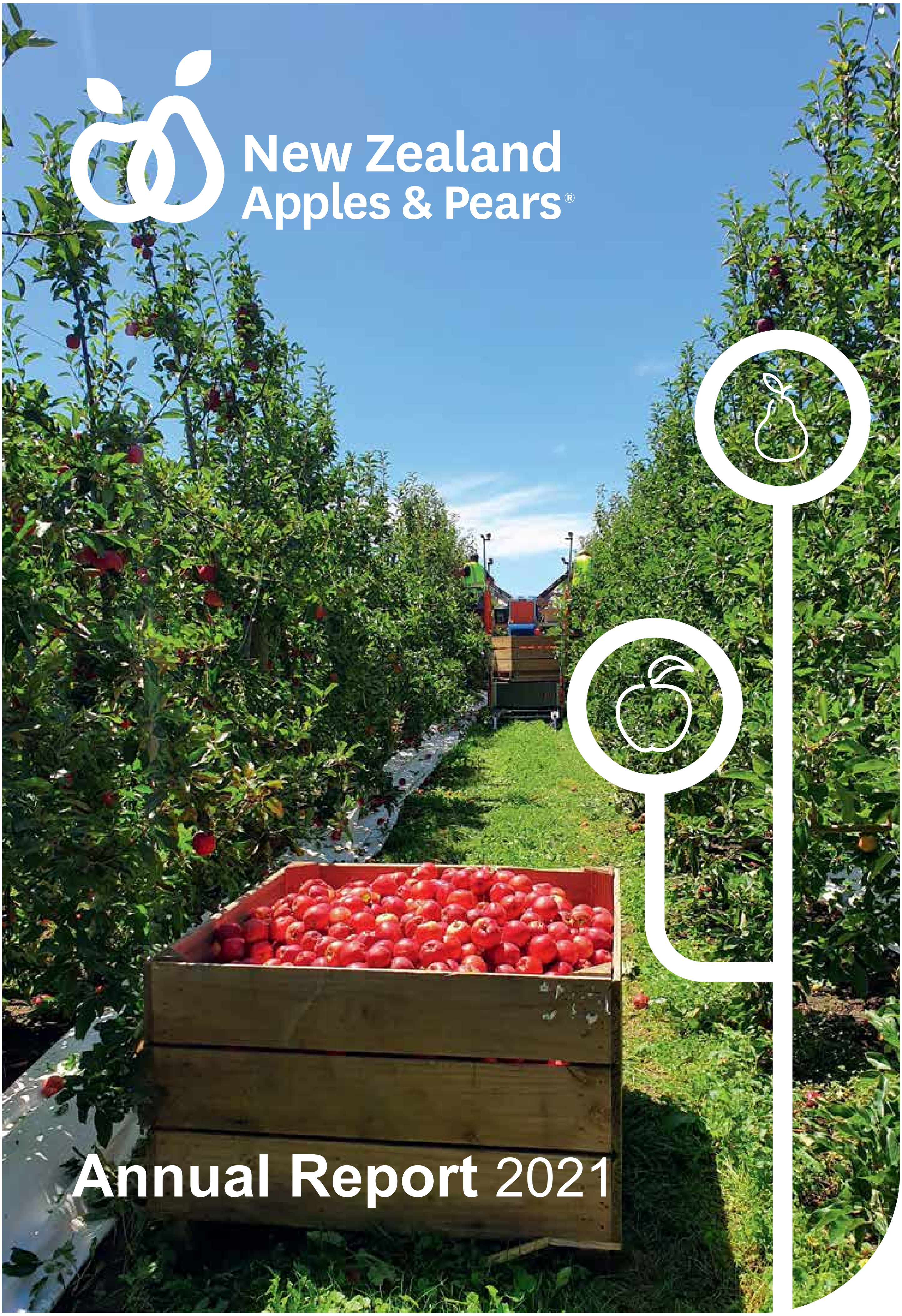
New Zealand Apples & Pears®



Annual Report 2021

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 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 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.

Contents

Chairman’s report

It is my pleasure to present the Annual Report for NZAPI for the year ended 31 March 2021. This covers the 2020 selling season and the 2020/21 growing season to the start of harvest.

Just before the end of our last financial year, New Zealand was placed into Level 4 lockdown due to the growing global COVID pandemic. On 27 April, we moved to Level 3; on 13 May to Level 2; and on 8 June to Level 1.

Despite the COVID disruption, the industry responded fast and decisively under the essential services exception, resulting in a record volume of exports being recorded and export revenue of over $900m. In hindsight, and despite the difficulties, these were the good times.

What followed was a triple strike against growers and marketers. The growing season and nature got the first blow in, with major weather events in Nelson and Central Otago over the Christmas period resulting in significant crop losses in those regions. Then, as the impact of hard border closures became evident, government intransigence delivered a crippling lack of labour resulting in a large volume of fruit either not being harvested on time, or at all, impacting smaller growers in particular. The third strike is the ongoing and so far unsolved, disruption to global shipping schedules, a lack of container stocks, and consequent fast filling cool stores, which has made it challenging to get our products to markets that are short of quality fruit.

On the matter of labour, we are just as frustrated as growers with the lack of any meaningful response from government to the critical labour shortage. Cross-industry advocacy resulted in a 2,000-border exception being granted for RSE workers to re-enter NZ earlier this year, with approval for a further exception granted post-balance date. But it remains a mystery to everyone why the government will not recognise the COVID-free status of the Pacific, rather, insisting that these workers from COVID-free countries are ‘quarantined’ in the one place in NZ where we know there is COVID – MIQ.

The Board is acutely aware of just how challenging and distressing this year has been. The NZAPI team has worked incredibly hard to support the industry during the pandemic, the weather events, and more recently the labour issues. I can assure you that the team, working with other sectors, is doing all that it can to ensure that the unacceptable situation of the 2020/21 season is not repeated next year.

I want to acknowledge the Board for their commitment and efforts in representing your interests during the year. They have provided sound governance and support to me as Chairman, and to the NZAPI team. At the 2020 AGM, held virtually due to the COVID restrictions, Lesley Wilson, Cameron Taylor, and Peter Landon-Lane were re-elected unopposed.

> The team has put in a huge effort to support our members, and of course this continues as we produce this report.

In 2020 NZAPI introduced an Associate Director programme, with Cindy Dixon and Stuart Kilmister the inaugural participants. They both made an excellent contribution to the board discussions during the year. We welcome the 2021 Associate Directors, Catherine Wedd (Bostock NZ) and Kurt Livingston (Fernridge Fresh).

I also want to acknowledge the NZAPI team for all of the work that they have put in on your behalf during the year and particularly as the crises unfolded. The team has put in a huge effort to support our members, and of course this continues as we produce this Report.

Finally, I want to acknowledge our growers and industry members – it has been a tough year. It is a privilege to serve you all. We primarily represent our levy payers, and everything that we do is targeted at adding value to and removing risk from our growers’ businesses. We look forward to supporting you further in the future.

Richard Punter
Chairman

Member Profile

GROWERS **253**

POST-HARVEST **20**

ASSOCIATES **69**

From the CEO

The 2020/21 financial year started with New Zealand in a Level 4 lockdown. The NZAPI team helped to negotiate the basis upon which the industry could remain operating as essential businesses, and then developed best practice guidelines and associated resources to support this.

Despite this disruption, the selling season was a strong one. The 2020 crop estimate forecast gross production of 597,179 metric tonnes (mT), with 408,954 mT (or 22.7m TCEs) being for export. The actual gross crop was 587,373 mT, with 402,219mT (or 22.3m TCEs) for export.

Total export returns for the year exceeded $900m, the highest achieved to date, and not far from our $1b target.

Asia accounted for 48% of total exports for the season, with China our second largest global market receiving over 38,000 mT of fruit (9% of all exports).

However, as Richard Punter has alluded to in his report, as we turned our attention to the new growing season it became increasingly clear that a COVID lockdown would be the least of our worries. By far the dominant topic for most of the past nine months has been access to labour. With our borders tightly closed, access to a reliable seasonal workforce was highly constrained.

> The real value or strength of an organisation is not always characterised by what we do day by day, but by how we respond under pressure or in a crisis

The NZAPI team has taken a leadership role in ensuring the well-being of RSE workers stranded in New Zealand, negotiating the conditions under which RSE workers would be allowed to return to New Zealand, arranging the repatriation of workers back to their home islands, and managing the process of bringing the 2,000 workers into the country under the border exception granted earlier this year. We fully acknowledge that the conditions under which those workers have been allowed in are not commercially sustainable. However, the government made it very clear that this was not a negotiation; they have leveraged the labour crisis to force through their own agenda.

Cross-industry CEOs, the NZAPI team and industry businesses continue to make the case for the return of a greater number of RSE workers from their COVID-free countries in time for our thinning season. As we prepare this annual report, we are preparing a submission to government that sets out our commitment for a mid to longer term transition to the workforce and operating environment of the future but ensuring that the policy settings are in place to get us through the short term. We will certainly not accept a repeat of the 2020/21 year.

Included in this annual report are summaries of activities undertaken by the NZAPI team across our strategic priority areas. While it wasn't possible to travel internationally and domestic travel only became possible as alert levels allowed, the workloads of our team remained very high.

The Society finished the year in a strong financial position. A higher levy collection from the 2020 crop, and lower expenses due largely to the disruptions of COVID, resulted in a significant surplus for the year. The Board has identified how that may be used to ease some of the financial burden of growers given a (likely) poor 2021 season. Consequently, cash flow and equity has also improved.

At 31 March 2021, the NZAPI team complement stood at 13 people, no change from the previous year. In late 2020, the Board commissioned a review of the organisation's roles and responsibilities to address workload and capacity concerns. The review consolidated RSE under the labour and capability portfolio, and lead to the NZAPI Board approving four new positions to support the team and address emerging issues such as sustainability. During the year, both Nicola Robertson and Rachel Kilmister took maternity leave.

The real value or strength of an organisation is not always characterised by what we do day by day, but by how we respond under pressure or in a crisis. I am very proud of how the NZAPI team responded to various crises during the year, and of the commitment and effort made on your behalf to support our growers and other members to continue to operate under challenging and uncertain conditions.

I wish to acknowledge the industry members who give their time for the 'greater good' of the industry, especially those who represent the industry on various committees – the Market Access Advisory Group, Market Panel, Research Consultative Group and Agrichemical Advisory Group to name a few. Your contribution is invaluable and appreciated.

