APPLICATION FOR A COMMODITY LEVY ORDER MADE UNDER THE COMMODITY LEVIES ACT 1990

BY SUMMERFRUIT NEW ZEALAND INCORPORATED

This application for a Commodity Levy Order under the Commodity Levies Act 1990 is submitted to the Minister of Agriculture by Summerfruit New Zealand Incorporated.

APRIL 2014

Individual information has been removed from this document in accordance with the Official Information Act 1982 and the Privacy Act 1993. Summerfruit New Zealand believes that omission of this information does not detract from the overall application.
# APPLICATION FOR A COMMODITY LEVY ORDER
UNDER THE COMMODITY LEVIES ACT 1990
SUMMERFRUIT NEW ZEALAND INCORPORATED

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<td>20. Summerfruit New Zealand Budget 2013</td>
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1. INDUSTRY BACKGROUND

Summerfruit New Zealand is the national body representing the interests of all growers, marketers and exporters of apricots, cherries, nectarines, peaches and plums as well as any hybrids of those fruits.

The industry comprises 326 growers and just over 1800 hectares. The main growing areas are the Hawkes Bay and Central Otago, with some production remaining in Marlborough, north of Auckland and Canterbury.

### Industry statistics

<table>
<thead>
<tr>
<th>Fruit</th>
<th>Planted hectares*</th>
<th>% of production sold in NZ**</th>
<th>% of production exported**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apricots</td>
<td>322</td>
<td>71</td>
<td>29</td>
</tr>
<tr>
<td>Cherries</td>
<td>645</td>
<td>43</td>
<td>57</td>
</tr>
<tr>
<td>Nectarines</td>
<td>328</td>
<td>99</td>
<td>1</td>
</tr>
<tr>
<td>Peaches</td>
<td>307</td>
<td>98</td>
<td>2</td>
</tr>
<tr>
<td>Plums</td>
<td>217</td>
<td>99</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1819</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Summerfruit NZ Crop Survey 2011  
** Summerfruit NZ annually collected figures

The majority of all nectarines, peaches and plums produced in New Zealand are consumed on the domestic market. Only minor volumes of each are exported, largely to the Pacific.

Cherries and apricots produced in Central Otago account for the bulk of all export. Asian countries dominate export sales for cherries, Taiwan being the main market, however other countries are expanding rapidly. Countries such as China, Vietnam and Malaysia that were not being tracked six years ago have rapidly emerged to gain market share from larger markets.

Australia remains the primary export market for apricots.

### Export markets by %

<table>
<thead>
<tr>
<th>Country</th>
<th>2012</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cherries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taiwan</td>
<td>40.9</td>
<td>51.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>16.8</td>
<td>13.8</td>
</tr>
<tr>
<td>China</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Sth Korea</td>
<td>9.5</td>
<td>18.1</td>
</tr>
<tr>
<td>Singapore</td>
<td>5.1</td>
<td>2.4</td>
</tr>
<tr>
<td>Vietnam</td>
<td>3.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Malaysia</td>
<td>3.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2.4</td>
<td>0.9</td>
</tr>
<tr>
<td>Japan</td>
<td>2</td>
<td>1.4</td>
</tr>
<tr>
<td>Others, includes Australia, EU, North America, Pacific</td>
<td>3.9</td>
<td>11.9</td>
</tr>
</tbody>
</table>

| **Apricots**      |        |        |
| Australia         | 80     | 64     |
| UK                | 11.2   | 12     |
| North America     | 6.9    | 17     |
| EU                | 1.6    | 4      |
| Others, includes the Pacific and Middle East | 0.3 | 3 |

Other than peaches and small volumes of plums supplied to Heinz Wattie’s Ltd, very little summerfruit is processed. Since the closure of the Roxdale cannery in the early 2000s processing of other summerfruit has reduced dramatically and now accounts for less than 1% of the levy collected.
Summerfruit New Zealand is the recognised Product Group for summerfruit under the New Zealand Horticulture Export Authority (HEA). Summerfruit has been subject to export licensing under the New Zealand Horticulture Export Authority Act since November 1987. The New Zealand summerfruit industry is small in relation to the scale of worldwide production, but is highly regarded for quality in the market. The registration of a strong Export Marketing Strategy with HEA ensures a well-coordinated export marketing discipline resulting in generally high returns.

Summerfruit New Zealand is involved in a wide range of projects which are predominantly financed with funding from the Summerfruit Commodity Levy Order 2008. Since the inception of the first commodity levy order in 1995 the number of issues that the industry must respond to has increased dramatically. There is now greater expectation by government that industries will be involved in a wide range of matters from biosecurity, food safety and water management to labour and market access negotiations. These demands, while putting strains on the industry, ensure a greater need for a cohesive well-funded organisation that represents growers.

An increased number of voters in the levy ballot and higher levels of support by voters indicates grower backing for Summerfruit New Zealand and the investment of the levy on key industry issues.

2. INDUSTRY ORGANISATION

Summerfruit New Zealand is an incorporated society registered under the Incorporated Society Act 1908 (Registration number WN/618563) (Appendix 1). First incorporated in 1995 the organisation currently administers the Summerfruit Commodity Levy Order 2008 and prior to that the Summerfruit Commodity Levy Orders 1995 and 2002.

2.1 The objectives for which Summerfruit New Zealand was established

a) To represent the interests of the New Zealand summerfruit industry across all aspects of the industry. This includes the interests of Producer Members, Exporters and Associate Members.
b) To act as a recognised Product Group under the New Zealand Horticultural Export Authority Act 1987, and to formulate and implement an export marketing strategy under that Act.
c) To coordinate, develop, promote and improve the summerfruit industry on both the New Zealand and export markets.
d) To undertake research and development in the interests of the summerfruit industry in New Zealand for both New Zealand Market and export production.
e) To facilitate transfer of technology.
f) To liaise and cooperate with all relevant organisations.
g) To initiate, organise and publicise seminars, workshops, conferences and meetings for the education and development of participants in the summerfruit industry.

Further to these objectives which appear in the Summerfruit New Zealand Constitution (Appendix 2) Summerfruit New Zealand’s strategic purpose is to create a better earning base for growers, utilising a collective approach to industry good issues, funded predominantly by an industry levy.

Note: As a result of internal review, changes will be proposed to the Constitution at the 2014 AGM which will see the change of a number of terms used in the Constitution. Reference to the ‘Executive Committee’ and ‘Executive Committee Members’ will be replaced with ‘Board’ and ‘Directors’. If approved at the AGM this change will come into effect before this new levy order is approved.
2.2 Structure and management of Summerfruit New Zealand

2.2.1 The Executive Committee
An eight member Executive Committee governs Summerfruit New Zealand. The Executive Committee consists of five grower elected members and three exporter members nominated by the Summerfruit Exporters Committee. The Summerfruit New Zealand Executive Committee currently co-opts a ninth member to represent the interests of New Zealand domestic marketers. The co-opted member does not have voting rights.

Positions on the Executive Committee are not allocated by region. The chairman is elected from within the Executive Committee by the other members. The current Executive Committee, which was in place during the consultation and ballot period, comprises the following.

Executive committee

<table>
<thead>
<tr>
<th>Name</th>
<th>Appointment</th>
<th>Company</th>
<th>Based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gary Bennetts (Chairman)</td>
<td>Grower voted</td>
<td>Teviot Orchard</td>
<td>Roxburgh</td>
</tr>
<tr>
<td>Tim Jones (Vice chair)</td>
<td>Grower voted</td>
<td>45 South Ltd</td>
<td>Cromwell</td>
</tr>
<tr>
<td>Earnscy Weaver</td>
<td>Grower voted</td>
<td>Weaver Consulting</td>
<td>Alexandra</td>
</tr>
<tr>
<td>Derek Barnes</td>
<td>Grower voted</td>
<td>Foothill Orchard</td>
<td>Hastings</td>
</tr>
<tr>
<td>Roger Brownlie</td>
<td>Grower voted</td>
<td>The Orchard</td>
<td>Napier</td>
</tr>
<tr>
<td>Dean Astill</td>
<td>Exporter appointment</td>
<td>RD8 Ltd</td>
<td>Hastings</td>
</tr>
<tr>
<td>Ollie Shutt</td>
<td>Exporter appointment</td>
<td>Delica Ltd</td>
<td>Auckland</td>
</tr>
<tr>
<td>Tjeerd Smilde</td>
<td>Exporter appointment</td>
<td>Le Fresh International</td>
<td>Auckland</td>
</tr>
<tr>
<td>Richard Cameron</td>
<td>Co-opted</td>
<td>MG Marketing</td>
<td>Christchurch</td>
</tr>
</tbody>
</table>

2.2.2 Management of Summerfruit New Zealand
Summerfruit New Zealand leases office space from Horticulture New Zealand and is based in Co-operative Bank House, 20 Ballance St, Wellington. It employs three staff.

Summerfruit New Zealand staff

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief executive officer</td>
<td>Marie Dawkins</td>
</tr>
<tr>
<td>Communications advisor</td>
<td>Victoria Harris</td>
</tr>
<tr>
<td>Administrator</td>
<td>Anna Clark</td>
</tr>
</tbody>
</table>

In addition Summerfruit New Zealand contracts specialist services from a number of organisations.

Contractors to Summerfruit New Zealand

<table>
<thead>
<tr>
<th>Service</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and development</td>
<td>CNH Consulting</td>
</tr>
<tr>
<td>Market access and agrichemical strategy</td>
<td>Market Access Solutionz</td>
</tr>
<tr>
<td>Export market management</td>
<td>AsureQuality Ltd</td>
</tr>
<tr>
<td>New Zealand Market development</td>
<td>Trisha Aitken</td>
</tr>
<tr>
<td>Conference organisers</td>
<td>Attend Ltd</td>
</tr>
</tbody>
</table>
2.2.3  **Structure**  
The Executive Committee activity is guided by a strategic plan that is revisited or renewed every two to three years. The Executive Committee operates six portfolios areas which are aligned to key areas identified in the strategic plan:
1. Administration and Finance
2. Research and Development
3. Export
4. New Zealand Market
5. Biosecurity
6. Communication

One to two Executive Committee members are responsible for overseeing each portfolio. The budget is developed around these portfolio areas with funding for each portfolio being allocated according to the number of projects under development.

2.2.4  **Industry funding**  
Summerfruit New Zealand activities are largely funded by the Summerfruit Commodity Levy Order 2008. In the 2013 financial year Summerfruit New Zealand derived its income as follows.

<table>
<thead>
<tr>
<th>2013 Sources of income</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity levy</td>
<td>71%</td>
</tr>
<tr>
<td>Conference/AGM</td>
<td>5%</td>
</tr>
<tr>
<td>Export and compliance</td>
<td>13%</td>
</tr>
<tr>
<td>Interest and sundry income</td>
<td>2%</td>
</tr>
<tr>
<td>R&amp;D income/Grants</td>
<td>9%</td>
</tr>
</tbody>
</table>

2.2.5  **Membership of Summerfruit New Zealand**  
In the Summerfruit New Zealand Constitution there are five classes of membership (section 4):
1. **Producer Members:** Persons who grow any summerfruit for commercial purposes, regardless of production levels, shall qualify as Producer Members of the Society.
2. **Exporter Members:** Exporters who are licensed under HEA and have complied with the Export Marketing Strategy, and paid any fees imposed under these rules.
3. **Associate Members:** Those associated with the industry and who have an interest in the industry other than as a producer or exporter.
4. **Group Associate Membership:** Those entities that are directly involved in the production of summerfruit may apply for a corporate membership which shall include up to three people per entity.
5. **Life Member:** Anyone who has rendered special services to the summerfruit industry and so appointed by the Executive Committee. Nomination for Life Members shall be called for annually by the Executive Committee.

The membership application process is set out in section 4.4 of the Rules. Membership applications are received regularly via the industry website. Typically up to five applications are received each year. Membership is then approved at the Executive Committee meeting after the application is received. No membership application by a grower has been turned down by the Executive Committee.

Section 5.1 of the Rules states that Summerfruit New Zealand may charge new members a joining fee. However Summerfruit New Zealand does not charge Producer Members a fee (joining fee or annual fee) to be a member of the organisation.
2.2.6 Database
Summerfruit New Zealand maintains a database of all known commercial summerfruit growers (members and non members), exporters and associated members. When the levy ballot opened on 1 November 2013, a total of 329 commercial summerfruit growers were listed in the database.

The Summerfruit New Zealand database was established in 1995. Since then it has undergone three major reviews and constant revision. The database is used to communicate with levy paying growers in relation to the existing commodity levy. It is regularly updated as new growers join or leave the industry. In 2011 the database was rebuilt and integrated with the website. This enables the database to be regularly updated as growers can update their details while using online registration or reporting systems.

Prior to the ballot, effort was made to verify that growers listed on the database were still growing, and that no growers were omitted. Summerfruit New Zealand believed that the database was a full and accurate record of commercial summerfruit growers in New Zealand at ballot time.

Grower numbers reflect the general trends in the horticulture sector which is seeing:
- smaller growers being absorbed into larger organisations
- older growers retiring and exiting the industry
- few new growers entering the industry.

2.2.7 The Annual General Meeting
An Annual General Meeting (AGM) is held each year in late May – early June, in conjunction with the annual conference. The venue for the AGM/Conference tends to alternate between the two main growing areas (Hawkes Bay and Central Otago), though in recent years the conference has also been held in Hamilton and Blenheim to include smaller growing regions.

The purpose of the AGM is to:
- receive the chairman’s report (on behalf of the Executive Committee), the annual report which includes the audited balance sheet and statement of accounts for the preceding financial year
- approve an estimated budget for the coming financial year
- consider and set the level of commodity levy rates within the approved range.

2.2.8 Voting
Of the five classes of membership only Producer Members can vote on any matters that relate to the commodity levy at the AGM. In addition, any levy paying grower, who is not a member of Summerfruit New Zealand, may attend the AGM and vote on all matters relating to the commodity levy.

Of the total 329 summerfruit growers listed in the database 285 are registered as Producer Members. Summerfruit New Zealand makes little differentiation between growers who are Producer Members and those who are not members. As the bulk of Summerfruit New Zealand activities are levy funded (or linked to levy funding eg research grants), all growers are entitled to the outcomes irrespective of their membership status.

2.3 Financial and accounting systems
Stephenson Thorner Ltd, Wellington, provides accounting services to Summerfruit New Zealand using online accounting system Xero. Stephenson Thorner Ltd is a member of the New Zealand Institute of Chartered Accountants.
Summerfruit New Zealand’s accounts and accounting systems are audited each year by Staples Rodway (formerly Martin Jarvie PKF), Wellington. Summerfruit New Zealand has never received a qualified audit. An annual report is distributed to all growers. The 2012 Annual Report (Appendix 3) and the audited accounts of Summerfruit New Zealand for 2013 (Appendix 4) are attached.

Summerfruit New Zealand has annually demonstrated its accounts to its members. Information on the income that it receives from the existing levy, and the way that income continues to be spent/invested, is readily available to all levy payers. The Constitution clearly spells out the way that members wish to be consulted regarding the spending of Summerfruit New Zealand income.

2.4 Structural changes
Organisational changes that have taken place since Summerfruit New Zealand applied for the Summerfruit Commodity Levy Order 2008 follow.

1. 2011: Summerfruit New Zealand changed its balance date from 31 May to 31 August to align with levy income. This better reflects the financial activity of the organisation and streamlines accounting processes.

2. 2012: Summerfruit New Zealand restructured resulting in the management contract with Marie Dawkins Management Ltd being voluntarily terminated. Summerfruit New Zealand then took over the management of its affairs including employment of staff, leasing of office space and purchase of office equipment. Summerfruit New Zealand is now a registered employer with the IRD and employs three staff.

3. THE PROPOSED SUMMERFRUIT COMMODITY LEVY
The proposed summerfruit commodity levy would replace the existing summerfruit commodity levy order which will expire on 28 September 2014. Summerfruit New Zealand is seeking to have the proposed levy in place by 1 September 2014, prior to the 2015 levy collection year beginning.

This levy would be paid by all summerfruit growers, on all summerfruit produced in New Zealand for commercial purposes (excluding summerfruit supplied to Heinz Wattie’s Ltd for processing). The levy would be used to continue to develop industry good activities such as research, market access, New Zealand Market development, protection of plant health, communications or interaction with government on behalf of growers. The levy would also be used to manage the organisation and to fund the operation of the Executive Committee.

This levy largely replicates the existing levy order with very few proposed changes. The only addition proposed to the levy was the inclusion of a clause that sought to clarify the selling of fruit between growers. Therefore on the whole, this levy, from the development of the ballot paper, communications with the Ministry for Primary Industries (MPI), to much of the discussion with growers, was straightforward and with few complications.

Growers demonstrated an increased maturity towards levies in general during this levy round. Many indicated their acceptance of the need for a levy and chose to use the consultation process to discuss general industry issues or ways the levy could be used. No negative feedback towards the levy was recorded during the consultation phase.
4. THE REFERENDUM

Every effort was made to ensure that the referendum documents were competently devised. The ballot paper was developed over a number of drafts and in consultation with MPI. Summerfruit New Zealand first met with MPI in April 2013 for initial discussions on the proposed levy. All subsequent discussions were conducted via email requiring minimal input from MPI. Summerfruit New Zealand acknowledges the assistance of MPI and thanks officials for their advice in developing the ballot paper.

Summerfruit New Zealand has considered the matters which are to be specified in the Order in Council (pursuant to section 6(1) of the Act), and we are confident that the ballot paper which was circulated, was competently and carefully devised and drafted, in accordance with the Act.

In adherence to section 5(2)(aa) of the Act a support referendum was conducted in November 2013. All referendum documents were devised to meet all the requirements of sections 5(2) and 6(1) of the Act (Appendix 5).

The referendum was widely publicised beforehand to ensure that all growers could participate, including any growers who may not be known to Summerfruit New Zealand. Ballot papers were then sent to all known potential levy payers, that is, all growers listed in the Summerfruit New Zealand database.

4.1 Electionz.com

Summerfruit New Zealand contracted the services of Electionz.com to manage the levy ballot (Appendix 6). Electionz.com have managed a number of levy ballots, including Horticulture NZ and Pipfruit NZ. On that basis Summerfruit New Zealand felt confident of grower acceptance of the method and the reliability and accuracy of the services provided by Electionz.com.

Electionz.com provides both paper based and online voting services. Of the 329 growers listed in the database 220 email addresses were known, therefore online voting was considered a viable option.

Electionz.com services included:
- a dedicated, secure online voting site
- design, layout and printing of the ballot and voting papers
- printing of the cover letter
- posting the above to all growers on the list provided by Summerfruit New Zealand
- an initial email to all growers known to have email addresses with a link to the online voting site, along with the grower’s personalised password
- three email reminders during the ballot
- collation and management of the returned mail or emails
- counting and analysis of the votes
- reporting on the outcome of the ballot.

4.2 The ballot

The following documents were posted to all known commercial summerfruit growers:

i. cover letter outlining voting information for growers
ii. ballot papers
iii. referendum voting papers.
Following the mailing of the referendum papers a number of follow up email communications were sent by Electionz.com. Growers were notified that they could contact Electionz.com using a freephone number if they had any questions. This included requesting ballot papers and resolving any problems with the online system.

**Electronic notices**

<table>
<thead>
<tr>
<th>Date</th>
<th>What</th>
<th>Type of notice</th>
<th>Appendix</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 November</td>
<td>Summerfruit New Zealand website</td>
<td>Vote Here link added to front page using Levy fruitbow graphics. Linked to Electionz.com online voting</td>
<td>7</td>
</tr>
<tr>
<td>3 November</td>
<td>Email notification that online voting is open by Elections.com</td>
<td>Email link with password and explanation sent to all growers with email addresses</td>
<td>8</td>
</tr>
<tr>
<td>14 November</td>
<td>Email blasts by Elections.com</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28 November</td>
<td>Email blasts by Elections.com</td>
<td>Two email reminders sent to growers to remind them to vote</td>
<td></td>
</tr>
<tr>
<td>29 November</td>
<td>Summerfruit New Zealand website</td>
<td>Election results posted on frontpage</td>
<td></td>
</tr>
</tbody>
</table>

**4.3 Returning Officer**

Summerfruit New Zealand appointed Warwick Lammp, Electionz.com, as the Returning Officer for the referendum.

**4.4 Ballot details**

- The ballot papers were posted to growers on 1 November 2013.
- The first email notification providing a link to the online voting system along with the grower’s personalised password was sent on 3 November.
- Hort NZ email newsletter item on 4 November advised readers the ballot was open.
- An email reminder to vote was sent on 14 November.
- A final reminder notifying growers that the ballot was about to close was sent on 28 November.
- Voting closed at 12 noon on 29 November 2013.
- A total of 329 ballots were distributed.
- A total of 114 completed votes were returned.
- Three envelopes of the 329 distributed were returned indicating that the recipients were no longer growing summerfruit.
- One grower contacted Summerfruit New Zealand to report difficulties with the online system. They were referred to Electionz.com and the problem resolved.
- The Returning Officer provided the ballot results on 29 November (1.30pm).
- The Returning Officer did not declare any votes to be invalid.
- The Summerfruit New Zealand Executive Committee was notified of the outcome by email on 29 November.
- Notification of the ballot outcome was loaded onto the front page of the Summerfruit New Zealand website on 29 November.
- A press release was issued on 2 December notifying the results.
- A detailed article on the levy vote was published in the industry magazine on April 2014.

**4.5 Basis of levy**

The proposed levy would be calculated as a percentage of gross value at the first point of sale. Therefore, voters were required to indicate gross sales of all summerfruit sold over the previous 12 months (as per section 5(2)(ac)(ii) of the Act).
Sales made to Heinz Wattie’s Ltd in the same period were listed separately. Summerfruit New Zealand is confident that matters specified in the proposed order do not differ in any material way from those specified in the ballot paper.

4.6 Level of response to the ballot

According to results provided by the Returning Officer (Appendix 9) the outcome of the referendum indicates increased grower support for the levy.
- More than half of the participants in the referendum were in support of a levy order being made.
- The total value by supporters was more than half of the total value of votes by all participants.

### Referendum outcomes

<table>
<thead>
<tr>
<th></th>
<th>Participants by number</th>
<th>Returned</th>
<th>Votes returned by value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support/Yes</td>
<td>94</td>
<td>82.46%</td>
<td>$49,250,000</td>
</tr>
<tr>
<td>Opposition/No</td>
<td>20</td>
<td>17.54%</td>
<td>$7,675,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>114</strong></td>
<td><strong>100%</strong></td>
<td><strong>$56,925,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ballots distributed</th>
<th>Total returned</th>
<th>Return percentage</th>
<th>Industry value</th>
</tr>
</thead>
<tbody>
<tr>
<td>329</td>
<td>114</td>
<td>34.65%</td>
<td>$80,840,000</td>
</tr>
</tbody>
</table>

### Results by value

- Voted in favour
- Voted against
- Didn’t vote

### Voting by region

- Region 1 Yes
- Region 1 No
- Region 2 Yes
- Region 2 No
- Region 3 Yes
- Region 3 No

4.7 Analysis of outcomes

Based on Statistics NZ figures and those collected by Summerfruit New Zealand (Appendix 10) the value of the industry amounted to $80.8 million for the 2012-13 season. These figures exclude Heinz Wattie’s Ltd sales which are unknown. On that basis, those growers who voted in favour of the levy account for over 61% of the value of the industry in the previous 12 months. The results show a marked increase in grower support for the levy over the 2007 referendum results.

### Comparison with 2007 referendum results

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2007</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of returns</td>
<td>114</td>
<td>84</td>
<td>+30</td>
</tr>
<tr>
<td>Number who voted Yes</td>
<td>94</td>
<td>63</td>
<td>+31</td>
</tr>
<tr>
<td>Number who voted No</td>
<td>20</td>
<td>21</td>
<td>-1</td>
</tr>
<tr>
<td>% of growers who voted</td>
<td>35%</td>
<td>25%</td>
<td>+10%</td>
</tr>
<tr>
<td>% of returns</td>
<td>37%</td>
<td>25%</td>
<td>+12%</td>
</tr>
<tr>
<td>% of value of the industry that voted</td>
<td>70%</td>
<td>30%</td>
<td>+40%</td>
</tr>
<tr>
<td>Total value of Yes votes</td>
<td>$49.250m</td>
<td>$15.580m</td>
<td>+$33.670m</td>
</tr>
</tbody>
</table>
These results demonstrate that all levy payers are happy:
- with the imposition of a commodity levy which would replace the current levy
- that the levy will be managed by Summerfruit New Zealand
- that the benefits of the levy outweigh the costs.

Summerfruit New Zealand is extremely pleased that the referendum was in favour of the proposed commodity levy. Summerfruit New Zealand maintains that growers were given adequate opportunity to vote. If growers were vehemently opposed to the levy they would have taken the opportunity to actively vote against the levy.

This rate of returned votes is in line with commodity levy referendum returns received by other industries in this sector. For example in the Horticulture New Zealand Commodity Levy ballot (September 2012), 28.3% of overall votes were returned.

5. CONSULTATION WITH GROWERS

Summerfruit New Zealand made concerted efforts to consult with all potential levy payers as required under the Act. Since being established in 1995 Summerfruit New Zealand has maintained an accurate database of summerfruit growers. All growers on this database were consulted on the proposed new levy.

Summerfruit New Zealand repeated the approach adopted in the previous consultation. In the lead up to this referendum, rather than conduct a number of large public grower meetings to discuss the levy, we conducted many small group meetings or met one on one with growers. In our experience large meetings are often poorly attended and are not always the best method of gaining grower opinion.

Given the number of commodity levy application referenda that most growers have participated in since the Commodity Levies Act was first introduced, there is widespread and considerable understanding of the technical aspects in the commodity levy process. While information on the specific technical aspects of the levy was distributed, it was evident that most growers were not interested is covering this ground once again. Growers were more interested in the specific details about how any levy would impact them directly and whether any changes were proposed to the existing levy. In fact many growers were more interested in discussing industry issues than discussing the levy, openly declaring their support for the levy before moving straight onto ‘more interesting’ topics.

5.1.1 Consultation

A communications plan was prepared prior to consultation taking place. The focus was to consult with growers at every opportunity, and to encourage and record all feedback received.

A combination of meetings, visits and phone calls were used to consult with growers. These were supported by articles in the industry magazine, the distribution of discussion documents, emails to growers and use of the Summerfruit New Zealand website, www.summerfruitnz.co.nz.
The summerfruit fruitbowl graphic below was used on all communications relating to levy discussions after the April 2013 magazine was issued. This was used to alert growers that the documents contained information on the proposed levy.

5.1.2 Grower meetings
Based on previous levy renewals two main rounds of consultation were planned.
- In Round 1 it was planned to meet with growers, discuss the key issues and collect any feedback on the proposed levy.
- Any negative feedback would then be discussed by the Executive Committee, the levy proposal reviewed and, if necessary, adjusted in response to the feedback.
- It was then planned to revisit growers to discuss the amended proposal.

However after conducting the first consultation round in April there was no significant negative feedback that warranted reviewing the proposal. There were good discussions on levy expenditure in some areas but support for the proposed levy itself was strong. Previously unsupportive growers openly stated their acceptance of the need for the levy.

This led to a modification of the second consultation round. This was used to have open discussion with growers on several key issues affecting the industry. In particular; proposed access to New Zealand for Australian summerfruit, the Recognised Seasonal Employer scheme and the development of Government Industry Agreements. Growers also often sought reassurance that there was no overlap of services between Summerfruit New Zealand and Horticulture New Zealand.

5.1.3 Direct consultation via meetings or telephone calls
All consultation was conducted in 2013 starting in April and ending in October. We adapted the consultation approach to fit with the growers in each region. In some cases this meant small group meetings, in other areas we met with growers at their orchards or packhouses. We also contacted many by telephone if they weren’t available to be visited.

By adopting this approach to consultation Summerfruit New Zealand spoke directly to in excess of 140 growers. This far exceeds the numbers that we would expect to attend public meetings in an industry of this size. A complete record of all meetings, along with comments, appears in (Appendix 11). As a result of discussions, some growers were visited more than once. This was often needed to follow up previous discussions.

Consultation Round 1
The first round of meetings in April 2013 sought grower input as to whether the existing levy was meeting their needs and what they wanted to see from a new levy. We targeted the larger growers, who are therefore the larger levy payers, in the two main regions, Hawkes Bay and Central Otago.

We also made effort to contact growers in the outlying areas. Few full time summerfruit growers exist in areas such as Auckland, Marlborough or Canterbury where production is shrinking. These growers
were hard to contact as they often worked away from their orchards. Therefore many of these growers were contacted by telephone. Several notified us that they had removed their trees and were no longer growing summerfruit.

<table>
<thead>
<tr>
<th>Date</th>
<th>Where</th>
<th>Type of consultation</th>
<th>Number of growers contacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 April</td>
<td>Auckland</td>
<td>1 meeting</td>
<td>5</td>
</tr>
<tr>
<td>7 April</td>
<td>Blenheim</td>
<td>1 meeting 1 visit to a property 1 phone call</td>
<td>5</td>
</tr>
<tr>
<td>9, 10 April</td>
<td>Hawkes Bay</td>
<td>3 meetings 4 visits to properties 1 phone call</td>
<td>18</td>
</tr>
<tr>
<td>12, 13, 14 April</td>
<td>Canterbury</td>
<td>3 visits to properties 16 phone calls 1 visit to processor</td>
<td>20</td>
</tr>
<tr>
<td>15 April</td>
<td>Waitaki Valley, Oamaru, Timaru</td>
<td>4 visits to properties 12 phone calls including 6 no contact</td>
<td>11</td>
</tr>
<tr>
<td>16, 17 April</td>
<td>Central Otago</td>
<td>4 meetings 6 visits 3 phone calls</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>102</td>
</tr>
</tbody>
</table>

**Consultation Round 2**
In Round 2 the two main regions were revisited to either meet with growers that were missed in the first round or who warranted a follow up visit.

<table>
<thead>
<tr>
<th>Date</th>
<th>Where</th>
<th>Type of consultation</th>
<th>Number of growers contacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>18, 19 June</td>
<td>Hawkes Bay</td>
<td>9 visits or meetings 1 phone call 3 unavailable, levy information delivered 1 meeting with a processor</td>
<td>13</td>
</tr>
<tr>
<td>24, 25, 26 September</td>
<td>Central Otago</td>
<td>16 visits 1 unavailable, levy information delivered</td>
<td>19</td>
</tr>
<tr>
<td>18 October</td>
<td>Hawkes Bay</td>
<td>5 visits 1 phone call</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>39</td>
</tr>
</tbody>
</table>

**5.1.4 Additional meetings**

<table>
<thead>
<tr>
<th>Date</th>
<th>What</th>
<th>Type of consultation</th>
<th>Growers present</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 May</td>
<td>Summerfruit NZ Conference and AGM, Blenheim</td>
<td>Presentation</td>
<td>45</td>
</tr>
<tr>
<td>4 October</td>
<td>Summerfruit NZ SummerGreen meetings Hawkes Bay</td>
<td>Discussion</td>
<td>35</td>
</tr>
<tr>
<td>24 October</td>
<td>Central Otago Fruitgrowers Assn AGM, Clyde</td>
<td>Discussion</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>88</td>
</tr>
</tbody>
</table>

**5.1.5 Written communication**

<table>
<thead>
<tr>
<th>Date</th>
<th>What</th>
<th>Type of document</th>
<th>Distribution</th>
<th>Appendix</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td><em>SummerFruit The Journal Of Summerfruit NZ</em> issue 20, page 6</td>
<td>Notification of levy renewal process</td>
<td>To all growers and industry participants including collection agents</td>
<td>12</td>
</tr>
<tr>
<td>Date</td>
<td>Issuer</td>
<td>Description</td>
<td>Recipients</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>31 May</td>
<td>Factsheet</td>
<td>Levy discussion documents</td>
<td>Distributed during Round 1 consultation and posted to all growers</td>
<td></td>
</tr>
<tr>
<td>13 May</td>
<td>Summerfruit NZ Annual Report</td>
<td>AGM papers</td>
<td>All present at the conference (136)</td>
<td></td>
</tr>
<tr>
<td>17 July</td>
<td>Letter</td>
<td>Explaining the levy is to be renewed and that the Heinz Wattie’s Ltd exemption was being retained</td>
<td>Emailed to 77 Heinz Wattie’s Ltd growers</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>SummerFruit The Journal Of Summerfruit NZ, issue 21, pages 4, 7, 8</td>
<td>Outlined the technical aspects of the levy</td>
<td>Distributed to all growers and industry participants including collection agents</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>SummerFruit The Journal Of Summerfruit NZ, issue 21, page 21</td>
<td>Grower comment by M Neal after consultation meeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>SummerFruit The Journal Of Summerfruit NZ, issue 22, entire issue</td>
<td>Discussed the levy renewal. All articles highlighted levy funded activities</td>
<td>Distributed to all growers and industry participants including collection agents</td>
<td></td>
</tr>
</tbody>
</table>

5.1.6 Website and emails
The Summerfruit New Zealand website was used to promote the levy and inform growers that the renewal process was under way. A section on the levy was set up on the website. This included all documents that had been distributed to growers. A prominent front page article from 25 July 2013, using the fruitbowl graphic, provided a link to this section.

The referendum itself was promoted via a special link on the home page of the website to the online voting on the Electionz.com website (Appendix 7).

Summerfruit New Zealand uploads all industry resources on the website. In particular many harvest and export resources are only available via the website. Prior to the levy vote being conducted growers were visiting the site daily to register for export and to get the latest updates. Growers using the website could not avoid being exposed to information on the levy and ballot.

