Horticulture New Zealand's vision

Healthy food for all forever

The benefits of a strong horticultural industry

60,000+ jobs
Export dollars for NZ
Food security
Safe food
Sustainability

Better health outcomes
- Heart disease
- Diabetes
- Obesity

Healthy NZ

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From the President

Focus on our story

New Zealand’s horticulture industry continues to experience modest to impressive gains across the board. It has been a stellar season for some and others have seen incredible climatic swings that have challenged our knowledge, resources and patience. All of us however, are positive about our industry’s future. Producing fresh and healthy food is our industry and we are in demand.

The 2017-2018 year reported on in this Annual Report was one that showed the importance of having a united industry voice advocating for growers in Wellington, and engagement with all parts of central Government.

On behalf of growers, Horticulture New Zealand has been actively engaged with Government on access to land, water and people, as well as biosecurity and trade.

During the election period of 2017, we advocated strongly for Country of Origin Labelling (CoOL). The Consumers’ Right to Know (Country of Origin of Food) Bill passed its first reading in Parliament in April 2017. After HortNZ’s appearance before the Parliamentary Select Committee in May to make a submission, and a public campaign via social media enabling people to tell their local MP they wanted CoOL on fresh fruit and vegetables, we believe this Bill will progress in 2018.

Election promises three horticulture a curve ball, with the Labour Party saying it would introduce a water tax as a punitive measure for some commercial water users, including irrigators, to improve water quality. Horticulture New Zealand fought hard against this tax contending the extra cost would be borne by consumers, making healthy food more expensive, and that the policy wasn’t the answer to the problem.

We support sound, consistent water policy for efficient use of water and have our own Fresh Water Policy for growers. We do not support a blanket tax without due consideration of New Zealand’s water priorities as a nation, including water for drinking, sanitation and food production. Along with other primary industry representatives, we were successful in getting the water tax off the table for the 2017-2020 term of Government.

The change of Government in October 2017 to a Labour-New Zealand First coalition, with confidence and supply from the Green Party, has seen some new opportunities emerge for horticulture. This Government sees the potential in horticulture’s growth and has been responsive to protecting the best growing soils and working with industry on addressing environmental concerns. Consumers are increasingly interested in the origin of their food, looking for responsible and sustainable farming practices, and we are committed to that through the Good Agricultural Practice (GAP) schemes, including NZGAP. Much of Horticulture New Zealand’s work centres around working with local and central Government on use and protection of natural resources to enable you to grow.

Horticulture New Zealand’s financial performance has been in line with budget, with the exception of the Orchardist magazine, that had an over spend due to increased pages not being fully supported by advertising. Action has been taken to ensure this does not happen in the future. Following the reduction in Horticulture New Zealand’s levy at the 2017 AGM, and the experience of six months trading, the budget was refocused to take account of the reduced levy and then current expenditure. The result is a modest surplus with all expenses save that of the Orchardist coming in on budget. This is a pleasing result as levy income is down when compared to the previous year, caused by both the reduced levy and more conservative kiwifruit and apple seasons. Levy income was however, in line with the refocused budget.

As a result of feedback from the 2017 AGM, a Reserves Policy will be presented to this year’s AGM and implementation of the diversification policy will be reported on.

On behalf of the Board, I would like to acknowledge the work chief executive Mike Chapman has done in the past year to advocate for growers across some significant issues. When faced with such issues, the value of Horticulture New Zealand presenting a united voice to key decision makers is very apparent. Thanks also go to the staff, the work of Horticulture New Zealand is a team effort and it is pleasing to see the results of their co-ordinated and professional approach.

I would also like to acknowledge and thank the Horticulture New Zealand Board for showing vision and leadership in their governance.

Julian Raine | President Horticulture New Zealand
From the CEO

An enduring environment

Based on the comments made at last year’s Annual General Meeting (AGM) and feedback throughout the year, Horticulture New Zealand’s Board and staff have focused on core priorities to ensure an enduring environment where growers can prosper.

Biosecurity is one example. During the reporting period, we expanded the Horticulture New Zealand biosecurity team with two new experts. This meant Horticulture New Zealand was able to make a significant contribution to brown marmorated stink bug (BMSB) preparedness work, and advance the application to the Environmental Protection Authority to introduce the biological control agent, the Samurai wasp. Biological control agents are considered to be effective if they can reach a 50 percent rate of control. The Samurai wasp will be a particularly important control agent if BMSB establishes here, as it has a more than 70 percent rate of control. More generally, Horticulture New Zealand is working collaboratively with the other industry groups on biosecurity and has a memorandum of understanding with Kiwifruit Vine Health Incorporated.

We also increased resourcing and in-house expertise in our Natural Resources and Environment (NRE) team, which predominantly deals with the Resource Management Act. This is particularly important as the layers and complexity of compliance increase. The Labour-NZ First Government’s focus on the environment has highlighted the need to develop a comprehensive horticulture-wide approach, to protect your interests and ability to grow. We were active during the election campaign on Labour’s pledge to tax water. Horticulture New Zealand went directly to the politicians and pointed out that if the problem they wanted to solve was cleaning up waterways, taxing water used for irrigation was not the solution. This was a successful campaign.

Through the year, we increased the NRE team with the addition of two expert planners, one based in Auckland and one in Christchurch. In Hawke’s Bay we contracted a locally-based advocate to co-ordinate and represent horticulture’s interests. The Wellington-based team was strengthened with the addition of a lawyer. In addition, our campaign to have a National Policy Statement protecting elite soils and horticulture operations has been supported by Environment Minister David Parker, with a direction to his Ministry to develop that policy statement in 2018.

One of the biggest constraints on horticulture is the lack of reliable, seasonal and permanent workers. During the reporting period, the joint venture Horticulture Capability Group was reformed and refocused as a truly collaborative effort between New Zealand Kiwifruit Growers Incorporated, New Zealand Apples & Pears, New Zealand Avocado, Vegetables New Zealand, Hawke’s Bay Fruitgrowers’ Association and Horticulture New Zealand. The results of this collaboration are the development of a horticulture degree by Massey University, a horticulture apprenticeship by the Primary Industry Training Organisation, and re-focused horticulture career promotion with three stands planned for the 2018 Mystery Creek Fieldays. In addition, collaboration are the development of a horticulture degree by Massey University, a horticulture apprenticeship by the Primary Industry Training Organisation, and re-focused horticulture career promotion with three stands planned for the 2018 Mystery Creek Fieldays. In addition, the Joint Venture Horticulture Capability Group is working with the other industry groups on biosecurity and has a memorandum of understanding with Kiwifruit Vine Health Incorporated.

An enduring environment

Horticulture New Zealand continues to run our very successful leadership programme, and offers scholarships to encourage horticulture training.

Linked to the Horticulture Capability Group is the work of the National Labour Steering Group, administered and supported in the field by Horticulture New Zealand staff. This is a collaborative effort from the key industries where, based on the network of the regional labour groups, both kiwifruit and immigration programmes such as the RSE scheme are co-ordinated. Through survey and advocacy work we continue to increase the numbers of New Zealanders in training, the number of RSE workers permitted in the country each year, and access for permanent workers through immigration.