Finally, I thank the Board for their guidance, wisdom, and counsel during the year. Chairman Richard Punter and I meet each week to ensure a proper connection exists 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

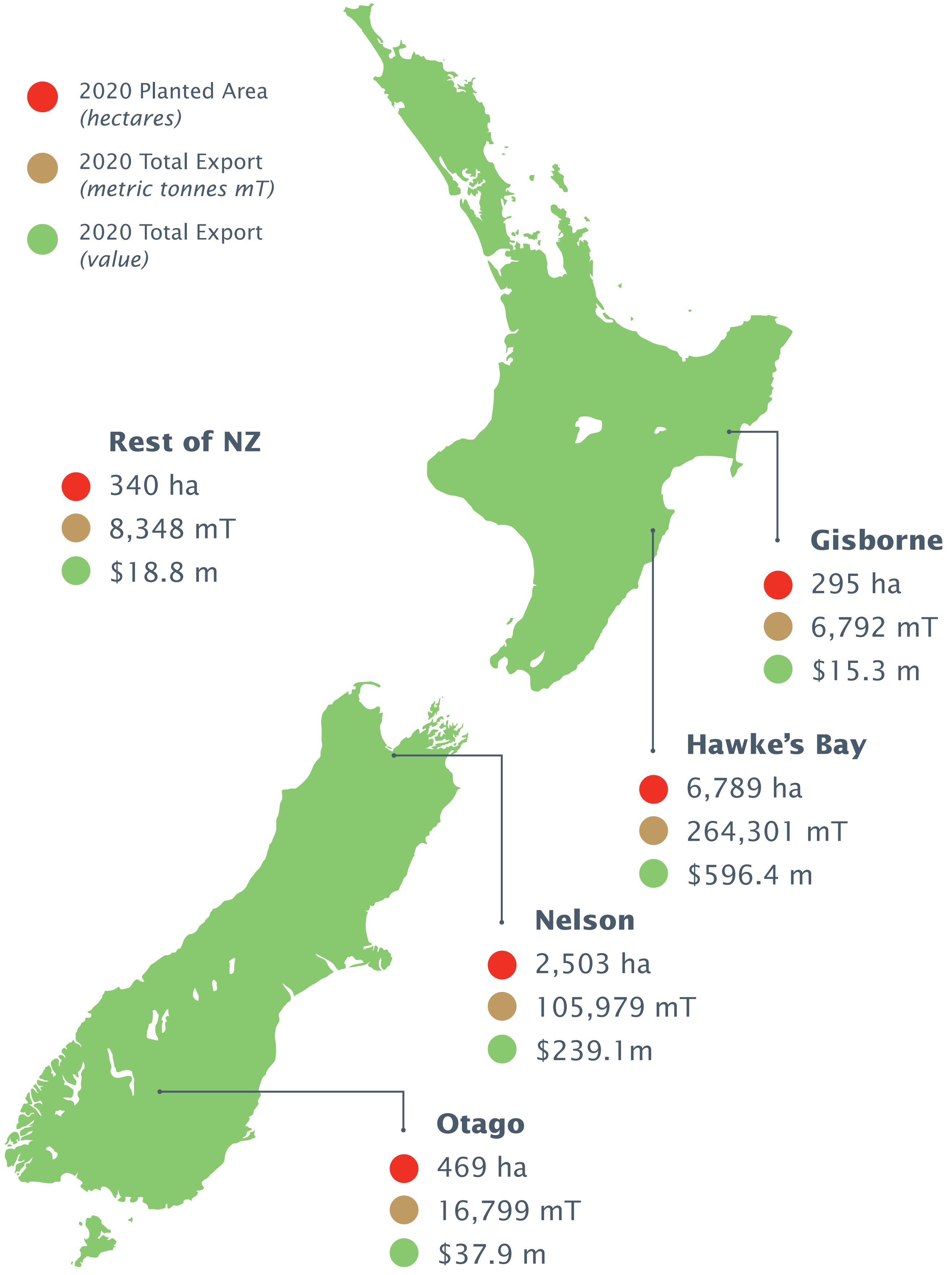
Hail damaged apples

NZAPI's 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 world's 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's growing regions



A snapshot of our industry

2% Area 10% Value CAGR Growth

The apple and pear industry has been growing at 2% CAGR in area and 10% CAGR in value for the past 10 years

CAGR: Compound Annual Growth Rate

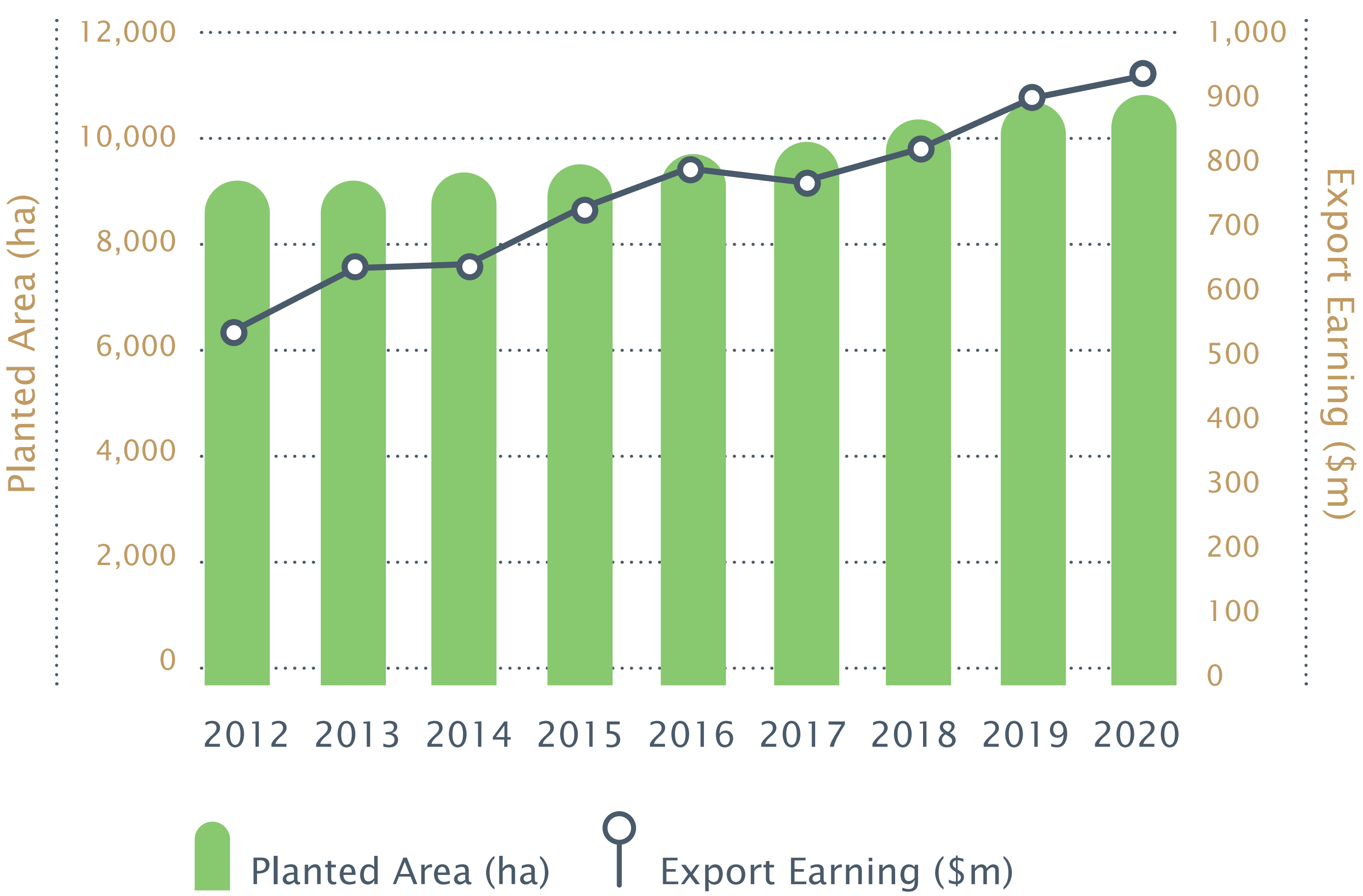
$2 billion in exports by 2030

Our industry transition plan supports the doubling of export revenue.

