



**Summerfruit NZ**  
For the year ended 31 August 2018

# *Annual Report*



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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.*



## CHAIRMAN'S ANNUAL REPORT

### A lot to think about

**The last year, the 25th since inception, has probably been the busiest yet for Summerfruit NZ with the work required to be undertaken by the industry group ever widening.**

Biosecurity is a relatively new area for Summerfruit NZ, but our direct involvement is increasing as GIA matures and also with the increasing regularity of pest incursions, as evidenced by this summer's three fruit fly finds, one of which is ongoing as I write this report. It is an area we can't ignore or hand our responsibilities over to others – representing you, our growers, and your interests, is vital to ensure our industry's interests are understood and supported by other sectors and government.

This year has also been challenging for many growers. Our climate always influences the end result and this year the tough spring in Central Otago saw much smaller than hoped for cherry and apricot crops. The wet early summer in Hawkes Bay saw higher than normal levels of decay in summerfruit crops. We fully appreciate how these variables affect your season and the ultimate financial result as this flows through to the industry organisation, funded by the commodity levy that growers all pay. The levy we receive is still coming in for the 2018-19 season, but it is obvious now that it won't reach anywhere close to the budgeted levels. The reserves collected over recent years does, however, offset this and means Summerfruit NZ can continue with planned workstreams.

The reserves are also important this year with the previously mentioned fruit fly incursions requiring industry cost sharing. It is hoped that our share will not exceed \$150,000 as this could trigger the implementation of the Biosecurity Levy; not something the Board wishes to ever have to impose upon growers.



**TIM JONES**  
Chairman

Your Board has worked hard to develop the industry strategy programme known as *Sensational Summerfruit* more recently, and I hope our members have had sufficient time to fully understand the thinking behind it and just what embracing this opportunity could bring to the whole industry and each individual business. The plan has been many years in the development process and now we have the opportunity to refine it, so that it can provide the best outcomes for all of the business models that make up the summerfruit sector.

Funding has been approved and all that waits to be done is for our grower members to make their decision on rolling the project out. I for one genuinely hope our members take the time to consider the benefits that will come for the whole industry as they come to vote. Times have changed, as evidenced by the lengths our competitors are now going to maintain and grow their place in the markets. For too long now we have relied upon 'Brand NZ', our clean green image, and the words 'Product of New Zealand' written on the end of the box. This won't cut the mustard in the future.

I think it is fair to say that the thinking that has got our industry to where we are now, will not be the thinking we move forward with in the future. I was at a conference recently where one of the speakers made the following comment 'there are two types of businesses – those who embrace change and those who will continue to do what they have always done'. I'm certain that change is heading our way and this change will have an impact upon existing successful models. *Sensational Summerfruit* could underpin the changes we need to make to continue the success we currently enjoy, but it does require a change in thinking, new areas of work for Summerfruit NZ and more collaboration and information sharing. This is challenging many in the industry at present. Taking the opportunity to have a good think about where we are heading, and the best way to get there, has resulted in some healthy debate ... and there is nothing wrong with that!



**TIM JONES** | Chairman



18  
19

## SUMMERFRUIT NZ BOARD



**Tim Jones**  
Chairman  
Grower representative



**Roger Brownlie**  
Vice chairman  
Grower representative



**Earnscy Weaver**  
Associate representative



**Dean Astill**  
Exporter representative



**Tjeerd Smilde**  
Exporter representative



**Simon Tallon**  
Co-opted marketer



**Gary Bennetts**  
Grower representative



**Stewart Burns**  
Grower representative



**Tracey Burns**  
Exporter representative



**Blair McLean**  
Board observer



MESSAGE FROM THE CHIEF EXECUTIVE

## Future directions



**MARIE DAWKINS**  
Chief executive

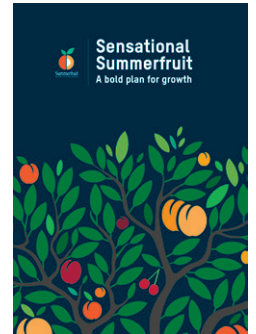
Much of the last year has been spent on developing *Sensational Summerfruit*. A core team has put in quite a few hours and a lot of travel. The people at Hertz and some motels know me by name now. Tim Jones, Earnsley Weaver, Jane Lancaster, Roger Brownlie, Dean Astill and Chris Hale have put significant effort into developing the project, presenting it to the Primary Growth Partnership (PGP) Investment Advisory Panel, and continuing the consultation process with stakeholders. It's been a demanding and at times bumpy process. It continues to be one that we believe in.

*Sensational Summerfruit* is a strategic programme that forms the basis of our application for a PGP with the Ministry for Primary Industries. Our application outlines an investment of \$16.6 million in the industry over seven years. That investment would be made up of \$8 million of industry funding, \$2 million of in-kind activities and \$6.6 million of MPI funding through the PGP grant. In addition, a further \$2.14 million of investment is under discussion for market development.

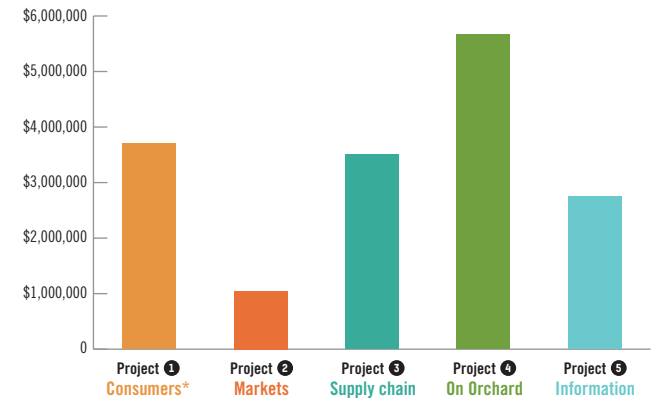


It's a seven year project that spans five major initiatives. You've heard this before, but just to remind you they are:

- 1 The consumer**
  - delivering to the consumer healthy, flavourful fruit with quality, freshness and New Zealand provenance.
- 2 New markets**
  - new markets need to be opened up, including online retail models, based on New Zealand's competitive advantage of quality fruit.
- 3 Velocity through the supply chain**
  - providing fruit to market faster, in fresher condition and in consumer-ready packs.
- 4 High performance orchards**
  - providing greater volumes of quality fruit with efficiency and greater profitability.
- 5 A stronger industry**
  - characterised by innovation, scale and greater profitability.



Investment in *Sensational Summerfruit* by project



\* This project also includes a significant investment in nutraceutical research.

