



**Summerfruit NZ**  
*For the year ended 31 August 2015*

# Annual Report



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

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.

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## CHAIRMAN'S ANNUAL REPORT



**GARY BENNETTS**  
Chairman

Once again it is with pleasure that I submit this Chairman's Annual Report for 2016.

New Zealand growers have enjoyed favourable seasonal weather this summer and although the cold spring did not help with pollination, it would be fair to say that the weather gods have been kind to us.

While some primary industries are struggling to make farm gate profits at this time, I recall a comment made to the Summerfruit NZ Conference attendees in Hamilton in 2012 by our guest speaker, Rodney Hide. It went like this: "when times are tough don't go running to find someone to complain to, look at your situation as a challenge and get on with it." And I think as growers this is what we largely do, it's in our DNA.

Summerfruit NZ has around 280 growers as of the last levy ballot. The industry is growing in value, rising from \$85 million in 2014 to \$112 million in 2015; and \$123 million is the 2016 estimate for this past season. That's a 24% increase from 2014 to 2015, and a 9% increase from 2015 to 2016. Cherries have been the star performers these last two seasons, with increases both in export and in local sales from the regions.

From this optimistic position going forward I see our industry growing in size and value. While most of this growth will be export orientated, we will see growth at New Zealand market level if we continue to provide the consumers with what they want.

We have been busy aligning our strategic and work plans as we take aim at being a \$250 million industry by 2035. There are many instruments that must be involved for this symphony to take place, but as I have outlined before, this is a challenge we need to take as we can't afford to let our industry stagnate.



We have very exciting new varieties of apricots, peaches and plums emerging from our joint breeding programme with Plant & Food Research (PFR) that we funded for so many years. The varieties now being evaluated and released will help to foster this growth, along with the availability of new rootstocks. Many of our research projects are aligned with underpinning production issues.

Summerfruit NZ accounts are sound, with \$546,840 in our reserve fund and \$501,013 in our operational reserves.

A profit of \$192,164 is the result of our budget being capped by the formula “the average levy income of the previous three years” and having a lift in sale values and volume. Just like on the farm, our budgets have been tight and have not always allowed us to do all we believe we need to do to add value to our growers. From time to time we have had to call on reserves to fast-track projects or deal with issues that need to be resolved quickly. When this is the case we have a budgeted pay-back criterion to repay the reserves.

For the last two or three years we have been working away in the background on an extensive list of policies and procedures. We have been fortunate to have Christine Pullar write the drafts for us. This is largely in-house business, but necessary to guide an organisation such as ours and ensure good governance. It has also been good timing to have our health and safety policy covered off. I have made the suggestion when forming these last policies that there should be no high heels at work and that ‘Hi Vis’ wear is necessary when going to collect coffees at break time.

This will be my last annual report as I do not intend to make myself available for re-election to the chair. It has been eight years and I feel it is time for a fresh face.


Being Chairman of this challenging industry has been a great experience for me and I have enjoyed the role mainly because of the support of my fellow directors. Their assistance and support to myself and their dedication to our industry is very much appreciated.

I would also like to acknowledge our Chief Executive, Marie, our staff Anna and Victoria, and contractors Trisha, Chris, Stephen, Terry, Bernie, and Emma. We are very fortunate to have these people who possess the same passion for our industry as we do.

Lastly I would like to acknowledge the support of my wife Teresa, and my team back on the orchard.

I would like to wish everybody a happy and prosperous future.

Enjoy the conference. *the sky's the limit*

  
**GARY BENNETTS** | Chairman

# 15 16 SUMMERFRUIT NZ BOARD



**Gary Bennetts**  
 Chairman  
 Grower representative



**Tim Jones**  
 Vice chairman  
 Grower representative



**Earnscy Weaver**  
 Associate representative



**Dean Astill**  
 Exporter representative



**Tjeerd Smilde**  
 Exporter representative



**Simon Tallon**  
 Co-opted marketer



**Roger Brownlie**  
 Grower representative



**Stewart Burns**  
 Grower representative



**Tracey Burns**  
 Exporter representative



**MARIE DAWKINS**  
Chief Executive

## MESSAGE FROM THE CHIEF EXECUTIVE



The 2015–16 year has been all about review and strategy. We conducted a strategic planning exercise late last year where we set some strong targets for the industry. Our strategy sets very realistic targets to progress the summerfruit industry towards becoming a \$250 million industry by 2035. This is only a doubling of today's value, so there are some who think that could be under-estimating the target.

### The strategy is based on:

- 1 The continued growth of the cherry industry. There is good research that projects a fivefold increase in both volume and value of cherries as plantings continue.
  - There is natural growth that is supported by market demand. Cherries are a high value product and New Zealand has a reputation for quality in our export markets.
  - The shift to intensive growing systems will substantially increase per hectare production. Our figures are based on just 50% of the industry picking up the new systems.
- 2 Reinvigorating the apricot industry. A combination of new rootstocks, new varieties and new growing systems will change the face of our apricot industry.
  - New varieties are starting to emerge from the breeding programme undertaken jointly by the summerfruit industry and Plant & Food Research. These varieties are superior to many existing varieties and are targeted at Asian tastes. The first varieties are being released now and getting positive feedback from Asian taste panels.
  - The harvest period will be extended through new apricot varieties and better storage systems.

