



Summerfruit NZ

The year from 1 Sept 2021 to 31 Aug 2022



Annual Report

Our vision: A vibrant summerfruit industry focused on both the New Zealand and export markets, which is profitable and sustainable.



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CHAIR'S ANNUAL REPORT

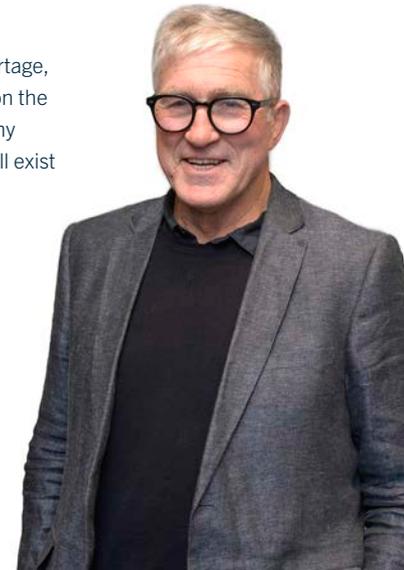
Significant challenges

This annual report relates to the year from 1 September 2021 to 31 August 2022; a time that remained a challenging time for the entire horticulture industry. The Covid-19 lockdown and closed borders caused a severe labour shortage, disrupted the logistics and supply chain, and meant that only Kiwis could return home – if they managed to secure a spot in the Managed Isolation and Quarantine (MIQ) facilities. The few remaining international backpackers were slowly leaving the country, leaving a big gap in our seasonal workforce. There were all the Covid-19 'what if' scenarios for growers and packhouses, all of which had to be thought through and planned for. Covid-19 disruption also meant that Summerfruit NZ (SNZ) was forced to cancel our 2022 conference, which we are now looking forward to holding in Queenstown in June 2023.

At the time of writing, I'm pleased that some of these challenges, particularly relating to MIQ, Covid-19 protocols, and the labour shortage, have eased. However, Cyclone Gabrielle has had a severe impact on the Hawke's Bay summerfruit sector, and it will take some growers many years to fully recover their businesses. So significant challenges still exist for our sector.

Cyclone Gabrielle has had a severe impact on the Hawke's Bay summerfruit sector, and it will take some growers many years to fully recover their businesses.

Roger Brownlie
Chair



Vision

Our desired future for New Zealand's summerfruit industry
Quality summerfruit produced by a successful, confident New Zealand summerfruit industry

Purpose

Of Summerfruit NZ and this strategy

Delivering services, information and advocacy so New Zealand's summerfruit industry can thrive and produce quality summerfruit

Priorities

Where we will focus our efforts to achieve our purpose

- Ensuring the industry has pathways to grow
- Enabling successful summerfruit businesses
- Building relationships with, and connecting New Zealand's summerfruit growers
- An efficient and focused Summerfruit NZ

Summerfruit NZ strategy

To help face these challenges, during 2022 the Summerfruit NZ Board developed a new strategy which sets out the vision of our desired future for New Zealand's summerfruit industry:

“Quality summerfruit produced by a successful, confident New Zealand summerfruit industry”.

We see the purpose of Summerfruit NZ as:

Delivering services, information and advocacy so New Zealand's summerfruit industry can thrive and produce quality summerfruit

And to achieve this purpose, we will focus on the following priorities:

- Ensuring the industry has pathways to grow
- Enabling successful summerfruit businesses
- Building relationships with, and connecting New Zealand's summerfruit growers
- An efficient and focused Summerfruit NZ.

I encourage you all to familiarise yourselves with this strategy, and the rest of the Board and I welcome any feedback you may have, so we can continue to help move the industry in the right direction together.

Governance and administration

At the 2021 Annual General Meeting (AGM), members voted in favour of changing SNZ's financial balance date to end on the 31st of May, in order to meet the requirements of the new Incorporated Societies Act 2022. SNZ also held AGM voting levy alignment workshops and found there was no appetite for change from the current approach.