Over the last six months we have been talking with the industry about *Sensational Summerfruit* and their views about the project and its direction. It's fair to say that some feedback has not been supportive. Other feedback has shown a need for more information. So, I'd like to address some of the most common questions that we've received.

### Will the levy increase?

No – there are no plans to increase the levy.

- The *Sensational Summerfruit* budget was developed based on our standard levy income expectations for the next seven years.
- Unspent levies that have accumulated in the last two to three years will be used to underpin the first three years of the programme.

Summerfruit NZ cannot, and would not, seek to increase the levy without grower agreement. The levy can only be increased with a supporting vote from growers at an Annual General Meeting or Special General Meeting.

### Who's going to keep this project on track?

The PGP structure has strong governance processes in place to give confidence and assurance in PGP investment, and ensure programmes have the best possible opportunity for success. The Investment Advisory Panel (IAP) remains in the picture to oversee the progress of the project. Auditing and independent reviews are also a feature of the PGP programmes.

*Sensational Summerfruit* would be managed by a Programme Steering Group (PSG), which would include:

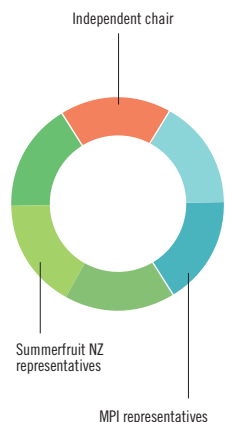
- three Summerfruit NZ representatives (the chairman, chief executive and chairman of SEC)
- two MPI representatives
- an independent chairman who must be vetted and approved by MPI before being appointed.

The steering group must seek approval from the IAP for the annual plan which covers both the activities and budgets for the following year.

An industry forum will be set up to act as the interface between the industry and the steering group. This forum would be used to review outcomes of research or activities, and help set directions for the next steps of *Sensational Summerfruit* projects. There are also likely to be technical working groups where stakeholders with specific areas of expertise will be involved.

No – there are no plans to increase the levy.

**Sensational Summerfruit steering group make up**



### Seven years is a long time. How can we be sure that we'll still want to be investing in these projects for that long?

One of the features of a PGP is the commitment to making projects a success and maximising the investment.

At the recent stakeholders' meetings in Central Otago and Hawkes Bay, Brad Siebert of NZ Avocado, highlighted just how flexible and adaptive a PGP is. Their project has constantly evolved throughout the five years it's been in place. It's changed to respond to research outcomes and the input from the industry. They have dropped an entire objective due to it not proving to be as relevant as initially expected. They have moved into new project areas as a result of their developments. This same flexibility would apply to *Sensational Summerfruit*. Without trying to predict outcomes, I'd not be overly surprised if the sustainability aspect of *Sensational Summerfruit* emerged as a significant area where increased investment could occur. Likewise, it is evident that labour will increase in importance.

### Will Summerfruit NZ stop delivering its core business?

Summerfruit NZ operates under five portfolio areas, Export, NZ market, Research, Communications and Biosecurity. Except for Biosecurity, all these portfolios are evident in the five streams of *Sensational Summerfruit*. We won't stop delivering these portfolios, but in reality much of that work would get absorbed into or align with our existing business.

Additional staff will be employed to manage the new activity areas. These salaries are built into the *Sensational Summerfruit* budget. Our new offices have room for the extra staff.

Biosecurity remains a significant focus for us as you can see from the following Biosecurity Report. It **will not** suffer any lack of investment or resource as a result of *Sensational Summerfruit*.

I don't doubt that the first year of *Sensational Summerfruit* will be challenging as the projects, new systems and new people settle in. But I'm confident that we can manage that.

### Which came first? The project or the money?

We've been asked several times if we pursued the PGP to secure a big grant and then tried to build a project to spend it all. That is just not how funding works. Starting with the funding and working backwards, makes for poorly conceived projects. Furthermore, the 'start-with-the-money' approach is also totally visible to the funding agencies and those projects simply do



One of the features of a PGP is the commitment to making projects a success and maximising the investment.



not get funded. Our applications for funding have always been successful due to the clear strategy behind them. Start with need, confirm that it fits your strategy, develop the project, define how you will pay for the project, seek additional funding if possible. So, the project comes first, the funding comes well after that. *Sensational Summerfruit* is no different.

This PGP project is the culmination of years of activity and investment by Summerfruit NZ. Starting with the strategic planning with NZIER (May 2014), followed up by a Summerfruit NZ strategic planning session (2015), and then the NZIER report (2016); which interviewed a wide range of people within the industry including growers and exporters. The outcome of the NZIER report highlighted a number of weaknesses and opportunities for the industry. That then led to the current PGP application being developed.

So, the PGP application and the value of the project is a well-considered and carefully developed proposal that has emerged through extensive consideration. Concerns for the direction of the industry and the need for investment into it (beyond the levy) has driven us in the direction of a PGP.

**More consultation**

Two industry stakeholder days were held in May in Central Otago and Hawkes Bay to discuss *Sensational Summerfruit*. Our thanks to everyone who came along to those meetings. We received a lot of feedback from the meetings with noticeable differences between the two regions. We continue to work through all feedback that we receive. We also continue to seek input from those who may not agree with the direction of *Sensational Summerfruit* or anyone who wants to contribute. We look forward to engaging with you.

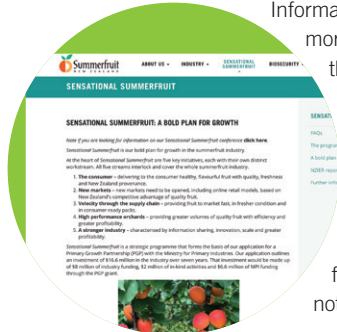
Information on *Sensational Summerfruit* is available on our website with more information being loaded regularly. For instance, do check out the video presentation from the Central Otago stakeholder day.

The Summerfruit NZ Board has committed to conduct a postal vote after the AGM to gauge grower support for *Sensational Summerfruit*. Look out for mail in the coming weeks for the arrival of that postal vote.

Once again, we'd like to remind you that we welcome your feedback or questions about *Sensational Summerfruit*. Please do not hesitate to contact us if there is anything you would like to know.



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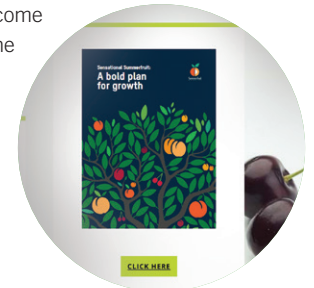
Before moving on I'd like to acknowledge Jane Lancaster of Catalyst Ltd who has guided us through the PGP process. She's kept us looking at the big picture and stopped us from getting bogged down in the small detail. Those of you who have dealt with Jane at any stage during this project will be aware of her ability to clearly determine and articulate just what the issues are. Jane has been pivotal to the development of *Sensational Summerfruit* and its rapid progress through the IAP approval process.