<table>
<thead>
<tr>
<th>Date</th>
<th>What</th>
<th>Type of notice</th>
<th>Appendix</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 October to 2 December</td>
<td>email signatures</td>
<td>Automated signatures added to all staff emails sent from the Summerfruit NZ office</td>
<td>17</td>
</tr>
<tr>
<td>15 May</td>
<td>Summerfruit NZ website</td>
<td>Articles on the levy loaded into levy section on the website</td>
<td>7</td>
</tr>
<tr>
<td>1 November</td>
<td>Vote Here link</td>
<td>Vote Here link added to front page using Levy fruitbowl graphics. Linked to Electionz.com online voting</td>
<td>14</td>
</tr>
</tbody>
</table>
5.1.7 Media coverage
Following the release of our press statement on 22 October (Appendix 18) the coverage below was received.

<table>
<thead>
<tr>
<th>Date</th>
<th>Media</th>
<th>News item</th>
<th>Appendix</th>
</tr>
</thead>
<tbody>
<tr>
<td>23 October</td>
<td>Radio NZ</td>
<td>Interview with Marie Dawkins (CEO)</td>
<td>19</td>
</tr>
<tr>
<td>24 October</td>
<td>Voxy.co.nz</td>
<td>Summerfruit NZ looking for good voting turnout</td>
<td></td>
</tr>
<tr>
<td>24 October</td>
<td>Truth.co.nz</td>
<td>Summerfruit NZ looking for good voting turnout</td>
<td></td>
</tr>
<tr>
<td>24 October</td>
<td>Freshplaza.com</td>
<td>Summerfruit NZ seeking grower support to continue levy funding</td>
<td></td>
</tr>
<tr>
<td>24 October</td>
<td>Ruralnewsgroup.co.nz</td>
<td>Support sought for levy</td>
<td></td>
</tr>
<tr>
<td>25 October</td>
<td>Foodworks.co.nz</td>
<td>Summerfruit NZ looking for good voting turnout</td>
<td></td>
</tr>
<tr>
<td>31 October</td>
<td>Radio LiveSPORT</td>
<td>Interview with Marie Dawkins (CEO)</td>
<td></td>
</tr>
<tr>
<td>4 November</td>
<td>Radio New Zealand</td>
<td>Interview with Marie Dawkins (CEO)</td>
<td></td>
</tr>
</tbody>
</table>

5.1.8 Grower support
Throughout the consultation process growers demonstrated full support for the Summerfruit New Zealand Executive and its management of industry affairs and the current levy. Acceptance was widespread and unquestioned. Summerfruit New Zealand is confident that the levy is well understood and supported by growers.

5.1.9 Heinz Wattie’s Ltd suppliers
Under the current commodity levy, fruit supplied to Heinz Wattie’s Ltd (HW) appears as a separate class which is exempt from paying the levy. Under an earlier arrangement with suppliers, HW pay summerfruit growers a reduced rate for fruit based on the understanding that, HW would invest an equal amount into in-house summerfruit research. This agreement between HW and growers only relates to summerfruit grown in the Hawkes Bay.

A condition of Summerfruit New Zealand agreeing to an exemption for HW suppliers was that HW shared the results of that research with the wider industry. Should HW not invest in research, the exemption would no longer be valid. Since the exemption was introduced in 2002 HW has consistently supported summerfruit research. Regular and ongoing contributions have occurred. An HW representative attends all industry research planning days and joint research is often conducted. For example Summerfruit New Zealand and Heinz Wattie’s Ltd are joint partners in the Sustainable Farming Fund Project 11-051 SummerGreen Futures.

As no change was proposed to the exemption HW suppliers were not consulted separately other than by letter which was distributed on our behalf by HW (Appendix 15). There are few growers who supply HW that do not also grow other summerfruit for general supply which does incur levies. Therefore HW suppliers were often included as part of the main grower consultation programme.

5.1.9 Implications of the levy
All known levy payers, based on the database of existing growers, were consulted and had the opportunity to participate in the referendum. It is possible that small growers outside the main regions may not be on the database, it is highly unlikely however, that larger growers would not be known to the industry. We would suggest that the summerfruit levy is now well established and anyone not participating in the industry does so by choice.

For growers the implications of the proposed levy were unchanged from the existing levy. Consultation indicated that growers supported retaining the existing system.
5.1.10 Opposing views

In accordance with section 5(2)(g) both growers and collection agents were informed of their right to put their views to the Minister if they opposed the imposition of the levy. This was discussed both in correspondence and at meetings throughout the consultation process. No growers expressed negative views directly to Summerfruit New Zealand and we understand that none have communicated with the Minister.

6. CONSULTATION WITH COLLECTION AGENTS

Other than growers, the only parties that were likely to be affected by the imposition of the levy were those companies that act as collection agents. As no change is proposed to the levy, including the levy rate, collection methods, collection fee or the frequency of payment, the proposed levy has no new impact on collection agents.

All collection agents had the opportunity to keep up to date with the consultation process through a number of regular industry meetings and communications:
- All major merchants and wholesalers receive copies of the industry magazine.
- All of the largest collection agents attended the Summerfruit New Zealand conference in June 2013 where the levy renewal was widely discussed.
- All major merchants also receive regular industry email newsletters where the levy was discussed.
- New Zealand marketers. The levy renewal was discussed at the New Zealand Market meeting (18/04/2013). Combined, those present at these meetings represent collection agents for over 80% of the current levy. No negative feedback was received.
- Exporters. The levy renewal was discussed at the Summerfruit Exporters Committee meeting (1/05/2013). No negative response was received. (Appendix 16).

The only addition proposed to the levy was the inclusion of a clause that sought to clarify the selling of fruit between growers. In the ballot paper additional wording was inserted:

14. What is a collection agent?
Where a grower sells summerfruit to another grower for resale, the receiving grower shall be considered to be the collection agent.

These words are targeted at an emerging problem among smaller traders. It does not add any new authority for Summerfruit New Zealand nor impose any new requirements on collection agents.

6.1 Collection agents

The Summerfruit New Zealand commodity levy records indicate that while the number of collection agents vary each year, there are currently 29 companies that act as collection agents for the summerfruit levy (11 domestic marketers, 16 exporters and two processors). These 29 companies collected 93% of the levy in the 2013 financial year. The remaining 7% was submitted directly by growers.
7. COSTS AND BENEFITS

The levy will be spent in accordance with section 10 of the Commodity Levies Act 1990 which governs the use of commodity levy funds.

Summerfruit New Zealand provides a structure that enables the issues that are common to all summerfruit growers to be addressed. This structure facilitates the exchange of information between all parts of the chain from growers, exporters, marketers and retailers through to science providers.

Summerfruit New Zealand has a strong focus on ensuring that all levy spending is conducted with the interests of every grower in mind, irrespective of the size of their operation. All expenditure is tied to the industry strategic plan. Spending is tightly controlled and the budget adhered to as much as possible. Summerfruit New Zealand is prepared to run at a deficit, using reserve funds, in order to ensure that key activities occur.

Economies of scale can be achieved through aggregating many small levy payments. Whereas it is not realistic to expect growers to individually achieve equal outcomes. If the levy was not in place, very few of the projects conducted by Summerfruit New Zealand would be likely to happen.

Combined with the defined six year period of a levy order, it is possible to:
- conduct projects that have long term vision and may take a number of years to complete
- leverage relatively large grants from external agencies to supplement levy monies
- coordinate a complex number of projects that give benefit across many different sectors of the industry
- conduct ongoing projects that ride out fluctuations in the economy.

Portfolios
Summerfruit New Zealand has operated under a portfolio structure since 2002. There are six portfolio areas which are tied to both the objectives of the organisation and the strategic plan. The budget is drafted based on these portfolios. Each member of the Executive Committee is assigned to a portfolio. The six portfolios are:

1. Administration and finance
2. Research and development
3. Export
4. NZ Market
5. Biosecurity
6. Communication

The 2013-14 Budget (Appendix 20) shows key spending areas, and the amount to be spent in each of those areas. In many cases expenditure items are a continuation of existing programmes. A number of the portfolios bring in income which underpins projects in that portfolio. This income includes grants from organisations such as the Sustainable Farming Fund or AgMARDT as well as advertising and sponsorship.
7.1. Administration and finance
This portfolio is the engine house of the organisation. It largely relates to the management of Summerfruit New Zealand and the Executive Committee. During the period of the existing (2008) levy an average of 31% of all expenditure, was annually incurred by this portfolio. The administration and finance portfolio is 100% funded by levy income.

7.1.1 Conference and AGM
The annual conference and AGM come under this portfolio. Due to sponsorship and registration fees the conference is the fourth largest income stream for Summerfruit New Zealand. As a result the conference is largely self-funded. While costing the industry little, the conference is one of the major communication and networking tools used by Summerfruit New Zealand. It is well supported and annually attracts over 130 attendees.

7.1.2 Executive remuneration
Given the size of the organisation and limited income, the Executive Committee are required to have an active input into many projects. Executive Committee members are paid a daily rate of $450 to attend meetings. The chairman is paid an honorarium of $7,500 per year. Neither of these rates have been increased during the period of the existing levy. Attendance at meetings varies across the Executive Committee depending on the nature of their portfolio however most would attend at least six meetings per year.

7.1.3 Staff
Summerfruit New Zealand restructured in 2013, terminating the management contract with Marie Dawkins Management Ltd by mutual agreement. Summerfruit New Zealand now employs three staff: a chief executive officer, a communications advisor and an administrator. All other roles are provided on contract.

7.2. Research and development
Summerfruit New Zealand conducts an extensive and strategic research programme. An average of 30-35% of expenditure is invested in the research and development portfolio each year. This portfolio also generates the most non-levy income as Summerfruit New Zealand consistently captures grants to underpin key research.
The research is extensive and often long term. It is strongly aligned to the Summerfruit New Zealand strategic plan and focuses on providing support to the other portfolios.

Pivotal to the success of research portfolio has been:
- the annual review of the research plan. Members on this committee include growers, science providers, exporters, Heinz Wattie’s Ltd representatives and agrichemical companies. The use of regular workshops and meetings in both regions and the use of facilitators to present research outcomes to growers
- the regular use of technical or scientific experts working directly with growers
- a half day of the annual conference being dedicated to presenting research outcomes to growers
- the use of international experts.

7.2.1 Projects
Summerfruit New Zealand is committed to two Ministry of Business, Innovation, and Employment (MBIE) funded projects until 2019:
- Future Orchard Planting Systems, targeting radical new planting systems that will increase production and quality.
- Bee Minus to Bee Plus and Beyond: Higher Yields from Smarter, Growth-focused Pollination Systems (joint with Heinz Wattie’s Ltd).

Summerfruit New Zealand research projects conducted under the current commodity levy include:
- SummerGreen Futures for the control of brown rot through management techniques (joint with Heinz Wattie’s Ltd).
- Bacterial disease control in cherries.
- Development of a semiochemical based system for the management of NZ flower thrips.
- Ongoing benchmarking and monitoring of agrichemical use.
- Review of the apricot and plum breeding programme
  - assessment of advanced selections
  - crossing of seedling families
  - new product development for advanced varieties.
- Sensational Summerfruit which covered
  - breeding of unique apricot and plum selections – a number of which are nearing commercialisation
  - development of quality and storage indices, and storage parameters for export apricots.
- Summerfruit rootstock improvement through the import and testing of new cultivars.
- The Nursery Tree Protocol for the management of young trees.
- Post-harvest disinestation of thrips for export apricots.
- Post-harvest storage treatments.
- Testing biologically based products for efficacy against botrytis on cherries.
- Apricot cell walls – understanding mealiness and storage.
- Canopy light interception.

Projects still underway

The SummerGreen programme, now in its 14th year remains an underpinning tool for technology transfer of research outcomes. The success of SummerGreen relies on having:
- regional facilitators in Central Otago and Hawkes Bay
- regular grower meetings often held on orchards and featuring visiting speakers.
7.2.2 Apricot Co
Summerfruit New Zealand is in the process of establishing a grower owned cooperative to manage the development and commercialisation of unique varieties emerging from the breeding programme. Grower support for Apricot Co is strong. The entity should be launched in the next 18 months. Key aims include:
- retaining grower control of levy-funded varieties
- grower controlled marketing
- sustainability of varieties.

7.2.3 Education
The research and development portfolio provides a scholarship of $5,000 annually to support university students with an interest in developing a career in science. Based at a Plant and Food Research centre the scholarship aims to provide a student with an understanding of the New Zealand summerfruit industry, while also providing an additional resource to the existing summerfruit research projects. The scholarship is closely targeted at developing relationships with the student and replaces an earlier Massey based scholarship.

7.2.4 Relationships
Summerfruit New Zealand continues to build strong relationships with funding agencies including MBIE, the Sustainable Farming Fund and AgMARDT. During this current levy joint research was conducted Heinz Wattie’s Ltd, the Summerfruit Exporters Committee and the New Zealand Fruit Tree Company.

7.3. Export
As a recognised Product Group under the Horticulture Export Authority, Summerfruit New Zealand is very active in this portfolio area. An average of 19% of total annual expenditure is incurred by the export portfolio, however it is offset by income derived from export registrations and the management of official assurance programmes. With 13% of income this portfolio generates the second largest income for Summerfruit New Zealand.

The main areas of activity under the export portfolio are:
1. Market access (maintenance of existing markets and opening new markets)
2. Official Assurance Programmes (development and maintenance)
3. Agrichemicals (information, new agrichemicals, submissions).

7.3.1 Market access
Under the current levy order maintenance of export market access has included:
- development of the industry management protocol to the USA for Light Brown Apple Moth control
- recognition by Indonesia’s food safety authorities of industry systems
- retention of access to Thailand following review of existing access requirements
- maintenance of Korea, Japan, Western Australia and EU Official Assurance Programmes (OAP)
- continued delivery of Offshore Pre-shipment Inspection (OPI) (pre-clearance).

Summerfruit New Zealand is about to initiate a project to gain access to China for apricots. This project acknowledges the potential expansion of this market for apricots and is in response to requests from growers and exporters.
In 2005 Summerfruit NZ sought an increase in the levy on cherries from 0.75 to 1.0% to help repay the costs involved in gaining fumigation free access for cherries to Japan. Growers agreed to the increase which took effect in the 2005-06 season. Summerfruit New Zealand returned the levy rate to 0.75% at the 2010 AGM as these costs had been repaid.

7.3.2 Official Assurance Programmes
While growers do not enjoy OAPs, the programmes managed by Summerfruit New Zealand are of clear benefit to them. If these programmes were not in place and maintained by Summerfruit New Zealand, access to these markets would be substantially restricted or not possible. The management of the programmes is largely funded by export registration fees however the ongoing improvement of the programmes is funded by levies.

Current OAPs include:
- cherries to Korea
- cherries to Japan
- apricots, peaches, nectarines and plums to Western Australia
- offshore pre-inspection (OPI) for all summerfruit to Australia.

A fifth OAP, Summerfruit to the EU after 10 February, which has been in place since 2005, is about to cease. Summerfruit New Zealand sought to have the EU regulation changed due to the presence of Monolinia fructicola in the EU. Summerfruit New Zealand provided a review of brown rot detections and regulatory actions in the EU to MPI to support negotiations for the removal of the programme. The successful removal of the regulation was announced in early 2014.

The Australian OPI programme for summerfruit is the only industry run OPI programme in New Zealand. Aiming to remove a significant bottle neck in the OPI programme, Summerfruit New Zealand recently trialled an innovative remote microscopy system for rapid identification of pests found on apricots in Central Otago. The system enabled rapid identification of potential pests and for consignments to be cleared for export much more quickly than in the past. This resulted in fewer cancelled transport bookings and less loss of fruit quality. Given this success Summerfruit New Zealand will be moving to formalise this programme in the future.

The industry also has two voluntary programmes:
- Cherries and apricots to Thailand. This voluntary programme is an interim measure in response to new import requirements announced by the Thailand Department of Agriculture. The final import conditions are yet to be finalised.

7.3.3 Agrichemicals
A major issue facing growers is access to agrichemicals. This is particularly important for export growers who are obliged to meet importing country Maximum Residue Levels (MRLs) and phytosanitary restrictions. Failure to do so can result in market closure or penalties being applied.

Summerfruit New Zealand annually contracts MPI to conduct a review of all agrichemicals used in all our major markets. The updated information is distributed to growers, packhouses and exporters prior to the growing season starting. It is unlikely that all growers would be able to meet importing country requirements consistently without this information.

Summerfruit New Zealand continues to search for user friendly methods of pest and disease control. The current strategic plan identifies residue free production as a key target.
Agrichemicals are key tools for summerfruit growers. Under the current levy order work in this area has included:
- introduction of the residue assurance programme for export
- creation of a five-year agrichemical strategy
- annual production of the MRL and PHI charts for both export and the NZ Market
- achieving a five-year phase out period for azinphos methyl use on summerfruit
- participation in EPA review with existing uses of carbaryl, chlorpyrifos and pirimicarb successfully defended
- new agrichemicals registered or use patterns modified – notably Pristine on cherries, Prodigy on peaches and nectarines, and Sparta for all summerfruit.

7.4. New Zealand Market

The New Zealand Market portfolio is undoubtedly Summerfruit New Zealand’s most active and expanding portfolio. The portfolio has a strategic plan to improve grower returns on the New Zealand Market. To achieve this, the plan focuses on three key platforms:
1. Quality
2. Information
3. Communication.

7.4.1 Quality

Long identified as a major problem, quality issues are having a negative impact on grower returns. The 2013-14 season was the first stage of a three-year programme towards introducing voluntary grade standards and identifying harvest assurance tools for growers. The project which is supported by AgMARDT, focused on:
- tracking fruit throughout the coolchain and collecting data at each key point
- combining and analysing the multiple streams of data
- testing new handling systems
- trialling prototype picker aids
- reviewing non-destructive harvest tools.

Year two of the strategy will see the development of voluntary grade standards via focus groups of growers, packhouses, marketers and retailers. Implementation of the standards will be initiated in year three.

7.4.2 Information

Under the current levy this portfolio put a strong focus on the collection and distribution of information with the following:
- production of resources including the publication of Know Your New Zealand Summerfruit book
- creation of handling symbols for application to packaging
- creation of handling symbols for prepack fruit
- creation of handling posters for retail fruit handlers
- development of the growing degree day graphs on the Summerfruit New Zealand website, to assist growers monitor the effect of temperature during the season on crop growth, development and maturity
- conducting three Nielsen surveys
  - Analysis of consumer trends in summerfruit purchasing (2011)
  - Shopper behaviour (2012)
  - Where can we increase our returns (2013)
- a grower survey of key issues affecting summerfruit quality on the New Zealand Market.
The focus on the distribution of information and resources will continue as outcomes from the AgMARDT project become available.

**Survey**

Summerfruit New Zealand has collected sales data for many years, tracking the growth and, in some cases the decline, in key markets. However data on the actual size of the industry was lacking. Therefore a grower production survey was conducted in 2011 to gain a better understanding of the size of the industry. Results were released to growers to provide an understanding of the production timing and assist with future plantings. The associated updating of the database was used to support the 2013 Commodity Levy referendum. The survey is being conducted again in 2014 and will be repeated every two years.

**7.4.3 Communication**

All outcomes from this project are regularly communicated through Summerfruit New Zealand’s communication channels. Real energy is also being invested in communicating with the retail section of the supply chain. Summerfruit New Zealand holds a pre and post season meeting with New Zealand marketers. Meetings are also held twice yearly with the two supermarket chains. Focus has been on substantially improving the communication and relationships with these groups. These meetings act as a conduit for information between growers and retailers contributing to a cohesive industry approach towards solving problems on the New Zealand Market.

**7.5. Biosecurity**

Biosecurity is acknowledged as one of the major concerns for the primary sector. Fruit production in particular is susceptible to an extraordinary array of potential pests and diseases that are not currently present in New Zealand. Summerfruit New Zealand has a strategic role representing the industry on biosecurity matters. It is the single greatest area of focus that will require ongoing energy and resource.

The development of Government Industry Agreements (GIA) demands greater involvement by industry organisations in all aspects of biosecurity. Summerfruit New Zealand was actively involved in the discussions on the development of GIA ensuring that summerfruit growers interests were represented and protected.

Under GIA a single industry organisation must represent growers’ needs. It is simply not possible for individual growers to engage directly in this process. Therefore Summerfruit New Zealand has deliberated on the importance of industry involvement in GIA. This includes:

- participation in regular meetings and workshops to progress the development of the GIA structure
- work to develop the value proposition for Summerfruit New Zealand to become a signatory to GIA
- the decision to consult with growers in the next 12 months to seek mandate to sign the GIA Deed
- participation in the Interim Fruit Fly Council working on the development of an operational agreement for the management of fruit fly.

In addition to GIA this portfolio deals with:

- Monitoring the ongoing development of an Import Health Standard (IHS) for summerfruit from Australia. Analysis of and submissions on the risk assessment will be required once this document is released.
- Contribution to the development of IHSs for products and pests that could affect summerfruit, for example the import of pears from China.
- Participation in response activities such as the two recent fruit fly finds in Whangarei.
- Monitoring potential pests and risks in current trading partners, for example the spread of *Drosophila suzukii* in the USA.

**7.6. Communication**

Summerfruit New Zealand provides a platform for the distribution and sharing of information to summerfruit growers. The industry greatly benefits from the expansion of electronic communication methods, which reduces the cost of conducting widespread communication and makes information easily available to all growers.

The activities of this portfolio overlaps and supports the activity of all other portfolios. Summerfruit New Zealand has a continuous programme to improve communication with growers and meet their needs. The key tools are:
- the website [www.summerfruitnz.co.nz](http://www.summerfruitnz.co.nz)
- Summerfruit NZ magazine distributed three times per year
- the annual conference and AGM
- weekly email newsletters throughout the season
- weekly reporting of sales of summerfruit, by fruit type, by market throughout the season
- industry meetings
- Nielsen reports on consumer behaviour
- the annual report.

**7.6.1 Website: [www.summerfruitnz.co.nz](http://www.summerfruitnz.co.nz)**

The website is a key tool for Summerfruit New Zealand hosting all industry relevant information, resources and links to key sites. The aim of the website [www.summerfruitnz.co.nz](http://www.summerfruitnz.co.nz) is to be a repository of all information that Summerfruit New Zealand believes growers may want to access. As much information as possible is posted on the website, this includes:
- climate summaries and growing degree day graphs from the two main regions
- graphs of the weekly sales data by market throughout the season overlaid against previous seasons
- key information on export market requirements including OAPs
- export and SummerGreen manuals
- news items and upcoming events
- general grower information
- back issues of the magazine.

In addition the website provides an online platform for:
- submitting levies
- annual export registration.

The website was widely used in the consultation prior to the levy referendum in November 2013.

**7.6.2 The magazine: Summerfruit**

The industry magazine is distributed three times per year with a circulation of approximately 450, which includes growers, marketers, retailers, scientists and educators. It is also available to read online. The magazine has wide appeal and is well received by industry. It provides updates on all activities including research outcomes, season reports, market access developments, grower interviews, current issues, biosecurity and upcoming events. The magazine was reviewed in mid
2013, receiving strong grower support. Production was brought back in house in late 2013. The magazine is partially funded by advertising.

7.6.3 Email newsletters
A weekly newsletter market is emailed out each week to all growers, wholesalers, marketers and retailers from early November through to late March. The newsletter discusses supply by region, fruit type, varietal availability, prices and supply chain issues on the New Zealand Market. Growers and marketers are consulted each week to gather content for the newsletter.

7.6.4 Industry meetings
The main types of meetings that Summerfruit New Zealand uses to facilitate the exchange of information among growers include:
- the annual conference which is held in a different region each year to ensure as many growers as possible can attend
- SummerGreen workshops, conducted four to six times per year in the Hawkes Bay and Central Otago, which average 30-40 grower attendees and are free to growers
- the export reference group brings growers and exporters together twice per year to discuss export and market access issues
- a pre-season export meeting covering key issues facing growers, packhouses and exporters in the coming season
- workshops with visiting international speakers.

7.6.5 Other productions
In addition to the above Summerfruit New Zealand annually produces and distributes:
- the annual report
- Nielsen surveys on New Zealand consumer behaviour and attitudes to summerfruit.

7.6.6 Relationships
To ensure that summerfruit growers interests are represented at all levels Summerfruit New Zealand has made efforts to develop effective networks and links to a wide array of entities.

Summerfruit New Zealand is affiliated to Horticulture New Zealand. Care is taken to ensure that there is no doubling of services to growers by Summerfruit New Zealand and Horticulture New Zealand. In general Horticulture New Zealand is active in generic horticultural issues or specific areas where Summerfruit New Zealand has limited resources, for example the Land and Water Forum or RMA issues in our production regions. Horticulture New Zealand also represents the industry in high level discussions on biosecurity and on labour issues.

Summerfruit New Zealand is an active participant in joint industry affairs and has developed strong connections with:
- government departments, in particular the Ministry for Primary Industries
- other fruit sectors (eg Pipfruit New Zealand, Avocados New Zealand and others)
- the Horticulture Export Authority and its Product Groups
- the Summerfruit Exporters Committee
- research providers
- funding organisations (eg Sustainable Farming Fund, AgMARDT)
- exporters, New Zealand marketers and wholesalers
- both supermarket chains.
Costs and benefits – conclusion
The ability to manage and deliver industry good projects is of direct benefit to growers. Furthermore Summerfruit New Zealand provides a voice at government level on issues that affect the industry. The number of issues on which Summerfruit New Zealand represent growers is increasing, most of which cannot be managed by individual growers.

Summerfruit New Zealand is particularly successful in using levy income to leveraging funding for industry projects. Some external funding is secured most years ranging from $85-$130,000 per year. This success supports many of the projects listed above and ensures that growers’ levy money goes further. On this basis Summerfruit New Zealand achieves outcomes that growers are unlikely to achieve with the levy they individually pay.

Summerfruit growers receive many benefits from the levies that have been paid via the previous levy orders, these benefits will be repeated and extended under a new levy. Summerfruit New Zealand is confident that the benefits of a commodity levy far outweighs the cost. Strong grower support in the referendum supports this.

8. NECESSITY FOR A COMPULSORY LEVY

There are a number of reasons why a compulsory levy is necessary and a voluntary levy would be inappropriate.
1. In the majority of instances it is not possible for Summerfruit New Zealand to ensure that the benefits generated by investing in industry projects could be restricted to those that chose to pay a voluntary levy or subscription.
2. If a voluntary levy or subscription was put in place, a number of growers would choose not to pay the levy in the knowledge that they would still receive most of the benefits. This would place an unfair burden on growers who chose to pay the levy and would result in them subsidising growers who had chosen not to pay. Such a system would be inequitable and ultimately unsustainable.
3. The costs of collecting a voluntary levy would be significantly higher than under the commodity levy system.
4. The irregularity of voluntary payments could create significant budget and planning uncertainty for Summerfruit New Zealand.
5. The ability to conduct long term, industry good research would be difficult. Having a largely assured income and industry support means it is possible to secure long term research grants (eg MBIE) and conduct extended projects.

Therefore a compulsory levy is the most equitable and efficient way to fund Summerfruit New Zealand and industry activities.

9. INTERNATIONAL OBLIGATIONS

Imported produce will not be eligible for the proposed summerfruit levy. There are no parts of this application which conflict with New Zealand’s international legal obligations.
10. LEVY APPLICATION

Summerfruit New Zealand has consulted widely with the summerfruit industry, and conducted a referendum on the proposed commodity levy, as required under the Commodity Levies Act 1990.

Summerfruit New Zealand conducted the consultation and referendum in such a way that all potential levy payers had reasonable opportunity to vote and make their views known. All potential levy payers were provided with sufficient and accurate information with which they could make an informed decision when casting their vote. All growers have been informed of their right to contact the Minister to express their views in relation to the proposed levy.

The level of support measured by the referendum on the proposed summerfruit levy, as described in the referendum, indicates grower support for the proposed levy.

Summerfruit New Zealand proposes using the levy for industry good activities that clearly benefit growers. There is strong indication that Summerfruit New Zealand has full support from growers for these activities.

Summerfruit New Zealand Incorporated has met the requirements of the Commodity Levies Act 1990 in the preparation of an application for a commodity levy, and having received grower support, we hereby apply to have enacted by Order in Council, a summerfruit commodity levy as described in this application.

Marie Dawkins
Chief Executive Officer
Summerfruit New Zealand Incorporated
Appendices
CERTIFICATE OF INCORPORATION

SUMMERFRUIT NEW ZEALAND INCORPORATED
618563

This is to certify that SUMMERFRUIT NEW ZEALAND INCORPORATED was incorporated under the Incorporated Societies Act 1908 on the 28th day of July 1994.

Registrar of Incorporated Societies
5th day of September 2012

For further details visit www.societies.govt.nz

Appendix 2

THE RULES OF
SUMMERFRUIT NEW ZEALAND
INCORPORATED

Incorporated July 1994

These rules were amended 3rd June 2010
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1. DEFINITIONS
1.1 In these rules unless the context otherwise requires:-

"Act" means the Incorporated Societies Act 1908;

"Associate Member" has the meaning set out in the Conditions of Membership set out in Schedule One;

"Balance Date" means the balance date specified in rule 6.1;

"Executive Committee" means the committee elected in terms of rule 8.1;

"Executive Member" means the individual members of the Executive Committee.


“Exporter Member” means a person who is a licensed exporter of summerfruit under HEA and a member of the Summerfruit Exporters Committee.

“HEA” means the Horticulture Export Authority (established by the New Zealand Horticulture Export Authority Act 1987).

"Life Member" means a person designated as such under Rule 4.2;

“Meeting” means any meeting of the Society;

"Member" means a Member of the Society and includes both corporate and unincorporated bodies and Life Members;

"month" means calendar month;

"Person" includes a company or partnership;

"Producer Member" has the meaning set out in the Conditions of Membership set out in Schedule One;

“Product Group” means the group representing summerfruit growers and exporters as recognised by an Order in Council under the HEA Act.

"Qualification for Membership" means the qualification set out in Schedule One;

"Registrar" means the Registrar of Incorporated Societies;

"Society" means SUMMERFRUIT NEW ZEALAND Incorporated (also trading as Summerfruit New Zealand) under these rules;

"Summerfruit" means cherries, apricots, nectarines, peaches, plums and derivations thereof.
2. NAME AND REGISTERED OFFICE

2.1 The name of the Society shall be Summerfruit New Zealand Incorporated trading as Summerfruit New Zealand.

2.2 The registered office of the Society shall be situated at 3rd Floor, Huddart Parker Building, Post Office Square, Wellington or at such other place as from time to time shall be decided by the Executive Committee. Notice of any change of situation of the registered office shall be sent to the Registrar.

3. OBJECTS

3.1 The objects for which the Society is established are:-

(1) To represent the interests of the New Zealand summerfruit industry across all aspects of the industry. This includes the interests of Producer Members, Exporters and Associate Members.

(2) To act as a recognised product group under the New Zealand Horticultural Export Authority Act 1987, and to formulate and implement an export marketing strategy under that Act.

(3) To comply with the Commodity Levies Act 1990 and any relevant Summerfruit Commodity Levy Order under that Act.

(4) To co-ordinate, develop, promote and improve the Summerfruit industry both domestic and export.

(5) To undertake research and development in the interests of the Summerfruit industry in New Zealand both domestic and export and to facilitate transfer of technology.

(6) To liaise and co-operate with all relevant organisations.

(7) To initiate, organise and publicise seminars, workshops, conferences and meetings for the education and development of participants in the Summerfruit industry.

(8) To provide financial support in pursuance of the objects set out above.

(9) To do all things and make such arrangements whatsoever which are incidental or conducive to the objects of the Society and which in the opinion of the committee can advantageously be carried out, performed, done or executed for the benefit of the society or the furtherance of its objects.

4. MEMBERSHIP AND CLASSES OF MEMBERS

4.1 There shall be Five classes of Members:

(i) Producer Members: Persons who grow any summerfruit for commercial purposes, regardless of production levels, shall qualify as Producer Members of the Society.
(ii) Exporter Members: Exporters who are licensed under HEA and have complied with the Export Marketing Strategy, and paid any fees imposed under these rules.

(iii) Associate Members: Those associated with the industry and who have an interest in the industry other than as a producer or exporter.

(iv) Group Associate Membership: Those entities that are directly involved in the production of summerfruit may apply for a corporate membership which shall include up to three people per entity.

(v) Life Member: Anyone who has rendered special services to the Summerfruit industry and so appointed by the executive. Nomination for Life Members shall be called for annually by the executive.

4.2 The industry may appoint only one Life Member in any one year (schedule three).

4.3 Qualifications for Membership shall be as set out in Schedule One hereto or as subsequently determined by the Society from time to time in any general or special Meeting and any variation of such conditions shall be filed with the District Registrar of Incorporated Societies as an amendment to these rules.

4.4

(a) Subject to Rule 4.1 any person who wishes to join the Society must complete the official Society membership application form for the class or membership for which that person qualifies.

(b) Once an applicant has applied correctly for a class or membership then the Executive Committee shall consider that application at the next Executive Committee meeting. The Executive Committee may either decline or accept the application at that meeting and inform the applicant of the outcome of the application, or adjourn the consideration of the application until its next meeting and call for more information regarding the applicant. If the application is unsuccessful the applicant may seek a rehearing in person at the Executive Committee meeting following notification that the application has been unsuccessful. If the rehearing is still unsuccessful no further application from that applicant will be considered by the Executive Committee during that financial year.

