



Annual Report

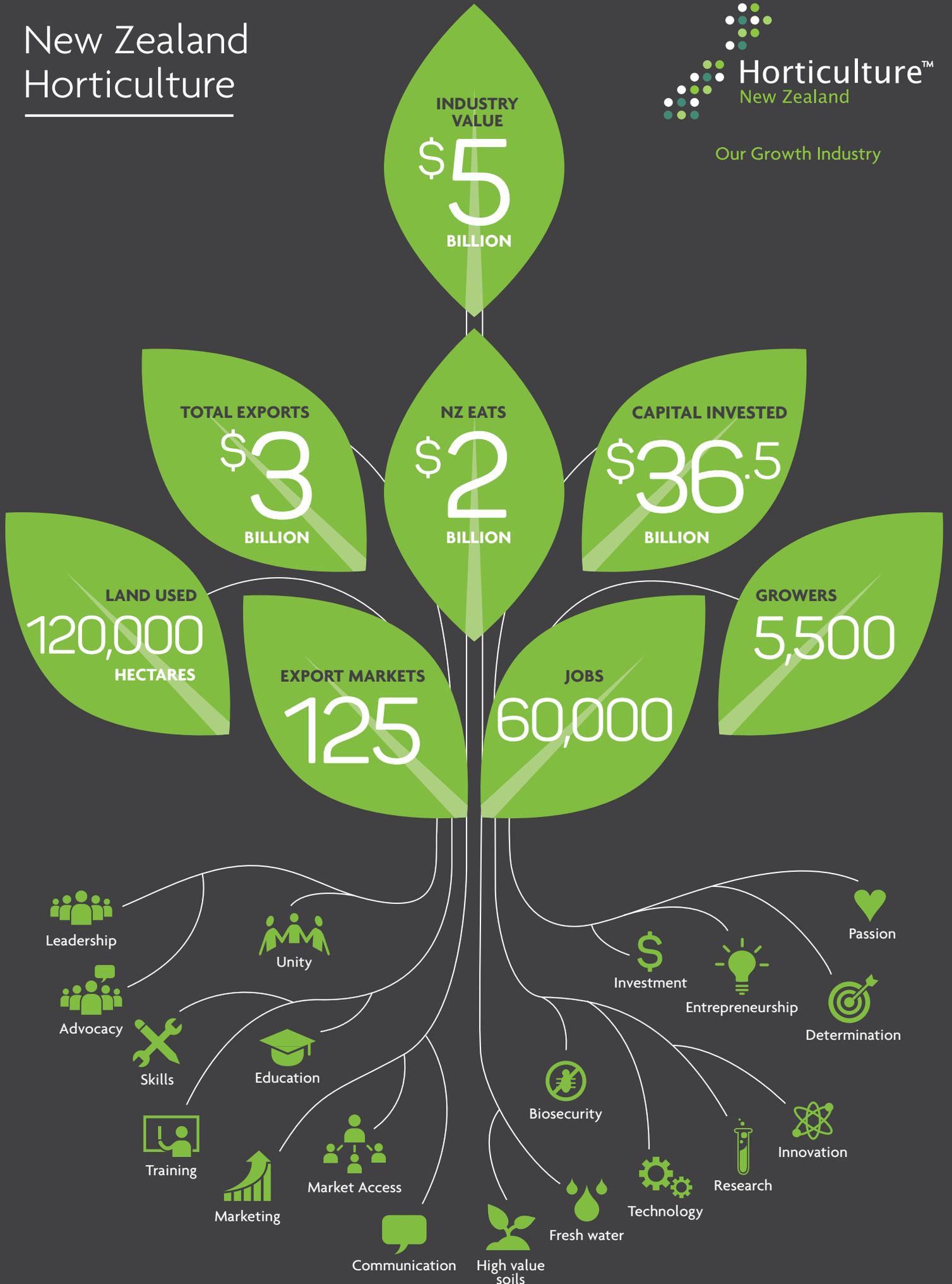
2016



New Zealand Horticulture



Our Growth Industry



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Cover photo by Leigh Catley, Horowhenua, 2015.

Lefthand page Horticulture Infographic by Horticulture New Zealand and Samdog Ltd, Wellington.
Copies are available from the HortNZ website www.hortnz.co.nz.

INTRODUCTION

Our Organisation

Horticulture New Zealand represents New Zealand's 5500 commercial fruit and vegetable growers.

HortNZ is funded by a commodity levy on the sale of all fruit and vegetables. The organisation is governed by a board of seven elected grower directors and two appointed directors.