**25 years**

On 6 June we hold the 25th Annual General Meeting of Summerfruit NZ. That means that we are 25 years old! The industry has come a long way in those 25 years and that's worth celebrating. The industry will continue to grow for a further 25 years. The choice now is about the size and direction of that growth. I hope you will see *Sensational Summerfruit* as the vehicle for a strong future and positive growth.

**Is there life outside *Sensational Summerfruit*?**

While *Sensational Summerfruit* has filled much of our time/days/nights/weekends we have continued to work on other activities. Most of our activities are reported in the magazine, in *Prunings*, on the website or at workshops, so I won't review those activities here. I will address a few of the notable ones; Apricot Co, OPI and the changing guard. In addition, biosecurity has required huge investment this year, both in developing the systems to deliver better biosecurity to summerfruit growers, and in dealing with the fruit fly responses in Auckland. The Biosecurity Report follows this report.



### Apricot Co

This year saw progress with the Apricot Co new varieties commercialisation. The Apricot Co Interim Board (ACIB) was appointed. They are charged with establishing a legal entity to manage the commercialisation of new varieties out of the PFR/Summerfruit NZ joint breeding programme.

The Board has been busy with a variety of activities aside from several Board meetings. It took part in a workshop session to hammer out the details of a possible constitution for a cooperative. The ACIB has an observer attending the New Varieties Evaluation Panel meetings. And they organised an informal field walk and tasting session in Hawkes Bay during the Nzsummer harvest.

The ACIB has continued its work on establishing the model. At this point the ACIB has yet to determine a feasible and affordable option, however with the ongoing support of the Summerfruit NZ Board and PFR, work will continue on establishing a sustainable model for the commercial release of new varieties.

In November the Board called for the first ever Expressions of Interest for the supply of budwood for the Nzsummer series of new apricot varieties. Despite the tight timeframes the Board received enthusiastic support from a wide range of growers, including new entrants to the industry.

Working closely with PFR, the ACIB was able to supply enough budwood to produce over 20,000 trees for planting in winter 2020. Already the ACIB have had enquiries from growers wishing to place budwood orders for the Nzsummer series in the coming season, which clearly indicates a bright future for these new apricot varieties.

Unfortunately, due to their other business commitments two members of the ACIB have stepped down. The Summerfruit NZ Board and I want to take this opportunity to thank Nigel Hinton and Bruno Simpson for their work on the ACIB which has been invaluable.

Progress on the establishment of a legal entity to manage this process may seem slow as it needs careful planning and execution. The practical elements of releasing the Nzsummer varieties continue to move forward at pace, generating substantial interest from the wider industry.



### OPI an obituary

2018-19 season saw the final demise of the Australian OPI programme, or preclearance as it was known as for so long. OPI has been a pivotal part of the export programme to Australia for 27 years. A dedicated inspector of our own, was the envy and annoyance of other sectors who shared inspectors with other crops and centres.

Given how long the industry has relied on OPI/precleanance, I had a chat with Chris Brown, who was one of the people instrumental in setting up precleanance. The first thing you notice are the names of those involved:

- ➔ Lew Dagger from Turners & Growers who pushed for the programme as he felt that interceptions and fumigation in Australia were costing the industry well over \$1 million.
- ➔ Peter Taylor was chairman of the Summerfruit Export Council.
- ➔ Peter Johnson oversaw the MAF side of the system.
- ➔ Chris Brown was the industry quality manager who had the unenviable job of translating the system for packhouses and exporters.

It appears that the first precleanance must have taken place in January-February 1991. Those first inspections were conducted in Christchurch and then expanded to Alexandra where it remained. In the early years there were two inspectors and the programme ran for nearly two months due to the volume of peaches and nectarines that were being exported alongside apricots.

The first two inspectors, Wayne Howell and Keith Murray, were from Brisbane where many of the pre-precleanance problems were being experienced. Chris tells me that the first thing they asked for was microscopes to inspect the fruit with, but given we didn't have the equipment, they settled for hand lenses.

According to Chris, 'initially we stumbled with precleanance as they focused on mites in apricots when injurious pests (non-actionable), had to meet the 5% MPL (no more than 20 in a 600 sample). When we first started, it was hard to get a clean line to export, so many growers started, avoiding the programme. Removing the 5% for injurious pests made a big difference until we had the Tarsonemid mite issue in 1997, which just about sank apricots to Australia. After that thrips became the biggest problem, but



OPI inspectors 1991  
Wayne Howell and Keith Murray

multiple stage sampling became our saviour and for several years we experienced nil or negligible failures.'

Since then we have constantly sought tweaks or adjustments to keep the programme strong and of value. Maggi lamps were introduced back in the 1990s to much initial resistance, but are now a standard tool.



Maggi lamp

The next big tests started around 2010-11 when DAFF (formerly AQIS, now DAWR) started chipping away at the key features that made the programme so workable for the industry. In particular, DAFF's increasing requirement to have all pests identified caused real problems. We counteracted by being the first industry to introduce a remote microscopy system in the 2013-14 season which identified specimens in Central Otago, rather than couriering them to Auckland. Driven by Stephen Ogden, remote microscopy was a real success in reducing the waiting time to ID a pest and removing the delay in sending shipments.

However, the end was apparent once DAWR announced their intention to remove all preclearance programmes, throughout New Zealand and the USA.

Chris Brown told me that the cost of the original programme, when there were two inspectors for eight weeks, was a whopping \$120k. Over the last 15+ years there has only ever been one inspector who was based in Alexandra for five to six weeks, largely preclearing apricots. In the last ten years the onshore costs have stayed within the \$20-25,000 range, while offshore costs, primarily the inspector's time, doubled. That pushed the per inspection costs up from \$600 to over \$1,700 in recent years.

The decision in 2013 to invest in Vapormate/ethyl formate, as a postharvest disinfestation of apricots proved to be a wise move. Research outcomes from this ongoing project, partially funded by the Summerfruit Exporters Committee, recently confirmed encouraging results in that the Vapormate treatment for two hours at 1% ethyl formate, has provided almost 100% kill of our old foes the oribatid and tydeid mites. Vapormate was successfully used by four packhouses for shipments of apricots to Australia last season.

