



## **Regulation 15 of the Kiwifruit Export Regulations 1999**

### **2017-2018 Season Collaborative Marketing**

In accordance with regulation 15 of the above Regulations, Kiwifruit New Zealand must, within three months after the end of each season, 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>
-

## 1. Kiwifruit

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

**Table 1: 2017-18 collaborative marketing arrangement performance relative to Zespri**

Collaborative marketer	Arrangement	Fruit type <sup>2</sup>	Volume (trays)	Net incremental OGR cf Zespri/alternate market NZ \$	Weighted index to Zespri/alternate market
Fern Ridge Fresh Ltd	Reunion Island	Class 2 Gold	2,304	7,650	235%
Turners & Growers Global	Myanmar, Cambodia	Class 1 Gold	2,528	16,598	190%
First Fresh Ltd	Vietnam	Class 1 Gold	7,032	45,048	187%
Turners & Growers Global	China	ENZARed	4,345	20,386	164%
Fern Ridge Fresh Ltd	Mauritius	Class 1 Green	18,253	35,138	138%
Bostock NZ Ltd	USA	Class 1 Gold Organic	6,480	16,031	128%
First Fresh Ltd	USA	Class 1 Gold	1,031	2,087	128%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Gold	39,992	51,234	125%
First Fresh Ltd	China	Class 1 Gold	16,647	19,187	116%
Turners & Growers Global	Myanmar	Class 1 Green	12,127	10,635	114%
Southern Produce Ltd	USA	Class 1 Green Organic	13,402	13,391	113%
Bidfood Limited	Pacific	Class 1 Green	3,825	2,825	112%
Seeka Ltd	China	Class 1 Green	56,939	49,183	112%
Fern Ridge Fresh Ltd	Caribbean	Class 1 Gold	512	371	111%
Freshmax NZ Ltd	Indonesia	Class 1 Green	73,157	49,298	111%
South Seas Ltd	Pacific	Class 1 Green	20,135	7,992	107%
Bidfood Limited	Pacific	Class 2 Gold	2,254	1,122	106%
Freshmax NZ Ltd	Indonesia	Class 1 Gold	49,911	26,538	106%
Seeka Ltd	Malaysia	Class 1 Green	171,823	55,224	105%
Fern Ridge Fresh Ltd	Reunion Island	Class 1 Green	23,018	4,804	104%
Bidfood Limited	Pacific	Class 1 Green Organic	85	10	102%
South Seas Ltd	Pacific	Class 2 Gold	1,063	69	101%
Southern Produce Ltd	USA	Class 1 Green	230,012	8,503	101%
South Seas Ltd	Pacific	Class 1 Green Organic	288	10	100%
Fern Ridge Fresh Ltd	Reunion Island	Class 1 Green Organic	324	54	98%
KSL Services Ltd	USA	Class 1 Green	9,079	1,311	97%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Green	176,751	28,332	97%
Turners & Growers Global	Pacific	Class 1 Green	40,890	10,817	96%
Mr Apple NZ Ltd	Russia	Class 1 Green	136,392	29,136	95%
Turners & Growers Global	China	Class 1 Gold	102,400	55,731	93%
Fern Ridge Fresh Ltd	Caribbean	Class 1 Green	9,556	4,307	92%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Green Organic	512	407	92%
KSL Services Ltd	USA	Class 2 Green	26,921	13,857	89%
Turners & Growers Global	Pacific	Class 2 Gold	1,345	1,191	89%
Freshmax NZ Ltd	India	Class 1 Green	363,999	114,283	87%
Turners & Growers Global	Thailand	Class 1 Green	401,578	412,317	83%
Turners & Growers Global	Thailand	Class 1 Gold	198,572	314,616	83%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Gold Organic	232	643	82%
Mr Apple NZ Ltd	Russia	Class 1 Gold	47,520	91,088	69%
EastPack Ltd	Italy	Class 3 Gold	14,210	30,694	*
EastPack Ltd	Spain	Class 3 Gold	23,231	12,545	*
<b>TOTAL</b>			<b>2,310,675</b>	<b>591,537</b>	

\* 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.
- If Zespri do not sell fruit in the same market or region (eg Pacific Islands), then the best comparable market returns are used as a benchmark.
- Where KNZ believes this is available and appropriate, 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.

### **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.
- If there is no comparable Zespri market, the collaborative marketing returns are benchmarked against the best alternative market that the fruit could have been exported to, if the collaborative marketing arrangement had not been approved.
- The return under each collaborative marketing arrangement is therefore indexed against the comparable weighted Zespri, or alternate market, 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, or alternate, benchmarked returns in the closest comparable market. Similarly, where the figure is less than 100, the return was less than the comparable Zespri, or alternate, return. Where the figure is more than 100, the return was more than the comparable Zespri, or alternate, return.

**Table 2: Total fruit and service payment returns to suppliers per tray since 2000 to 2017 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	\$2,364,727	\$7.86	\$7.00
2017-18 (year ended 31 March 2018)	-\$841,097	8.34	8.71
Total:	\$4,880,171	-	-

**Table 3: Estimated Orchard Gate Return for the 2012 to 2017 season inclusive**

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	\$1,007,127	\$4.26	\$3.89
2017-18 (year ended 31 March 2018)	-\$591,537	\$5.58	\$5.86
Total:	\$1,360,051	-	-

*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 2017-18 season, the average OGR per tray (orchard gate return) for all collaborative marketing arrangements was NZ\$5.58 per tray, and the average equivalent Zespri OGR return was NZ\$5.86 per tray;
3. The total amount by which collaborative marketing programmes have exceeded comparative Zespri TFSP for the 17 years up to and including the 2017-18 season is NZ\$4,880,171

## 2. Kiwiberry

The kiwiberry season runs from February to Early April in each year. These results are for February to April 2018, 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 2017-18 Season	Volume marketed t/e <sup>3</sup>	Net Return Per Tray
Delica Limited	4,454	\$24.72
Fresh Produce Group NZ Limited	13,710	\$18.97
Freshmax NZ Limited	47,924	\$22.07
New Zealand Gourmet Holdings Limited	5,121	\$25.31
Produce Partners NZ Limited	5,364	\$23.37
Seeka Kiwifruit Industries Ltd	3,240	\$19.55
Southern Produce Limited	10,860	\$21.94
<b>Total (average)</b>	<b>90,672</b>	<b>\$21.89</b>

Kiwifruit New Zealand  
29 June 2018

---

### NOTES:

- <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. Collaborative Marketer's results are compared against Zespri if in the same market, or returns from the next best alternative market.
  - <sup>2</sup> 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.
  - <sup>3</sup> Exports, excluding exports for consumption in Australia
-