



New Zealand  
Apples & Pears<sup>®</sup>



Annual Report  
2020



## Contents

**About NZAPI...3**

**Chairman's Report...4**

**From the CEO...6**

**Our Objectives...8**

**NZ Industry Profile...9**

**Industry Snapshot...10**

**Our Strategic Priorities...12**

**Research and Development...22**

**NZAPI Governance and Staff...24**

**Financial Statements...26**

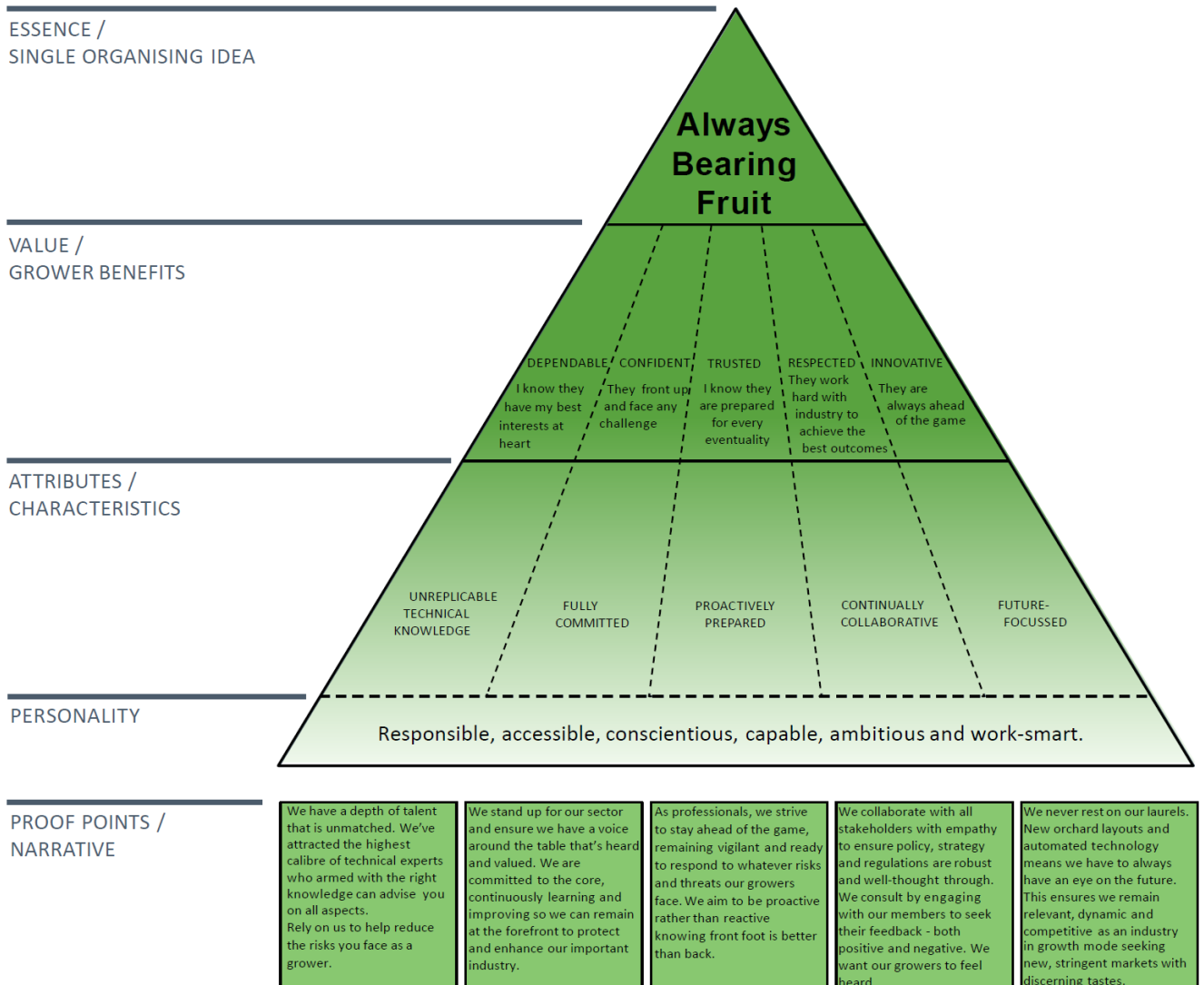
# About New Zealand Apples & Pears Inc.

New Zealand Apples & Pears Incorporated (NZAPI) is the representative body of the New Zealand apple, pear and nashi (pipfruit) industry.

NZAPI was incorporated on 19 August 1994 under the Incorporated Societies Act 1908 as Pipfruit Growers New Zealand Incorporated; changed its name to Pipfruit New Zealand Incorporated on 1 March 2004; and further changed its name to New Zealand Apples & Pears Incorporated on 9 August 2017.

NZAPI promotes and represents the New Zealand apple, pear and nashi industry in domestic and export markets and provides advocacy on behalf of our levy-paying membership.

NZAPI’s core values are represented as follows:



# Chairman's Report



It is my pleasure to present the Annual Report for NZAPI for the year ended 31 March 2020. This covers the 2019 selling season and the 2019/20 growing season to the start of harvest.

NZAPI exists for our growers. We invest grower levies in accordance with our Rules, focussed on helping growers achieve increasing and sustainable long-term returns.

Our strategic plan refers to nine core strategic priorities. We have determined that trade and market access, biosecurity, and labour (careers, capability and RSE) are sovereign to NZAPI. We report on the activities that we have undertaken on growers' behalf in each of these areas of strategic priority later in this Annual Report.

The strategic plan also highlights four core roles requiring excellence from the NZAPI team - leadership, representation, collaboration and communication. I believe that the team does indeed display these critical characteristics, never more evident than during the early stages of the COVID-19 lockdown.

With a record crop on the trees, and some of the best quality fruit we have seen for many seasons, we were anticipating yet another very good year with a lift in returns. Then along came COVID-19, and the world turn upside down.

On Monday 23 March 2020, the government gave New Zealanders 48 hours' notice of a move to alert level 4. The NZAPI team had already anticipated a lockdown, and immediately activated a crisis management programme.

Central to that was the principle that there should be a single point of truth for the industry response, given the flurry of information that the lockdown triggered.

The industry can be very proud of how it responded to the lockdown, re-engineering itself to ensure that as an essential industry, we could complete the harvest, and pack and ship our fruit in a world where markets were turned on their heads. The pandemic will continue to impact well into 2020/21 and beyond.

It is important at this time that we acknowledge your elected Directors who took time away from their businesses to represent you over the last year.

Three Directors left your board in 2019. Peter Beaven and Matthew Hoddy retired from the Board at the 2019 AGM, while Bruce Beaton retired in November 2019. On your behalf I thank them for their contribution. For Peter, this brought a long industry association to an end, first as Chief Executive of (then) Pipfruit NZ, and then as an almost four term Director. We welcomed Lesley Wilson and Tim Egan respectively in their places, while Bruce was replaced by Peter Landon-Lane in February 2020.

This year we introduced the Associate Director programme; with Cindy Dixon and Stuart Kilmister the inaugural beneficiaries of this programme. The programme runs for the 2020 calendar year.

The 2019 AGM approved a Rule change to alter the composition of the Board from four grower and three post-harvest directors, to seven growers (or grower employee) directors. This better reflects our primary responsibility to our levy paying members.

I also want to acknowledge the NZAPI team for all of the work that they have put in on growers' and industry members' behalf during the year and



particularly as the effects of the pandemic impacted in New Zealand. The team responded early, and very quickly adapted to a new operating environment, switched from business as usual to crisis management, and put in a huge effort to negotiate the licence to operate with government and to support businesses to make the necessary changes to stay operating. Of course, this did not finish at balance date, and continues as we produce this Report.

Finally, I want to acknowledge all of our growers and industry members – what an extraordinary time this has been. It is a privilege to serve you all. We primarily represent our grower levy payers. Everything that we do is targeted at adding value to and removing risk from our growers’ businesses. There are major challengers ahead for our industry in the next two years. Fortunately we are an isolated island; this fact, together with tight border control and lockdown has enabled us to be an effective survivor - so far - of the COVID pandemic.

Unfortunately we are an isolated island, a long way from anywhere that still needs seasonal workers to travel here, efficient access to overseas markets and paying customers in those markets where the pandemic has yet to reach any sort of peak. With that will come more domestic and global challenges as countries struggle to shore up their economies and deal with the social consequences of the pandemic.

We do not underestimate the size of the challenge ahead, and look forward to supporting you as we navigate this new environment.

Richard Punter  
Chairman



## Member Profile

Growers: 264  
Post-Harvest: 39  
Associates: 61

# From the CEO



The start of the season saw strong optimism for a significant uplift in volumes and returns over the previous year. The 2019 crop estimate forecast gross production of 604,500 metric tonnes (mT), with 406,700 mT (or 22.6m TCEs) being for export. The actual gross crop was 566,200 mT, with 395,000 mT (or 21.9m TCEs) for export (3% below forecast). This was a relatively warm growing season with few adverse weather events. It was characterised by good flowering, high fruit set but smaller fruit size than in 2018.

Total export returns for the year were approximately \$870m, the highest achieved to date. In March 2012, our export returns were around \$370m. Of most significance is that of the \$500m increase over that time, about 85% is due to value rather than volume i.e. we are extracting greater value out of each metric tonne sold.

Most noticeable was the growth in exports to Asia and in particular China. Asia accounted for about half of total exports for the season, with China receiving over 45,000 tonnes of fruit. That placed it second behind our largest single market, Germany, and twice the previous year's volumes. This was in part due to China losing about 25% of its production to hail and frost, and the US being effectively shut out of the market due to the imposition of tariffs as part of its trade dispute with China.

The other noticeable trend was the pressure on Braeburn prices in Europe, given higher stock levels after a large European production season.

The risk of a global pandemic started to become clearer as we entered the new year. The NZAPI team started to plan for the worst, trying to better understand the disruption that a pandemic could cause. Then as we prepared for and

entered alert level 4, the team immediately went into crisis management mode. They worked very long hours under huge time pressure to help negotiate the basis upon which the industry could remain operating as essential businesses, and then develop the best practice guidelines and associated resources to support this.

And we got to know Zoom very well. I joined a daily Zoom call with other horticulture sector CEOs and MPI to plan and respond to the challenges that COVID-19 brought us. This was an excellent example of collaboration both between sectors, and between industry and government. This continues today. Richard refers to the COVID response in his opening comments, but what is telling is MPI's acknowledgement that the verification process for our essential businesses resulted in no material failures or breaches. That is an outstanding outcome.

There is no doubt that New Zealand's post-COVID recovery will be led by the primary sector. Within that, horticulture is the best placed of any sector to lead this recovery and our apple, pear and nashi sector will contribute significantly to that. Industry CEOs have partnered with government to develop a horticulture post-COVID recovery plan which is in the process of being launched as I write this commentary.

On the staff front, Roger Gilbertson's contract finished in June 2019 and in July 2019 we were joined by Pip McVeagh (Manager Crop Protection and Nutrition) and Danielle Adsett (Manager Market Access). Summer Wynyard was employed as a summer intern to assist with orchard mapping under the SFF biosecurity project, and subsequent to balance date she has joined the team in an education support role. George Rarere joined us on contract in December 2019 to



“Total export returns for the year were approximately \$870m”



“This was a relatively warm growing season with few adverse weather events. It was characterised by good flowering, high fruit set but smaller fruit size than in 2018.”

implement our workforce development strategy and has been invaluable during the COVID-19 response assisting with issues arising with the RSE scheme. That takes the NZAPI team to 13 people.

