



2019-2020 Collaborative Marketing Disclosure

Regulation 15 of the Kiwifruit Export Regulations 1999

In accordance with regulation 15 of the Kiwifruit Export Regulations 1999, 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.
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1. Kiwifruit

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

Table 1: 2019-2020 collaborative marketing arrangement performance relative to Zespri

Collaborative marketer 2019-20 Season (note 1)	Arrangement	Fruit type	Volume (trays) 2019-20 season	Net incremental OGR cf Zespri/alternate market NZ \$ (note 3)	Weighted index to Zespri/ alternate market
Turners and Growers Ltd	Myanmar	Class 1 Green	10,340	25,287	134%
Isla Bonita	Portugal, Canary Islands	Class 2 Green	36,871	50,281	130%
Southern Produce Limited	Austria	Class 1 Green	28,672	52,877	128%
Fern Ridge Produce Ltd	Caribbean	Class 1 Green	9,067	13,075	127%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Organic	307	702	126%
Fern Ridge Produce Ltd	Caribbean	Class 1 Gold	1,024	1,310	125%
Bella Frutta Ltd	Bulgaria & Romania	Class 2 Green	85,295	63,007	124%
Freshmax (div. VFDirect NZ Ltd)	Indonesia	Class 1 Gold	51,684	83,561	116%
Southern Produce Limited	USA	Class 1 Organic	16,518	22,710	116%
Southern Produce Limited	Austria	Class 1 Gold	7,168	11,310	116%
Fern Ridge Produce Ltd	Mauritius	Class 1 Green	16,454	14,543	114%
Seeka Kiwifruit Industries	Malaysia	Class 1 Green	127,845	129,719	114%
Service Foods Limited	Pacific Islands	Class 1 Green	9,373	6,018	112%
Service Foods Limited	Pacific Islands	Class 1 Gold	521	467	112%
Turners and Growers Ltd	Myanmar	Class 1 Gold	8,996	8,385	109%
Baltic States Marketing Company	Baltic States	Class 1 Gold	12,000	8,526	107%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Gold Organic	567	344	106%
Freshmax (div. VFDirect NZ Ltd)	India	Class 1 Green	649,268	170,274	105%
Freshmax (div. VFDirect NZ Ltd)	Indonesia	Class 1 Green	45,015	17,340	105%
South Seas Exports Ltd	Pacific Islands	Class 1 Green	41,636	10,052	105%
Southern Produce Limited	USA	Class 1 Green	306,438	95,561	105%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Green	180,819	51,552	104%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Green	17,538	1,606	102%
Bella Frutta Ltd	Bulgaria & Romania	Class 1 Green	11,743	335	101%
Fern Ridge Produce Ltd	Mauritius	Class 1 Gold	7,451	524	101%
Turners and Growers Ltd	Pacific Islands	Class 1 Gold	4,613	299	101%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Gold	6,301 note 2 (2,292)	- 220	100%
South Seas Exports Ltd	Pacific Islands	Class 1 Gold	5,182	- 103	100%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Gold	76,320 note 2 (4,640)	3,798	100%
Turners and Growers Ltd	Thailand	Class 1 Gold	258,069 note 2 (5,334)	- 38,407	99%
Fresha Exports Limited	Pacific Islands	Class 1 Gold	4,385	- 663	98%
Turners and Growers Ltd	Thailand	Class 1 Green	433,426	- 166,199	95%
Turners and Growers Ltd	Pacific Islands	Class 1 Green	30,343	- 7,844	95%
Mr Apple	Russia	Class 1 Green	153,664	- 68,947	92%
Fresha Exports Limited	Pacific Islands	Class 1 Green	16,164	- 8,226	90%
KSL Services	USA	Class 1 Green	37,468	- 30,208	86%
Mr Apple	Russia	Class 1 Gold	90,176 note 2 (9,280)	- 128,147	85%
Fresha Exports Limited	Pacific Islands	Class 1 Organic	572	- 837	83%
Evrosad	Croatia & Slovenia	Class 1 Green	46,275	- 29,238	82%
EastPack Ltd	Italy	Class 3 Gold	50,869	78,847	note 4
TOTAL			2,898,479 note 2 (21,546)	443,270	