(c) Once accepted by the Executive Committee, the applicant shall be informed and shall pay any joining fee where applicable and the subscription then current to that class membership. On payment of such amounts will the applicant become a Member of the relevant class of membership of the Society.

4.5 Any Member may by notice resign from membership or apply for membership in a different class by written notice to the Executive Committee and every such notice shall unless otherwise expressed take effect from the end of the then current financial year, subject (in the case of an application to change class of membership) to acceptance by the Executive Committee. The provisions of Clause 4.4(b) and (c) above shall apply to an application to change class of membership with all necessary modifications. Any Member leaving a class of membership shall not be entitled to any refund of subscriptions paid in advance. In the case of termination of membership of the Society, a Member shall forfeit any claim or interest in the property of the Society.

4.6 If any Member is convicted of an indictable offence or is adjudged a bankrupt or makes a composition with creditors or if any effective resolution or order of court is
passed or made for the winding up or dissolution of any company or other body
corporate which is a Member, then that Member shall without release from any prior
liability to the Society forthwith cease to be a Member, but the Society may in its
discretion reinstate the Member.

4.7

(a) The Executive Committee may at any time by letter invite any Member within
a specified time to retire for breach of these rules, or any regulations or by-
laws made by the Society, or if the Member no longer meets any Qualification
for Membership, and, in default of retirement, submit the question of expulsion
to a Special General Meeting to be held within three calendar months from the
date of the letter.

(b) At the meeting, the Member whose expulsion is under consideration shall be
allowed to offer an explanation verbally or in writing.

(c) If two-thirds of the Members present in person or by proxy at the meeting vote
for expulsion, the Member shall forthwith without release from any prior
liability to the Society cease to be a Member.

(d) The Executive Committee may at any time by letter invite any Member with a
specified time to vary its class of membership ("Initial Request") where the
Member meets the Qualification for Membership of a class of membership in
which the Member is not registered at the relevant time. On receipt of such
notification from the Executive Committee the Member shall forthwith apply to
change its class of membership in accordance with the requirements of the
Initial Request, or advise the Executive Committee in writing of the reasons
the Member's class of membership should not be changed.

(e) The Executive Committee shall consider any comments made by the Member
and either withdrawn or confirm its Initial Request. If the Member, having
received further notification from the Executive Committee that the initial
request is confirmed, "Confirmation Notice" fails to make an application for a
change of membership class and pay any increased subscription required as a
result then the Executive Committee may submit the question of expulsion
of that Member to a Special General Meeting to be held within three months
from the later of Initial Request or Confirmation Request and in such case the
provisions of Subclauses 4.7(b) and (c) above shall apply.

5. SUBSCRIPTIONS/FEES

5.1 Each year the Executive Committee may recommend:

(a) A fee to be paid by new Members as a joining fee;

(b) An annual subscription charge payable by Associate and Exporter Members
of the Society in respect of each of the Society's financial years;

(c) To adjust the annual fee as appropriate.

5.2 The recommendations of the Executive Committee for the fee and subscriptions noted
above shall be considered by Members at each Annual General meeting and approved
or varied by the Annual General Meeting, as Members think fit. The decision of the
Annual General meeting as to the amounts of joining fees and subscriptions for the
then current financial year shall be final and binding on all Members provided that no
joining fee or subscription shall be less than the amount recommended by the Executive Committee.

5.3 Any Member failing to pay the appropriate subscription within one month of its due date may be liable to have that Member’s name removed from the list of Members and membership terminated.

5.4 The Executive Committee shall have the power to reduce pro rata the appropriate subscriptions for Members joining or changing class in the second half of any financial year.

5.5 For the avoidance of doubt it is recorded that the payment of a Produce Members subscription charge shall entitle the Producer Member paying such subscription to services and products of the Society which may from time to time be limited to Members who are Producer Members who have paid the subscription set from time to time.

6. BALANCE DATE

6.1 The balance date for the Society shall be 31 August each year.

7. MEETINGS

7.1 The Annual General meeting of the Society shall be held within twelve (12) months from the Balance Date in every year upon a date and at a time and place to be fixed by the Executive Committee.

7.2 The purpose of the Annual General meeting shall be:

(a) To receive from the Executive Committee a report, audited balance-sheet and statement or accounts for the preceding financial year and an estimate of the receipts and expenditure for the current financial year, together with details of any mortgage, charge or security affecting any property of the Society;

(b) To appoint an auditor for the ensuing year;

(c) To decide on any resolution which may be duly submitted to the meeting.

(d) Further items of business for the Annual General Meeting of SNZI held under clause 7.2 (a) above shall be:

   (i) consultation with Producer Members on how commodity levies are to be spent by SNZI; and

   (ii) voting on commodity levy matters;

   (iii) pursuant to the Commodity Levies Act 1990, and any Summerfruit Commodity Levy payable to the Society under the Act, provided that only Producer Members may participate in the deliberations of the Annual General Meeting, including any vote, relating to the items of business under this sub-clause.
7.3 The Chairperson or in his or her absence or inability any other Member of the Executive Committee may at any time for any special purpose call a Special General meeting and shall do so forthwith upon the requisition in writing of at least 35 Members stating the purpose for which the meeting is required.

7.4 Notice of every meeting and the business to be transacted at the meeting shall be sent to every Member at least seven clear days before a Special General meeting and fourteen clear days before the Annual General meeting and no business other than that of which notice has been so given shall be brought forward at such meeting.

7.5 Every notice required to be given to the Members or any of them shall be deemed to have been 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.

7.6 At all meetings the Chairperson and in his or her absence any other duly elected chairperson shall take the chair.

7.7 Voting rights

(a) Every Producer Member present at the meeting in person, as authorised representative of a corporate member, or by proxy, shall be entitled on every motion (other than a motion to change these rules, to elect officers to the Executive Committee or to wind up the Society) to one vote for every hectare or part thereof of land on which Summerfruit is planted owned or operated by that Producer Member as shown by the records of the Society current at the time. In voting on a change to these rules, on the election of officers to the Executive Committee or on a motion to wind up the Society every Producer Member shall have one vote.

(b) Every Exporter Member shall have one vote on every motion to change these rules, or to wind up the Society, and shall have no vote in respect of motions on any other subject matter.

(c) Every Associate Member shall have one vote on every motion to change these rules, to elect officers to the Executive Committee or to wind up the Society, and shall have no vote in respect of motions on any other subject matter. Every Group Associate Member shall have one vote (per corporate) on every motion to change these rules, to elect officers to the Executive Committee or to wind up the Society, and shall have no vote in respect of motions on any other subject matter.

(d) Persons designated as "Life Members" shall have no right to vote on any subject matter, unless the Life Member shall retain (including payment of the required subscription) any Producer or Associate membership held by that Life Member.

(e) In the case of an equality of votes the chairperson of the meeting shall have a casting as well as a deliberative vote. A secret ballot shall be held if called for by four Members present in person or by proxy at the meeting.

7.8 At all Annual General or Special General Meetings of the Society, 25 Members present in person or by proxy shall constitute a quorum.

7.9 Any instrument appointing a proxy shall be deposited with the Society at its registered office at least 24 hours prior to the meeting to which the proxy relates. The form of proxy shall be in the form attached hereto as Schedule 2, or in similar form thereto.
7.10 In each year each Producer Member shall provide to the Executive Committee in writing such information relating to the area of land utilised in the production of Summerfruit by the Member as the Executive Committee shall require for the purposes of establishing the Member’s voting entitlement.

8. **THE EXECUTIVE COMMITTEE**

8.1 The Executive shall comprise eight Executive Members, being five Producer/Associate Members and three Exporter Members. The committee shall not comprise of more than one Associate member at any one time.

(a) Producer and Associate Members shall be elected by postal ballot, conducted amongst all members across those classes

(b) Exporter Executive Members shall be appointed by the Summerfruit Exporters Committee.

8.2 The Executive Committee shall have the power to second any person or persons, whether a Member or not, to serve on the Executive Committee. That Member shall act in an advisory capacity only, shall have no voting rights, nor be counted in any quorum required for any meeting of the Executive Committee.

8.3 All members of the Executive Committee shall serve for a period of three years. Executive Members may offer themselves for re-election or re-appointment.

(a) The Executive Committee shall ensure that nominations for election of Producer and Associate Members to the Executive Committee are called at least two months prior to the Annual General meeting in each year by notice in writing to all members eligible to vote at Annual General Meetings and all nominations shall be returned to the registered office of the Society within 21 days of the date of such notice.

(b) If the nominations received do not exceed the number required those nominated shall be declared elected and shall take office at the conclusion or adjournment of the Annual General Meeting;

(c) If the nominations exceed the number required:-

(i) The Executive Committee shall cause postal ballot papers to be prepared showing in alphabetical order those persons who have been nominated for the Executive Committee;

(ii) The postal ballot paper shall be in such form as the Executive Committee shall approve and every Member shall be entitled to one vote, notwithstanding the class of membership nor the area owned or operated by any such Member and planted in Summerfruit;

(iii) Ballot papers shall be sent by ordinary post to all members entitled to vote at Annual General Meetings of the society. All postal ballot papers shall be returned to the Registered Office of the Society not later than 14 clear days prior to the Annual General Meeting;

(iv) The two Scrutineers of the Society shall count the votes and report the result of the ballot to the Chairperson. The five candidates receiving the five highest numbers of votes respectively, shall be declared elected to
the Executive Committee. As soon as possible after the conclusion of counting of votes the Executive Committee shall notify all Members of the results and the successful candidates shall take office at the conclusion or adjournment of the Annual General Meeting of the Society then following.

(v) The two Scrutineers shall be appointed:

(1) in the case of a postal ballot, by a majority of the Executive Committee; or

(2) in the case of a ballot to be held at the Annual General Meeting, by a majority of the Members entitled to vote at that meeting.

8.4 Exporter Members of the Executive: The Exporter Members shall serve for a period of three years. The two longest serving members shall stand down but may offer themselves for re-nomination to the committee. Prior to the Annual General Meeting of the Society the Summerfruit Exporters Committee shall appoint the exporter members as required.

8.5

(a) The Executive Committee shall elect a Chairperson who shall be the Chairperson of the Executive Committee and the Society at a special meeting immediately following the conclusion of the Annual General Meeting.

(b) At the first full meeting of the new executive, areas of responsibility and appointments shall be confirmed at the discretion of the Chairman.

8.6 At all meetings of the Executive Committee each member shall have one vote except that the Chairperson shall have a casting vote as well as a deliberative vote in the case of equality of votes.

8.7 The office of Executive Committee Member shall be vacated:

(a) If the Member is absent from two consecutive meetings without special leave; or

(b) In the event of an Executive Committee Member being convicted of an indictable offence, adjudged a bankrupt or makes a composition with creditors or if any effective resolution or order of court is passed or made for the winding up or dissolution of any company or other body corporate of which that Member has a financial or directorial interest, the provisions of Clause 4.7 shall apply.

(c) If the Member dies or becomes mentally incapable as defined in the Protection of Personal and Property Rights Act 1988; or

(d) If the Member ceases to be a member of the Society.

8.8 The Executive Committee shall have power to appoint a Member to fill any casual vacancy on the Committee until the next Annual General Meeting and any Member so appointed shall retire at the conclusion or adjournment of the next Annual General Meeting together with the remainder of the Executive Committee but all or any of the retiring Executive Committee shall be eligible for re-election.
9. PROCEEDINGS OF THE EXECUTIVE COMMITTEE

(a) Meetings of the Executive Committee may be convened by mutual agreement at such intervals as may be considered necessary.

(b) If mutual agreement cannot be achieved to set the date or venue of a meeting, the Chairperson shall make the final decision.

(c) At all Meetings of the Executive Committee five Members shall constitute a quorum provided that at least two Producer Members and one Exporter Member are included.

(d) Two Executive Committee Members may at any time request a meeting of the Executive Committee which the Chairperson shall convene.

(e) In the absence of the Chairperson, the Vice-Chairperson shall act as chairperson of the Executive Committee. If both the Chairperson and the Vice-Chairperson are absent the Members present shall choose one of their number to chair that meeting.

(f) It shall be the duty of the Executive Committee to,
   (i) conduct the affairs of the Society in the best interests of the Society,
   (ii) to keep robust, accountable financial records
   (iii) to notify Members of intended meetings and the business to be transacted at those meetings,
   (iv) to ensure that nominations for the Executive are called.
   (v) to ensure that the Annual General Meeting is held each year and that all requirements of the meeting are met
   (vi) to prepare and submit a report to the Annual General Meeting, which include financial statements for the preceding year and budget for the ensuing year.
   (vii) to annually review the Export Marketing Strategy (under the HEA Act 1987)

10. REMUNERATION OF EXECUTIVE AND SUB-COMMITTEES

(a) No part of the income or property of the Society will be paid directly or indirectly to any member other than making reasonable payments to members for professional or other services rendered.

(b) Members of the Executive Committee and sub-committees may be paid remuneration by way of,
   (i) honorarium
   (ii) meeting fees
   (iii) reasonable costs incurred in fulfilling their responsibilities or duties, including travelling, accommodation and other expenses properly incurred in attending and returning from meetings of the Executive
Committee or any sub-committee or any general meetings of the Society or in connection with the business of the Society

11. EXPORT MARKETING STRATEGY

11.1 The Executive Committee will formulate an Export Marketing Strategy for summerfruit in accordance with section 26 of the HEA Act.

11.2 The Executive Committee will maintain the Export Marketing Strategy under review as per section 27 of the HEA Act.

12. RECORDS

12.1 The Executive Committee shall ensure that:-

(a) A record is kept of all proceedings of the Society and the Executive Committee;

(b) A record is kept of all Members, their addresses, class of membership, Qualification for Membership detail and occupations and the date on which they became members of the Society;

(c) All correspondence, records and reports connected with the Society are kept for a reasonable period; and

(d) A record of monies due to the Society, or payments made by the Society is kept in a correct record of such receipts and payments;

13. AUDITOR

13.1 An auditor, being a person who is not a Member, but who is a current member of The New Zealand Society of Chartered Accountants shall be appointed by the Executive Committee.

13.2 It shall be the duty of the auditor to examine and check the books of the Society and see they are properly kept and balanced and also to audit the annual balance-sheet of the Society.

14. INDEMNITY AND INSURANCE

14.1 The Society may in accordance with the Act

(a) Enter into indemnities for Executive Committee Members and Management Contractors of the Society

(b) Effect insurance for Executive members or Management contractors of the Society

15. COMMON SEAL

15.1 The common seal of the Society shall be affixed by the Executive Committee who shall be responsible for the safe custody and control of the seal.
15.2 Whenever the common seal of the Society is required to be affixed to any document the seal shall be affixed pursuant to a resolution of the Executive Committee or of the Society by two Members of the Executive Committee and the persons affixing the seal shall at the same time sign the document to which the seal is affixed.

16. SOCIETY FUNDS

16.1 All moneys received by or on behalf of the Society shall forthwith be paid to the credit of the Society in a bank account nominated by the Executive Committee and all cheques or withdrawal slips drawn on the account shall be signed by any two people appointed for that purpose by the Executive Committee.

16.2 The Society may from time to time without restriction invest and reinvest with or without security and upon such terms as the Executive Committee thinks fit the whole or any part of its funds not required for the immediate business of the Society.

17. BORROWING

17.1 The Society may in addition to the other powers vested in it borrow or raise money from time to time by the issue of debentures, bonds, mortgages or any other security founded or based on all or any of the property and/or rights of the Society or without any security and upon such terms as to priority and otherwise as the Society thinks fit.

18. WINDING UP

18.1 The Society may be wound up voluntarily if the Society, at a Meeting of its Members, passes a simple majority resolution requiring the Society to be wound up, and that resolution is confirmed by a simple majority resolution at a subsequent Special General Meeting called for that purpose and held not earlier than thirty days after the date on which the original resolution to be confirmed was passed.

18.2 If the Society is wound up, any surplus assets after payment of the Society’s liabilities and the expenses of the winding-up shall be transferred to the Fruitgrowers Charitable Trust and that capital be retained in a separate fund for the NZ summerfruit industry in the event of the re-emergence of a group that clearly represents the interests of the industry.

19. RULES AND REGULATIONS

19.1 With the exception of this rule, these rules may be altered, added to, rescinded or otherwise amended by a resolution passed by a three-fourths majority of those present in person or by proxy at a general meeting of which fourteen days’ notice has been given. No alteration shall be made to the rules which would enable the income or other funds of the Society to be used for or be available for the private pecuniary profit of any Member.

19.2 “No addition to or alteration of the non profit aims, personal benefit clause or the winding up clause shall be approved without the approval of the Inland Revenue Department. And the provisions and effect of this clause shall not be removed from this document and shall be included and implied into any document replacing this document”.

Summerfruit New Zealand Commodity Levy Order Application 2014
19.3 Every notice given in terms of rule 19.1 shall set out the wording and purpose of the proposed alteration, addition, rescission or other amendment to these rules.

19.4 Duplicate copies of every alteration, addition, rescission or amendment to these rules shall forthwith be delivered to the Registrar in accordance with the requirements of the Act;

19.5 The Society may from time to time make, amend or rescind regulations or by-laws not inconsistent with these rules governing the affairs of the Society and the procedures at its meetings.

19.6 The decision of the Executive Committee on the interpretation of these rules or any matter or thing not contained in these rules and which pertains to the Society shall be conclusive and binding on all Members unless revoked at an Annual General or Special General Meeting.

20. INCORPORATION OF BRANCHES

20.1 The Society may, in addition to its other powers, apply to the Registrar in accordance with the Act for the incorporation of any local branch, or for the incorporation of a group or of groups of such branches of the Society.

21. HORTICULTURE NEW ZEALAND INCORPORATED

20.1 The Society will enter into a Memorandum of Understanding (Product Groups) with Horticulture New Zealand Incorporated upon the successful launch of the new organization.
SCHEDULE ONE

QUALIFICATIONS FOR MEMBERSHIP

(1) **Producer Members**

Persons eligible for membership of the Society as "Producer Members" shall be all those persons actively engaged in producing Summerfruit on a commercial basis and who is required to pay levy to Summerfruit NZ Inc under Commodity Levies Act 1990.

(2) **Exporter Members**

Persons eligible for membership of the Society as "Exporter Members" shall include persons or companies who are licensed under HEA, are a member of the Summerfruit Exporters Committee and have complied with the Export Marketing Strategy.

(3) **Associate Members**

Persons eligible for membership of the Society as "Associate Members" shall include persons producing Summerfruit other than on a commercial basis and persons associated with the Summerfruit industry including, without limitation, nurserymen, processors and marketers.

(4) **Group Associate Members**

Persons eligible for membership of the Society as "Group Associate Members" shall include entities that are producing Summerfruit on a commercial basis and persons associated with the Summerfruit industry which shall include up to three people per entity.

(5) **Life Members**

After calling for nominations the Executive Committee may in consideration of special services rendered to the Summerfruit industry in New Zealand, designate a Life Member at any Annual General Meeting of the Society.
SCHEDULE TWO
Form of Proxy
SUMMERFRUIT NEW ZEALAND INCORPORATED

I/We ..............................................................
of ..............................................................

being a member/members of the above named Society hereby appoint

..............................................................
of ..............................................................
or failing him,

..............................................................
of ..............................................................

as my/our proxy to vote for me/us on my/our behalf at the (annual or special as the case may be) general meeting of the Society to be held on the day of 19 , and at any adjournment thereof.

*This form is to be used as follows [insert resolution numbers and whether for or against]

[*Delete One]

Resolution No. [ ] For/Against
Resolution No. [ ] For/Against
Resolution No. [ ] For/Against
Resolution No. [ ] For/Against

*Unless otherwise instructed the proxy will vote as thought fit.

[*Strike out whichever is not desired].

SIGNED this................................. day of 20........

Signature of Shareholder ..............................................................
SCHEDULE THREE

LIFE MEMBERS
SUMMERFRUIT NZ INC

<table>
<thead>
<tr>
<th>YEAR</th>
<th>LIFE MEMBER</th>
<th>CHAIRPERSON at the time</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>Mack Nicol (dec)</td>
<td>Ken Graham</td>
</tr>
<tr>
<td>2001</td>
<td>Peter Taylor</td>
<td>Basil Goodman</td>
</tr>
<tr>
<td>2004</td>
<td>Lawrie Cooke (LE Cooke Nurseries)</td>
<td>Basil Goodman</td>
</tr>
<tr>
<td>2005</td>
<td>John Black</td>
<td>Basil Goodman</td>
</tr>
<tr>
<td>2006</td>
<td>Norm Hope (dec)</td>
<td>Basil Goodman</td>
</tr>
<tr>
<td>2008</td>
<td>Ronnie Chan (Fruitworld)</td>
<td>Basil Goodman</td>
</tr>
<tr>
<td>2011</td>
<td>Basil Goodman</td>
<td>Gary Bennetts</td>
</tr>
<tr>
<td>2012</td>
<td>John Taylor (R Dawson &amp; Co)</td>
<td>Gary Bennetts</td>
</tr>
<tr>
<td>2013</td>
<td>Ingrid Hofma</td>
<td>Gary Bennetts</td>
</tr>
</tbody>
</table>

SCHEDULE FOUR

RECORD OF CHAIRMAN
SUMMERFRUIT NZ INC

<table>
<thead>
<tr>
<th>Date</th>
<th>Chairperson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994 - 1998</td>
<td>M Clements</td>
</tr>
<tr>
<td>1998 - 2000</td>
<td>K Graham</td>
</tr>
<tr>
<td>2001- 2003</td>
<td>B Goodman</td>
</tr>
<tr>
<td>2004 - 2008</td>
<td>B Goodman</td>
</tr>
<tr>
<td>2008 -</td>
<td>G Bennetts</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Vice-Chairman</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 - 2006</td>
<td>I Hofma</td>
</tr>
<tr>
<td>2007 -2008</td>
<td>G Bennetts</td>
</tr>
<tr>
<td>2008-2010</td>
<td>none</td>
</tr>
<tr>
<td>3 June 2010 -</td>
<td>T Jones</td>
</tr>
</tbody>
</table>
The purpose of Summerfruit NZ is to create a better earning base for growers, utilising a collective approach to industry good issues, funded predominantly by an industry levy.

Our vision:
* A vibrant summerfruit industry focused on both the New Zealand and export markets, which is profitable and sustainable.*
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**Summerfruit New Zealand Commodity Levy Order Application 2014**
It is with pleasure that I submit this Chairman’s Annual Report for 2013.

Another season has passed by once again and variations of weather patterns having an effect on individual districts and micro climates are nothing new. Those growers blessed with the favourable weather conditions will be moving into the winter months with calmness and optimism, while those that have not been so lucky may be cursing their forebears, or their own decision, to enter into the industry. Only the warmth and blossoms of Spring bring about the resolve to roll up the sleeves and get on with it. Memories of last season fade into the darkness of a winter gone.

While the weather continued to bring mixed fortunes to our growers, overall the 2012-13 season was an improvement on the previous season – according to the statistics published on our website and talking to growers. Along with carrying out major structural changes, both the export and local markets have been a key focus strategically. Our ongoing investment in research and development, breeding programmes, agrichemicals, and biosecurity has been carefully considered and has begun to deliver the returns we hoped for.

**Structural changes**

Your Executive has had a busy year this year with the changes in the management of Summerfruit NZ. I wrote about the background to these changes in the latest Summerfruit journal and Marie has covered them in her first report for the Annual Report. We have begun a new era in our organisation with a new structure, new offices and changes in our team. With Marie now in the role of Chief Executive, I am happy to inform you Victoria Harris has been appointed in the position of Communications Support and Trisha Aitken is looking after NZ Market development. At the time of writing this the administration role has yet to be filled.

While changes to the way we operate bed down and people settle into their new roles, I believe our new structure will support both the business and our people. We now have an organisation that is more closely aligned with our objectives and well placed to respond to new challenges.
Commodity levy
Our levy was last renewed in 2008 and is required to be renewed next year. In the coming months we will be talking to you to hear your opinions on how we are managing the levy. Have we got it right? Is there anything you think we should be spending the levy on – or not? If we haven’t managed to catch up with you yet, please don’t hesitate to contact any member of the Executive Committee or the Chief Executive to discuss your views.

NZ Market
Our objectives in improving growers’ farmgate return have been pursued vigorously by our NZ Market Strategy. The team has been getting great support for the strategies from throughout our value chain participants. It is great that we have whole industry buy in. In general growers have given the consumers a better product this year which in turn has created a better return. The data and information we are acquiring is providing a huge amount of direction to this Strategy.

Export
Running in tandem with the NZ market is the Export market. Market access issues are ongoing as our importing countries seemingly continually review their phytosanitary requirements. It is so important that we keep growing our product at the top end of the international market and as we well know there is not the consumer base in NZ to provide a satisfactory farmgate return for the volumes grown. As our southern hemisphere competitors strengthen it is important we grow and develop our existing and new markets strategically unified.

Research
We continue to give growers value for money in our R&D portfolio. The team have been working hard on projects in this field and the funds that are being (and have been) leveraged, give growers that value.

Horticulture NZ
It was great news that growers supported HortNZ at their last ballot. While HortNZ are reviewing their relationships with the product groups, Summerfruit NZ is clarifying our relationship with HortNZ and identifying the best use of resources and what complements us.

My thanks
A big thanks to my fellow Directors, Portfolio Managers, Chief Executive Marie and former MDM staff, for your hard work and efforts throughout the year, and a big welcome to Victoria.

We are blessed to have such a delightful product to grow and sell to the world. This industry is not easy but it is so rewarding when we achieve our goals.

Trust you have a rewarding conference and a prosperous harvest in the coming season.

Gary Bennetts
Chairman
Message from the Chief Executive

I’m writing this report for the first time. Previously written by the Chairman, as the Chief Executive of Summerfruit NZ, it is now my role to prepare this report on our activities. It’s been a busy year full of different events and demands, and I’m pleased to report on them.

Restructuring
This last year has seen some major restructuring of Summerfruit NZ — for the first time in over ten years. My company Marie Dawkins Management Ltd has supplied services to Summerfruit NZ since 2000. These services included the provision of the office space, equipment and staff. This model was becoming unsustainable so last year Summerfruit NZ and I mutually agreed to change. My company terminated its contract and Summerfruit NZ took over full control of managing its business. The Summerfruit NZ Executive decided to take the opportunity to review its direction and the structure of the organisation.

Phil O’Reilly of Business NZ spent a day with us looking at our future plans and challenging us on the way we perceived ourselves as an organisation and the services we deliver. ForeConsulting was contracted to develop the roles that Summerfruit NZ would need to deliver the outcomes from this session.
I have been appointed as Chief Executive, Trisha Aitken continues to work for Summerfruit NZ on the NZ Market development and she will soon hand over her responsibilities for accounts and administering the levy to a new admin person. Victoria Harris was employed in a communications role, an area that emerged from the session with Phil O’Reilly as a key area for growth. Bernadette Purcell, who was formerly employed by my company, has moved on. We thank her for her contribution and wish her well.

These changes followed the move from the Huddart Parker Building into Co-operative Bank House. Unfortunately we won’t be moving back into the Huddart Parker Building once earthquake strengthening is complete. While Summerfruit NZ bought office equipment from my company, we did take the opportunity to upgrade our computers. In the coming year we will be looking at moving our systems into a cloud-based platform for greater access from outside the office and, learning lessons from Christchurch, to reduce risks. The costs involved in the restructure will be apparent in the 2013 accounts.

So there have been big changes in the office and the way your organisation has been run. In particular, being an employer for the first time does bring new responsibilities. Though I suspect you will have noticed few changes, we do however, believe the new structure is more transparent and better positions Summerfruit NZ for the future.

Phil O’Reilly of Business NZ spent a day with us looking at our future plans and challenging us on the way we perceived ourselves as an organisation and the services we deliver.

---

Handling New Zealand apricots, nectarines, peaches & plums

For more information: www.summerfruitnz.co.nz or see your instore handling booklet

<table>
<thead>
<tr>
<th>Fruit</th>
<th>Storage</th>
<th>Temperature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apricot</td>
<td>in cool storage</td>
<td>2-5°C</td>
</tr>
<tr>
<td>Nectarine</td>
<td>in the store</td>
<td>10-18°C</td>
</tr>
<tr>
<td>Peach</td>
<td>at home</td>
<td>Room temp.</td>
</tr>
<tr>
<td>Plum</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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To avoid:
- damaged fruit
- destroyed (flavour)
- fruit at room temperature

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Summerfruit New Zealand Commodity Levy Order Application 2014
Commodity levy

This year’s commodity levy income is on track to equal the record 2010-11 levy year which saw levy income at $890,500. Levy income totally reflects your season, good or bad. The 2012 financial year clearly reflected the difficult growing season, bringing in only $773,500 which led to us making a loss of $43,172. So our fortune fluctuates with yours. We do however now operate a budget that is based on levy income across two years. This enables us to manage through those fluctuations in the levy income and continue to deliver services to you.

We recently started consulting with growers for your opinions on how we are managing the current levy and if you think there are other areas where we should be investing your levy.

As you will know a Commodity Levy Order only lasts for six years. Our current Order will expire in September 2014. However to avoid getting caught up in next year’s general election, when Cabinet rises for an extended period, we need a ballot to renew the levy in November this year. We recently started consulting with growers for your opinions on how we are managing the current levy and if you think there are other areas where we should be investing your levy.

The key message for this new levy is – no change. The Summerfruit NZ Executive Committee consider that the current levy is working well and see no need to change any significant aspect of it. This means no change to the collection rate (ie 0.75% for cherries, 1.5% for apricots, nectarines, peaches and plums), nor do we plan to change the upper collection limit or the areas where we plan to invest your levy.

We started our consultations with growers in North Auckland then on to Blenheim, back to the Hawkes Bay, down through Canterbury and Oamaru, and finally across to Cromwell, Alexandra and down to Roxburgh at the ‘bottom end’. Gary Bennetts and Tim Jones have spent days away from home and their businesses while we toured the country talking to growers big and small.

While talking about our levy we learnt many things, beyond the levy:

- Just how hard it is for small growers struggling with economies of scale and the cost of everyday compliance on their businesses. NZ GAP in particular is hard for smaller growers.
• The impact of the earthquake on growers in the Port Hills above Christchurch with several being red zoned and losing their businesses.

• Growers on the fringes of cities dealing with the demands of being surrounded by an expanding urban environment that has no concept of the realities of producing fruit. Imagine having to notify 15 neighbours of your intention to apply a spray.

• We’ve encountered a number of larger long-term growers who have decided to move on and have removed their trees.

• We discovered growers not on our database and who didn’t know we existed either, but were happy to learn of the resources we have on offer. And we of course were happy to add them to our database and send them information on the levy.

We have also talked to many growers who are planting new trees or trialling new varieties. Growers are keen to know about the varieties emerging from our breeding programme and how soon they can get trees to trial. Many of them want to know about Apricot Co and how soon it will be up and running. Others are developing new marketing plans and looking at new markets. Many growers committed to producing quality fruit and focusing on how to improve their outputs are looking at every aspect of the business to identify areas for improvement. Hawkes Bay growers are happy due to an exceptional season that saw good prices and rapid movement of their fruit through the market. So along with the difficulties some are experiencing, we also came across many who are positive and investing in their businesses.

We were pleased to hear how many growers value our magazine, especially when we’d been wondering if this should be replaced by an online magazine. We’ve also had huge feedback on the resources we’ve been producing for the NZ Market over the last two years.

This first round of discussions has been tiring but very rewarding. It is hard to hear about growers’ difficulties but also invigorating to hear growers’ plans and successes. It’s also been great to discuss your thoughts on how we are managing your levy and representing you.
Research and development
Research and development continues to be our largest spend. The research programme is regularly and extensively reported in the magazine, however highlights in the last year are:

1. The SummerGreen Futures project which is looking at on orchard management of brown rot in the Hawkes Bay and botrytis in Central Otago. After one year it is already producing interesting outcomes. The project is funded by the Sustainable Farming Fund (SFF) with a contribution from Heinz Watties.

2. Vapormate (ethyl formate) as a postharvest disinfestation method is also producing very promising results. We believe Vapormate could be used in packhouses within two years. It has a real potential to help address a number of the problems we currently face with our OPI programme into Australia. This project is also funded by the SFF, this time with a contribution from the Summerfruit Exporters Committee.

3. The Rootstocks Development project is coming to an end this year and a number of rootstocks will soon be available. We are currently seeking funding to conduct future work on these rootstocks. This project is our third SFF project with contribution from the NZ Fruit Tree Company.

Summerfruit to Asia has the potential to underpin a much needed change of direction away from our reliance on the Australian market and see real growth in our apricot industry.

Our Funding from MBIE (formerly FRST) for our Sumptuous Summerfruit project expires next year. We recently applied to MBIE for new funding to continue this work while also expanding the development of our apricot industry. Summerfruit to Asia has the potential to underpin a much needed change of direction away from our reliance on the Australian market and see real growth in our apricot industry.
We have also made submissions to MBIE for funding for three other projects:

- Better orchard systems (joint bid)
- Bee Minus to Bee Plus and Beyond: Higher Yields from Smarter, Growth-focused Pollination Systems (joint bid)
- Market access for fresh fruit and free trade (joint bid)

The Student Research Scholarship also continues to provide a positive return for all involved. Our scholarship is specifically targeted at getting a student working alongside scientists on summerfruit projects and the scientists get support at their busiest time of the year. Thanks to Jill Stanley for her support of the students and making this scholarship work.

Our ongoing relationships with SFF, Plant and Food Research, and Heinz Watties continue to be key to fulfilling our research strategy. We also acknowledge the Summerfruit Exporters Committee and NZFTC for their support for other projects.