I want to acknowledge the efforts and commitment of the whole NZAPI team, first as they have executed their responsibilities within their respective portfolios, but secondly and significantly during the COVID-19 response.

I acknowledge those industry members who give their time for the “greater good” of the industry, whether that is by hosting visitors, attending meetings, supporting events and so on. I want to especially thank those who represent the industry on various committees – the Market Access Governance Group, Market Access Advisory Group, Market Panel, Research Consultative Group and Agrichemical Advisory Group to name a few. Your contribution is invaluable and appreciated.

I would finally like to thank the Board for their wisdom and counsel during the year. Richard and I have met weekly to ensure a proper connection between governance and management, that the Board remains well briefed on key issues, and that the expectations of the Board are being met.

Alan Pollard  
Chief Executive Officer

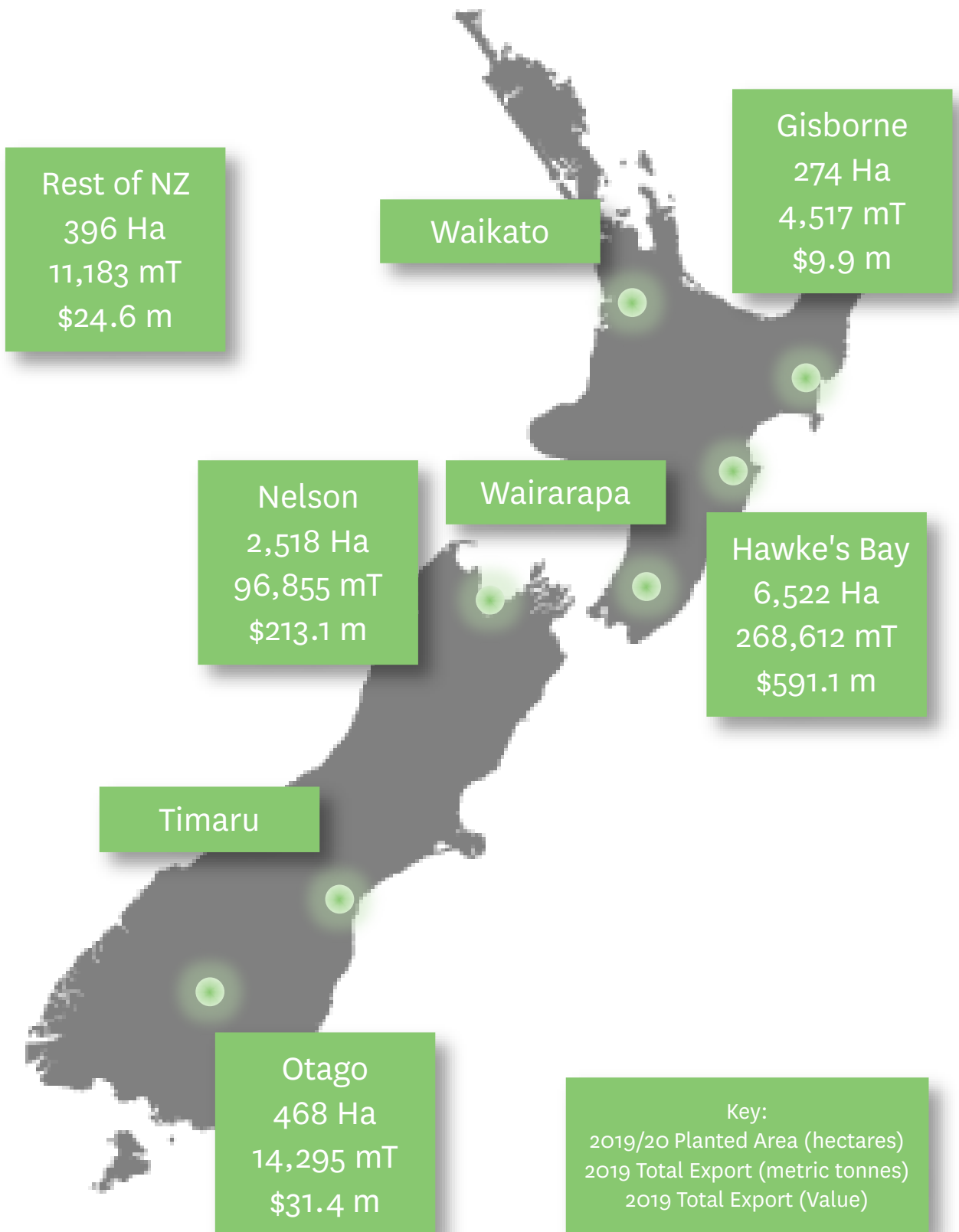
# Our Objectives

NZAPI was established to promote and champion the New Zealand apple, pear and nashi industry for the benefit of all members and for the overall benefit of New Zealand. This includes to:

- Speak on behalf of, and advocate for, all levy-paying members.
- Provide forums for growers to be consulted or act as platforms for information sharing.
- Develop and promote access to domestic and overseas markets.
- Consider the future direction of the industry.
- Promote the development and commercial exploitation of new plant varieties for the benefit of growers.
- Arrange seminars, workshops, conferences and other meetings for the education and development of members.
- Provide services to members to enable them to be the worlds best possible apple, pear and nashi producers, and ensure they have the information they need to make sound commercial decisions.
- Identify, undertake, fund and promote industry research and development.
- Represent the interests of members both domestically and overseas in a manner that ensures New Zealand growers have a competitive advantage in the market
- Undertake any other requirements of the Commodity Levies Act 1990 or any other relevant legislation.



# New Zealand Industry Profile



# Industry Snapshot

Planted Area and Export Production



The apple and pear industry has been growing at 3.5% CAGR in area and 13% CAGR in value for the past 8 years

CAGR: Compound Annual Growth Rate

The industry is projected to reach \$1 billion of exports by 2021 and to reach \$2 billion by 2030, creating an additional 2,159 permanent jobs and 11,052 seasonal jobs

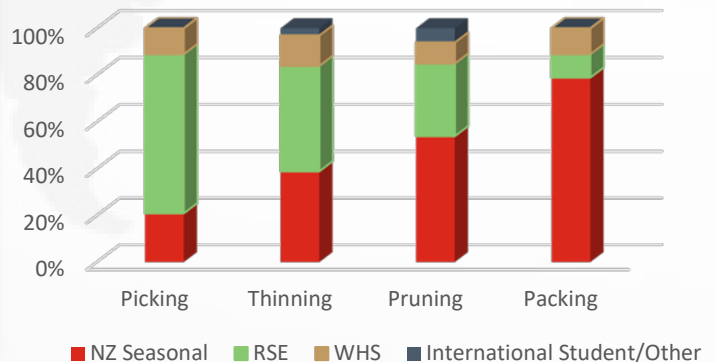


\$2 billion  
in exports  
by 2030

The industry employs:  
11,500 Seasonal Workers  
3,700 Permanent Workers



NZ Seasonal Workers vs Migrant Seasonal Workers



Between 2012 and 2019 the industry has:

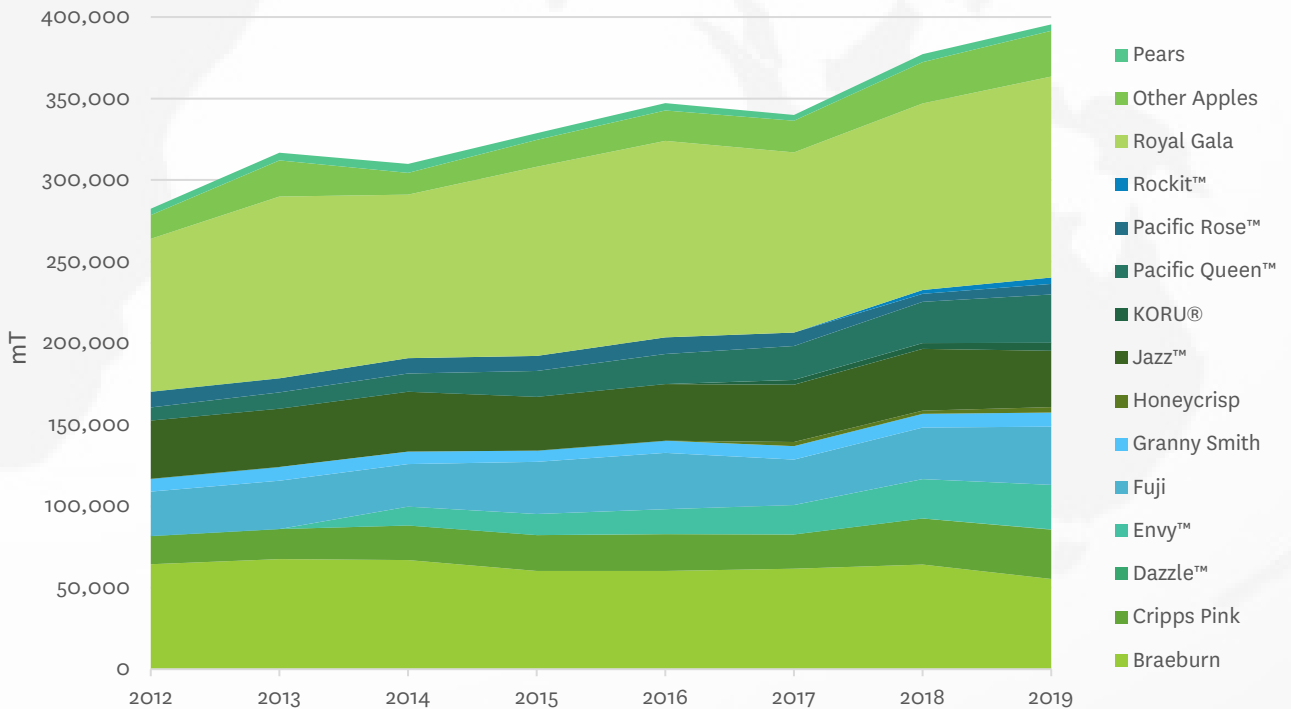
- Increased in area by 17% to 10,200 ha
- Export volume increased by 37% to 395,000 mT
- Value per metric tonne increased by 71% to \$2,198 mT
- Increasing overall export value by 135% to \$870 million