OPI's final years have been difficult. Due to a poor apricot pollination the final inspection season was reduced to half its size and our final inspector went home early. It was a sad finish for this once pivotal programme.

**Farewell old friend you served us well.**



### Changing activities

The three year SFF-funded Managing Pathogen Resistance in Summerfruit project is coming to an end. The project set out to determine the:

- extent of resistance in Brown Rot, Botrytis, and Bacterial Disease populations, and identify orchard blocks with resistance-related issues for further detailed investigations, and
- impact of new cultural practices on overwintering reservoirs of resistant sub-populations, of new chemical and natural product-based biopesticides on resistant sub-populations, and of new combinations of cultural and chemical practices on resistant sub-populations on a commercial scale.

It has been a very successful programme with outcomes that:

- Enable growers to get their orchards tested for resistance to commonly-used agrichemicals for control of the key fungal and bacterial diseases, and to allow ongoing monitoring of orchard resistance status.
- Provide chemical and non-chemical tools for orchard use to prevent the potential build-up of resistant populations of key pathogens, for example:
  - programmes to reduce the impact of Botrytis, Brown Rot and bacterial diseases
  - non-chemical tools for suppression of over-wintering Botrytis in herbicide strips and destruction in grassed alleyways
  - biofungicides to reduce the impact of Botrytis in orchard trials
  - physical trunk protection to reduce the impact of bacterial canker in new cherry plantings.

Further activity in this area will merge into the agroecological crop protection PGP – *A Lighter Touch*. This PGP (also one of the last in the PGP pipeline) was also recently approved. Summerfruit NZ has recently confirmed that it will be a co-investor in this project.

The programme has an emphasis on non-chemical (biological, physical and ecological) pest management solutions. A long-term focus is to transition towards less reliance on chemicals. These aims align with the work that is planned in *Sensational Summerfruit* and will leverage existing spend on crop protection. Hence the lack of agrichemical work planned in *Sensational Summerfruit*.

### He tāngata, he tāngata, he tāngata

This AGM we farewell Earnscy Weaver who has retired as a director of Summerfruit NZ. This is a momentous change for Summerfruit NZ as Earnscy has been on the Board or involved in Board activities for as long as I can remember. In fact, it goes beyond my electronic records. I do know that he has been involved in Summerfruit NZ and the summerfruit sector before that, for more than 30 years. I am pretty sure that, if tested, we would find that he has cherry juice not blood in those veins.

His commitment to research is well ingrained and has long helped to define our activities. He's also provided strong guidance on governance.

**He is a visionary and a wise head that we will miss.**



Earnscy Weaver





### New directors

After some vigorous voting in this year's nominations to the Board, Summerfruit NZ is pleased to welcome Trudi Webb to the Board. Trudi is the first grower-elected woman director on the Board. We have frequently had a woman exporter director, but never before have growers voted in a woman director. She must also be one of our youngest directors. I'm not sure if Trudi will take over Earnscy's mantle of providing cricket scores in the summer, but we really look forward to working with Trudi as our newest director.

Rob Hollier joins us as the NZ market co-opted director. Rob is based in the Hawkes Bay and is a national procurement manager for MG Marketing. Rob is the third representative from MG Marketing who has fulfilled this role. I'm certain he will bring a valuable insight into the NZ market activities. In welcoming Rob we farewell Simon Tallon who has been an invaluable part of the Board over his six year term. Our thanks for your contribution.

On another front, Chris Hale is also talking about retirement. Chris has worked closely with Earnscy and they have delivered a well-considered research programme for growers. Chris has successfully secured funding for many of our research projects maximising grower levies in the process. However, while he is talking retirement, we aren't letting him go just yet.

To my hardworking staff: Victoria, Juan, Andrea, Richard, Anna and Carolena – THANK YOU. Repeat. THANK YOU. It's been a full on year, with many challenges. Every year I tell them – next year is going to be less pressured, but so far that's not yet been the case. The next stages of *Sensational Summerfruit* will bring more activities and more challenges. We look forward to a time when we can share that workload with more staff. I appreciate your passion and commitment to this industry and Summerfruit NZ.

The Board of Summerfruit NZ is a busy one. My thanks to all directors who have contributed to the many activities underway over the last year. Your contribution to Summerfruit NZ is made over and above your busy schedules and own business commitments. In particular, my thanks to Tim Jones who is a fantastic chairman who has put his heart and soul into this tough 12 months.

**MARIE DAWKINS** | Chief executive



**Trudi Webb**  
Grower representative



**Rob Hollier**  
NZ Market co-opted director

## BIOSECURITY REPORT 2018-19

# Response ready

### Fruit fly responses

Growers will be aware of the fruit fly finds in Otago (Facialis fruit fly), Devonport and Northcote (both Queensland fruit fly), in recent months. A biosecurity response was initiated for all three flies. The Otago and Devonport responses have now been stood down, however the Northcote response has moved to Level 2 as more flies were found in late April. This response will continue until three full generations have passed since the last fly was found. Given that we are entering winter, three complete cycles will not be complete until late spring/early summer 2019. That date will depend on whether any further flies are found.

### Cost sharing

By agreement of the combined industry partners of the Fruit Fly Operational Agreement, cost sharing will commence for these responses. This means that the summerfruit industry will make a financial contribution to the cost of the responses based on a percentage of our overall share. MPI have agreed that transitional discounts will apply to these responses. This will reduce the industry contribution towards the costs.



**JUAN ROSALES**  
Biosecurity and export manager

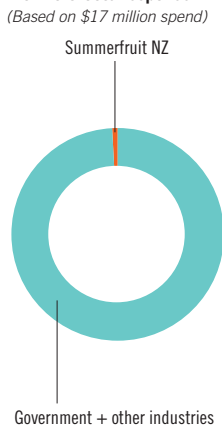
### Northcote controlled area



● Zone A  
● Zone B

Under the Fruit Fly Operational Agreement, the cost share for responses is 70% MPI, 30% Industry for a Level 1 response. This changes to an 80:20 cost share for a Level 2 response. Currently the summerfruit industry amounts to 5% of the Industry share of the costs.

**Summerfruit industry share of Northcote response**  
(Based on \$17 million spend)



**What will this cost us?**

The total estimated cost for the three 2019 responses, which includes the ongoing Northcote response, is expected to be \$14-\$17 million. This again will depend on whether any further flies or a breeding population is found. Should the costs reach \$17 million, with the transitional discounts applied, the summerfruit industry share is anticipated to be around \$125,000.

