



Summerfruit NZ

For the year ended 31 August 2021

Annual Report



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



CHAIR'S ANNUAL REPORT

Challenging times

The 2020–21 year was 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 New Zealanders could return home – if they managed to secure a spot in Managed Isolation and Quarantine (MIQ).



Many Recognised Seasonal Employer (RSE) scheme workers could not be repatriated due to their home countries closing their borders. The few remaining international backpackers in New Zealand slowly left the country, leaving a big gap in our seasonal workforce.

Addressing the labour shortage was a top priority for Summerfruit New Zealand (SNZ). Richard Palmer, interim chief executive from November 2019 to April 2021, set up a labour governance group to ensure the response to the labour shortage was well coordinated. This group consisted of representatives from SNZ, NZ Apples & Pears, Central Otago Winegrowers' Association, growers and employers, the Ministry of Social Development (MSD), the Ministry for Primary Industries (MPI), and the Central Otago District Council. The intention was for SNZ to oversee the response to the labour shortage in Central Otago, while NZ Apples & Pears would focus on the same issue for apples and summerfruit in Hawke's Bay and the surrounding districts in the North Island.

Roger Brownlie
Chair



Meanwhile, a horticulture and viticulture collective (the Chief Executive (CE) Collective) was established, consisting of chief executives from Horticulture New Zealand (HortNZ), SNZ, NZ Apples & Pears, NZ Winegrowers, NZ Kiwifruit Growers and NZ Ethical Employers. The CE Collective met regularly throughout the year with Ministers and government officials, and was a consistent and collaborative voice for the industry.

The CE Collective put a great deal of work into ensuring the RSE scheme could continue under lockdown and that RSE workers could continue to be repatriated home. If repatriation was not successful, alternative work was found for RSEs in other districts.

The CE Collective also supported SNZ when we established and sought co-funding for a labour co-ordinator role in Central Otago. Tracey Mansfield was employed into this role in December 2020. MSD further developed its Work the Seasons website to match seasonal jobseekers with jobs listed by employers. SNZ also developed the Handpicked Crew campaign to provide a vehicle to direct the general public and employers to the Work the Seasons website for seasonal employment. I would like to thank all those who worked in the labour space for their hard work. It was not an easy time.

Independent review

In mid-2020, SNZ completed an independent industry review, *Becoming Fit for Purpose in an Uncertain World*, to examine how the summerfruit industry should adapt to the changing context in which it operates. The review called for more alignment and collaboration within the summerfruit sector and across the product groups.

I believe SNZ has made enormous progress in this area. The collaboration between product groups, wider industry and government during the 2020–21 year has shown that there is strength in numbers, and this collaborative style of working gets the best results for growers and exporters.



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Export

With the 2020–21 export season looming, it became evident that the summerfruit industry was faced with the challenge of exporting fruit with few to no planes flying in and out of New Zealand. SNZ worked closely with officials from the Ministry of Transport and MPI to help provide advice about the size and value of the export summerfruit sector. This advice supported the Cabinet decision to establish the Maintaining International Air Connectivity (MIAC) scheme. 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 its hard work on these challenges.

R&D

In the research and development (R&D) space, with limited funds due to Covid-19 budget cutbacks, Jack Hughes, SNZ's R&D manager, looked at our residue management programme and what new agrichemical projects could be progressed. SNZ intended to progress this work within the A Lighter Touch programme, which we had not yet signed up to in 2020–21.

In the meantime, SNZ continued to collect spray diary data to support the residue management programme. Some spray diaries are simply entries within a farm diary, making extrapolation time consuming and difficult. Richard Mills, SNZ's technical advisor, has been encouraging conversion to electronic diaries to reduce collation effort. Jack Hughes' contract with SNZ finished at the end of August 2021; I thank Jack for his important contribution to the sector.

SNZ worked closely with officials from the Ministry of Transport and MPI to help provide advice about the size and value of the export summerfruit sector. This advice supported the Cabinet decision to establish the Maintaining International Air Connectivity (MIAC) scheme.





The conference was very well-organised with insightful content shared over the three days.