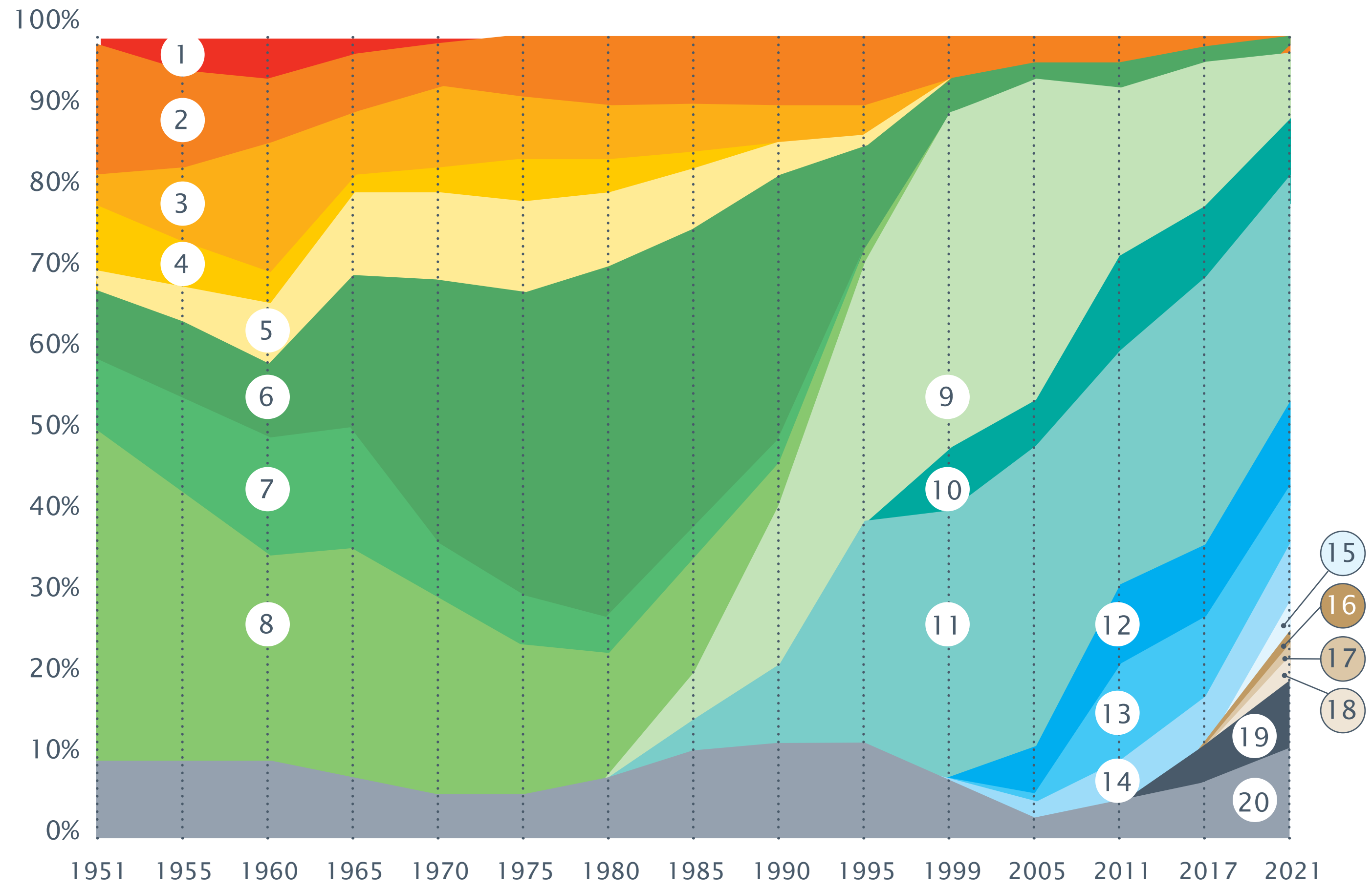
15,800 employment

The industry employs: 12,000 Seasonal Workers 3,800 Permanent Workers

Planted Area and Export Production



Cultivar Changes 1951 - 2021

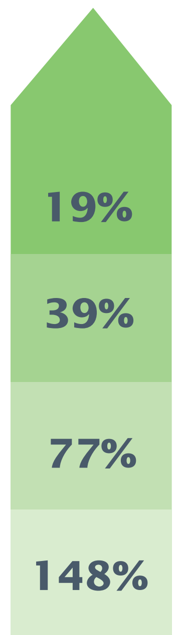


1 Ballarat
2 Cox's Orange
3 Delicious
4 Red Dougherty
5 Golden Delicious
6 Granny Smith
7 Jonathan
8 Sturmer
9 Braeburn
10 Fuji
11 Royal Gala
12 Pacific Series
13 Jazz
14 Cripps Pink
15 Dazzle
16 Honeycrisp
17 Koru
18 Rockit
19 Envy
20 Other

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.



Between 2012 and 2021 the industry has:

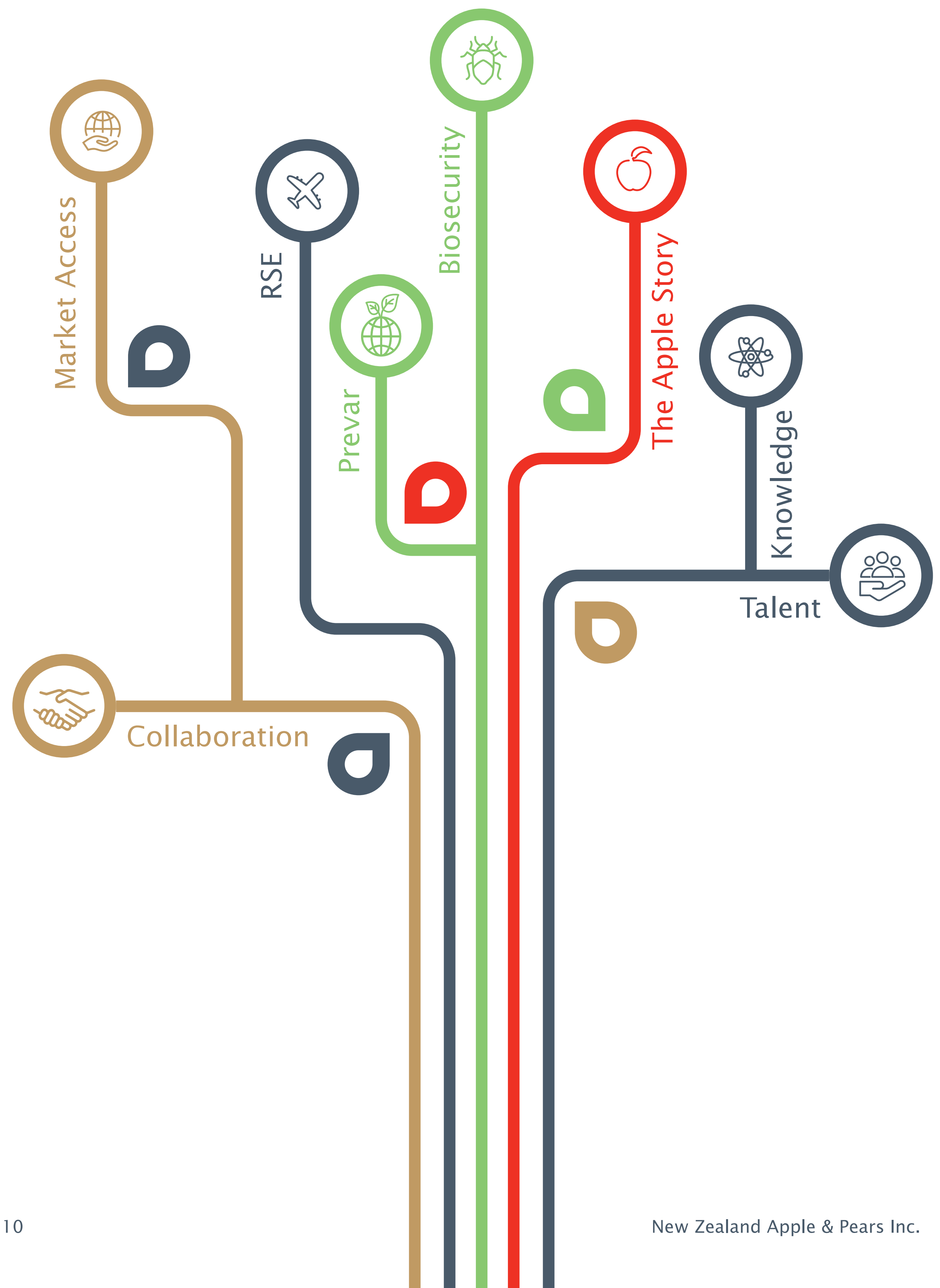
Increased in area by 19% to **10,400 ha**

Increased export volume by 39% to **402,000 mT**

Value per metric tonne has increased 77% from $1,285 to **$2,270**

Increased overall export value by 148% to **$917 million**

NZAPI's strategic priorities



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 Ministerial and Officials' levels.

Both the COVID pandemic and the labour crisis have brought industry sectors closer together. During the COVID Level 4 lockdown, industry CEOs and government officials met daily to work through the myriad of decisions that were needed to keep our industries operating. These meetings have continued on a weekly basis post-lockdown. We acknowledge Mike Chapman, CEO of Horticulture NZ, for convening and chairing these meetings – they have been incredibly valuable.

As the labour crisis unfolded, the CEOs of NZAPI, NZ Kiwifruit Growers, Summerfruit NZ, NZ Wine and Horticulture NZ, along with the Chair of NZ Master Contractors, worked together on a submission to government to address the labour challenges. While that didn't result in a more fluid movement of RSE workers into New Zealand given the government's insistence that MIQ was the only possible mode of entry (a policy position that we all know makes no sense), it nonetheless led to a border exception for 2,000 workers being granted. This group continues to meet weekly and also meets fortnightly with the Minister of Immigration, Hon Kris Faafoi.

During the year, members of the NZAPI team have met with a number of Ministers, including Ministers O'Connor, Faafoi, Sepuloni, Hipkins, Nash and Robertson, and with opposition spokespeople. We remain actively engaged with officials across government agencies and with colleagues across the primary sector.

NZAPI retains active membership of a number of committees, boards and organisations including in biosecurity, labour, capability, education and training, market access, and business lobby groups such as the NZ International Business Forum.

Internationally we are also active members of the Southern Hemisphere Association of Fresh Fruit Exporters (SHAFFE) and the World Apple and Pear Authority (WAPA). Gary Jones is a director of GlobalGAP, while Danielle Adsett is a member of the GlobalGAP Risk Assessment on Social Practice (GRASP) committee.

With borders closed, there was no opportunity to attend any trade shows or participate in any trade missions.

Prime Minister's visit to Taylor Corporation to see Robotic Forklift Technology

Market access

Market access underpins industry value. Getting fruit to the desired customer is critical for the New Zealand apple and pear industry's success.

To do this, two key criteria need to be met, both of which are based in plant technology and innovation for which our industry has unique and world leading Intellectual Property (IP).

First, is having the right product. This has been achieved through the diverse genetics of our breeding programmes which have created the world's best cultivars. Growing a highly productive cultivar that has unique consumer qualities is fundamental. The industry has transitioned over time from traditional cultivars such as Golden and Red Delicious in the 1960s to Braeburn and Royal Gala in the 1990s and now is in a fast growth path to one-off, controlled proprietary cultivars.

Second are our production systems and the way we grow our apples and pears. As with our new cultivars, our organic and standard Integrated Pest Management systems are exemplars of highly technical innovation. The Apple Futures 1 & 2 market access research programmes have allowed the industry to meet the commercial ultra-low residue requirements of our most stringent retailers, while fruit from the same tree can meet the toughest regulatory phytosanitary requirements of our key markets. When we look at our key growth markets in Asia, we see that our production systems are outperforming all of our competitors.

In the 2020-21 export season industry exported 402,279 metric tonnes to 69 countries. The 2019 gains in export volume to Asia were consolidated and of particular note is the continued growth in Vietnam as the fourth largest export destination now. Russia also has entered the top 10

USDA

The 2021United States Department of Agriculture workplan has been signed off by Animal and Plant Health Inspection Service, MPI and NZAPI and will result in efficiencies in sampling, and cost savings for packhouses, this should be well received by industry. NZAPI successfully coordinated two USDA inspectors to enter New Zealand via MIQ for the 2021 packing season.