Due to the commitment made during the Biosecurity Levy referendum, Summerfruit NZ will meet the first \$75,000 of any response, for up to two responses per year, ie a total of \$150,000. While there have been three responses, the anticipated total costs are still below that \$150,000 figure. Therefore, Summerfruit NZ will pay the \$125,000 from Industry reserves. Should the costs exceed \$150,000 then Summerfruit NZ may need to consider whether to implement the Biosecurity Levy. At this stage, there is no indication that this will be required.

It is not yet clear when the share of the costs will need to be paid to MPI. However, it is highly unlikely to occur before the end of this financial year (31 August).

**Summerfruit Biosecurity Levy**

As part of the referendum conducted at the end of 2016 to sign the GIA Deed, consultation was also carried out to seek mandate from growers to implement a Biosecurity Levy. Growers voted overwhelmingly in favour of supporting the levy, giving Summerfruit NZ the authority to submit this application. Summerfruit NZ submitted an application for a Biosecurity Levy Order to MPI in September 2018. MPI's policy and legal teams are in the process of reviewing our application and have made some observations that have now been resolved by Summerfruit NZ. This is a lengthy process with several other applications ahead of us that are yet to be considered and approved. In early May we received confirmation from MPI that our application has progressed through all the legislative phases and is now passed onto the final stages for approval. We anticipate that the Biosecurity Levy Order will be approved

and promulgated by October this year.

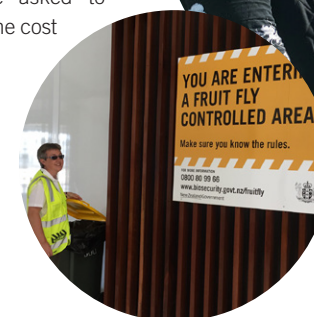
As a reminder, growers will only be required to pay the Biosecurity Levy for the following reasons.

- a** In the event of a biosecurity response to a pest that affects summerfruit, where the industry would be required to meet a share of the cost of the response. In this case Summerfruit NZ would have the authority to activate the Biosecurity Levy.
- b** The Biosecurity Levy may be activated to establish a Biosecurity Reserve Fund to cover the industry's share of any current or future biosecurity response. A resolution submitted to the AGM and agreement from growers would be required to activate the Biosecurity Levy for these purposes. The Reserve Fund would be collected up to a maximum set at an AGM.
- c** Where the industry has agreed to participate in multiple Operational Agreements it is possible that readiness costs of the combined programmes could not be covered by existing Commodity Levy income. Should additional funding be required Summerfruit NZ would seek agreement from growers at an AGM or SGM to activate the Biosecurity Levy for these purposes.



Under a. above, Summerfruit NZ would have the authority to implement the Biosecurity Levy for the current fruit fly responses. However, this is overridden by the commitment to meet the first \$150,000 in response costs. Therefore, unless there is a significant change to the Northcote response, growers will not be asked to contribute additional funding to the cost of these responses.

For more information on the Biosecurity Levy, check out the Biosecurity section on the Summerfruit NZ website.





**Biosecurity activities**

- **Biosecurity strategy.** Our biosecurity strategy was established in August last year. Our vision under this strategy is a New Zealand summerfruit industry protected from biosecurity threats, and our mission is to minimise the impact of biosecurity threats specific to summerfruit through effective readiness and response activities coordinated with government, industry sectors and the community.

As part of the strategy, a risk assessment was completed identifying 13 organisms of concern, including not only those specific to summerfruit crops, but also affecting other industries. The appropriate technical information on these threats is available on our website as well as the biosecurity plan for the following years: Biosecurity strategy 2018-21. The strategy also includes risk mitigation and response activities which are set up in coordination with MPI under the context of GIA. The key outcomes of our strategy have been divided into the areas of preparedness, response, industry capabilities, awareness and research. Some of our success indicators at an industry level include:

- Strong awareness of specific biosecurity risks threatening our industry.
- Threat-specific contingency plans developed for high priority pests and pathogens.
- Successful containment/eradication of a new pest or disease.
- Increased industry capabilities on biosecurity matters.
- Uninterrupted or quickly restored trade after a biosecurity incursion.

- **Most unwanted and fact sheets.** A poster containing information on our priority pests, the Most Unwanted, was developed and distributed to industry stakeholders. This poster includes photos and technical information available to growers to increase their knowledge of these pests and raise awareness of the threats they represent. In addition to this, further, and more in-depth, technical information has been developed on each of the 13 priority pests as fact sheets and published on our website. These fact sheets are also being featured in *Prunings* every week as a reminder to our growers of the importance of these threats. Feedback on this information has been very positive.



- **Fruit Fly Council.** The work programme under the Fruit Fly Council has continued with several technical projects currently underway on the workstreams of data collection and analysis, capabilities development, and prevention and readiness. Some of these projects include studies on other fruit flies of economic importance, testing new insecticides and registration process, the benefits of sterile fruit fly release, and domestic movement controls during a response.



Peach fruit fly

- **BMSB Council.** Several projects are also being developed under the BMSB Council in the areas of understanding BMSB biology, readiness, response and reducing impact. It is in this area of reducing impact that we have taken the project lead on the use of netting against BMSB. This project is currently in phase 1 and it is looking at the different options that insecticide-impregnated netting can be used to control BMSB in the event of an incursion. The study also looks at the regulatory environment and the barriers to deployment in urban and rural areas that we may face.



Plum curculio

- **Micro-credentials.** As established under our biosecurity strategy, increasing industry's technical capabilities on biosecurity matters is an important part of our readiness activities. The Biosecurity Micro-credentials course implemented by Primary ITO and Horticulture NZ with the technical support from biosecurity managers from Kiwifruit Vine Health, NZ Avocado, Apples & Pears, NZ Wine and Summerfruit NZ was launched recently in its pilot stage. The course was made available at different locations around the country with our growers attending the course in Alexandra in March this year. Horticulture NZ and Primary ITO are now working on a sustainable future roll-out of this programme across the sectors, and discussions are being held with the participation of industry groups. Summerfruit NZ will continue supporting the delivery of this course since it underpins a key outcome of our biosecurity strategy.



Brown marmorated stink bug

- **Plant Production Biosecurity Accreditation Scheme.** Summerfruit NZ, along with other industries, has been supporting NZPPI on the development of the Plant Production Biosecurity Scheme (PPBS). This is a systematic approach to nursery production and plant producer industry biosecurity risk management. The PPBS will help plant producers identify, control, manage or avoid biosecurity hazards in their nursery and production processes. It contributes to end to end protection through the plant production supply chain; safeguarding plant producers, their customers, the environment and the New Zealand economy from the inadvertent introduction and dispersal of a pest.