In the Communication space, we use Prunings as our main communication channel to industry. We have also established Instagram and Facebook as other methods of communication, while SNZ held a number of grower visits throughout the year, SummerGreen meetings, and webinars. The NZ Market weekly Report was also provided throughout the picking season.

Export Registration and market access work has continued, and as in other years, SNZ liaised with exporters and the Ministry for Primary Industries if any issues arose during the export season.

We also worked closely with Horticulture NZ on many issues including government submissions, for example, Three Waters, Import Health Standards, Modern Slavery, Climate Change, Fair Pay, Freight and Supply Chain, Worksafe Restricted Entry for Pesticides, He Waka Eke Noa. Then there are the specific Regional Council Submissions. I was going to list them all but the list is too long and policy changes keep coming.

Labour

During the 2021-22 season, addressing the labour shortage remained a top priority for SNZ, so Kate Hellstrom (CEO) continued with the labour governance group to help ensure the response to the labour shortage was well coordinated. This group consisted of representatives from SNZ, Apples & Pears NZ, Wine NZ, growers and employers, Ministry of Social Development (MSD), Ministry of Primary Industries (MPI), and the Central Otago District Council. This meant that SNZ could oversee the response to the labour shortage in Central Otago, while Apples & Pears NZ focused on the same issue for apples and summerfruit in Hawke's Bay and the surrounding districts in the North Island.

The work that came out of those meetings then had to be implemented, including labour surveys, data collection, setting up the Handpicked Crew campaign, working with HortNZ to launch PickNZ.co.nz, and providing Covid protocols for packhouses.

Meanwhile, the horticulture and viticulture collective (“the CE Collective”), consisting of CEOs from Horticulture NZ, Summerfruit NZ, Apples & Pears NZ, Wine NZ, Kiwifruit NZ and NZ Ethical Employers, and

...addressing the labour shortage remained a top priority for SNZ...



Summerfruit NZ continued to work closely with officials in the Ministry of Transport and MPI to help provide advice about the size and value of the export summerfruit sector, ...



In May 2022, Summerfruit NZ and Plant & Food Research announced the signing of a Master Licence agreement for the commercialisation of five Nzsummer apricot selections...

the Operational Team that supported them, continued to meet regularly throughout the year with Ministers and government officials. This group represented a consistent collaborative voice on behalf of industry.

The CE Collective was able to successfully negotiate terms with Government that enabled Recognised Seasonal Employee (RSE) scheme workers to enter the country via MIQ. They also worked to ensure that RSE workers were able to be repatriated, but some could not return home due to their home countries having closed borders. This was a vital support for RSE employers during a very stressful and uncertain time.

The CE Collective has been highly effective in forging good relationships and becoming collaborative with all the horticultural product groups, and has enabled closer working relationships across the industry. From my perspective this has been great to see, and shows the industry we have far more influence politically when working together.

Summerfruit NZ continued to work closely with officials in the Ministry of Transport and MPI to help provide advice about the size and value of the export summerfruit sector, which supported the Cabinet decision to extend the Maintaining International Air Connectivity (MIAC) scheme for another year. Exporters worked closely with China Airlines, Air New Zealand and other carriers to help ensure enough flights were available to move fruit. I would like to thank the Summerfruit Export Council for their hard work on these challenges.

NZ Summer Fresh Ltd

In May 2022, Summerfruit NZ and Plant & Food Research announced the signing of a Master Licence agreement for the commercialisation of five Nzsummer apricot selections from within the joint SNZ-Plant & Food Research breeding programme.

The Master Licence agreement is between Plant & Food Research and NZ Summer Fresh, the summerfruit industry-led cooperative. Sub licensed commercial growers became eligible to become NZ Summer Fresh shareholders under the NZ Summer Fresh constitution. The

apricot varieties included in the Master Licence are the first to complete the evaluation programme carried out over the last few years by the Plant & Food Research breeding and research team in Clyde.

I would like to acknowledge and thank the growers and others who volunteered their time and expertise over the last three years as members of the Apricot Co Interim Board. Their patience and determination to work through the various options for a feasible and economically viable industry led cooperative was essential in reaching this conclusion.