- New growing systems will increase the volume and value tenfold.
- The area planted in apricots will increase from 275ha to 1000ha throughout the country, with an increase in value from \$12 million to \$125 million.
- Improving market access, which will provide alternatives to Australia which currently takes 87% of our apricots.
- We expect apricots to follow the same growth path as both the cherry and pipfruit sectors in recent years. It wasn't that long ago that people were saying that pipfruit was a sunset industry. Both cherries and pipfruit are now booming due to new varieties, new systems and better market access.

These plans for apricot growth are built on a base of existing Summerfruit NZ investment of levies into:

- Postharvest disinfection systems.
  - New variety development targeted at key high value markets.
  - The importation of new rootstocks.
  - New orchard management systems (FOPS) for apricots.
- 3 Peaches, nectarines and plums
    - New export opportunities based on intensified planting systems that will increase yield per hectare and grower returns, making export a viable option for these crops.
    - Improved growing systems that will improve quality and taste.
    - Greater volumes that will create potential for additional processing options.
  - 4 In addition, there are plans for:
    - Improved freight systems.
    - Increased market access.



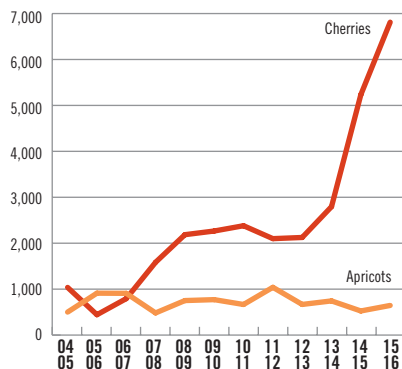
The business plan makes it clear that if we don't do something soon we will watch our apricot industry being replaced by higher value crops such as a pipfruit. According to NZIER if summerfruit industry sales revenue continue to grow at the same average rate as it has since 2000, i.e. approximately 2.6% per annum, by 2035 the value of the industry would have increased by no more than \$50 million. And that is in today's values. Furthermore that 'growth' would be solely in cherries.

All markets: business as usual projection (millions)

	2015	2035
Apricots	12.2	16.8
Cherries	66.3	107.2
Nectarines	12.7	14.0
Peaches	12.6	13.9
Plums	8.4	9.3
<b>TOTAL</b>	<b>112.2</b>	<b>161.2</b>

Source: Summerfruit NZ and NZIER

FOB values (\$000): cherries & apricots



We believe the greatest growth opportunity lies in reinvigorating our apricot industry. So much of the groundwork has been done. Now we need to pull all those strands together.

We are not pretending this will be easy. And we need the industry to recognise the potential. After conducting the strategic plan and having developed our business plan we believe that we have a clear case to submit a Primary Growth Partnership (PGP) proposal to help fund this development. These funds would be invested alongside industry investment. It's a big plan but one we believe is achievable, especially when you start bringing all the strands together.

Market access is a key factor in this growth strategy for all summerfruit. We have been very successful in improving market access conditions for cherries. It's now time to shift that focus to apricots. We need to build a pathway to shift away from

our reliance on Australia as our current main market for apricots. While Australia will remain a key market, we need to:

- Develop new high value markets Asian markets.
- Maintain continued favourable, or improved, access to our existing markets.
- Build on the relationships we have already developed in China which is an important market for cherries, to create better market access for other *Prunus* species (such as plums).

### IT Strategy

In conjunction with our strategic plan we are also conducting a strategic review of our information technology (IT) systems. This is brought on somewhat by the systems we have starting to fail. Anyone registering for export last year will have noticed a lot more glitches in the registration process. I can't say that I've ever liked the system we have, it never really delivered to our expectations and its functionality has reduced drastically in the last couple of years. Initially our review was focused on simply replacing what we have, however, Business Cycles, the company we contracted to guide us through the process, have stretched our thinking and made us look at IT in a very different way. Replacement of the systems is now a given, so we are also looking at clever ways to underpin our future growth and enable us to deliver more to you in a cost-effective way. Also important for me is the ability to maximise the output from our small team. It's both exciting and daunting as any major IT upgrade can be very disruptive, however we look forward to being able to work with more efficient, forward thinking IT systems.

### Our Team

Our core team in the office consists of myself, Victoria Harris (Communications) and Anna Clark (Administration). We are supported by contracts with Trisha Aitken (NZ Market), Chris Hale (R&D) and Stephen Ogden (Market access). It's a small team that often burns the candle at both ends to get everything done.

As demands have increased our resources have been drawn very thin this year. Biosecurity in particular has stalled as we try to find the space to progress a mandate for GIA (Government Industry Agreement for Biosecurity). My sense is that there is support for a mandate, we just have to go through the formal process



before the Ministry for Primary Industries (MPI) will accept an application. We have come to the conclusion that it may be time to employ more staff and we are looking into options to move to do that.

The New Zealand market project, which has been funded by AGMARDT (\$93,725) is drawing to an end. After three years the number of outputs are significant. The latest Nielsen report makes it clear just how much impact this programme has had. Wristbands, maturity guides, posters for retail handlers, research into DA meters and a review of the storage and handling regimes are all outcomes of this project. Trisha Aitken has been out and about constantly for the last three years working with growers, packhouses, wholesalers and retailers on the key activities that will bring change to the NZ Market. The latest Nielsen survey, to be distributed at the conference, will show just how much change has occurred.