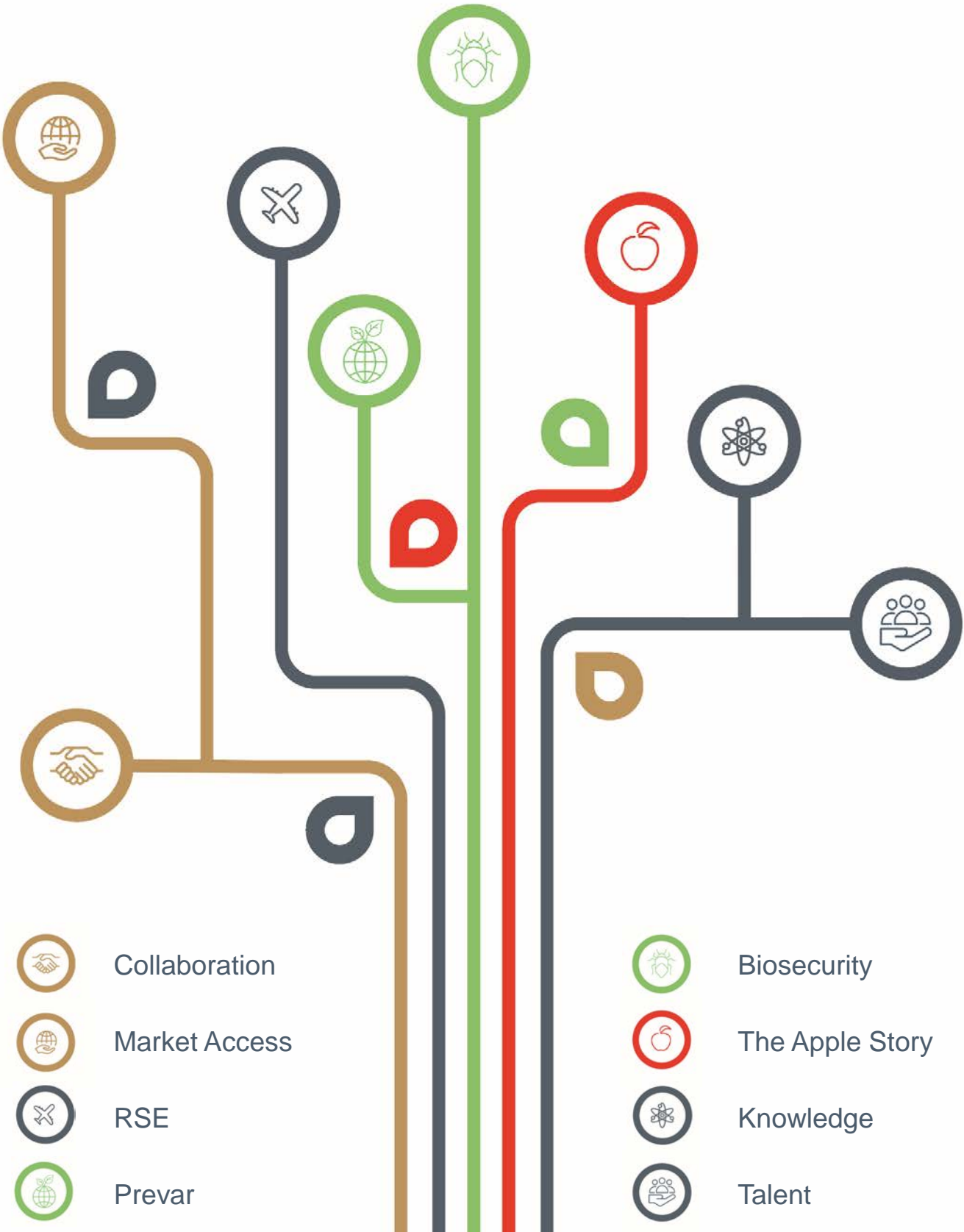
The World Apple Review ranked New Zealand #1 in International Competitiveness in 2015, 2016, 2017 and 2018.

The New Zealand apple and pear industry has the world's highest productivity at 61mT/ha. This is 48% higher than our nearest competitor and 161% higher than the world average.


Export Variety Mix



# Our Strategic Priorities



-  Collaboration
-  Market Access
-  RSE
-  Prevar

-  Biosecurity
-  The Apple Story
-  Knowledge
-  Talent

# Government relations and industry collaboration



NZAPI advocates on behalf of the industry across a number of government portfolios, including primary industries, trade, immigration, social development and science and research. This is at both a Ministerial and

officials' level.

During the year we leased a small shared office space in Wellington to provide a base from which the team has better access to those Ministers and officials.

NZAPI has engaged the services of a lobbyist in Wellington to provide advice on and assist with access to key Ministers and other members of Parliament. This has improved our intelligence from Wellington and created opportunities to meet that we may not have otherwise achieved on our own.

As a Board member of the NZ International Business Forum, Alan Pollard travelled to London, Berlin, and Brussels as part of a delegation supporting Trade Minister Hon. David Parker in Free Trade discussions with the UK and EU. He also joined a trade delegation to India to support the Trade Minister, and Deputy Prime Minister and Minister of Foreign Affairs, Right Hon. Winston Peters.

NZAPI works closely with other primary sector industries, both from within and outside horticulture. As the Covid-19 response unfolded late in the financial year, horticulture industry CEOs met regularly with government to ensure that businesses could remain operating – having been deemed essential, we needed to demonstrate that we could ensure the safety of workers, remove any risk of community

transmission, and protect food security for New Zealanders and for our overseas customers. This close collaboration continues.

In June 2019, the NZAPI Board approved a policy statement outlining how we would engage with Horticulture New Zealand Inc. This was to remove duplication of effort, ensure that the right organisation was speaking on the right matters of importance to our industry, and ensure the best possible representation for growers. Trade and market access, biosecurity, and labour (skills, capability and seasonal labour including RSE) are deemed “sovereign” to NZAPI. Resource management, natural resources and environmental matters are deemed “sovereign” to Horticulture New Zealand Inc. “Sovereign” is defined as being solely responsible for a particular subject area, exclusively leading that area on behalf of members.

Erin Simpson represents our industry on the Horticulture Capability Group, a pan-sector cooperative focused on recommending and influencing government policy on careers, skills, the structure of education and training services and the like.



Hon. Damien O'Connor, Richard Punter, Alan Pollard

# Market Access



Diversity of market and varietal mix underpins market access. Crop volumes from both our southern and northern hemisphere competitors will always impact where we sell our fruit. Our exporters are well equipped to meet demand or shift focus when necessary. Our reputation is for high quality, safe and healthy fruit that meets all market phytosanitary and regulatory requirements. Meeting these requirements is a joint effort between orchardists and post-harvest, with support from NZAPI and relevant government agencies to ensure our diverse range of markets continue to remain open to us and the portfolio of markets continues to grow.

## Trade Access

- European Union-New Zealand Free Trade Agreement (FTA) - good progress is being made, with two chapters substantively concluded (Transparency and Customs).
- UK-NZ FTA/Brexit - the UK has published its high level objectives for their negotiation with the US; it is expected the UK will continue to progress discussions with other Tier 1 priorities; they are Japan, New Zealand and Australia.
- Agreement on Climate Change, Trade and Sustainability (ACCTS) Initiative - intended to demonstrate how trade rules can support climate and broader sustainable development objectives, negotiations are expected to commence with NZ, Norway, Iceland, Costa Rica, and Fiji mid-2020.
- Regional Comprehensive Economic Partnership (RCEP) - encompasses the 10 countries of The Association of Southern Asian Nations (ASEAN), plus ASEAN's FTA partners (China, Japan, Korea, Australia and New Zealand). The RCEP region covers nearly half the world's population, a third of global GDP, has twice the share of world trade as the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and already takes 56 percent of our exports. At this stage India has declined to participate.

## Market Access

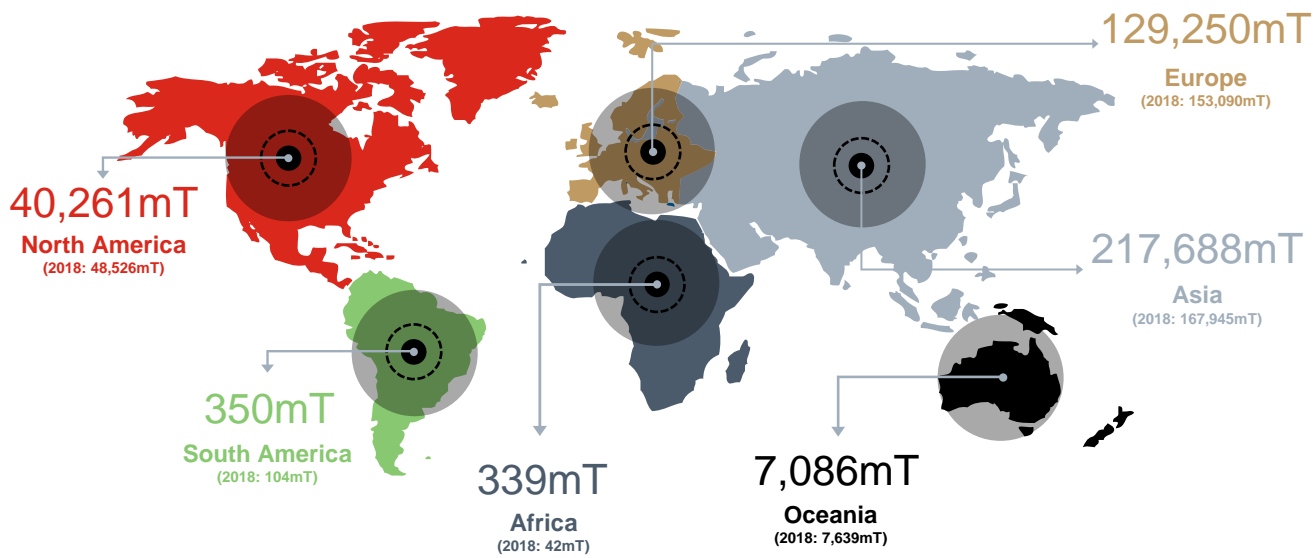
- During the year, we repeated a 2013 industry survey to prioritise 22 markets based on profitability, reputation, ease of access, domestic competition and lobbying, and costs of access. Markets were defined as an 'initiate', 'develop', 'refine' or 'maintain' market, identifying specific market access issues and the return on investment if these issues are overcome. This work forms the basis of the 2019/20 MPI/NZAPI workplan.
- Japan - NZAPI has coordinated a working group with industry, MPI Plant Exports, and MPI Market Access to explore a systems approach as an alternative to methyl bromide treatment for export. A trial is underway to collect data for the methyl bromide reassessment and proof of the systems approach.
- The US pre-clearance programme was cancelled when the USDA inspector returned to the US in March as our border closed. Despite some delays on arrival, NZAPI, MPI and APHIS worked together to ensure consignments arrived and were cleared, and issues were quickly resolved.



- The High Commissioner and Deputy High Commissioner of Pakistan visited Hawke's Bay orchards and packhouses in February 2020. Discussions are underway between Pakistan and New Zealand, building relationships to re-engage in trade and consider capability transfer, consistent with our industry led, government enabled trade access strategy.
- The NZAPI random residue programme has been accredited by GlobalG.A.P as a Residue Monitoring System (RMS). This programme tests all RPIN's/orchards in a three-year cycle against a broad range of pesticides. In 2019, 96% of fruit tested (473 samples) were within

all export market MRL requirements, with the remaining 4% excluded from markets. Pressure from international markets in deregistering chemistry and reducing overall pesticide use will put pressure on all horticultural industries to continue to meet residue limits as well as phytosanitary requirements.

- Gary Jones has been elected to the Board of GlobalG.A.P, the first southern hemisphere person to achieve that position. Danielle Adsett has joined the Technical Committee for GRASP (GlobalG.A.P Risk Assessment on Social Practice).



