



Minutes of the Twenty Sixth Annual General Meeting of Summerfruit New Zealand Incorporated held at Alexandra Community House, Alexandra on 15 July 2020

The AGM was called to order at 3.05pm.

Present

A total of 61 people attended, some in person and some using Zoom. The attendees included the Board, Summerfruit NZ staff, 47 members and 5 guests.

The Chair welcomed everyone to the meeting, mentioning life member Earnscy Weaver, Barry O'Neil and Mike Chapman from Horticulture NZ, Simon Hegarty from the New Zealand Horticulture Export Authority and Alasdair MacLeod from Growth Solutions.

The Chief Executive summarised the voting rules and how the minutes would be taken. He thanked Pamela Singleton for taking the minutes.

The Chair read out the proxies.

Proxies

15 proxies were received:

- S & M Cherries (undirected) in favour of Tim Jones
- The Orchard, Hawke's Bay (undirected) in favour of Tim Jones
- Hillman Orchard (directed) in favour of Tim Jones
- Westham Contracting (directed) in favour of Tim Jones
- MP3 Ltd (directed) in favour of Tim Jones
- Mateo Enterprises Ltd (directed) in favour of Tim Jones
- Freshmax New Zealand Ltd (directed) in favour of Tim Jones
- Cherrybank Orchard (directed) in favour of Tim Jones
- PH Kinzett Ltd (undirected) in favour of Tim Jones
- MJ & JJ Russell Ltd (undirected) in favour of Tim Jones
- Rivercrest Farm Trust (undirected) in favour of Jane Misco
- Dunstan Hills Ltd (undirected) in favour of Eric Hooks
- H & J Roberts (directed) in favour of Eric Hooks
- Trophy Ridge Orchards (undirected) in favour of Earnscy Weaver
- El Pedregal (directed) in favour of Tim Hope

Proxies were handed out to the nominated proxy holders.

Apologies

Nine apologies were recorded: Jeremy Hiscock, Mike Russell, Chris Hale, Peter Bennie, Roger Georgieff, Harry Roberts, Harry Roberts Junior, Lawrie Cooke and Simon Webb.

(M Blanch/S Darling) Carried

Confirmation of previous minutes (Resolution 1)

Moved that the minutes of the Twenty Fifth Annual General Meeting of Summerfruit NZ on 5 August 2019 be recorded as a true and accurate account.

(S Darling/E Weaver) Carried

Chair's report

The Chair referred to the challenges facing the industry, including:

- the need for change, especially in terms of a new collaborative structure
- the consequences of Covid-19
- the repatriation of RSE workers stranded in New Zealand
- the initiation of the grower survey
- getting crops to market
- the nationwide problem of obtaining labour.

He stated that the only way to overcome these challenges is to face them together.

The Chair also congratulated Richard Palmer on the work he has done to help to repatriate RSE workers.

Apricot Co Interim Board report 2019-20

Stephen Darling reported that the Nzsummer apricot varieties have improved eating, storage and shop life, which means that they can be transported by ship instead of aeroplane.

A critical challenge facing the Board is to build export markets.

Richard Palmer has now received the revised draft Master Licence terms for review. Once these are agreed between the Apricot Interim Board and Plant & Food Research, the holding structure for the Master Licence will be progressed.

Grant and Diana Baird asked, 'why was the trial shipment planned to the US and Australia when the selection was planned for the Asian palate?'

Stephen Darling responded that it was believed that these apricots were appropriate for the international market. The onset of Covid-19 prevented shipping to Thailand, Taiwan, Vietnam and Hong Kong, but when transport to those countries becomes available again, shipments will be sent.

The full content of the Apricot Co Interim Board report can be found at <https://www.summerfruitnz.co.nz/assets/AGM-2020/Apricot-Co-Interim-Board-Chairmans-Report-for-SNZI-AGM-15-07-2020.pdf>

Chief Executive's report

Richard Palmer reported that Covid-19 had taken a toll on everyone and now there are huge challenges ahead. The key issues are labour, logistics and consumer access, and sub-committees have been created to deal with these issues. It is important to cooperate in the summerfruit sector.

Work has already started at a pan-horticulture level with the Primary Industries Covid Recovery Strategy. Summerfruit NZ, Horticulture NZ and other bodies have been working with government to retain and improve conditions for RSE workers.

Labour

The responses from growers to the industry survey have informed Summerfruit NZ's approach to the problem of finding labour. Ideas for attracting unemployed Kiwis to the industry would be welcomed. The survey suggests that over 7,000 seasonal workers will be needed; 5,500 of those will be needed in Central Otago.

