

2020-2021 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: 2020-2021 collaborative marketing arrangement performance relative to Zespri

Collaborative marketer 2020-21 Season (note 1)	Arrangement	Fruit type	Volume (trays) 2020-21 season	Net incremental OGR cf Zespri/alternate market NZ \$ (note 2)	Weighted index to Zespri/ alternate market
VPC - NZ Limited	Costa Rica	Class 2 Gold	11,178	45,707	177%
VPC - NZ Limited	Guatemala	Class 2 Gold	6,490	25,268	174%
Bella Frutta Ltd	Europe	Class 2 Gold	2,880	6,285	141%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Organic	307	918	132%
VPC - NZ Limited	Costa Rica	Class 2 Green	18,043	17,366	125%
Freshmax NZ Ltd	Indonesia	Class 1 Green	34,009	50,602	121%
Turners and Growers Ltd	Cambodia	Class 1 Green	1,271	1,832	121%
Southern Produce Limited	USA	Class 1 Organic	41,873	76,410	119%
Seeka Kiwifruit Industries	Malaysia	Class 1 Green	120,037	171,151	119%
Freshmax NZ Ltd	Indonesia	Class 1 Gold	48,060	88,602	118%
Service Foods Limited	Pacific Islands	Class 1 Green	4,539	4,147	117%
Mr Apple - Far East Russia	Russia	Class 1 Green	94,672	105,787	116%
VPC - NZ Limited	El Salvador	Class 2 Gold	2,269	1,926	116%
Turners and Growers Ltd	Myanmar	Class 1 Gold	4,005	6,379	116%
Fern Ridge Produce Ltd	Caribbean	Class 1 Green	13,526	13,322	116%
VPC - NZ Limited	Guatemala	Class 2 Green	15,756	9,241	115%
Fern Ridge Produce Ltd	Mauritius	Class 1 Green	63,296	62,054	115%
Turners and Growers Ltd	Cambodia	Class 1 Gold	4,157	6,095	114%
Fern Ridge Produce Ltd	Caribbean	Class 1 Gold	1,539	1,322	112%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Green	139,285	121,516	112%
Turners and Growers Ltd	Myanmar	Class 1 Green	6,777	5,421	112%
Southern Produce Limited	Austria	Class 1 Green	51,139	37,010	110%
Isla Bonita	Portugal, Canary Is.	Class 2 Green	71,471	31,760	109%
Freshmax NZ Ltd	India	Class 1 Green	753,386	341,036	109%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Gold Org	512	572	107%
Turners and Growers Ltd	Pacific Islands	Class 1 Green	20,966	5,858	105%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Green	71,416	24,078	105%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Gold Org	851	485	105%
VPC - NZ Limited	El Salvador	Class 2 Green	7,663	1,387	105%
Turners and Growers Ltd	Pacific Islands	Class 1 Gold	5,983	1,660	103%
South Seas Exports Ltd	Pacific Islands	Class 1 Gold	7,557	1,082	102%
Bella Frutta Ltd	Europe	Class 2 Green	62,776	2,004	101%
Service Foods Limited	Pacific Islands	Class 1 Gold	261	13	101%
Fresha Exports Limited	Pacific Islands	Class 1 Green	14,656	305	100%
Baltic States Marketing Company	Europe	Class 1 Gold	17,333	1,208	99%
Turners and Growers Ltd	Thailand	Class 1 Gold	288,070	19,571	99%
Southern Produce Limited	Switzerland	Class 1 Green	46,080	9,288	97%
Southern Produce Limited	Austria	Class 1 Gold	12,288	4,682	96%
Fresha Exports Limited	Pacific Islands	Class 1 Gold	8,244	2,754	96%
Southern Produce Limited	USA	Class 1 Green	579,759	162,828	96%
South Seas Exports Ltd	Pacific Islands	Class 1 Green	35,623	9,699	95%
Turners and Growers Ltd	Thailand	Class 1 Green	414,949	144,145	95%
Mr Apple - Far East Russia	Russia	Class 1 Gold	146,849	122,486	92%
Southern Fresh Fruit Exports Ltd	Philippines	Class 1 Gold	110,208	182,446	85%
Fern Ridge Produce Ltd	Mauritius	Class 1 Gold	46,484	81,130	79%
Fern Ridge Produce Ltd	Reunion Island	Class 1 Gold	65,375	115,260	79%
Evrosad Ltd	Europe	Class 1 Green	59,235	87,924	74%
TOTAL			3,533,103	324,565	

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 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 2020-21 growing/export year

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.
 - 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.
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- 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 2020 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	\$237,579	9.65	9.56
2020-21	-\$227,897	9.99	10.05
Total:	\$6,134,497	-	-

Table 3: Estimated Orchard Gate Return for 2013 to 2020 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	\$443,270	\$6.86	\$6.73
2020-21	\$324,565	\$7.23	\$7.14
Total:	\$3,201,827	-	-

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 2020-21, the average OGR per tray (orchard gate return) for all collaborative marketing arrangements was NZ\$7.23 per tray, and the average equivalent Zespri OGR return was NZ\$7.14 per tray;
 3. The total amount by which collaborative marketing programmes have exceeded comparative Zespri TFSP (Total Fruit and Service Payments) for the 21 years up to and including 2020-21 is NZ\$ 6,134,497.
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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 2021.

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

Collaborative marketing arrangements 2020-21	Volume marketed t/e ³	Net Return Per Tray
Delica Limited	3,648	\$27.33
Fresh Produce Group NZ Limited	10,219	\$23.31
Fresh Solutions Group NZ Limited	979	\$26.71
Freshmax (<i>div. VFDirect NZ Limited</i>)	65,656	\$24.89
New Zealand Gourmet Holdings Limited	9,382	\$25.72
Produce Partners NZ Limited	1,628	\$25.15
Seeka Kiwifruit Industries Ltd	0	\$0.00
Southern Produce Limited	4,507	\$26.26
Total (average)	96,019	\$24.98

Kiwifruit New Zealand
25 June 2021

* Correction identified 1/11/21 – net return per tray for Fresh Solutions Group kiwiberry result