**Export Production 2019**  
(metric tonnes)

# Recognised Seasonal Employer (RSE) Scheme

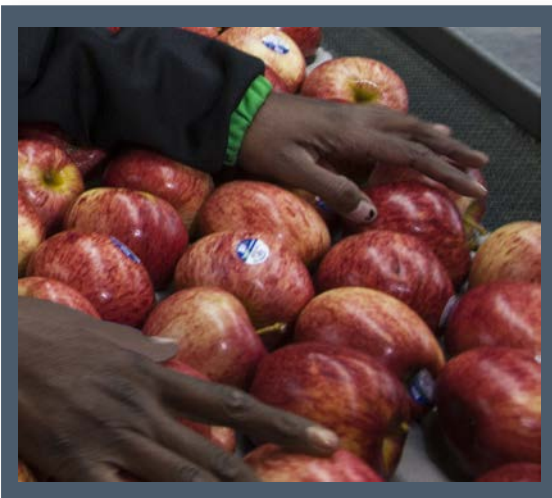


Access to seasonal labour continues to pose a significant challenge to both immediate industry needs, and future growth. The Recognised Seasonal Employer (RSE)

scheme is an invaluable resource to industry, with 79% of all New Zealand's apples and pears picked by migrant workers. Conversely, 79% of packing operations are undertaken by New Zealanders. If the fruit is not harvested, then the entire supply chain is affected.

RSE workers helped to harvest a record breaking 21.9 million tray carton equivalents (TCEs) in 2019. This has enabled industry to continue on its growth trajectory of 3.5% compound annual growth (CAGR) in planted area, and 13% CAGR in value over the last eight years.

2019 saw low levels of unemployment, student visas and numbers of Working Holiday Scheme (WHS) workers filtering through to our horticultural regions, with the additional challenge of horticulture having to compete with other industries for seasonal labour at greater levels than before.



In 2018, Immigration Minister Lees-Galloway set the horticulture industry a number of challenges to secure future growth and assurances for the RSE scheme. Challenges included doing more to employ New Zealanders, reducing the strain on urban housing with purpose-built accommodation, increasing wages and investment in technology, and combating exploitation. The apple and pear industry has met those challenges, providing evidence-based data to demonstrate success.

The national RSE cap was raised by 1,150 to 14,400 in October 2019, with a conditional further increase of 1,600 announced for 2020. It has since been agreed post COVID-19 that the 2020/21 national cap will remain at 14,400. The increase in 2019 was well below the Ministry of Social Development (MSD) supported request, and New Zealand apple and pear RSE employers strongly indicated they needed significantly higher numbers of RSE workers. The 1,150 provided employers with 40% of the number they had requested.

Key to the New Zealand apple and pear industry's continued growth post COVID-19 is clarity of Government policy settings, specifically and most urgently the supply of seasonal labour. With a confirmed seasonal labour force, and clear process to allow workers to return to New Zealand for next season, industry will be able to continue to grow, to employ more New Zealanders in skilled permanent roles, and to support Māori business developments.

**7,000 RSE workers**  
are employed in the apple and  
pear industry at its peak.



# Prevar



NZAPI's only commercial investment is in Prevar Limited. Prevar's objectives are to:

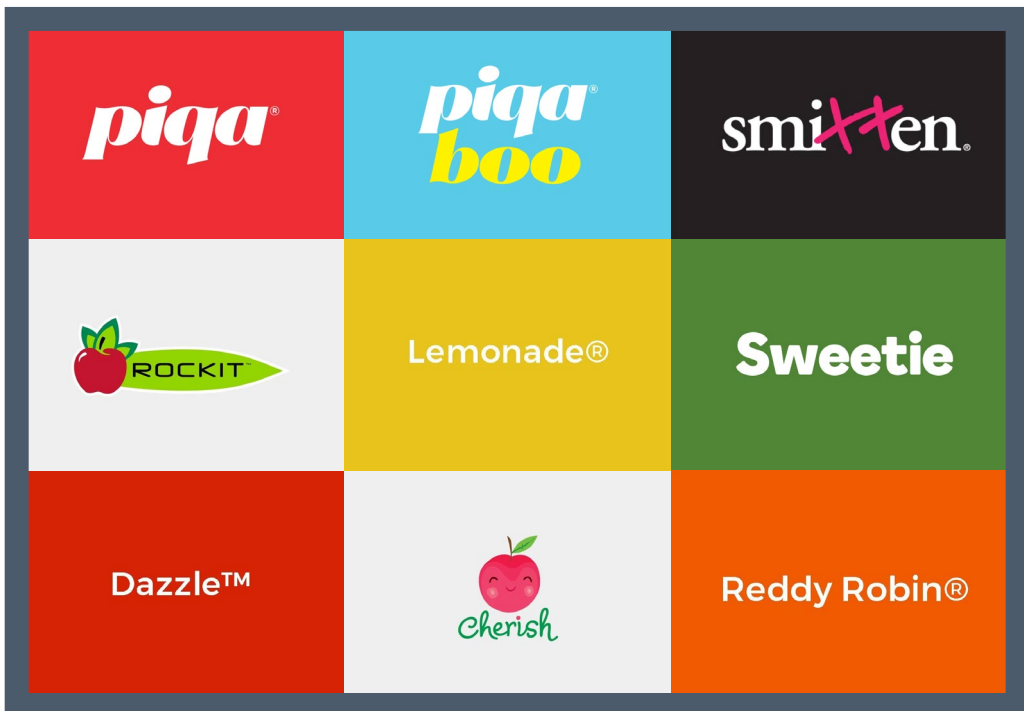
- Provide New Zealand and Australian apple and pear growers with the opportunity to have first access to new varieties; and
- Achieve a competitive advantage for the apple and pear growers in New Zealand and Australia and enable them to develop and expand to obtain a greater share of the global apple and pear fresh fruit markets.

NZAPI holds a majority of 55% of the shares in Prevar (class A), with PFR holding 29% (class A) and APAL 16% (class B). Class B shares have no rights to appoint a Director, meaning that they carry no voting rights. NZAPI appoints two Directors to the Prevar Board, with the option to appoint a third if required.

The Directors are appointed by the NZAPI Board on the recommendation of the NZAPI Governance Committee.

The class A shareholders have committed to provide the necessary investment to fund Prevar's operation until such time as it becomes self-sustaining. During the year to 31 March 2020 NZAPI invested a further \$900,000 in Prevar for this purpose.

Prevar is forecast to achieve financial self-sustainability during the 2022/23 year. Once this occurs, NZAPI will begin to receive dividends from Prevar in proportion to its shareholding. At that time, the NZAPI Board will determine how the dividends received may be applied for the benefit of growers, with potential options including increased R & D investment, a reduced levy or subsidised products and/or services.



# Biosecurity



NZAPI works closely with other sectors under the Government Industry Agreement (GIA) framework to ensure that the risks of a biosecurity incursion or the procedures followed in the

event of a biosecurity response are well managed on behalf of our industry.

During the year, a fruit fly response in Auckland remained active. With the implementation of government-industry cost sharing, NZAPI has contributed \$530,000 toward the total cost of the response (just over \$16m). This was paid from NZAPI reserves with no call made on growers.

In the 2019/20 brown marmorated stink bug (BMSB) high season, there were 282 detections comprising 2,176 bugs. This is significantly less than the 408 detections with 4,189 bugs recorded last season. While it is not possible to be certain of the reasons for this decrease, it is likely to be due to New Zealand shipping, importer and logistics industries being more vigilant; Biosecurity New Zealand setting new requirements for mandatory treatment offshore with untreated containers denied entry to New Zealand; enhanced requirements for new and used vehicles from Japan; a BMSB public awareness campaign; a post-border BMSB surveillance programme; and lower populations of BMSB in parts of the US.

NZAPI continues to be engaged with a review of the Import Health Standard for plant material, including offshore facility accreditation and testing and quarantine rules. We have also contributed to the review of Germac, the germplasm advisory committee.

NZAPI has been successful in securing Sustainable Farming Fund (SFF) funding for a project to develop biosecurity response plans and best practice guidelines for fruit fly and BMSB, which can then be extended to other biosecurity threats.

The project will deliver capability and preparedness to effectively operate and manage the impact of biosecurity incursions, with the knowledge to minimise the impact of high-risk biosecurity threats on market access, productivity, and quality. The project budget is \$702,000, of which the SFF is funding \$422,000. It runs for three years starting 1 June 2019.

NZAPI has lodged an application for a Biosecurity Response (Apple and Pear) Levy Order, which will impose an initial levy on growers of \$50 per hectare of planted area. This will collect approximately \$500,000 per annum toward a target fund of \$2m to be accessed in the event of a cost-shared biosecurity response. It is anticipated that the Order will be in place from August 2020 with initial invoicing shortly thereafter.

Alan Pollard is a member of the GIA Deed Governance Group responsible for oversight of the GIA framework. Nicola Robertson represents the industry on the Fruit Fly Council, Brown Marmorated Stink Bug Council, and Germac.

“to ensure that the risks of a biosecurity incursion or the procedures followed in the event of a biosecurity response are well managed on behalf of our industry”

# Telling the apple story



In 2019, the industry celebrated the 200<sup>th</sup> anniversary of apples and pears being first introduced to New Zealand. Samuel Marsden brought plants with him from New South Wales and

planted them in Kerikeri. The original pear tree remains standing today at the Kororipo Heritage Park by the Kerikeri Mission Station and Stone Store. Minister Damien O'Connor hosted a reception at Parliament to celebrate the bicentenary, attended by industry and government colleagues.

NZAPI is developing resources to support the apple story. Video resources have been created to promote careers in, and attract talent to, the industry. These are available on the NZAPI website.

NZAPI is also updating its website to enable a broad range of audiences to access better industry information and to provide them with a platform for better engagement with us.

These audiences include members, job/career seekers, education providers, government stakeholders in New Zealand and overseas, and the general public.

As part of a post-COVID recovery strategy, NZAPI will be working with the other horticulture sectors and government agencies to develop a much more comprehensive set of resources to support horticulture, and specifically apple, pear and nashi stories.

In the past year NZAPI supported trade shows in Hong Kong (Asia Fruit Logistica), Beijing (China Fruit and Vegetable Fair) and Berlin (Fruit Logistica). These shows provide a platform to share the New Zealand apple story with international audiences.

NZAPI maintains an active social media presence, and regularly updates those channels with relevant news and stories of relevance to the apple story.



# Knowledge management and communication



A core role for NZAPI is to ensure that the right information gets to the right person in the right way and at the right time in order to make the right decisions.

The decision to migrate NZAPI’s knowledge assets to a cloud-based platform in 2018 paid off this year, when working from home became a necessity during the COVID-19 lockdown. With much relief, the cloud-based platform allowed a seamless transition for managing every aspect of work and providing all essential services to our members.

During the COVID-19 response, NZAPI collated and prepared information for members to help them understand and implement what was required to operate as an essential business. A COVID-19 specific webpage within the NZAPI website was created to host and manage this information.

This year, improvements have continued to be made on the NZAPI online registration system to allow ease of use for members.

We welcome feedback and improvements for managing registration information. Key upgrades this year were:

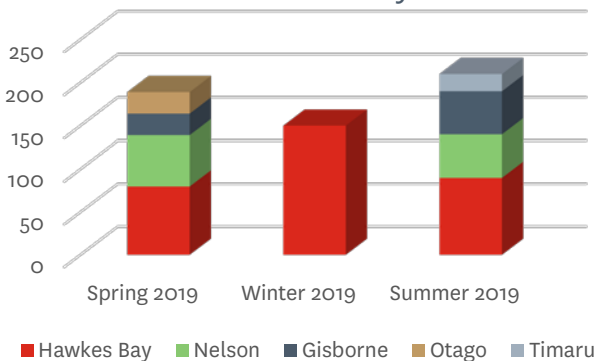
- Additional functionality for IVAs to manage production site eligibility allowing real time updates of NZAPI master files.
- Upload functionality to save documents against registration information that can be accessed by IVAs and MAOs for checking assurances and eligibility.
- View and export functionality of all planting site information for each business.