The change in Government has seen a change in the previous Government’s policies and this has resulted in HortNZ making submissions on proposed changes to employment law, taxation, competition law, vocational education, trade agreements and the environment.

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Horticulture New Zealand continues with its other areas of activities as it has in previous years, but with a focus on the key areas identified above. A good example is the NZGAP programme with an add-on environmental module, and Food Act registration and compliance is being developed with the concept of one auditor up the drive, reducing costs and time demands.

Mike Chapman | CEO

Horticulture New Zealand's mission

Creating an enduring environment where growers prosper

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Horticulture New Zealand's goal is to add value to growers' businesses. We are focused on ensuring growers have access to land, water and people; that New Zealand's biosecurity system protects their crops; and that they can trade with all the countries that want to buy our food. We provide a united voice on issues for both fruit and vegetable growers and take the lead on issues that impact the whole industry.

We are telling our story with a focus on healthy food for all forever, and all that goes with that.

Enabling

We partner with product groups and district associations to help growers adapt to regulatory and technology change and to enable stewardship of and access to natural resources for generations to come.

Activities

Our Natural Resources and Environment team got recognition from some local government that horticultural production systems are different from other cropping farming systems and a “one size fits all” approach is inappropriate. Examples of this include the work with the Canterbury Regional Plans and Horizons One Plan, as well as Plan Change 1 in the Waikato.

At the Regional Policy Statement (RPS) level there are several notable examples (Hawke’s Bay, Bay of Plenty, Auckland, Gisborne, Otago) where food production values have been specifically recognised in objectives and policies. Such recognition is especially important when the allocation of limited resources, such as water, is being considered.

We have pushed for recognition of the importance of ‘survival’ water for crops in times of low water flows and drought. Increasingly, councils are providing for survival water for both capital root stock (orchards etc) and for perennial crops, for example, in the Plan Change for the Tukituki, Tasman District plan changes, Auckland Unitary Plan, Gisborne, and Bay of Plenty.

We have also worked to get permitted activity status for crop protection structures and shelter belts. Examples of these include Auckland Unitary Plan, Whangarei, and Christchurch.

HortNZ supported the Tasman District Council to get 30m setbacks in their recent Plan Change, to avoid reverse sensitivity effects. This issue managed to be settled before it reached the Environment Court, saving HortNZ and growers significant expenditure. This rule may also be used as a good example of how to avoid reverse sensitivity in future planning processes around New Zealand.

We developed a Vegetable Washwater Discharge Code of Practice for growers to ensure they meet good practice.

Water – a key ingredient

Water is a vital resource to help New Zealand secure its place as a world-leading food producer, as well as maintain a year-round production base for domestic consumption. Water is used throughout the horticulture supply chain; from growing the plants, to frost fighting (eg. some fruits), and washing and processing for market to consumers. To service these activities the industry requires sufficient quantity of water supply, particularly in summer. For crops that are grown above the ground – such as lettuce, broccoli, cauliflower and cabbage – the quality of water is also critical in terms of food safety.

We need quantity and quality and access to water is becoming a key constraint to growth.

Who were our submissions to?

Local government 20

National 17

Land & water 6

People 2

Biosecurity 5

Science & innovation 3

Food safety, compliance, health & safety 3

Plan changes 16

Submissions

37

Land and Water Forum meetings

13

Water is a key ingredient in our products. It helps to grow healthy crops and ensure that we can keep our standards high.
Recognising our talent

21 64 31 17
Scholarships Record scholarship applications Young grower competition 5 regional competitions on leadership programme

Young grower of the year

The future of our $5.6 billion horticultural industry is in excellent hands as shown by the talent of 2017’s Young Grower of the Year: Erin Atkinson of Te Puke.

Erin Atkinson, 30, technical advisor for Apata Group in Te Puke, was the first woman to win the Young Grower of the Year title. She pitted her skills, knowledge and experience against four other finalists. Erin, who won the Bay of Plenty Young Fruitgrower competition in February 2017, also secured the national title of Young Fruit Grower of the Year, along with the best business, best innovation and best speech titles.

Runner-up for Young Grower was Scott Wilcox of Pukekohe, who is also Young Vegetable Grower of the Year. Scott is an expert in managing rotational vegetable crops.

Erin has a Bachelor of Science in Horticulture and has spent most of her working life in the horticulture industry. She said she was extremely proud to have been named Young Grower, especially as the standard of the other finalists was very high.

During the competition, all five finalists competed in a series of practical and theoretical challenges designed to test the skills needed to run a successful export-focused horticultural business. They also took part in a leadership panel discussion before delivering a speech on biosecurity in front of the judges at the awards dinner attended by 200 people.

Judges looked for individuals who could make a difference in their sectors and the industry, going beyond great skills to also include leadership, attitude and personality.

People capability

HortNZ is building a suite of leadership development initiatives to meet the demands of our rapidly growing industry, including:

- A roadmap providing a guide for future HortNZ leadership programmes was completed.
- HortNZ’s leadership programme was refreshed to include 17 participants - nine women and eight men. These were selected to receive one-to-one leadership coaching.
- The first HortNZ Alumni event was held at the Horticulture Conference with 60 attendees, made up of a mix of participants in the HortNZ Leadership Programme and Young Grower competitions, as well as some of the HortNZ Board. The theme, Leading into the future, challenged the audience, facilitated robust debate, and fed into the roadmap exercise
- A record number of high calibre scholarship applications were received: 45 industry training and 19 university undergraduates. Of these, 21 scholarships were awarded to the value of $36,500. Horticentre Trust and Massey University are strong partners in this programme.
- Conference Scholars and NZ Fruitgrowers’ Charitable Trust Mentors programme saw 19 participants.
- There were 31 competitions across five regional Young Grower competitions; with five finalists making the final Young Grower of the Year competition in Christchurch on 18 August, 2017.

We are responsible for telling the overarching story about horticulture to our communities and consumers to protect and enhance the wellbeing of our sector.

We tell our story with a focus on food – its provenance; the benefits of healthy, fresh food, and who is growing it – in a sustainable way to lessen or improve the impact on the environment.

Promoting media coverage increase

Our media story

HortNZ was active representing grower issues in the media and in 2017, media coverage increased 65.4 percent over 2016.

In the reporting period, we issued 40 media releases covering Country of Origin Labelling (CoOL); Young Grower competitions; weather events; and access to land, water and people. With the 2017 General Election in the reporting cycle and a change of Government, HortNZ was active in the media on election issues including water tax and CoOL.

HortNZ’s CE and President did 143 media interviews. There were 25 media interviews on water tax and Horticulture New Zealand issued a number of media releases, including one playing on Labour’s election slogan saying “let’s not do this” to Labour’s pre-election freshwater policy that included a water tax for irrigators. By the time the election rolled around, the water tax was off the table.

Chief executive Mike Chapman wrote 65 blogs covering all the issues affecting growers. Blogs are then promoted through social media including Twitter and LinkedIn.