Richard Palmer and Andrea Crawford, SNZ’s business manager, worked to progress the evaluation programme of new apricot varieties (formally known as Apricot Co, now called NZ Summer Fresh). They held discussions with Plant & Food Research on the draft terms of the Master Licence agreement for the apricot varieties intended for commercialisation. They also agreed on breeders’ royalties for the first varieties in the draft agreement. This work has continued into the 2021–22 financial year.

In other changes to the SNZ team, Carolena Swaneveld (business support), and Juan Rosales (biosecurity manager) both finished their roles in late 2020. I would like to thank them for their contribution to the summerfruit industry.

Exporter Directors Kevin Paulin and Russell Faulkner were added to the SNZ Board at the 2020 Annual General Meeting (AGM), replacing Tracey Burns and Tjeerd Smilde. We welcome Kevin and Russell and thank Tracey and Tjeerd for their contribution to the board during their tenure.

Richard Palmer, as interim SNZ chief executive, left us in April 2021 after a massive contribution over 18 months. On behalf of the Board, I would like to say a big thank you to Richard for his leadership over these turbulent times. Richard, you have left us in a better position to tackle the uncertain future.

SNZ welcomed Kate Hellstrom as the new chief executive in April 2021. Kate was quickly thrown into organising the Napier conference and learning about the industry, which was a very steep learning curve yet Kate was up for the challenge. The conference was very well-organised with insightful content shared over the three days. Grower attendance was lower than expected, but the conference was valuable for those who attended.

Lastly, Tim Jones stepped down as chair with an impressive tenure of 13 years on the Board, four years as vice chair and five years as chair. Tim’s achievements over the past five years include:

- Cherry production logistics
- Biosecurity levy
- MPI biosecurity response for malus and prunus
- Levy renewal
- Industry review
- Induction of interim and new chief executives
- Navigating the Covid-19 pandemic
- Addressing the labour crisis
- Apricot Co Interim Board

Tim has been instrumental in creating positive change in the summerfruit industry, while juggling a growing business of his own. An immense effort Tim, as the challenges came thick and fast. On behalf of SNZ, growers and the Board, I would like to express a very big thank you for all that you have achieved Tim, within the industry. We have learnt a great deal on our journey and we wish you well.

I would also like to take the time to thank the Board and staff for their contribution in these times. It has not been easy, but our work together has strengthened us with great learnings for the future.

Roger Brownlie | Chair



On behalf of SNZ, growers and the Board, I would like to express a very big thank you for all that you have achieved Tim, within the industry.

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21

Summerfruit NZ Board



Board left to right: **Russell Faulkner** Exporter representative, **Craig Hall** Exporter representative, **Trudi Webb** Vice Chair Grower representative, **Alex Huffadine** Grower representative, **Rob Hollier** Co-opted marketer, **Stewart Burns** Grower representative.
Seated **Blair McLean** Grower representative, **Roger Brownlie** Chair Grower representative.
In absentia **Kevin Paulin** Exporter representative.

MESSAGE FROM THE CHIEF EXECUTIVE

Labour & logistics



When I joined Summerfruit New Zealand (SNZ) in April 2021, the summerfruit industry was facing several very significant and unprecedented challenges. Covid-19 lockdowns and border closures had disrupted the supply chain and caused a severe seasonal labour shortage. Rain in the new year had devastated the cherry crop and some of the apricot crop. Summerfruit growers and exporters had struggled to harvest and export enough of their fruit to successfully get through the 2020–21 season, and the SNZ team was working very hard to respond in any way it could.

I am grateful to Richard Palmer, outgoing interim chief executive, for providing me with a comprehensive handover to ensure continuity of leadership. I am also grateful to the SNZ team for all its support while I got up to speed in my role.

During 2020–21, SNZ was focusing on two top priorities: labour and logistics. Our work on labour included both a national and regional focus to attract and retain workers. The logistics workstream involved looking at the capacity of critical airfreight and working with government agencies to ensure the best options were available.