The organisation is based in Wellington to be close to the politicians, government agencies and officials who make decisions every day that could impact on horticulture and a grower's ability to build their business.

Our challenge is to harness the strength, power and influence of the wider industry on a diverse range of issues including biosecurity, environmental issues, labour needs, industry training and the cost of doing business.

Our Industry

New Zealand horticulture is a \$5 billion industry, exporting 60% of total production to about 120 countries.

Major exports are kiwifruit, apples, avocados, onions, buttercup squash, processed vegetables and potatoes.

The industry has a reputation for innovation, quality, early adoption of new technology and responsiveness to market demand.

New Zealand's horticultural production area uses almost 120,000 hectares, less than 1% of the country's total land area.

There are 22 'product groups' affiliated to HortNZ.

The Horticulture New Zealand Board, 2015/2016

Julian Raine, pipfruit, kiwifruit and berry grower, Nelson (president)

Leon Stallard, pipfruit, Hawke's Bay

Tony Howey, berryfruit and vegetables, Canterbury

David Kelly, kiwifruit, Northland

Mike Arnold, vegetables, Canterbury

Barry O'Neil, independent director

Mike Smith, kiwifruit, Bay of Plenty

John Cook, kiwifruit, Bay of Plenty



Horticulture New Zealand board and its chief executive for 2016, (from left) Mike Arnold, Leon Stallard, David Kelly, Tony Howey, Mike Smith, Mike Chapman (CEO), John Cook, Barry O'Neil and Julian Raine (president).

PRESIDENT & CEO'S REPORT 2015/16



Horticulture in New Zealand has enjoyed a period of solid success. Collectively the horticulture industries are number four in export value of merchantable products from New Zealand. This is significant and we have at last broken the five billion dollar mark in export receipts. Many of the product groups have well developed strategic plans that are beginning to show good results for their sectors. HortNZ is playing its part in supporting growers, grower associations and product groups. It is essential that collectively we all work together to give the best return possible for the levy money paid by our growers. With HortNZ's office based in Wellington it is pivotal that we use our geographic location close to politicians, policy makers and bureaucrats to the industry's best advantage.



Looking forward HortNZ has refreshed its strategic plan. We have simplified our plan and given it a better focus. It is easier to read and understand. We intend to give a short presentation at the Annual General Meeting on this. Our traditional role of dealing with pan industry issues including the four key areas of natural resources and the environment, biosecurity, people and grower support continues.

Since taking up the appointment of chief executive in January Mike's key areas of focus have been to tell the horticulture story to Government and the public, integrate HortNZ's role along with our Product Groups to remove duplication of effort so as to get the best use out of all of our levy funding, and search for ways in which to leverage the best outcomes for horticulture.

The area where HortNZ commits the largest resource is the Natural Resources and Environment work area. This is a very active area with around 50 district and regional council plans being submitted on in the last year. The reach is throughout the country with key areas during the reporting period being the Auckland Unitary Plan submissions and water just about everywhere. Water particularly in Canterbury, Pukekohe, the Waikato, Bay of Plenty, Gisborne, Hawkes Bay and Tasman.

Labour supply and conditions of employment remain one of the key focus areas for HortNZ. During the reporting period the annual RSE Conference was held in Samoa. The success of this conference was due in no small part to the efforts of the Samoan and NZ Governments and our core HortNZ team.

The RSE scheme has enabled the growth of our sectors and resulted in the employment of a greater number of both permanent and seasonal NZ workers. Ensuring that we as an industry treat our workers fairly, so that we as an industry earn a reputation as good employers, is vital to our continued growth. It is also vital that we work to employ as many New Zealanders as is possible.

To this end the product groups, regional labour governance groups and HortNZ run in conjunction with the Ministry of Social Development a number of schemes designed to select and train kiwis for horticulture work. Added to this are our collective career promotion initiatives that during the reporting period were increased and improved. The ultimate aim is for horticulture not only to be seen as an excellent career option but to also benefit from a continued influx of skilled and committed New Zealanders.

During the first quarter of the year we farewelled Peter Silcock. Peter was the inaugural chief executive of HortNZ and before that the chief executive of VegFed and the Fruitgrowers Federation. After a period with an interim chief executive the directors were very pleased to announce the appointment of Mike Chapman to the role. Mike started with HortNZ in the last quarter of the financial year. He came with considerable knowledge of the fruit industries with

Continued over page...

his background as chief executive for New Zealand Kiwifruit Growers Inc. His legal background also assists us with the increasing complexity of laws, policies and regulations we now seem to face.