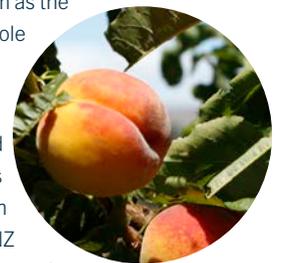
Summerfruit NZ team and board

In late 2021 and early 2022 there were changes to the Summerfruit team; Victoria Harris (Comms Advisor) and Anna Clark (Administrator) finished their roles at Summerfruit NZ with Anna going onto join Horticulture NZ's finance team. Anna also briefly returned to Summerfruit NZ on contract to administrate the 2022-23 export registration. I would like to thank Victoria and Anna for their contribution to the summerfruit industry. In late February 2022, the remaining Summerfruit NZ team in Wellington moved from their office to a shared co-worker space, resulting in further cost-savings for the industry. In February 2023, Raj Singh joined the team as the new Business Manager, replacing Andrea Crawford who moved into the role of Advisor – Special Projects. There are currently five fulltime SNZ staff, three in Wellington, one in Hawke's Bay and one in Central Otago.

Producer Member Trudi Webb's three-year term was up in mid-2022 and she was re-elected to the Board with no voting required, and she remains Vice-Chair. Producer Member Alex Huffadine was voted onto the Board in June 2021. Exporter Director Reece van der Velden was added to the SNZ board in August 2022, replacing Kevin Paulin. I would like to welcome Alex and Reece, and thank Kevin for his contribution to the Board during his tenure.

I would like to take the time to also thank the board and staff for their contribution, commitment and support in these challenging times. We have always tried to make our decisions through the eyes of our levy payers and for the good of all growers.

Roger Brownlie | Chair | May 2023



21 Summerfruit NZ Board



Roger Brownlie
Chair
Grower representative



Blair McLean
Grower representative



Craig Hall
Exporter representative



Trudi Webb
Vice chair
Grower representative



Alex Huffadine
Grower representative



Reece van der Velden
Exporter representative



Stewart Burns
Grower representative



Russell Faulkner
Exporter representative



Rob Hollier
Co-opted marketer

MESSAGE FROM THE CHIEF EXECUTIVE

Effective & efficient

In August 2022, at Summerfruit NZ's last Annual General Meeting (AGM), members voted to move the SNZ financial year balance date to 31 May, in order to meet the requirements of the Incorporated Society Act 2022. The new Act requires AGMs to be held within six months of the financial balance date, so we therefore needed to move SNZ's balance date to avoid holding future AGMs during the harvest season.

The benefit of this approach is that future Annual Reports and AGMs will cover a more recent time period – whereas this Annual Report covers the financial period that finished nearly nine months ago: 1 September 2021 to 31 August 2022.

Roger Brownlie has covered much of SNZ's operational context in his Chair's report, so I won't repeat those topics here. To summarise though, I'd like to emphasise that all product groups are required to carry out a very similar range of functions, which include meeting all the requirements of running Incorporated Societies, delivering portfolio areas of research and development, biosecurity, tech transfer, communications, market access and export registration, finance and administration, and delivering services and information to benefit our respective sectors. One of Summerfruit NZ's strategic objectives is to operate effectively and seek co-funding opportunities with like-minded organisations in horticulture and beyond, to deliver further benefits from grower levy investment. The Board and I are working on approaches to

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Kate Hellstrom
Chief executive

...the Board is in the process of making decisions on a much-needed upgrade of our industry data collection and reporting functionality.

I hope that, in future, an upgraded portal will provide much more detailed and aggregated reporting of industry information, so we are better prepared to support the sector when the next adverse event inevitably occurs.

partner more closely with other product groups where our operational functions overlap and our needs are aligned. The timing is right, as many horticultural product groups are going through a similar process to SNZ's and grappling with similar challenges around how to deliver our work programmes efficiently and effectively.