Logistics

Air freight is running at around a quarter of normal. Summerfruit NZ is talking to government to ensure that we can help with New Zealand's export recovery.

Markets

Covid-19 has resulted in trade barriers. The Ministry of Foreign Affairs and Trade is continuing to support the rules-based system. Domestically, it appears likely that the next government will be a continuation of the current one. Although we may not agree with everything that government decides, it is important that we continue, together, to talk to government about what is best for our industry.

He thanked the Summerfruit NZ team, Stephen Darling and the Summerfruit NZ Board.

Annual accounts (Resolution 2)

Ricky Larsen raised concerns that \$0.5 million have been lost and that equity has been eroded by about a third. He felt that, in these uncertain times, another year like this and the organisation could be insolvent.

The Chair agreed that this year's financial result has been disappointing but stated that as the meeting progressed and more information was given out, the Board could demonstrate that the results were not as disappointing as they appeared.

Grant and Diana Baird asked, 'how long have the current auditors been engaged? When is the intention to cycle away as is good accounting practice?'

The Chair responded that Summerfruit NZ did change their auditors last year.

Moved that the Annual Report and audited financial statements for the year ended 31 August 2019 be accepted as tabled.

(Summerfruit NZ Board/R Cameron) Carried

Appointment of the auditors for 2019-20 (Resolution 3)

Moved that the Board appoint BDO as financial auditors for the 2019-20 year.

(Summerfruit NZ Board/M Blanch) Carried

Financial update 2019-20

The Chair introduced the financial update.

Richard Palmer acknowledged that a modest loss had been made. There had been a substantial reduction in crop volume and a new commodity levy was in place. Summerfruit NZ had made a modest loss of \$80,000 against the predicted loss of \$236,000 and that is before the final payment of the fruit fly response.

The Board had taken a conservative view in the expenditure budget for the coming year with a projection based on reduced three-year averages of volume, except for cherries, 3,200 tonnes for export.

Proposed income of \$1.584 million, nearly three-quarters of that made up from the levy money, some administration, some export and other.

The Board has been particularly conservative, with a proposed budget of \$1.1 million for the coming season.

For the expenditure, there will be a balanced budget for the year, currently \$1,000 of net profit.

Levy Order (Resolutions 4 and 5)

Richard Palmer reported that a new commodity levy has now been gazetted.

Stephen Darling asked, 'what was the fruit fly cost?'. The answer was just over \$50,000 and half has already been paid.

Moved that the levy rate for the new Commodity Levies (Summerfruit) Order 2020, for the 2020-21 year, or until further notice, shall:

- i. remain 1.5% (plus GST) for peaches, nectarines, plums, apricots and the hybrids thereof;
- ii. remain 0.75% (plus GST) for cherries; and
- iii. be initially set at 0.5% (plus GST) for processed fruit excluding fruit sold to Heinz Wattie's Ltd for processing.

(Summerfruit NZ Board/S Hobbs) Carried

Alan Monro stated that the mechanism for voting against setting the levy was poor. It is unfair because it disadvantages those who work closest to the customers.

Howie Hinton asked why the cherries rate is different, and the Chair responded that it reflected the value per hectare of the cherry crop, so it tries to be equitable per hectare.

It was asked why there is an exemption for Heinz Wattie's, and the Chair responded that it is because Heinz Wattie's annually contribute a levy to research.

Payment of levy under the Commodity Levy Order (Resolution 5)

Resolution 5 was withdrawn as the renewal of the Commodity Levy Order meant the resolution was no longer required.

Moved that Resolution 5 be withdrawn.

(T Jones/C Hall) Carried

Setting the Biosecurity Levy rate (Resolution 6)

Richard Palmer reported that key work has been carried out in partnership with government on fruit fly and brown marmorated stink bug and other high-profile risks to summerfruit.

Juan Rosales led a project looking at netting to control brown marmorated stink bug. The project is currently looking at suppliers of nets.

Other work to control the stink bug includes that done by the Ministry for Primary Industries at the border.

Spotted wing drosophila is a risk to early crops, including secondary infections of mould and bacteria, and spreads quickly.

Xylella fastidiosa is a complex bacterial disease and affects native flora as well as commercial crops. Some plants can be asymptomatic.

Spotted lantern fly feeds on up to 70 hosts, including ornamental plants as well as commercial crops.

The sectors have come together to work collectively to combat biosecurity risks. The challenge for us is that this has cost over \$150,000 dollars this last year and is likely to incur a similar cost every other year.