During the election period we ran a Facebook campaign for CoOL, backed by independent research we had done earlier in the year, which clearly showed New Zealanders want to know where their fruit and vegetables come from. The Facebook campaign was launched in April 2017 and ran through to the general election in September 2017. It generated 5,623 likes and 5,640 followers. For the six month period it reached nearly 1.15 million people, with nearly 27,000 engaging with content. There was more than 16,500 positive feedback reactions to posts, compared to just 216 negative feedback reactions. As part of the campaign, there was confirmed delivery of 1,594 emails to Members of Parliament asking them to support CoOL – generated by individuals via the page. This was coupled with political advocacy across all parties.

The outcome was, the Green Party’s Consumers’ Right to Know (Country of Origin of Food) Bill passed its first reading in Parliament on 13 April 2017, paving the way for this to become law.

65 blogs from CE

400 Articles quoting Horticulture New Zealand

1,594 Emails to MPs for CoOL

143 Interviews

40 Media releases

1594 Twitter followers

Erin has a Bachelor of Science in Horticulture and has spent most of her working life in the horticulture industry. She is extremely proud to have been named Young Grower, especially as the standard of the other finalists was very high.

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What we achieved 2018

A video showing the story of New Zealand’s fresh fruit and vegetables, from the seed through to food on a plate, was launched by Horticulture New Zealand at the Horticulture Conference in July 2017. It has had more than 2,000 views and is being used to promote New Zealand horticulture off-shore. Called Healthy food for all forever, the video is on YouTube. Trends indicate a strong desire by consumers to both buy food grown locally, and to understand what has gone into producing their food. They want to know sustainable and environmentally friendly practices have been used and that the people working for the food producing companies are treated properly and paid appropriately. It is important we keep telling the story behind our food to people looking to a healthy diet to improve their overall health.

We have run a strong awareness campaign about the importance of our elite soils and protecting them from urban sprawl and lifestyle blocks. Mainstream media coverage, particularly on the issue in Auckland of growing houses on irreplaceable horticulture land, included a cover story in the New Zealand Herald’s The Business; HortNZ CE interviewed on TVNZ’s Q + A; and coverage across most daily news outlets.

We want to protect good growing land from urban sprawl.

What affects the cost of fruit and vegetables?

We backed up our calls for a food security policy with a report prepared by KPMG, New Zealand domestic vegetable production: the growing story, released in November 2017. The report looks at factors that will impact security of supply of what would be considered staple vegetables. Domestic supply is not being viewed as a national system, with identified strengths and weaknesses, to give New Zealanders continued access to all the fresh fruit and vegetables they need in the future. Prime fruit and vegetable growing land is being squeezed by rapid growth in towns and cities, and high demand for new housing. Changes in weather patterns and extreme seasonal weather events are becoming more frequent and damaging, impacting the supply and, consequently, the price of fresh, healthy food. So Horticulture New Zealand believes it is time to take stock and develop a national food security strategy.

NZ Grower magazine won an international award for its front cover illustration at the 2017 Tabbie Awards, run by the American based Trade Association Business Publications International.

In March 2018, Horticulture New Zealand joined the Biosecurity Communications Network at its inaugural forum. During the high-risk time for a brown marmorated stink bug (BMSB) incursion, we noticed the media wasn’t hitting the younger and more tech-focused demographics. We took to BuzzFeed to post a quirky quiz as an experiment. It really took off, and there was international interest in how we did it. It was a low-risk high-reward opportunity; the quiz cost nothing to make, publish, or promote, and it was created in house. We distributed it via Twitter, LinkedIn, and our newsletters. The uptake and engagement were massive, and people seemed to genuinely enjoy doing and sharing the quiz.

Follow us on Instagram - @growersofnz

In September 2017, Horticulture New Zealand launched Growers of New Zealand, an Instagram page to better tell the story of our people and the crops they produce. The aim is to get the public thinking about the food on their plates, understanding the seasonal cycles, and relating to the growers. This is a great way to tell our story and put a human face on horticulture.

Each week we feature a grower, with a photo of them at work with a seasonal crop and text explaining who they are and what they are doing. We follow this with an innovative and healthy recipe using the seasonal crop. We like to feature some of the less high-profile crops, often overlooked in other media.

This combination of food producers and food itself is intended to bridge the urban-rural divide; we want to show the world that growers are people who want to do the best they can to feed New Zealand, and tell the story of healthy food for all forever.

Our Instagram page has followers from around the world including influencers and foodies. It has been going less than a year and has nearly 600 followers.
What we achieved 2018

Lincoln Roper, 18, has been placed in two Young Vegetable Grower of the Year competitions. He is studying for a Bachelor of Commerce (agriculture) degree at Lincoln University. He is “the son” of Roger & Son Limited vegetable growers at Lincoln, near Christchurch, where he works with his father Lance and mother Makereta, specialising in peeled red onions, peas and pumpkins. Lincoln has been helping out for 11 years already and this year is his first managing a crop himself. He is a fourth generation grower.

People for tomorrow

Career and skill development

The Horticulture Capability Group (HCG) is a joint venture between New Zealand Kiwifruit Growers Incorporated, New Zealand Apples & Pears, New Zealand Avocado, Vegetables New Zealand Incorporated, the Hawke’s Bay Fruit Growers Association and Horticulture New Zealand.

Its vision is for horticulture to be the career of first choice. Its four strategic action areas are:

• career promotion;
• professional development;
• a focus on primary and secondary schools; and
• leadership development.

The goals are to attract and retain sufficient appropriately skilled people in horticulture, empowering them with the skills, knowledge and understanding to develop and support their careers, resulting in sustained industry growth.

All the joint venture partners make a significant contribution to the vision, strategic action areas and goals, linking resources as a united team to achieve the most effective outcome for horticulture. Actions have included:

• working with Massey University to develop a Massey Horticulture Degree
• working with the Primary Industry Training Organisation to develop a Horticulture Apprenticeship
• the group joining Whenua Ora to increase horticulture trainees
• submitting on the Education Minister’s vocational education review to get better training outcomes for horticulture
• leveraging off other organisations to promote horticulture in schools.

Career promotion included:

• Get Ahead - Hort2 partnered with New Zealand Apples & Pears and Young Farmers at 10 career promotion events around New Zealand
• Promoting at Gisborne Careers Expo and Whangarei Careers Expo
• Careers magazines continue to be distributed.

Confessions and events

We attended and spoke at a number of events including:

• Te Hono National Summit
• Corrections Conference
• Summerfruit Conference
• Potatoes Conference
• Organics Aotearoa New Zealand AGM
• New Zealand Apples & Pears Conference
• Flowers Conference
• Agri-Industry Summit
• Collaborative Research Forum
• Zespri AGM
• Kiwifruit Vine Health AGM
• New Zealand Kiwifruit Growers Incorporated AGM
• Tararua Growers AGM
• Horowhenua Taste Trail
• Onions New Zealand AGM
• Future of Food and Fibre Conference
• Asia Fruit Logistica, Hong Kong
• Mystery Creek Fieldays
• National Horticultural Field Day
• Kellogg Rural Leadership briefing
• Nuffield Scholarship briefing

Mike Chapman is on the Good Farming Practice Governance Group.