A much needed upgrade was undertaken for Masterdata bringing this important database into NZAPI’s knowledge assets allowing internal management and oversight. NZAPI led a working group with industry users to refresh and clean out old data and to standardise and streamline future updates.

The NZAPI team was busy this year engaging with members in all regions through Education Days, and Preseason Grower and Packhouse Workshops. In total, 29 events were held across five growing regions. These extension days allowed targeted information to be provided on education, research and development, market access, biosecurity, best practice for pest and disease management in orchards and packhouses, and seasonal labour.

“A core role for NZAPI is to ensure that the right information gets to the right person in the right way and at the right time in order to make the right decisions.”

Education Days



# Attracting and retaining talent



2019-2020 has seen some real traction in relation to industry training and career development work. In 2019 the Minister of Education, Hon. Chris Hipkins announced a comprehensive

reform of vocational education which will see the long awaited opportunity for the apple and pear sector to further develop its industry training in such a way to target specific skills required by our workforce for the future. These reforms are much needed and something that NZAPI has been working towards for several years. We have engaged strongly through the design phase of these reforms and have been able to ensure that our sector has a strong voice.

Along with these reforms we have deployed regional career managers in Bay of Plenty, Hawke’s Bay, Massey University, Nelson and Central Otago under our Provincial Growth Fund (Te Ara Mahi) project (in combination with Horticulture New Zealand Inc). This project is to link industry into schools and education providers and showcase pathways to careers across our entire value chain, which is a priority for NZAPI under our capability mandate.

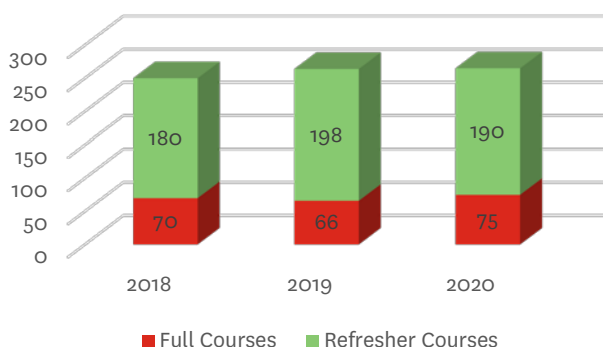
As of the 2019 harvest there are 272 trainees from the apple and pear sector with:

- 62 at level 2
- 103 at level 3
- 77 at level 4
- 30 at level 5 studying the Diploma Fruit Production or Post-Harvest qualifications

We have welcomed Matua George Rarere and Summer Wynyard to our capability team working in industry and Iwi engagement and school liaison roles in conjunction with the PGF Te Ara Mahi project. Both George and Summer have a wealth of mana and enthusiasm for their roles and we see their presence in the industry already having good effect across the capability mandate to attract retain and grow talent for our rapidly growing sector.

During the year, NZAPI and Massey University ran the International Horticulture Immersion Programme (IHIP) pilot including travel to Europe and South Korea. The programme was a huge success, particularly the Dutch and Belgium legs that showcased new models of collaborative innovation, capability building, and regional economic development in horticulture. The Korean leg helped further develop Korean New Zealand apple industry relationships, leading to the development of a bilateral industry and university knowledge exchange and capacity building task force. A second trip to Europe coincided with Fruit Logistica in Berlin and targeted industry personnel.

Phytosanitary Course Attendees



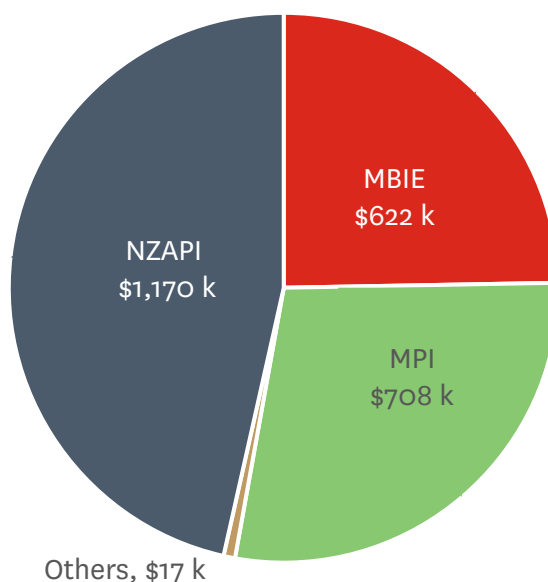
# Research and Development

Research and Development projects underpin all NZAPI's strategic priorities. During the year \$2.5 million was invested in multiple projects. NZAPI led some of the projects and contributed to others.

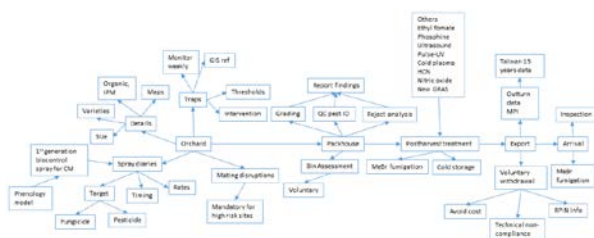
Industry funding and in-kind effort was leveraged during the year to secure \$1.33 million in funding from the Sustainable Farming Fund (SFF) and Sustainable Food and Fibre Futures Fund (SFFF) – both via the Ministry of Primary Industries (MPI) – and the Ministry of Business, Innovation and Employment (MBIE).

“The success of growth in Asia has been largely underpinned by the outcomes of this programme”

R&D Funding Providers



## Apple Futures II



The Apple Futures II programme (\$1.24 million p.a.), now in its fifth year of seven, was conceived to realise export growth into Asian markets. This season saw the largest proportion of apples exported to Asia increasing from 32% in 2013 at the start of the project to 51% in 2019. The success of growth in Asia has been largely underpinned by the outcomes of this programme focused on risk reduction on-orchard and during packing for key Asian phytosanitary pests and diseases.



This year saw the implementation of improved orchard control options for *Neofabraea alba*. New knowledge for timing control options for codling moth and apple leaf curling midge were also significantly progressed. New knowledge on best practice apple washing for control of apple leaf curling midge was developed and an assessment of a semi-commercial hot water system for treatment of rots was undertaken.



## European Canker Management

The SFF project on best practice for European canker management ended after six years of investment. The success of this project can be demonstrated by industry's effective management of this disease that has reduced the incidence and severity on orchards. Growers now have a good understanding of how to manage this disease effectively.



## Crop Load Management

Additional funding was sought and granted for continuing an SFF project on crop load management. This project seeks to implement automated fruitlet counting to manage variability in hand thinning practices to more effectively achieve target yields, size and quality. This project is complemented by in-kind support to an MBIE funded Human Assist project that seeks to fully automate orchard thinning.

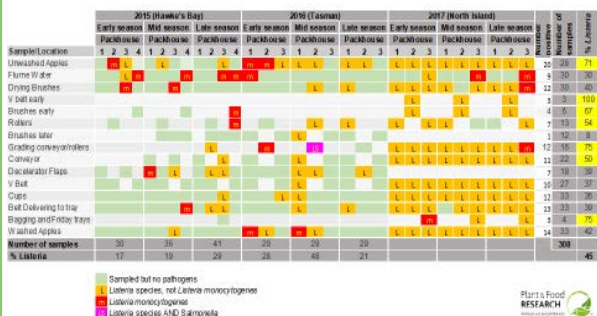


## New Projects



An additional two MPI projects (an SFF and an SFFF) began after successful funding applications were granted. The biosecurity preparedness project began focused on developing industry response plans for managing brown marmorated stink bug and preapproved treatment protocols for fruit fly.

When and where were pathogens detected?



A food safety project to develop industry best practice for meeting importing country requirements also began. This project will deliver new procedures and protocols for mitigating the risk of *Listeria monocytogenes* where markets have a zero tolerance for this key food borne pathogen.

# NZAPI Governance



The NZAPI Board comprises eight directors; four grower directors, three post-harvest directors and an independent director.

Board members during the year were:

	Meetings attended
• Richard Punter, Independent, Hawke’s Bay (Chairman)	6 of 6
• Bruce Beaton, Post-Harvest, Hawke’s Bay (retired November 2019)	3 of 5
• Peter Beaven, Grower, Hawke’s Bay (retired August 2019)	2 of 3
• Tim Egan, Grower, Gisborne (elected August 2019)	3 of 3
• Evan Heywood, Grower, Nelson	6 of 6
• Matthew Hoddy, Grower, Nelson (retired August 2019)	3 of 3
• Peter Landon-Lane, Post-Harvest, Hawke’s Bay (appointed February 2020)	1 of 1
• Karen Morrish, Post-Harvest, Hawke’s Bay	5 of 6
• Cameron Taylor, Grower, Hawke’s Bay	5 of 6
• Jackie van der Voort, Post-Harvest, Central Otago	6 of 6
• Lesley Wilson, Grower, Hawke’s Bay (elected August 2019)	3 of 3

The 2019 AGM approved a Rule change removing the post-harvest director category and replacing this with grower only elected directors and independent directors. Grower directors must either be a grower, or an employee of a grower, or an employee of an Associated entity of a grower. The maximum number of independent directors was also increased from one to two.

In addition to the NZAPI team's responsibilities within each of their respective portfolios, NZAPI has also established a number of advisory groups to support governance, offer a forum for information sharing and testing ideas, and provide a platform for industry consultation.

Board and industry appointed committees that currently provide these forums are:

- **Market Access Governance Group** – an industry/MPI partnership that prioritises export markets and agrees the workplans for each.
- **Market Access Advisory Group** - the technical link between the Market Access Governance Group and our member businesses.
- **Market Panel** – facilitating an understanding of export markets.
- **Research Consultative Group** – responsible for recommending and overseeing the research programme each year for Board approval and reviewing progress.
- **Prevar Advisory Group** – provides advice to the NZAPI Board on matters affecting the NZAPI shareholding in Prevar.
- **Board Governance Committee** – responsible for audit and risk; remuneration and administration; and Director nominations, competencies and succession. The Committee is comprised of the NZAPI Chairman and three directors.
- **Biosecurity Advisory and Response Group** – provides advice on biosecurity matters and governance in the event of an industry biosecurity or other crisis response.
- **Agrichemical advisory group** - provides advice on the priorities, processes, research and reviews related to agrichemicals in the pipfruit industry.



# NZAPI staff



At balance date, members of the NZAPI team were:

Alan Pollard	Chief Executive Officer
Danielle Adsett	Manager, Market Access
Jess Cranswick	Chief Financial Officer
Sandra Hughes	Executive Assistant
Gary Jones	Manager, Trade Policy and Strategy
Rachel Kilmister	Manager, Research and Development Programme
Jill Nisbett	Administration
George Rarere	Manager, Workforce Development
Nicola Robertson	Manager, Biosecurity
Emma Sherwood	Business Analyst
Erin Simpson	Manager, Capability Development
Pip McVeagh	Manager, Plant Protection and Nutrition
Summer Wynyard	Education Support



Front: Nicola Robertson, Alan Pollard, Evan Heywood, Cameron Taylor, Richard Punter, Karen Morrish, Jess Cranswick, Lesley Wilson, Emma Sherwood

Back: Danielle Adsett, Sandra Hughes, Pip McVeagh, Stuart Kilmister, Rachel Kilmister, Erin Simpson, Jill Nisbett, Cindy Dixon, Tim Egan, Gary Jones

# Financial Statements

For the year ended 31 March 2020



## Contents

Independent Auditor's Report .....	27
Statement of Comprehensive Revenue and Expense.....	30
Statement of Changes in Equity.....	30
Statement of Financial Position.....	31
Cash Flow Statement.....	32
Notes to the Financial Statements.....	33

## INDEPENDENT AUDITOR'S REPORT

### To the Members of New Zealand Apples and Pears Incorporated

#### Opinion

We have audited the financial statements of New Zealand Apples and Pears Incorporated (the Society) on pages 30 to 47, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 March 2020, and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

#### 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, the Society.

#### Information Other Than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the financial statements, if other information is included in the annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditors' report, we concluded that there is a material misstatement of this other information, we are required to report that fact.