Anna Clark



Victoria Harris



Chris Hale



Trisha Aitken



Stephen Ogden

Victoria Harris, in charge of communications, has used *Prunings* as a significant tool in communicating with the wider industry. She is always on the lookout for content so please do let her know if you have information or an article or an upcoming meeting that you think is worth sharing. The *Summerfruit* magazine is now in its second year after a major upgrade. The positive feedback we have

received indicates that the magazine is a valuable link between Summerfruit NZ and growers. Though it's fair to say that the existing website is rather clunky and not as user friendly as we would like, Victoria has continued to squeeze whatever she can from this grumpy system. We are looking forward to far more flexible website technology.

Anna Clark, who manages the accounts, database, levy collection and export registration, would agree that the IT system is due for replacement. She daily coaxes information out of the system and spent many hours helping growers, packhouses and exporters through export registration last year.

Chris Hale was rightly honoured last year for his services to horticulture, summerfruit in particular. He continues to disregard his retirement and keeps delivering quality services to Summerfruit NZ.

Stephen Ogden provides solid reliable advice. He's always on the lookout for an easier, more manageable or more clever solution to the problems that we face with market access. If China decides to accept *Prunus Armeniaca* into their ICPR based on an existing listing for *Prunus mume*, this will be Stephen's doing.

Thank you to Gary Bennetts who has served as Chairman for the last eight years. He is the third chairman after Martin Clements and Basil Goodman. Gary brought a broad network and easy manner to his role. I'm sure that his health will benefit hugely from stepping down, making way for Tim Jones to take on the role. I look forward to working with Tim as we enter into a period in which we will be developing and implementing some big plans.

I'd also like to acknowledge the Board who have been very supportive, as have a number of industry partners. My thanks to you all.

MARIE DAWKINS | Chief Executive





# THE YEAR IN REVIEW

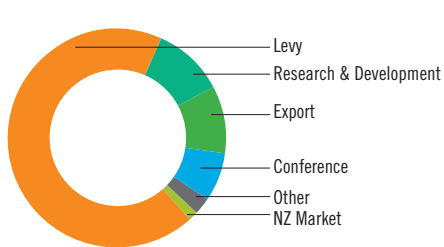
## Research and Development Report 2015

We are launching our first *Research and Development* report at the conference. While we report about all research in the *Summerfruit* magazine, we felt it was time to bring the reports together by project into one place. The report covers all the projects conducted in 2015 plus a few conducted a little earlier. This is to create a base point for future reports which will be produced annually.

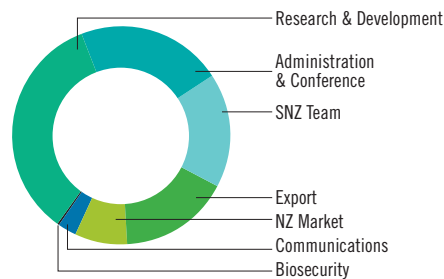
The intention is to make the report readable and easily understood. It shows the range of research that is being conducted, who we are working with, external funding, which fruit type research is being conducted on and which other fruit types will benefit from the research.

You will be able to track projects through from their start to their finish and see all the outcomes along the way. I hope that you will find this report valuable.

Summerfruit NZ income 2015



Summerfruit NZ expenditure 2015



## SummerGreen online

SummerGreen was first developed back in the early 2000s and the SummerGreen manual was launched three years later. It has had two upgrades since then. It was first made available as a hard copy manual, and then new technology enabled us to make it available as a pdf on our website. Technology has moved on again, and last year we made the manual available as interactive Techboxes accessible from the front page of our website. In all honesty it is the most reliable part of the website! The manual was upgraded to add the outcomes from the SummerGreen Futures programme. In addition, information on irrigation, frost control and soils is provided. We wonder if growers are aware of just what information is available.

If you haven't taken a look then I suggest that you do so. The information is presented in a really easily accessed format. You can't fail to find something new and of value.

SummerGreen now easily accessible on the website

### Survey – that data

If you are a grower you will have received this year’s industry survey in your letterbox. This is the third survey that we have conducted. The first was conducted with much trepidation as we worried that growers would not part with this sort of information. We are relieved to report that the industry is mature enough to recognise the value of sharing this information, no longer seeing this as a vague commercial threat.

For those of you who do need encouragement to participate in the survey I’m repeating a quote I found recently: *“More information is always better than less. When people know the reason things are happening, even if it’s bad news, they can adjust their expectations and react accordingly. Keeping people in the dark only serves to stir negative emotions.”* And to paraphrase other management gurus: *“The quality of the information you get out is only as good as the information you put in.”* So if you want quality information that will enable you to adjust your expectations about the industry, then please take the time to fill out the survey with your latest details.

We are conducting the survey to:

- Gain a complete understanding of the industry now and into the near future.
- Understand the actual size and nature of the industry.
- Learn the range of other crops grown and the importance of those crops alongside our industry.
- Understand the current production spread.
- Gain a clearer view of production trends for the future.
- Gain an insight as to whether our industry is growing or declining.
- Update your contact details so that we can communicate with you better.

The information will:

- Enable industry to establish production benchmarks.
- Allow you to determine predicted production peaks and troughs in future years. This in turn will assist you with planning for future plantings.