Financial performance

Summerfruit NZ reported a surplus of \$383,271 in the 2021-22 financial year, following on from a \$336,524 surplus for the previous financial year (2020-21). The 2021-22 surplus was due to a number of factors, including: the Board's decision to limit spending to manage the fiscal risk of Covid-19 related impacts; a reduction in the size of the Summerfruit NZ team and related overheads such as a fixed office space; and the levy income being higher than anticipated due to buoyant pricing. Overall, at the end of the financial year in August 2022, Summerfruit NZ had total equity of \$1,771,627, representing 134% of our total operating expenses that year.

Summerfruit NZ does not intend to increase our equity held in reserves more than necessary to ensure our ongoing financial viability. As I write this report in mid-2023, the Board is in the process of making decisions on a much-needed upgrade of our industry data collection and reporting functionality. This is an issue we have been speaking to our members about for some time, and is becoming more urgent than ever to address. For example, in the weeks following Cyclone Gabrielle, Summerfruit NZ, along with all other product groups, was asked to provide data to Government at a very detailed level to help support the recovery of the horticulture industry. In order to provide this information, we had to request data from growers at a time when they were under huge pressure and focusing on their own recovery. I hope that, in future, an upgraded portal will provide much more detailed and aggregated reporting of industry information, so we are better prepared to support the sector when the next adverse event inevitably occurs.

Research & development

Towards the later part of 2021 Summerfruit NZ initiated a review and refresh of the research strategy. Workshops in the Hawkes Bay and Central Otago were organised to engage with a consultative group of growers, research, and industry personnel. Summerfruit NZ appointed Dr Sally Anderson from Market Access Solutionz to facilitate these workshops, and to develop a refreshed R&D strategy, and to contract as R&D Manager to Summerfruit NZ on a part-time basis. The workshops presented an opportunity for a wide-ranging discussion of the key issues, to understand what is challenging for growers, and where Summerfruit NZ might assist through R&D activities.

A new series of research pillars were created to capture these key issues and prioritise future research initiatives. These research pillars centre on three main themes, Environment, Orchard Management, and Crop Protection and an 'Other' category to capture issues not directly related to the three pillars.

Environment	Orchard management	Crop protection	Other
<ul style="list-style-type: none"> • Water use and availability. Climate change • Compliance and licence to operate • Soil health and crop nutrition • C-footprinting 	<ul style="list-style-type: none"> • Automation and future orchard production systems • Crop load management • FOPS/UFO • Thinning • Rootstocks 	<ul style="list-style-type: none"> • Agrichemicals - loss of actives • New chemistry and control tools (chemical/biological/cultural) • Resistance management • Pest and disease prediction models 	<ul style="list-style-type: none"> • Biosecurity - offshore risks • Market access • Fruit quality - modified storage



Summerfruit NZ continues to develop workstreams and activities under each of the pillars and is driving the search for new crop protection tools through its investment in the pan-sector A-Lighter-Touch programme.



From September 2021 to August 2022 this framework has been adopted and used to plan a programme of short-, medium- and long-term R&D activities. To the end of August 2022, the following activities have been completed or are now underway:

- Residue trial work through the A Lighter Touch programme to support the development of a Tech Note for the off-label use of Movento.
- Daily weather and disease reports available via the HortPlus MetWatch platform.
- Cherry botrytis disease risk model added to the weather and disease portal.
- The online Summergreen manual has been reviewed and updated. New and updated images of the pests and diseases, and the symptoms they cause have been added. All the agrichemical information in the manual has also been reviewed and updated to the latest information.

- Within the A Lighter Touch programme Summerfruit NZ has initiated a 2-year understory planting project in Central Otago to enhance orchard biodiversity and improve weed management.

Summerfruit NZ continues to develop workstreams and activities under each of the pillars and is driving the search for new crop protection tools through its investment in the pan-sector A-Lighter-Touch programme.