## Responsibilities of the Directors for the Financial Statements

The Directors are responsible on behalf of the entity for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as The Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, The Directors are responsible 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 those charged with governance either intend to liquidate the Society or to cease operations, or have 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 decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Crowe New Zealand Audit Partnership**

CHARTERED ACCOUNTANTS

9 June 2020

*The title 'Partner' conveys that the person is a senior member within their respective division and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately-owned organisation and/or its subsidiaries.*

*Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd.*

*Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.*

© 2019 Findex (Aust) Pty Ltd

# New Zealand Apples and Pears Incorporated

## Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2020

<i>in NZD</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
<b>Revenue</b>	7	7,381,275	6,686,394
<b>Operating Expenses</b>	8	6,842,819	5,197,268
<b>Operating surplus for the year</b>		<b>538,456</b>	<b>1,489,126</b>
Share of Prevar's surplus/(deficit) for the year	13	(435,120)	(809,872)
Reversal of Prevar's previous impairment losses	13	-	1,316,005
<b>Total surplus before income tax</b>		<b>103,336</b>	<b>1,995,259</b>
Income tax expense	9	6,215	2,028
<b>Total surplus after income tax</b>		<b>97,121</b>	<b>1,993,231</b>
Other comprehensive revenue and expense		-	-
<b>Total comprehensive revenue and expense for the year</b>		<b>97,121</b>	<b>1,993,231</b>

## Statement of Changes in Equity

For the year ended 31 March 2020

<i>in NZD</i>	<b>Retained Earnings</b>	<b>Total Equity</b>
<b>2019</b>		
Balance at 1 April 2018	1,482,262	1,482,262
Total comprehensive income for the year	1,993,231	1,993,231
Balance at 31 March 2019	<b>3,475,493</b>	<b>3,475,493</b>
<b>2020</b>		
Balance at 1 April 2019	3,475,493	3,475,493
Total comprehensive income for the year	97,121	97,121
Balance at 31 March 2020	<b>3,572,614</b>	<b>3,572,614</b>

The accompanying notes are an integral part of these financial statements.



# New Zealand Apples and Pears Incorporated

## Statement of Financial Position

As at 31 March 2020

<i>in NZD</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
<b>Current Assets</b>			
Cash and cash equivalents	10	1,213,490	1,443,252
Trade and other receivables	11	694,969	575,286
Prepayments and other assets		87,807	174,976
Income tax refund due	9	11,949	20,803
Other investments	12	600,000	1,000,000
<b>Total Current Assets</b>		<b>2,608,215</b>	<b>3,214,317</b>
<b>Non-Current Assets</b>			
Investment in Prevar	13	3,299,925	3,735,045
Plant and equipment		59,045	45,199
Intangible assets		67,363	16,114
<b>Total Non-Current Assets</b>		<b>3,426,333</b>	<b>3,796,358</b>
<b>Total Assets</b>		<b>6,034,548</b>	<b>7,010,675</b>
<b>Current Liabilities</b>			
Trade and other payables	14	1,001,194	1,246,696
Employee entitlements		64,514	52,319
Capital payable	13	775,975	839,940
<b>Total Current Liabilities</b>		<b>1,841,683</b>	<b>2,138,955</b>
<b>Non-Current Liabilities</b>			
Capital payable	13	620,251	1,396,227
<b>Total Liabilities</b>		<b>2,461,934</b>	<b>3,535,182</b>
<b>Equity</b>			
Accumulated comprehensive revenue and expense		3,572,614	3,475,493
<b>Total Equity</b>	18	<b>3,572,614</b>	<b>3,475,493</b>
<b>Total Equity and Liabilities</b>		<b>6,034,548</b>	<b>7,010,675</b>

These financial statements have been authorised for issue by the Directors on 8 June 2020.



Richard Punter, Chairman



Cameron Taylor, Director

The accompanying notes are an integral part of these financial statements.



# New Zealand Apples and Pears Incorporated

## Cash Flow Statement

For the year ended 31 March 2020

<i>in NZD</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
<b>Cash flow from operating activities</b>			
<b>Receipts</b>			
Receipts from commodity levies		5,261,503	5,345,656
Receipts from other non exchange transactions		1,522,021	1,130,830
Receipts from other exchange transactions		261,605	152,911
Interest received		36,084	26,842
Income Tax		2,639	-
Goods and Services Tax (Net)		82,930	-
		<u>7,166,782</u>	<u>6,656,239</u>
<b>Payments</b>			
Payments to employees & directors		1,367,725	1,320,684
Payments to suppliers		5,430,178	4,095,961
Goods and Services Tax (Net)		-	78,877
Income Tax		-	10,137
		<u>6,797,903</u>	<u>5,505,659</u>
<b>Net cash inflow/(outflow) from operating activities</b>		<b>368,879</b>	<b>1,150,580</b>
<b>Cash flow from investing activities</b>			
<b>Receipts</b>			
Proceeds from sale of plant and equipment		17,933	-
Proceeds from maturity of investments		400,000	-
		<u>417,933</u>	<u>-</u>
<b>Payments</b>			
Capital payment to Prevar		900,000	225,000
Purchase of plant and equipment		52,010	22,901
Purchase of intangibles		64,564	14,185
		<u>1,016,574</u>	<u>262,086</u>
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(598,641)</b>	<b>(262,086)</b>
Net increase/(decrease) in cash and cash equivalents		(229,762)	888,494
Add opening cash and cash equivalents		1,443,252	554,758
<b>Closing cash and cash equivalents</b>	4	<b><u>1,213,490</u></b>	<b><u>1,443,252</u></b>

The accompanying notes are an integral part of these financial statements.





# New Zealand Apples and Pears Incorporated

## Notes to the Financial Statements

### 1. Reporting Entity

New Zealand Apples and Pears Incorporated (the ‘Society’) is an incorporated society and is domiciled in New Zealand. The Society is registered under the Incorporated Societies Act 1908.

The Society is the national body that promotes and represents the New Zealand pipfruit (apple, pear and nashi) industry – growers, packers, and marketers of apples and pears in domestic and export markets.

### 2. Basis of Preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with the PBE Accounting Standards Reduced Disclosure Regime as appropriate for Tier 2 not-for profit public benefit entities. The Society is a Tier 2 reporting entity on the basis it does not have public accountability and is not large.

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

### 3. Function and Presentation Currency

These financial statements are presented in NZD, which is the Society’s functional currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

### 4. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following disclosure item, which is measured on an alternative basis on each reporting date.

Item	Measurement bases
Disclosure of fair value of equity accounted investment	Fair value

### 5. Use of Judgements and Estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Society’s accounting policies and the reported amounts of assets, liabilities, revenue, expenses, and the accompanying disclosures. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the current year.

#### A. Judgements

The Society, like all other organisations, is impacted by the global COVID-19 pandemic and the measures implemented by governments and jurisdictions to address the pandemic. Given the uncertainty created by COVID-19, the Board has considered different scenarios and the impact on the ability for the Society to continue as a going concern. Under these scenarios, the Society has sufficient cash inflows to meet its obligations. The largest area of risk is in the collection of commodity levies due to the downstream impact on the pipfruit industry. As at the date of issue of these financial statements, the Board is not aware of any significant negative impacts on the industry. However, COVID-19 is an evolving issue and the Board continues to monitor the economic impact to the Society.



Information about other judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 7 – Commodity levy revenue: the period to which the revenue relates;
- Note 9 – Recognition of deferred taxes; and
- Note 13 – Impairment of Investment in Prevar.

**B. Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 are included in the following notes:

- Note 7 – estimation of research accrual; and
- Note 13 – equity accounted investment, impairment test and fair value disclosure.

**i. Measurement of fair values**

A number of the Society's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Society uses observable market data as far as possible, or for non-cash-generating assets, depreciated replacement cost.

## **6. Summary of Significant Accounting Policies**

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

**A. Impairment of Non-Financial Assets**

The classification of assets as non-cash generating assets is a highly judgmental matter. PBE IPSAS 21.16 clarifies that cash-generating assets are those assets that are held with the primary objective of generating a commercial return. Therefore, non-cash generating assets would be those assets from which the Society does not intend (as its primary objective) to realise a commercial return. The Society's plant and equipment, and intangible assets are deemed to be non-cash generating assets as they are held for administrative purposes.

**i. Impairment of non-cash-generating assets**

The Society assesses at each reporting date whether there is an indication that a non-cash generating asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Society estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash generating asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

For each asset, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment deficits may no longer exist or may have decreased. If such indication exists, the Society estimates the asset's recoverable service amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable service amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable service amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

**ii. Impairment of cash-generating assets**

At each reporting date, the Society reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.



For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### B. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Society entities at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in surplus or deficit.

## 7. Revenue

<i>in NZD</i>	<b>2020</b>	<b>2019</b>
<b>Revenue from non-exchange transactions</b>		
Commodity levy (A)	5,322,013	5,336,268
Shared research	1,346,130	1,152,753
Grants	306,739	-
Miscellaneous	58,192	-
<i>Total revenue from non-exchange transactions</i>	<u>7,033,074</u>	<u>6,489,022</u>
<b>Revenue from exchange transactions</b>		
Interest	25,677	37,503
Residue testing	65,330	60,810
Membership fees	29,704	32,925
Annual conference	110,821	-
Rent & administration services	21,636	21,887
Miscellaneous	95,033	44,247
<i>Total revenue from exchange transactions</i>	<u>348,201</u>	<u>197,372</u>
<i>Total revenue</i>	<u><u>7,381,275</u></u>	<u><u>6,686,394</u></u>

(A) Net income from commodity levies of \$5,101,810 (2019: \$5,146,404) was received after allowing for commission, collection costs and bad or doubtful debts. Commodity levy income has been applied to advancing various industry interests and the administrative support of the Society as detailed in Note 8.

### Accounting Policies

#### A. Revenue from non-exchange transactions

Non-exchange transactions are those where the Society receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange. Inflows of resources from non-exchange transactions, other than services in-kind, that meet the definition of an asset are recognised as an asset only when:

- It is probable that the Society will receive an inflow of economic benefits or service potential; and
- The fair value can be measured reliably.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow. Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where both:

- It is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- The amount of the obligation can be estimated reliably.

The following are the specific recognition criteria in relation to the Society's non-exchange transactions:

#### i. Commodity levy

Commodity levy is a levy imposed on all pipfruit grown and sold/exported by growers in New Zealand under the Commodity Levies (Apples and Pears) Order 2018 (previously Commodity Levies (Pipfruit) Order 2012 and Commodity Levies (Nashi Pears) Order 2012). Commodity levy revenue include levies from Pipfruit sales up to 31 March that are included in commodity levy returns received by the Society up to 31 May. Levy returns received after this date are reported as revenue in the following year.



ii. Shared research

Shared research revenue includes grants given by government or other organisations for conducting research relating to or affecting the pipfruit industry. Shared research revenue is recognised when the conditions or restrictions attached to the grant have been complied with. Where there are unfulfilled conditions attaching to the grant, the amount relating to the unfulfilled condition is recognised as a liability and released to revenue as the conditions are fulfilled.