Chris Hale, with his vast experience and contacts, is an invaluable resource for our industry and we would bottle him like a fine wine if we could.
NZ Market

‘Pumping’ is the only way to describe the NZ Market team and the outputs from this portfolio. The development of resources has continued since the launch of Know your NZ Summerfruit at last year’s conference. The handling graphics for packaging, and the consumer graphics for prepacks, were rapidly followed by retail handling posters. Anecdotal research indicates that, for a substantial portion of supermarket produce handlers in Auckland, English is their second language. So these posters, with their simple clear graphics, are targeted at those people handling our fruit who perhaps struggle with written information in English. The posters were widely distributed to supermarkets and any outlet handling summerfruit.

The activities on the NZ Market are backed by a three year strategy to improve return to growers supplying the NZ Market. A key aim in the next two years is to introduce voluntary maturity standards in an effort to remove the perennial problem of unripe fruit from the market. Feeding into this strategy are the outcomes from the Nielsen reports that have produced startling, and disturbing, information on consumer response to our fruit. Wholesalers and supermarkets have indicated real support for the project and our focus on improving quality.

Emma Logan’s weekly newsletters have contained a wealth of knowledge, tracking the supply of varieties through the market throughout the season. This weekly email newsletter is now an entrenched part of our seasonal services as are the weekly monitoring of sales volumes listed on our website. During our levy consultations we received strong feedback on the work that Emma was doing, particularly in the Hawkes Bay.

However it is Trisha Aitken’s passion for the NZ Market project that continues to drive its development. Anyone who has talked to her will know of her total commitment to this project and her infectious enthusiasm for implementing the strategy.
Export
The focus of our export portfolio is to protect existing export market access – ensuring reviews of import regulations, reduced MRLs, or new pest incursions do not force NZ exports out of existing export markets or make access uneconomic. This year’s activities focused quite heavily on agrichemicals. These include:

- Addressing the breaches of Bravo MRLs in Taiwan at the peak of the season and working with MPI to ensure the market remained open. We have since provided a background report to Taiwan via MPI to ensure no punitive action next season. We are now working through processes to ensure there are no further problems with this agrichemical in the coming season.

- We also participated in the lengthy EPA review successfully defending the use of carbaryl, chlorpyrifos and pirimicarb.

- But by far our most well received action was firstly to get Pristine registered for use on cherries, and then get a reduction on the withholding period to one day preharvest. We also introduced modifications to the EU export programme to make compliance easier and less costly. Underpinning this change was the implementation of an export residue assurance programme.

Stephen Ogden and his company Market Access Solutions continues to deliver strong advice and direction that we can rely on. He never stops looking for ways to improve our market access while keeping an eye on reducing impacts on growers and exporters.
Biosecurity
It is frightening to have watched the potato industry’s healthy reserves of $1m plus disappear as they battled psyllid, while ‘decimated’ is the word that comes to mind when considering the impact of PSA on the kiwifruit industry. Biosecurity is a major issue for the industry. We watch as GIA continues to evolve, still uncertain of the final outcome though it does draw nearer. At this stage Peter Silcock, Horticulture NZ, is representing us and the wider industry on the development of GIA. However in time we as an industry will need to decide our role under GIA.

Summerfruit NZ Executive
Ingrid Hofma recently stood down from the Summerfruit NZ Executive Committee after 18 years. Ingrid has represented the exporters on first the Summerfruit Export Council and then Summerfruit NZ Inc. She remained on the Executive once the two organisations merged into Summerfruit NZ in 2000. Ingrid also served as the chair of the Summerfruit Exporters Committee for many years. As such, she is the longest serving member of the Summerfruit NZ Executive Committee.

Ingrid has represented exporters, while also supporting growers through thick and thin, welcomed the arrival of her son, experienced personal loss while also growing her business, Le Fresh International Ltd, into a leading export company. Her focus on quality and knowledge within her own company was brought to the Summerfruit NZ Executive table, often challenging us and leading us in new directions. In fact it was Ingrid who noted that we needed a NZ Market group alongside the Exporters Committee to specifically develop NZ Market issues. The NZ Market team was born and developments have continued since then. It’s hard now to imagine why we never had such a group.

It was also at Ingrid’s suggestion that the Mack Nicol Award for Excellence was created. Mack Nicol was also a long-term supporter of the summerfruit industry. His focus on knowledge, quality and communication are all qualities that we look for in new candidates. Mack was Ingrid’s mentor when she first joined the industry and clearly much of his attitudes rubbed off on Ingrid.

Ingrid’s contribution to Summerfruit NZ has been huge and we will miss her deep knowledge of the export market, her fresh thinking and considered contribution.
Tjeerd Smilde, also of Le Fresh International, was voted by the Summerfruit Exporters Committee to replace Ingrid on the Summerfruit NZ Executive. I look forward to working with Tjeerd and welcome him aboard.

The terms of Earnscy Weaver and Roger Brownlie expired and both were returned to the Executive. Earnscy’s commitment to the research portfolio is huge and his knowledge is a real resource for Summerfruit NZ. Likewise Roger’s increased involvement in the NZ Market project is invaluable as is his representation of Hawkes Bay growers. So it’s great to have them still on the Executive. Tim Jones provides a strong lead from within the Executive for the NZ Market development, working closely with Trisha to get traction for this project. Dean Astill is now chair of the Summerfruit Exporters Committee providing a great link to that group. Derek Barnes continues to be a nuggety voice for the Hawkes Bay, Ollie Shutt is getting his feet under the table contributing well to discussions, and Richard Cameron is a great representative for the NZ marketers and is able to take off his MG hat and represent all NZ marketers when needed.

So it has been a busy, sometimes challenging, but also very productive year for Summerfruit NZ. While writing this report I can’t help noticing how often I mention the people working for us. We have a wealth of people contributing to Summerfruit NZ. The Executive Committee, contractors and staff all contributing well beyond any financial reward. I would like to acknowledge their commitment and thank them for their dedication.

I would also like to thank the growers and industry people who participate in our meetings, provide feedback and information. I hope you all get a good rest over the quiet winter months and have a great 2013-14 season.

Marie Dawkins
Chief Executive | Summerfruit NZ
Summerfruit NZ Executive Committee 2012-13

Gary Bennetts  
Chairman  
Grower representative

Tim Jones  
Vice Chairman  
Grower representative

Derek Barnes  
Grower representative

Ingrid Hofma  
Exporter representative

Dean Astill  
Exporter representative

Earnscy Weaver  
Associate representative

Roger Brownlie  
Grower representative

Ollie Shutt  
Exporter representative

Richard Cameron  
Co-opted marketer
Summerfruit NZ Key People

Marie Dawkins  
Chief Executive

Chris Hale  
R&D Manager

Stephen Ogden  
Market Access Manager

Emma Logan  
NZ Market Manager

Trisha Aitken  
Executive Assistant/ NZ Market

Victoria Harris  
Communications Support
INDEPENDENT AUDITOR’S REPORT
To the Members of Summerfruit New Zealand

We have audited the financial statements of Summerfruit New Zealand on pages 17 to 24, which comprise the
statement of financial position as at 31 August 2012, and the statement of financial performance and statement of
movement in Members’ Funds for the year then ended, and a summary of significant accounting policies and other
explanatory information.

Executive Committee’s Responsibility for the Financial Statements
The Executive Committee is responsible for the preparation and fair presentation of these financial statements
in accordance with generally accepted accounting practice in New Zealand and for such internal control as the
Executive Committee determines is necessary to enable the preparation of financial statements that are free from
material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our
audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we
comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether
the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the
financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of
the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk
assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of
the financial statements 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 entity’s internal control. An audit also includes
evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well
as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit
opinion.

Other than in our capacity as auditor, we have no relationship with, or interests in, Summerfruit New Zealand.

Opinion
In our opinion, the financial statements on pages 17 to 24 present fairly, in all material respects, the financial
position of Summerfruit New Zealand as at 31 August 2012 and its financial performance for the year then ended
in accordance with generally accepted accounting practice in New Zealand.

3 April 2013
Staples Rodway Wellington
Chartered Accountants
Wellington
Summerfruit New Zealand Incorporated  
Statement of Financial Position  
As at 31st August 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
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<td>431</td>
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<td>Intangible Assets</td>
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<td>TOTAL ASSETS</td>
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<td>546,907</td>
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CURRENT LIABILITIES

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<td>Total Current Liabilities</td>
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<td>155,994</td>
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<td>TOTAL LIABILITIES</td>
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<tr>
<td></td>
<td>215,580</td>
<td>155,994</td>
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<tr>
<td>NET ASSETS</td>
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<tr>
<td></td>
<td>$747,741</td>
<td>$750,913</td>
</tr>
</tbody>
</table>

Represented by: 
MEMBERS' FUNDS

|                  |       |       |
| Reserves         | 772,079 | 781,935 |
| General Fund     | (24,338) | 8,978  |
| TOTAL MEMBERS FUNDS | $747,741 | $750,913 |

The accompanying notes form part of these Financial Statements.

For and on behalf of the Executive Committee:

Chairman: 
Manager:

Date: 3 April 2013
### Summerfruit New Zealand Incorporated
#### Statement of Financial Performance
For the Twelve Months ended 31st August 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
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<tr>
<td>Commodity Levy</td>
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<tr>
<td><strong>Export &amp; Compliance</strong></td>
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<tr>
<td>Growers</td>
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<td>15,760</td>
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<tr>
<td>Packers</td>
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<td>4,426</td>
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<tr>
<td>Exporters</td>
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<td>30,849</td>
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<td>Exemptions</td>
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<td>Pre-Clearance - Australia</td>
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<td>45,351</td>
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<tr>
<td>Inspection - Japan</td>
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<td>14,462</td>
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<td>Japan Registrations</td>
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<td>WA Registrations</td>
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<td>EU Registrations</td>
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<td>Korea</td>
<td>9,300</td>
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<td>MAF Tape</td>
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<td>5,173</td>
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<td><strong>Total Export &amp; Compliance</strong></td>
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<td>146,351</td>
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<td><strong>Research &amp; Development Income</strong></td>
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<tr>
<td>Research &amp; Development Income</td>
<td>81,033</td>
<td>26,771</td>
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<td><strong>Other Income</strong></td>
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<td>Crop Care Support</td>
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<td>Know your NZ Summerfruit Booklet</td>
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<td>Other Income</td>
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<td><strong>Total Other Income</strong></td>
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<td>5,675</td>
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<td><strong>GROSS INCOME</strong></td>
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<td>1,141,455</td>
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<td><strong>Sundry Income</strong></td>
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<td>Interest Received</td>
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<td><strong>Total Income</strong></td>
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<td><strong>Less Expenses per Schedule</strong></td>
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<td>Less Taxation Provision</td>
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<tr>
<td><strong>NET SURPLUS</strong></td>
<td>($43,172)</td>
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The accompanying notes form part of these Financial Statements.
## Summerfruit New Zealand Incorporated
### Schedule of Expenses
#### For the Twelve Months ended 31st August 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EXPENSES</strong></td>
<td>$</td>
<td>$</td>
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<tr>
<td><strong>Administration &amp; Finance</strong></td>
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<tr>
<td>Accounting</td>
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<td>14,504</td>
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<td>Annual Report</td>
<td>4,362</td>
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<td>Summerfruit NZ Auditors</td>
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<td>Board Expenses</td>
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<td>Directors' Fees</td>
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<td>Chairman's Honorarium</td>
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<td>Management</td>
<td>213,204</td>
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<tr>
<td>Commodity Levy Expenses &amp; Audit</td>
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<tr>
<td>Conference/AGM</td>
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<td>Accommodation</td>
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<td>Postage &amp; Courier</td>
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<td>Printing &amp; Stationery</td>
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<td>Tolls &amp; Faxes</td>
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<td>Bank Charges</td>
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<td>Sundry</td>
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<td>Website</td>
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<td><strong>Biosecurity</strong></td>
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<td>GIA</td>
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<tr>
<td><strong>TOTAL</strong></td>
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<tr>
<td><strong>Export &amp; Compliance</strong></td>
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<tr>
<td>Export Market Portfolio Expenses</td>
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<td>Market Access Manager</td>
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<td>Export Coordinator</td>
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<td>HEA</td>
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<td>Japan</td>
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<td>Korea</td>
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<td>Pre-clearance - Australia</td>
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<td>Western Australia</td>
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<td>MAF Tape</td>
<td>3,592</td>
<td>3,578</td>
</tr>
<tr>
<td>Spray Programme</td>
<td>14,410</td>
<td>16,750</td>
</tr>
<tr>
<td>Spray Programme – Residue Assurance</td>
<td>-</td>
<td>7,030</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>224,199</td>
<td>219,422</td>
</tr>
</tbody>
</table>
Summerfruit New Zealand Incorporated
Schedule of Expenses
For the Twelve Months ended 31st August 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research Team Budget</td>
<td>19,520</td>
<td>20,174</td>
</tr>
<tr>
<td>Research Manager</td>
<td>35,108</td>
<td>32,649</td>
</tr>
<tr>
<td>Agrichemicals - Research</td>
<td>15,910</td>
<td></td>
</tr>
<tr>
<td>Breeding Programme HR (panel)</td>
<td>82,728</td>
<td>75,000</td>
</tr>
<tr>
<td>Rootstocks Project</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Scientific Research</td>
<td>142,385</td>
<td>154,181</td>
</tr>
<tr>
<td>SummerGreen Facilitators</td>
<td>9,058</td>
<td>8,500</td>
</tr>
<tr>
<td>SummerGreen Futures</td>
<td>26,050</td>
<td></td>
</tr>
<tr>
<td>Tech Transfer</td>
<td>710</td>
<td>1,200</td>
</tr>
<tr>
<td></td>
<td>341,469</td>
<td>296,715</td>
</tr>
<tr>
<td>NZ Market</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NZ Market Portfolio Expenses</td>
<td>5,557</td>
<td>9,449</td>
</tr>
<tr>
<td>NZM Manager &amp; disbursements</td>
<td>20,852</td>
<td>17,227</td>
</tr>
<tr>
<td>Nielsen Reports</td>
<td>14,295</td>
<td>16,957</td>
</tr>
<tr>
<td>NZ Market Projects &amp; resources</td>
<td>21,372</td>
<td>441</td>
</tr>
<tr>
<td>Annabelle White</td>
<td>12,500</td>
<td>15,026</td>
</tr>
<tr>
<td>Data Collection</td>
<td>2,398</td>
<td>3,686</td>
</tr>
<tr>
<td></td>
<td>75,975</td>
<td>64,768</td>
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<tr>
<td>Expenses before Depreciation and Amortisation</td>
<td>1,117,980</td>
<td>1,012,988</td>
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<tr>
<td>Less Depreciation and Amortisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation as per Schedule</td>
<td>18,009</td>
<td>4,054</td>
</tr>
<tr>
<td>Depreciation as per Schedule</td>
<td>192</td>
<td>338</td>
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<tr>
<td>Depreciation – Underclaimed in 2011</td>
<td>399</td>
<td></td>
</tr>
<tr>
<td>Net Depreciation Adjustment</td>
<td>18,600</td>
<td>4,392</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$1,365,580</td>
<td>$1,017,380</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these Financial Statements.
### Summerfruit New Zealand Incorporated

#### Statement of Movements in Members’ Funds

For the Twelve Months ended 31st August 2012

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>GENERAL FUND</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Surplus</td>
<td>(43,172)</td>
<td>150,237</td>
</tr>
<tr>
<td><strong>Total recognised revenues &amp; expenses</strong></td>
<td>(43,172)</td>
<td>150,237</td>
</tr>
<tr>
<td>Transfer Interest Income to Reserves</td>
<td>(33,316)</td>
<td>(36,960)</td>
</tr>
<tr>
<td>Transfer to Reserves</td>
<td>43,172</td>
<td>(150,237)</td>
</tr>
<tr>
<td><strong>Movement in General Fund for the year</strong></td>
<td>(33,316)</td>
<td>(36,960)</td>
</tr>
<tr>
<td>Opening Balance</td>
<td>8,978</td>
<td>45,938</td>
</tr>
<tr>
<td><strong>General Fund at the end of the Year</strong></td>
<td>(24,338)</td>
<td>8,978</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>RESERVES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Interest Income from General Fund</td>
<td>33,316</td>
<td>36,960</td>
</tr>
<tr>
<td>Transfer from General Fund</td>
<td>(43,172)</td>
<td>150,237</td>
</tr>
<tr>
<td><strong>Movement in Reserves for the year</strong></td>
<td>(9,856)</td>
<td>187,197</td>
</tr>
<tr>
<td>Opening Balance</td>
<td>781,935</td>
<td>594,738</td>
</tr>
<tr>
<td><strong>Reserves at the end of the year</strong></td>
<td>772,079</td>
<td>781,935</td>
</tr>
</tbody>
</table>

| **TOTAL MEMBERS’ FUNDS** | $747,741 | $790,913 |
1. **STATEMENT OF ACCOUNTING POLICIES**  
Summerfruit New Zealand Incorporated is an incorporated society registered under the Incorporated Societies Act 1908. These Financial Statements are general purpose financial statements and have been prepared in accordance with generally accepted accounting practice. The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used.

(a) **Changes in Accounting Policies**  
There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

(b) **Fixed Assets & Depreciation**  
The entity has the following classes of fixed assets:  
Office Equipment

All fixed assets are recorded at cost or valuation less accumulated depreciation. Depreciation of the assets has been calculated at the maximum rates permitted by the Income Tax Act 2007. Office equipment is depreciated at 48% diminishing value.

(c) **Intangible assets and Amortisation**  
The entity has the following classes of intangible assets:  
Website and Database

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 database is amortised at 48% diminishing value.

(d) **Goods & Services Tax**  
These financial statements have been prepared on a GST exclusive basis except for accounts receivable and accounts payable.

(e) **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.

(f) **Investments**  
Investments are carried at the lower of cost and net realisable value.

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

2. **AUDIT**  
These financial statements have been subject to audit, please refer to Auditor’s Report.

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

4. **SEcurities AND guarantees**  
There was no overdraft as at balance date nor was any facility arranged. Summerfruit New Zealand Incorporated has three Visa credit cards with the National Bank, with a combined limit of $11,500.
5. OPERATING COMMITMENTS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research &amp; Development Projects</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Commitments</td>
<td>265,450</td>
<td>233,800</td>
</tr>
<tr>
<td>Term Commitments</td>
<td>340,000</td>
<td>196,950</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>605,450</td>
<td>430,750</td>
</tr>
</tbody>
</table>

6. EVENTS SUBSEQUENT TO BALANCE DATE
There were no material changes subsequent to balance date that would affect the interpretation of the financial statements.

7. CAPITAL EXPENDITURE COMMITMENTS
There were no capital expenditure commitments during the year (2011: Nil).

8. RELATED PARTIES
Marie Dawkins Management was paid management fees during the year for providing management services.

9. INVESTMENTS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Bank Term Deposit 1000</td>
<td></td>
<td>106,801</td>
</tr>
<tr>
<td>National Bank Term Deposit 1009</td>
<td></td>
<td>52,456</td>
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<tr>
<td>National Bank Term Deposit 1014 5 November 2012</td>
<td>30,000</td>
<td>52,084</td>
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<tr>
<td>National Bank Term Deposit 1020</td>
<td></td>
<td>76,942</td>
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<tr>
<td>National Bank Term Deposit 1022</td>
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<td>51,359</td>
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<tr>
<td>National Bank Term Deposit 1023 4 February 2013</td>
<td>51,856</td>
<td>51,152</td>
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<tr>
<td>National Bank Term Deposit 1024</td>
<td></td>
<td>52,452</td>
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<tr>
<td>National Bank Term Deposit 1026 15 April 2013</td>
<td>27,010</td>
<td>25,867</td>
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<tr>
<td>National Bank Term Deposit 1027 25 November 2012</td>
<td>156,058</td>
<td>152,238</td>
</tr>
<tr>
<td>National Bank Term Deposit 1028</td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td>National Bank Term Deposit 1031</td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td>National Bank Term Deposit 1032 20 December 2012</td>
<td>54,797</td>
<td>-</td>
</tr>
<tr>
<td>National Bank Term Deposit 1034 22 November 2012</td>
<td>50,861</td>
<td>-</td>
</tr>
<tr>
<td>National Bank Term Deposit 1035 21 March 2013</td>
<td>60,000</td>
<td>-</td>
</tr>
<tr>
<td>National Bank Term Deposit 1036 19 October 2012</td>
<td>60,810</td>
<td>-</td>
</tr>
<tr>
<td>National Bank Term Deposit 1037 20 November 2012</td>
<td>51,055</td>
<td>-</td>
</tr>
<tr>
<td>National Bank Term Deposit 1038 18 February 2013</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>National Bank Term Deposit 1039 13 December 2012</td>
<td>65,000</td>
<td>-</td>
</tr>
<tr>
<td>National Bank Term Deposit 1040 21 January 2013</td>
<td>80,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$737,257</td>
<td>$821,107</td>
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</table>
10. **FIXED AND INTANGIBLE ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Office Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>1,750</td>
<td>1,750</td>
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<tr>
<td>Less Accumulated Depreciation</td>
<td>1,542</td>
<td>1,319</td>
</tr>
<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>208</td>
<td>431</td>
</tr>
<tr>
<td><strong>Intangible Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>72,281</td>
<td>10,968</td>
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<tr>
<td>Less Accumulated Amortisation</td>
<td>24,187</td>
<td>5,809</td>
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<tr>
<td><strong>Total Intangible Assets</strong></td>
<td>48,094</td>
<td>5,159</td>
</tr>
<tr>
<td><strong>Total Fixed and Intangible Assets</strong></td>
<td>48,302</td>
<td>5,590</td>
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</table>

11. **TAXATION**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessable Interest Income for Year</td>
<td>33,315</td>
<td>36,960</td>
</tr>
<tr>
<td>Less Exemption</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Current Year Taxable Income</strong></td>
<td>$32,315</td>
<td>$35,960</td>
</tr>
<tr>
<td>Taxation provision applied thereon at 28% (2011 at 30%)</td>
<td>9,048</td>
<td>10,788</td>
</tr>
<tr>
<td>Taxation overprovided for prior years</td>
<td>(994)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current year tax provision</strong></td>
<td>3,054</td>
<td>10,788</td>
</tr>
<tr>
<td>RWT Paid</td>
<td>(11,245)</td>
<td>(13,649)</td>
</tr>
<tr>
<td>Prior years tax balance brought forward</td>
<td>3,347</td>
<td>6,208</td>
</tr>
<tr>
<td>Income Tax paid</td>
<td>(2,353)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Income Tax (Refund)/Payable per Balance Sheet</strong></td>
<td>$(2,197)</td>
<td>$3,347</td>
</tr>
</tbody>
</table>
Key Statistics

Summerfruit NZ Income 2012

Levy Income

Estimated level

Summerfruit NZ Expenditure 2012

Levy by NZ Market vs Export

TOTAL $1,101,462.

TOTAL $1,136,580
Balance Sheet

Summerfruit NZ
As at 31 August 2013

<table>
<thead>
<tr>
<th>Assets</th>
<th>Note</th>
<th>31 Aug 2013</th>
<th>31 Aug 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td></td>
<td>99,487</td>
<td>78,254</td>
</tr>
<tr>
<td>ANZ - Current Acc</td>
<td></td>
<td>1,562</td>
<td>2,256</td>
</tr>
<tr>
<td>ANZ - On-call Acc</td>
<td></td>
<td>184</td>
<td>0</td>
</tr>
<tr>
<td>Total Bank</td>
<td></td>
<td>101,234</td>
<td>80,510</td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td></td>
<td>6,797</td>
<td>14,360</td>
</tr>
<tr>
<td>Accrued income</td>
<td></td>
<td>16,772</td>
<td>48,461</td>
</tr>
<tr>
<td>Accrued Interest</td>
<td></td>
<td>9,024</td>
<td>6,424</td>
</tr>
<tr>
<td>GST</td>
<td></td>
<td>0</td>
<td>19,091</td>
</tr>
<tr>
<td>Investments</td>
<td>17</td>
<td>728,301</td>
<td>737,257</td>
</tr>
<tr>
<td>Payments in Advance</td>
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<td>9,825</td>
<td>6,520</td>
</tr>
<tr>
<td>Taxation</td>
<td>19</td>
<td>0</td>
<td>2,196</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td></td>
<td>769,719</td>
<td>834,508</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Assets per Schedule</td>
<td>18</td>
<td>22,076</td>
<td>208</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>18</td>
<td>45,257</td>
<td>48,094</td>
</tr>
<tr>
<td>Total Fixed Assets</td>
<td></td>
<td>67,334</td>
<td>48,303</td>
</tr>
<tr>
<td>Total Assets</td>
<td></td>
<td>938,286</td>
<td>963,320</td>
</tr>
</tbody>
</table>

| Liabilities                   |      |             |             |
| Current Liabilities           |      |             |             |
| Accounts Payable              |      | 61,913      | 113,805     |
| Accrued Expenses              |      | 55,295      | 101,775     |
| GST                           |      | 877         | 0           |
| Taxation                      | 19   | 450         | 0           |
| Total Current Liabilities     |      | 118,535     | 215,581     |
| Total Liabilities             |      | 118,535     | 215,581     |
| Net Assets                    |      | 819,751     | 747,740     |

| Equity                        |      |             |             |
| Current Year Earnings         |      | 72,011      | (43,172)    |
| Members Funds                 |      | 747,740     | 790,912     |
| Total Equity                  |      | 819,751     | 747,740     |

Signed for and on behalf of the Summerfruit NZ Executive Committee;

Chairman: [Signature] Date: 12/1/2013

Chief Executive: [Signature] Date: 12/1/2013

The Notes to the Financial Statements form part of and are to be read in conjunction with the above Statements.
Summerfruit New Zealand Commodity Levy Order Application 2014

Page 2
# Profit and Loss

## Summerfruit NZ

For the 12 months ended 31 August 2013

<table>
<thead>
<tr>
<th></th>
<th>Aug-13</th>
<th>Aug-12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin &amp; Finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commodity Levy</td>
<td>911,519</td>
<td>773,439</td>
</tr>
<tr>
<td>Conference/AGM</td>
<td>65,411</td>
<td>68,446</td>
</tr>
<tr>
<td>Publications</td>
<td>-</td>
<td>320</td>
</tr>
<tr>
<td><strong>Total Admin &amp; Finance</strong></td>
<td>976,930</td>
<td>842,205</td>
</tr>
<tr>
<td>Export &amp; Compliance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU registrations</td>
<td>7,530</td>
<td>7,650</td>
</tr>
<tr>
<td>Exemptions</td>
<td>2,631</td>
<td>-</td>
</tr>
<tr>
<td>Japan Inspections</td>
<td>13,666</td>
<td>13,608</td>
</tr>
<tr>
<td>Japan Programme</td>
<td>9,340</td>
<td>9,170</td>
</tr>
<tr>
<td>Korean programme</td>
<td>4,235</td>
<td>3,800</td>
</tr>
<tr>
<td>OPI - Australia</td>
<td>56,849</td>
<td>54,054</td>
</tr>
<tr>
<td>Registration - Exporters</td>
<td>35,823</td>
<td>35,040</td>
</tr>
<tr>
<td>Registration - Growers</td>
<td>18,420</td>
<td>19,078</td>
</tr>
<tr>
<td>Registration - Packers</td>
<td>5,580</td>
<td>5,550</td>
</tr>
<tr>
<td>Tape</td>
<td>3,653</td>
<td>5,029</td>
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<tr>
<td>WA registrations</td>
<td>6,330</td>
<td>6,635</td>
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<tr>
<td><strong>Total Export &amp; Compliance</strong></td>
<td>161,976</td>
<td>159,613</td>
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<tr>
<td>Other income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Booklet sales/aprons</td>
<td>1,367</td>
<td>1,895</td>
</tr>
<tr>
<td>Crop Care Support</td>
<td>-</td>
<td>850</td>
</tr>
<tr>
<td>Magazine Advertising</td>
<td>2,190</td>
<td>2,260</td>
</tr>
<tr>
<td>Other Income</td>
<td>-</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total Other income</strong></td>
<td>3,557</td>
<td>5,154</td>
</tr>
<tr>
<td>R&amp;D income/Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R&amp;D Income</td>
<td>40,086</td>
<td>46,033</td>
</tr>
<tr>
<td>SG Futures</td>
<td>76,921</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>Total R&amp;D income/Grants</strong></td>
<td>117,007</td>
<td>61,033</td>
</tr>
<tr>
<td>Sundry Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Received</td>
<td>29,750</td>
<td>33,316</td>
</tr>
<tr>
<td>Sundry income</td>
<td>-</td>
<td>141</td>
</tr>
<tr>
<td><strong>Total Sundry Income</strong></td>
<td>29,750</td>
<td>33,456</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>1,289,220</td>
<td>1,101,462</td>
</tr>
</tbody>
</table>

## Less Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>Aug-13</th>
<th>Aug-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration &amp; Finance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accommodation</td>
<td>5,281</td>
<td>5,647</td>
</tr>
<tr>
<td>Accounting</td>
<td>11,389</td>
<td>12,283</td>
</tr>
<tr>
<td>Admin Portfolio Budget</td>
<td>71</td>
<td>23</td>
</tr>
<tr>
<td>Annual report</td>
<td>8,300</td>
<td>4,362</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>662</td>
<td>695</td>
</tr>
<tr>
<td>Board Expenses</td>
<td>3,805</td>
<td>4,108</td>
</tr>
<tr>
<td>Chairmans honorarium</td>
<td>7,500</td>
<td>7,500</td>
</tr>
</tbody>
</table>

The Notes to the Financial Statements form part of and are to be read in conjunction with the above Statements.

Summerfruit New Zealand Commodity Levy Order Application 2014
## Profit and Loss

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity Levy expenses audit &amp; renewal</td>
<td>14,119</td>
<td>-</td>
</tr>
<tr>
<td>Computer and Internet</td>
<td>1,631</td>
<td>-</td>
</tr>
<tr>
<td>Conference</td>
<td>88,394</td>
<td>88,330</td>
</tr>
<tr>
<td>Depreciation</td>
<td>27,636</td>
<td>18,600</td>
</tr>
<tr>
<td>Insurance</td>
<td>8,686</td>
<td>2,450</td>
</tr>
<tr>
<td>Management fee</td>
<td>102,071</td>
<td>213,204</td>
</tr>
<tr>
<td>Meeting fees</td>
<td>36,000</td>
<td>42,290</td>
</tr>
<tr>
<td>Office Expenses</td>
<td>3,497</td>
<td>-</td>
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<tr>
<td>Other conferences</td>
<td>825</td>
<td>8,776</td>
</tr>
<tr>
<td>Phone/Fax</td>
<td>1,040</td>
<td>213</td>
</tr>
<tr>
<td>Postage &amp; Courier</td>
<td>3,110</td>
<td>1,029</td>
</tr>
<tr>
<td>Printing/Stationary/Doc store</td>
<td>6,941</td>
<td>2,497</td>
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<tr>
<td>Rent</td>
<td>6,324</td>
<td>-</td>
</tr>
<tr>
<td>Restructure Costs</td>
<td>20,069</td>
<td>-</td>
</tr>
<tr>
<td>Strategic Planning</td>
<td>-</td>
<td>6,494</td>
</tr>
<tr>
<td>Summerfruit NZ Audit Costs</td>
<td>8,250</td>
<td>6,500</td>
</tr>
<tr>
<td>Sundry</td>
<td>4,435</td>
<td>3,915</td>
</tr>
<tr>
<td>Travel</td>
<td>21,394</td>
<td>19,239</td>
</tr>
<tr>
<td><strong>Total Administration &amp; Finance</strong></td>
<td>391,440</td>
<td>446,157</td>
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</table>

### Biosecurity

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>GIA</td>
<td>1,872</td>
<td>10,925</td>
</tr>
<tr>
<td><strong>Total Biosecurity</strong></td>
<td><strong>1,872</strong></td>
<td><strong>10,925</strong></td>
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</table>

### Communication & Education

<table>
<thead>
<tr>
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<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>5+ A Day</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Industry Profile Survey</td>
<td>-</td>
<td>20,877</td>
</tr>
<tr>
<td>Summerfruit Magazine</td>
<td>23,340</td>
<td>17,445</td>
</tr>
<tr>
<td>Website &amp; database expenses</td>
<td>8,796</td>
<td>4,460</td>
</tr>
<tr>
<td><strong>Total Communication &amp; Education</strong></td>
<td><strong>37,136</strong></td>
<td><strong>47,781</strong></td>
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### Export & Compliance

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount 1</th>
<th>Amount 2</th>
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<td>Export coordinator</td>
<td>14,600</td>
<td>11,800</td>
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<tr>
<td>Export registration expenses</td>
<td>334</td>
<td>809</td>
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<tr>
<td>Export Team budget</td>
<td>5,843</td>
<td>10,111</td>
</tr>
<tr>
<td>H.E.A.</td>
<td>38,304</td>
<td>34,942</td>
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<tr>
<td>Market Access - Korea</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Market Access - General</td>
<td>3,252</td>
<td>2,088</td>
</tr>
<tr>
<td>Market access - Japan</td>
<td>12,759</td>
<td>12,745</td>
</tr>
<tr>
<td>Market Access - WA</td>
<td>1,323</td>
<td>1,075</td>
</tr>
<tr>
<td>Market Access Manager</td>
<td>77,580</td>
<td>67,580</td>
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<tr>
<td>OPI Australia</td>
<td>56,884</td>
<td>51,820</td>
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<tr>
<td>Spray Programme</td>
<td>13,951</td>
<td>14,409</td>
</tr>
<tr>
<td>Tape (Japan/Korea)</td>
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<td>3,592</td>
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<tr>
<td><strong>Total Export &amp; Compliance</strong></td>
<td><strong>228,487</strong></td>
<td><strong>211,033</strong></td>
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### NZ Market

<table>
<thead>
<tr>
<th>Category</th>
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<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agrichemicals - Market Access</td>
<td>1,794</td>
<td>2,240</td>
</tr>
<tr>
<td>Annabelle White</td>
<td>-</td>
<td>12,500</td>
</tr>
<tr>
<td>Data Collection</td>
<td>2,339</td>
<td>2,398</td>
</tr>
<tr>
<td>Industry survey</td>
<td>6,849</td>
<td>-</td>
</tr>
<tr>
<td>Neilsen Reports</td>
<td>-</td>
<td>14,296</td>
</tr>
<tr>
<td>NZ Market Portfolio Expenses</td>
<td>-</td>
<td>5,557</td>
</tr>
<tr>
<td>NZ Market Projects and Resources</td>
<td>21,884</td>
<td>21,372</td>
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<tr>
<td>NZ Market strategy</td>
<td>370</td>
<td>-</td>
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<tr>
<td>NZ Market Support</td>
<td>20,705</td>
<td>-</td>
</tr>
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</table>

The Notes to the Financial Statements form part of and are to be read in conjunction with the above Statements.
## Profit and Loss

<table>
<thead>
<tr>
<th>Category</th>
<th>NZM Manager and Disbursements</th>
<th>NZM portfolio expenses</th>
<th>Strategy</th>
<th>Total NZ Market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,200</td>
<td>20,852</td>
<td>4,943</td>
<td>72,164</td>
</tr>
<tr>
<td></td>
<td>11,079</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Research &amp; Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agrichemicals - Research</td>
<td>5,724</td>
<td>15,910</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apricot Co</td>
<td>4,634</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Breeding programme</td>
<td>76,954</td>
<td>82,727</td>
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<tr>
<td>Research Manager</td>
<td>42,047</td>
<td>35,109</td>
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</tr>
<tr>
<td>Research Team budget</td>
<td>12,823</td>
<td>19,520</td>
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<td></td>
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<tr>
<td>Rootstocks Project</td>
<td>6,593</td>
<td>5,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scholarship</td>
<td>5,000</td>
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<td>Scientific Research</td>
<td>83,162</td>
<td>142,385</td>
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<tr>
<td>SummerGreen Facilitators</td>
<td>11,513</td>
<td>9,058</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Summergreen Futures</td>
<td>109,792</td>
<td>26,050</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tech Transfer</td>
<td>-</td>
<td>709</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Research &amp; Development</strong></td>
<td>358,240</td>
<td>341,468</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Staff</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract Staff</td>
<td>26,270</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries &amp; payroll</td>
<td>93,548</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Staff</strong></td>
<td>119,819</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>1,209,158</td>
<td>1,136,580</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>80,061</td>
<td>(35,118)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for Tax</td>
<td>8,050</td>
<td>8,054</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Non-operating Expenses</strong></td>
<td>8,050</td>
<td>8,054</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>$72,011</td>
<td>$(43,172)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Movements in Equity

Summerfruit NZ  
As at 31 August 2013

<table>
<thead>
<tr>
<th>Equity</th>
<th>31 Aug 2013</th>
<th>31 Aug 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>747,740</td>
<td>790,912</td>
</tr>
<tr>
<td>Current Year Earnings</td>
<td>72,011</td>
<td>(43,172)</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td><strong>$819,751</strong></td>
<td><strong>$747,740</strong></td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

Summerfruit NZ
For the year ended 31 August 2013

1. Statement of Accounting Policies:
Summerfruit New Zealand Incorporated is an incorporated society registered under the Incorporated Societies Act 1908. These Financial Statements are general purpose financial statements and have been prepared in accordance with generally accepted accounting practice.