Vietnam

Vietnam has gone from being a top 10 market in 2017 and 2018, to a top five market in 2020 in terms of volume. We welcomed the opportunity to host two delegates from the Vietnamese Embassy alongside staff from MPI to showcase our sophisticated orchards and packhouse facilities in April 2021.

GRASP TC

Work began in 2020 and continues in 2021 within the GRASP Technical Committee (TC) to develop a stand-alone GRASP assessment. This work is on-going and will likely be released in early 2022. NZAPI is well placed, with a seat on the GRASP TC and GlobalGAP board to guide the outcomes from these pieces of work. We are also a member of the National Technical Working Group, a New Zealand based group to adapt GlobalGAP requirements to the New Zealand context, to align outcomes and feedback.

MFAT Trade Brief

NZ-UK FTA

Round three of NZ negotiations with the UK concluded in February with a fourth round scheduled for mid to late April. Steady progress was made across the agreement with the Small and Medium Sized Enterprises chapter substantially concluded and a good amount of text agreed in chapters including Competition, Customs, Good Regulatory Practice and in Legal and Institutional Provisions. During the round, both Parties introduced their respective goods offers and discussed their respective position and expectations.

Regional Comprehensive Economic Partnership (RCEP)

The 15 RCEP economies are home to almost a third of the world's population, include seven of our top 10 trading partners, take over half New Zealand's total exports, and provide more than half our direct foreign investment.

RCEP was signed in November 2020 and presented to the House of Representatives on 8 December 2020 for Parliamentary Treaty Examination. RCEP will enter into force after at least three non-ASEAN signatories and six ASEAN signatories have ratified (likely to be the first half of 2022 at the earliest).

New Zealand-China FTA Upgrade

The NZ - China FTA Upgrade was signed by Minister O'Connor and Chinese Minister of Commerce, Wang Wentao, in a virtual signing ceremony on 26 January 2021.

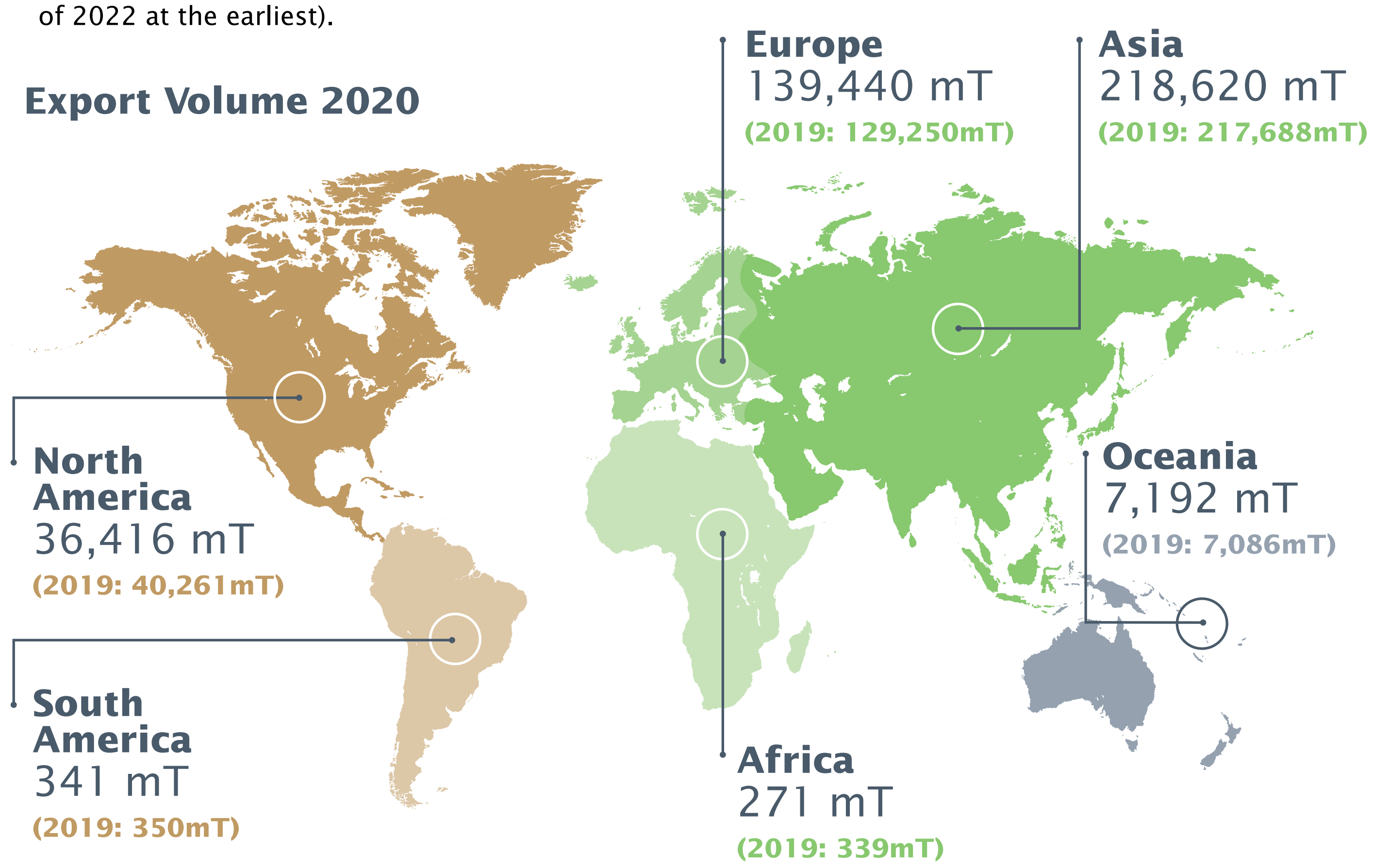
EU-NZ FTA

The ninth (virtual) round of EU-NZ FTA negotiations took place in November. It was reiterated at Chief Negotiator level that the EU's current market access offer is unacceptable and will need to be substantially improved if we are to conclude a deal. Round 10 will take place in the first quarter of 2021 and will be another virtual round.

Comprehensive and Progressive Trans Pacific Partnership (CPTPP)

On 1 February, the UK became the first to formally request accession to the CPTPP since its entry into force in December 2018. The UK's formal request triggers a process of consultations (both among CPTPP members and with the UK) to explore the establishment of a working group to negotiate the UKs accession.

Export Volume 2020



The RSE scheme

Access to seasonal labour became the biggest issue and challenge for the 2020/21 year. With borders closed, the numbers of migrant workers available was severely constrained.

We would normally expect up to 50,000 working holiday visa holders to be in New Zealand at any given time; there were an estimated 10,000 to 12,000 remaining in the country post-lockdown. In late 2020, the government did extend their visas under the SSE programme, with the condition that they work only in horticulture or viticulture; however, government removed that condition at Christmas to allow those visa holders to work in any sector.

Additionally, we would normally expect about 12,000 RSE workers in New Zealand (the national cap is 14,400) at any given time. An estimated 7,000 workers remained in country when our borders closed, with approximately 2,000 of those subsequently repatriating home as their home countries allowed.

The government consistently said that industry had to rely on a local workforce to get us through our critical tasks for the 2020/21 season. However, as the season progressed, and New Zealand's unemployment rate settled much lower than forecast, it became clear that there were not enough work-ready locals to bridge the labour gap.

RSE workers at Taratahi Agricultural Training Centre

Minister's visit to Mr Apple volleyball competition

In early November 2020, the CEOs of NZAPI, Summerfruit NZ, NZ Kiwifruit Growers, and Horticulture NZ, along with the Chair of NZ Master Contractors, made a submission to government highlighting that across horticulture there would be a shortfall of 11,000 workers at peak in March 2021, and asking for relief by way of allowing RSEs back into New Zealand given the dire consequences of not having enough labour to perform the critical tasks.

This was followed by a submission from Hawke's Bay businesses and local government supporting a privately owned and government run isolation facility in Hastings. While government rejected the idea of using privately owned facilities, they approved a border exception to allow 2,000 RSE workers to return to New Zealand. The costs associated with bringing on those 2,000 workers were extremely high.

NZAPI helped to lead the repatriation for Samoa and Tonga. This included working with agencies, Air NZ, DHBs and Pacific Governments to help the workers return home.

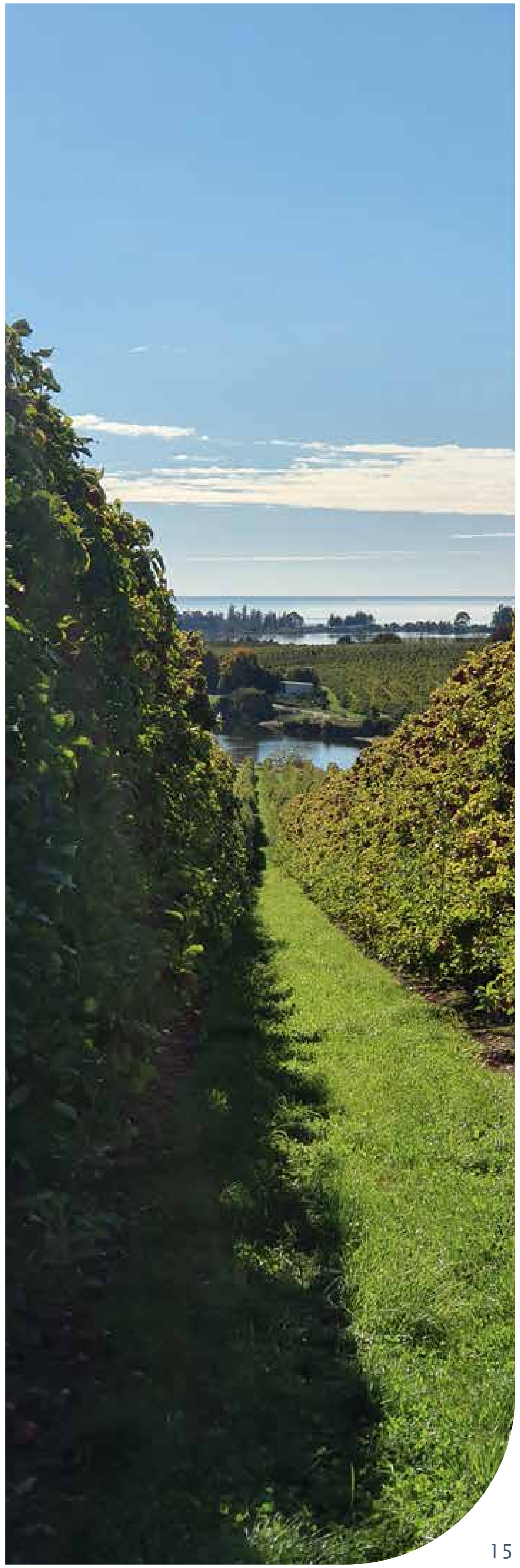
The government consistently said that industry had to rely on a local workforce to get us through our critical tasks for the 2020/21 season.