B. Revenue from exchange transactions

i. Rendering of services

The Society is involved in providing services, including organising events for members. If the services under a single arrangement are rendered in different reporting periods, then the consideration is allocated on a relative fair value basis between the different services. The Society recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on percentage of work performed.

ii. Membership fees

Revenue is recognised over the period of the membership (usually 12 months). Amounts received in advance for memberships relating to future periods are recognised as a liability until such time that period covering the membership occurs.

iii. Interest income

Interest income is earned for the use of cash and cash equivalents and term deposits. Interest income is recognised in the statement of comprehensive revenue and expense as it is earned. Interest income is accrued using the effective interest rate method. The effective interest rate exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this rate to the principal outstanding to determine interest revenue each period.

## 8. Expenses

<i>in NZD</i>	<b>2020</b>	<b>2019</b>
Research expenses	2,573,781	2,162,689
Market access	248,122	257,227
Relationships	87,200	97,610
Representation	83,583	87,155
Biosecurity	591,218	60,836
Apple Story	51,576	-
Knowledge management & communications	510,586	506,098
Capability development	459,417	140,954
RSE scheme	48,858	24,712
New varieties	60,944	36,078
Employee related costs	1,240,133	1,157,993
Commodity Levy collection fees & expenses	220,203	189,864
Impairment loss on trade receivables	165,338	-
Depreciation & amortisation	48,587	52,705
Premises & office costs	453,273	423,347
<i>Total operating expenses</i>	<b>6,842,819</b>	<b>5,197,268</b>



## Accounting Policies

### A. Research expenses

The Society contracts external firms to undertake research on behalf of the pipfruit industry. These costs are expensed as incurred. Invoiced but unpaid research costs are recorded as a payable at balance date. An accrual is made at year end for estimated research work that has been performed but not yet reported on or invoiced at balance date.

### B. Employee benefit expense

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 9. Taxes

The Society is a non-profit organisation to which the statutory deduction provisions of section DV 8 of the Income Tax Act 2007 apply. The Society is also a member organisation and is therefore only liable for income tax on any income from transactions to which the mutual association provisions of subpart HE of the Income Tax Act 2007 apply.

*in NZD*

### Amounts recognised in profit or loss

	<b>2020</b>	<b>2019</b>
Current tax expense	6,215	2,028
<i>Tax expense/(benefit)</i>	<u>6,215</u>	<u>2,028</u>

### Reconciliation of effective tax rate

Net profit/(loss) before tax	103,336	1,995,259
Income tax at 28%	28,934	558,673

Tax effect of taxation adjustments:

Exempted income	(2,053,415)	(1,859,443)
Exempted expenses	1,908,582	1,444,235
Equity accounted investee	121,834	(141,717)
Non-profit organisation deduction	280	280
<i>Tax expense</i>	<u>6,215</u>	<u>2,028</u>

### Income tax refund due

Prior year refund outstanding	(20,803)	(12,694)
Current year tax expense/(benefit)	6,215	2,028
Resident withholding tax deductions	(7,266)	(10,534)
Imputation credits held	(94)	(92)
Refunds Received	10,245	1,149
Tax losses utilised	61	1,694
Adjustment to prior year	-	(2,063)
Tax payable/(refundable) on behalf of Administered funds	(306)	(291)
<i>Tax payable/(refundable)</i>	<u>(11,949)</u>	<u>(20,803)</u>

## Accounting Policies

### A. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred. The tax currently payable is based on taxable profit for the year. Taxable profit differs from "Surplus before tax" as reported in the

statement of comprehensive revenue and expenses because the Society is exempt from tax relating to member's subscriptions and is only subject to tax on non-member related activities and member transactions specifically subject to the mutual association provisions of the Income Tax Act 2007. Current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### B. Deferred taxes

PBE IAS 12 Income taxes requires that the Society recognise a deferred tax liability (or asset) for any assessable (or deductible) temporary differences in the carrying amount of the Society's assets and liabilities recognised on the balance sheet. The majority of the Society's assets and liabilities are derived from non-taxable activities and management have determined that no assessable (or deductible) temporary differences exist. As a result, no deferred tax liabilities (or assets) have been recognised.

### 10. Cash and Cash Equivalents

<i>in NZD</i>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	1,213,490	1,443,252

Cash and cash equivalents do not include funds administered by the Society on behalf of industry groups. At balance date these totalled \$201,935 (2019: \$223,766). The Society has an overdraft facility of \$100,000 (2019: \$500,000), the security for the facility is the Reserve fund, which is invested in term deposits (refer note 12).

#### Accounting Policies

Cash and cash equivalents comprise cash on hand and cash at bank, deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

### 11. Trade and Other Receivables

See accounting policy in Note 7 Revenue and Note 15 Financial instruments.

<i>in NZD</i>	<b>2020</b>	<b>2019</b>
<b>Receivables from non-exchange transactions</b>		
Commodity levy	485,635	410,904
less Provision for impairment loss on trade receivables	(179,559)	-
Other	265,524	76,484
<i>Total receivables from non-exchange transactions</i>	<u>571,600</u>	<u>487,388</u>
<b>Receivables from exchange transactions</b>		
Other	130,269	87,898
less Provision for impairment loss on trade receivables	(6,900)	-
<i>Total receivables from exchange transactions</i>	<u>123,369</u>	<u>87,898</u>
<i>Total Trade and other receivables</i>	<u><b>694,969</b></u>	<u><b>575,286</b></u>

### 12. Other Investments

See accounting policies in Notes 15 Financial instruments

<i>in NZD</i>	<b>2020</b>	<b>2019</b>
Term deposits	600,000	1,000,000

The Society's term deposits are set aside under two funds, \$600,000 for the reserve fund (2019: \$600,000) and \$nil for the Government Industry Agreement (GIA) fund (2019: \$400,000).



The Reserve fund was created to provide for a shortfall in Commodity Levy income which may seriously impact on the ability of the Society to meet its objectives and obligations.

The GIA fund was created after the Society signed the GIA for Biosecurity Readiness and Response Agreement. The agreement details the cost sharing mechanism between industry and the government. During the year \$200,000 (2019: \$nil) was added to the reserve and the Society's contribution to the 2019 Fruitfly response was \$530,000 (2019: \$nil). The remaining funds are included in cash and cash equivalents.

### 13. Equity-Accounted Investee (Prevar)

*in NZD*

	<b>2020</b>	<b>2019</b>
<b>Net carrying value</b>		
Equity accounted investment at cost	15,406,755	15,406,755
Accumulated share of deficit	(12,106,830)	(11,671,710)
<i>Net carrying value</i>	<u>3,299,925</u>	<u>3,735,045</u>
<b>Movements in carrying amounts</b>		
Carrying value at the beginning of the year	3,735,045	772,157
Share of (deficit)/profit for the year	(435,120)	(809,872)
Reversal of accumulated impairment losses	-	1,316,005
Share capital introduced during the year	-	2,456,755
<i>Carrying value at the end of the year</i>	<u>3,299,925</u>	<u>3,735,045</u>

#### A. Change in shareholding:

There were no changes to the Society's shareholding in Prevar during the year. The investment is a joint venture. (2019: On 28 February 2019, the Society's equity interest in material associate, Prevar, increased from 45% to 55%, changing the investment from an associate to a joint venture. The change did not change the accounting treatment of the investment and the Society continued to be accounted for its investment as an equity accounted investee. The increase in shareholding occurred due to the signing of the deed of variation to shareholder agreement, in which the Society has also agreed to acquire and Prevar has agreed to issue 71,250 shares for \$2,800,000 over a three-year period. The fair value of the amount agreed is \$2,456,754 and has been recorded as a liability for the Society. Previous impairment losses recorded were reversed, as the estimates used to determine the assets recoverable amount had changed. The changes include increased certainty, timing and quantum of cash flows expected to be generated by Prevar).

Prevar is not publicly listed. The following table summarises the fair value of Prevar at 31 March 2020. The comparative year figure was calculated on 28 February 2019, the date of the change in shareholding:

<i>in NZD</i>	<b>31-Mar-20</b>	<b>28-Feb-19</b>
Current assets	4,974,128	5,528,851
Non-current assets	14,492,888	14,517,985
Current liabilities	(727,990)	(2,908,909)
Non-current liabilities	(214,006)	-
Net assets (100%)	18,525,020	17,137,927
<i>Net assets (Society's share)</i>	<u>8,758,885</u>	<u>6,776,904</u>

The difference between the Prevar's fair value and carrying value is the value of Prevar's Plant variety rights and associated trademarks (PVR's). The fair value of the PVR's has been estimated using discounted cash flows. Key assumptions used in the estimation of the value were as follows:





<i>in percent</i>	<b>31-Mar-20</b>	<b>28-Feb-19</b>
Discount rate	26%	26%
Terminal value growth rate	(10%)	(10%)
Operating expense growth rate	2%	2%

The discount rate was a post-tax measure assessed by reference to typical venture capital required returns on early stage investments as provided by independent advisors. The cash flow projections include specific estimates for 12 years and a terminal growth rate thereafter, based on estimated revenue and expenses for agreements in place as at the date of the assessment as well as projected operating expenses. A significant judgement factor is the determination of cash flows, being based on estimated future plantings of existing PVRs, estimated crop yields and resulting revenue generated by the licensees to determine the future cash flows receivable by Prevar under the PVRs.

#### B. Prevar's summarised financial statements

Prevar has a balance date of 31 March. The following table summarises the financial information of Prevar as included in its own financial statements adjusted for differences in accounting policies:

<i>in NZD</i>	<b>2020 12 months</b>	<b>2019 10 months</b>
Current assets	4,974,128	4,659,577
Non-current assets	1,855,893	4,158,245
Current liabilities	(633,027)	(2,123,858)
Non-current liabilities	(214,006)	-
Net assets (100%)	<u>5,982,988</u>	<u>6,693,964</u>
Revenue	3,547,717	2,003,737
Expenses	4,338,844	3,534,908
Total comprehensive income (100%)	<u>(791,127)</u>	<u>(1,531,171)</u>
<i>Total comprehensive income (Society's share)</i>	<u>(435,120)</u>	<u>(809,872)</u>

There were no contingent liabilities or assets relating to the Society's interest in Prevar (2019: nil).

#### Accounting Policies

The Society's interests in equity-accounted investees comprise interests in an associate and then a joint venture. Prevar Limited ("Prevar") was an associate prior to the change in shareholding in February 2019 (refer note 13), after the change in shareholding the investment is a jointly-controlled entity, referred to as a joint venture within these financial statements.

Associates are those entities in which the Society has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Society holds between 20% and 50% of the voting power of another entity. Joint Ventures are those entities over whose activities the Society has joint control, established by contractual agreement and require unanimous consent for strategic financial and operating decisions.

Interests in the associate and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Society's share of the surplus or deficit and other comprehensive revenue and expense of equity-accounted investees, until the date on which significant influence or joint control ceases.

#### 14. Trade and Other Payables

See accounting policy in Note 8 Expenses and Note 15 Financial instruments.

