Ltd;	Singapore	Class 1 Gold	25,650	-15,945	90.5%
First Fresh NZ Ltd;	China	Class 1 Gold	40,960	-42,794	90.3%
South Seas Produce Ltd;	Pacific Islands	Class 1 Gold	7,524	-5,742	88.2%
First Fresh NZ Ltd;	USA	Class 1 Gold	25,650	-26,804	86.9%
Fern Ridge Produce Ltd;	Reunion Island	Class 1 Green	24,832	-15,170	85.1%
Splice Fruit Ltd;	Sweden	Class 1 Organic	26,053	-31,770	82.8%
Freshmax NZ Ltd;	India	Class 1 Green	189,440	-149,668	81.8%
Turners & Growers Ltd;	China	Class 1 Red	403	-921	78.1%
South Seas Produce Ltd;	Pacific Islands	Class 1 Organic	1,205	-2,067	70.5%
Turners & Growers Ltd;	USA	Class 1 Gold	38,467	-110,936	64.3%
Total			1,630,448	548,220	

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

<sup>3</sup> 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 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 pack type 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 2014 season inclusive, and estimated Orchard Gate Return for the 2013 to 2014 season inclusive 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	285,891	\$7.78	\$7.62
2014-15 (year ended 31 March 2015)	808,983	\$8.76	\$8.26
Total:	2,851,233		
Season	Compared to Zespri	CM per TE OGR	Zespri per TE OGR
2012	-\$341,222	\$3.85	\$3.99
2013	\$279,834	\$4.89	\$4.73
2014-15 (year ended 31 March 2015)	\$548,220	\$5.70	\$5.36

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 (measured at OGR).
2. For the 2014-15 season, the average OGR per tray (orchard gate return) for all collaborative marketing arrangements was NZ\$5.70 per tray, and the average equivalent Zespri OGR return Zespri equivalent was NZ\$5.36 per tray;
3. The total amount by which collaborative marketing programmes have exceeded comparative Zespri TFSP for the 13 years up to and including the 2014-15 season is

NZ\$2,851,233.

**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 2015, but are not yet finalised. The results below are for the 2013-14 season. No benchmarking was conducted against Zespri as Zespri did not market any kiwiberry.

<b>Collaborative marketing arrangements 2013/14 Season</b>	<b>Volume marketed t/e<sup>4</sup></b>	<b>Net Return Per Tray</b>
Delica Limited	18,343	\$27.95
Freshmax NZ Limited	19,747	\$23.82
Fresh Produce Group NZ Limited	10,746	\$26.98
NZ Gourmet Holdings Limited	3,661	\$28.52
Produce Partners NZ Limited	8,349	\$25.97
Seeka Kiwifruit industries Ltd	252	\$18.53
Southern Produce Limited	4,866	\$27.12
Total (average)	65,964	\$26.24

Kiwifruit New Zealand  
29 June 2015

---

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