Peter Silcock's departure left a significant hole, particularly in the area of biosecurity as he was a pivotal part of the Government's Biosecurity Government Industry Agreement project having been involved for many years on the development team, then the drafting team and finally as a member of the joint Government/Industry governance group. In recognition of the role HortNZ was undertaking, at the beginning of the reporting period a specialist biosecurity manager, Richard Palmer, was recruited and joined the HortNZ staff team. Richard brought a wealth of experience in this and trade related areas. During the reporting period Richard's role has been consolidated and expanded to cover not just biosecurity issues but also trade issues.

Our financial position has improved from \$704,267 to \$913,519. In the opinion of the directors this still does not meet the reasonable needs of the organisation but it is improving. As I stated at last year's annual general meeting our target is \$1 million in reserves as a minimum.

Reserves are needed to ensure that HortNZ can continue to operate effectively should there be a downturn in levies. In crisis situations HortNZ needs to be able to respond to support and advocate for growers. Operationally this means that reserves of the order of \$2 million need to be targeted.

The increasing levy funding has permitted a more expansive budget to be developed for the current financial year. The increased expenditure has been focused on projects that will bring the most benefit to our levy payers as well as upgrading HortNZ's office systems and structure to increase efficiency and output.

HortNZ is the force for horticulture in Wellington that enables you to grow and prosper in your businesses. Our role is to ensure that HortNZ has got your back in Wellington.

Final note from the president:

In closing I thank the HortNZ staff for working through the changeover in Chief Executives in what was a difficult and challenging year. I also acknowledge and thank my directors for their contribution, particularly Mike Arnold, who is stepping down at the AGM after three year valuable years of service to HortNZ.



Julian Raine, President



Mike Chapman, Chief Executive

OUR YEAR TIMELINE

2015

APRIL

- HortNZ's refurbished website goes live – giving us more room to store information for growers and making it easier for everyone to find things once we've put them there.
- Long-time HortNZ chief executive Peter Silcock resigns after 30 years working in the New Zealand produce industry, with both VegFed and the Fruitgrowers Federation before HortNZ. Peter's resignation triggers a harrowing round of farewells for him, right across the country.
- The annual 'Scorecard' survey of HortNZ's growers and affiliated groups shows 83% of growers and 100% of affiliated organisations agreed with the statement that "HortNZ adds value to grower businesses".
- A joint project between HortNZ, three regional councils, the Foundation for Arable Research/Potatoes NZ and the Vegetable Research and Innovation Board picks up a Ministry for Primary Industries Sustainable Farming Fund grant for the "Don't Muddy the Water" project to measure the effectiveness of the key practices advocated for reducing sediment and phosphorus loss.
- HortNZ starts an Instagram account – giving a behind-the-scenes view of the activities HortNZ staff get involved in.
- Hamish Gates wins Young Vegetable Grower of the Year in Pukekohe, closely followed by runners up Michael Anderson from Canterbury, and Lance Pratt, also from Pukekohe. Hamish works for AS Wilcox & Sons.



A 'behind the scenes' photo from HortNZ's new Instagram account – capturing the time tomato grower Anthony Tringham came into the HortNZ office to teach the communications team how to look after their tomato plants. The plants died.

Long-time HortNZ chief executive Peter Silcock resigns after 30 years working in the New Zealand produce industry, with both VegFed and the Fruitgrowers Federation before HortNZ.



"HortNZ's refurbished website goes live"

OUR YEAR TIMELINE



The Recognised Seasonal Employer conference was held in Samoa in 2015, at the invitation of the Samoan Prime Minister. Members of the organising committee for the conference, (pictured from left) New Zealand National Labour Governance Group chair Geoff Lewis, chief executive to the PM of Samoa Vaosa Epa and HortNZ's seasonal labour manager Jerf van Beek.

The number of places available on HortNZ's Leadership Programme is expanded to 18 from 12.

MAY

- HortNZ's board reluctantly accepts the resignation of co-opted director Hayden Armstrong due to his increased business commitments.
- The number of places available on HortNZ's Leadership Programme is expanded to 18 from 12.
- HortNZ awards three undergraduate scholarships and selects three undergraduate scholars on behalf of the Hortcentre Trust, worth \$4500 each. In addition, four Joint Conference Awards funded by Massey University, Hortcentre Trust and HortNZ send four undergraduates to the HortNZ Conference.