The Horticulture Conference 2017, held at ASB Baypark, Tauranga, from 12 to 14 July, is the conference of Horticulture New Zealand, Vegetables New Zealand Incorporated, Tomatoes New Zealand and the New Zealand Asparagus Council. American food and agribusiness guru Roland Fumasi was one of the keynote speakers. Dr Fumasi is a vice-president, senior analyst and manager for RaboResearch Food & Agribusiness Group. Headquartered in Fresno, California, he is responsible for covering and analysing the US and North American fresh fruit and vegetable industries, general California agriculture, and he leads the Fresno research team.

He combines a background in agribusiness research with international market development and finance experience in the agriculture industry. He was an engaging speaker with valuable global insight on the consumer-led market that growers are providing for.

The Horticulture Industry Awards were presented at the conference gala dinner, with the premier award, the Bledisloe Cup, going to the outstanding leader in the kiwifruit industry, Peter Ombler. He is an exceptional grower who has been involved in the kiwifruit industry for 36 years and during that time has taken a lead role on critical issues, including Psa, for the benefit of all kiwifruit growers.

Other awards presented at the conference were:

• President’s Trophy – Brent Wilcox, principal of A S Wilcox & Sons, for outstanding leadership and mentoring the next generation of leaders
• Industry Service Award - Dr Bruce Campbell, Chief Operating Officer, Plant and Food Research, for ensuring research undertaken by and for the industry promotes growth and supports New Zealand’s premium position in international markets
• Horticulture New Zealand Life Membership – Stephen Darling, who has dedicated his life to the pip fruit industry, and Gary Bennetts, for his contribution to the summer fruit industry.

42% of people in horticulture training are in fruit or vegetable production

3,172

Average number of trainees in produce production for the four years 2014-2017, compared with 1,890 in 2010-13
An exciting, innovative and vibrant industry

The Prime Minister’s top science prize

The Plant & Food Research team that took on the devastating Psa-V disease and won, were the deserving recipients of the Prime Minister’s top science prize in February 2018 and Horticulture New Zealand congratulated them.

Members of the winning team, led by Dr Bruce Campbell, pictured above, were awarded the prize worth $500,000, at an event at Parliament.

When Psa was discovered at a Te Puke orchard in 2010, that could have meant the end of the kiwifruit industry. But the Plant & Food Research team have such brilliant scientists that can turn the potential collapse of an industry into it rising from the ashes to be better than ever before. As the Prime Minister’s top science prize team is engaged with horticulture product groups on shared issues.

HortNZ has made submissions on a number of the Ministry for Primary Industries’ consultations relating to import health standards of importance to our growers including: siloxan; Vehicles, machinery and equipment; citrus from Egypt; Oncidium; table grapes; and Post Entry Quarantine facility wastewater. We have been involved in the biosecurity response to pea weevil.

Biosecurity is the exclusion, eradication or management of pests and diseases that pose a risk to the economy, environment, cultural and social values, including human health.

Activities

Horticulture New Zealand has been heavily involved in Biosecurity 2025 - a partnership between people, organisations, Māori, and central, local and regional government. The aim is to make our biosecurity system more resilient and future-focused to protect our toings and New Zealand from pests and diseases. HortNZ has chaired the Strategic Direction 3 (free flowing information) working group, which has now concluded. We will continue to be involved through the implementation phase into 2019 to deliver a more connected and responsive biosecurity system. We have also been involved in Strategic Direction 5 (Tomorrow’s skills and assets) to build a capable and sustainable workforce for the future, which provides the foundation of an effective biosecurity system.

Horticulture New Zealand has built a strong biosecurity team during the year and has been heavily committed to key risks of concern to growers: Fruit flies, brown marmorated stink bug (BMSB), and emerging threats such as Xylella and Spotted Wing Drosophila. There are now two dedicated staff working on pan-industry biosecurity regulation, policy and research.

The 2017 Recognised Seasonal Employer (RSE) Conference, held for the first time in Blenheim, celebrated the tenth year of the scheme. It was attended by the Prime Minister of Tuvalu and Ministers from Fiji, Kiribati, Samoa, and the Solomon Islands, as well as Ministers of the Government at the time Hon. Anae Tu’ila and Hon. Michael Woodhouse. As well as being a celebration of the successes of the scheme, the conference was a chance to focus on what needs to be done to ensure that success can be sustained into the future. As stakeholders we need to plan how we can futureproof the RSE scheme so that it can be the solution to supplying sustainable seasonal labour so it was always meant to be. Held over two days, the conference was a chance for the scheme employers to talk freely and frankly about seasonal labour issues, and provided a valuable opportunity for employers to meet with the government officials who oversee the RSE scheme. The conference was attended by more than 200 people with a large representation from the Pacific countries involved, and fieldtrips were organised by Wine Marlborough.

Horticulture New Zealand, along with other horticulture sector organisations, was proud to sponsor the Asia Pacific Plant Protection Convention (APPPC) 30th session in Rotorua in November 2017. The APPPC brought together the heads of plant protection from 21 member countries, officials from the Food and Agriculture Organization (FAO) and industry organisations.

On 16 March, Horticulture New Zealand worked with the Ministry of Social Development to launch the Work the Seasons website and hosted a workshop to review the current BMSB Council work programme for readiness and response. HortNZ has made submissions on a number of other issues.

Biosecurity meetings

Germplasm Advisory Committee (GERMAC) 14
Fresh Produce Advisory Committee 2
PMAC working groups 6
PMAC Council 10
BMSB Council 6
Fruit Fly Council 3
Samurai wasp steering group 4

Brown marmorated stink bug (BMSB) risk management 2017/18

283 283 interception events

2218 BMSB (23% found live)

37 aggregations and 4 post border detections

We advocate for growers across key areas affecting industry.

Advocating

Strengthening of measures on the Italy and Japan pathways

International cooperation with Australia, Chile and USA
What we achieved 2018

Our grower story

Therese and Alan Varcoe of Aloha Orchard in Havelock North.

Orchard manager Tim Hope from El Pedregal Orchard, Earnscleugh.

Geoff Oliver has been growing avocados for over 14 years.

Our growers understand consumers want certified proof of growing standards.

Only certified growers can use the NZGAP logo. The past year has been one of development of a number of new programmes and an increase in the number of NZGAP certificate holders. 2018 will see continued roll out of add-ons to meet market certification demands, as well as working domestically to use certification to assure New Zealand regulators of industry performance.

• NZGAP certificates increased by six percent during the past 12 months.
• The NZGAP ‘add - on’ framework now covers social practice and environment. NZGAP is developing a broader framework for social practice to cover all GAP certificate holders and contractors, through an NZGAP Contractor Standard.
• The new NZGAP Environment Management System (EMS) framework is in place to meet regional council requirements and it will be rolled out nationally this year.

New Zealand Good Agricultural Practice (NZGAP) – safe and sustainable food

NZGAP ensures the safe and sustainable production of fruit and vegetables in New Zealand.