Provided alongside the survey forms was a summary of the data that was collected in 2014. This information aggregates the total results from 2014 into a format that is very similar to this year’s survey form:

**“More information is always better than less. When people know the reason things are happening, even if it’s bad news, they can adjust their expectations and react accordingly. Keeping people in the dark only serves to stir negative emotions.”**



Summerfruit Season 2015–16 (kgs)

	Apricots	Cherries	Nectarines	Peaches	Plums
<b>North Island</b>	930,280	177,996	2,743,011	2,632,556	2,435,867
<b>South Island</b>	1,232,660	1,697,437	1,340,378	741,731	457,963
<b>Total NZ Market</b>	2,162,940	1,875,433	4,083,389	3,374,287	2,893,830
<b>Export</b>	1,052,955	3,408,482	11,807	76,041	60,484
<b>Combined</b>	<b>3,215,895</b>	<b>5,283,915</b>	<b>4,095,196</b>	<b>3,450,328</b>	<b>2,954,314</b>

2014 Industry Survey: Top five varieties for each summerfruit – % of production

	Apricots	%	Cherries	%	Nectarines	%	Peaches	%	Plums	%
1	Sundrop	35	Sweetheart	24	Spring Bright	11	Golden Queen	38	Fortune	18
2	Clutha Gold	32	Lapins	24	Mayglo	8	Tatura Star	16	Royal Star	16
3	Royal Rosa	10	Staccato	19	Queen Giant	8	Flatto	7	Primetime	13
4	Valley gold	5	Stella	12	Orion	7	Tatura Belle	5	Black Doris	13
5	Clutha Star	4	Sonnet	7	Bright Pearl	7	Tatura	4	Amber Jewel	5
	All others	14	All others	14	All others	60	All others	30	All others	35

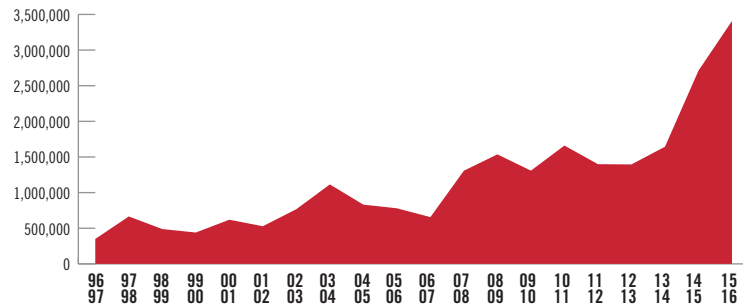
**“The quality of the information you get out is only as good as the information you put in.”**



### Export

Well it was all about cherries and China this last season. The volumes of cherries and of summerfruit in general going to China were both remarkable. Cherries have finally hit the growth phase that we have been waiting for. When he was Chairman eight years ago, Basil Goodman often spoke of hitting the 2,000 tonne mark. Many didn't really take that target very seriously, it was after all a really big volume at the time. Apart from one heady year in 2006–07, cherry exports persistently stayed below 1,000kgs. Between 2006–07 and 2007–08 export volumes doubled. And then stayed put at between 1300 and 1600 tonne for seven years. At the time it felt like a pie in the sky vision to talk about 2,000 tonne. There has been another doubling of volume between the 2013–14 and 2015–16 seasons. Given the shift towards intensive systems and new plantings, we expect this export volume to rise to 5,000 tonne in the not too distant future.

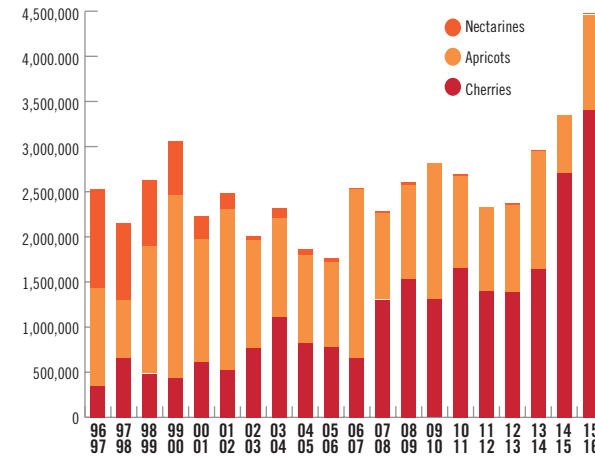
Cherry export growth (kgs) 1996–2016



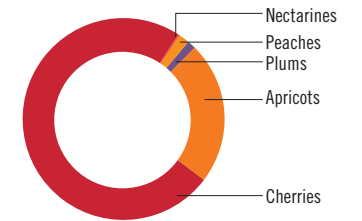
What can I say about China that hasn't already been discussed repeatedly? The indication that it will soon overtake Taiwan as our major cherry export market is clear. What are the implications for our long term partners in Taiwan?

Also good news was the fact that plum exports doubled this year, with China appearing as a new market. Prices I'm told, were good. It made it worth our while to seek to have the scientific name for *Prunus domestica* added to the China ICPR along with *Prunus salicina* (e.g. greengages). That was a small win for us this year in export market access which seems to be becoming harder. There is a sense that MPI are taking a Mr-nice-guy approach which unfortunately doesn't always get the results we need. We need MPI to put their big boots on and start challenging some of the decisions that are impacting on our export systems.

Export volumes (kgs) 1996–2016



Export volumes 2015-16 (kgs)



Summerfruit export values \$000

	Apricots	Cherries	Nectarines	Peaches	Plums	TOTAL
04/05	\$5,132	\$10,487	\$138	\$17	\$98	\$15,872
05/06	\$8,991	\$4,568	\$19	\$323	\$195	\$14,096
06/07	\$8,959	\$8,061	\$101	\$33	\$173	\$17,327
07/08	\$4,961	\$15,939	\$270	\$70	\$219	\$21,459
08/09	\$7,484	\$21,921	\$247	\$59	\$364	\$30,075
09/10	\$7,672	\$22,717	\$112	\$352	\$270	\$31,123
10/11	\$6,682	\$23,862	\$182	\$427	\$366	\$31,519
11/12	\$10,188	\$21,062	\$72	\$429	\$218	\$31,969
12/13	\$6,694	\$21,315	\$102	\$340	\$323	\$28,774
13/14	\$7,414	\$27,990	\$26	\$490	\$274	\$36,194
14/15	\$5,362	\$52,267	\$57	\$463	\$169	\$58,318
15/16	\$6,487	\$67,982				

Cherries have finally hit the growth phase that we have been waiting for.