Labour

At the national level, SNZ focused on raising awareness about the seasonal workforce shortage and working with Ministers and government officials on appropriate policy settings. The Ministry for Primary Industries' Opportunity Grows Here campaign supported the sector by helping to attract more New Zealanders into seasonal work.

Kate Hellstrom
Chief executive



The SNZ team met with university career managers, the NZ Motor Caravan Association and the NZ International Students' Association to encourage people from different age groups and backgrounds to consider seasonal work.



Richard Palmer helped to establish the horticulture and viticulture collective (the Chief Executive (CE) Collective), which worked with Ministers and government officials on restarting the Recognised Seasonal Employer (RSE) scheme while the country remained in lockdown. The CE Collective also worked with the Ministry of Social Development and provided input into incentives for moving New Zealanders into seasonal work, including suggestions on improvements to the New Zealand Seasonal Work Scheme.

To support the response to the seasonal workforce shortage, Tracey Mansfield was employed as a labour coordinator by SNZ in late 2020, with funding support from a range of government and industry stakeholders. Tracey worked with employers, product groups and government representatives to help coordinate the regional response to the labour shortage. This effort resulted in a large number of New Zealanders turning up to work in the 2020–21 harvest. Overall, the summerfruit sector employed significantly more New Zealanders, particularly students, than in past years. Backpackers also continued to be an important and productive cohort, and we look forward to welcoming them back as the New Zealand border reopens to all nationalities.

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Export

Covid-19 and closed borders meant that very few airlines were operating during 2020–21, threatening the export sector. Exporters cooperated to fill large air freighters able to take up to 100 tonnes of fruit, which required the consolidation and marshalling at facilities designed for much smaller volumes. SNZ worked on policy options with

the Ministry for Primary Industries (MPI) and the Ministry of Transport, resulting in advice that supported the International Air Freight Capacity scheme. This scheme was aimed at ensuring ongoing air connectivity between New Zealand and the rest of the world.

Ultimately, only 2,500 tonnes of cherries were exported, partly due to labour and logistics challenges but also due to the New Year rain event. Cherry sales were particularly challenged in China by reports (proven false) of the detection of Covid-19 on imported cherry packaging. With MPI's support, we issued a public statement clarifying the safety of New Zealand cherries and our Covid-free status.

Market

Fruit quality was well received in the market through to early January 2021 before rain affected fruit arrived with mixed results. Overall, returns to growers were satisfactory considering the challenges of the season.

Apricot Co

The SNZ team continued to focus on making progress with the commercialisation of the Nzsummer apricot varieties. Growers of the Nzsummer varieties agreed to progress the commercialisation under a cooperative structure. Work continued with Plant & Food Research to progress the Master Licence.

R & D

The SNZ Board decided to limit the research and development (R&D) budget during the initial phase of the 2020 lockdown, due to the uncertainty about the viability of the harvest season ahead. SNZ focused on a specific project on insecticides for summerfruit and aimed towards joining the A Lighter Touch programme.

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Industry review

During 2020–21 SNZ commenced the transition expected from the industry review. The review called for us to better align and collaborate across the product groups, and to downsize the team and look for efficiencies wherever possible.

Covid-19 emerged on the scene not long after the conclusion of the industry review. The pandemic itself has required SNZ to work much more closely with others. This collaboration has been crucial – no product group could manage on its own in this complex environment.

In late 2020, the SNZ team became smaller with the departures of Juan Rosales and Carolena Swaneveld. The subsequent departures in late 2021 and early 2022 of Anna Clark and Victoria Harris downsized the team even further. The remaining Wellington-based SNZ team – myself and Andrea Crawford – moved out of the Featherston Street office in February 2022 and adopted a mixed model of remote working and using a shared co-worker space in central Wellington.

The SNZ team is now very small and operating extremely efficiently, in fact, perhaps the pendulum has swung too far. Close collaboration with Horticulture New Zealand and other product groups is critical to the success of this approach.

Financial performance

Summerfruit NZ reported a \$336,524 surplus in the 2020–21 financial year, contrasting with a \$215,535 deficit for the previous financial year (2019–20). The 2020–21 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; and levy income being higher than was initially forecast when Covid-19 first emerged as a risk. Overall, at the end of the financial year in August 2021, Summerfruit NZ had total equity of \$1,388,416, representing 96 percent of our total operating expenses that year.



