



Chairman's Report

Summerfruit NZ AGM 9 June 2021

As growers we become accustomed to the unexpected and the adverse, in the annual cycle of growing our very specialist, perishable and high value food products and marketing these around the world. This is not a vocation for the fainthearted, however this 2021 season will be remembered as one of the most difficult to cope with in recent times.

Circumstances outside our control including the volatile weather events in spring and summer, and the challenges of simply delivering fruit to global markets this year have been hard enough. The factors of rapidly rising wage costs, (minimum wage has increased 27% in last 4 years) and reduced productivity and availability of seasonal staff during our seasonal work peaks are now also threatening our business sustainability and survival.

It is clear we need to continue to adapt and change in order to survive and thrive in the brave new world that we are facing. Change is usually expensive, uncomfortable and comes with mistakes.

How will our new apricot varieties and grower co operative help us to change and regain profitability as Summerfruit growers in the next 3 to 5 years?

Simply put, we need to earn more than we spend, whatever our business model. In the face of rising costs, we must increase the grower returns for our fruit. We can achieve this by growing more volume of fruit, selling at a higher price, or preferably both. The one constant requirement for success however, is a happy customer.

The potential success attributes of our new apricots include:

- High taste, sweetness and flavour profiles, which will significantly lift appeal to customers in a wide range of South East Asian markets and consumers, in addition to our traditional Australian, Middle East and USA markets.
- The later harvest timing matches a period with little competitive supply from other Southern Hemisphere producers.
- The lower fruit ethylene levels which reduce the perishability risk of the fruit. These apricots have a crisper and quite juicy texture, with higher sweetness and flavour. Their ability to maintain firmness and remain ready for harvest on the tree much longer than standard varieties will help mitigate staff supply issues during harvest.
- Subject to trial work outcomes, a longer and more robust fruit storage life will help reduce wastage at retail and enable lower cost freight to markets.

Summary of ACIB progress to date:

- Apricots to Asia project undertaken to establish storage life and to validate harvest maturity timing.
- Engagement with NZTE for market opportunity assessments for new export markets.

- Grower orchard walks held in Alexandra and Hastings.
- Grower tree orders placed for planting 2022.
- Grower meeting held in Alexandra on 30 March has approved formation of the grower cooperative company to manage the new selections.
- The draft grower cooperative constitution has been reviewed by ACIB board and legal advisors and is ready for registration.
- The grower cooperative is ready for company registration.
- The draft Master License from Plant & Food Research is in final stages of negotiation.

Next steps

- Summerfruit NZ will found the cooperative (as founding shareholder) and call for application from growers to become shareholders, and to become sub licensees of the cooperative.
- The Master License will be signed with Plant & Food Research.
- The grower cooperative will call for nominations for board of directors.

Refer the transition process below:

Step 1	Step 2	Step 3 – preferably the same day	Step 4	Step 5
SNZ establish NZSF – founder share & 1 director	NZSF signs ML, operates as needed	NZSF issues shares to transacting shareholders, that is growers with sub licenses.	NZSF calls for board elections (2 month process)	NZSF holds AGM - as soon as possible following board election
		Register NZSF as a cooperative (as now have transacting shareholders)		Board rotation takes effect from 1 st AGM.
SNZ/NZSF negotiation and review of draft Master License (ML)	Drafting and negotiation of grower sub licenses	NZSF cooperative constitution is adopted by special resolution from the founding shareholder.		
	NZSF takes shareholder applications	Sublicenses continue to be signed with growers over time		
NZSF operates with only 1 shareholder, founding share and 1 director				

Also for reference below is a summary of plantings of Nzsummer varieties including orders to 2022.

<u>Nzsummer Series Summary Tree Plantings by Year including 2022 orders</u>						
	<u>Nzsummer2</u> <u>(Mac12/45)</u>	<u>Nzsummer3</u> <u>(StB14/15)</u>	<u>Nzsummer4</u> <u>(Mac1/6)</u>	<u>Nzsummer820</u> <u>(L8/20)</u>	<u>Nzsummer92</u> <u>(G12/92)</u>	Total
Number of trees	24103	15175	4450	3060	4160	50948

I wish to acknowledge and thank the NZ Fruitgrowers Charitable Trust and AGMARDT, for their financial support for our research and grower communication needs.

I wish to acknowledge and thank all the team at Plant & Food Research at Clyde and Havelock North, for their ongoing work and personal commitment to bring the new apricot selections to a commercial stage.

I wish to acknowledge the hard work of interim CEO Richard Palmer in the many discussions and negotiation with Plant & Food Research. I welcome Kate Hellstrom as our new Summerfruit NZ CEO and congratulate her on taking up our industry leadership role.

I wish to acknowledge and thank the past and present members of Apricot Co Interim Board who have so generously contributed their time and wisdom voluntarily over the last 3 years to get the grower cooperative up and going, and for their vision of the future of the apricot sector.

Thanks to Richard Mills and Jack Hughes for their engagement with growers during the year. Lastly, I wish to thank Andrea Crawford at Summerfruit NZ, who has provided sterling support to ACIB, for her dedication and commitment to our industry.

Stephen Darling

Chairman

Apricot Co Interim Board