HortNZ Undergraduate Scholars

- Leander Archer – *Bachelor of AgriScience in Horticulture at Massey*
- Jack Keeys – *Bachelors of Management and Science in AgriBusiness and Biology at the University of Waikato*
- Elliott Lovegrove – *Bachelor of Science in Plant Science at Lincoln*

Hortcentre Undergraduate Scholars

- Rhiannon Bond – *Bachelor of Science in Biology at the University of Waikato*
- Luke Posthuma – *Bachelor of AgriScience in Horticulture at Massey*
- Joel Sutcliffe – *Bachelor of Science in Biology and Statistics at the University of Auckland*

Joint Conference Awards

- Yvette Jones – *Bachelor of AgriScience in Horticulture at Massey*
- Jane Medicott – *Bachelor of AgriScience in Horticulture at Massey*
- Miriama Prickett – *Bachelor of AgriScience in Horticulture at Massey*
- Vaughan Wilson – *Bachelor of AgriCommerce in International AgriBusiness at Massey*

Twelve industry training scholarships worth \$500 each are awarded. An impressive number of applicants made the selection process difficult, with 15 undergraduate and 33 industry training applications to consider.

Industry Training Scholars

- Reilly Allen – *Enzafruit NZ, Tasman*
- Anna Coburn – *Palmer Orchards, Tasman*
- Hilgard Du Preez – *Bearsley Farms, Hawke's Bay*
- Steven Hartley – *Golden Del Orchards, Hawke's Bay*
- Wei Wei Hew – *Trevelyans, Bay of Plenty*
- Jordan James – *Mr Apple, Hawke's Bay*
- Siakifilo Lokame – *Mr Apple, Hawke's Bay*
- Reza Petrie – *Rutherglen Orchard, Hawke's Bay*
- Amrik Singh – *Eurewal Growers, Pukekohe*
- Judith Speden – *Darling Fruit, Central Otago*
- Eretini Takao – *Anstis, Bay of Plenty*
- Dusty Wade – *Orangewood, Kerikeri*



HortNZ's Young Grower of the Year manager Kirsty de Jong makes the most of the media interest in the competition to tell the story of horticulture, in particular the great job and career opportunities it offers for young New Zealanders.

JUNE

- Four horticulture industry people are recognised in the Queen's Birthday Honours:
 - Joe Gock, Auckland, receives the Queen's Service Medal for services to the horticulture industry
 - Dr Christopher Hale, Auckland, receives an Officer of the New Zealand Order of Merit, for services to horticultural science and the summerfruit industry
 - Tony Hawken, Whakatane, Officer of the New Zealand Order of Merit for services to the kiwifruit industry
 - Don McFarlane, South Canterbury, a member of the New Zealand Order of Merit for services to agriculture and the community.
 - Sir Peter Talijancich (Peter Talley), of Motueka, Knights Companion of the New Zealand Order of Merit, for services to business and philanthropy
- The first ever Central Otago Young Fruit Grower of the year competition is won by 23 year old James Huffadine from Parkburn Management in Cromwell.
- T&G Pipfruit leading hand, 26 year-old Andrew Kearney, wins Hawke's Bay Young Fruit Grower of the year.
- The Horticulture Field Days held in Hastings attracts a record number of exhibitors, delegates, and students.
- Craig Ward of Apatu Group wins the Bay of Plenty Young Fruit Grower of the year.
- Plant and Food Research is granted approval to import sterile fruit flies to a secure facility in Lincoln to study managing the Queensland Fruit Fly.

JULY

- Growers elect two new members to the HortNZ board. Bay of Plenty kiwifruit growers John Cook and Mike Smith.
- HortNZ hosts the first project team meeting for the Sustainable Farming Fund and Vegetable Research and Innovation Board funded Rootzone Reality Project. Fluxmeters are now installed under vegetable and arable rotations in Canterbury, Manawatu, Hawke's Bay, Pukekohe and Matamata to measure nitrogen and phosphorous in leachate.
- HortNZ's NRE team attend a workshop with the Ministry for the Environment, the Ministry for Primary Industries and other industry groups to discuss how the government can get more grower and farmer involvement in the development of regional plans.
- Waimea grower, Canaan Balck, 24, a block manager at Hoddy's Orchard, wins the Nelson Young Fruit Grower of the year competition.
- HortNZ's communications team tags along on a field trip with Massey University postgraduate journalism students to familiarise the students with the primary sector and its potential for providing great news stories. The group of 15 students visited several primary sector specialists, including potato grower Terry Olsen and his nephew Paul Olsen on their farm in Opiki.
- Allocation of water and the protection of high value soils are the main areas of concern for HortNZ and the Pukekohe Vegetable Growers' Association as they actively participate in the development of the proposed Auckland Unitary Plan. This process last's all year and includes mediations, expert conferences and hearings.