Board and team

As Roger Brownlie mentioned in his Chair’s report, there were a number of changes to the Summerfruit NZ team during the 2021-22 period, and efficiencies have been introduced to the way the team works. With two staff members finishing with Summerfruit NZ in late 2021 / early 2022, we had the opportunity to focus on contracting services from Market Access Solutionz, HortNZ, NZAPI, and a virtual assistance company called Strictly Savvy, who now do our bookkeeping and other

administrative tasks. The team has moved from our offices on Featherston Street, and we now work from a shared working space called Generator in central Wellington. We have also focused on travelling to our growing regions more frequently to hold grower meetings and engage more closely with the sector, which became possible again after Covid-19 lockdowns ceased.

Roger Brownlie (Chair), Trudi Webb (Vice-Chair) and the rest of the Board continue to provide governance oversight and to bring their expertise and industry knowledge to enhance and steer the strategic direction of SNZ. This approach strengthens us as an industry and helps SNZ to deliver on our vision for the industry: “Quality summerfruit produced by a successful, confident New Zealand summerfruit industry.”

I’d like to warmly thank the Board and the SNZ team for all their contributions, commitment and support during the past year, and to all the growers, exporters and businesses that continue to engage with us. We are focused on meeting summerfruit growers’ needs and are here to help enable the ongoing success of a confident summerfruit industry.

And finally, my thoughts remain with the growers and their families and the wider community in Hawke’s Bay who have recently been so devastatingly impacted by Cyclone Gabrielle. Your courage, resilience, and the way that you have supported each other has been outstanding, and Summerfruit NZ will continue to do everything we can to support you during the long recovery ahead.

Kate Hellstrom | Chief executive | May 2023

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BIOSECURITY REPORT 2021-21

Biosecurity partnership

SNZ's biosecurity manual contains information specific to the New Zealand summerfruit industry, and is available on our website.



During 2021-22 Summerfruit New Zealand (SNZ) continued to ensure better biosecurity outcomes for our members through our partnership with the Government and other primary sectors in the Government Industry Agreement (GIA) for Biosecurity Readiness and Response.

Under GIA we have continued to work directly with Biosecurity New Zealand to directly address issues of importance to our growers. We have also played our part in a wide range of pan-sector work, where we work in close partnership with the Crown and other sectors on shared pests and diseases.

Biosecurity is everyone's responsibility, and that includes the implementation of good on-orchard biosecurity practices. SNZ's biosecurity manual contains information specific to the New Zealand summerfruit industry, and is available on our website. It describes the relevant biosecurity guidelines and principles to assist you in protecting your orchard from the introduction and spread of exotic organisms.

Fruit Fly operational agreement

In September 2022, the renewed Fruit Fly Operational Agreement (FFOA) was signed by Government and eight of New Zealand's largest horticulture industry groups including Summerfruit NZ. All partners endorsed the success of the FFOA and committed to continuing to work together under GIA.

Fruit flies continue to be one of the biggest biosecurity threats facing horticulture. An unmanaged fruit fly incursion would cost the

horticulture industry billions of dollars, and would have significant negative impacts on the economy, the community and NZ's trade relationships. By working together under GIA, Government and affected industries have achieved far more than would have been possible working in isolation of each other. By harnessing the collective strengths and experiences of all the affected horticulture sectors, along with the national responsibilities of the Government we have created a strong, cohesive partnership that is delivering excellent outcomes for all New Zealanders

The Agreement provides for shared biosecurity readiness activities across all fruit fly species, and for response activities it covers responses and allocates cost shares for the three species of Fruit Fly expected to have the broadest impact should they establish in New Zealand (Queensland Fruit Fly, Mediterranean Fruit Fly, Oriental fruit fly). The agreement provides the flexibility to enable response activities to get underway rapidly if flies are found, irrespective of the species and impacted horticultural sectors.

Brown Marmorated Stink Bug Council

The GIA Brown Marmorated Stink Bug (BMSB) Operational Agreement finished its five-year term at the end of July 2022, and an extension has been arranged while the industry signatories and Government work through the details in an updated version of the Operational Agreement. At time of writing, the signing of the new agreement is imminent.