Stage 1 of this project entailed the development and design of the scheme including a consultation period with stakeholders. Stage 2, currently in progress, includes a pilot programme, development of high-risk modules, traceability and recall standard, best practice, guidance and tools development, a plant buyer accord to drive adoption of the scheme and preparation for full implementation.

The expected timeframe for completion of this project is September 2019. It will have an initial voluntary roll-out; establishing a regulatory basis and transition to full implementation within an agreed transition period.

- **Industry operational agreement.** We have initiated discussions with MPI to work on our industry-specific operational agreement (OA) for readiness and response under the GIA partnership. The focus of this OA will be around those pests and pathogens specific to our summerfruit crops. This agreement will set out how the partnership will work, cost-sharing and operational activities during a response to summerfruit-specific biosecurity threats. A workshop to discuss the scope of the OA has been planned for early July. This agreement will have the participation of MPI specialists from MPI's technical and legal teams as well as industry specialists. Should this OA be ready for signing in the next six months, it is possible that we may hold postal voting to confirm the signing of this agreement before the end of the year. Otherwise confirmation will be sought at the next AGM in June 2020.

*Other biosecurity activities ahead*



Spotted wing drosophila

- **Orchard Biosecurity manual.** The first draft of our Orchard Biosecurity manual has been completed. Feedback from growers attending the biosecurity micro-credential course has been received and the results have been quite positive. The manual includes sections on risk assessment, orchard hygiene and waste plant material, visitors and people movements, and risks from vehicles and machinery. It also includes a best practice checklist and fact sheets on the most unwanted. We will soon be working on the design of the manual and collecting the graphic material to be included in it. This manual will be also available on our website.
- **Xylella and Spotted Wing Drosophila.** Discussions are underway for the development of OAs for both *Xylella fastidiosa* and *Drosophila suzukii*. Cooperation with Australia on readiness and response for both biosecurity threats is also being discussed through some of our Crown Research Institutes.

**INDEPENDENT AUDITOR'S REPORT I To the Members of Summerfruit NZ**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the financial statements of Summerfruit New Zealand Incorporated ('the Society') on pages 22 to 32, which comprise the balance sheet as at 31 August 2018, and the profit & loss for the year then ended, movements in equity and notes to the financial statements, including significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at 31 August 2018, and its financial performance for the year then ended in accordance with the Tax Administration (Financial Statements) Order 2014.

Our report is made solely to the Members of Summerfruit New Zealand Incorporated. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Summerfruit New Zealand Incorporated and the Members of Summerfruit New Zealand Incorporated, for our audit work, for this report or for the opinions we have formed.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

**Emphasis of Matter**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial

statements have been prepared in accordance with a special purpose framework. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

**Responsibilities of the Board for the Financial Statements**

The Board is responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with the Tax Administration (Financial Statements) Order 2014, and for such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the Society for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

**BAKER TILLY STAPLES RODWAY AUDIT LIMITED**  
 Wellington, New Zealand | 10 May 2019



## Profit and loss

For the year ended 31 August 2018

	2018	2017
<b>Income</b>		
<b>Administration &amp; finance</b>		
Commodity levy	1,372,841	1,381,477
Conference/AGM	151,313	139,415
<b>Total administration &amp; finance</b>	<b>1,524,154</b>	<b>1,520,893</b>
<b>Export &amp; compliance</b>		
Exemptions	-	3,164
Japan programme	(4,880)	13,996
Korean programme	10,725	11,820
OPI - Australia	77,292	90,621
Registration - exporters	59,450	47,035
Registration - growers	24,435	21,689
Registration - packers	5,940	5,773
Tape	3,825	(287)
WA registrations	6,240	6,532
<b>Total export &amp; compliance</b>	<b>183,027</b>	<b>200,343</b>
<b>R&amp;D income/grants</b>		
Bee +	(5,000)	(1,500)
Pathogen resistance	167,826	183,045
R&D income	-	(7,043)
<b>Total R&amp;D income/grants</b>	<b>162,826</b>	<b>174,501</b>
<b>Other income</b>		
Mack Nicol contribution SEC	1,500	-
Magazine advertising	9,167	8,270
AgMardt Harvest Decision Tools	-	5,217
NZ market resources	825	1,469
Publications	315	217
Travel - income	1,597	-
Wallchart advertising	1,750	2,500
<b>Total other income</b>	<b>15,153</b>	<b>17,674</b>
<b>Sundry income</b>		
Interest received	43,835	38,915
Sundry income	-	1,500
<b>Total sundry income</b>	<b>43,835</b>	<b>40,415</b>
<b>Total income</b>	<b>1,928,994</b>	<b>1,953,826</b>
<b>Gross profit</b>	<b>1,928,994</b>	<b>1,953,826</b>

## Profit and loss (cont)

For the year ended 31 August 2018

	2018	2017
<b>Less operating expenses</b>		
<b>Administration &amp; finance</b>		
Accommodation	6,122	4,446
Accounting	7,853	14,630
ACIB meetings	693	-
ACIB travel	625	-
ACIB legal & insurance	4,126	-
Admin portfolio budget	103	396
Annual report	3,335	2,104
Bad debts	8,872	-
Bank charges	609	534
Board expenses	10,990	8,239
Chairman's honorarium	15,000	15,000
Commodity levy expenses - audit & renewal	5,732	11,612
Computer and internet	6,922	101
Conference/AGM	153,735	129,897
Contract services	15,058	-
Depreciation	81,590	8,988
Foreign exchange loss	718	-
Health & safety	4,344	(4,348)
Insurance	7,819	1,985
Meeting fees	30,634	30,448
Office expenses	9,210	5,187
Other conferences	1,736	2,228
Phone/IT	4,237	2,803
Postage & courier	891	2,854
Printing/stationery/document store	4,311	8,492
Rent	46,720	19,229
Small asset write off	-	10,839
Summerfruit NZ audit costs	-	9,200
Sundry	8,161	7,900
Travel	21,788	24,113
Strategic planning/business plan	-	4,875
Subscriptions	740	2,053
<b>Total administration &amp; finance</b>	<b>462,672</b>	<b>323,805</b>
<b>Biosecurity</b>		
Biosecurity general expenses	12,289	11,175
GIA	7,199	19,517
<b>Total biosecurity</b>	<b>19,488</b>	<b>30,692</b>
<b>Communication &amp; education</b>		
5+ A Day	5,000	5,000
Young growers sponsorship & Hort NZ leadership course	2,000	2,000
Summerfruit magazine	25,689	25,966
IT - website, database, backups, etc	17,937	13,617
IT strategy/rebuild	33,048	19,012
Communications portfolio expenses	2,488	198
<b>Total communication &amp; education</b>	<b>86,163</b>	<b>65,793</b>