Sustainable

Horticulture New Zealand teamed up with WorkSafe New Zealand to create a health and safety toolkit specifically designed for horticulture businesses. The guideline is targeted at those who are responsible for the management of health and safety in a horticulture business. It covers the steps that growers should take to build a health and safety system. Features include a guide for visitors to a property, tools and training resources for workers and contractors, and the ability to create risk assessments for Good Agricultural Practice (GAP) audits that are part of many horticulture businesses. Managing health and safety in the workplace is a critical issue for horticulture businesses.

• NZGAP released a GLOBAL G.A.P. GRASP guideline to enable growers and their labour contractors to meet the new market requirement for social practice assessments. GRASP stands for GLOBAL G.A.P. Risk Assessment on Social Practice.
• The NZGAP GLOBAL G.A.P. Equivalent standard has been benchmarked to the new version of GLOBAL G.A.P. (version 5.1). NZGAP continues to work towards options for growers to be Global Food Safety Initiative (GFSI) recognised.
• NZGAP has been an active member of the GAP National Technical Working Group (NTWG) with HortNZ providing the Secretariat function. Much of the NTWG work has been focused on Food Act recognition for GAP schemes.

Thirteen family have been growing avocados for three years in the Bay of Plenty and lose the Wiggle.

The Sorensen family have been growing avocados for three years in the Bay of Plenty and lose the Wiggle.

John Clarke from Woodhaven Gardens preparing tasting vegetables for the Horowhenua Taste Trail.

Helen and Alan Thompson on their Kerikeri property which won the region’s Ballance Farm Environment Award.

Orchard manager Tim Hope from El Pedregal Orchard, Earnscleugh.

Therese and Alan Varcoe of Aloha Orchard in Havelock North.

Geoff Oliver has been growing avocados for over 14 years.

The Sorensen family have been growing avocados for three years in the Bay of Plenty and lose the Wiggle.
National regulatory reform
In the National Policy Statement for Freshwater Management (2017 amendments) HortNZ managed to get irrigation for cultivation removed from the list of other “extractive uses” and put back into the freshwater “values” framework. This is a crucial piece of overarching policy that directs how the water our growers use is prioritised under the Resource Management Act (RMA). This is a crucial piece of overarching policy that directs how the water our growers use is prioritised under the Resource Management Act (RMA).

HortNZ attended hearings in:
- Regional and district planning
- Ministers.

Those meetings going to key Government Ministers.

attended 13 LAWF meetings, with advice from Water Forum (LAWF) to ensure food production under the Resource Management Act (RMA).

directs how the water our growers use is prioritised under the Resource Management Act (RMA). This is a crucial piece of overarching policy that directs how the water our growers use is prioritised under the Resource Management Act (RMA).

put back into the freshwater “values” framework.

removed from the list of other “extractive uses” and put back into the freshwater “values” framework.

HortNZ has attended hearings in:
- • Dunedin – Second Generation Plan (Natural Environment and Network Utilities)
- • Southland – proposed Water and Land Plan
- • Greater Wellington proposed Natural Resources Plan (Hearing Streams 1, 2, 3 and 4)
- • Bay of Plenty – proposed Plan Change 9
- • Hawke’s Bay – Water Conservation Order (Hearing 1 – Upper River)
- • Bay of Plenty – proposed Plan Change 9
- • Marlborough – Environment Plan (Block 1).

Access to people
HortNZ ran a series of minimum employment standard workshops, which were very well received. Employers are conscious of the complexity of employment legislation in New Zealand and the level of error that can easily creep in by not taking this part of employing staff seriously.

Working with our partners, we achieved an additional 600 places on the Recognised Seasonal Employer (RSE) scheme to ensure access to seasonal labour. The national cap for the season was 11,100, up from 10,500. Advice to become an accredited RSE employer is now followed through at a higher rate than previously as the benefits of RSE are now better understood.

We continue to work on strengthening our relationships with key government agencies in the immigration space.

A standard set of provisions for seasonal worker accommodation was negotiated for local government plans that provide for seasonal accommodation facilities on grower properties. This was done to recognise the growing demand for worker accommodation and reduce the difficulty of obtaining consents in rural zones for these facilities. This has been exemplified in plans in Tasman, Central Otago and Auckland.

HortNZ supported the establishment of the Taikawhititi Workforce project (TIPU).

A Workforce Coordinator was appointed (funding secured through the Ministry of Social Development), a strategy developed, and a website – Activate Taikawhititi - put in place (funded by Eastland Community Trust and HortNZ).
Apples were our second highest export earner.

Horticulture New Zealand  | Annual Report  2018

• Enabling and encouraging innovative new models and providers.

these are what Horticulture New Zealand and affiliates advocated for in

of Tertiary Education

The Government’s response to the

rules. The labelling was also unlikely to add costs to our growers.

it would not impact trade as most of the countries we export to require

the myths and misconceptions voiced by opponents of the Bill, saying

of Origin of Food) Bill before Parliament. HortNZ addressed some of

in May, making its submission on the Consumers’ Right to Know (Country

to New Zealand is a rise of between $1.2 and $4 billion in GDP.

decline in our gross domestic product (GDP). As it stands, the deal’s worth

Kiwifruit from Chile has had the advantage in Japan until now. Apple

economy, with immediate kiwifruit tariff reductions worth $26 million.

Zealand will gain preferential access to Japan, the world’s third largest

Agreement for Trans-Pacific Partnership (CPTPP), which chief executive

from the signing of the Comprehensive and Progressive

hhorticulture

industries – with an immediate focus on developing a sector-wide vision.

Horticulture New Zealand’s President Julian Raine is on the farm leaders

in Christchurch, Hawke’s Bay, Southland, Gisborne, Bay of Plenty, Pukekohe/Auckland, and Waikato.

The Government’s response to the Productivity Commission Review

of Tertiary Education identified four key areas to focus on. Three of

these are what Horticulture New Zealand and affiliates advocated for in

our submissions, namely

• Meeting the needs of industry through relevant, responsive and

supportive teaching

• Improving performance across the system

• Enabling and encouraging innovative new models and providers.

Trade
HortNZ engages on trade with the Ministry of Foreign Affairs and

Trade (MFAIT) and Ministry for Primary Industries (MPI). This occurs

through direct contact with various trade agreements; the Agricultural

Core group; the Plant Market Access Council (PMAC); and the Food and

Beverage Exporters Council. We hosted a number of discussions with

overseas visitors including Copa Cogeca from Europe, and a field trip for

UK Department of Environment, Food and Rural Affairs. We have also

provided a range of pre-posting briefings for MFAIT and MPI staff heading

to New Zealand embassies and High Commissions worldwide.

With the British vote to leave the European Union (Brexit) HortNZ

has been involved in discussions with MPI, through the Technical Advisory

Group, on the work necessary for New Zealand to maintain and enhance

our trade with the UK.

HortNZ, together with New Zealand Apples & Pears, and Plant and

Food Research, continues to undertake and organise the New Zealand

exhibition stand at Asia Fruit Logistica in Hong Kong.

Board
The Board has been out and about engaging with growers and

addressing their issues in the reporting period, including visits to growers

in Christchurch, Hawke’s Bay, Southland, Gisborne, Bay of Plenty,

Pukekohe/Auckland, and Waikato.