**OPI**

Offshore Preshipment Inspection (OPI) has continued to give us grief. It seems that no matter what we do to modify OPI, the Australian Department for Agriculture and Water Resources (DAWR) is one step ahead of us in finding more problems. Having an inexperienced inspector this year did not help.



In addition to the problems with the OPI programme last season, we are aware that DAWR is seeking to reduce the number of inspectors available for the OPI programme. DAWR has advised MPI that the OPI programme is not sustainable and that they are intending for there to be an “incremental wind-down” of the programme while “looking at options to keep trade flowing”. This may include a reduction in the level of on-arrival inspections for low-risk crops. DAWR considers that the OPI programme is inefficient and inspectors could be more effectively used undertaking on-arrival inspections. Summerfruit NZ has initiated a joint response from all product groups that use OPI. We have asked the

Plants Market Access Council (PMAC) to lead and fund a project to resolve this issue. The project is likely to have two stages: managing the short term impact of reduced inspector numbers, and also finding a medium term (3-year) solution if the OPI programme is phased out.

On the same topic, it was good to see ethyl formate + CO<sub>2</sub> (i.e. Vapormate) commercially implemented for the first time this season. Vapormate is a non-toxic method for the postharvest disinfestation of thrips for export apricots.

After four years of research by

Summerfruit NZ the first packhouse took the lead and set up a temporary system this season. This has been so successful that they are planning to invest in a purpose-built treatment facility. We look forward to other packhouses picking up this key tool, especially as the OPI programme becomes more problematical.

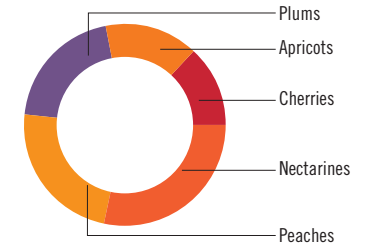


**NZ Market**

As ever it's been all go this season in the New Zealand market with lots happening behind the scenes.

	Volume (kgs)	North Island %	South Island %
<b>Apricots</b>	2,162,940	43.0	57.0
<b>Cherries</b>	1,875,433	9.5	90.5
<b>Nectarines</b>	4,083,389	67.2	32.8
<b>Peaches</b>	3,374,287	78.0	22.0
<b>Plums</b>	2,893,830	84.2	15.8

**NZ Market volumes 2015–16**



**Maturity Guides**

Our 13 summerfruit maturity guides are up for their final review this season. By confirming we've produced something of real value to growers we will be able to better understand the best way forward. Early indications suggest they are a useful tool both in the packhouse and on the orchard for pickers, especially at the start of harvest. Trisha reports that having something tangible to talk to when instructing a gang of pickers on the first days of harvest has helped many supervisors. Feedback has shown that some of the guides will work for other similar looking varieties e.g. the guide for 'Pearl' nectarine will work for other white-fleshed nectarine varieties.



**Wristbands**

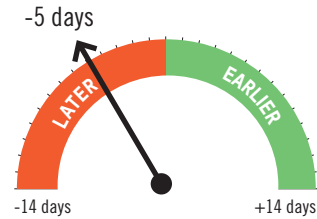
With great support from all marketers, the distribution to growers of wristbands and maturity guides has meant widespread coverage this season. The wristbands for apricots have worked well when worn by pickers in Hawkes Bay and Central Otago. Feedback has been mixed and this is what we expected. Different growers use different coloured bands based on the age of trees, soil types and sunshine. Feedback is that the wristbands are most effective for first and second picks when colour is more important because there is less mature fruit on the trees. Our challenge now is to get the gatekeepers to step into a picker's shoes and see it from their perspective, as then they may better understand the value of these tools. We are developing these products after growers told us in 2011 that they wanted more harvest decision tools on orchards. Often a picker is inexperienced and only around for one season, so this is when the wristband can be most helpful.



This summer Trisha matched a few more wristband colours to add to the current line-up of A1 to A3. The 'Royal Rosa' apricot growers in Hawkes Bay wanted a paler orange/yellow band and we managed to get two colours produced in time to check against the fruit. The new A6 colour is looking like a good match for 'Royal Rosa' and the A5 colour may be a good match for white-fleshed nectarines or peaches. We are working on developing further wristbands which will result in a more developed range of colours for growers to choose from.

**Consumer research**

This season we are undertaking consumer research on shopper purchase behaviour across all summerfruit outlets – supermarkets, local fruit stores, Asian supermarkets and farmers markets. We want to know if we have improved on repeat purchasing compared to the 2011 study when half a million summerfruit buyers were unsatisfied with the unripe fruit they purchased. We know it's not all about colour, as fruit hardness was a number one factor that consumers associated with when identifying unripe fruit. The results of this research will be shared at conference and in future magazines.