2. Changes in Accounting Policies:
There have been no changes in Accounting Policies. All policies have been applied on bases consistent with those used in previous years.

3. Revenue Recognition:
Levy income is calculated based on growers sales 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.

4. 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

5. Intangible assets and Amortisation:
The entity has the following classes of intangible assets:
Website and Database

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 database is amortised at 48% diminishing value.

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

7. 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.

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

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

10. AUDIT:
These financial statements have been subject to audit, please refer to the Auditor’s Report.

11. CONTINGENT LIABILITIES:
At balance date there are no known contingent liabilities (2012: $0). Summerfruit New Zealand Incorporated has not granted any securities in respect of liabilities payable by any other party whatsoever.
Notes to the Financial Statements

12. 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 $21,000.

13. OPERATING COMMITMENTS:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research &amp; Development Projects</td>
<td>$233,500</td>
<td>$265,450</td>
</tr>
<tr>
<td>Current Commitments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term Commitments</td>
<td>$636,500</td>
<td>$340,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$870,000</strong></td>
<td><strong>$605,450</strong></td>
</tr>
</tbody>
</table>

14. EVENTS SUBSEQUENT TO BALANCE DATE:
There were no material changes subsequent to balance date that would affect the interpretation of the financial statements.

15. CAPITAL EXPENDITURE COMMITMENTS:
There were no capital expenditure commitments during the year (2012: Nil).

16. RELATED PARTIES:
At the end of 2012 Summerfruit New Zealand Incorporated restructured. This resulted in,
- Marie Dawkins Management Limited's management contract ceasing and Marie Dawkins becoming and employee from 1 March 2013,
- Summerfruit New Zealand Incorporated employing two further staff,
- The purchase of office assets from Marie Dawkins Management Limited at fair market value of $11,700,
- The purchase of additional office equipment (computers etc),
- Summerfruit New Zealand Incorporated taking over the lease of the office space at Level 4 Cooperative Bank House, 20 Ballance St, Wellington, from Marie Dawkins Management Limited,
- Upgrading and extending Professional Indemnity Insurance to Combined Association Liability Insurance which also included Statutory Employer liability,
- Taking contents insurance cover for the office space.

Total fees paid under the contract in the period were $102,011.

During the year Summerfruit NZ purchased services from parties related to Mr Earnsby Weaver. The services were purchased on normal terms and conditions and amount to $1,350 (ex GST).

17. INVESTMENTS:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANZ Term Deposit '014</td>
<td>-</td>
<td>30,000</td>
</tr>
<tr>
<td>ANZ Term Deposit '023</td>
<td>-</td>
<td>51,866</td>
</tr>
<tr>
<td>ANZ Term Deposit '026</td>
<td>-</td>
<td>27,010</td>
</tr>
<tr>
<td>ANZ Term Deposit '027</td>
<td>-</td>
<td>156,056</td>
</tr>
<tr>
<td>ANZ Term Deposit '032 maturing on 17 October 2013</td>
<td>56,003</td>
<td>54,797</td>
</tr>
<tr>
<td>ANZ Term Deposit '034</td>
<td>-</td>
<td>50,651</td>
</tr>
<tr>
<td>ANZ Term Deposit '035 maturing on 21 March 2014</td>
<td>62,052</td>
<td>60,000</td>
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<tr>
<td>ANZ Term Deposit '036</td>
<td>-</td>
<td>60,810</td>
</tr>
<tr>
<td>ANZ Term Deposit '037 maturing on 9 September 2013</td>
<td>51,859</td>
<td>51,065</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

| ANZ Term Deposit 1038 maturing on 9 September 2013 | 51,154 | 50,000 |
| ANZ Term Deposit 1039 | - | 65,000 |
| ANZ Term Deposit 1040 | - | 80,000 |
| ANZ Term Deposit 1041 maturing on 17 February 2014 | 161,179 | - |
| ANZ Term Deposit 1042 maturing on 17 March 2014 | 45,757 | - |
| ANZ Term Deposit 1044 maturing on 18 November 2013 | 50,297 | - |
| ANZ Term Deposit 1046 maturing on 17 February 2013 | 100,000 | - |
| ANZ Term Deposit 1047 maturing on 17 December 2013 | 75,000 | - |
| ANZ Term Deposit 1048 maturing on 20 November 2013 | 75,000 | - |
| **Total** | $728,301 | $737,257 |

18. FIXED AND INTANGIBLE ASSETS:

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>10,240</td>
<td>1,750</td>
</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>3,693</td>
<td>1,542</td>
</tr>
<tr>
<td><strong>Total Office Equipment</strong></td>
<td>6,547</td>
<td>208</td>
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<tr>
<td>Computer Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>17,085</td>
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</tr>
<tr>
<td>Less Accumulated Depreciation</td>
<td>1,556</td>
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<td><strong>Total Computer Equipment</strong></td>
<td>15,529</td>
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</tr>
<tr>
<td><strong>Total Fixed Assets</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intangible Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>114,467</td>
<td>72,281</td>
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<tr>
<td>Less Accumulated Depreciation</td>
<td>69,209</td>
<td>24,187</td>
</tr>
<tr>
<td><strong>Total Intangible Assets</strong></td>
<td>$45,258</td>
<td>$48,094</td>
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<tr>
<td><strong>Total Fixed and Intangible Assets</strong></td>
<td>$67,334</td>
<td>$48,302</td>
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</table>

19. TAXATION:

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessable Interest Income for Year</td>
<td>29,750</td>
<td>33,316</td>
</tr>
<tr>
<td>Less Exemption</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Current Year Taxable Income</strong></td>
<td>$28,750</td>
<td>$32,316</td>
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</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxation provision applied thereon at 28%</td>
<td>8,050</td>
<td>9,048</td>
</tr>
<tr>
<td>Taxation over-provided for prior years</td>
<td>-</td>
<td>(994)</td>
</tr>
<tr>
<td><strong>Current Year Tax Provision</strong></td>
<td>8,050</td>
<td>8,054</td>
</tr>
<tr>
<td>RWT Paid</td>
<td>(7,600)</td>
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</tr>
<tr>
<td><strong>RWT Paid</strong></td>
<td>450</td>
<td>(3,191)</td>
</tr>
<tr>
<td>Prior years Tax balance brought forward</td>
<td>(2,197)</td>
<td>3,347</td>
</tr>
<tr>
<td>Income Tax Paid/ (refunded)</td>
<td>2197</td>
<td>(2353)</td>
</tr>
<tr>
<td><strong>Income Tax (Refund)/Payable per Balance Sheet</strong></td>
<td>$450</td>
<td>$(2,197)</td>
</tr>
</tbody>
</table>
Schedule of Movements in Members’ Funds

Summerfruit NZ
For the year ended 31 August 2013

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>General Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>(24,338)</td>
<td>8,978</td>
</tr>
<tr>
<td>Total recognised revenue &amp; expenses for the year</td>
<td>79,879</td>
<td>(43,172)</td>
</tr>
<tr>
<td>Net Interest income transferred to General Reserves</td>
<td>(29,750)</td>
<td>(33,316)</td>
</tr>
<tr>
<td>Transfer from/to General Reserves</td>
<td>-</td>
<td>43,172</td>
</tr>
<tr>
<td><strong>Closing Balance</strong></td>
<td>$25,790</td>
<td>$(24,338)</td>
</tr>
<tr>
<td><strong>Organisation Reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening balance</td>
<td>772,079</td>
<td>781,935</td>
</tr>
<tr>
<td>Net interest income from General Fund</td>
<td>29,750</td>
<td>33,316</td>
</tr>
<tr>
<td>Transfer (to/from General Fund</td>
<td></td>
<td>(43,172)</td>
</tr>
<tr>
<td><strong>Total Members Funds</strong></td>
<td>$801,829</td>
<td>$772,079</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$827,619</td>
<td>$747,741</td>
</tr>
</tbody>
</table>

Under the Commodity Levy Act, Summerfruit New Zealand can accumulate interest income outside the General Reserves. Summerfruit has chosen to accumulate all interest income in the Organisational Reserves.

The General Fund therefore represents all levy income from members less approved expenditure.
Dear Summerfruit Grower

Please find enclosed the ballot paper for the Summerfruit New Zealand Incorporated Commodity Levy Referendum. This letter contains all the information that you need to vote on the proposed compulsory levy.

The proposed levy would replace the existing Summerfruit Commodity levy which will expire on 28 September 2014. This levy would be paid by all summerfruit growers, on all summerfruit produced in New Zealand for commercial purposes (excluding summerfruit supplied to Heinz Wattie’s for processing). The levy would be used to continue to develop industry good activities such as research, market access, NZ Market development, communications or interaction with government on behalf or growers.

Ballot paper
There are three sections to the ballot paper,

Section A: General information on the Summerfruit New Zealand Incorporated summerfruit commodity levy referendum
Section B: Declaration of gross sales of all summerfruit sold over the past 12 months
Section C: Voting paper.

The enclosed voting paper is for commercial summerfruit growers to record your vote on whether you support or do not support the imposition of the compulsory levy.

Please carefully read the information in this letter and each of the three sections of the ballot paper.

Voting
You can submit your vote in one of three ways:

1. Online e-Vote:
   - go to www.summerfruitnz.co.nz where the link to the levy vote is clearly displayed on the home page
   - you will be asked to enter a PIN and password specifically generated for this levy vote
   - your unique PIN and password are listed on the enclosed voting paper.

2. Fax: Completed voting papers can be faxed to 0528 233 532 869.

3. Postal Vote: Your completed voting paper can be returned in the freepost envelope provided.
   Please note that the last day for posting voting papers so that they reach the Returning Officer by the close of voting is Wednesday 27 November 2013.

Outcomes
If the vote is successful the levy will be imposed. To be successful:

1. the total Yes votes must outnumber the No votes (note; invalid votes are considered to be a No vote), and
2. the total gross sales declared by those who vote Yes, must equal more than half of the total gross sales that are declared by all voters.
Who is entitled to vote?
All New Zealand growers who produce summerfruit for commercial purposes are entitled to vote in the ballot. Each trading entity, including partnerships, has only one vote.

Who will be counting the votes in the referendum?
The independent Returning Officer is Elections.com:

Elections.com
PO Box 3138
Christchurch 8140

Information from the ballot paper
The information contained in or included with ballot papers received by the deadline will be used by the Returning Officer to ascertain the level of support from stakeholders for the levy proposed in these papers.

- The Returning Officer will hold the information for six months after the levy order commences or for six months after the referendum fails to obtain the support of summerfruit growers. Information will then be destroyed.
- Any information supplied by the Returning Officer to Summerfruit New Zealand Incorporated will be in a form that does not identify how any individual voted.

Deadline for voting
Online voting will close at midday Friday 29 November. Completed voting papers should be returned to the Returning Officer in the enclosed addressed envelope, or faxed to 0508 233 532 869 no later than midday Friday 29 November. Any voting papers received after this time will not be used to calculate the final result.

The voting paper
The voting paper is a formal declaration and therefore all those who complete and return voting papers are obliged to ensure that the information supplied is true and accurate.

Results of the referendum
Results of the referendum will be published on the website www.summerfruitnz.co.nz and in Summerfruit (The Journal of Summerfruit NZ), as soon as practicable after they become known.

Where do I get more information?
If you have any queries about the proposed levy please feel free to contact me.

Best Regards

Marie Dawkins
Chief Executive
Summerfruit New Zealand Incorporated
PO Box 2175
Wellington
Phone: 04 494 9975
Mobile: 021 460 200
Email: marie@summerfruitnz.co.nz
SECTION A: General information for the ballot paper for Summerfruit NZ Incorporated

DETAILS ON THE PROPOSED COMMODITY LEVY ON SUMMERFRUIT

1. Reason for Support Referendum
   To ascertain the level of support from potential levy payers for a commodity levy on summerfruit produced in New Zealand for commercial purposes.
   The existing levy order on summerfruit will expire on 28th of September 2014 and the levy order proposed in this ballot paper will replace it. The levy is proposed in order to fund activities carried out by Summerfruit New Zealand Incorporated (“Summerfruit NZ”) on behalf of New Zealand summerfruit growers.

2. Who would the levy be paid to?
   Summerfruit NZ Incorporated
   Phone: 04 494 9975
   PO Box 2175
   Wellington 6140
   e-mail: marie@summerfruitnz.co.nz
   Website: www.summerfruitnz.co.nz

3. What commodity will the levy be collected on?
   The commodity to be levied is summerfruit namely: peaches, nectarines, plums, apricots, cherries and the hybrids thereof.
   The levy will be imposed on summerfruit produced in New Zealand for commercial purposes. Commercial purposes means that fruit which is:
   i. sold within New Zealand for consumption as whole fresh fruit, or
   ii. sold for resale as whole fresh fruit, or
   iii. exported as whole fresh fruit, or
   iv. sold as whole fresh fruit within New Zealand for processing, or
   v. processed before sale.

4. Who will pay the levy?
   All growers producing summerfruit for commercial purposes will primarily be responsible for paying the levy.
   Any levy payer or collector who objects on conscientious or religious grounds to paying the levy in the manner provided for by the proposed levy order will be able to pay the levy to the Chief Executive of the Ministry for Primary Industries. In such cases the Chief Executive will on-pay the levy to Summerfruit NZ.

5. How will the levy be calculated?
   The levy will be calculated as a percentage of gross value at the first point of sale (exclusive of GST) except where:
   • summerfruit is exported whole prior to the first point of sale when the levy will be calculated as a percentage of the Free On Board (FOB) value (exclusive of GST); or
   • summerfruit is processed prior to the first point of sale when the levy will be calculated based on the notional process value of the fruit that, in the opinion of Summerfruit NZ, the grower would reasonably expect to pay for summerfruit had they the need to purchase it for processing (exclusive of GST).
   The calculation of the levy would be based on the selling price together with the value of:
   • any other payments made to the grower by the purchaser in relation to, or in connection with, the sale of summerfruit; or
   • any goods or services provided to the grower by the purchaser in relation to, or in connection with, the sale of summerfruit free of charge or below market value.

6. How much will the levy be?
   The levy will be paid at two rates.
   i. For apricots, nectarines, peaches and plums and the hybrids thereof the maximum rate will be 1.75% plus GST. Initially the rate of the levy is proposed to be 1.5% plus GST.
   ii. For cherries the maximum rate will be 1.0% plus GST. Initially the rate of the levy is proposed to be 0.75% plus GST.
7. Are there any exemptions from paying the levy?
Growers who sell summerfruit to Heinz Wattie’s Limited on contract for processing will be exempt from payment of the levy on the condition that:
- Heinz Wattie’s imposes a research and development levy on persons selling summerfruit to it on contract for processing; and
- The rate of the research and development levy is equal to or greater than the relevant levy rate set under this order; and
- Heinz Wattie’s makes available to Summerfruit NZ the research information arising from its use of the research and development levy. Summerfruit NZ will suspend this exemption if the above conditions are not met. Summerfruit NZ will notify growers if the exemption is suspended, or no longer applies, or if it is subsequently reinstated.

8. How will the actual levy rate be set?
The initial rate, once approved according to the rules of Summerfruit NZ, will be effective from the time Summerfruit NZ notifies the rate.
At any Annual General Meeting or Special General Meeting, in accordance with the rules, Summerfruit NZ will be able to alter the rate for the following year, so that it is either below or at the maximum rate. If for any reason a rate is not set at the AGM or SGM, then the levy rate remains at the rate last set.
The levy year refers to the 12 months between 1 September and 31 August except in the first year of the levy which will be from the commencement of the proposed levy order to 31 August 2015.

9. How will I be notified of the rate?
As soon as practicable after fixing the levy rate in any year, Summerfruit NZ will give notice of the rate in the New Zealand Gazette and the industry publication produced by Summerfruit NZ and the Summerfruit NZ website, www.summerfruitnz.co.nz.

10. What will the levy be spent on?
The general purposes for which Summerfruit NZ may spend the levy are:
- research including market research
- development of products
- development of markets
- protection or improvement of plant health
- development and implementation of quality assurance programmes
- education, information, or training
- administration of Summerfruit NZ.
The levy will not be spent on any commercial or trading activity. Summerfruit NZ will spend all levy money paid to it, or invest it pending its expenditure. Summerfruit NZ does not intend to create substantial reserves from funds collected from levy.

11. Can I have a say on how the levy will be spent?
Each year prior to its Annual General Meeting, Summerfruit NZ will distribute the accounts for the past year and spending proposals for the following year. Levy payers will be able to discuss expenditure of the levy at this meeting, and special meetings which may be called from time to time as necessary, according to the rules of Summerfruit NZ.

12. How will I pay the levy?
Where growers have direct sales, other than to a collection agent, those growers will deduct levy from those sales and pay the levy directly to Summerfruit NZ. Direct sales includes:
- growers own roadside sales
- farmers markets
- flea markets
- sales conducted by electronic means including via the internet
- supply to retail outlets.
In the case of grower-processors the levy is to be paid directly to Summerfruit NZ.
In other cases the levy is to be recovered and paid to Summerfruit NZ by the collection agent.
Growers and collection agents may submit levies either via the Summerfruit NZ website www.summerfruitnz.co.nz or using paper forms downloaded from the website, or requested from Summerfruit NZ. Using either the website or the paper form, collection agents will declare the amount of levy collected on growers’ behalf and growers will declare any levy due on direct sales.

13. When are the levy payments due?
The levy is to be paid monthly. The due date of payment of the levy is the day on which the fruit is sold or processed or exported. The latest day for payment of the levy is the 20th day of the month following sale.
A penalty of 5% of the entire amount of the levy which remains unpaid on the latest day for payment will be payable. In addition, a penalty of 2% per month will be payable on the unpaid amount of levy (not including any penalties) which is not paid within a month after the last day for payment.

14. What is a collection agent?
A collection agent is a person whose business is or includes:
- buying summerfruit from a grower for resale fresh or export fresh or for processing for sale; or
- selling or exporting or processing summerfruit on behalf of a grower.
Collection agents include brokers, wholesalers, merchants or exporters. Where a grower sells summerfruit to another grower for resale, the receiving grower shall be considered to be the collection agent.

15. Will collection agents receive a collection fee?
A collection agent may deduct from the levy a collection fee of not more than 4% of the amount of the levy (exclusive of GST) plus the GST payable on the fee.
- no grower who pays the levy directly to Summerfruit NZ may deduct a collection fee.

16. What information must collection agents supply to Summerfruit NZ?
Collection agents must provide the following information to Summerfruit NZ for the purposes of determining the amounts of levy payable:
- the name of the grower
- the quantity of the commodity purchased and sold, exported or processed by fruit type
- the rate at which the levy was collected
- the price received or paid, or value placed on each fruit type
- the amount of levy collected and paid to Summerfruit NZ
- the amount of the collection fee (if any).
17. **What records have to be kept?**

All those involved in collecting or paying the summerfruit levy would need to keep the following information for at least two years after the date of payment of the levy to Summerfruit NZ.

Growers would retain:
- the name and contact details of any collection agent (if any)
- the quantity of the commodity sold by fruit type
- the price received or value placed on the summerfruit
- the rate at which the levy was collected
- the amount of levy paid to Summerfruit NZ.
- a copy of every levy form submitted to Summerfruit NZ.

Collection agents would retain:
- the name and contact details of the grower
- the quantity of the commodity purchased and sold
- the rate at which the levy was collected
- the price received or paid, or value placed on the summerfruit
- the amount of levy collected and paid to Summerfruit NZ.
- the amount of the collection fee (if any)
- a copy of every levy form submitted to Summerfruit NZ.

Summerfruit NZ would retain:
- the name and contact details of the grower, or collection agent (if any)
- the price received or paid, or value placed on the summerfruit
- the amount of levy collected and paid to Summerfruit NZ
- the amount of the collection fee (if any)
- a copy of every levy form submitted to Summerfruit NZ.

Every grower and collection agent must, as soon as is reasonably practicable after receiving Summerfruit NZ’s written request for the grower or collection agent to do so, give Summerfruit NZ written notice of any information Summerfruit NZ needs to enable it to calculate any amount of levy payable.

18. **What will happen to the information on me that is collected?**

Some information would be gathered when collecting the levy. Unless required to do so by law, or with the consent of the individuals concerned Summerfruit NZ or collection agents would be obliged to keep the information confidential. This would not prevent Summerfruit NZ from disclosing such information:
- for the purpose of producing records or accounts under section 17(1) of the Commodity Levies Act 1990 (which relates to the rights of the Minister to have accounts audited);
- for the purpose of producing any statement under section 25 of the Commodity Levies Act 1990 (which relates to annual reports and statements);
- which is necessary in the giving of evidence in any legal proceedings taken under or in relation to this order, or under the Commodity Levies Act 1990 in relation to this order;
- for statistical or research purposes but in such a form that does not identify any individual levy payers or levy collectors;
- to assist in the invoicing and collection of levies.

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**SUMMERFRUIT NEW ZEALAND INCORPORATED REFERENDUM VOTING PAPER INSTRUCTIONS**

You can vote in one of three ways: **e-Vote, Fax** or **Postal Vote**.

1 **e-Vote**

Go to [www.summerfruitnz.co.nz](http://www.summerfruitnz.co.nz)
You will be asked to enter a PIN and password. Your unique PIN and password are listed on the voting paper overleaf.

2 **Fax**

Detach and fax the completed voting paper to: **0528 233 532 869**

3 **Postal Vote**

Follow the instructions opposite to post the completed Voting Paper back to the Returning Officer in the freepost envelope provided.

**Postal Voting Instructions**

**Please read carefully before voting**

1 Read the details on the proposed commodity levy in this booklet.
2 Complete sections B and C of the voting paper overleaf. If you do not complete Section B and C your vote will be invalid.
3 An incomplete or incorrectly completed voting paper, with respect to the levy proposal, which is returned will be counted as a vote against the proposal.
4 After voting carefully detach the voting paper along the indicated perforation and place only the voting paper in the enclosed freepost envelope and post it to the Returning Officer.
5 All voting papers must be in the hands of the Returning Officer no later than midday on Friday 29 November 2013.
6 If you spoil or destroy the voting paper, call the Election Helpline to receive a replacement paper on: **0508 666 886**.

Please note that the last day for posting voting papers so that they reach the Returning Officer by the close of voting is Tuesday 26 November 2013.
### SECTION B: Declaration

Please ensure that you include all summerfruit sales, including those sold on the NZ domestic market, processed or exported. Sales of product sold to Heinz Wattie’s for processing must be declared separately.

#### 1(a) My total gross sales of all summerfruit produced in New Zealand (excluding that sold to Heinz Wattie’s for processing) over the 12 months prior to 31 August 2013 were: (tick one circle only)

- $0 - $50,000
- $50,001 - $100,000
- $100,001 - $150,000
- $150,001 - $250,000
- $250,001 - $500,000
- $500,001 - $750,000
- $750,001 - $1,000,000
- $1,000,001 - $1,500,000
- $1,500,001 - $2,500,000
- $2,500,001 - $5,000,000
- $5,000,001+

#### 1(b) Heinz Wattie’s suppliers only. Please declare your total sales to Heinz Wattie’s for processing over the 12 months prior to 31 August 2013. This volume is separate from that which is declared above. (tick one circle only)

- $0 - $50,000
- $50,001 - $100,000
- $100,001 - $250,000
- $250,001 - $500,000
- $500,001 - $750,000
- $750,001 - $1,000,000
- $1,000,001+

#### 2 Declaration: (Each trading enterprise is entitled to one vote)

I hereby declare:  
(a) I am authorised to exercise the vote for the enterprise that received this voting paper  
(b) That I am or this enterprise is currently in the business of producing summerfruit for commercial purposes  
(c) The information supplied is true and correct to the best of my knowledge.

Name or Trading Name:  

(If you are a corporate body, entity or trust provide:)

Signed:  

Date:  

### SECTION C: Voting paper

The question in this section is for you to indicate if you support paying the levy under the Commodity Levies Act 1990.

#### 3 I support paying a compulsory levy on summerfruit grown in New Zealand for the funding of industry-good activities as outlined in this ballot paper. (Place a tick neatly in one of the circles below)

- YES
- NO

**DEADLINE FOR RETURN TO THE RETURNING OFFICER:**  
**FRIDAY 29TH OF NOVEMBER 2013 AT MIDDAY**

**FOR ASSISTANCE PHONE THE ELECTION HELPLINE:**  
0508 666 886

Summerfruit NZ Incorporated, Level 4, Cooperative Bank House, 20 Ballance St, Wellington 6140, advises that the information in this voting paper is being collected to satisfy the requirements of Part 1 of the Commodity Levies Act 1990. The supply of the information is voluntary but, without it, your vote is invalid and cannot be used towards seeking approval of a levy order. Upon the levy order sought having been confirmed by Act of Parliament the voting papers will be destroyed. The information will not be disclosed to any person or association other than Summerfruit NZ Incorporated.
Marie Dawkins  
Summerfruit New Zealand  
PO Box 2175  
WELLINGTON  

Dear Marie  

Summerfruit NZ CLA Vote 2013  

Thank you for the opportunity to provide this proposal to be the Returning Officer for the 2013 CLA Vote.  

We propose to provide our Returning Officer service that has successfully delivered previous CLAs for Dairy InSight, FAR, Meat & Wool NZ, United Wheatgrowers, Horticulture NZ, Pipfruit NZ, Paua Industry Council Rock Lobster Industry Council and many other public and private sector elections.  

Based on this experience, and our recent correspondence, the cost for carrying out the CLA Vote in 2013 will be just over $6,000 plus gst, including all estimated 3rd party pricing for design, printing, mail processing, postage etc.  

Some of the benefits that electionz.com will provide as part of this service are:  

- We will provide an independent election service so that Summerfruit NZ and its levy payers have complete confidence in the integrity of the voting process  
- We will provide online voting in addition to postal and fax voting so that it is as easy as possible for growers to participate  
- We will meet all the statutory requirements of the CLA process so that you can be confident that all legal requirements have been met  
- We will carry out the CLA Vote within budget for the specified tasks so no additional expenditure will be required  
- We will release election results within one hour of the close of voting so that all parties can be advised as soon as possible  
- We will provide information about how and when consumers voted so that you can better understand the voting demographics of your levy payers.  

I have attached a breakdown of the tasks and pricing that more fully describes our solution for Summerfruit NZ.  

We look forward to developing our working relationship with you for the CLA Vote. In the meantime, please do not hesitate to call me should you have any further queries.  

Yours faithfully  

Warwick Lampp  Electoral Officer – Business Development Manager  electionz.com Ltd  
Level 1, 506 Wairakei Rd, Christchurch | PO Box 39163, Christchurch 8545  
P +64 3 377 3530 | F +64 3 377 1474 | M 021 498 51  
E wlampp@electionz.com | W www.electionz.com
1. Election Parameters – Summerfruit NZ CLA Vote

- Warwick Lampp, electionz.com, appointed as Returning Officer for the Summerfruit CLA Vote
- Approximately 350 voters from the Summerfruit NZ database
- First Past the Post (FPP), using postal, fax and online voting, for one YES/NO CLA resolution and capture of production details
- Estimated return rate of approximately 60%, ie 200 returns (100 by post or fax, 100 online)
- Voting papers to be mailed back to the Returning Officer in Christchurch in a freepost replay paid envelope, or faxed by a free fax service

- Each Voter Pack is to include:
  - Maxpop outer envelope
  - A4 simplex voting papers (personalised with elector barcode and PIN/password)
  - A4 cover letter information document (4 pages)
  - DLE BRP free post reply envelope

N.B. This quote is based on estimated quantities or volumes as provided. Final pricing will be dependent upon the final number of voters and the complexity of the voting documents

2. Returning Officer Tasks and Pricing – Summerfruit CLA Vote

- All Returning Officer tasks, full responsibility for conduct of the CLA Levy Vote
- FAQs provided to hotline call centre re basic election enquiries
- Electoral Roll compilation from the Summerfruit NZ database, post code verification
- Voting paper and election material design, signoff by Summerfruit NZ by pdf
- Printing and mail processing of all voter packs, lodgement with NZ Post
- Setup online voting site, generate PINS/passwords, and three HTML personalised email blasts
- Produce a marked roll at the conclusion of the Poll which shows an alphabetical list of electors who have voted.
- Provide updated database with all recorded changes back to Summerfruit NZ after the poll
- Check the validity of returned votes including sense checking production details
- Store the voting documents until 3 months after the CLA Application by Summerfruit NZ has been considered by MPI
- Provide election statistics (analysis of returned papers by day) throughout the election
- Produce a certificate signed by the Returning Officer confirming that the Poll has been carried out as per industry standard election management practices and the relevant CLA legislation.
- Vote processing of returned votes, including checking for duplicate voting, informal votes, and checking the validity of grower production details
- 0508 number for Election Hotline enquiries answered by electionz.com
- Calculate the results and advise Summerfruit NZ within one hour after the close of voting

Total electionz.com Returning Officer Fee (including vote processing) $4,875

3. Variable Costs: (estimated – dependent on final volumes)

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<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Price</th>
<th>Total Price</th>
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<tbody>
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<tr>
<td>Return mail</td>
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<tr>
<td>Additional Variable costs</td>
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<tr>
<td>Cost per additional late voter packs mailed/emails</td>
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<td>$8 each</td>
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</tr>
<tr>
<td>Calls to Election Helpline</td>
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<tr>
<td>Cost per Gone No Address (GNA) recorded</td>
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<tr>
<td>Cost per address change received</td>
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<tr>
<td>Cost per additional email blast</td>
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<tr>
<td>Total Variable Costs</td>
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<td>$1,726</td>
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</table>

Total estimated cost of CLA Vote $6,601
Appendix 7

Summerfruit NZ website
1 November 2013
Dear ~~other_names~~ ~~surname~~ - ~~ext_id01~~

Summerfruit NZ has contracted electionz.com, an independent election management company, to be the Returning Officer and manage the commodity levy referendum process. You are receiving this email as a commercial summerfruit grower and are encouraged to participate in this important process. Should you not wish to receive further emails click here to unsubscribe.