**Profit and loss (cont)**

For the year ended 31 August 2018

	2018	2017
<b>Export &amp; compliance</b>		
Export programme coordinator	19,600	19,600
Export registration expenses	10,640	5,633
Export team budget	2,099	6,978
H.E.A.	50,035	47,322
Market Access - China	10,812	2,602
Market Access - General	38,260	30,417
Market Access - Japan	-	750
Market access manager	33,480	46,491
OPI Australia	77,041	87,481
Spray programme	14,648	19,198
Tape (Japan/Korea)	2,873	2,505
Korea programme	125	13,380
Japan inspector	8,896	9,199
<b>Total export &amp; compliance</b>	<b>268,510</b>	<b>291,557</b>
<b>NZ market</b>		
NZ market co-ordinator	-	37,418
NZ market projects	3,186	3,847
NZM resources	1,050	13,700
Data collection NZ market	805	525
NZM portfolio expenses	8,676	2,613
Nielsen reports	-	3,481
Industry survey	-	18,966
Strategy	-	18,396
NZM newsletter	11,531	18,447
Harvest Assurance Tools (AgMardt)	-	10,567
<b>Total NZ market</b>	<b>25,247</b>	<b>127,961</b>
<b>Research &amp; development</b>		
Agrichemicals - market access	13,400	13,673
Agrichemicals - all	1,010	-
Apricot Co	3,380	-
FreshLearn/tech transfer	1,380	3,000
Future Orchard Systems	85,000	85,000
New variety evaluation breeding programme	57,099	51,225
PGP	81,666	12,735
Research manager	46,086	44,575
Research portfolio budget	8,957	8,076
Scholarship	5,750	5,750
Scientific research	98,100	41,128
SummerGreen facilitators	9,200	9,293
Pathogen resistance expenditure	180,554	222,850
Bee +	15,000	15,000
<b>Total research &amp; development</b>	<b>606,581</b>	<b>512,304</b>

**Profit and loss (cont)**

For the year ended 31 August 2018

	2018	2017
<b>Staff</b>		
ACC	774	509
Professional development/training	294	-
Salaries & payroll	366,262	279,587
Staff expenses	754	3,371
New staff & recruitment	14,977	8,597
Salary expenses	38	375
<b>Total staff</b>	<b>383,098</b>	<b>292,438</b>
<b>Total less operating expenses</b>	<b>1,851,759</b>	<b>1,644,550</b>
<b>Net profit before taxation</b>	<b>77,235</b>	<b>309,276</b>
<b>Non-operating expenses</b>		
Provision for tax	11,994	10,616
<b>Total non-operating expenses</b>	<b>11,994</b>	<b>10,616</b>
<b>Net profit for the year</b>	<b>65,242</b>	<b>298,660</b>

**Movements in equity**

For the year ended 31 August 2018

	2018	2017
<b>Equity</b>		
Opening balance	1,686,735	1,388,075
<b>Surplus and revaluations</b>		
Net surplus after tax	65,242	298,660
<b>Total surplus and revaluations</b>	<b>65,242</b>	<b>298,660</b>
<b>Other movements</b>		
Industry reserve fund	78,835	133,915
Operational reserves	(78,835)	(133,915)
X2 suspense	485	-
<b>Total other movements</b>	<b>485</b>	<b>-</b>
<b>Total equity</b>	<b>1,752,462</b>	<b>1,686,735</b>

## Balance sheet

As at 31 August 2018

	Notes	2018	2017
<b>Assets</b>			
<b>Bank</b>			
ANZ - current acc		161,332	229,851
ANZ - on-call acc		863	423
ANZ Bank - conference account		26,446	47,053
<b>Total bank</b>		<b>188,641</b>	<b>277,327</b>
<b>Current assets</b>			
Accounts receivable		14,639	36,710
Investments	17	1,305,233	1,041,953
Accrued income		120,319	218,230
Accrued interest		15,172	13,551
GST		16,406	46,851
Prepayments		5,882	8,975
<b>Total current assets</b>		<b>1,477,651</b>	<b>1,366,270</b>
<b>Fixed assets</b>			
Fixed assets as per schedule	18	139,144	188,427
Total fixed assets		139,144	188,427
<b>Total assets</b>		<b>1,805,436</b>	<b>1,832,024</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable		46,583	116,270
Accrued expenses		6,440	29,244
Taxation	19	(49)	(225)
<b>Total current liabilities</b>		<b>52,974</b>	<b>145,289</b>
<b>Total liabilities</b>		<b>52,974</b>	<b>145,289</b>
<b>Net assets</b>		<b>1,752,462</b>	<b>1,686,735</b>
<b>Equity</b>			
Industry reserve fund		649,695	570,860
Operational reserves		1,102,282	1,115,875
X2 suspense		485	-
<b>Total equity</b>		<b>1,752,462</b>	<b>1,686,735</b>

### Signed by

Chairman:



Chief Executive:



Date: 10 May 2019

## Schedule of movements in members' funds

For the year ended 31 August 2018

	2018	2017
<b>Members' funds</b>		
<b>Operational reserves</b>		
Opening balance	817,214	608,907
Net interest income transferred to industry reserves	(43,835)	(38,915)
Transfer to operational reserves	(35,000)	(95,000)
Surplus	298,660	342,222
<b>Total operational reserves</b>	<b>1,037,039</b>	<b>817,214</b>
<b>Industry reserves</b>		
Opening balance	570,861	436,946
Net interest income transferred from operational reserves	43,835	38,915
Transfer from operational reserves	35,000	95,000
Transfer from general fund	-	-
<b>Total industry reserves</b>	<b>649,696</b>	<b>570,861</b>
<b>Total recognised revenue &amp; expenses for the year</b>	<b>65,242</b>	<b>298,660</b>
<b>Total members' funds</b>	<b>1,751,977</b>	<b>1,686,735</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. Operations Reserves are made available for expenditure in the following year.

## Notes to the financial statements

For the year ended 31 August 2018

### 1. Statement of accounting policies

Summerfruit New Zealand Incorporated is an incorporated society registered under the Incorporated Societies Act 1908. These Financial Statements are special purpose financial statements and have been prepared in accordance with the Tax administration (Financial Statements) Order 2014.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical basis have been used.

