



Regulation 15 of the Kiwifruit Export Regulations 1999.

2015-2016 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
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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
Bidvest New Zealand Ltd	Pacific Islands	Class 1 Gold	15,458	104,081	322%
South Seas Exports Ltd	Pacific Islands	Class 1 Gold	4,797	24,410	268%
First Fresh NZ Limited	Vietnam	Class 1 Gold	9,615	57,429	182%
Seeka Kiwifruit Industries	China	Class 1 Green	66,777	232,284	180%
First Fresh NZ Limited	China (Foodview)	Class 1 Gold	5,991	28,728	151%
Turners and Growers Ltd	Pacific Islands	Class 1 Gold	3,737	5,672	150%
Turners and Growers Ltd	Vietnam	Class 1 Gold	10,740	35,248	145%
Turners and Growers Ltd	Myanmar	Class 1 Gold	1,038	2,669	135%
DM Palmer NZ Limited	Hong Kong	Class 1 Gold	19,440	59,544	129%
Turners and Growers Ltd	USA	Class 1 Gold	32,256	53,263	126%
Freshmax NZ Ltd	Indonesia	Class 1 Green	185,427	241,595	122%
Outlands New Zealand Ltd	USA	Class 1 Organic	25,671	21,985	114%
Seeka Kiwifruit Industries	Malaysia	Class 1 Green	256,118	157,811	110%
First Fresh NZ Limited	China (GWM)	Class 1 Gold	37,503	35,659	110%
Southern Produce Ltd	USA	Class 1 Organic	8,592	5,416	110%
First Fresh NZ Limited	China (GF)	Class 1 Gold	16,201	12,178	108%
Fern Ridge Produce Ltd	Mauritius	Class 1 Green	24,328	7,045	107%
Fern Ridge Produce Ltd	Caribbean	Class 1 Green	7,609	1,812	106%
Splice Fruit Limited	Austria	Class 1 Organic	116,149	-10,427	99%
Chevalier Wholesale Produce Ltd	Pacific Islands	Class 1 Green	1,432	-235	96%
Freshmax NZ Ltd	India	Class 1 Green	205,150	-36,505	95%
Bidvest New Zealand Ltd	Pacific Islands	Class 1 Green	1,024	-231	95%
South Seas Exports Ltd	Pacific Islands	Class 1 Green	42,439	-13,840	92%
Turners and Growers Ltd	Pacific Islands	Class 1 Green	24,508	-10,048	90%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Green	18,961	-7,833	90%
Turners and Growers Ltd	Myanmar	Class 1 Green	1,260	-1,083	85%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Green	118,122	-144,167	79%
Splice Fruit Limited	Sweden	Class 1 Organic	39,404	-70,836	71%
Southern Produce Limited	USA	Class 1 Green	176,144	-333,995	53%
TOTAL			1,475,891	457,629	

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 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 2015 season inclusive, and estimated Orchard Gate Return for the 2012 to 2015 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	\$808,983	\$8.76	\$8.26
2015-16 (year ended 31 March 2016)	\$505,308	\$9.22	\$8.88
Total:	\$3,356,541		

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	\$548,220	\$5.70	\$5.36
2015-16 (year ended 31 March 2016)	\$457,629	\$5.73	\$5.42
Total:	\$944,461		

The above tables set 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 2015-16 season, the average OGR per tray (orchard gate return) for all collaborative marketing arrangements was NZ\$5.73 per tray, and the average equivalent Zespri OGR return was NZ\$5.42 per tray;
3. The total amount by which collaborative marketing programmes have exceeded comparative Zespri TFSP for the 15 years up to and including the 2015-16 season is NZ\$3,356,541.

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. These results are for February to April 2016, and are in alphabetical order. No benchmarking was conducted against Zespri as Zespri did not market any kiwiberry.

Collaborative marketing arrangements 2015/16 Season	Volume marketed t/e ⁴	Net Return Per Tray
Delica Limited	13,603	\$26.11
Fresh Produce Group NZ Limited	12,626	\$27.02*
Freshmax NZ Limited	28,386	\$24.47
New Zealand Gourmet Holdings Limited	6,860	\$24.53
Produce Partners NZ Limited	9,755	\$27.52
Seeka Kiwifruit Industries Ltd	708	\$23.53
Southern Produce Limited	4,846	\$30.91
Total (average)	76,784	\$26.30

Kiwifruit New Zealand
30 June 2016

* Please note on 27th September 2016, the Fresh Produce Group volume information was updated upon receipt of new information

NOTES:

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 30 June 2016.

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

⁴ Exports, excluding exports for consumption in Australia