The pandemic itself has required SNZ to work much more closely with others. This collaboration has been crucial – no product group could manage on its own in this complex environment.

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-2022, we are preparing to talk with our members about a much-needed upgrade of our industry data collection and reporting functionality. Over the past few years, Summerfruit NZ, like all other product groups, has received more frequent and specific data requests from government and other stakeholders, at a more detailed level than we can currently provide. In order to provide this information, we have often had to request data from growers via surveys, which is an inconvenient way to collect data and is not particularly accurate. We are looking at better ways to collect data and we will be consulting with the sector during the coming months.

Board and team

Tim Jones retired as chair not long after I started in my role. Roger Brownlie became chair and Trudi Webb became vice chair at the 2021 Annual General Meeting. Tim had provided invaluable support to Richard Palmer and the team during his tenure, and I was fortunate to work with him for a short time. The SNZ Board supports the sector very well with its advice, perspectives and expertise. Its contribution to the industry is greatly appreciated by the team.

Lastly, thanks to the SNZ team, including those who have now finished working with us. Andrea, Richard, Tracey, Anna and Victoria all went above and beyond the call of duty to ensure we did everything we could to support the industry during these challenging times.

Kate Hellstrom | Chief executive

We are looking at better ways to collect data and we will be consulting with the sector during the coming months.



BIOSECURITY REPORT 2021-21

Biosecurity partnership

Under GIA we have continued to work directly with Biosecurity New Zealand to address issues of importance to our growers.



During 2020–21 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.

The GIA continues to develop and in 2020–21 included 23 members, representing the New Zealand government and 22 separate primary sectors – covering the vast bulk of New Zealand’s major primary sectors.

Biosecurity is everyone’s responsibility, and that includes the implementation of good on-orchard biosecurity practices. It describes the relevant biosecurity guidelines and principles to assist you in protecting your orchard from the introduction and spread of exotic organisms.

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

Fruit Fly Council and Operational Agreement

As a member of the Fruit Fly Council, SNZ participated in a review of the Council’s ongoing work programme. This has seen innovative projects covering areas such as:

- combining fruit fly lures
- investigating alternative chemicals for use in a response
- reviewing fruit fly risks across the biosecurity system
- the development of automated fruit fly traps
- the use of isotope testing
- reviewing the outcomes of the Auckland fruit fly response in 2019.

The Fruit Fly Operational Agreement (FFOA) was due to expire at the end of June 2021, and we participated in a process to review the agreement. All partners endorsed the success of the FFOA and committed to continuing to work together under GIA. During the negotiation process, all FFOA members agreed to an extension of the agreement to the end of June 2022, to allow the additional time needed to conclude the negotiations.



Brown marmorated stink bug (BMSB)

Brown Marmorated Stink Bug Council

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.

The GIA BMSB Operational Agreement finishes its five-year term at the end of July 2022, so there will be a similar negotiation process as for the FFOA.

...three pests and pathogens as being specific and of high priority to the summerfruit crop.



European cherry fruit fly



Peach twig borer



Plum pox virus

Xylella fastidiosa activity

SNZ has identified the diseases caused by *Xylella fastidiosa* infection as one of the high priorities under its biosecurity strategy. SNZ has supported the development of operational specifications for the plant pathogen *Xylella fastidiosa*. We have been involved in preliminary work involved in an upcoming pan-sector approach to Lepidoptera readiness. There are a number of pests from this family of insects that are a threat to our sector.

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.

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.

During the course of the 2020–21 year, GIA’s corporate function (i.e., the GIA Secretariat) moved from direct MPI administrative oversight to become a stand-alone function, under the auspices of GIA Operations Limited, the co-operative company owned by GIA partners to run the administrative affairs of GIA (SNZ was a foundation shareholder of GIA Operations Limited).

Industry partners are now directly funding the administration of GIA on a cost share basis with the Crown.