**Seasonal Comparison Gauge**

**Fuel gauge**

HortPlus is working hard on developing a tool which will help to predict where the season is tracking compared to the previous year. This will be a quick reference fuel gauge type icon on our website, and it will only take seconds to show how fruit maturity is tracking. Are we ahead or behind last year for early, mid and late season varieties?

We hope this new tool will be helpful for retailers planning promotions and growers planning their orchard management.

**Temperature testing**

As we continue to focus on improving fruit quality, flavour and taste for consumers we want to put together simple posters showing the best temperature and storage practices for summerfruit. Two years of temperature research into the cool chain has shown us that current practices vary from the packhouse to the point of sale, where it all matters. To raise awareness, an informal fruit tasting was set up so that folk could come and see how four different temperature treatments affected the taste and quality of fruit after storage. Results should be available at conference.

**Thanks**

Once again I would like to thank all those organisations that have supported Summerfruit NZ this year. Plant & Food Research, funding agencies (AGMARDT, Sustainable Farming Fund, NZ Fruitgrowers' Charitable Trust), other industry sectors, exporters and marketers. Your support and contribution make a big difference to this vibrant summerfruit industry.





## INDEPENDENT AUDITOR'S REPORT

### To the Members of Summerfruit New Zealand Incorporated

We have audited the financial statements of Summerfruit New Zealand Incorporated on pages 21 to 29, which comprise the balance sheet as at 31 August 2015, the statement of profit and loss and statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Board's responsibility for the financial statements

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

#### 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.

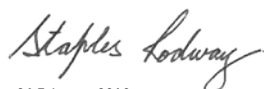
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Incorporated.

#### Opinion

In our opinion, the financial statements on pages 21 to 29 present fairly, in all material respects, the financial position of Summerfruit New Zealand Incorporated as at 31 August 2015 and its financial performance for the year then ended in accordance with generally accepted accounting practice.



24 February 2016  
**Staples Rodway Wellington**  
Chartered Accountants  
Wellington

## Profit and loss

For the year ended 31 August 2015

	2015	2014
<b>Income</b>		
<b>Administration &amp; finance</b>		
Commodity levy	1,079,462	956,368
Conference/AGM	116,966	93,431
<b>Total administration &amp; finance</b>	<b>1,196,429</b>	<b>1,049,799</b>
<b>Export &amp; compliance</b>		
EU registrations	0	7,264
Exemptions	1,991	0
Japan programme	16,766	24,702
Korean programme	8,783	6,920
OPI - Australia	52,956	58,062
Registration - exporters	41,195	38,325
Registration - growers	16,021	16,001
Registration - packers	6,200	5,280
Tape	4,109	-3,301
WA registrations	7,083	5,800
<b>Total export &amp; compliance</b>	<b>155,102</b>	<b>159,053</b>
<b>Other income</b>		
AGMARDT harvest decision tools	8,458	39,169
Magazine advertising	7,601	6,510
NZ Market resources	125	3,027
Publications	91	761
Wallchart advertising	2,425	1,750
<b>Total other income</b>	<b>18,700</b>	<b>51,216</b>
<b>R&amp;D income/grants</b>		
Bee +	15,000	20,000
SG futures	90,000	88,079
R & D income	61,063	42,514
<b>Total R&amp;D income/grants</b>	<b>166,063</b>	<b>150,593</b>
<b>Sundry income</b>		
Interest received	39,870	31,603
<b>Total sundry income</b>	<b>39,870</b>	<b>31,603</b>
<b>Total income</b>	<b>\$1,576,164</b>	<b>\$1,442,264</b>
<b>Gross profit</b>	<b>\$1,576,164</b>	<b>\$1,442,264</b>

## Profit and loss (cont)

For the year ended 31 August 2015

	2015	2014
<b>Less operating expenses</b>		
<b>Administration &amp; finance</b>		
Accommodation	5,287	4,731
Accounting	16,638	10,173
Admin portfolio budget	575	261
Annual report	2,600	0
Bank charges	644	765
Board expenses	4,392	4,238
Chairmans honorarium	15,000	7,500
Commodity levy expenses audit & renewal	1,920	9,968
Computer and internet	0	245
Conference/AGM	109,469	120,634
Depreciation	13,444	27,732
Insurance	4,543	1,741
Meeting fees	40,732	28,515
Office expenses	3,833	4,471
Other conferences	2,352	733
Phone/IT	2,423	4,254
Postage & courier	1,984	2,320
Printing/stationery/doc store	3,377	3,767
Relationships & sponsorship	10,000	10,000
Rent	12,959	13,958
Small asset write off	1,675	5,430
Summerfruit NZ audit costs	8,791	8,675
Sundry	4,974	4,436
Travel	22,072	15,313
Strategic planning	5,708	22,797
Subscriptions	483	0
Bad debts	41	0
Legal	2,363	0
<b>Total administration &amp; finance</b>	<b>298,278</b>	<b>312,659</b>
<b>Biosecurity</b>		
Biosecurity	1,528	1,755
<b>Total biosecurity</b>	<b>1,528</b>	<b>1,755</b>
<b>Communication &amp; education</b>		
5+ A day	5,000	5,000
Hort NZ leadership course	0	1,297
Summerfruit magazine	22,668	18,879
Website & database expenses	9,589	7,841
<b>Total communication &amp; education</b>	<b>37,257</b>	<b>33,017</b>