<i>in NZD</i>	<b>2020</b>	<b>2019</b>
Trade creditors	216,351	170,927
Research contracts	626,638	1,008,560
Accruals	78,217	45,396
Income received in advance	49,071	-
PAYE/Kiwisaver payable	30,917	21,813
<i>Total Trade and other payables</i>	<b>1,001,194</b>	<b>1,246,696</b>

#### 15. Financial Instruments

Accounting classifications and fair values:

<i>in NZD</i>	<b>2020</b>	<b>2019</b>
<b>Financial assets - Loans and receivables</b>		
Cash and cash equivalents	1,213,490	1,443,252
Trade and other receivables	772,160	140,466
Other investments	600,000	1,000,000
<i>Total Financial assets</i>	<b>2,585,650</b>	<b>2,583,718</b>
<b>Financial liabilities - Other financial liabilities</b>		
Trade and other payables	680,128	900,531
Employee entitlements	64,514	52,319
Capital payable	1,396,227	2,236,167
<i>Total Financial liabilities</i>	<b>2,140,869</b>	<b>3,189,017</b>

#### Accounting Policies

The Society classified non-derivative financial assets into the following categories: loans and receivables.

The Society classifies non-derivative financial liabilities into the following categories: other financial liabilities category.

##### A. Non-derivative financial assets and financial liabilities - recognition and derecognition

The Society initially recognises loans and receivables on the date that they are originated.

The Society derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Society is recognised as a separate asset or liability.

The Society derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Society currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

##### B. Non-derivative financial assets - measurement

Loans and receivables - These assets are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method.

C. Non-derivative financial liabilities – measurement

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial liabilities are measured at amortised cost, and changes therein are generally recognised in surplus or deficit.

D. Impairment

Financial assets not classified as at fair value through surplus or deficit, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that the financial assets are impaired includes:

- Default or delinquency by a debtor;
- Restructuring of an amount due to the Society on terms that the Society would not consider otherwise;
- Indications that a debtor or issuer will enter bankruptcy;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

i. Financial assets measured at amortised cost

The Society considers evidence of impairment for these assets at both an individual asset and a collective level. All individual significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Society uses historical information on the timing of recoveries and the amount of loss incurred and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus or deficit and reflected in an allowance account. When the Society considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through surplus or deficit.

ii. Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount, (refer Note 13).

## 16. Commitments

### A. Operating leases

<i>in NZD</i>	<b>2020</b>	<b>2019</b>
Less than one year	98,870	9,168
Between one and five years	339,106	20,628
More than five years	12,642	-
<i>Total Operating lease commitments</i>	<b>450,618</b>	<b>29,796</b>

Operating lease commitments include office space, a vehicle and a photocopier (2019: a photocopier).

#### Accounting Policies

##### i. Determining whether an arrangement contains a lease

At inception of an arrangement, the Society determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Society separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Society concludes for a finance lease that it is impracticable to separate the payments reliably that an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Society's incremental borrowing rate.

##### ii. Leased assets

Leases of property, plant and equipment that transfer to the Society substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are account for in accordance with the accounting policy applicable to that asset.

##### iii. Lease payments

Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

### B. Research and development

<i>in NZD</i>	<b>2020</b>	<b>2019</b>
Less than one year	2,168,792	821,338
Between one and five years	1,605,408	1,438,611
More than five years	-	-
<i>Total Research and development commitments</i>	<b>3,774,200</b>	<b>2,259,949</b>

The amounts shown are net of grants receivable for contracted projects. The Society's significant research contracts contain clauses whereby if the Society does not collect sufficient commodity levy income due to an adverse event the contracts may be cancelled.



## 17. *Contingent liabilities*

There are no contingent liabilities as at 31 March 2020.

(2019: The GIA for Biosecurity Readiness and Response agreement (the “agreement”) was signed in 2014. Cost sharing anticipated under this agreement is yet to commence due to a number of matters still being negotiated. However, during the year ended 31 March 2019 a fruit fly event occurred for which the Society has agreed, subject to the matters being negotiated being resolved, to contribute per the cost sharing mechanism of the agreement. As at 31 March 2019 the estimated contribution is \$353,000 (2018: nil), subsequent to balance date, due to finding further fruit flies, further work has been required and the estimated cost sharing contribution revised to \$696,000. The amounts will be funded from the GIA fund (refer note 12) and cash surpluses.)

### Accounting Policies

The Society does not recognise contingent liabilities but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

## 18. *Equity and Reserves*

### Capital management

The Society’s capital is its Equity, which comprises accumulated comprehensive revenue and expense. Equity is represented by net assets.

The Society manages its Equity prudently as part of the process of effectively managing its revenues, expenditure, assets, liabilities and all related financial affairs. In order to ensure that the Society achieves all its objectives and purpose, the Society has a Board of Directors that actively controls and monitors progress of plans and activities against financial and other performance indicators.

The Society is not currently subject to any externally imposed capital requirements.

## 19. *Related Parties*

### A. Associate/Joint Venture

<i>Investee name</i>	<i>Principal place of business</i>	<i>Ownership interest 2020</i>	<i>Ownership interest 2019</i>
Prevar Limited	New Zealand	55%	55%

The Society received income from providing administration support and for cost recoveries during the period. Refer to Note 13, for details of share capital provided to Prevar.

<i>in NZD</i>	<i>Sales made</i>		<i>Amount receivable</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Prevar Limited	6,080	8,647	-	2,163

### B. Transactions with key management personnel

#### i. Key management personnel compensation

Key management personnel includes the Directors and Senior management. Senior management consist of the Chief Executive Officer, Chief Financial Officer, Manager Trade Policy and Strategy, Manager Biosecurity, Manager R&D Programmes, Manager Capability Development, Manager Market Access, and Manager Crop Protection & Nutrition.



The aggregate level of remuneration paid and number of persons (measure in “full-time-equivalents” (FTEs) for senior management) in each class of key management personnel is presented below:

<i>in NZD</i>	<b>2020</b>		<b>2019</b>	
	<b>Remuneration</b>	<b>Number</b>	<b>Remuneration</b>	<b>Number</b>
Board members	162,500	8	171,000	8
Senior Management	965,144	7	869,720	7
<i>Total</i>	<b>1,127,644</b>	<b>15</b>	<b>1,040,720</b>	<b>15</b>

Close family members of key management personnel were employed by the Society during the year in administration roles. The total remuneration paid to these close family members was \$6,616 (2019: nil).

ii. Key management personnel transactions

Evan Heywood is a Director of the Society and also a Director of Heywood Orchard Ltd, Golden Bay Fruit Ltd, Golden Bay Fruit 2008 Ltd, Next Generation Apples Ltd and has been appointed by the Society to the Prevar Board of Directors. The Society received levies, residue testing fees, and other minor revenue from Heywood Orchard Ltd and Golden Bay Fruit Ltd during the period. Golden Bay Fruit 2008 Ltd and Next Generation Apples Ltd have entered into commercial agreements with Prevar. Prevar received commercial income from Golden Bay Fruit 2008 Ltd and Next Generation Apples Ltd during the period.

Cameron Taylor is a Director of the Society and also a key management personnel of Taylor Corporation Ltd. The Society received levies, residue testing fees and other minor revenue from the Company during the period. Taylor Corporation Ltd and Golden Del Orchard Ltd are closely related entities. Golden Del Orchard Limited is a shareholder in Next Generation Apples Limited who have entered into commercial agreements with Prevar. Prevar has received commercial income from Next Generation Apples Ltd during the period.

Tim Egan is a Director of the Society (elected August 2019) and also a Director of Illawarra Limited. The Society received levies and other minor revenues from the Company during the period.

Matthew Hoddy is a Director of the Society (resigned August 2019) and also a Director of Vailima Orchard Ltd, Heartland Fruit New Zealand Ltd (from 1 February 2018). The Society received levies, residue testing fees and other minor revenue from these companies during the period. Companies in which Heartland Fruit New Zealand Ltd are a shareholder, have entered into commercial agreements with Prevar and Prevar has received commercial income from these Companies during the period.

Peter Landon-Lane is a Director of the Society (appointed March 2020) and also a key management personnel of T&G Global Limited. The Society received sponsorship and levies from the Company and related entities of the Company during the period.

Bruce Beaton is a Director of the Society (resigned November 2019) and was a director of ENZA Fruit New Zealand International Ltd (ceased 29 March 2019) and is also General Manager of T&G Pipfruit NZ. The Society received sponsorship and levies from these companies during the period.

Jackie van der Voort is a Director of the Society and also a key management personnel of CAJ van der Voort. The Society received levies and other minor revenue from the Company during the period.

Lesley Wilson is a Director of the Society (elected August 2019) and also a Director of DN & LR Wilson Limited. The Society received levies and other minor revenues from the Company during the period.

Karen Morrish is a Director of the Society (appointed March 2019) and also a key management personnel of Scales Corporation Ltd, who owns Mr Apple New Zealand Ltd. The Society received sponsorship, levies, residue testing fees and other minor revenue from these companies during the period. Companies in which Mr Apple New Zealand Ltd are a shareholder have entered into commercial agreements with Prevar and Prevar has received commercial income from these Companies during the period.

Andrew Borland is a former Director of the Society (resigned March 2019) and also a Director of Mr Apple New Zealand Ltd, Fern Ridge Produce Ltd and Scales Corporation Ltd. The Society received sponsorship, levies, residue testing fees and other minor revenue from the Company during the period. Companies in which Mr Apple New Zealand Ltd are a shareholder have entered into commercial agreements with Prevar and Prevar has received commercial income from these Companies during the period.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

<i>in NZD</i>	<b>Sales made</b>		<b>Amount receivable</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Mr Apple New Zealand Limited	1,092,839	1,077,320	3,180	-
Fern Ridge Produce Limited	225,443	171,517	-	-
Taylor Corporation Limited	144,332	129,192	5,293	-
Heartland Fruit New Zealand Limited	195,525	198,815	4,484	-
T&G Global Limited (and related entities)	16,619	7,140	6,958	-
ENZAFRUIT New Zealand International Limited	1,302,264	1,229,344	188,267	-
Golden Bay Fruit Limited	240,243	261,418	805	-
Heywood Orchards Limited	522	-	-	-
Illawarra Limited	656	-	-	-
CAJ Van Der Voort Limited	1,925	-	1,625	-

#### Accounting Policies

The Society regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Society, or vice versa. Members of key management are regarded as related parties and comprise the directors and senior management of the Society.

#### **20. Subsequent Events**

There are no material subsequent events as at 31 March 2020. (2019: the following subsequent events were noted: a decrease in the overdraft limit, an increase in the GIA fund, a new operating lease agreement and the revision of the contingent liability).

#### **21. Comparatives**

Comparative figures have been reclassified to conform to the current year's presentation.

## Directory

**Registered Office:**

507 Eastbourne Street West  
Hastings 4122

**Contact Details:**

PO Box 11094  
Hastings 4156  
Phone: +64 6 873 7080

Website: [www.applesandpears.nz](http://www.applesandpears.nz)

**Solicitors:**

Crengle Shreves & Ratner  
PO Box 10236  
Wellington 6143

**Bankers:**

Bank of New Zealand  
117 Heretaunga Street West  
Hastings 4122

**Auditors:**

Crowe New Zealand Audit  
Partnership  
PO Box 941  
Hastings, 4156



No part of this publication may be reproduced or transmitted in any form or by any means, electronic, photocopying or otherwise without the prior consent of New Zealand Apples and Pears Incorporated.

© New Zealand Apples and Pears Incorporated 10 July 2020. All rights reserved.