As a member of the Brown Marmorated Stink Bug (BMSB) Council, a broad ranging work programme is underway. SNZ has contributed to projects to better understand the biology and behaviour of BMSB:

- the use of netting against BMSB
- progressing a variety of work in relation to the use of Samurai wasp as a BMSB management tool
- the ongoing BMSB awareness campaign
- a new BMSB surveillance programme pilot.

By harnessing the collective strengths and experiences of all the affected horticulture sectors, along with the national responsibilities of the Government we have created a strong, cohesive partnership...



Samurai wasp

snap it



Xylella fastidiosa 2022 operational agreement

In September 2022, Summerfruit NZ became a signatory to the GIA Operational Agreement for the plant pathogen *Xylella fastidiosa* (Readiness), along with the citrus and wine industries. Xylella is one of SNZ's high priority diseases and there are a number of pests from this family of insects that are a threat to our sector. This OA covers an agreed cost-shared programme for readiness activities to prevent an incursion of Xylella occurring in our growing regions.

Fall Armyworm 2022 response operational agreement

Summerfruit NZ was a signatory to the now-closed response to Fall Armyworm in 2022. The impact of FAW on the summerfruit industry was assessed as being very minor and we participated in this response mainly in an observer capacity.

GIA governance

SNZ participates in the twice-yearly Deed Governance Group meetings of all GIA partners, where the stewardship of GIA is managed, along with consideration of biosecurity issues that impact on all partners.

Of importance to all GIA partners has been consideration of the ongoing review of the Biosecurity legislation and the five-year review of the GIA Deed – GIA's foundation document.

Plant Biosecurity Council

SNZ has continued to play its part in the governance of the GIA partnership. We participate in the Plant Biosecurity Council – a pan-GIA forum for the consideration of biosecurity issues that impact across the horticultural sectors.



catch it



report it

Items to include in your bio security kit



Container

Biosecurity protocol

Clean gumboots

Clean water

Documentation

Disinfectant



Scrubbing brush



Biosecurity is everyone's responsibility, and that includes the implementation of good on-orchard biosecurity practices.

Independent auditor's report on the financial statements to the board of Summerfruit NZ

Opinion

We have audited the financial statements of Summerfruit New Zealand Incorporated ("the Society"), which comprise the statement of financial position as at 31 August 2022, and the statement of financial performance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Society for the year ended 31 August 2022 are prepared, in all material respects, in accordance with the accounting policies specified in Note 1 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the society.

Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the society's members, as a body. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the society and the society's members, as a body, and should not be distributed to or used by parties other than

the society or the society's members. Our opinion is not modified in respect of this.

Other information

The board is responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board's responsibilities for the financial statements

The board is responsible for the preparation of the financial statements in accordance with the accounting policies specified in Note 1 to the financial statements and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the board either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.

- Conclude on the appropriateness of the use of the going concern basis of accounting by the board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

We communicate with the board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we report to

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Wellington Audit Limited

BDO Wellington Audit Limited

Wellington

New Zealand

27 March 2023

Profit and loss

For the year ended 31 August 2022

	2022	2021
Income		
Admin & finance	13,132	0
Commodity levy	1,369,420	1,251,009
Conference/AGM	0	152,456
Export & compliance	200,668	185,730
R&D income/grants	2,219	39,748
Other income		
Mack Nicol contribution SEC	0	1,500
Magazine advertising	0	5,285
NZ market resources	0	42
Publications/pest books/trap books	210	230
Seasonal co-ordinator role	97,867	95,000
Travel - income	326	0
Wallchart advertising	2,250	0
Total other income	100,653	102,057
Interest received	18,803	11,039
Total income	1,704,896	1,742,039
Gross profit	1,704,896	1,742,039
Less operating expenses		
Administration expenses	820,781	879,829
Agrichemicals	27,862	27,662
Board expenses	42,670	41,341
Conference	(1,126)	97,989
Research & development	279,955	249,204
Export	128,616	114,463
Compliance	28,231	28,897
Total less operating expenses	1,326,989	1,439,384
Net profit before taxation	377,906	302,654
Non-operating expenses		
Provision for tax	(5,365)	(33,870)
Total non-operating expenses	(5,365)	(33,870)
Net profit for the year	383,271	336,524