Moved to set the Biosecurity Levy rate at 0.05%.
(Summerfruit NZ Board/S Darling) carried

Stephen Darling asked how much it would cost for the fruit fly responses and Richard Palmer replied that it would cost \$75,000 and there was no intention to establish a reserve. Grant and Diana Baird asked whether this levy could be used to fund the export and biosecurity manager position, and were informed that it could, but the intention of the Board was that the levy is used to fund unexpected contingency.

Constitutional change (Resolution 7)

Moved that the following alteration to clause 7.5 of the Constitution and Rules of Summerfruit New Zealand Inc be adopted.

Current clause 7.5 to be deleted and replaced with the proposed clause 7.5 following.

Current clause 7.5: Every notice required to be given to the Members or any of them shall be deemed to have duly delivered if posted to the Member in a prepaid letter addressed to the Member at the last address supplied by the Member of the Society.

Proposed clause 7.5: Every notice required to be given to the Members or any of them shall be deemed to have duly delivered if posted to the Member in a prepaid letter addressed to the Member at the last address, *or sent in electronic form to the last email address* supplied by the Member of the Society.

(Summerfruit NZ/R Cameron) Carried

Industry review session

The Chair thanked all those who participated in the review and introduced Alasdair McLeod, who attended by Zoom to report on the review's findings.

The scope of the review was to identify the growers' perception of success, threats to that success, the role of Summerfruit NZ and what needs to change. Growers were also asked who is doing it better than Summerfruit NZ.

Twenty growers from different regions and a range of other relevant parties were interviewed, making a total of 35 interviews. There was not a consistent view of what constituted success. The Central Otago growers, especially cherry growers, showed the most collegial view.

The themes that emerged were:

Defining success

A sustainably grown, sustainably profitable sector and better collaboration inside and outside the organisation.

Threats

Biosecurity, reduced access to labour, lack of access to the market and the Resource Management Act, particularly related to how water is managed.

Opportunities

Access to markets and access to new varieties of rootstocks, along with a slightly subordinate theme of better use of waste product.

There were many disparate, interesting ideas.

Perceptions of Summerfruit NZ

Too small to be credible when dealing with issues shared by primary industry, but too big to deal with more specific ones. Growers were delighted with the efforts of the Chair. Having an independent member on the Board would be useful and there were too many exporters on the Board. The role of the local market representative should be formalised, and the Board was too big.

Recommendations

Change is necessary, but the Board needs to consider:

- an alliance with one of the major fruit groups and/or Horticulture NZ and other groups, but not a merger
- which of the Board roles are essential for the sector group to hold on to and which would be better handled by other groups
- communicate this to all stakeholders and obtain feedback on the proposed model
- plan the transition with stakeholders
- progressively scale Summerfruit NZ to be fit for purpose.

He said it was clear that these steps will take some time.

Richard Palmer reiterated that the purpose of Summerfruit NZ is to support growers to grow, to maintain sector knowledge to advocate for the benefit of the industry and to enable growers to meet the requirements to get their product to market. The pan-horticulture work should be done by Horticulture NZ, supported by the sector perspective of Summerfruit NZ. Organisational aspects would follow a collaborative model. Summerfruit NZ would employ expert advisors and defray the cost of that to its members.

He presented the functions of Summerfruit NZ in the context of its purpose.

There was a question from the floor 'which other sectors are we most likely to be similar to and what appetite might they have for working with us?'

Richard Palmer responded that discussions are at an early stage, but for example, we have a well-developed model for export registration, but other organisations have expertise in the Resource Management Act. There are several examples of where we can share expertise. Discussions so far have shown that other agencies are highly in favour of collaboration.

Barry O'Neil, Chair Horticulture NZ, confirmed that Horticulture NZ welcomes these discussions and that they want to work with Summerfruit NZ. He noted that Horticulture NZ is hearing from several groups that there is too much duplication in the system, especially in terms of biosecurity levies.

Mike Chapman, CEO Horticulture NZ, also confirmed that Horticulture NZ is happy to integrate with Summerfruit NZ and other groups to share resources to the benefit of the industry.

Trudi Webb asked that Ricky be asked to elaborate on his comments in relation to the industry review and Ricky responded that he is now reassured that the Board have a roadmap to bring their finances on track.

General business

Stephen Darling asked the Board to consider moving the AGM to the end of the financial year, closer to the end of the season and the Chair responded the Board would consider his request. He thanked Gary Bennetts for his commitment and contribution and Tracey Burns, who would be stepping down from the Summerfruit Exporters Committee.

The meeting closed at 4.56 pm.