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

## Profit and loss (cont)

For the year ended 31 August 2015

	2015	2014
<b>Export &amp; compliance</b>		
Export programme coordinator	14,645	15,860
Export registration expenses	4,490	7,214
Export team budget	11,114	11,390
H.E.A.	38,436	37,821
Market access - Korea	63	3,673
Market access - general	1,854	4,019
Market access - Japan	732	406
Market access - WA	125	156
Market access manager	71,920	77,580
OPI Australia	52,993	68,270
Spray programme	15,909	15,645
Tape (Japan/Korea)	2,330	4,896
Korea programme	0	10,333
Japan inspector	9,866	14,238
<b>Total export &amp; compliance</b>	<b>224,477</b>	<b>271,501</b>
<b>NZ Market</b>		
NZ Market co-ordinator	27,635	30,626
NZM resources	2,450	3,357
Data collection Monica Will	3,738	3,390
NZM portfolio expenses	3,901	5,688
Industry survey	0	16,118
Strategy	0	104
NZM newsletter	18,143	25,200
Harvest Assurance Tools	51,957	47,590
<b>Total NZ Market</b>	<b>107,824</b>	<b>132,073</b>
<b>Research &amp; Development</b>		
Agrichemicals - Market Access	38,903	0
Apricot Co	0	5,752
Future Orchard Systems	85,000	63,750
New variety evaluation/breeding programme	50,082	51,371
PGP	0	1,474
Research manager	43,902	43,169
Research portfolio budget	11,978	26,039
Scholarship	5,000	5,000
Scientific research	71,074	74,650
SummerGreen facilitators	8,018	10,367
SummerGreen Futures	133,650	134,439
Research semiochemicals	0	15,065
Bee plus	15,000	0
Tech transfer	7,190	0
<b>Total research &amp; development</b>	<b>469,797</b>	<b>431,075</b>

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

## Profit and loss (cont)

For the year ended 31 August 2015

	2015	2014
<b>Staff</b>		
ACC	993	732
Professional development/ training	4,792	0
Salaries & payroll	226,126	213,436
Staff expenses	2,128	1,509
<b>Total staff</b>	<b>234,039</b>	<b>215,677</b>
<b>Total less operating expenses</b>	<b>\$1,373,200</b>	<b>\$1,397,757</b>
<b>Net profit (loss) before taxation</b>	<b>\$202,964</b>	<b>\$44,507</b>
<b>Non-operating expenses</b>		
Provision for tax	10,800	8,569
<b>Total non-operating expenses</b>	<b>10,800</b>	<b>8,569</b>
<b>Net profit (loss) for the year</b>	<b>\$192,164</b>	<b>\$35,938</b>

## Movements in equity

For the year ended 31 August 2015

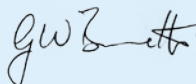
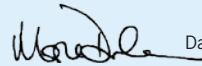
	2015	2014
<b>Equity</b>		
<b>Opening balance</b>	<b>855,689</b>	<b>819,751</b>
<b>Surplus and revaluations</b>		
Net surplus after tax	192,164	35,938
<b>Total surplus and revaluations</b>	<b>192,164</b>	<b>35,938</b>
<b>Other movements</b>		
Industry reserve fund	109,869	31,603
Operational reserves	-109,869	-31,603
<b>Total other movements</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>	<b>\$1,047,853</b>	<b>\$855,689</b>

## Balance sheet

As at 31 August 2015

	Notes	2015	2014
<b>Assets</b>			
<b>Bank</b>			
ANZ - current acc		25,814	98,279
ANZ - on-call acc		491	1,192
ANZ - conference acc		17,612	7,891
<b>Total bank</b>		<b>43,918</b>	<b>107,363</b>
<b>Current assets</b>			
Accounts receivable		11,689	105,840
Investments	17	952,914	619,226
Accrued income		73,590	115,042
Accrued interest		16,082	9,797
GST		53,324	33,724
Prepayments		4,875	5,328
<b>Total current assets</b>		<b>1,112,474</b>	<b>888,957</b>
<b>Fixed assets</b>			
Fixed assets as per schedule		19,053	34,172
<b>Total fixed assets</b>		<b>19,053</b>	<b>34,172</b>
<b>Total assets</b>		<b>1,175,444</b>	<b>1,030,491</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable		74,814	115,605
Accrued expenses		51,380	59,260
Taxation	19	1,398	-63
<b>Total current liabilities</b>		<b>127,591</b>	<b>174,802</b>
<b>Total liabilities</b>		<b>127,591</b>	<b>174,802</b>
<b>Net assets</b>		<b>\$1,047,853</b>	<b>\$855,689</b>
<b>Equity</b>			
Industry reserve fund		546,840	436,971
Operational reserves		501,013	418,718
<b>Total equity</b>		<b>\$1,047,853</b>	<b>\$855,689</b>

Signed by

Chairman:  Chief Executive:  Date: 24 February 2016



## Schedule of movements in members' funds

For the year ended 31 August 2015

	2015	2014
<b>Members' funds</b>		
<b>Operational reserves</b>		
Opening balance	382,780	342,372
Net interest income transferred to industry reserves	-39,870	-31,603
Transfer from/(to) operational reserves	-70,000	0
Transfer from/(to) member activities	35,938	72,011
<b>Total operational reserves</b>	<b>308,848</b>	<b>382,780</b>
<b>Industry reserves</b>		
Opening balance	436,971	405,368
Net interest income transferred from operational reserves	39,870	31,603
Transfer from/(to) operational reserves	70,000	0
Transfer from/(to) general fund	0	0
<b>Total industry reserves</b>	<b>546,841</b>	<b>436,971</b>
Total recognised revenue & expenses for the year	192,164	35,938
<b>Total members' funds</b>	<b>\$1,047,853</b>	<b>\$855,689</b>

Under the Commodity Levy Act, Summerfruit NZ can accumulate interest derived from levy income. Summerfruit NZ has chosen to accumulate all interest income and capital expenditure repayments in the Industry Reserves.