Movements in equity

For the year ended 31 August 2022

	2022	2021
Equity		
Opening Balance	1,388,416	1,052,235
Surplus and Revaluations		
Net Surplus After Tax	383,271	336,524
Total Surplus and Revaluations	383,271	336,524
Other Movements		
Conference Reserves	(60)	(344)
Total Other Movements	(60)	(344)
Total Equity	1,771,627	1,388,416

Balance sheet

As at 31 August 2022

	Notes	2022	2021
Assets			
Bank			
ANZ - current acc		407,894	105,093
ANZ - on-call acc		0	756
ANZ Bank - conference account		39,999	69,588
Total bank		447,893	175,438
Current assets			
Accounts receivable		4,813	30,522
GST		30,324	6,916
Investments	17	1,326,838	1,250,881
Accrued income		0	13,763
Accrued interest		7,694	4,059
Prepayments		49,135	11,337
Taxation	20	3,923	40,674
Total current assets		1,422,726	1,358,151
Non-current assets			
Plant, property and equipment	18	4,067	34,209
Intangible assets	19	7,437	14,303
Total non-current assets		11,505	48,512
Total assets		1,882,124	1,582,101
Liabilities			
Current liabilities			
Accounts payable		69,292	41,418
Accrued expenses		41,205	102,268
Receipts in advance		0	50,000
Total current liabilities		110,497	193,685
Total liabilities		110,497	193,685
Net assets		1,771,627	1,388,416
Equity			
Industry reserve fund		743,742	649,695
Operational reserves		1,027,885	738,660
Conference reserves		0	60
Total equity		1,771,627	1,388,416

Signed by

Chair:  Chief Executive: 

Date: 27 March 2023

Notes to the financial statements

For the year ended 31 August 2022

1. Statement of accounting policies

Summerfruit New Zealand Incorporated is an incorporated society registered under the Incorporated Societies Act 1908. These Financial Statements are special purpose financial statements and have been prepared in accordance with the Tax administration (Financial Statements) Order 2014.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical basis have been used.

2. Changes in accounting policies

All Accounting Policies have been applied on bases consistent with those used in previous years.

3. Comparative figures

The comparative financial period is 12 months.

4. Revenue recognition

Levy income is calculated based on sales value at the first point of sale during the financial year and recognised in the same period.

Interest income is recognised using the effective interest method.

All other income is recognised at the time that services are provided.

5. Fixed Assets and Depreciation

All fixed assets are recorded at cost less accumulated depreciation.

Depreciation of the assets has been calculated at the maximum rates permitted by the Income Tax Act 2007.

The entity has the following asset classes:

Computer Equipment. 40% - 50% Diminishing Value

Office Assets. 10% - 67% Diminishing Value

Assets purchased on or after 17 March 2020 costing less than \$5,000 have been fully depreciated at purchase as allowed by the IRD during the COVID-19 response. During the year, there was a change to the depreciation of fixed assets. The depreciation rate has changed to if an asset is less than \$1,000 it can be fully depreciated on purchase date. This came into effect from 16 March 2021.

6. Intangible assets and amortisation

The entity has the following classes of intangible assets:

Website and Secure Portal

All intangible assets are recorded at cost less accumulated amortisation. Amortisation is calculated at the maximum rates permitted by the Income Tax Act 2007. Website and Secure Portal is amortised at 48% diminishing value.

7. Goods and services tax

These financial statements have been prepared on a GST exclusive basis with the exception of Accounts Receivable and Accounts Payable.

Notes to the financial statements

For the year ended 31 August 2022

8. Income tax

Summerfruit New Zealand Incorporated is a non-profit body within the terms of the Income Tax Act 2007. All income derived other than interest is from Society members. Tax is payable on the interest received in excess of \$1,000.

9. Investments

Investments are carried at the lower of cost and net realisable value.