**Voting is now underway for the Summerfruit 2014 Commodity Levy Referendum.**

All growers who are currently in the business of producing summerfruit for commercial purposes are entitled to vote.

Voting papers were posted to eligible growers on 1 November 2013. If you have not received your voter pack in the post please call us, tollfree, on 0508 666 886.

To view information regarding the Summerfruit commodity levy referendum click HERE. If you have any queries about the proposed levy please contact Marie Dawkins, Chief Executive, Summerfruit NZ, on 04 494 9975 or marie@summerfruitnz.co.nz

**Use your unique personal identification number (PIN) and Password (all lowercase) as printed below, to login and cast your vote.**

**PIN** 99999999

**Password** xxxx

**You can e-vote NOW by clicking HERE.**

Your vote must reach the Returning Officer before the close of voting at 12 noon on Friday 29 November 2013. If you are intending to post your voting paper, you will need to do so by Wednesday 27 November 2013.

If you have any queries regarding the voting process, please contact us on 0508 666 886.

Warwick Lampp
Returning Officer - Summerfruit New Zealand CLA Vote
0508 666 886
elections@electionz.com

If you do not want to receive further emails for this election click here to unsubscribe.
Dear --other_names-- --surname-- - --ext_id01--

As an active summerfruit grower you are entitled to vote on the application of a compulsory levy to replace the current levy order which expires in 2013. All growers are encouraged to participate in this important process.

Voter packs have been sent to all active summerfruit growers. If you have recently returned your voting paper by mail, or voted online thank you for voting. Please ignore this reminder.

If you have not already voted you can use your unique personal identification number (PIN) and Password (all lowercase) listed below, to login and cast your vote.

PIN       99999999
Password    xxxx

You can e-vote NOW by clicking HERE

Voting closes at noon on Friday 29 November 2013. If you are intending to post your voting paper, you will need to do so by Wednesday 27 November 2013.

If you have any queries regarding the voting process, please contact us on 0508 666 886.

Warwick Lampp
Returning Officer – Summerfruit New Zealand CLA Vote
0508 666 886
elections@electionz.com

If you do not want to receive further emails for this election click here to unsubscribe.

Subject Line: Don’t miss your chance to vote on the Summerfruit NZ commodity levy referendum.
Dear ~~other_names~~ ~~surname~~ - ~~ext_id01~~

Only 1 day remains to have your say on the application of a compulsory levy to replace the current levy order which expires in 2013.

**Voting closes tomorrow, Friday 29 November 2013 at 12 noon.**

If you have not already voted you can use your unique personal identification number (PIN) and Password (all lowercase) listed below, to login and cast your vote.

**PIN** 99999999

**Password** xxxx

You can e-vote NOW by clicking [HERE](#)

If you have any queries regarding the voting process, please contact us on 0508 666 886.

Warwick Lampp
Returning Officer – Summerfruit New Zealand CLA Vote
0508 666 886
elections@electionz.com

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Subject Line: Don’t miss your chance to vote on the Summerfruit NZ commodity levy referendum.
Summerfruit New Zealand

FINAL RESULT

2013 Proposed Commodity Levy

I hereby declare the final result for the 2013 Summerfruit New Zealand Commodity Levy vote held on Friday 29th November 2013 as follows:

I support paying a compulsory levy on summerfruit grown in New Zealand for the funding of industry-good activities as outlined on the ballot paper.

<table>
<thead>
<tr>
<th>Vote</th>
<th>Head Count</th>
<th>% Head Count</th>
<th>Weighted</th>
<th>% Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>94</td>
<td>82.46%</td>
<td>49,250,000</td>
<td>86.52%</td>
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<tr>
<td>No</td>
<td>20</td>
<td>17.54%</td>
<td>7,675,000</td>
<td>13.48%</td>
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<tr>
<td><strong>114</strong></td>
<td></td>
<td></td>
<td><strong>56,925,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

The voting return percentage was 34.65%, being 114 out of 329 Summerfruit NZ growers.

Dated at Christchurch this 29th day of September 2013.

Warwick Lampp
Returning Officer – Summerfruit New Zealand 2013
electionz.com Ltd
elections@electionz.com
0508 666 886
New Zealand Summerfruit Sales (kgs) 2012-13 Season

NZ Market data collected from the week ending 27/11/2012 to week ending 7/04/2013
Export data collected from the week ending 25/12/2012 to week ending 17/03/2013

<table>
<thead>
<tr>
<th>Export Sales</th>
<th>Apricots</th>
<th>Cherries</th>
<th>Nectarines</th>
<th>Peaches</th>
<th>Plums</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>768,316</td>
<td>19,313</td>
<td>16,308</td>
<td>5,760</td>
<td>0</td>
</tr>
<tr>
<td>North America</td>
<td>12,865</td>
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<td>0</td>
<td>16,942</td>
<td>0</td>
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<tr>
<td>UK &amp; Europe</td>
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<td>7,926</td>
<td>0</td>
<td>7,400</td>
<td>0</td>
</tr>
<tr>
<td>China</td>
<td>0</td>
<td>189,117</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Hong Kong</td>
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<tr>
<td>Japan</td>
<td>0</td>
<td>29,554</td>
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<td>0</td>
<td>0</td>
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<tr>
<td>Malaysia</td>
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<td>44,998</td>
<td>0</td>
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<td>137,912</td>
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<td>9,155</td>
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<td>8,850</td>
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<td>Thailand</td>
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<td>244,336</td>
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<td>0</td>
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<tr>
<td>Vietnam</td>
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<td>47,205</td>
<td>0</td>
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<td>0</td>
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<tr>
<td>Pacific</td>
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<td>297</td>
<td>8,014</td>
<td>5,654</td>
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<tr>
<td>All other markets</td>
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<td>15,371</td>
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<td>9,543</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>960,763</strong></td>
<td><strong>1,452,167</strong></td>
<td><strong>24,322</strong></td>
<td><strong>46,362</strong></td>
<td><strong>25,434</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NZ Market Sales</th>
<th>Apricots</th>
<th>Cherries</th>
<th>Nectarines</th>
<th>Peaches</th>
<th>Plums</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Island</td>
<td>911,778</td>
<td>167,230</td>
<td>1,945,325</td>
<td>1,992,370</td>
<td>1,973,457</td>
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<tr>
<td>South Island</td>
<td>1,410,856</td>
<td>915,456</td>
<td>1,674,840</td>
<td>863,872</td>
<td>413,653</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>2,322,634</strong></td>
<td><strong>1,082,686</strong></td>
<td><strong>3,620,165</strong></td>
<td><strong>2,856,242</strong></td>
<td><strong>2,387,110</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total sales NZ Market &amp; Export</th>
<th>Apricots</th>
<th>Cherries</th>
<th>Nectarines</th>
<th>Peaches</th>
<th>Plums</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>960,763</td>
<td>1,452,167</td>
<td>24,322</td>
<td>46,362</td>
<td>25,434</td>
</tr>
<tr>
<td>NZ Market</td>
<td>2,322,634</td>
<td>1,082,686</td>
<td>3,620,165</td>
<td>2,856,242</td>
<td>2,387,110</td>
</tr>
<tr>
<td><strong>Total sales</strong></td>
<td><strong>3,283,397</strong></td>
<td><strong>2,534,853</strong></td>
<td><strong>3,644,487</strong></td>
<td><strong>2,902,604</strong></td>
<td><strong>2,412,544</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ Market</td>
</tr>
<tr>
<td>Average value/kg NZ*</td>
</tr>
<tr>
<td>North Island</td>
</tr>
<tr>
<td>South Island</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Export</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average value/kg **</td>
</tr>
<tr>
<td>Export **</td>
</tr>
</tbody>
</table>

| Total value NZ Market & Export * | $16,449,196 | $32,141,787 | $13,677,920 | $11,051,083 | $7,484,512 | $80,804,497 |

* Estimated values per kg provided by NZ marketers
** Statistics NZ
Modified atmosphere packages for apricots
Measuring sprayer performance
Profile of Laurie and Jan Cooke
Commodity levy renewal

It seems only a couple of years ago that we got our current Commodity Levy Order in place. Last renewed in October 2008, the levy needs to be renewed every six years. This means we do not need a new levy in place until October 2014. Working backwards from that date, taking into account the 2014 general election and the next summerfruit season, it means bringing our ballot forward to October or November this year. It means we will start consulting with you about renewing the levy over the coming months.

The majority of you will be familiar with the levy renewal process, especially as Hort NZ recently conducted their ballot and Pipfruit NZ have also recently renewed their levy. However we have a number of issues specific to our industry. These are covered by our own Summerfruit Levy Order. If you are inclined, or need a little light reading, you can read up on our levy order on the following site www.legislation.govt.nz/regulation/public/2008/0344/latest/DLM1628321.html

If you want to raise anything with us about the levy please feel free to contact Gary Bennetts, Chairman, or myself at any time. If you are planning grower meetings in the next few months please let us know if you would like us to speak at those meetings.

Mack Nicol Award

Last year we introduced our new award for young achievers in the summerfruit industry. We were very pleased to present the inaugural award to Simon Webb of JK Webb & Sons, in Cromwell.

Who will be this year’s recipient? The field is open and we are now calling for nominations. The recipient –

• Can be involved in any part of the industry, not just growing summerfruit
• Must be under 45
• Needs to be active in the industry now and cannot have left the industry.

I would encourage you to cast your thoughts wide and consider all aspects of the industry. And do not forget that women contribute to the industry as well, though their contribution is often missed.

Nomination forms are in the post now or feel free to e-mail me, marie@summerfruitnz.co.nz, for a copy of the form. Entries close on 22 April. The award will be presented at the conference dinner on the 31 May in Blenheim. This is an exciting new opportunity to acknowledge people in our industry so I look forward to receiving your nominations.

Elevating work platforms

After nearly five years of work the review of the 2003 guidelines for safe use of elevating work platforms in the horticultural industry, has been completed. The second edition of Best Practice Guidelines for the Safe Use of Elevating Work Platforms in the Horticultural Industry is about to be released to industry. Given the importance of elevated platforms in the industry, Summerfruit NZ was a strong supporter of these updated guidelines.

This second edition of the Best Practice Guidelines was developed by the Hort NZ Health and Safety Committee. This committee represents the interests of industry group representatives, orchard owners, employee representatives, manufacturers and representatives from the Ministry of Business Innovation and Employment (MBIE). MBIE has endorsed this edition of the guidelines and has actively participated in the Hort NZ Health and Safety Committee guidelines working party.

Horticultural mobile elevating work platforms are complex pieces of equipment which are used in hazardous conditions. As the current state of knowledge has changed around the use of this equipment, these best practice guidelines are an update of the 2003 version. These best practice guidelines have been developed to assist the safe operation of purpose-built mobile elevating work platforms which conform with the current AS 2550.10 and the AS/NZS 1418.10 standards while they are being used in the horticultural work environment in New Zealand.

Health and safety in the workplace is a continuing concern matter. There will be problems which arise that need to be addressed in the future, and a review is planned five years after publication of these guidelines. The industry will undertake annual reviews via Hort NZ’s Health and Safety Committee.

Copies of the guidelines will be available to download as a pdf from the Summerfruit NZ

<table>
<thead>
<tr>
<th>Export</th>
<th>2012-13</th>
<th>2011-12</th>
<th>2010-11</th>
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</thead>
<tbody>
<tr>
<td>Apricots</td>
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<td>1,026,893</td>
<td>1,016,414</td>
</tr>
<tr>
<td>Cherries</td>
<td>1,399,772</td>
<td>1,280,421</td>
<td>1,660,248</td>
</tr>
<tr>
<td>Nectarines</td>
<td>24,334</td>
<td>4,169</td>
<td>14,877</td>
</tr>
<tr>
<td>Peaches</td>
<td>45,496</td>
<td>18,936</td>
<td>55,015</td>
</tr>
<tr>
<td>Plums</td>
<td>21,816</td>
<td>14,960</td>
<td>36,622</td>
</tr>
</tbody>
</table>
Upright fruiting offshoots system for cherries
Predicting consistent quality fruit
New irrigation calculator
Renewing our levy
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I write this report from a cold and snowy Central Otago, and hopefully many of you are in warmer climates in this quieter time of the year. We have just experienced some of the most severe weather in recent memory, not just here in Central Otago, but all over New Zealand. Growers in the three valleys escaped much of the snow, but the hills were well and truly covered. There are many heading up to the ski-fields and others itchy for the ice to form so they can dust off the curling stones. Less than half an hour’s drive from Cromwell many are under over half a metre of snow. So we are all thankful to have escaped with nothing worse than cold fingers and toes while out pruning.

The annual Summerfruit NZ conference held in late May in Blenheim was once again a great success. It is important that as an industry we recognise the smaller regions and the part they play. Everyone I have spoken to since were impressed by the conference facilities, the programme put together by Marie and her team, and the hospitality shown by the Marlborough growers. Thanks to all concerned.

The highlight for many was the visit and presentations from Dr Matt Whiting of Washington State University. His presentations on cherry research and the upright fruiting offshoots growing system were enthusiastically received by all growers. Many commented that they would love to see him back in New Zealand again soon to keep everyone up to speed with his current trials.

It was unfortunate that bad weather prevented Matt getting to Central Otago for his on-orchard grower presentation before the conference. However, the numbers attending the visit to Terry Sowman’s property in Blenheim on the Saturday after the conference had wound up, suggested many growers delayed returning home to get full value from Matt’s visit. Our thanks must go to Terry and Lynley for their hospitality, with such large numbers unexpectedly attending.

The recent levy renewal consultation meetings are just the start of our levy renewal process. Feedback from growers as we moved around the regions was positive, but I would encourage anyone who has any questions about Summerfruit NZ’s activities or the levy renewal process and timetable to contact Marie in Wellington or any member of the Executive. This is the opportunity to let us know how we are doing and what we should be doing to improve the industry for all growers. So come along to any grower meetings organised and give us your feedback.

Tim Jones
Renewing our levy

This year’s commodity levy income is on track to equal the record 2010-11 levy year which saw levy income at just on $900,000. Levy income reflects your season, good or bad. The 2012 financial year clearly reflected that difficult growing season, bringing in only $743,500 income which led to us making a loss of $43,172 last year. Our fortunes fluctuate with yours. We do, however, now operate a budget which is based on levy income across two years. This enables us to manage fluctuations in the levy income and continue with services to you.

Summerfruit NZ was one of the first industry organisations to get a Commodity Levy Order under the Commodity Levy Act. We are now most of the way though our third Levy Order. This was issued in 2008 and is due to expire in September 2014. We are planning to conduct the ballot to renew the levy in November this year.

The process

Many of you will have voted in the last three Summerfruit levy ballots, as well as the recent Horticulture NZ and possibly the Pipfruit NZ ballots. You will therefore be fully aware of the commodity levy process. For those who are new to the industry we need to clarify what is involved in implementing a Levy Order.

The levy must be renewed every six years. If it is not renewed, the levy ceases to be collected. The renewal process must go through a number of formal stages which are overseen by the Ministry for Primary Industries. These include –

- Consultation with growers and collection agents
- Once consultation is complete a ballot is sent to every known grower for their support or otherwise for renewing the Levy Order.
- If the ballot results are successful an application is made to the Minister for a new Levy Order within three months of the vote.

Consultation

We recently started consulting with growers seeking your opinions on how we are managing the current levy and whether you think there are other areas where we should be investing your levy. Consultation started in April with a visit to north Auckland then on to Blenheim, Hawke’s Bay, down through Canterbury and Oamaru, across to Cromwell, Alexandra, down to Roxburgh and then back to the Hawke’s Bay. The new levy was also discussed at the AGM. Growers’ comments have been noted and will be considered at our next planning meeting.

Until now we have been talking to individuals or small groups of growers. We find that it is an effective way to get feedback on what growers are thinking. If you are planning any grower meetings please let us know and we will make an attempt to be there.

The ballot

The ballot paper sets out all the important aspects of the proposed levy, levy rates, at what point it will be collected, who deducts the levy, how it is submitted, payment details, what it can be spent on, and what it cannot be spent on.

The ballot has two parts –

- A yes or no vote
- An indication of a grower’s total sales for the last year

A successful ballot means that more than 50 per cent of those who vote say yes and the total value of their sales is more than 50 per cent of the total votes. This year we intend to use an online voting system recently adopted by a number of other groups. For those of you who have poor or no internet access, you will still be able to submit a postal vote.

The application

If the ballot result is favourable, then we submit an application to the Minister. It can take six months to process our application but we would expect to be able to have a new Levy Order in place by September 2014. The Levy Order would then be renewed for a further six years.

Proposed levy details

By now you will want to know what we are proposing for the new levy. The main message for this new levy is – no change. The Summerfruit NZ Executive Committee consider that the current levy is working well and see no need to change any significant aspect of it. This means no change to the collection rates or the upper limit. It will still be collected at first point of sale by collection agents, although we hope to provide additional clarification on this.
The levy rates will remain —

- For apricots, nectarines, peaches and plums and the hybrids thereof the maximum rate will be 1.75 per cent plus GST. Initially the rate of the levy is proposed to be 1.5 per cent plus GST.
- For cherries the maximum rate will be 1.0 per cent plus GST. Initially the rate of the levy is proposed to be 0.75 per cent plus GST.

Levy collection —

- The levy will continue to be collected at first point of sale
- The collection fee for collection agents will remain at four per cent

Heinz Wattie’s exemption

The exemption for growers who sell summerfruit to Heinz Wattie’s on contract for processing will remain in place. The exemption exists on the understanding that —

- Heinz Wattie’s imposes a research and development levy on growers selling summerfruit to it on contract for processing
- The rate of the research and development levy is equal to or greater than the Summerfruit NZ Levy Order
- Heinz Wattie’s information arising from its use of the research and development levy is made available to Summerfruit NZ.

In fact Heinz Wattie’s and Summerfruit NZ have a good relationship and actively share research results.

- Heinz Wattie’s participate in our annual research planning
- We are partners in the SummerGreen Futures project
- We recently jointly participated in an application for funding on pollination initiatives to the Ministry of Business, Innovation and Employment.

How the levy will be used

Virtually everything that Summerfruit NZ does is funded by levies. The two main exceptions are the export programmes and the conference. Both of these are mainly self-funded from fees or sponsorship. The levy has enabled the industry to respond to problems and pursue many successful projects. These are detailed in the discussion document which we recently posted to growers who we did not catch up with during consultations or at the conference. You can also find this information on our website.

Points to highlight

There are a few points we would like to highlight.

- There are limitations on what the levy can be spent on. It cannot be spent on trading, nor can we accumulate large reserves from your levies.
- We are, however, able to transfer the interest from levies into reserves.
- Only those with sales in the last year can vote. Therefore if you are a new grower without any production yet, or you had no production at all last year, you will not be able to vote in this ballot.
- If you have a particular point of view on the proposed levy you are entitled to vote no in the levy referendum and make your opinions known to the Minister for Primary Industries.

Where to from here

We will collate the feedback from our recent discussions and then review whether any further changes should be made to the levy. Having said that, very few problems arose during consultations that could not be managed under our current Levy Order.

Our discussions with growers in the recent round of discussions has been very encouraging. In fact we met no actual resistance to our levy, with a number of growers stating the need for a levy. For us the important concern now is — are we using the levies the way you want us to? Please feel free to ring or email me or any member of the Executive Committee if you want to discuss any aspect of the levy and its renewal.
Regional round-up

Auckland

As I write this report winter has finally arrived in the north and hopefully there is some winter chilling for our crops. Auckland’s drought broke some months ago and we have endured sustained periods of heavy rain to the point of tropical, not the usual bleak winter drizzle.

The beginning of May saw Marie Dawkins, Summerfruit NZ’s Chief Executive, and Tim Jones, Vice-Chair, visit the Auckland region. They were able to make time to catch up with some growers for a meeting which those present found very informative. Even though we are probably the smallest growing region we are the biggest consumer region in New Zealand, a fact not lost on Marie and Tim.

Summerfruit NZ’s initiative in putting out in-store handling booklets and posters for the retail public is to be commended. I would bet many growers, not only from Auckland but nationwide, have ventured into supermarkets or fruit shops only to see our harvested crop being handled like a bag of potatoes. Hopefully these booklets and posters will save our frustrations at this mismanagement of a perishable fruit.

The question was asked of Marie and Tim about Summerfruit NZ’s position of their support of Hort NZ and its current structure. It was reassuring for us in Auckland to hear their positive response and support of Hort NZ. It is plain to see that there is a need for a national body to represent all growers when it comes to generic issues facing the whole horticultural industry.

Product groups do have a role to play, as can be seen by some of the great work Summerfruit NZ is doing. However, as a grower I want a direct say in my livelihood, which is horticulture. I think what has been mooted by Pipfruit NZ and corporate growers from Hawke’s Bay via a remit to national conference is spin doctoring gone mad. To my mind it is an organisation and sector trying to justify their existence.

This industry was built on growers interacting with each other. We disagree on things, but Hort NZ provides an avenue for debate. What these remits are trying to do is muffle the grower about their concerns and they go no further than that grower’s product group. Make sure you vote at the Hort NZ conference by proxy or in person.

Winter tasks such as soil testing and pruning are well underway, hopefully in time for a mid-year break in the sun.

Hawke’s Bay

Here in Hawke’s Bay we have had a dry autumn and have been irrigating so that the trees retain their leaves for longer and do not come under too much stress. Water has been a problem for some growers due to irrigation bans and this is unacceptable for growers. Before next season the ‘what if’ options need to be addressed and plans put in place so that we are able to irrigate as necessary.

We did not have a lot of winter chill until a recent polar blast and this can affect the early flowering varieties. However, chilling can be racked up quickly when the weather comes up from the Antarctic. For pruning varieties that require higher chill units, we are pruning them later and leaving a bit more fruiting wood if they tend to be shy bearers.

At our home orchard we have been chopping out a block of Mayglo nectarines with the view to grafting over the block this spring. This is going to be an interesting experiment, but if it is not successful we can always replant.

As a grower representative of Summerfruit NZ I have been visiting growers in Hawke’s Bay because this year is a levy vote year. It is pleasing to see they have had a good year, but the one issue which has surfaced again is immature fruit getting on to the retailers’ shelves. Even in a good year? I think we have to raise our standards from...
The Commodity Levy Edition

VOTE YES
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Max Wintle, Roger Brownlie, and Earnscy Weaver

Voting opens 1 November and closes 29 November

SummerFruit is the official journal of Summerfruit New Zealand and is published three times a year.
2014 is fast approaching. The levy we have been using to fund the operation of Summerfruit New Zealand will expire in September 2014 – hence the need to go to ballot seeking another six-year term.

This will take place in November this year in order to give the Minister time to approve a new levy before November 2014. This of course will only happen if we have the support of the growers within the industry. A requirement of seeking the levy means we need to consult with the growers both on their orchards and at district meetings.

Marie, myself and fellow directors have been participating in these meetings and I must say I have really enjoyed being out and about meeting growers on their home turf. We do not budget for the chair and/or directors to visit growers regularly, but we do from time to time, take advantage of meeting growers if there is a meeting scheduled in the area.

One particular fruit grower in the Christchurch region who had had both of his neighbours’ properties red stickered, his house and offices moved off their foundations, his shop disintegrated and glass houses shattered, had us up in his cherry patch diagnosing the effects of flooding (broken water pipes) on the roots of his trees. We all have to deal with problems from time to time but this grower had a truck full of them. It was very humbling to see him with a smile on his face and a can-do attitude – such a tenacious man.

At another visit Marie and I called on a grower who we had discovered via Google Earth the night before. On pulling into the yard we were sighted from the kitchen window with a curious and nervous look on the grower’s face. Were we from the IRD? Spreading the good word? Debt collectors? Encyclopaedia sales people??? After the introduction and loading his arms with Summerfruit New Zealand information resources, we of course talked about the reason for our visit – the ensuing levy round, to which end we now have support from a new or previously unidentified grower.

Getting input from growers on their home patch has been rewarding and we have noted concerns that will be tabled at board meetings.

I am very proud to be a member of Summerfruit New Zealand. I believe if you want to progress your business or this organisation you don’t wait for someone to do it for you, you must lead from the front. Summerfruit growers and Summerfruit New Zealand lead from the front.

I would like to wish you all the best for the oncoming season and ask for your support for an industry levy at the ballot November 2013.

Gary Bennetts
The focus of this edition is the renewal of the Summerfruit Commodity Levy.

The first thing I want to say is that if you support the levy it is important that you submit your vote. The problem with not voting is that we won’t get enough returns, in which case we may not meet the threshold for the levy to be approved. This is a serious concern for us as the entire renewal process would need to be repeated at a cost of around $30,000. So, at the risk of sounding like a politician, please do submit your vote when you receive your ballot papers in November. Even more like a politician, I ask you to Vote Yes!

**Voting**

Voting opens on 1 November and closes on 29 November. You will receive a ballot paper in the mail in the first week of November. However, you have the option of returning the paper copy or going online to vote. Online voting is a simple system. We’ve had really good feedback from those who have used this voting system for the Hort NZ and Pipfruit NZ levies, so we expect few problems.

As with all other levies you will be asked to vote Yes or No for the levy. You will also be required to provide your sales figures for the last year. To be successful we need more than 50% of respondents to vote Yes and that their combined sales figures add up to more than 50% of the total sales values of those who responded. This two tier system provides balance for both small and large growers.

Should the vote be successful we will then submit an application to the Minister and a new levy will hopefully be in place for the 2014-15 season.

**Out with the old and in with the new**

Our levy take has continued to grow steadily in the six years that this Levy Order has been in place, growing from just over $700,000 to just over $900,000 this last year. The fluctuations along the way reflecting difficult seasons and mirroring your varying incomes as well.

The spread of levy income across the five summerfruits has remained consistent, though the growth in income over the last six years has been largely due to cherries. We expect this to continue as cherry plantings continue to mature.

<table>
<thead>
<tr>
<th>Levy income collected under the Summerfruit Commodity Levy Order 2008</th>
<th></th>
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<tr>
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<td>$773,439</td>
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</tr>
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Strategic directions

Summerfruit NZ has a strategic plan that we review regularly. The aim is to create a better earning base for our growers. Everything we do is done with that in mind. And while we have refined and adapted the plan to reflect the changes in our world, the focus on improving grower returns has not changed.
The strategic plan governs what we do today and everything in the future. Every research grant application and every funding opportunity quotes that strategic plan. We have a strong vision and work to fulfil that vision in each of our portfolios.

- Our research programme is targeted at growers being able to reliably produce a better piece of fruit.
- Our NZ market plan, which is developing at great speed, is aimed at getting that fruit to the consumer in the best possible condition. A happy consumer goes back again and again. Our Nielsen surveys, however, demonstrate the impact of not delivering value to our consumer. We aim to change that over the next three years with new tools and systems.
- With our export programme we work at improving market access and keeping markets open. Sometimes that just means stopping things from getting worse. Other times we celebrate successes such as the introduction this season of remote microscopy for the OPI programme.
- A growing biosecurity portfolio has an eye on protecting the industry from an incursion of devastating pests or diseases. Biosecurity in New Zealand needs to move from feeling like we have our finger in the dyke, to a having a solid reliable defence system. New opportunities exist for us to have a role in that change.

Income of $900,000 is not a huge amount to work with, with so many areas to cover. However I believe we use this money wisely and effectively. We are audited annually so that the way we spend your money has a strong oversight.

### Strategic spending

Virtually everything we do is funded by the levy. The only exceptions are:

- the conference; this is largely self-funding though we do put $15-20,000 levy into the conference most years
- the export programme; export registrations and fees cover the bulk of the work we do in this area
- most years we bring in anything up to $120,000 in grants which offsets our spending on research.

Everything else we do is funded by your levies.

**A new levy and future directions**

During consultations with growers over the last six months, we distributed a discussion document that outlined the projects we have conducted over recent years. This document, *It's time to renew*, can be found on our website under the levy renewal section. You can also contact us in the office to get a copy.

Now I’d like to outline some of the projects that we will be conducting over the next two to three years.

These are exciting projects that align with our strategic aim of underpinning grower returns. I think it’s fair to say that we use your levy wisely. Our consultation showed that there is an interesting recognition that the levy is essential to the industry, and that no one can achieve everything on their own. Even those who aren’t fans of industry organisations acknowledge that access to key markets such as Korea (successfully achieved under the previous levy), agrichemical registrations or research programmes such as the postharvest disinfestation systems, wouldn’t exist without a coordinated, funded industry.
### Summerfruit NZ projects 2013 and beyond

#### NZ Market
- Tools for pickers: wrist bands
- Development of voluntary grade standards
- Investigation of non-destructive maturity testing tools
- Manuals to support harvest decision making
- Application to AGMARDT for funding to assist in the development of these projects
- Repeating surveys of growers and consumers

#### Research and development
- Investigation of the option of Primary Growth Partnership funding to underpin the expansion of our markets via the breeding programme
- Continued development of SummerGreen Futures for brown rot and bacteria control in all summerfruit crops
- Participation in two new joint MBIE projects
  - Future Orchard Systems – revolutionising planting systems in summerfruit orchards
  - Bee plus to bee minus – higher yields from smarter, growth-focused pollination systems
- Full assessment of selections in the Summerfruit NZ/Plant & Food Research breeding programme
- Final year of postharvest disinestation for thrips, with commercial implementation within three years
- Continued development and evaluation of the rootstocks and propagation for distribution of new rootstocks
  - The SummerGreen programme now in its 14th year and beyond
  - Regional facilitators in Central Otago and Hawke’s Bay
  - Regular grower meetings
- Ongoing joint research activity with Heinz Wattie’s
- Continue to fund the research scholarship which supports young scientists while providing additional input into the research programme

#### Apricot Co and Plum Co
- Continued development of Apricot Co
  - Finalising the Constitution
  - Development of licensing structures
  - Being cognisant of the new Financial Markets Conduct Bill and IFRIS accounting standards
- Once Apricot Co established, move to establishing Plum Co

#### Export
- Set up of remote diagnostics to rapidly identify pests in the OPI programme
- Seeking to remove the requirements for the EU compliance programme and to reduce the frequency of the Japan inspectors’ visits
- Monitoring China as an emerging market

#### Agrichemicals
- Trials on Luna for all summerfruit
- Continued benchmarking and analysis of agrichemical use
- The annual review of MRLs and production of the PHI tables

#### Biosecurity
- Government Industry Agreements (GIA)
  - Do we or don’t we? Investigating the advantages or disadvantages of participating
  - Developing an industry position on GIA
  - Participation in the development of operational agreements on key pests including fruit fly
  - Consultation with growers

#### Communication and education
- Additional pre-season email newsletters
- Factsheets: outcomes from research released to growers in compact easy to read factsheets
- Revamping the industry magazine

#### Other activities
- Grower planting survey 2014
- Annual conference – Queenstown in 2014
- Representation of industry concerns regarding Australian application for access
- Continued support for 5 + A Day
Government Industry Agreements and biosecurity

The one issue that has not been widely discussed in this levy round is the proposed Government Industry Agreements (GIA) for the joint management of biosecurity. This is a tricky issue as it will bring new responsibilities for the industry. GIA will come into effect before the end of the year when the amendments to the Biosecurity Act are signed. From that point there will be a six-year bedding in period where responsibility for biosecurity will be gradually shared with those industries who decide to sign the Deed. By signing the Deed an industry commits to a partnership with the government to prepare for, and effectively respond to, biosecurity risks that may affect our industry.

This is a big change in the way that biosecurity is managed in New Zealand. We have a number of big decisions ahead of us; deciding whether or not to participate in GIA, considering the ramifications of not signing up, considering whether or not to join other sectors in operational agreements for specific pests such as fruit fly, and funding any activity.

We have not included GIA in our levy discussions. Until recently the final form of GIA was not obvious to us. It was unclear just how this would apply to, or impact on, our industry. We had more questions than there were answers.

GIA and this levy

This levy proposal does not include any specific or additional funding for GIA or biosecurity. We have not sought an increase in the levy rates to address GIA, so any biosecurity spending would come out of the funds that we collect with this levy. We do however expect an increase in levy income as cherry exports continue to grow. It would be our hope that we could fund any biosecurity activities from this increase. If that wasn’t sufficient we would have to reduce other activities. We’d have to cut our cloth in other words.

There is however a long held understanding that in the event of an important biosecurity event which affected summerfruit growers, that we could seek to raise the levy to its maximum amount (i.e. 1.75% for apricots, nectarines, peaches and plums, and 1% for cherries). This could only happen after a vote at an AGM or special general meeting.
Some important points about GIA

1. Summerfruit NZ cannot and would not sign the GIA Deed without first consulting growers.
2. Normally the fact that we have a levy indicates to the government that Summerfruit NZ has the authority to act on behalf of the industry.
   • However the government requires industries to demonstrate that they have a specific mandate from industry to sign the GIA Deed.
   • A successful levy vote does not demonstrate that we have the mandate for GIA.
   • In other words you are not approving industry participation in GIA by voting for this levy.
3. We expect that we would conduct a separate consultation process with growers to discuss GIA.

We hope to be in a position to discuss GIA with you in more depth in the New Year.

Renewing our levy

The process of renewing a levy can be a complicated and expensive process. We have budgeted $35,000 of levy funds over a nine month period for this renewal.

Our first consultation round took place in May. Gary Bennetts, Tim Jones and I toured the growing regions meeting with many growers that we seldom see. We made a real effort to get off the beaten track and catch up with growers in other growing areas. It was an interesting and rewarding process meeting so many growers on their properties. Gary notes in his article that unfortunately we do not have the budget to regularly visit growers. So we rely on our Board members in the regions to liaise with local growers.