Horticulture New Zealand’s President Julian Raine is on the farm leaders

group that has direct access to the Prime Minister. In April 2018, Agriculture and Rural Communities Minister Damien O’Connor appointed

Julian Raine to the Primary Sector Council, which will provide independent

strategic advice to the Government on issues confronting the primary

industries – with an immediate focus on developing a sector-wide vision.

Independent Auditor’s report
To the members of Horticulture New Zealand Incorporated

Opinion
We have audited the financial statements of Horticulture New Zealand Incorporated (“the

Society”), which comprise the statement of financial position as at 31 March 2018, and the

statement of comprehensive revenue and expense, statement of changes in net assets/equity and

cash flow statement 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 2018, and its financial performance and its cash

flows for the year then ended in accordance with Public Benefit Entity Standards: Reduced Disclosure

Regime (“PBE Standards RDR”) issued by the New Zealand Accounting Standards Board.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (New Zealand)

(“ISAs (NZ)”). Our responsibilities under those standards are further described in the Auditor’s

Responsibilities for the Audit of the Financial Statements section of our report. We are independent

of the Society in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics

for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board,

and we have fulfilled our other ethical responsibilities in accordance with those 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.

Other Information
The Board is responsible for the other information. The other information obtained at the date

of this auditor’s report is information contained in the annual report, 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 on the other information obtained prior to the date

of this auditor’s report, 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.

Board’s Responsibilities for the Financial Statements
The Board is responsible on behalf of the Society for the preparation and fair presentation of the

financial statements in accordance with PBE Standards RDR, and for such internal control as the

Board determines is necessary to enable the preparation of financial statements that are free from

material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the Society for

assessing the Society’s ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless the Board either

intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Contents
Independent Auditor’s report 21
Approval of Financial Report 22
Statement of revenue and expense 23
Statement of changes in net assets 23
Statement of financial position 24
Statement of cashflows 25
Notes to the Financial Statements 26
Directors’ disclosures 29
Entity information 29
Auditor’s Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

The Directors are pleased to present the approved financial report including the historical financial statements of Horticulture New Zealand Incorporated for year ended 31 March 2018

Statement of revenue and expense
For the year ended 31 March 2018

<table>
<thead>
<tr>
<th>Account</th>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Horticulture NZ - Core Activity</td>
<td>7,055,133</td>
<td>7,020,557</td>
</tr>
<tr>
<td></td>
<td>New Zealand GAP</td>
<td>660,324</td>
<td>647,727</td>
</tr>
<tr>
<td></td>
<td>Vegetable Research &amp; Innovation Board</td>
<td>528,872</td>
<td>399,383</td>
</tr>
<tr>
<td></td>
<td>Vegetables.co.nz</td>
<td>355,721</td>
<td>411,955</td>
</tr>
<tr>
<td></td>
<td>Process Vegetables NZ</td>
<td>302,418</td>
<td>337,218</td>
</tr>
<tr>
<td></td>
<td>Tomatoes NZ</td>
<td>471,246</td>
<td>433,269</td>
</tr>
<tr>
<td></td>
<td>Vegetable NZ</td>
<td>1,402,597</td>
<td>1,222,012</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>19</td>
<td>11,226,311</td>
<td>10,472,221</td>
</tr>
<tr>
<td>Expenses</td>
<td>Horticulture NZ - Core Activity</td>
<td>7,033,315</td>
<td>5,778,294</td>
</tr>
<tr>
<td></td>
<td>New Zealand GAP</td>
<td>718,211</td>
<td>673,567</td>
</tr>
<tr>
<td></td>
<td>Vegetable Research &amp; Innovation Board</td>
<td>461,631</td>
<td>343,939</td>
</tr>
<tr>
<td></td>
<td>Vegetables.co.nz</td>
<td>406,546</td>
<td>443,091</td>
</tr>
<tr>
<td></td>
<td>Process Vegetables NZ</td>
<td>273,500</td>
<td>363,406</td>
</tr>
<tr>
<td></td>
<td>Tomatoes NZ</td>
<td>540,473</td>
<td>419,196</td>
</tr>
<tr>
<td></td>
<td>Vegetable NZ</td>
<td>1,079,982</td>
<td>1,117,389</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>19</td>
<td>10,513,657</td>
<td>9,139,282</td>
</tr>
<tr>
<td>Surplus/(Deficit) for the Year</td>
<td></td>
<td>712,654</td>
<td>1,332,939</td>
</tr>
<tr>
<td>Provision for Tax</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Provision for Tax</td>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Surplus for Year After Tax</td>
<td></td>
<td>712,654</td>
<td>1,332,939</td>
</tr>
</tbody>
</table>

Statement of changes in net assets
For the year ended 31 March 2018

<table>
<thead>
<tr>
<th>Accumulated Funds 2018</th>
<th>Opening Balance</th>
<th>Surplus/(Deficit)</th>
<th>Movements in Reserves</th>
<th>Closing Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horticulture NZ</td>
<td>2,130,782</td>
<td>471,818</td>
<td>2,602,600</td>
<td></td>
</tr>
<tr>
<td>New Zealand GAP</td>
<td>403,441</td>
<td>-57,887</td>
<td>345,554</td>
<td></td>
</tr>
<tr>
<td>Vegetable Research &amp; Innovation Board</td>
<td>320,386</td>
<td>-67,241</td>
<td>387,627</td>
<td></td>
</tr>
<tr>
<td>Vegetables.co.nz</td>
<td>438,184</td>
<td>-50,824</td>
<td>387,360</td>
<td></td>
</tr>
<tr>
<td>Process Vegetables NZ</td>
<td>358,185</td>
<td>-28,918</td>
<td>329,267</td>
<td></td>
</tr>
<tr>
<td>Tomatoes NZ</td>
<td>613,716</td>
<td>-69,227</td>
<td>544,489</td>
<td></td>
</tr>
<tr>
<td>Vegetable NZ</td>
<td>972,793</td>
<td>322,615</td>
<td>1,295,408</td>
<td></td>
</tr>
<tr>
<td>Total Accumulated Funds</td>
<td>5,237,487</td>
<td>712,654</td>
<td>0</td>
<td>5,950,141</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Accumulated Funds 2017</th>
<th>Opening Balance</th>
<th>Surplus/(Deficit)</th>
<th>Movements in Reserves</th>
<th>Closing Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horticulture NZ</td>
<td>888,519</td>
<td>1,242,263</td>
<td>2,130,782</td>
<td></td>
</tr>
<tr>
<td>New Zealand GAP</td>
<td>429,281</td>
<td>-25,840</td>
<td>403,441</td>
<td></td>
</tr>
<tr>
<td>Vegetable Research &amp; Innovation Board</td>
<td>264,942</td>
<td>55,444</td>
<td>320,386</td>
<td></td>
</tr>
<tr>
<td>Vegetables.co.nz</td>
<td>451,329</td>
<td>-31,136</td>
<td>433,193</td>
<td></td>
</tr>
<tr>
<td>Process Vegetables NZ</td>
<td>384,192</td>
<td>-26,188</td>
<td>358,185</td>
<td></td>
</tr>
<tr>
<td>Tomatoes NZ</td>
<td>885,561</td>
<td>104,623</td>
<td>972,793</td>
<td></td>
</tr>
<tr>
<td>Total Accumulated Funds</td>
<td>3,904,548</td>
<td>1,332,939</td>
<td>0</td>
<td>5,237,487</td>
</tr>
</tbody>
</table>

