



Regulation 15 of the Kiwifruit Export Regulations 1999

2018-2019 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.¹
-

1. Kiwifruit

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

Table 1: 2018-19 collaborative marketing arrangement performance relative to Zespri

Collaborative marketer	Arrangement	Fruit type ²	Volume (trays)	Net incremental OGR cf Zespri/alternate market NZ \$	Weighted index to Zespri/alternate market
Mr Apple NZ Ltd	Russia	Class 2 Green	49,508	124,457	179%
Baltic States Marketing Company	Estonia, Latvia, Lithuania	Class 2 Gold	6,405	29,622	170%
First Fresh NZ Ltd	Vietnam	Class 1 Gold	6,423	33,719	163%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Green Organic	256	1,662	162%
T&G Global	Myanmar	Class 1 Green	9,653	28,851	162%
Fern Ridge	Mauritius	Class 1 Gold	1,740	4,073	157%
Fern Ridge	Reunion Island	Class 1 Gold Organic	288	1,130	157%
First Fresh NZ Ltd	USA	Class 1 Gold	2,030	8,282	149%
Baltic States Marketing Company	Estonia, Latvia, Lithuania	Class 1 Green	11,276	26,555	144%
Bidfood	Pacific	Class 1 Green	283	514	136%
Fern Ridge	Reunion Island	Class 1 Green Organic	973	2,294	131%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Gold Organic	256	1,051	131%
Fern Ridge	Caribbean	Class 1 Green	9,350	11,571	126%
Mr Apple NZ Ltd	Russia	Class 1 Gold	90,912	115,857	126%
Seeka Ltd	Malaysia	Class 1 Green	141,078	212,529	123%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Green	192,392	209,942	123%
First Fresh NZ Ltd	China	Class 1 Gold	31,408	57,155	122%
T&G Global	Myanmar	Class 1 Gold	6,367	13,194	122%
Fern Ridge	Caribbean	Class 1 Gold	768	576	112%
Fern Ridge	Mauritius	Class 1 Green	16,297	8,579	108%
South Seas Exports Ltd	Pacific	Class 1 Gold	1,255	822	108%
T&G Global	Pacific	Class 1 Green	38,321	15,058	108%
T&G Global	Pacific	Class 1 Gold	6,000	2,879	106%
T&G Global	Thailand	Class 1 Gold	203,039	73,833	104%
Fern Ridge	Reunion Island	Class 1 Gold	5,153	790	103%
Freshmax NZ Ltd	Indonesia	Class 1 Gold	76,516	24,435	103%
Southern Produce Ltd	USA	Class 1 Green	298,306	29,708	102%
Fresha Export Ltd	Pacific	Class 1 Green Organic	283	-	100%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Gold	56,044	1,951	100%
T&G Global	Pacific	Class 1 Gold	6,683	14	100%
Fresha Export Ltd	Pacific	Class 1 Gold	4,232	836	98%
Freshmax NZ Ltd	Indonesia	Class 1 Green	82,290	10,949	98%
Southern Produce Ltd	USA	Class 1 Green Organic	19,947	2,783	98%
Service Foods Ltd	Pacific	Class 1 Green	8,188	1,749	96%
South Seas Exports Ltd	Pacific	Class 1 Green	30,059	6,709	96%
T&G Global	Thailand	Class 1 Green	441,414	125,762	94%
Mr Apple NZ Ltd	Russia	Class 1 Green	67,840	22,991	92%
Fern Ridge	Reunion Island	Class 1 Green	18,488	11,207	91%
Bella Frutta	Bulgaria, Romania	Class 2 Green	30,405	10,797	88%
Fresha Export Ltd	Pacific	Class 1 Green	10,889	7,115	87%
Freshmax NZ Ltd	India	Class 1 Green	1,040,655	126,839	81%
Evrosad	Croatia, Slovenia	Class 1 Green	29,981	16,668	79%
KSL Services Ltd	USA	Class 1 Green	57,958	72,295	74%
Apata	Spain	Class 3 Gold	123	440	*
EastPack Ltd	Italy	Class 3 Gold	52,114	107,876	*
TOTAL			3,163,846	732,719	

* These arrangements are 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 benchmark returns (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 2018 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	-\$841,097	8.34	8.71
2018-19 (year ended 31 March 2019)	\$1,244,644	7.70	7.30
Total:	\$6,124,815	-	-

Table 3: Estimated Orchard Gate Return for the 2013 to 2018 season inclusive

Season	Compared to Zespri	CM per TE OGR	Zespri per TE OGR
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	-\$591,537	\$5.58	\$5.86
2018-19 (year ended 31 March 2019)	\$732,719	\$4.35	\$4.15
Total:	\$2,433,992	-	-

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 2018-19 season, the average OGR per tray (orchard gate return) for all collaborative marketing arrangements was NZ\$4.35 per tray, and the average equivalent Zespri OGR return was NZ\$4.15 per tray;
3. The total amount by which collaborative marketing programmes have exceeded comparative Zespri TFSP for the 19 years up to and including the 2018-19 season is NZ\$6,124,815.

2. Kiwiberry

The kiwiberry season runs from February to Early April in each year. These results are for February to April 2019, and are in alphabetical order. No benchmarking was conducted against Zespri as Zespri did not market any kiwiberry.

Table 3: Approval holder and tray volumes for KiwiBerry (*Actinidia arguta*) for all export markets excluding Australia.

Collaborative marketing arrangements 2018-19 Season	Volume marketed t/e ³	Net Return Per Tray
Delica Limited	6,056	\$25.81
Fresh Produce Group NZ Limited	10,511	\$24.34
Freshmax NZ Limited	40,182	\$23.82
New Zealand Gourmet Holdings Limited	7,007	\$24.32
Produce Partners NZ Limited	3,442	\$25.94
Seeka Kiwifruit Industries Ltd	1,296	\$16.63
Southern Produce Limited	5,566	\$26.48
Total (average)	74,060	\$24.28

Kiwifruit New Zealand
28 June 2019

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