Previous levy renewal rounds consisted of an extended process of one to three consultation rounds, dealing with confrontation, absorbing feedback, reviewing and revising the proposed ballot until the levy was something that most growers were happy with. I remember several rather aggressive meetings in those earlier levy rounds. It was a drawn out process that absorbed a good 12 months of our time. However we got through round one of this levy without confrontation or growers raising any contentious issues. Certainly we had lively discussions about projects that we are conducting; market access programmes, the NZ market development and our research programme. But there was almost no negative feedback about the levy itself. Growers clearly understand the way the levy is being invested. Having said that we are still open to discussions on any issue that may be concerning you.

We conducted some extra visits again recently, catching up with people we didn’t see the first time round. With 320 growers we are not going to see everyone, however my records show that we have spoken with 140 growers either on their orchards, in group meetings or by phone. We were welcomed everywhere we went and I enjoyed meeting growers on their orchards or in their homes.

The questions we have faced have been around the projects that are currently under way or planned in the future. We have frequently heard comments along the lines of ‘I believe in the need for the levy’. This attitude is very gratifying and confirms Summerfruit NZ’s management of your levy.

Vote Yes!

Please take the opportunity over the next few weeks to raise any concerns with us. Support appears to be strong and we are hopeful of a positive vote outcome. In fact it seems to me that our biggest concern will be voter indifference – growers are comfortable with the levy so won’t vote against it.

As mentioned at the beginning of this article, it’s important that you do vote.

So go on...
The NZ Market strategy developed last November, contains numerous activities and outcomes. Early on it was evident that a funding partner would be helpful for us to achieve our goals within the agreed timeframe, so it was decided to approach the Agricultural and Marketing Research and Development Trust or AGMARDT.

**Applying for AGMARDT funding**

Each year AGMARDT invests around $2.7m into the agribusiness sector. It is great news that our project inquiry for an Agribusiness Innovation Grant for ‘Harvest Assurance Tools for NZ Summerfruit’ was accepted in September and we have been invited to submit a full application. The final outcome for funding will be known by mid November 2013.

The three areas of the project are:

1. **Quality**
   - Develop voluntary minimum maturity standards
   - Assess emerging harvest decision tools
   - Development of orchard tools
   - Wrist band prototype development for pickers

2. **Information**
   - Collate and evaluate all data and outputs
   - Evaluate emerging non-destructive decision tools
   - Weather harvest decision development for growers and retailers
   - Grower participation in trial
   - Consumer response evaluation of fruit quality

3. **Communication**
   - Develop NZ Market trade plan with external stakeholders
   - Development of manual and support tools
   - Grower training

This project is aligned to Summerfruit NZ’s strategy to create a better earning base for all growers using a collective approach.

**Wrist band trials**

When thinking about harvest time, we asked what we could do to help at the fruit picking stage? How could we reduce the amount of immature or green-coloured fruit from being harvested? By making a difference at the start of the season our research tells us the flow on effects are more repeat purchasing.

One of the first things we are doing is trialling a prototype of wrist band for pickers to wear at work. Currently there is no generic industry tool to help fruit pickers make good picking decisions and each orchard has their own way of doing things. Variations with fruit line ups on bins, experience, assessing fruit maturity correctly, and weather all influence picking practices. We know that pickers come from various cultures and may only pick fruit for one or two seasons. An experienced fruit picker is a very valuable employee, and can be hard to hold on to.

The wrist band will be a wearable colour guide for the picker to match the fruit background colour to the colour on the wrist band. The wrist bands will be tested on selected orchards and feedback will be given.

We need a robust trial to review and modify the prototype before a final design is made available to all growers.

A range of colours will be trialled on early variety Royal Rosa and Sundrop apricots. This will help us develop wrist bands that show when fruit initially turns from a greenish shade to the warmer shade that best represents maturity. Research tells us the human eye is most sensitive in the region of observing yellow as a colour and can detect the slightest tinge of green in yellow. Many factors will be considered including experience, brightness of the sun, location of trees in the orchard and soil types. Some have suggested the wrist band may be changed during the day and for subsequent later picks.

We will keep you posted on the trial progress.

**Growing degree days and chill hours**

Summerfruit NZ is investigating hosting growing degree days and chill unit accumulation graphs on our website for growers and industry partners. Each graph will include four years of comparisons and will be a static graph that is updated daily. The geographical areas covered will be Roxburgh, Cromwell and Alexandra in Central Otago and Bayview, Twyford and Longlands Road in Hawke’s Bay.

Our recent grower survey told us that weather, and the pressure on growers to harvest fruit because of weather, was a major factor involved in how immature fruit sometimes ends up in the market place. We felt investing in this tool will benefit everyone; growers, retailers and marketers would be able to view how the season and fruit maturity is tracking compared to previous years. This will be helpful with harvest and maturity dates, and possibly retail promotion planning.
While the new summerfruit season springs into life, the calendar year draws to an end – so it is timely to look at the events, programmes and projects we’ve been involved with and your levy has helped fund.

**MBIE funding bids**

The outcome for the summerfruit industry was mixed with successful bids including Future Orchard Planting Systems (FOPS) and From Bee Minus to Bee Plus and Beyond: Higher Yield from Smarter, Growth-focused Pollination Systems.

The summerfruit research in the pan-sector FOPS programme, headed by Stuart Tustin of Plant & Food Research (PFR), will initially focus on cherries with future development in apricots. The research aims to develop new genetic and physiological tools to improve tree architecture and control plant resource allocation in favour of fruit growth, reduced tree vigour and enhanced fruiting. These features will be combined into new orchard systems to help simplify tree management and significantly increase the production of high quality fruit. The research will later involve the use of the new rootstocks for cherries and apricots being developed in the summerfruit rootstock development programme.

The Bee Minus to Bee Plus programme, headed by David Pattemore of PFR, is cross-sector seeking optimisation of pollination and is supported by Summerfruit NZ and Heinz Wattie’s Ltd. The programme aims to develop knowledge of land management practices to benefit populations of crop pollinators, to develop consistently successful artificial bumblebee nests by determining how queens select nest sites, and to provide an advanced and targeted approach to increase the effectiveness of honey bee pollination using crop-specific floral volatiles.

Unfortunately the Sensational Summerfruit for Asia bid was unsuccessful and now requires a rethink of the strategy on new cultivar development, breeding, and the physiological basis of crisp texture – particularly in apricots. Discussions are underway with PFR to determine priorities for funding the key elements of the programme, and to attract funding from other sources to make sure that the programme continues. A major focus will be on evaluation of the new PFR cultivars that will be commercialised through Apricot Co and Plum Co, and on the evaluation of seedling apricots for budding on to rootstocks for production of nursery trees.

The pan-sector Systems-based Pathway Risk Management for New Market Access and New Postharvest Management Pest and Disease Management Tools for Fresh Exports bid was also unsuccessful.

**Sustainable Farming Fund projects**

**Postharvest management of New Zealand flower thrips on apricots**

Results from year two of the project showed that ethyl formate with carbon dioxide was the most promising postharvest treatment to control New Zealand flower thrips on apricots. The optimum concentration of ethyl formate with carbon dioxide required for the achievement of satisfactory insect mortality, and the optimum temperature and time for treatment have been determined. Scale-up trials will be conducted in Hawke’s Bay on early season apricots in November this year prior to a semi-commercial trial in Central Otago in January next year.

**Summerfruit rootstock development**

The initial three year project has now ended and the long term project will continue with further development and improvement in propagation techniques. The rootstocks coming into production will be assessed and evaluated in grower trials to prove their potential value to the industry. Some of the newly developed rootstocks, particularly for cherry, will be further evaluated in the FOPS programme. Once released from the Level 3 quarantine facility at Prosser, USA, rootstock material will be placed in Level 2 quarantine in New Zealand prior to propagation for grower trials.

Many of the propagation problems encountered during the initial stages of the project have been overcome. Most of the Cohort 1 rootstocks have been successfully propagated and are now in the tree production phase. Some of the Cohort 2 rootstocks have been propagated and will be available for budding in 2014, while others have been recently...
released from quarantine and are still in the initial propagation phase. Some of the Cohort 3 rootstocks have been successfully propagated, while those requiring production from seed are still causing some difficulties.

**SummerGreen Futures**

- New, previously unreported sources of Botrytis inoculum in mummified fruit and pedicels were identified in cherry blocks in Central Otago.
- Pre-flowering spray coverage assessments detected deficiencies in sprayer performances in Central Otago and Hawke’s Bay.
- Latent infections of botrytis and brown rot blossom blight strikes were not recorded.
- *Carpophilus* beetle counts were abnormally low in Hawke’s Bay blocks.
- No botrytis was detected at harvest on Central Otago cherries in the monitor trees, despite rain close to harvest and a high incidence of splitting. The majority of insect damage was caused by thrips.
- Brown rot was detected in trees at harvest in some Hawke’s Bay peach and nectarine blocks.
- In Central Otago insecticide residues on cherries were well below 10% of the Maximum Residue Limit (MRL) for export, and hydrocooling and coolstorage significantly reduced residues.
- In Hawke’s Bay, fungicide residues were <1.0 mg/L, far less than the New Zealand MRLs for the products used. Analysis of spray diaries indicated that the recommendations for calcium applications of ‘half rates early in the season and full rates later in the season’ were not followed. A cost benefit analysis of calcium applications for one block (a brown rot high risk peach block) indicated that additional calcium applications are cost effective, suggesting that calcium applications to supplement brown rot control are likely to be justified on high risk sites.
- Wall charts prepared and distributed to participating growers detailing the suggested activities related to agrichemical use during year one of the project were well received. Participant meetings were well attended throughout year one, and attendance at SummerGreen meetings to outline the project to the industry was exceptional.

**International visitors**

Luca Corelli Grappadelli (University of Bologna, Italy) visited from 25 October to 1 November for PFR research discussions with PFR scientists and presentations at SummerGreen meetings in Hawke’s Bay and Central Otago. Luca’s presentations centred on training systems – pruning, orchard management, and rootstocks; tree productivity – light interception and utilisation; crop load control – thinning and fruit development; fruit growth – vascular flows, impact of environment, and cultural practices; and technology transfer – fruit growth assessment and forecasting.

Mimmo Costa (University of Bologna, Italy, and Chair of the International Society for Horticulture Science – Pome and Stone Fruits Section) will visit 12-16 November and make presentations on non-destructive measurement of fruit maturity using the DA Meter developed by his research team.

Greg Lang (Michigan State University, USA) will visit in November for grower presentations on his summerfruit research in Hawke’s Bay, Central Otago, and Marlborough.

**SummerGreen meetings**

A SummerGreen meeting was held at Edward Whyte’s Richmill Orchard on 16 August at which Peter Wood (PFR) presented an update on year one results of the SummerGreen Futures programme and the plans for the coming season. David Manktelow (FreshLearn) ran a sprayer demonstration workshop which was repeated in Central Otago on 9-10 September.

**Summerfruit conference in Blenheim**

This is my first opportunity to thank all those speakers who shared their results and views with the industry during the research sessions. Particular thanks go to Matt Whiting for his thought-provoking presentations and the orchard session for growers. Thanks also to Plant and Food Research for the sponsorship of their staff to attend and present at the conference.

*For further information on any of the above topics please contact Chris Hale at hale@actrix.co.nz*
Remote Microscopy Diagnostics for exports to Australia

Once again Summerfruit NZ is leading the way. This season we look set to become the first export industry in New Zealand to use Remote Microscopy Diagnostics to obtain rapid pest identifications for the Offshore Pre-shipment Inspection (OPI) programme.

Specimens will be sent to Plant and Food Research (PFR) at Clyde, where specially trained technicians will prepare the slides and operate the remote microscopy system. Pest identifiers at the Ministry for Primary Industries’ Plant Health and Environment Laboratory in Christchurch or Auckland will then access the microscope images over the internet and direct the PFR staff to focus on important diagnostic features. The Ministry will then send the confirmed identifications via email to the AQIS inspector, packhouse and AsureQuality. This year the DAFF inspector will be equipped with a smartphone, and will be able to receive the identifications directly to this device.

In recent discussions between MPI and DAFF, DAFF were very willing to cooperate in the establishment of the system. We have prepared a description of how the system will operate and MPI have sent this to DAFF for their approval. The MPI laboratory staff have now documented their procedures for Remote Microscopy Diagnostics, and will soon provide training for PFR staff. We are also updating the OPI workplan to reflect these changes. All going well, the system should be tested, approved, and ready by early December.

A season of audit visits – Thailand, Korea and Japan

This summer the summerfruit export programmes will be audited by three countries: Thailand, Korea and Japan. The Korea and Japan cherry programme audits are business as usual. A Japanese inspector visits packhouses and orchards every year, and the Korean inspector visits every three years. We expect the Korean inspector in the week before Christmas, and the Japanese inspector in the week after New Year.

The audit by officials from Thailand’s Department of Agriculture is a little different, as Thailand’s proposed new regulations for cherries and apricots have not yet been promulgated. So the visit is something of a hybrid, checking what systems are already in place and looking at the programme that Summerfruit NZ has developed to meet Thailand’s proposed requirements. We are also hopeful that the visit will be used as part of the approval process for access for peaches, nectarines and plums which are currently prohibited. Summerfruit NZ is well prepared for the audit, as we have an established registration process and we have developed a pest management programme based on SummerGreen for the pests of concern for Thailand.

It is not expected that the new requirements will come into effect during this season, as the visit is scheduled for January 2014 and the regulation will be passed into law in Thailand sometime after this.

New tape for Korea and Japan cherries

Due to the name change from MAF to MPI, the two kinds of tape used to seal cartons of cherries exported to Japan and Korea has changed. AsureQuality will be overseeing the withdrawal of old tape and distribution of the new ‘New Zealand Government’ tape. There will still be different types of tape for Korea and Japan. The Japan and Korea compliance programmes have been updated to reflect these changes. Hopefully by referring to the New Zealand Government on this tape we will protect against any future name changes of our agriculture ministry.

Updated PHI charts

The updated charts of export pre-harvest intervals (PHIs) have been distributed, and the electronic versions of these now also include the maximum residue limits (MRLs) for each country. Two new countries have been added to the charts (India and Russia) and a number of information gaps have been filled due to information provided by MPI as part of a project to better understand how many Asian countries regulate agrichemical residues. We encourage growers to check the new listings for India and Russia, as these countries have not set MRLs for some commonly used products. Please also check the notes sent out by Summerfruit NZ, as these have a lot more detail.

All the best for another successful season.
New Zealand Market

Trisha Aitken

Since the Summerfruit New Zealand conference in May, work has progressed on the NZ Market strategy in two areas. Firstly we are working on defining the New Zealand market quality/maturity problem and quantifying its impact. Secondly we are developing voluntary minimum maturity standards for the New Zealand market.

The aim of the work carried out is to improve the quality of apricots, nectarines, peaches and plums for the consumer, and ultimately create a better earning base for growers. The key milestone will be when we are able to measure an improvement in consumers’ repeat purchasing behaviour and enjoyment of delicious summerfruit.

To capture even 50% of those 500,000 consumers dissatisfied with summerfruit, and to halve the 40% of consumers that believe they have purchased unripe fruit, is a tough challenge for our industry. The good news is that we are doing something positive to create change and make a difference. Problems can be to the mind what exercise is to the muscles, they toughen and make strong.

NZ Market survey 2013

As reported in the July issue of the journal, we surveyed growers at this year’s conference on what key factors allowed immature fruit find a way into the market place. To ensure we captured all growers’ opinions, in July we sent survey forms to those growers who did not attend conference. We have now tallied the two sets of results and summarised them on the following pages.

Our survey found very strong opinions on what we should be doing. The survey results, combined with the Nielsen opportunities report, mean we can ‘hand on heart’ feel confident about where we focus our efforts. With 112 respondents, we received a clear message that to improve the eating experience for the consumer we need to develop harvest decision tools. Summerfruit growers want tools to deal with the problem at source, in a way that gives the most ‘bang for buck’.

The NZ Market strategy is focused on supporting decisions made on the orchard. In fact 78% of respondents to our NZ Market survey told us that most of the fruit quality problem can be solved on the orchard, see Fig 1. This means growers have an opportunity to take most of the ownership.

Figure 1 Where the fruit quality problem occurs

Upon understanding where the problem occurs, we then asked the question ‘what are the key factors that enable immature fruit to get into the market?’ The results came back with a consistent message across all four fruit types, apricots, nectarines, peaches and plums (cherries were not part of the survey), see Fig 2. Growers picking fruit too early combined with reluctance to return immature fruit were two noteworthy factors that are closely related.

Figure 2 How does immature fruit get to wholesale?
Thinking about controllable factors we asked what it was that enables immature fruit to get into the market for apricots, nectarines, peaches and plums, see Figs 3 & 4. These results were mirrored fairly closely across all four fruit types.

**Figure 3 Apricots – on orchard decisions**

- Growing wrong varieties 9%
- Retail/market pressure to pick fruit early to meet demand 26%
- Lack of maturity testing tools 19%
- Last of the most important orchard decision 28%
- Weather the most important orchard decision 28%
- Picking decisions are revenue based 17%
- Staff issues 6%
- Colour perception 11%
- Strip pick versus multiple picks 15%
- Other 5%
- Supervisor attention to detail 15%
- Guessing or assessing maturity incorrectly 31%
- Lack of training tools for pickers 18%

When we understand that colour perception, guessing maturity and lack of training tools for pickers account for 60% of the picking factors, we know that trialling a tool for pickers is a great place to explore. We are in the process of developing such a tool and you can read all about it on page 8.

**Figure 4 Picking factors for apricots**

At the pre-season meeting held in Auckland on 25 September, key people attended from Foodstuffs North Island, Freshmax, Fresh Direct, MG Marketing, Turners & Growers and Auckland Retail Fruiterers Association (who represent the 500 independent retailers in Auckland) with apologies from others. By discussing the immature fruit issues we are collectively raising awareness, which in itself is a big step in the right direction. After all, if growers benefit from improved returns so do retailers and marketers, but most importantly the fresh fruit consumer benefits.

**Resources**

**Packaging symbols**

We recently asked the packaging companies how the uptake of the summerfruit handling symbols on packaging was going and this is what they told us.

*We have added the new logos to all new art as they come to hand. We will continue to do this when new requests come up or if there is a change to existing.*

**Jon Braxton**
Manager – Development
Carter Holt Harvey Packaging

*We have incorporated the symbols into our stock packaging, but we had no support from our ‘Exporter Clients’ where they were paying for the plates.*

**John Dagg**
Visy Packaging NZ

*There have been no updates on any stonefruit prints from last season to date for current customers. The 10kg loose pack has dropped in usage as more go to the RDT footprint (Generic Black) as an alternative to the plastic crate system used by Progressive. There was talk of Foodstuffs going to plastic crates as well but this has gone quiet. With the 2kg cherry generic packs I don’t think there have been any changes as we source these from our South Island plant.*

**Gary Chadderton**
Carter Holt Harvey

**Know your New Zealand Summerfruit booklet**

As another season approaches a plan is in place to distribute the remaining stocks of the booklet. The Auckland Retail Fruiterers Association has kindly agreed to promote it on their website and newsletters to over 500 independent retailers in Auckland – our thanks to Jim Berry and Ash Jeram.

We received an online inquiry from a Wellington Garden Centre for copies of the booklet for staff.
Feedback was encouraging and this prompted us to ask others in similar industries. We are in discussions with Palmers Garden Centre, The Nursery & Garden Industry Association of NZ, and Farmers’ Markets. Our plan is to continue to communicate with industries we believe will benefit from the knowledge in the booklet.

**Posters and graphic resources available**

We still have a number of the summerfruit handling and storage posters available, so get in touch if you would like some – they are free to a good home! If you wish to access and use our handling and packaging graphic resources, go to our website www.summerfruitnz.co.nz and look under ‘Recent resources’ on the homepage.

We are building on our picture library and this year will be photographing nectarines. We are continuing to build on fruit varieties with photos of fruit which is cut or whole, and showing flesh and skin colour. Last season we sourced plums and built a great selection of photos. These are available to industry partners – contact us for more details.

Here are a couple of examples of fruit photos from our picture library.
Auckland

A warm, moist subtropical low drifting down from the north in summer is the worst nightmare for the few of us who grow peaches and nectarines in the mid-north. To get one in September during blossom period is also unwelcome. In recent years, the heavyweight brown rot fungicides have performed well for us, but they may be tested this year.

Growing peaches and nectarines north of Auckland can have its problems. Selling the fruit is not as hard as growing it, with our humidity and frequent wet days. We also have many overcast and cloudy days that can impact on the production of good fruiting wood. However, blossom this year, has been strong.

Hawke’s Bay

Hawke’s Bay has had very good winter chill – with the exception of Bay View, which has been a little light this year. With the good weather period we had in July, we have had a very good flowering of early low chill varieties.

August has been another story, the weather being very typical of early spring; showery and cold patches, which has made for plenty of fungicide covers, so we have had to make sure we are not exceeding our resistance management programme. Return bloom has been heavy with the good winter chill experienced in Hawke’s Bay.

The later flowering hit a warm windy period which all goes well for fruit set of the later varieties. It had been windy and starting to get dry until the last few days in September when we got at least 50mm of rain. Those on the south side of the Heretaunga Plain got another 20mm more. This sets the trees up going into the early fruit development period.

Cherry flowering is looking as good as last season. As for plums – anything that sets well normally has a good crop.

We started thinning in the last week of September. We didn’t use thinning sprays this year as we felt the flowering period weather for the heavy setting varieties of apricots wasn’t good enough for setting fruit. This has proved to be correct except for some warmer patches in the orchard. With good fruit setting, getting the right fruit numbers on the tree is very important to achieve better than average sized fruit.

This season was looking a few days behind last year, but with the number of growing degree days that we have had, we will have more than caught up to last season (although it is early days yet)! We are all praying for a season the same as the last … but with accessible water.

Finally, no doubt you’ll be aware that the Summerfruit Commodity Levy is up for renewal. I hope you all take the time to exercise your voting rights this November.

One line of trees that won’t be blossoming this year is our Black Amber plums. They were healthy trees, it was just that my conscience got the better of me and I chopped them out. In response to queries at our Whangarei growers’ market, I acknowledge the taste comes somewhere between tofu and wet blotting paper. We grow 14 varieties of plums and Black Amber and Fortune give the least satisfactory eating experience. Yet these two seem to be the most visible in the supermarkets over summer.

Grumpy? Yeah I am feeling a little grumpy. I buried my dog Pemba this week, my shadow for the last six years. I’d eat a plum, she’d eat a plum. But she wouldn’t eat a Black Amber.
Things have been pretty good here in Otago. We won the Ranfurly Shield and then lent it to our Hawke’s Bay cousins who then promptly gave it away. A couple of ‘bugger’ moments there.

But things have gained momentum. The very successful Winter Games NZ are now recognised as one of the top five winter sports events in the world. Unfortunately our curlers didn’t take out any of the events but we are clawing our way into the international arena. The Otago Volts (yes NZ’s top Twenty20 cricket team) are playing in the Champions League Twenty20. The All Blacks are going well with Otago born and bred Ben Smith the key, and of course Russell Coutts, winner of the America’s Cup, was born and bred in Otago. Legends all of them!

Fair to say that the boat racing, rugby, and cricket has been more fun than fruit growing in Central this spring. Having gained 10–14 days following the warmest July on record and a mild August, September was a mean month. September was so cold that the 10–14 days were lost and our timing is now running pretty much close to normal.

Along the way there have been many nights spent protecting crops from frosts – in some cases 12 or more nights for September. Some nights have been long with starting times as early as 8.30pm. At times the frosts have been quite localised with normal patterns turned upside down.

Some of us recall the spring of ’82 (or was it ’83?) where these conditions, which also followed a wet winter, generated a large number of tree deaths. Thousands of mainly peach and nectarine trees were lost to what was determined to be PTSL (simple really, Peach Tree Short Life). PTSL was really a catch all for a multitude of problems from drainage to aluminium toxicity, to various mineral deficiencies combined with excess water.

It is early days but looking around, trees look to have come through much better than in ’82. Possibly we have better addressed the underlying issues. I’ve seen some one-year-old wood in cherry trees showing bacterial problems and also some collapsed spurs. There is also a bit of pox showing in the odd apricot, but taking everything into consideration, crop and tree health looks pretty good.

It is still too early to make a call on the apricot crop, with the post shuck fall shake out happening now. There is quite a ‘shed’ in places but considering the huge flowering there is room to lose a few. Peaches and nectarines had mixed conditions over flowering but they look to have come through okay.

Cherries are generally coming up to full bloom so it’s obviously far too soon to be making any predictions. It is worth noting though that there is big bloom showing and the conditions have been good for bee activity to date. This is a stark contrast to the abysmal conditions experienced during cherry bloom last season.

Next week (second week of October) the first of the apricot thinning will be underway. It is well worth remembering that the earlier the fruit is pulled off the tree the better the fruit size and crop load. It isn’t too hard to see the poor size profile generated by late thinning. It costs little more to start thinning early but the benefits are huge.

Following the excellent presentations by Matt Whiting at the Marlborough conference, Summerfruit New Zealand has been fortunate to be able to gather up three internationally acclaimed research scientists to visit the districts in October and November. We are fortunate that Greg Lang and Mimmo Costa are attending the PSA symposium in Mt Maunganui and while here both have agreed to
make time available to the summerfruit industry. The third visitor is Luca Grappadelli who will be in New Zealand in late October.

These are three top class experts and we are fortunate to have them in the country and have them in the major growing regions. Take the opportunity to hear what they have to say. These guys are equally as good as Matt Whiting and all of them bring the same passion to the industry as Matt does.

While looking at things new and different, check out the recently released selections from the joint Summerfruit NZ/Plant and Food Research breeding programme. There are three apricots, Mac 12/45, StB 14/22 and StB 14/15 which have been identified for release through Apricot Co. Our chairman has committed to these, so talk to him about them.

Two late plums have been released, the late season Malone, and Humdinger which matures early to mid-February in Hawke’s Bay. Both look to be good plums. Also released from the breeding programme is Mellow Yellow, an early/mid season, yellow non-melting peach. This is a great eating peach which also stores well. Make a note to look at these new selections during the season.

By the time of the next issue we will know for sure how the frosts have treated the crop and how the season is travelling time wise. Let’s hope the frosts keep away and the trees are able to enjoy continuing warm settled weather.

Time for another Speights and don’t forget to take part in the levy renewal vote.
We are required to renew the levy every six years and, as our levy was last renewed in 2008, we are now seeking your support for another six years. This gives us an opportunity to remind you of all the things we have been doing and to show you how we have invested your levy funds.

We have always had a large research and development programme. That has not changed in the last five years and we believe the outcomes speak for themselves. The Sumptuous Summerfruit Programme is now delivering unique apricot and plum selections that are grown for our conditions. SummerGreen Futures is already producing surprising results after one year. Vapormate, a postharvest disinfection technique, holds real promise for overcoming the increasingly restrictive requirements of the Australian preclearance programme. Apricot mealiness, maturity and storage, bacteria in cherries, rootstocks for all summerfruit and the nursery tree protocol, are all examples of levy-funded research. Meanwhile, SummerGreen and the benchmarking of agrichemical use, continue as long running underpinning projects.

Our other major area; export systems, also continues to grow and mature. Now we find ourselves protecting the market access we have rather than opening new markets. We are focusing on keeping existing markets open, challenging import conditions of those markets, protecting access to crop protection tools and gaining access to new ones. Seeking improved conditions for key agrichemicals, maintaining access to other sprays (eg azinphos methyl) and the annual review of MRLs & PHIs for all key markets have also occupied our time. Our agrichemical strategy is targeted at ensuring you have access to the sustainable, affordable tools you need to protect your crops.

Biosecurity and new government-imposed systems have emerged as whole new areas of focus. We have faced a fruit fly find in Auckland last year as well as the Australian application for access to NZ (while fruit fly outbreaks increase through their growing areas). But by far our biggest challenge is the looming introduction of Government Industry Agreements (GIA). As GIA continues to develop, we will continue to monitor its arrival and implications.

We have introduced new communications tools – the weekly email newsletter throughout the season has been well received by all recipients from growers to supermarkets to produce handlers in far flung suburbs. Our recently upgraded website has provided greater access to weekly sales figures for all markets, including NZ, by fruit type. The website also enables levies and export registrations to be submitted online. This makes these tasks a quick and simple process which reduces administration time and cost. More tools and information will be added in the coming year.

Our information collection includes the first industry survey in 2011. The findings gave us our first true picture of the industry and greatly enhance our ability to lobby on your behalf. The survey will be repeated every two years with the next one due this year.

By far our greatest efforts in the last three years has been our focus on the NZ Market. Every piece of consumer research that we conduct, every food critic we talk to and every consumer who writes to us, have been telling us for years that we are underselling ourselves in our own home market. The missed potential is huge and it’s time to address the issues underlying this failure.

We know the consumer loves our product when it’s good – we don’t need research to tell us that. When it’s good our product walks out the door faster than the retailers can put it on the shelves. This summer one of our major retailers found themselves in the distressing position of being without apricots on several occasions – they just couldn’t keep up with demand. So yes, when it’s good our product is very, very good. But when it’s bad, it costs us millions. Our research tells us that we can lose up to $1.5 million in the weeks before Christmas, solely due to our consumers having one bad experience with immature fruit. That’s 200 tonnes of fruit! Resolving those enduring problems – quality and immature fruit – are where real gains can be made.

We have recently created a three year strategy to improve returns in the NZ Market, through focusing on three key areas; Quality, Communication and Information. Supermarkets and wholesalers have contributed to this strategy and we will be presenting the strategy to you for your input in the coming months.
### Outcomes: Levy investment in key activity areas

#### NZ Market

Outcomes in these areas include:

- **Quality**
  - Targeting the voluntary implementation of quality standards (starting 2013/14 season)
  - Targeting issue No 1 – immature fruit
- **Communication**
  - Weekly email newsletter throughout the season
  - NZ Market Manager based in the Hawkes Bay
  - Closer relationships with wholesalers and retailers
- **Information**
  - *Know your NZ Summerfruit* book
  - Packaging graphics
  - Handling graphics
  - Retail handling posters
  - Nielsen research
    - Analysis of consumer trends in summerfruit purchasing (2011)
    - Shopper behaviour (2012)
    - Where can we increase our returns (2013)

#### Research

Summerfruit NZ consistently captures grants to underpin our key research. We currently have three Sustainable Farming Fund Grants:

- Summerfruit rootstock development
- Postharvest disinestation (ethyl formate)
- SummerGreen Futures (brown rot control through management techniques)
  - a joint project with Heinz Watties

Other research includes:

- **The Sumptuous Summerfruit programme**
  - Emerging unique plum and apricot selections ready for commercialisation
  - Development of quality and storage indices, and storage parameters
- **SummerGreen programme, now in its 13th year**
  - Regional facilitators in Central Otago and Hawkes Bay
  - Regular grower meetings
- **Bacterial diseases in summerfruit**
- **Benchmarking of agrichemical use**
- **Canopy light interception**
- **Nursery tree protocol to guide management of young trees**
- **Postharvest storage treatments**
- **Apricot cell walls – understanding mealiness and storage**

**Current bids submitted to MBIE for funding are:**

- Unique Summerfruit for Asia – apricot breeding, increased production efficiency and improved postharvest performance (100% summerfruit)
- Better orchard systems (joint bid)
- Bee Minus to Bee Plus and Beyond: Higher Yields from Smarter, Growth-focused Pollination Systems (joint bid)
- Market access for fresh fruit and free trade (joint bid)

We continue to build strong partnerships with the Sustainable Farming Fund, Plant and Food Research, and Heinz Watties. We also in the last two years conducted joint research with the Summerfruit Exporters Committee and the NZ Fruit Tree Company.
| Apricot Co & Plum Co | Establishing grower owned co-operatives to manage the development and commercialisation of unique varieties emerging from the breeding programme. Key aims include:  
• Retaining grower control of levy-funded varieties  
• Grower controlled marketing  
• Sustainability of varieties |
| --- | --- |
| **Export** | • Maintenance of export market access  
  - Industry management protocol to the USA for LBAM control  
  - Recognition of NZ by Indonesia’s food safety authorities  
  - Retention of access to Thailand following review of existing access requirements  
  - Maintenance of Korea, Japan, Western Australia and EU compliance programmes  
  - Continued delivery of OPI (pre-clearance)  
  - Modifications to the EU export programme led to eased conditions and reduced costs  
  - Protecting existing export market access  
    - Ensuring international reviews of import regulations, reduced MRLs, or new pest incursions do not force NZ exports out of existing export markets or make access uneconomic  
  - Maximising the benefits from ethyl formate treatment in export programmes, including pre-clearance  
  - Food safety assurances (microbiological and residue) – both regulatory and customer driven |
| **Agrichemicals** | • Creation of a five-year agrichemical strategy  
  • Annual production of the PHI charts for both export and the NZ Market  
  • Achieved a five-year phase out period for azinphos methyl use on summerfruit  
  • Participation in EPA review; existing uses of carbaryl, chlorpyrifos and pirimicarb successfully defended  
  • New agrichemicals registered or use patterns modified – notably Pristine on cherries, Prodigy on peaches and nectarines, and Sparta for all summerfruit  
  • Introduction of the residue assurance programme for export |
| **Biosecurity** | • Monitoring and submissions to MPI on the potential import of summerfruit from Australia  
  • Submissions on modifications to import requirements for summerfruit from the USA (Pacific North-West and California)  
  • Research into the spread and control of fruit fly within Australia  
  • Participation in the GIA process, including work to assess the value proposition for Summerfruit NZ to become a signatory to GIA  
  • Active monitoring of fruit fly find in Auckland (2012) |
| **Communication** | • Website  
  - Online levies  
  - Online export registration  
  - Weekly sales figures by market and fruit type  
  - Key source of industry information  
  • Summerfruit NZ Journal – produced three times per year |
| **Other activities** | • Contribution of funding towards  
  - CropIR Log irrigation monitoring system  
  - Revised manual on the Use of Elevated Platforms |
Since the levy was last renewed we have collected an average of $850,000 per annum, though just like you, our income fluctuates. We follow your highs and lows, good seasons and bad. So it takes care and considered investment to make your levy work in an efficient and cost effective manner. We believe that these projects give a good return on your investment. A combined and sustained investment produces these results. We hope you agree.