BDO Wellington Audit Limited
Wellington
New Zealand
20 June 2018

This statement is to be read in conjunction with the Notes to the Financial Statements.
Statement of financial position
As at 31 March 2018

<table>
<thead>
<tr>
<th>Account</th>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank accounts and cash</td>
<td>6</td>
<td>1,966,747</td>
<td>1,594,972</td>
</tr>
<tr>
<td>Prepayments</td>
<td></td>
<td>643,588</td>
<td>409,020</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td></td>
<td>1,564,888</td>
<td>1,869,337</td>
</tr>
<tr>
<td>Investments</td>
<td>7</td>
<td>2,807,107</td>
<td>2,450,000</td>
</tr>
<tr>
<td>Provision for Tax</td>
<td>8</td>
<td>25,316</td>
<td>27,359</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>7,007,646</td>
<td>6,350,688</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>7</td>
<td>-</td>
<td>200,000</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>9</td>
<td>116,327</td>
<td>148,498</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>10</td>
<td>74,030</td>
<td>71,737</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td></td>
<td>190,357</td>
<td>420,235</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>7,198,003</td>
<td>6,770,923</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and accrued expenditure</td>
<td>11</td>
<td>967,122</td>
<td>1,171,427</td>
</tr>
<tr>
<td>Fit Out Incentive</td>
<td></td>
<td>4,913</td>
<td>29,480</td>
</tr>
<tr>
<td>Income in Advance</td>
<td>12</td>
<td>275,826</td>
<td>327,616</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>1,247,862</td>
<td>1,528,523</td>
</tr>
<tr>
<td>Non-Current Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fit Out Incentive</td>
<td></td>
<td>-</td>
<td>4,913</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td></td>
<td>-</td>
<td>4,913</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>1,247,862</td>
<td>1,533,436</td>
</tr>
<tr>
<td><strong>Total Assets less Total Liabilities (Net Assets)</strong></td>
<td></td>
<td>5,950,141</td>
<td>5,237,487</td>
</tr>
<tr>
<td><strong>Accumulated Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated supplies and deficits</td>
<td></td>
<td>5,950,141</td>
<td>5,237,487</td>
</tr>
<tr>
<td><strong>Total Accumulated Funds</strong></td>
<td></td>
<td>5,950,141</td>
<td>5,237,487</td>
</tr>
</tbody>
</table>

HortNZ President
20th June 2018

HortNZ Vice-President
20th June 2018

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Statement of cash flows
For the year ended 31 March 2018

<table>
<thead>
<tr>
<th>Cash Flows From Operating Activities</th>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash was received from:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees and other income</td>
<td></td>
<td>11,341,481</td>
<td>9,606,468</td>
</tr>
<tr>
<td>Interest Income</td>
<td></td>
<td>97,479</td>
<td>88,502</td>
</tr>
<tr>
<td><strong>Total Cash Flows From Operating Activities</strong></td>
<td></td>
<td>11,438,970</td>
<td>9,694,970</td>
</tr>
<tr>
<td>Cash was applied to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td></td>
<td>10,832,116</td>
<td>8,904,018</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Operating Activities</strong></td>
<td></td>
<td>606,654</td>
<td>790,952</td>
</tr>
<tr>
<td>Cash Flows From Investing Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash was applied to:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Asset Purchases</td>
<td></td>
<td>35,772</td>
<td>37,148</td>
</tr>
<tr>
<td>Intangible Purchases</td>
<td></td>
<td>42,000</td>
<td>74,607</td>
</tr>
<tr>
<td>Increase in Investments</td>
<td></td>
<td>157,107</td>
<td>138,222</td>
</tr>
<tr>
<td><strong>Net Cash Flows from Investing Activities</strong></td>
<td></td>
<td>(234,879)</td>
<td>(249,977)</td>
</tr>
<tr>
<td><strong>Net Increase / (Decrease) in Cash</strong></td>
<td></td>
<td>371,775</td>
<td>540,975</td>
</tr>
<tr>
<td>Opening Cash</td>
<td></td>
<td>1,594,972</td>
<td>1,053,997</td>
</tr>
<tr>
<td>Closing Cash</td>
<td></td>
<td>1,966,747</td>
<td>1,594,972</td>
</tr>
<tr>
<td><strong>This is represented by:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank &amp; Cash</td>
<td></td>
<td>1,966,747</td>
<td>1,594,972</td>
</tr>
</tbody>
</table>

This statement is to be read in conjunction with the Notes to the Financial Statements.
Notes to and forming part of the Financial Statements

For the year ended 31 March 2018

1. Reporting Entity
Horticulture New Zealand Inc (‘the Society’) is a society registered in New Zealand under the Incorporated Societies Act 1908. The industry association represents New Zealand’s $5,500 commercial fruit and vegetable growers. The Society is funded by a commodity levy on the sale of commercially grown fruit and vegetables. The organisation is governed by a board of nine directors made up of two appointed independent directors and seven elected grower directors. The financial statements are for the Society and its wholly owned subsidiary Horticulture New Zealand Limited.

2. Basis of Preparation
(a) Statement of Compliance
These financial statements have been prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP) and comply with the Public Benefit Entity International Public Sector Accounting applying the Rediluce Disclosure Regime (“PBE IPSAS RDR”), as appropriate for the NZ$ tax rate for profit public benefit entities. The board considers the basis to be appropriate for the users of the financial statements.

The Society has complied with the PBE IPSAS RDR in all material respects. The Accounting Policies that have been applied in respect to the preparation of financial statements are set out below. The financial statements were authorised for issue in accordance with a resolution dated 20th June 2018.

(b) Measurement Basis
These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ$) and all values are rounded to the nearest NZ$, except when otherwise indicated.

3. Significant Accounting Policies
The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Society, except as explained in Note 4, which addresses changes in accounting policies.

(a) Presentation of Statement of Revenue and Statement of Changes in Net Assets
Both the statement of revenue and expenses and statement of changes in net assets are presented on a line by line basis categorised by the Product Groups that exist within the Society. Transactions that occur between product groups are disclosed as transfers within the statement of changes in net assets.

(b) Revenue
Revenue is recognised to the extent that it is probable that the economic benefit will flow to Horticulture New Zealand and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The following specific revenue streams are recognised:

- NZ GAP fees
  - Annual Fees for NZGAP are non-exchange revenue and accounted for on an accrual basis.
- Levies
  - Levies are non-exchange revenue and accounted for on an accrual basis when the growers’ declaration is received.
- NZGAP and Grower Subscriptions
  - Subscription income is exchange revenue and recognised as earned by reference to the actual subscription period. Membership subscriptions received in relation to the following financial year is carried as a liability (income in advance).
- Grant and Project Funding
  - Grant and Project funding income is non-exchange revenue and recognised as revenue when associated obligations have been met.
- Event Income
  - Income from events that Horticulture New Zealand has organised is exchange revenue and recognised on the event has occurred.