Notes:

- 1 Season is defined in the Kiwifruit Export Regulations 1999 as a period of 12 months commencing on 1 April in any year and ending with 31 March the following year.
- 2 Volume marketed within growing/export year, but not included in "season" (e.g., March 2019)
- 3 A comparative assessment has been undertaken in relation to the actual growing/export year which largely overlaps with "season." This assessment therefore uses the volumes marketed under the collaborative marketing arrangement in the 2019-20 growing/export year.
- 4 This arrangement is for processing grade fruit. There is no comparative data and therefore only the net variation in NZ dollars are shown.

Financial analysis methodology

To enable an assessment to be made of the net returns to suppliers from each collaborative marketing arrangement, and whether the returns were greater than would have been the case if the collaborative marketing arrangement had 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 financial information, where applicable, is 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.
- Where financial information is available, and KNZ is of the view it is 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.
- A purposive approach is taken to the assessment recognising that information relating to the actual growing/export year (rather than a strict application of "season" which is 1 April to 31 March) allows for a more useful and reliable comparative assessment.

Net Return Indexed to Benchmark Return

The net return to New Zealand suppliers is indexed against a benchmark OGR 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 assess what the return to suppliers would have been if the collaborative marketing arrangement had not been approved.
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- If there is no comparable market, the collaborative marketing returns are benchmarked against a likely alternative market that the fruit could have been exported to, if the collaborative marketing arrangement had not been approved.
- Where there is no alternative market, the most relevant market returns are used as the benchmark.
- The return under each collaborative marketing arrangement is therefore indexed against the comparable Zespri, alternate market, or comparable market, return to suppliers.
- An index figure of **100.0** means that the net return to suppliers from the collaborative marketing arrangement was **the same as** benchmarked returns. Similarly, where the figure is less than 100, the return was less than the comparable benchmarked return. Where the figure is more than 100, the return was more than the comparable benchmarked return.
- **Table 2: Total fruit and service payment returns to suppliers per tray since 2000 to 2019 inclusive**

Year	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	\$1,244,644	7.70	7.30
2019-20	\$237,579	9.65	9.56
Total:	\$6,362,394	-	-

Table 3: Estimated Orchard Gate Return for 2013 to 2019 inclusive

Year	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	\$732,719	\$4.35	\$4.15
2019-20	\$443,270	\$6.86	\$6.73
Total:	\$2,877,262	-	-

Tables 2 & 3 show:

1. By year, the total amount by which the collaborative marketing programmes were greater or were less than the comparative returns to suppliers (measured at OGR).
 2. For 2019-20, the average OGR per tray (orchard gate return) for all collaborative marketing arrangements was NZ\$6.86 per tray, and the average equivalent Zespri OGR return was NZ\$6.73 per tray;
 3. The total amount by which collaborative marketing programmes have exceeded comparative Zespri TFSP (Total Fruit and Service Payments) for the 20 years up to and including 2019-20 is NZ\$ 6,362,394.
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2. Kiwiberry

The kiwiberry collaborative marketing programmes operate from February to Early April in each year. The below results are for February to April 2020, and appear in alphabetical order. The assessment does not include Zespri, as it did not export kiwiberry in 2020.

Table 4: Approval holder and tray volumes for KiwiBerry (*Actinidia arguta*) for all export markets excluding Australia.

Collaborative marketing arrangements 2019-20	Volume marketed t/e³	Net Return Per Tray
Delica Limited	5,554	\$24.79
Fresh Produce Group NZ Limited	12,640	\$25.09
Fresh Solutions Group NZ Limited	1,536	\$28.84
Freshmax (<i>div. VFDirect NZ Limited</i>)	62,384	\$25.79
New Zealand Gourmet Holdings Limited	7,176	\$27.18
Produce Partners NZ Limited	3,654	\$26.80
Seeka Kiwifruit Industries Ltd	2,160	\$23.55
Southern Produce Limited	13,296	\$21.34
Total (average)	108,400	\$25.24

Kiwifruit New Zealand
26 June 2020