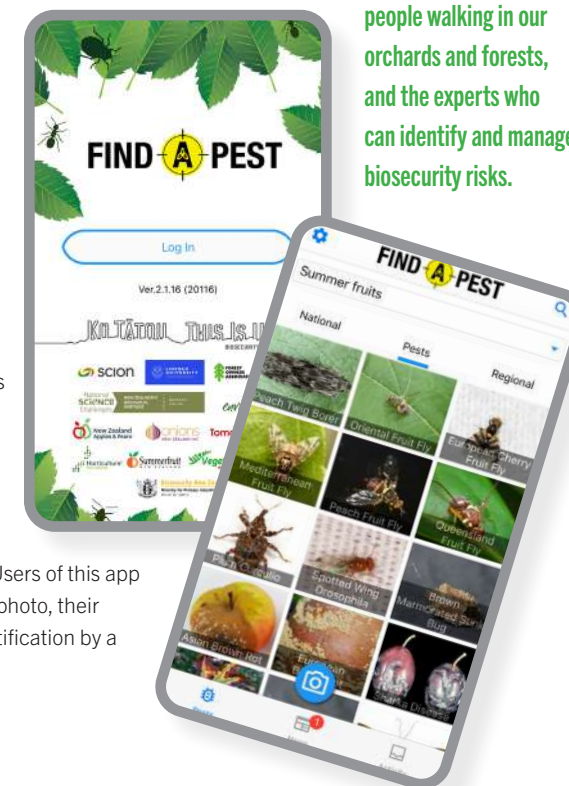
Summerfruit Operational Agreement

SNZ completed a risk analysis that identified three pests and pathogens as being specific and of high priority to the summerfruit crop. These pests and pathogens, which are not present currently in New Zealand, are the plum pox virus, European cherry fruit fly, and peach twig borer. The next step is to discuss the need for creating an Operational Agreement for summerfruit to address readiness activities on these pests.

Find-A-Pest App

The ‘Find-A-Pest’ smartphone app was developed during 2020–21. The ‘Find-A-Pest’ app includes all high priority pests provided by SNZ and other industries. Along with SNZ, the app has been supported by the government, Horticulture New Zealand and other product groups.

This app is a Scion and Lincoln University-led project, which provides a direct line between the people walking in our orchards and forests, and the experts who can identify and manage biosecurity risks. It is a great tool for primary industry employees to use to report pests and diseases. Users of this app can report biosecurity threats with a photo, their comments and GPS location for identification by a community of experts.



(Find-a-pest) is a Scion and Lincoln University-led project, which provides a direct line between the people walking in our orchards and forests, and the experts who can identify and manage biosecurity risks.

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 2021, 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 2021 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
10 January 2022

Profit and loss

For the year ended 31 August 2021

	2021	2020
Income		
Commodity levy	1,251,009	1,262,523
Conference/AGM	152,456	0
Export & compliance	185,730	140,081
R&D income/grants	39,748	0
Other income		
Grants received	0	24,000
Mack Nicol contribution SEC	1,500	0
Magazine advertising	5,285	2,980
NZ market resources	42	0
Publications/pest books/trap books	230	163
Seasonal co-ordinator role	95,000	0
Wallchart advertising	0	2,500
Total other income	102,057	29,643
Interest received	11,039	22,990
Total income	1,742,039	1,455,238
Gross profit	1,742,039	1,455,238
Less operating expenses		
Administration expenses	878,133	913,994
Board expenses	41,341	107,693
Conference	99,685	24,922
Research & development	249,204	310,904
Export	142,125	194,068
Compliance	28,897	113,035
Total less operating expenses	1,439,384	1,664,615
Net profit before taxation	302,654	(209,378)
Non-operating expenses		
Provision for tax	(33,870)	6,157
Total non-operating expenses	(33,870)	6,157
Net profit for the year	336,524	(215,535)

Movements in equity

For the year ended 31 August 2021

	2021	2020
Equity		
Opening balance	1,052,235	1,267,736
Surplus and revaluations		
Net surplus after tax	336,524	(215,535)
Total surplus and revaluations	336,524	(215,535)
Other movements		
Conference reserves	(344)	34
Total other movements	(344)	34
Total equity	1,388,416	1,052,235