Consultation – your views

We will be consulting with you in the coming months on the renewal of the levy. Your feedback on a new levy and the investment of the current levy is welcomed. Please feel free to contact any of the Summerfruit NZ Executive Committee or management to discuss the levy and its renewal. A full list of contacts can be found on our website.

Or you can contact:

Chairman
Gary Bennett
Ph: 03 446 8031
Mob: 027 220 6081
Email: teviot@xtra.co.nz

Vice Chairman
Tim Jones
Ph: 03 445 1402
Mob: 027 221 9378
Email: tim.jones@45s.co.nz

Chief Executive
Marie Dawkins
Ph: 04 494 9975
Mob: 021 460 200
Email: marie@summerfruitnz.co.nz
Commodity Levy Factsheet

Levy income

Estimated level

Summerfruit NZ Income

Levy $842,205
Export $159,613
R&D $61,033
Interest $33,316
Other income $5,295

TOTAL $1,096,167

Summerfruit NZ Expenditure

Management & admin $427,555
Research $341,469
Export $224,199
Communication $47,781
Depreciation $18,600
Biosecurity $13,165

NZ Market $76,976

TOTAL $1,149,745
Summerfruit NZ has invested an average of $315,000 per year over the last six years into research. This investment is leveraged by income from grants and support from research partners.

### Funded research programmes

<table>
<thead>
<tr>
<th>Programme</th>
<th>Started</th>
<th>Length</th>
<th>Partners</th>
<th>Contribution</th>
<th>Leverage per $1 levy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sumptuous Summerfruit</td>
<td>2009</td>
<td>5 years</td>
<td>MBIE (formerly FRST)</td>
<td>$4 million</td>
<td>$11.80</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Summerfruit NZ</td>
<td>$375,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Plant &amp; Food</td>
<td>$450,000</td>
<td></td>
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<tr>
<td>SummerGreen Futures</td>
<td>2012</td>
<td>3 years</td>
<td>Sustainable Farming Fund</td>
<td>$240,000</td>
<td>$1.80</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Summerfruit NZ</td>
<td>$150,000</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Heinz Watties</td>
<td>$30,000</td>
<td></td>
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<tr>
<td>Postharvest Disinfestation</td>
<td>2011</td>
<td>3 years</td>
<td>Sustainable Farming Fund</td>
<td>$90,000</td>
<td>$1.75</td>
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<tr>
<td>(Vapormate)</td>
<td></td>
<td></td>
<td>Summerfruit NZ</td>
<td>$60,000</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Summerfruit Exporters Committee</td>
<td>$15,000</td>
<td></td>
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<tr>
<td>Rootstock Improvement</td>
<td>2010</td>
<td>3 years</td>
<td>Sustainable Farming Fund</td>
<td>$45,000</td>
<td>$1.30</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Summerfruit NZ</td>
<td>$40,250</td>
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</table>
R&D income and expenditure

<table>
<thead>
<tr>
<th>Year</th>
<th>Total R&amp;D spend</th>
<th>R&amp;D income</th>
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</thead>
<tbody>
<tr>
<td>2007</td>
<td>$303,663</td>
<td>$95,448</td>
</tr>
<tr>
<td>2008</td>
<td>$255,942</td>
<td>$64,187</td>
</tr>
<tr>
<td>2009</td>
<td>$400,641</td>
<td>$122,094</td>
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<tr>
<td>2010</td>
<td>$288,246</td>
<td>$36,626</td>
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<tr>
<td>2011</td>
<td>$296,715</td>
<td>$26,771</td>
</tr>
<tr>
<td>2012</td>
<td>$341,469</td>
<td>$61,033</td>
</tr>
</tbody>
</table>

New Commodity Levy

No changes are proposed for the new levy. This includes:

<table>
<thead>
<tr>
<th>Collection rate</th>
<th>For apricots, nectarines, peaches and plums the maximum rate will be 1.75% (plus GST)</th>
<th>The actual collection rate will be 1.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For cherries the maximum rate will be 1.0% (plus GST)</td>
<td>The actual collection rate will be 0.75%</td>
</tr>
</tbody>
</table>

What the levy will be spent on:

- Research including market research
- Development of products
- Development of markets
- Protection or improvement of plant health
- Development and implementation of quality assurance programmes
- Education, information, or training
- Administration of Summerfruit NZ

The levy will not be spent on:

- Any commercial or trading activity

Summerfruit NZ does not intend to create substantial reserves from funds collected from levy.
16 July 2013

To : Heinz Wattie’s growers

RE: Summerfruit Levy Order renewal

As summerfruit growers you may be aware that we are talking to our growers about the renewal of our Summerfruit Levy Order. The levy applies to all sales of apricots, cherries, nectarines, peaches and plums. The sole exemption to paying the summerfruit levy is for those growers supplying Heinz Wattie’s on contract for processing.

The overall theme for this new levy is ‘no change’. We do not intend to change the exemption in the new levy and are proposing to retain it on the same criteria as the existing levy.

The exemption exists on the understanding that
- Heinz Wattie's imposes a research and development levy on growers selling summerfruit to it on contract for processing
- the rate of the research and development levy is equal to or greater than the Summerfruit NZ Levy Order
- Heinz Wattie's information arising from its use of the research and development levy is made available to Summerfruit NZ.

All three of these requirements have been fulfilled under the current levy Order and we expect this will remain the case under a new levy. For example,

- Heinz Wattie’s and Summerfruit NZ have a good relationship and we actively share our research outcomes. Both Bruce MacKay and Brian Mackintosh from Heinz Wattie’s participate in our annual research planning and many research meetings.

- Some of you will be participating in SummerGreen Futures. The total cost of the project is $420,000 over three years. Through a joint Summerfruit NZ/Heinz Wattie’s application we were able to secure a $240,00 grant from the Sustainable Farming Fund to underpin this project.

- We recently jointly participated in an application for funding on pollination initiatives to MBIE

The new levy

Under the proposed levy you will not need to pay the Summerfruit levy on any sales to Heinz Wattie’s. If you grow summerfruit for supply to the NZ market, export, farmers markets or roadside stalls you will need to pay the levy on those sales, as you do now.

The ballot

You will receive a ballot paper in November.
- You will be asked to declare the value of your total sales to Heinz Wattie’s.
- If you have other summerfruit sales (e.g. to the NZ market) you will need to declare those volumes separately to that which you supply to Heinz Wattie’s.
- If you only supply summerfruit to Heinz Wattie’s you will still need to complete the ballot paper

We will be using an independent Returning Officer for the ballot so we will not have access to any sales details that are declared in the voting papers.

**Information**

All information on the new levy, including discussion documents, will be available on our website [www.summerfruitnz.co.nz](http://www.summerfruitnz.co.nz). This includes,

- A discussion document outlining the way the levy has been invested to date, which was posted to all growers.
- Articles on the levy renewal which are also being published in our magazine. Note: if you do not receive the magazine please contact me on and I will add you to the mailing list.

Please feel free to contact me if you have any thoughts or questions about the levy renewal or the exemption

**Regards**

Marie Dawkins
Chief Executive
Summerfruit NZ
You will know by now that we are in the process of consulting with the industry about the renewal of the Summerfruit Commodity Levy.

In the past this consultation process has been an extended exercise as we toured the country convincing growers of the need for the levy. Well, the industry has matured greatly since our last levy consultation round six years ago. We have not faced questions about why growers should pay the levy or faced pressure to reduce the levy. The questions we have faced have been around the projects that are currently under way or planned in the future. We have frequently heard comments along the lines of ‘I believe in the need for the levy’. This attitude is very gratifying and confirms Summerfruit NZ’s management of your levy.

Previous levy rounds have consisted of an extended process; of 1-3 consultation rounds, dealing with confrontation, absorbing feedback, reviewing and revising the proposed levy until the levy was something that most growers were happy with.

However much to our surprise (and delight) we got through Round 1 without confrontation or growers raising any contentious issues. Certainly we had lively discussions about projects that we are conducting; market access programmes, the NZ market development and our research programme. But there was almost no negative feedback about the levy itself. Growers clearly understand the way the levy is being used. I prefer to think of it as ‘being invested.’

Having said that we are still open to discussions on any issue that may be concerning you. Please take the opportunity over the next few weeks to raise any concerns with us.

So here we are, 6 weeks from the ballot papers being sent out and we have no feedback from Round 1 to discuss with you in Round 2.

Support appears to be strong and we are hopeful of a positive vote outcome. In fact it seems to me that our biggest concern will be voter indifference – growers are comfortable with the levy so won’t vote against it.

**Vote Yes!**

The problem with not submitting a positive vote is that we won’t get enough growers voting for the levy. In which case we may not meet the threshold for the levy to be approved. This is a serious concern for us. So, at the risk of sounding like a politician, please Vote Yes when you receive your ballot papers in November.

**Voting**

You will receive a ballot paper in the mail in the first week of November. You have the option of returning the paper copy or going online to vote. Online voting is a simple system that many of you will have used for the Hort NZ vote. So go on, vote yes!
GOVERNMENT INDUSTRY AGREEMENTS AND BIOSECURITY

The one issue that has not been widely discussed in this levy round is the proposed Government Industry Agreements (GIA) for the joint management of biosecurity. This is a tricky issue as it will bring new responsibilities for the industry. We have a number of big decisions ahead of us – deciding whether to become a participating member of GIA, considering the ramifications of not signing up, considering whether to join other sectors in operational agreements for specific pests such as fruit fly, and funding any activity.

We have not included GIA in our levy discussions. Until recently the final form of GIA was not obvious to us. It was unclear just how this would apply to, or impact on, our industry. We had more questions than there were answers. What we can confirm is that GIA is happening. The changes to the Biosecurity Act that will enable GIA to come into force are likely to be signed before the end of the year.

GIA and this levy

This levy proposal does not include any specific or additional funding for GIA or biosecurity. We have not sought an increase in the levy rates to address GIA. So any spending would come out of the funds that we collect under this levy. We would have to reduce other activities to fund any increased biosecurity activities. We’d have to cut our cloth in other words.

There is however a long standing understanding that in the event of an important biosecurity event which affected summerfruit growers, that we may seek to raise the levy to its maximum amount (i.e. 1.75% for apricots, nectarines, peaches and plums, and 1% for cherries). This would only happen after a vote at an AGM or special general meeting.

Some important points about GIA
1. Summerfruit NZ cannot and would not sign the GIA Deed without first consulting growers.
2. The government requires industries to demonstrate that they have the mandate from industry to sign the GIA Deed. A successful levy vote does not demonstrate that we have the mandate for GIA. In other words you are not approving industry participation in GIA by voting for this levy.
3. We expect that we would conduct a separate consultation process with growers around GIA.

We hope to be in a position to discuss GIA with you in more depth in the New Year.

International Speakers

In the next two months we are really pleased to be bringing you three international speakers. Following on from other highly successful speakers such as Greg Reighard and Ted De Jong we are taking the opportunity to bring you some highly sought after speakers and research scientists.

Our Nielsen surveys clearly show the potential financial benefit for New Zealand summerfruit growers that would result from improving the eating experience of our consumers. To achieve this the first big issue we need to address is that old bugbear – immature fruit. At the conference in June our NZ Market team launched a survey asking participants what they thought were the reasons for immature fruit ending up in the market.

Respondents identified a number of on orchard reasons;

- 31% Guessing or assessing maturity
- 11% Colour perception
- 18% Picking tools

Between them our speakers address these issues as well as new and innovative technologies.
1. **Professor Guglielmo (Mimmo) Costa, University of Bologna**

Prof. Guglielmo Costa is Professor of Fruit Science at the University of Bologna, Italy and will be in New Zealand for a Kiwifruit symposium in mid November. While here we are taking the opportunity to have him speak to summerfruit growers.

Of interest to us is his work on the development of a new non-destructive index to measure the ripening stage of peaches and nectarines, the "Index of Absorbance Difference" (IAD). While still under development IAD is showing promise as an objective indication of the ripening stage. Using the combined application of innovative techniques together with a recently developed web platform, the aim is to be able to predict a harvesting date with a 5-10% margin of error.

One of those innovative techniques under development is the DA meter, a non-destructive instrument to measure the ripening stage of peaches, nectarines, apples, pears, apricots, plums, kiwifruit and cherries. For more information on this system check out [www.freshplaza.com/news_detail.asp?id=110897](http://www.freshplaza.com/news_detail.asp?id=110897)

He is an excellent speaker and you can be sure he’ll also be thought-provoking.

2. **Professor Luca Grappadelli, University of Bologna**

Professor Luca Corelli Grappadelli is a lecturer, researcher and deputy department head at the Department of Agricultural Sciences also at the University of Bologna. He is an ecophysiologist with particular interest in tree/light interactions and fruit growth physiology, instrument development and technology transfer. Along with peaches his main crops are apple, kiwifruit and pear. In conjunction with Plant & Food Research we are bringing Prof Grappadelli to NZ to speak to growers. His focus on maturity and quality align with our focus on improved summerfruit quality and fits neatly with the focus of the NZ market project.

His topics will be:

- Training systems, pruning, management, rootstocks
- Tree productivity
- Crop load control - thinning and fruit development
- Peach fruit growth: vascular flows and response to environment
- Tech transfer : fruit growth assessment and forecasting

Most material will refer to peach/nectarine with lesser reference to apricot and plum.

3. **Dr Greg Lang, Michigan State University**

Greg is also in New Zealand to attend the kiwifruit conference. Given the industry’s longstanding relationship with Greg we couldn’t let him come to NZ without also securing some of his time.

Greg’s key research focuses at MSU are

- Tree Fruit Horticulture & Physiology
- Orchard Microclimate Modification
- Sweet Cherry Genetic
- Bacterial Canker Research

All presentations will be organised via our Summergreen Facilitators. So keep your eyes out for those e-mails or on our website [www.summerfruitnz.co.nz](http://www.summerfruitnz.co.nz) for details.

<table>
<thead>
<tr>
<th>Speaker</th>
<th>Meeting dates</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prof Mimmo Costa</td>
<td>Hawkes Bay</td>
<td>early November</td>
</tr>
<tr>
<td></td>
<td>Central Otago</td>
<td></td>
</tr>
<tr>
<td>Prof Luca Grappadelli</td>
<td>Hawkes Bay</td>
<td>29 Oct 30 Oct</td>
</tr>
<tr>
<td></td>
<td>Central Otago</td>
<td></td>
</tr>
<tr>
<td>Dr Greg Lang</td>
<td>Hawkes Bay</td>
<td>tbc</td>
</tr>
<tr>
<td></td>
<td>Marlborough</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Central Otago</td>
<td></td>
</tr>
</tbody>
</table>
New Zealand Market Development

Increased returns to growers is paramount. Nielsen reports show a potential $10.5m of incremental NZ sales opportunities are to be gained if the industry can increase the number of shoppers purchasing summerfruit on a regular basis. Due to increased returns the benefits will be industry wide; both local market and export market orchard returns, wholesalers returns and improved revenue for retailers. Ultimately we will see a substantial increase of NZ consumer consumption and satisfaction with these four fruit types.

This project is surging forward with great energy. Our grower survey mid year shows that you want action to resolve the issues on the NZ market. More than that growers are keen to participate in any activities that we plan to launch over the next 1-2 years.

This season we plan to gather data and test new systems, from simple pickers-aids through to complex non destructive tools. One tool is so simple you’ll be wondering why we haven’t thought of it sooner. A key outcome will be the introduction of voluntary maturity standards that will be accepted from growers through to retail.

This is the largest project that we have ever conducted on the NZ Market. We are currently applying for funding to underpin this work over the next three years. I don’t need to tell you to keep your eyes open as you will not be able to miss this project.

MBIE Research applications

Earlier this year we participated in four applications to the Ministry of Business, Innovation and Employment (MBIE). We have had mixed results and are working through the outcomes.

<table>
<thead>
<tr>
<th>Bid</th>
<th>Result</th>
<th>Implication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensational Summerfruit – a bid including New Cultivar Development, Breeding Strategies, and the Physiological Basis of Crisp Texture (apricots).</td>
<td>Not successful</td>
<td>While disappointing this provides us with the opportunity to reassess the programme.</td>
</tr>
<tr>
<td>Future Orchard Planting Systems – Stuart Tustin’s pan-sector bid focussing initially on cherries as the summerfruit crop with future development in apricots.</td>
<td>Successful bid with reduced funding.</td>
<td>This is great news. It’s an innovative programme that should see real change in summerfruit orchard production. We are currently reviewing our commitment to make up for the reduced funding.</td>
</tr>
<tr>
<td>Systems-based Pathway Risk Management for New Market Access– a pan-sector bid</td>
<td>Not successful</td>
<td>A pan sector bid that addressed a number of market access issues. We believe that we can address these areas as part of other market access work.</td>
</tr>
<tr>
<td>From Bee Minus to Bee Plus and beyond: Higher Yields from Smarter, Growth-focused Pollination Systems A pan-sector bid by David Pattemore.</td>
<td>Successful</td>
<td>A great project that we are keen to see under way. In conjunction with HW</td>
</tr>
</tbody>
</table>

Vote Yes | Vote Yes | Vote Yes | Vote Yes | Vote Yes | Vote Yes | Vote Yes | Vote Yes
Email signature. Applied to all e-mails sent by staff from Summerfruit New Zealand office between 1 October and 3 December 2013

From: Marie Dawkins <morte@summerfruitnz.co.nz>
To: 'Gary Bennetts (leviet@xta.co.nz); Tim Jones (tim.jones@45c.co.nz); weaver@scc.co.nz; 'Derek Barnas (foothill@airnet.net.nz'); 'ollie@delicaglobal.com' (ollie@delicaglobal.com'); 'Tjeard Smilde'; 'cameron@mgmarketing.co.nz'
Cc: victoria@summerfruitnz.co.nz
Subject: Final results

Chief Executive
Summerfruit NZ
PO Box 2175
Wellington 6140
Ph 64 4 494 9975
mob 021 460 200
www.summerfruitnz.co.nz

IT’S TIME TO RENEW
SUMMERFRUIT
COMMODITY LEVY
1-29 NOVEMBER 2013
Press release
24 October 2013

SUMMERFRUIT NZ LOOKING FOR A GOOD VOTING TURN OUT

Summerfruit NZ is seeking grower support to continue levy funding for another six years. The Summerfruit Commodity Levy Order must be renewed every six years and was last renewed in 2008.

The ballot will be held in November this year in order for the Minister to approve a new levy in time for the 2014-15 season.

Voting begins on 1 November and closes on 29 November, and this time voters have the option of fax, postal or online voting. Chief executive Marie Dawkins said online voting is a simple system.

‘We’ve had really good feedback from those who have used this voting system for the Hort NZ and Pipfruit NZ levies, so we expect few problems.’

Consultations with growers have been ongoing since May, with Chairman Gary Bennetts, Vice-chairman Tim Jones and Marie Dawkins touring the country and meeting growers on their orchards. Mr Bennetts said the group met with many growers they seldom see.

‘We made a real effort to get off the beaten track and catch up with growers in other growing areas. It was an interesting and rewarding process meeting so many growers on their properties.’

While discussions about projects had been lively, Ms Dawkins said there had been almost no negative feedback about the levy itself and growers clearly understand the way the levy is being invested.

‘Support appears to be strong and we are hopeful of a positive outcome. Our biggest concern is voter indifference with voters not taking the time to submit their vote.’

ENDS
For more information please contact:

Marie Dawkins
Chief executive, Summerfruit New Zealand
Ph 04 494 9975
Summerfruit NZ looking for good voting turnout

Home / Business

Summerfruit NZ Commodity Levy Order Application 2014

145

145

Thursday, 24 October 2013 - 16:48

Summerfruit NZ is seeking grower support to continue levy funding for another six years. The Summerfruit Commodity Levy Order must be renewed every six years and was last renewed in 2008.

The ballot will be held in November this year in order for the Minister to approve a new levy in time for the 2014–15 season.

Voting begins on 1 November and closes on 29 November, and this time voters have the option of fax, postal or online voting. Chief executive Mike Hawkins said online voting is a simple system.

'We've had really good feedback from those who have used this voting system for the Hort NZ and Pipfruit NZ levies, so we expect few problems.'

Consultations with growers have been ongoing since May, with Chairman Gary Bennett, Vice-Chairman Tim Jones and Mike Hawkins touring the country and meeting growers on their orchards. Mr Bennett said the group met with many growers they seldom see.

'We made a real effort to get off the beaten track and catch up with growers in other growing areas. It was an interesting and rewarding process meeting so many growers on their properties.'

While discussions about projects had been heavy, Mr Hawkins said there had been almost no negative feedback about the levy itself and growers clearly understand the way the levy is being invested.

'Support appears to be strong and we are hopeful of a positive outcome. Our biggest concern is voter indifference with voters not taking the time to submit their vote.'

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Summerfruit NZ looking for good voting turnout

on October 24, 2013 4:37 am in Business / no comments

By ENNalia Media

Summerfruit NZ is seeking grower support to continue levy funding for another six years. The Summerfruit Commodity Levy Order must be renewed every six years and was last renewed in 2008.

(read more)

Source: Business

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Victoria Harris

From: FreshPlaza.com <mail@freshplaza.com>
Sent: Friday, 25 October 2013 1:57 a.m.
To: victoria@summerfruitnz.co.nz
Subject: Global Produce News | Thursday October 24

Global Produce and Banana News
Thursday, October 24, 2013

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2013 Harvest Now Available!

Summerfruit NZ seeking grower support to continue levy funding
Summerfruit NZ is seeking grower support to continue levy funding for another six years. The Summerfruit Commodity Levy Order must be renewed every six years and was last renewed in 2008. The ballot will be held in November this year in order for the Minister to approve a new levy in time for the 2014-15.....

Call for decisive action on soil run-off to improve the health of Moreton Bay
Peak horticulture body Growcom today urged decisive action in the Moreton Bay catchment to tackle declining water quality and to ensure Brisbane's water supply is not under threat every time there is a major storm event. According to a report released by Healthy Waterways yesterday, the environmental health.....

the power of taste
the power of Enza Zaden
enzzaden.com
Support sought for levy

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The ballot will be held in November this year in order for the Minister to approve a new levy in time for the 2014-15 season.

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While discussions about projects had been lively, Dawkins says there has been almost no negative feedback about the levy itself and growers clearly understand the way the levy is being invested.
Summerfruit NZ looking for a good voting turnout

Date: 20 Oct 2013

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www.summerfruit.co.nz

x Back to News
MARIE DAWKINS - SUMMERFRUIT NZ

Thu, 31 Oct 2013 8:02 a.m.

We speak with Marie Dawkins chief executive of Summer Fruit NZ to find out what is happening in this sector of the industry and how it is progressing with its commodity levy funding vote.

0 comments

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  - 16 Oct 2013
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  - 17 Oct 2013
- Jamie Joseph
  - 30 Oct 2013
- Nick Bolettieri
  - 15 Oct 2013
- Nick Mils
  - 15 Oct 2013

FEATURED AUDIO

- Spotlight on Sport - Football
  - 31 Oct 2013
- Simon Monahan
  - 31 Oct 2013
- Ken Ransom
  - 31 Oct 2013
- Andrew Voss
  - 31 Oct 2013
- Sport Waimata
  - 31 Oct 2013
Rural News - played at midday on 4 November 2013

Stone-fruit growers deciding on levy
Cherry, apricot and other stone-fruit growers will decide this month whether to continue paying a levy to industry body Summerfruit New Zealand.

Money pressures affecting research, says scientist
Finding the money for research and technology transfer is one of the issues on the minds of scientists and farmers gathering for the Grassland Association conference.

Farmer shareholders voting to choose Fonterra directors
Fonterra's farmer shareholders are voting this month on who will fill three seats on the co-operative's board.

MPI and China sign food safety co-operation agreement
New Zealand and China have signed a food safety co-operation agreement that the Government says will improve the trading relationship between the two countries.

Five new Nuffield farm scholars announced
Five new Nuffield Farming Scholarships have been awarded for next year.

Robot could be working farms soon
AgResearch scientists have developed the early stages of a robot that may become part of the workforce on future farms.

Govt launches primary production programme in Northland
The Government has chosen Northland as the starting point for a new programme to unlock the primary production potential in the regions.

Government invests in more irrigation schemes
The Government is putting more money into regional irrigation projects, this time in Central Otago and Rangitikei.

Rural recycler to stop collecting plastic silage wrap
One of the country's rural recycling services has decided to stop collecting used silage plastic from farms, saying it's no longer viable.

Deadline for irrigation project extended
The company trying to build a $500 million irrigation scheme in Canterbury is confident it will still go ahead - despite farmers failing to commit to investing in stage one.

Wine shortage impact on price uncertain says industry body
The New Zealand wine industry says a predicted global shortage of wine could be to its advantage.

Council disposed of contaminated milk
Taranaki Regional Council says it is disposing of 150,000 litres of milk which was contaminated by mud and gravel.

Drought hits Landcorp to tune of $11m
The country's biggest farming enterprise, Landcorp, says the summer drought cost it $11 million in lost production and other expenses.

Farmers asked for ideas on best uses for farm robot
AgResearch scientists who have developed a multi-tasking farm robot are asking farmers for their ideas on how it could be used.

Foreign investors buy more South Island farmland
The Overseas Investment Office (OIO) has approved the application by a Singaporean investment management company to buy half the shares of New Zealand Pastures Limited, a locally-owned company that operates seven South Island sheep and beef farms.

Wool prices climb again
Currency movements largely accounted for wool prices climbing another notch at this week's North Island sale.
Stone-fruit growers deciding on levy

Updated at 1:48 pm today

Cherry, apricot and other stone-fruit growers will decide this month whether to continue paying a levy to industry body Summerfruit New Zealand.

Cherry growers pay 1% of their crop earnings at first point of sale and apricot, nectarine and plum growers pay a 1.5% charge.

The commodity levy supports research and other industry projects and growers are voting on whether to renewing it for another six years.

Summerfruit New Zealand chief executive Marc Dawkins says it's been consulting with growers since May and there appears to be strong support for renewing the compulsory funding.

Ms Dawkins said the levy brought in $920,000 last year largely driven by good returns from cherry exports.

It is funding projects including developmental work on export markets, improving quality in the New Zealand market, and biosecurity projects.

"We're also looking at developing a couple of co-operatives which will be used as vehicles for the release of varieties coming out of our breeding programmes."

Ms Dawkins says the biggest challenge may be getting growers to participate in the vote and this year an online voting system is being used in an attempt to increase the traditional 25% - 30% response rate.

Renewal of the levy requires approval from a majority of those who vote, both on an individual and crop value basis. Voting on the summerfruit levy closes at the end of the month.
### INCOME

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Administration &amp; Finance</strong></td>
<td></td>
</tr>
<tr>
<td>Commodity levy</td>
<td>905,000</td>
</tr>
<tr>
<td>Conference Sponsorship &amp; Registrations</td>
<td>80,000</td>
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<tr>
<td>Interest</td>
<td>27,000</td>
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<tr>
<td>Sundry</td>
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<tr>
<td><strong>Admin &amp; Finance total income</strong></td>
<td>1,012,000</td>
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<tr>
<td><strong>Export</strong></td>
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<tr>
<td>Export registrations</td>
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<td>Official Assurance programmes</td>
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<td>MPI Tape (Japan/Korea)</td>
<td>2,500</td>
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<td>Spray Programme contribution</td>
<td>1,500</td>
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<tr>
<td>Remote diagnostics (Exporters Committee)</td>
<td>5,000</td>
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<td><strong>Export total income</strong></td>
<td>174,650</td>
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<tr>
<td><strong>R&amp;D</strong></td>
<td></td>
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<tr>
<td>Visiting speakers</td>
<td>10,000</td>
</tr>
<tr>
<td>Bee + (joint HW)</td>
<td>10,000</td>
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<tr>
<td>Postharvest Disinfestation (joint SEC)</td>
<td>35,000</td>
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<tr>
<td>SummerGreen Futures (joint HW)</td>
<td>90,000</td>
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<tr>
<td><strong>R&amp;D total income</strong></td>
<td>145,000</td>
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<tr>
<td><strong>NZ Market</strong></td>
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<tr>
<td>Resources</td>
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<td>AgMardt</td>
<td>40,000</td>
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<tr>
<td>Other income</td>
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<td><strong>NZ Market total income</strong></td>
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<td><strong>Communication</strong></td>
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<td>Publications (magazine advertising)</td>
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<td>Sponsorship</td>
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<td><strong>Communication total income</strong></td>
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<td><strong>TOTAL INCOME</strong></td>
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### EXPENDITURE

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<tr>
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<tbody>
<tr>
<td><strong>Board expenses</strong></td>
<td></td>
</tr>
<tr>
<td>General portfolio expenses</td>
<td>1,500</td>
</tr>
<tr>
<td>Board Expenses</td>
<td>4,000</td>
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<tr>
<td>Board Meeting Fees</td>
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<tr>
<td>Chairman's Honorarium</td>
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<tr>
<td><strong>Board total costs</strong></td>
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<tr>
<td><strong>Staff Costs</strong></td>
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</tr>
<tr>
<td>Salaries &amp; payroll</td>
<td>212,000</td>
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<tr>
<td>Relationships &amp; Sponsorship</td>
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<tr>
<td>General expenses</td>
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<tr>
<td>Professional development</td>
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<tr>
<td><strong>Staff total expenditure</strong></td>
<td>234,500</td>
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</tbody>
</table>
### Finance
- Management Fee: 0
- Accounting: 7,000
- Annual Report: 2,500
- SNZ financial audit: 7,000
- Conference and AGM: 85,000
- Commodity Levy expenses: 1,500
- Levy renewal (travel etc): 19,000
- Strategic planning: 0

**Total finance expenditure**: 122,000

### Administration
- Office (Rent, power, cleaning, mail collection, storage): 15,500
- Office expenses: 6,200
- Travel: 20,000
- Accommodation: 5,000
- Insurance: 4,250
- Legal: 1,500
- Bank fees: 750
- Sundry: 5,800

**Admin total expenditure**: 59,150

### R&D
- General portfolio expenses: 13,000
- R&D Manager: 41,780
- SummerGreen facilitators & speakers: 20,000
- Semiochemicals: 15,000
- Bacteria: 20,000
- SG Futures: 110,000
- Benchmarking: 30,000
- Postharvest disinfestation: 55,000
- Future Orchard systems: 60,000
- Beeplus to bee minus (MBIE): 15,000
- Summerfruit breeding: 50,000
- Student scholarship: 5,000
- CropIR Log: 2,000

**R&D total expenditure**: 436,780

### Biosecurity
- GIA: 10,000

**Biosecurity total**: 10,000

### Export & Compliance
- General portfolio expenses: 10,000
- OAP & management: 82,000
- Tape (Japan/Korea): 2,500
- Remote diagnostics: 12,000
- HEA Statutory Fee: 37,775
- Market Access manager: 56,480
- Export programme coordination AQ: 14,600
- Spray Programme- annual review: 15,700
- Agrichemicals - Research: 10,000
- Market access (e.g. random audits, Thailand): 4,000

**Export total expenditure**: 245,055
### NZ Market

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General portfolio expenses</td>
<td>7,500</td>
</tr>
<tr>
<td>Project management</td>
<td>65,500</td>
</tr>
<tr>
<td>Data collection</td>
<td>3,000</td>
</tr>
<tr>
<td>Project: Harvest assurance tools</td>
<td>45,000</td>
</tr>
<tr>
<td>Resources</td>
<td>3,500</td>
</tr>
<tr>
<td>Nielsen</td>
<td>0</td>
</tr>
<tr>
<td>Summerfruit promo - chef</td>
<td>0</td>
</tr>
<tr>
<td><strong>NZ Market total expenditure</strong></td>
<td><strong>124,500</strong></td>
</tr>
</tbody>
</table>

### Communication

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General portfolio expenses</td>
<td>1,000</td>
</tr>
<tr>
<td>5+ a Day</td>
<td>5,000</td>
</tr>
<tr>
<td>Magazine</td>
<td>20,000</td>
</tr>
<tr>
<td>Website &amp; Database</td>
<td>8,500</td>
</tr>
<tr>
<td>Industry Survey</td>
<td>25,000</td>
</tr>
<tr>
<td>Hort NZ Leadership course</td>
<td>1,500</td>
</tr>
<tr>
<td>Other conferences</td>
<td>1,200</td>
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<tr>
<td><strong>Communication total expenditure</strong></td>
<td><strong>62,200</strong></td>
</tr>
</tbody>
</table>

### Repayment to reserves

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website, Pristine, new equipment &amp; asset purchase</td>
<td>35,000</td>
</tr>
</tbody>
</table>

### TOTAL EXPENDITURE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td><strong>1,387,185</strong></td>
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</table>

### Less Depreciation and Amortisation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROFIT/LOSS</strong></td>
<td><strong>1,215</strong></td>
</tr>
</tbody>
</table>