Industry Reserves are made up of Historical Funds, plus interest transfers.

Operational Reserves represent unspent income, less approved expenditure, including unspent levy from prior years.

## Notes to the Financial Statements

For the year ended 31 August 2015

### 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 basis have been used.

### 2. Changes in accounting policies

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

### 3. 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.

## Notes to the Financial Statements (cont)

For the year ended 31 August 2015

### 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 (2014: \$0). Summerfruit New Zealand Incorporated has not granted any securities in respect of liabilities payable by any other party whatsoever.

### 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 \$17,500.

## Notes to the Financial Statements (cont)

For the year ended 31 August 2015

### 13. Operating commitments

	2015	2014
<b>Research &amp; development projects</b>		
Current commitments	303,195	391,500
Term commitments	600,250	416,250
<b>Total research &amp; development projects</b>	<b>\$903,445</b>	<b>\$807,750</b>

### 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

As at balance date, there were no capital expenditure commitments outstanding (2014: nil).

### 16. Related parties

Summerfruit NZ reimburses Marie Dawkins Management for Recall Document Storage and for cell phone rental costs. Marie Dawkins Management is a company associated with the CEO Marie Dawkins. During the year the costs reimbursed totalled \$1,999.

### 17. Investments

	2015	2014
ANZ Term Deposit maturing on 21 March 2016	65,826	63,928
ANZ Term Deposit 1037 maturing on 2 February 2016	55,450	53,513
ANZ Term Deposit 1038 maturing on 30 November 2015	54,543	52,785
ANZ Term Deposit 1042 maturing on 7 December 2015	27,096	26,193
ANZ Term Deposit 1046 matured on 15 September 2014	0	102,807
ANZ Term Deposit 1052 matured on 17 December 2014	0	80,000
ANZ Term Deposit 1054 matured on 17 November 2014	0	80,000
ANZ Term Deposit 1055 matured on 16 January 2015	0	100,000
ANZ Term Deposit 1056 matured on 29 July 2015	0	60,000
ANZ Term Deposit 1060 maturing on 16 October 2015	80,000	0
ANZ Term Deposit 1061 maturing on 16 September 2015	80,000	0
ANZ Term Deposit 1062 maturing on 17 November 2015	80,000	0
ANZ Term Deposit 1064 maturing on 16 December 2015	60,000	0
ANZ Term Deposit 1066 maturing on 16 September 2015	60,000	0
ANZ Term Deposit 1067 maturing on 14 December 2015	80,000	0
ANZ Term Deposit 1068 maturing on 18 January 2016	80,000	0
ANZ Term Deposit 1069 maturing on 15 October 2015	75,000	0
ANZ Term Deposit 1070 maturing on 16 November 2015	75,000	0
ANZ Term Deposit 1071 maturing on 26 May 2016	80,000	0
<b>Total investments</b>	<b>\$952,914</b>	<b>\$619,226</b>

## Notes to the Financial Statements (cont)

For the year ended 31 August 2015

### 18. Fixed and intangible assets

	2015	2014
<b>Fixed assets</b>		
<b>Computer equipment</b>		
At cost	9,975	10,240
Less disposals	-412	-99
Less accumulated depreciation	-8,055	-6,850
<b>Total computer equipment</b>	<b>1,508</b>	<b>3,291</b>
<b>Office equipment</b>		
At cost	10,230	17,085
Less disposals	-1,263	-5,330
Less accumulated depreciation	-3,659	-4,407
<b>Total office equipment</b>	<b>5,308</b>	<b>7,348</b>
<b>Total fixed assets</b>	<b>6,816</b>	<b>10,639</b>
<b>Intangible assets</b>		
At cost	93,374	114,467
Less accumulated depreciation	-811,36	-90,933
<b>Total intangible assets</b>	<b>12,238</b>	<b>23,534</b>
<b>Total fixed and intangible assets</b>	<b>\$19,054</b>	<b>\$34,173</b>

### 19. Taxation

	2015	2014
<b>Current year taxable income</b>		
Assessable interest income for the year	39,570	31,603
Less exemption	-1,000	-1,000
<b>Total current year taxable income</b>	<b>\$38,570</b>	<b>\$30,603</b>
<b>Current year tax provision</b>		
Taxation provision applied thereon at 28%	10,800	8,569
Taxation over-provided for prior years	0	0
<b>Total current year tax provision</b>	<b>\$10,800</b>	<b>\$8,569</b>
RWT paid	-9,403	-8,632
Total	1,396	63
Income tax paid/(refunded)	0	0
Prior years tax balance brought forward	0	0
Income tax payable/(refund) per balance sheet	1,396	63



PO Box 2175  
Wellington 6140  
ph: 04 494 9975  
[www.summerfruitnz.co.nz](http://www.summerfruitnz.co.nz)

**GARY BENNETTS** | Chairman  
ph: 03 446 8031  
mob: 027 220 6081  
[teviot@xtra.co.nz](mailto:teviot@xtra.co.nz)

**MARIE DAWKINS** | Chief Executive  
ph: 04 494 9975  
mob: 021 460 200  
[marie@summerfruitnz.co.nz](mailto:marie@summerfruitnz.co.nz)