10. Receivables

Receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

11. Audit

These financial statements have been subject to audit, please refer to the Auditor's Report.

12. Contingent liabilities

At balance date there are no known contingent liabilities (2021: \$0). Summerfruit New Zealand Incorporated has not granted any securities in respect of liabilities payable by any other party whatsoever.

13. Securities and guarantees

There was no overdraft as at balance date nor was any facility arranged.

Summerfruit New Zealand Incorporated has four Visa credit cards with ANZ, with a combined limit of \$21,500.

14. Operating Commitments

	2022	2021
Research & development projects		
Current commitments	99,572	99,572
Term commitments	290,782	324,338
Total research & development projects	390,354	423,910

15. Events subsequent to balance date

There were no material changes subsequent to balance date that would affect the interpretation of the financial statements.

16. Capital expenditure commitments

As at balance date, there were no capital expenditure commitments outstanding (2021: nil).

17. Investments

	2022	2021
Term deposits	1,326,838	1,250,881
Total investments	1,326,838	1,250,881

Notes to the financial statements

For the year ended 31 August 2022

18. Fixed assets

	2022	2021
Computer equipment		
At cost	9,950	13,914
Plus additions	0	5,915
Less disposals	0	(202)
Less accumulated depreciation	(7,751)	(15,228)
Total computer equipment	2,199	4,399
Office equipment		
At cost	9,984	2,631
Plus additions	0	7,353
Less disposals	(868)	0
Less accumulated depreciation	(7,248)	(3,455)
Total office equipment	1,868	6,529
New office		
At cost	40,678	40,678
Plus additions	0	0
Less disposals	(23,282)	0
Less accumulated depreciation	(17,396)	(17,396)
Total new office	0	23,282
Total fixed assets	4,067	34,209

19. Intangible assets

	2022	2021
At cost	183,394	183,394
Plus additions	0	0
Less disposals	0	0
Less accumulated depreciation	(175,957)	(169,091)
Total intangible assets	7,437	14,303

Notes to the financial statements

For the year ended 31 August 2022

20. Taxation

	2022	2021
Current year taxable income		
Assessable interest and conference Income for the year	18,203	(30,862)
Less exemption	(1,000)	0
Prior year losses brought forward	(433,014)	(402,152)
Adjustment to prior year losses	301,797	0
Total current year taxable income	(114,015)	(433,014)
Current year tax provision		
Taxation provision applied thereon at 28%	0	0
RWT Paid	(3,923)	(3,765)
Taxable Income/(Refund) for the year	(3,923)	(3,765)

Summerfruit has \$114,015 losses to carry forward for the 2022 financial year. (2021: \$433,014). There has been an amendment to the tax losses brought forward from previous years which is reflected in the 2022 tax calculation.

21. Related parties

2022: There were no related party transactions during the year that are not disclosed separately in this report.

2021: There were no related party transactions during the year that are not disclosed separately in this report.

22. COVID-19

Covid-19-related labour shortages, caused by border closures leading to a lack of international backpackers, continued to have an impact on the summerfruit sector in the 2021-22 harvest season.

Covid-19 impacted SNZ's Commodity Levy income from the 2021-22 harvest season due to a shortage of international backpackers, which traditionally (pre-Covid-19) make up a large proportion (<60%) of the seasonal workforce. This impact was off-set by higher per/kg prices for fruit sold in the domestic market, so the 2021-22 commodity levy income was higher than was anticipated pre-season. The impacts of Covid-19, particularly on labour shortages and freight disruptions may continue to effect Summerfruit into the 2022-23 harvest season, however the extent of this is still unknown.

Covid-19-related sea- and air-freight disruption also had an effect on the industry's ability to export, but again, it's not possible to quantify any resulting earnings losses.

Due to the uncertainty around the impact of Covid-19, the Board and CEO reduced the forecast expenditure in the 2021-2022 budget. This included a cut to R&D expenditure, staff reductions (the team was reduced by 2 staff members), and limiting expenditure wherever possible in all budget lines. There are now only 4 employees in the Summerfruit NZ team.



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