NZAPI, through Emma Sherwood, Jess Cranswick and Gary Jones, managed the process to bring in the 2,000 (actually 2,011) workers, including allocation of an over-subscribed group in conjunction with other sectors, identifying flight manifests, booking flights, booking MIQ space, and making all payments to airlines and MIQ while recovering the costs from employers. The NZAPI and agency teams worked very well together to make the process seamless.

We also initiated a programme to support the wellbeing of RSE workers who could not, or chose not, to return home, with many unable to work. This included helping to organise a 'Worker Voice Initiative', with video messages of RSE workers sent back to their communities (including a Christmas video); enabling RSE workers to access community sports events and facilities; and arranging for a number of RSE workers to attend a two week training course at the Taratahi Agricultural Training Centre.

The priority in the RSE space is to provide industry input onto the RSE Policy Review (which started earlier in the year but stalled later in the year); and to co-design a process for bringing into New Zealand sufficient numbers of RSE workers to complete our critical tasks at the key times, but with a system that does not rely on MIQ and that recognises the COVID-free status of most of the Pacific Islands.

Mr Apple volleyball competition, semi-finals



Biosecurity

NZAPI has continued to expand its biosecurity capability to ensure the industry is prepared for an incursion and is on the lookout for anything unusual.

The Sustainable Farming Fund (SFF) project for biosecurity capability is well underway and due to finish mid-2022. This project has significantly increased our preparedness for responses with a focus on Brown Marmorated Stink Bug (BMSB) and fruit fly. This has included considering control options for BMSB within our current IFP programme, cold treatment for fruit fly responses and creating resources for members.

NZAPI will continue to work within the growing regions to raise awareness on high risk pests, biosecurity best practice and learning from the experience of previous responses.

NZAPI remains involved within the Government Industry Agreement (GIA), taking an active role in preparedness for BMSB, fruit fly and the development of a Lepidoptera workplan (e.g. Painted Apple Moth).

The fruit fly response from 2019/20 was successful and NZ has once again been declared free from fruit fly. Monitoring continues during the high-risk period each year (September to June).

The Fruit Fly Operational Agreement (which determines how much we pay in a response) is currently under review. It has been in place for five years and the outcome of this process will determine how we manage fruit fly responses over the next five years.

We are seeing a reduction in the number of live BMSB detected at the border, most likely from treatment now being required offshore rather than on arrival in New Zealand. However, as it is a hitchhiker pest, it's important to remain vigilant in the orchards and with imported items.

The biosecurity levy was approved in 2020 and has been implemented during the September registration. At $50 a hectare of planted area, we will collect approximately $500,000 per year up to a maximum of $2 million. These funds can only be accessed for a biosecurity response with MPI.

While biosecurity remains a significant risk for the apple, pear and nashi industry, we continue to increase our capacity and capability to ensure the best outcome possible during an incursion.

Protecting the NZ apple, pear and nashi industry from biosecurity risks, through readiness and response.

Telling the apple story

The labour crisis has highlighted the need to do a better job at telling our story.

Ministers and officials in Wellington appear confused or ill-informed about the importance of our industry and the contribution we make to New Zealand's health, wealth and well-being.

Government-commissioned reports, such as the Productivity Commission Report on Frontier Firms, paint an erroneous picture of the industry.

One of NZAPI's new staff positions approved by the Board is a manager of member engagement, whose responsibility will include a programme of communication with a diverse range of audiences. We have tried on a number of occasions to execute an effective communication strategy, but have not been successful to date – that will necessarily change with this new appointment.

A new website is in development which will improve our interface with a broad range of audiences to access better industry information and to provide users with a platform for better engagement with us.

An inability to attend our regular trade shows in Hong Kong (Asia Fruit Logistica), Beijing (China Fruit and Vegetable Fair) and Berlin (Fruit Logistica) meant that we did not have access to these platforms to share the New Zealand apple story with those international audiences.

During the year NZAPI gained significant media exposure for the industry around the impact of the lockdown, the significant weather events, and more recently the labour challenges. We are regularly seen as a first point of contact for media comment, and the media views us as credible and influential.

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

Attracting and retaining talent

This year has seen a huge effort and workload for the NZAPI Te Mahi/Capability team, our colleagues at Horticulture NZ, and the Career Progression manager team across New Zealand.

Together, we have done our best to attract Kiwis looking for seasonal work or a sustainable, rewarding career into our industry through a variety of programmes, all reflecting our Attract, Retain and Grow philosophy.

Orchardists, packhouse staff, supervisors and workers have worked tirelessly to bring in and pack our 2021 harvest, one of the most challenging to date, with perseverance and a resilient attitude.

The industry's current workforce is made up of permanent and seasonal New Zealand and international workers coming from a variety of pathways including vocational programmes, highly skilled transition roles, RSE scheme workers, backpackers and tertiary graduates. This workforce is supported by Career Progression managers throughout the country's main growing districts.

New industry initiatives

Several new programmes have been implemented over the past year including Tū Te Wana (stand and move forward together), He Haurahi Hou (A New Approach), Pastoral Care Support Plus, and the Growing Futures project.

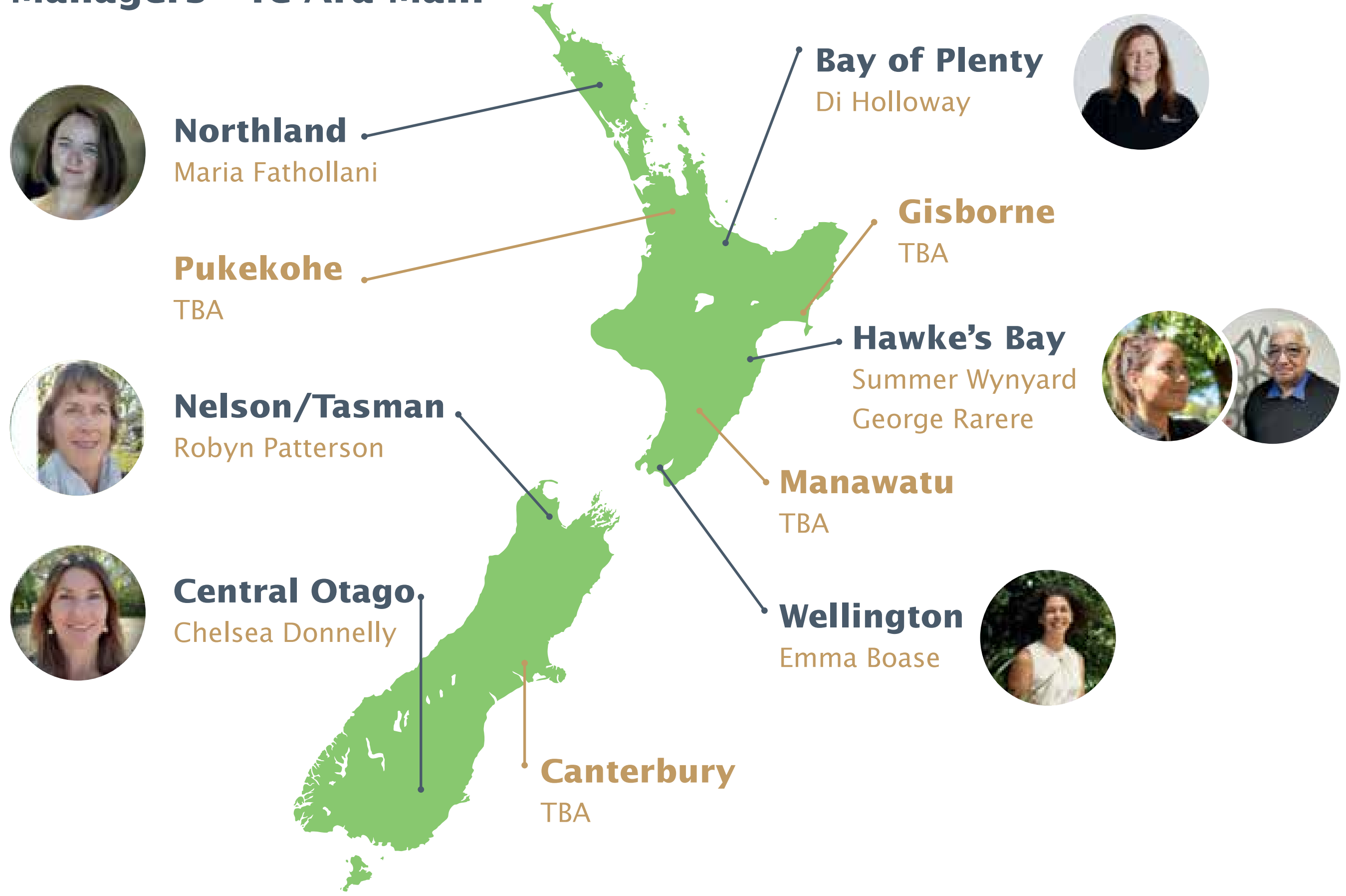
TŪ TE WANA is a 16-week programme designed for 17- to 19-year-old students to allow them to learn and grow in a nurturing and safe environment. Once completed, trainees will graduate with a driver's licence, horticultural industry knowledge, soft skills required to effectively participate in the working world and the Primary Industries Level 2 Certificate. Post-course, outcomes include cadetship or permanent employment with two corporate companies, higher learning opportunities or alternative career pathways.

THE HE HUARAHI HOU PROJECT, designed to assist and transition young Māori sole parents into seasonal work with flexible hours to suit their availability, is being piloted at one of our member businesses. Twelve sole parents were registered on the programme, with pastoral support and care being provided by the Flaxmere Māori Wardens Trust funded by the Ministry of Māori Development (Te Puni Kokiri).

GROWING FUTURES is a programme for 30 participants who have a current or previous relationship with the Department of Corrections. Designed to provide people with pre-employment training, pastoral care and job experience in the horticulture industry, the objective of the project is to support participants into long term, sustainable employment. Funding provided by MSD has enabled NZAPI to recruit a labour contract company to manage the service delivery outcomes for the project.