4. Changes in Accounting Policies
There have been no changes in accounting policies.

5. Allocation of Interest
Interest income, less the associated provision for taxation is allocated to each product group within Horticulture New Zealand Inc, based on their average accumulated funds over the 12 months to the reporting date.

6. Cash and Bank
BNZ Direct Access Account
BNZ Autocall Account
BNZ Loan Account
Audit Bank Accounts

Total Cash and Bank
1,966,747 1,594,972

7. Investments
Term Investment - ANZ Bank
Term Investment - ASB Bank
Term Investment - Kiwibank
Term Investment - Rabobank

Total Investments
2,807,107 2,650,000

Interest rates on investments were 3.35% - 3.65% (2017: 3.35% - 3.65%)

8. Income Tax
Current Year Earnings
Tax at 28%

Adjustments
- Non-Deductible Income
- Non-Deductible Expenditure

Total Adjustments
8,769 3,820

Use of losses brought forward
Tax expense for the period
Provision for Tax

Tax (Payable)/Refund
25,316 25,359

Total Adjustments -8,769 -3,820

Non Deductible Income -2,421,023 -2,223,538

Total Income Tax 712,654 1,332,989

Interest Income is exchange revenue and recognised using the effective interest rate method.

9. Property, Plant and Equipment
Office Equipment and Furniture

Total Property, Plant and Equipment 116,327 148,498

10. Intangible Assets
Software
Trade Marks

Total Intangible Assets 74,030 71,737

Horticulture New Zealand Incorporated
19. Events Subsequent to Balance Date
The contract for the renewal of the lease of the building was signed per email in April 2018 for the period 01/06/18 until 01/06/2026 for the same lease amount. There were no other events subsequent to balance date that would require disclosure.

20. Statement of Financial Performance by Function
Below is the Statement of Financial Position by Function which shows revenue, expenditure and surplus per the individual product group included in the financial statements.

The surplus/(deficit) is shown in the Statement of Changes in Net Assets.

<table>
<thead>
<tr>
<th>Account</th>
<th>2017 Adjustment</th>
<th>2017 Restated</th>
<th>2018</th>
<th>2017 Total</th>
<th>2017 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Expenses</strong></td>
<td>7,033,315</td>
<td>718,211</td>
<td>461,631</td>
<td>406,546</td>
<td>273,500</td>
</tr>
<tr>
<td>Administration Expenses</td>
<td>733,104</td>
<td></td>
<td></td>
<td>671,041</td>
<td></td>
</tr>
<tr>
<td>Promotion &amp; Marketing</td>
<td>322,426</td>
<td></td>
<td></td>
<td>360,439</td>
<td></td>
</tr>
<tr>
<td>Projects</td>
<td>436,561</td>
<td>80,623</td>
<td>361,312</td>
<td>74,566</td>
<td>953,062</td>
</tr>
<tr>
<td>Depreciation</td>
<td>321,478</td>
<td>19,269</td>
<td></td>
<td>323,010</td>
<td></td>
</tr>
<tr>
<td>Non-Levy Revenue</td>
<td>1,079,982</td>
<td>540,473</td>
<td></td>
<td>1,620,455</td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>7,033,315</td>
<td>718,211</td>
<td>461,631</td>
<td>406,546</td>
<td>273,500</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>5,605,133</td>
<td>660,324</td>
<td>528,872</td>
<td>355,721</td>
<td>302,418</td>
</tr>
<tr>
<td>Administration Fees</td>
<td>733,104</td>
<td></td>
<td></td>
<td>671,041</td>
<td></td>
</tr>
<tr>
<td>Promotion &amp; Marketing</td>
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<td></td>
<td></td>
<td>360,439</td>
<td></td>
</tr>
<tr>
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<td></td>
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<td>660,324</td>
<td>528,872</td>
<td>355,721</td>
<td>302,418</td>
</tr>
</tbody>
</table>

2018 Adjustment 2017 Restated

**Note:** A prior year restatement has been made for Conference Income and Conference Expenses as in the previous year the Horticulture Annual Conference was incorrectly netted. The change is as follows:

<table>
<thead>
<tr>
<th>Account</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conference Income</td>
<td>253,572</td>
<td>240,292</td>
</tr>
<tr>
<td>Conference Expense</td>
<td>251,474</td>
<td>240,292</td>
</tr>
</tbody>
</table>

Note 20 comment
Services are provided on a full cost recovery basis to the groups listed in note 20 to the financial statements. This includes holding on the group's behalf their funds, which are only spent on the express direction of the relevant group. This note has been audited.

**Board fees for the year ended 31 March 2018**

<table>
<thead>
<tr>
<th>Director</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Julian Raine</td>
<td>79,716</td>
<td>77,000</td>
<td>74,000</td>
</tr>
<tr>
<td>Tony Howey</td>
<td>36,792</td>
<td>35,500</td>
<td>30,666</td>
</tr>
<tr>
<td>John Cook</td>
<td>29,638</td>
<td>28,500</td>
<td>18,666</td>
</tr>
<tr>
<td>Dave Kelly</td>
<td>29,638</td>
<td>28,500</td>
<td>25,333</td>
</tr>
<tr>
<td>Barry O'Neil</td>
<td>29,638</td>
<td>28,300</td>
<td>23,666</td>
</tr>
<tr>
<td>Hugh Ritchie</td>
<td>29,638</td>
<td>19,167</td>
<td>-</td>
</tr>
<tr>
<td>Mike Smith</td>
<td>29,638</td>
<td>28,300</td>
<td>18,666</td>
</tr>
<tr>
<td>Leon Stalled</td>
<td>29,638</td>
<td>28,300</td>
<td>25,333</td>
</tr>
<tr>
<td>Bruce Willis</td>
<td>29,638</td>
<td>21,500</td>
<td>-</td>
</tr>
</tbody>
</table>

**Note:** A prior year restatement has been made for Conference Income and Conference Expenses as in the previous year the Horticulture Annual Conference was incorrectly netted. The change is as follows:

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<tbody>
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</tr>
<tr>
<td>Conference Expense</td>
<td>251,474</td>
<td>240,292</td>
</tr>
</tbody>
</table>

There is no effect on profit or net assets due to this change.

**Conference Expense**

251,474 240,292 493,864

253,572 240,292 493,864

240,292 493,864

240,292 493,864

240,292 493,864

2016 Adjustment 2017 Restated

**Note:** A prior year restatement has been made for Conference Income and Conference Expenses as in the previous year the Horticulture Annual Conference was incorrectly netted. The change is as follows:

<table>
<thead>
<tr>
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<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
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<td>253,572</td>
<td>240,292</td>
</tr>
<tr>
<td>Conference Expense</td>
<td>251,474</td>
<td>240,292</td>
</tr>
</tbody>
</table>

There is no effect on profit or net assets due to this change.

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