### 2. Changes in accounting policies

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

### 3. 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. Prior year adjustment

The figures for the 2017 financial year have been adjusted and restated due to the discovery of an error in their treatment. The effect of this adjustment on the 2017 results is:

Dr accrued income - \$45,699.93

Cr commodity levy - \$45,699.93

### 5. Fixed assets and depreciation

All fixed assets are recorded at cost less accumulated depreciation.

Depreciation of the assets has been calculated at the maximum rates permitted by the Income Tax Act 2007.

The entity has the following asset classes:

Computer Equipment. 40% - 50% Diminishing Value

Office Assets. 10% - 67% Diminishing Value

### 6. Intangible assets and amortisation

The entity has the following classes of intangible assets:

Website and Secure Portal

All intangible assets are recorded at cost less accumulated amortisation. Amortisation is calculated at the maximum rates permitted by the Income Tax Act 2007. Website and Secure Portal is amortised at 48% diminishing value.

### 7. Goods and services tax

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

### 8. Income tax

Summerfruit New Zealand Incorporated is a non-profit body within the terms of the Income Tax Act 2007. All income derived other than interest is from Society members. Tax is payable on the interest received in excess of \$1,000.

## Notes to the financial statements (cont)

For the year ended 31 August 2018

### 9. Investments

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

### 10. Receivables

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

### 11. Audit

These financial statements have been subject to audit, please refer to the Auditor's Report.

### 12. Contingent liabilities

At balance date there are no known contingent liabilities (2017: \$0). Summerfruit New Zealand Incorporated has not granted any securities in respect of liabilities payable by any other party whatsoever.

### 13. Securities and guarantees

There was no overdraft as at balance date nor was any facility arranged.

Summerfruit New Zealand Incorporated has four Visa credit cards with ANZ, with a combined limit of \$20,000.

14. Operating commitments	2018	2017
<b>Research &amp; development projects</b>		
Current commitments	172,300	311,030
Term commitments	180,750	648,727
<b>Total research &amp; development projects</b>	<b>353,050</b>	<b>959,757</b>

### Pathogen resistance commitment

Summerfruit NZ has committed to paying the full sum of the Pathogen Resistance contract with Plant & Food Research. Summerfruit NZ will be reimbursed for a portion of this expenditure by MPI and Heinz. As a result, only Summerfruit NZ's portion is included in the Operating Commitments totals above.

Summerfruit NZ's commitment in regard to this is as per the following table:

Financial year	2018-19	2019-20
Full sum committed	201,344	0
Less contribution from MPI/Heinz	(135,892)	0
Summerfruit NZ's commitment	65,452	0

### 15. Events subsequent to balance date

There were no material changes subsequent to balance date that would affect the interpretation of the financial statements.

### 16. Capital expenditure commitments

As at balance date, there were no capital expenditure commitments outstanding (2017: Nil).



## Notes to the financial statements (cont)

For the year ended 31 August 2018

### 17. Investments

ANZ Term Deposit 1035 maturing on 21 March 2019	71,072	69,398
ANZ Term Deposit 1037 maturing on 3 September 2018	59,145	58,254
ANZ Term Deposit 1060 maturing on 31 December 2018	86,581	84,060
ANZ Term Deposit 1062 maturing on 16 October 2018	86,128	84,728
ANZ Term Deposit 1067 maturing on 15 October 2018	80,000	80,000
ANZ Term Deposit 1068 maturing on 8 April 2019	80,000	80,000
ANZ Term Deposit 1077 maturing on 25 February 2019	52,694	50,895
ANZ Term Deposit 1082 maturing on 7 September 2018	52,249	51,117
ANZ Term Deposit 1083 maturing on 8 March 2019	84,405	81,226
ANZ Term Deposit 1085 maturing on 11 December 2018	82,991	81,238
ANZ Term Deposit 1086 maturing on 10 December 2018	82,963	81,037
ANZ Term Deposit 1090 maturing on 3 December 2018	82,308	80,000
ANZ Term Deposit 1091 maturing on 12 April 2019	82,905	80,000
ANZ Term Deposit 1092 maturing on 12 November 2018	81,793	80,000
ANZ Term Deposit 1095 maturing on 13 September 2018	80,000	-
ANZ Term Deposit 1096 maturing on 15 October 2018	80,000	-
ANZ Term Deposit 1097 maturing on 17 December 2018	80,000	-
<b>Total investments</b>	<b>1,305,233</b>	<b>1,041,953</b>

## Notes to the financial statements (cont)

For the year ended 31 August 2018

<b>18. Fixed and intangible assets</b>	2018	2017
<b>Fixed assets</b>		
<b>Computer equipment</b>		
At cost	9,879	7,275
Plus additions	-	2,604
Less accumulated depreciation	(8,894)	(7,938)
<b>Total computer equipment</b>	<b>985</b>	<b>1,941</b>
<b>Office equipment</b>		
At cost	2,631	7,500
Plus additions	-	1,796
Less disposals	-	(6,665)
Less accumulated depreciation	(1,167)	(888)
<b>Total office equipment</b>	<b>1,464</b>	<b>1,743</b>
<b>New office</b>		
At cost	35,076	-
Plus additions	5,601	35,076
Less accumulated depreciation	(5,703)	(754)
<b>Total new office</b>	<b>34,975</b>	<b>34,322</b>
<b>Total fixed assets</b>	<b>37,424</b>	<b>38,006</b>
<b>Intangible assets</b>		
At cost	156,689	93,374
Plus additions	26,705	156,689
Less disposals	-	(93,374)
Less accumulated depreciation	(81,674)	(6,268)
<b>Total intangible assets</b>	<b>101,720</b>	<b>150,421</b>
<b>Total fixed and intangible assets</b>	<b>139,144</b>	<b>188,427</b>

## Notes to the financial statements (cont)

For the year ended 31 August 2018

19. Taxation	2018	2017
<b>Current year taxable income</b>		
Assessable interest income for the year	43,835	38,915
Less exemption	(1,000)	(1,000)
<b>Total current year taxable income</b>	<b>42,835</b>	<b>37,915</b>
<b>Current year tax provision</b>		
Taxation provision applied thereon at 28%	11,994	10,616
<b>Total current year tax provision</b>	<b>11,994</b>	<b>10,616</b>
RWT paid	11,818	10,534
<b>Total</b>	<b>176</b>	<b>82</b>
Income tax refunded	-	(354)
Prior years tax balance brought forward	(225)	47
Income tax refundable per balance sheet	(49)	(225)

## 20. Related parties

There were no related party transactions during the year that are not disclosed separately in this report (2017: Nil).





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NEW ZEALAND

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