The aim of the PASTORAL CARE SUPPORT PLUS project is to provide additional support for eligible participants who have secured employment within the horticulture industry to remain employed for the duration of the season. NZAPI has been contracted by MSD to oversee and manage the project.

Career Progression Managers - Te Ara Mahi



Student recruitment

In collaboration with the Principals Association and the Ministry of Education, Hastings District Council organised and managed high school students to work in orchards and packhouses throughout Hawke's Bay. More than 700 students made themselves available for work from March and approximately 150 students were employed by industry, many securing ongoing employment opportunities.

Reform of Vocational Education (RoVE)

The government launched its vision and transformational plan for vocational education in early 2020, with several new entities established to shape the future of vocational learning.

The horticulture industry has representatives at national and regional levels in each of the key reform areas, working to ensure that the new structure suits our industry's needs and providing government with the right information to make informed decisions about what skills and training our industry needs and when, to support regional and national economic growth.

Under the new structure, the existing 16 polytechnics will be combined into one entity, the NZ Institute of Skills and Technology (NZIST) Te Pūkenga. All 11 Industry Training Organisations (ITOs) will be disestablished and transitioned into the NZIST. Six Workforce Development Councils (WDCs) will provide programme advice to the Tertiary Education Commission (TEC), along with standard setting and moderation services. The primary industry WDC is Muka Tangata, or People Food and Fibre. Erin Simpson co-chairs the interim establishment board for this WDC.

Fifteen Regional Skills Leadership Groups (RSLGs) will identify and plan for specific regional skill needs. Erin Simpson co-chairs the RSLG board for Hawke's Bay.

In 2020, the new Food and Fibre CoVE (Centre for Vocational Excellence) was established at EIT in Napier, to research and develop flexible and agile models of learning to deliver the skills of tomorrow acknowledging inclusion and diversity.

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.

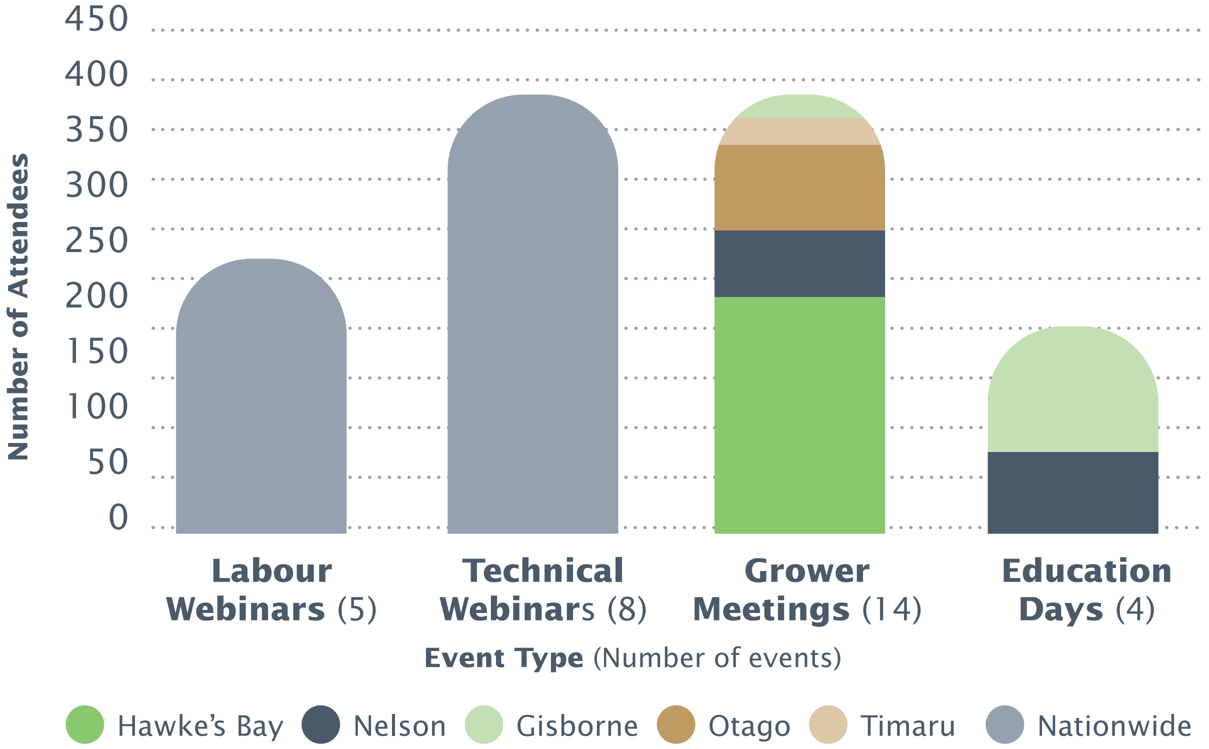
This year, improvements have been made to the online PHI and MRL database providing new searchable functionality and the development of a Market Access Particulars register listing issues by market and type to provide information on updates and solutions.

COVID-19 restrictions meant that education days, workshops, seminars and field days were replaced by a webinar series during winter this year. This format proved very successful with participants able to interact through surveys and ask questions live throughout the webinar. Webinars were recorded and available to watch at a later date through the NZAPI website. This has become a popular format for communicating information nationally.

Once COVID-19 restrictions were lifted, NZAPI was able to visit most regions to undertake grower workshops providing information on market access, biosecurity, best practice for pest and disease management in orchards and packhouses, and seasonal labour.

> This format proved very successful with participants able to interact through surveys and ask questions live throughout the webinar.

Industry Extension



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 shareholding of 55% in Prevar (class A), with Plant and Food Research 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 has appointed two Directors to the Prevar Board; there is an option to appoint a third if required.

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

During the year ended 31 March 2021, NZAPI was not required to invest any further capital in Prevar, as Prevar's cash position exceeded forecast. This was in part due to Prevar receiving R&D tax credits during the year.

Prevar has appointed a new chief executive. Tony Martin, a former NZTE trade commissioner and consul general for Vietnam as well as a regional director for India, Middle East and Africa, will take up his position in July 2021.

Prevar remains on track to achieve financial self-sustainability in the next two to three years. Once this occurs, NZAPI will begin to receive dividends from Prevar in proportion to its shareholding. The NZAPI Board is looking at 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.

Research and development

Research and development projects underpin 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 $1.3 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).

X-ray feasibility

A scoping project was undertaken this year to investigate the feasibility of using X-ray technology in New Zealand as a phytosanitary treatment. Commercial facility requirements, costs and logistics were investigated along with research requirements for horticulture crops in New Zealand are described in the final report, which is available on request.

Crop load management

Work continues to develop automated fruitlet counting to manage variability in hand thinning practices to more effectively achieve target yields, size and quality. Significant progress has been made on developing a smartphone app for automated counting of apples on trees in the orchard for use while thinning. This project is complemented by in-kind support to an MBIE-funded Human Assist project that seeks to fully automate orchard thinning.

Apple Futures II

The Apple Futures II programme ($1.2 million p.a.), now in its final year of seven, was conceived to realise export growth into Asian markets. This season we continue to see considerable growth in Asian markets particularly Vietnam and Japan. The number of Asian markets appearing in the top 15 markets by volume continues to increase with more than 50% of the total export volume going to Asia. 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 has focused on developing export risk assessment frameworks for key pests to identify and demonstrate effective risk control points in the systems approach. New biological control strategies have been developed for codling moth and new monitoring tools have been developed for improved control timing for apple leaf curling midge. Developing best practice information has been a focus to ensure tech transfer of new knowledge developed from the project.

Food Safety

The first year of this project was challenged by COVID-19 restrictions, but have been overcome to undertake baseline testing and trials to understand how food safety practices achieve improved microbiological food safety outcomes. A national survey of packhouses and orchards was completed to benchmark current practices and understanding of food safety.

Crop protection

NZAPI has established an Agrichemical Advisory Group (AAG) to provide advice on the priorities, processes, research and reviews related to agrichemicals in the pipfruit industry.

AAG is chaired by Terezie McKain (Mr Apple) with members: Jim Walker (Plant and Food Research), Chris Herries (Horticentre), Lachlan McKay (Fruition Horticulture), David Manktelow (Applied Research and Technologies Ltd), Kevin Manning (PGG Wrightsons), Rebecca Fisher (Market Access Solutions), Pip McVeagh and Rachel Kilmister (NZAPI).

NZAPI's random residue programme tests all RPINs/orchards in a three-year cycle against a broad range of pesticides. The programme is accredited as a GlobalG.A.P. Residue Monitoring System. In the 2019-20 season, 96% of fruit tested was within all export market MRL requirements, with 3% ineligible for one market, and 1% ineligible for more than one market of the 18 specific markets compared against. All samples tested were within CODEX MRLs.

NZAPI is establishing a Product Integrity Process to review new products for endorsement in the pipfruit programme and an ongoing review of products included in NZAPI's PHI/MRL database to ensure these are still suitable for the IFP programme. Products will be reviewed in conjunction with the AAG.

The PHI/MRL database on NZAPI's website has had a refresh and has been updated twice during the season; initially in July to advise spray programmes for the upcoming season and then in December to publish any in-season MRL changes prior to the export season commencing. The updated database will allow for more information to be stored against active ingredients and products and this information made available to industry.

NZAPI provided responses to the Environmental Protection Authority's Call for Information for Hydrogen cyanamide as a dormancy breaker providing a range of benefits to the production system, Thiacloprid for limited and targeted use for bronze beetle and Acetamiprid in relation to potential use against BMSB should a response be required or ongoing management needed.

A national survey to assess the resistance status of Black Spot (*Venturia inaequalis*) to key pipfruit fungicides has begun. This project is being completed by Plant and Food Research led by Rob Beresford and supported by the agrichemical companies. Over the two year programme samples from Hawke's Bay, Nelson, Gisborne and Central Otago will be tested against eight key fungicide actives. Updated resistance management guidelines for Black spot will be published at the end of the project.

Pressure from international markets deregistering chemistry and reducing overall pesticide use continues to put pressure on all horticulture industries to continue to meet residue limits as well as phytosanitary requirements. The EU Green Deal has a goal of 50% reduction in pesticide use by 2030, with Japan recently announcing reaching this target by 2050 under its Green Food System Strategy. The next R&D project 'Smart and Sustainable' will work towards helping the NZ pipfruit sector meet these challenges.

