



Regulation 15 of the Kiwifruit Export Regulations 1999.

2016-2017 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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1. Kiwifruit

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

Table 1: 2016/17 collaborative marketing arrangement performance relative to Zespri

Collaborative marketer	Arrangement	Fruit type[i]	Volume (trays)	Net incremental OGR over Zespri NZ \$	Weighted index to Zespri
Freshmax NZ Ltd	Indonesia	Class 1 Green	179,699	385,486	201%
T&G Global	Myanmar	Class 1 Green	6,545	22,999	184%
Bostock New Zealand Ltd	USA	Class 1 Gold Organic	6,480	39,657	174%
First Fresh Ltd	Vietnam	Class 1 Gold	18,984	108,488	166%
T&G Global	Cambodia	Class 1 Green	558	1,427	161%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Green	25,840	53,333	157%
Seeka Ltd	China	Class 1 Green	65,899	152,379	148%
Fern Ridge Produce Ltd	Mauritius	Class 1 Green	18,244	31,826	142%
Seeka Ltd	Malaysia	Class 1 Green	282,392	381,243	131%
First Fresh Ltd	USA	Class 1 Gold	6,300	12,125	130%
Bidfood Limited	Pacific Islands	Class 1 Green	14,962	14,634	124%
T&G Global	Thailand	Class 1 Green	633,915	308,676	113%
South Seas Exports Ltd	Pacific Islands	Class 1 Green	42,821	20,498	112%
T&G Global	Myanmar	Class 1 Gold	3,940	3,633	111%
Bostock New Zealand Ltd	Hong Kong	Class 1 Gold Organic	19,440	27,432	110%
T&G Global	Cambodia	Class 1 Gold	1,436	873	108%
First Fresh Ltd	China	Class 1 Gold	36,587	36,460	108%
T&G Global	Pacific Islands	Class 1 Gold	1,694	1,108	108%
T&G Global	Thailand	Class 1 Gold	208,948	91,665	106%
Southern Produce Ltd	USA	Class 1 Organic	16,773	3,995	103%
T&G Global	Pacific Islands	Class 1 Green	36,721	1,095	101%
Bidfood Limited	Pacific Islands	Class 1 Gold	4,304	-101	100%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Organic	512	-264	94%
South Seas Exports Ltd	Pacific Islands	Class 1 Gold	1,417	-746	93%
Southern Produce Ltd	USA	Class 1 Green	197,677	-82,087	90%
Fern Ridge Produce Ltd	Caribbean	Class 1 Green	6,828	-4,470	85%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Gold	37,330	-46,063	84%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Green	196,679	-140,837	83%
Freshmax NZ Ltd	India	Class 1 Green	616,208	-161,459	77%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Gold Organic	1,024	-5,011	64%
T&G Global	USA	Class 1 Gold	51,840	-254,077	23%
Global Horticulture Ltd	China	Class 3 Green	6,048	3,210	*
TOTAL			2,748,045	1,007,127	

* This arrangement is for processing grade fruit and there is no Zespri comparative data, therefore only the net incremental NZ dollars are shown.

Financial analysis methodology

To enable an assessment to be made of the net returns to suppliers from collaborative marketing arrangements, and whether the returns are greater than would have been the case had they not been approved, KNZ applies the following methodology;

- The net return of each collaborative marketing arrangement is calculated back to orchard gate return (OGR) in NZ dollars. The following factors, where applicable, are included:
 - The collaborative marketer's revenues and costs (for example, net sales, freight and insurance, direct costs, market selling costs, commission rates and exchange rates) as advised by the collaborative marketer.
 - Where kiwifruit is supplied by Zespri, the costs of supplying each arrangement are as advised by Zespri to KNZ and the Collaborative Marketer. The costs allocated by Zespri are in accordance with the annual Supply Agreement and any specific Service Level Agreements applicable to the individual collaborative marketing arrangement.
 - Where kiwifruit is not from Zespri supply, onshore supply costs are as advised by the collaborative marketer.
- The Zespri benchmark return (OGR) may be adjusted by KNZ to take other relevant factors into account, such as fruit sizes and timing of sales, where KNZ believes this is available and appropriate.

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. The benchmark is used to compare what the return to suppliers would have been if the collaborative marketing arrangement had not been approved, but rather what the likely return would have been if Zespri had sold the fruit.
- The return under each collaborative marketing arrangement is therefore indexed against the comparable weighted Zespri return to suppliers.
- A weighted index figure of **100.0** means that the net return to suppliers from the collaborative marketing arrangement was **the same as** the Zespri benchmarked returns in the closest comparable market or geographical area. Similarly, where the figure is less than 100, the return was less than the comparable Zespri return. Where the figure is more than 100, the return was more than the comparable Zespri return.

Table 2: Total fruit and service payment returns to suppliers per tray since 2000 to 2016 season inclusive, and estimated Orchard Gate Return for the 2012 to 2016 season inclusive

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	\$505,308	\$9.22	\$8.88
2016-17 (year ended 31 March 2017)	\$2,364,727	\$7.86	\$7.00
Total:	\$5,721,268	-	-

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	\$457,629	\$5.73	\$5.42
2016-17 (year ended 31 March 2017)	\$1,007,127	\$4.26	\$3.89
Total:	\$1,951,588	-	-

The above tables set out:

1. By year, the total amount by which the collaborative marketing programmes were greater or were less than the comparative Zespri returns to suppliers (measured at OGR).

2. For the 2016-17 season, the average OGR per tray (orchard gate return) for all collaborative marketing arrangements was NZ\$4.26 per tray, and the average equivalent Zespri OGR return was NZ\$3.89 per tray;
3. The total amount by which collaborative marketing programmes have exceeded comparative Zespri TFSP for the 16 years up to and including the 2016-17 season is NZ\$5,721,268.

2. Kiwiberry

The kiwiberry season runs from February to Early April in each year. These results are for February to April 2017, and are in alphabetical order. No benchmarking was conducted against Zespri as Zespri did not market any kiwiberry.

Table 3: Approval holder and tray allocation for KiwiBerry (Arguta) for all export markets excluding Australia.

Collaborative marketing arrangements 2016/17 Season	Volume marketed t/e²	Net Return Per Tray
Delica Limited	8,436	\$25.80
Fresh Produce Group NZ Limited	11,444	\$19.65
Freshmax NZ Limited	33,486	\$22.14
New Zealand Gourmet Holdings Limited	6,397	\$29.00
Produce Partners NZ Limited	6,166	\$26.46
Seeka Kiwifruit Industries Ltd	4,104	\$23.99
Southern Produce Limited	11,885	\$28.51
Total (average)	81,918	\$24.00

Kiwifruit New Zealand
30 June 2017

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 the comparative geographical region. Collaborative Marketer's results are not compared against each other because of the differing circumstances of each arrangement and the markets they operate in. The fruit type classification used is based on Zespri's classifications and may be used to describe more than a single cultivar. For example, Gold Class 1 is used to categorise all class 1 gold cultivars.

² Exports, excluding exports for consumption in Australia