Balance sheet

As at 31 August 2021

	Notes	2021	2020
Assets			
Bank			
ANZ - current acc		105,093	179,332
ANZ - on-call acc		756	869
ANZ Bank - conference account		69,588	4,606
Total bank		175,438	184,807
Current assets			
Accounts receivable		30,522	23,931
Less allowance for doubtful debts		0	(18,498)
GST		6,916	15,771
Investments	17	1,250,881	871,467
Accrued income		13,763	30,890
Accrued interest		4,059	6,467
Prepayments		11,337	11,295
Taxation	20	40,674	3,039
Total current assets		1,358,151	944,362
Non-current assets			
Plant, property and equipment	18	34,209	27,789
Intangible assets	19	14,303	27,505
Total non-current assets		48,512	55,294
Total Assets		1,582,101	1,184,463
Liabilities			
Current liabilities			
Accounts payable		41,418	64,881
Accrued expenses		102,268	67,348
Receipts in advance		50,000	0
Total current liabilities		193,685	132,229
Total liabilities		193,685	132,229
Net assets		1,388,416	1,052,234
Equity			
Industry reserve fund		649,695	649,695
Operational reserves		738,660	402,135
Conference reserves		60	404
Total equity		1,388,416	1,052,234

Signed by

Chair:  Chief Executive: 

Date: 10 January 2022

Notes to the financial statements

For the year ended 31 August 2021

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 2021

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 (2020: \$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

	2021	2020
Research & development projects		
Current commitments	99,572	0
Term commitments	324,338	0
Total research & development projects	423,910	0

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 (2020: Nil).

17. Investments

	2021	2020
Term deposits	1,250,881	871,467
Total investments	1,250,881	871,467

Notes to the financial statements

For the year ended 31 August 2021

18. Fixed assets

	2021	2020
Computer equipment		
At cost	13,914	9,879
Plus additions	5,915	4,035
Less disposals	(202)	(97)
Less accumulated depreciation	(15,228)	(13,615)
Total computer equipment	4,399	202
Office equipment		
At cost	2,631	2,631
Plus additions	7,353	0
Less accumulated depreciation	(3,455)	(1,598)
Total office equipment	6,529	1,033
New office		
At cost	40,678	40,678
Plus additions	0	0
Less accumulated depreciation	(17,396)	(14,124)
Total new office	23,282	26,554
Total fixed assets	34,209	27,789
19. Intangible assets		
At cost	183,394	183,394
Plus additions	0	0
Less disposals	0	0
Less accumulated depreciation	(169,091)	(155,889)
Total intangible assets	14,303	27,505

Notes to the financial statements

For the year ended 31 August 2021

20. Taxation

	2021	2020
Current year taxable income		
Assessable interest and conference		
Income for the year	(30,862)	22,990
Less exemption	0	(1,000)
Prior year losses brought forward	(402,152)	(228,505)
Total current year taxable income	(433,013)	(206,515)
Current year tax provision		
Taxation provision applied thereon at 28%	0	6,157
RWT paid	(3,765)	(8,294)
Income tax refunded	0	0
Taxable income/(refund) for the year	(3,765)	(2,137)
Prior years tax balance brought forward	(3,039)	(902)
Tax adjustment	(36,909)	0
Total	(40,674)	(3,039)
Income tax payable/(refundable)	(40,674)	(3,039)

Summerfruit has \$433,013 in deductible carry forward losses (2020: \$402,152).

21. Related parties

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

2020: There were no related party transactions during the year that are not disclosed separately in this report.

22. COVID-19

Covid-19 impacted SNZ's Commodity Levy income from the 2020-21 harvest season due to a shortage of international backpackers, which traditionally (pre-Covid-19) make up a large proportion (<60%) of the seasonal workforce. The bad weather event in early January 2021 also affected the harvest/yield/Commodity Levy income, so it's not possible to quantify the potential losses caused by the Covid-19 lockdown. 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.

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



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