NZAPI is establishing a Product Integrity Process to review new products for endorsement in the pipfruit programme and an ongoing review of products.

NZAPI governance

The NZAPI Board comprises eight directors: seven grower directors and an independent director.

6/6 Richard Punter,
Independent, Hawke's Bay (Chairman)

6/6 Tim Egan,
Grower, Gisborne

6/6 Evan Heywood,
Grower, Nelson

6/6 Peter Landon-Lane,
Grower, Hawke's Bay

6/6 Karen Morrish,
Grower, Hawke's Bay

6/6 Cameron Taylor,
Grower, Hawke's Bay

6/6 Jackie van der Voort,
Grower, Central Otago

6/6 Lesley Wilson,
Grower, Hawke's Bay

Director terms are three years, with a maximum of four consecutive terms. 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 is two. Up to two Associate Directors can also be appointed by the NZAPI Board and they serve a term of one calendar year.

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 Advisory Group – a forum for government, industry members and NZAPI to come together to address market access challenges.
- 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.

The NZAPI team

Alan Pollard
Chief Executive Officer

Jess Cranswick
Chief Financial Officer

Gary Jones
Manager, Trade Policy and Strategy

Erin Simpson
Manager, Capability Development

Nicola Robertson
Manager, Biosecurity

Rachel Kilmister
Manager, R&D Programme

Danielle Adsett
Manager, Market Access

Pip McVeagh
Manager, Crop Protection & Plant Nutrition

Emma Sherwood
RSE / Seasonal Labour

Jan Broadley
Executive Assistant

Jill Nisbett
Administration

George Rarere
Manager, Workforce Development

Summer Wynyard
Student Liaison

Appointments after balance date

Jake Tully
Science & Technical Support

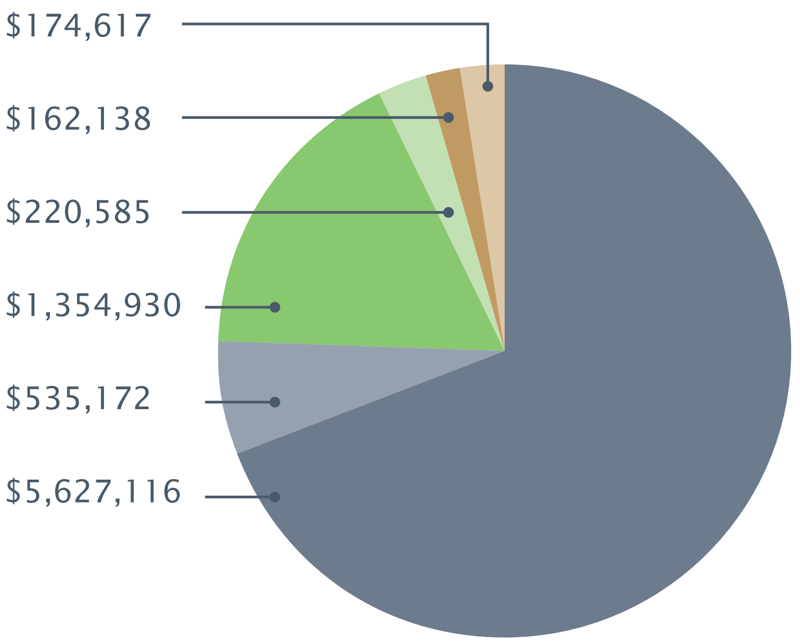
Samantha Mills
Member Systems Co-ordinator

Financial statements

The financial statements for the year ended 31 March 2021 are presented in the following pages.

The financial statements have been audited and an unqualified opinion has been expressed by Crowe New Zealand Audit Partnership. The year has been disrupted financially due to COVID-19 as some budgeted projects have been delayed and travel has been cancelled, leading to a net surplus of $1.7m and an increase in cash of $1.1m.

Sources of revenue



Prevar

NZAPI entered into a deed of variation of the shareholder agreement on 28 February 2019, agreeing to buy 71,250 shares for $2,800,000, originally to be paid over three years as required by Prevar. As at 31 March 2020, NZAPI has paid $1,125,000. During the year ended 31 March 2021 Prevar made no further requests for payments. Prevar has been able to receive cash for tax losses that have arisen due to research and development expenses, providing $0.8m in cash during the year ended 31 March 2021 and its revenue has exceeded the original forecasts, these factors have led to Prevar not requiring any cash payments from shareholders during the year. The latest indicative valuation of Prevar's Plant Variety Rights is $16.2m, which is an increase of $3.2m compared to the prior year.

Biosecurity levy

During the year ended 31 March 2021, the Biosecurity levy was collected for the first time. The levy is governed by the Biosecurity (Response – Apples and Pears Levy) Order 2020, and can only be used to pay NZAPI's share of a Government Industry Agreement (GIA) for Biosecurity Readiness and Response, for example a fruit fly or BMSB incursion response. NZAPI plans to continue to collect the levy annually until there are sufficient funds available to pay a response, currently this is estimated to be $2 million. Once the amount is received, no further collections are anticipated until some of the funds are used or if the GIA cost sharing structure changes. The levy can be set between $0 and $100 per planted hectare per year. $0.5m of the amount collected during the year has been invested in a term deposit.

Crowe

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Hastings 4156 New Zealand
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www.crowe.nz

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 31 to 47, which comprise the statement of financial position as at 31 March 2021, 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 2021, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Accounting 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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. The other information comprises the information included in the annual report on pages 31 to 47, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Crowe

Directors' Responsibilities for the Financial Statements

The Directors are responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Accounting 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 the Directors 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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:
https://xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/

Restriction on Use

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

Crowe

Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
29 June 2021

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.

New Zealand Apples and Pears Incorporated

Statement of Comprehensive Revenue and Expense

For the year ended 31 March 2021

in NZD	*Note*	*2021*	*2020*
Revenue	7	8,074,831	7,381,275
Operating Expenses	8	5,885,967	6,842,819
Operating surplus for the year		**2,188,864**	**538,456**
Share of Prevar's surplus/(deficit) for the year	13	(433,486)	(435,120)
Total surplus before income tax		**1,755,378**	**103,336**
Income tax expense/(benefit)	9	(6,215)	6,215
Total surplus after income tax		**1,761,593**	**97,121**
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense for the year		**1,761,593**	**97,121**

Statement of Changes in Equity

For the year ended 31 March 2021

in NZD	Retained Earnings	Total Equity
2020		
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	3,572,614	3,572,614
2021		
Balance at 1 April 2020	3,572,614	3,572,614
Total comprehensive income for the year	1,761,593	1,761,593
Balance at 31 March 2021	5,334,207	5,334,207

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 2021

in NZD	Note	2021	2020
Current Assets			
Cash and cash equivalents	10	2,279,280	1,213,490
Trade and other receivables	11	1,090,058	694,969
Prepayments and other assets		704,144	87,807
Income tax refund due	9	13,009	11,949
Other investments	12	1,100,000	600,000
Total Current Assets		**5,186,491**	**2,608,215**
Non-Current Assets			
Investment in Prevar	13	2,866,439	3,299,925
Plant and equipment		55,124	59,045
Intangible assets		72,958	67,363
Total Non-Current Assets		**2,994,521**	**3,426,333**
Total Assets		**8,181,012**	**6,034,548**
Current Liabilities			
Trade and other payables	14	1,362,177	1,001,194
Employee entitlements		88,402	64,514
Capital payable	13	-	775,975
Total Current Liabilities		**1,450,579**	**1,841,683**
Non-Current Liabilities			
Capital payable	13	1,396,226	620,251
Total Liabilities		**2,846,805**	**2,461,934**
Equity			
Accumulated comprehensive revenue and expense		5,334,207	3,572,614
Total Equity	18	**5,334,207**	**3,572,614**
Total Equity and Liabilities		**8,181,012**	**6,034,548**

These financial statements have been authorised for issue by the Directors on 29 June 2021.

Richard Punter, Chairman

Tim Egan, 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 2021

in NZD	Note	2021	2020
Cash flow from operating activities			
Receipts			
Receipts from commodity and biosecurity levies		5,838,495	5,261,503
Receipts from other non exchange transactions		1,801,226	1,522,021
Receipts from other exchange transactions		233,865	261,605
Interest received		19,157	36,084
Income Tax		5,155	2,639
Goods and Services Tax (Net)		-	82,930
		7,897,898	7,166,782
Payments			
Payments to employees & directors		1,365,867	1,367,725
Payments to suppliers		4,301,211	5,430,178
Goods and Services Tax (Net)		631,140	-
		6,298,218	6,797,903
Net cash inflow/(outflow) from operating activities		**1,599,680**	**368,879**
Cash flow from investing activities			
Receipts			
Proceeds from sale of plant and equipment		-	17,933
Proceeds from maturity of investments		-	400,000
		-	417,933
Payments			
Capital payment to Prevar		-	900,000
Purchase of other investments		500,000	-
Purchase of plant and equipment		23,231	52,010
Purchase of intangibles		10,659	64,564
		533,890	1,016,574
Net cash inflow/(outflow) from investing activities		**(533,890)**	**(598,641)**
Net increase/(decrease) in cash and cash equivalents		1,065,790	(229,762)
Add opening cash and cash equivalents		1,213,490	1,443,252
Closing cash and cash equivalents	4	**2,279,280**	**1,213,490**

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 indicative 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 7 – Determining whether the Society is acting as a principal or as an agent;
- 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 2021 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

in NZD	*2021*	*2020*
Revenue from non-exchange transactions		
Commodity levy (A)	5,627,116	5,322,013
Biosecurity levy	535,172	-
Shared research	1,354,930	1,346,130
Grants	220,858	306,739
Miscellaneous	162,138	58,192
Total revenue from non-exchange transactions	7,900,214	7,033,074
Revenue from exchange transactions		
Interest	17,448	25,677
Residue testing	71,555	65,330
Membership fees	25,575	29,704
Annual conference	-	110,821
Administration services	21,500	21,636
Miscellaneous	38,539	95,033
Total revenue from exchange transactions	174,617	348,201
Total revenue	**8,074,831**	**7,381,275**

(A) Net income from commodity levies of $5,402,753 (2020: $5,101,810) 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.

(B) Net income from the RSE Resumption Project where the Society acted as an agent on behalf of employers of RSE Workers was nil (2020: nil). Total inflows collected were $9,286,517 (2020: nil) and outflows paid were $9,283,918 (2020: nil), the net difference, $2,599 (2020: nil) is recorded as a liability on the balance sheet.

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. Biosecurity levy

Biosecurity levy is a levy imposed on apples and pears grown in New Zealand by growers for commercial purposes under the Biosecurity (Response – Apples and Pears Levy) Order 2020. Biosecurity levy revenue is recognised as income in the year that it is invoiced. Invoices are issued based on annual grower registration details provide to the Society as at 1 August each year. Biosecurity levy monies received by the Society can only be used to pay the Society's share of a Government Industry Agreement for Biosecurity Readiness and Response (GIA) response. The Biosecurity levy monies may be invested until it is spent (refer Note 10 Cash and Cash Equivalents and Note 12 Other Investments).

iii. 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.

iv. Income received as an agent

If the Society acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognised is the net amount of fees made by the Society. The Society is acting as an agent when it does not have exposure to the significant risks and rewards associated with the sale of goods or the rendering of services.

8. Expenses

in NZD	*2021*	*2020*
Research expenses	2,556,282	2,573,781
Market access	295,896	331,705
Relationships	26,462	87,200
Biosecurity	66,300	591,218
Apple Story	6,593	51,576
Knowledge management & communications	549,487	510,586
Capability development	313,015	459,417
RSE scheme	62,339	48,858
New varieties	-	60,944
Employee related costs	1,291,585	1,240,133
Commodity Levy collection fees & expenses	224,363	220,203
Impairment loss on trade receivables	32,013	165,338
Depreciation & amortisation	28,205	48,587
Premises & office costs	433,427	453,273
Total operating expenses	**5,885,967**	**6,842,819**

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	*2021*	*2020*
Amounts recognised in profit or loss		
Current tax expense	(6,215)	6,215
Tax expense/(benefit)	**(6,215)**	**6,215**
Reconciliation of effective tax rate		
Net profit/(loss) before tax	1,755,378	103,336
Income tax at 28%	491,506	28,934
Tax effect of taxation adjustments:		
Exempted income	(2,078,726)	(2,053,415)
Exempted expenses	1,465,844	1,908,582
Equity accounted investee	121,376	121,834
Adjustment to prior year	(6,215)	-
Non-profit organisation deduction	-	280
Tax expense/(benefit)	**(6,215)**	**6,215**
Income tax refund due		
Prior year refund outstanding	(11,948)	(20,803)
Current year tax expense/(benefit)	(6,215)	6,215
Resident withholding tax deductions	(5,592)	(7,266)
Imputation credits held	(96)	(94)
Refunds Received	10,582	10,245
Tax losses utilised	(675)	61
Adjustment to prior year	1,366	-
Tax payable/(refundable) on behalf of Administered funds	(431)	(306)
Tax payable/(refundable)	**(13,009)**	**(11,948)**

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

in NZD	*2021*	*2020*
Cash and cash equivalents	2,279,280	1,213,490

Cash and cash equivalents do not include funds administered by the Society on behalf of industry groups. At balance date these totalled $134,895 (2020: $201,935).

Cash and cash equivalents include cash received from Biosecurity Levies that have not been invested in term deposits (refer note 12), of $86,691.01 (2020: nil). This cash can only be used to pay the Society's share of a GIA response.

The Society has an overdraft facility of $100,000 (2020: $100,000), 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.

in NZD	*2021*	*2020*
Receivables from non-exchange transactions		
Commodity and biosecurity levies	634,670	485,635
less Provision for impairment loss on trade receivables	(36,814)	(179,559)
Other	202,224	265,524
Total receivables from non-exchange transactions	800,080	571,600
Receivables from exchange transactions		
Other	289,978	130,269
less Provision for impairment loss on trade receivables	-	(6,900)
Total receivables from exchange transactions	289,978	123,369
Total Trade and other receivables	**1,090,058**	**694,969**

12. Other Investments

See accounting policies in Notes 15 Financial instruments

in NZD	*2021*	*2020*
Term deposits	1,100,000	600,000

The Society's term deposits are set aside under two funds, $600,000 for the reserve fund (2020: $600,000) and $500,000 for the Government Industry Agreement (GIA) fund (2020: nil).

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 Agreement. The agreement details the cost sharing mechanism between industry and the government during a Biosecurity response. During the year $500,000 (2020: $200,000) was added to the reserve and the Society's contribution to the 2019 Fruitfly response was $22,000 (2020: $530,000). The remaining funds are included in cash and cash equivalents.

13. Equity-Accounted Investee (Prevar)

in NZD	*2021*	*2020*
Net carrying value		
Equity accounted investment at cost	15,406,755	15,406,755
Accumulated share of deficit	(12,540,316)	(12,106,830)
Net carrying value	**2,866,439**	**3,299,925**
Movements in carrying amounts		
Carrying value at the beginning of the year	3,299,925	3,735,045
Share of (deficit)/profit for the year	(433,486)	(435,120)
Carrying value at the end of the year	**2,866,439**	**3,299,925**

A. Capital Payable to Prevar

On 28 February 2019 the Society along with the other shareholders of Prevar signed a deed of variation to the shareholder agreement. The Society agreed to acquire and Prevar agreed to issue 71,250 shares for $2,800,000 over a three-year period. The fair value of the shares issued and therefore the amount payable by the Society was $2,456,754. The amount payable is recorded as a liability by the Society.

Repayment of Liability to Prevar:

in NZD	*2021*	*2020*
Opening balance	1,396,226	2,236,167
Payments during the year	-	900,000
Implied interest expense	-	(60,059)
Closing balance	**1,396,226**	**1,396,226**

No repayments are anticipated during the 2022 financial year therefore the full amount repayable has been classified as a non-current liability at balance date (2020: current and non-current liability). Classification of Liability to Prevar:

in NZD	*2021*	*2020*
Current liability	-	775,975
Non-current liability	1,396,226	620,251
Closing balance	**1,396,226**	**1,396,226**

B. Prevar's fair value:

There were no changes to the Society's shareholding in Prevar during the year. The investment is a joint venture. Prevar is not publicly listed. The following table summarises the fair value of Prevar:

in NZD	*2021*	*2020*
Current assets	2,745,741	4,974,128
Non-current assets	16,165,765	14,492,888
Current liabilities	(653,035)	(727,990)
Non-current liabilities	(829,769)	(214,006)
Net assets (100%)	17,428,702	18,525,020
Net assets (Society's share)	**9,533,942**	**8,758,885**

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 indicative 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:

in percent	*2021*	*2020*
Discount rate	20% - 50%	26%
Post forecast growth rate	2%	(10%)
Operating expense growth rate	n/a	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 29 years (2020:12 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.

C. 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:

in NZD	*2021*	*2020*
Current assets	2,745,741	4,974,128
Non-current assets	421,185	1,855,893
Current liabilities	(653,035)	(633,027)
Non-current liabilities	(829,769)	(214,006)
Net assets (100%)	1,684,122	5,982,988
Revenue	4,121,055	3,547,717
Expenses	4,909,211	4,338,844
Total comprehensive income (100%)	(788,156)	(791,127)
Total comprehensive income (Society's share)	**(433,486)**	**(435,120)**

There were no contingent liabilities or assets relating to the Society's interest in Prevar (2020: nil).

Accounting Policies

The Society's interests in equity-accounted investees comprise interests in a jointly-controlled entity, referred to as a joint venture within these financial statements. 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 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 joint control ceases.

14. Trade and Other Payables

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

in NZD	*2021*	*2020*
Trade creditors	278,577	216,351
Research contracts	608,052	626,638
Accruals	147,557	78,217
Income received in advance	294,085	49,071
PAYE/Kiwisaver payable	33,906	30,917
Total Trade and other payables	**1,362,177**	**1,001,194**

15. Financial Instruments

Accounting classifications and fair values:

in NZD	*2021*	*2020*
Financial assets - Loans and receivables		
Cash and cash equivalents	2,279,280	1,213,490
Trade and other receivables	621,577	772,160
Other investments	1,100,000	600,000
Total Financial assets	**4,000,857**	**2,585,650**
Financial liabilities - Other financial liabilities		
Trade and other payables	683,036	680,128
Employee entitlements	88,402	64,514
Capital payable	1,396,227	1,396,227
Total Financial liabilities	**2,167,665**	**2,140,869**

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

in NZD	*2021*	*2020*
Less than one year	98,870	98,870
Between one and five years	252,878	339,106
More than five years	-	12,642
Total Operating lease commitments	351,748	450,618

Operating lease commitments include office space, a vehicle and a photocopier (2020: office space, a vehicle and 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

in NZD	*2021*	*2020*
Less than one year	1,534,449	2,168,792
Between one and five years	350,854	1,605,408
More than five years	-	-
Total Research and development commitments	1,885,303	3,774,200

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 2021 (2020: nil).

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

Investee name	Principal place of business	Ownership interest 2021	Ownership interest 2020
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.

	Sales made		Amount receivable	
in NZD	2021	2020	2021	2020
Prevar Limited	85	6,080	-	-

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:

	2021		2020	
in NZD	Remuneration	Number	Remuneration	Number
Board members	165,000	8	162,500	8
Senior Management	968,024	8	965,144	7
Total	**1,133,024**	**16**	**1,127,644**	**15**

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 $nil (2020: 6,616).

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 (appointed August 2019) and also a Director of Illawarra Limited. The Society received levies and other minor revenues from the Company 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 was a Director of the Society (resigned November 2019) and was a director of ENZA Fruit New Zealand International Ltd (ceased 29 March 2019) and was 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 (appointed 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. Lesley is also a Director of the Horticulture Export Authority.

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.

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:

	Sales made		Amount receivable	
in NZD	2021	2020	2021	2020
Mr Apple New Zealand Limited	910,679	1,092,839	-	3,180
Fern Ridge Produce Limited	161,254	225,443	-	-
Taylor Corporation Limited	170,593	144,332	58,796	5,293
T&G Global Limited (and related entities)	396,537	1,318,883	166,164	195,224
Golden Bay Fruit Limited	244,913	240,243	644	805
Golden Del Orchard Limited	16,355	-	-	-
Heywood Orchards Limited	4,773	522	-	-
Illawarra Limited	7,187	656	39	-
CAJ Van Der Voort Limited	156,735	1,925	1,625	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 2021, (2020: nil).

21. Comparatives

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

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