OUR YEAR TIMELINE

AUGUST

- The 18 successful applicants for the HortNZ Leadership Programme are:
 - Karla Bradley from Kono NZ in Nelson
 - Michael French from Pack & Cool in Auckland
 - Matthew Greenbank from DMS ProGrowers in the Bay of Plenty
 - Dane Grey from T&G in Auckland
 - Pravin Hari from R.C Hari & Sons in Pukekohe
 - Keiran Harvey from Baygold in the Bay of Plenty
 - Kate Hoogerbrug from Zeafruit in Gisborne
 - Bharat Jivan of Jivan Produce in Pukekohe
 - Tracy McLean from Seeka in the Bay of Plenty
 - Richard Pentreath from Minack/AgFirst in the Hawkes Bay
 - Nick Pollock from Leaderbrand in Gisborne
 - Steve Thomas of Thomas Brothers from the Tasman region
 - Aaron Wright from DMS ProGrowers in the Bay of Plenty
 - Davinash Naicker from T&G in Pukekohe
 - Rikki James from Cameron Farms in the Bay of Plenty
 - Anne Hann from Midway Farm Darfield in Canterbury
 - Lisa-Marie Edgerton from Mr Apple in the Hawkes Bay
 - Marie Torr from Hawk Packaging in the Hawkes Bay
- The HortNZ conference is held in Rotorua, in conjunction with GLOBALG.A.P. – the first time GLOBALG.A.P. has held a conference in New Zealand.
- Among the highlights of conference were the presentations of several industry awards, including horticulture's premier award, the Bledisloe Cup, which went to Hawke's Bay pipfruit industry consultant John Wilton. New awards were also presented; the HortNZ President's Trophy went to Bay of Plenty kiwifruit industry supporter Ian Greaves for his work developing pastoral care support systems for growers during Psa and two Industry Service awards went to berryfruit researcher Geoff Langford and former HortNZ chief executive Peter Silcock.
- Hamish Gates from Pukekohe is named Horticulture New Zealand Young Grower of the Year in Christchurch.
- Life membership was awarded to Tony Ivceovich, Brian Gargiulo and David Eder, all former directors of HortNZ.



John Wilton, 2015 Bledisloe Cup recipient, and Ian Greaves, 2015 President's Trophy recipient.



Young Grower of the Year for 2015, Hamish Gates from Pukekohe.



GLOBALG.A.P. chief executive Kristian Moeller is one of the keynote speakers at the combined HortNZ Conference and GLOBALG.A.P. Your 2015 in Rotorua in August.

SEPTEMBER



- HortNZ launches the #growersgetinvolved campaign to highlight how growers need to work together on water management. HortNZ's video for the campaign featured several growers.
- The CoOLNZ website www.cool.org.nz reaches the target of 2000 emails sent to Cabinet Ministers about New Zealand's need for mandatory country of origin labelling.
- HortNZ works with the Ministry for Primary Industries on biosecurity control for cruise lines.
- Auckland grower company New Zealand Gourmet wins Countdown's Produce Supplier of the Year award.

OCTOBER

- HortNZ congratulates Trade Minister Tim Groser and the Ministry of Foreign Affairs and Trade for concluding the Trans Pacific Partnership.
- HortNZ's Sue Pickering chairs a meeting of the Vegetable + Other Fruit Industry Partnership, looking for ways industry and the Primary ITO can work together.
- HortNZ's Leigh Catley hosts bus tours and does a presentation on the Recognised Seasonal Employer programme for 150 agriculture journalists from more than 30 countries at the international Agriculture Journalists Congress in Hamilton.
- Horticulture student Leander Archer is awarded 'Massey University Agriculture Student of the Year', Leander is a recipient of HortNZ and Pipfruit NZ scholarships and headed the Massey Horticulture Society,
- Massey student Luke Posthuma, a Horticulture Trust Scholar for two years in a row and a HortNZ Conference Awardee, wins the 'Massey University Award for Excellence in Horticulture'.
- The announcement of a new border clearance levy to fund increasing biosecurity resources is welcomed by HortNZ and HortNZ visits the Port of Auckland to see cargo clearance with a focus on the Brown Marmorated Stink Bug, and Auckland airport international terminal to see first-hand the border clearance process for passengers, including x-ray and dog teams.
- Working with local government on freshwater management is the central focus for HortNZ's natural resources and environment team, all across the country but particularly in Hawke's Bay, Canterbury, Tasman, Waikato and the Bay of Plenty.

OUR YEAR TIMELINE



NOVEMBER

- Mike Chapman is appointed to the role of chief executive at HortNZ.
- HortNZ teams up with PipfruitNZ, Vegetables New Zealand and Plant & Food Research to show off career opportunities in horticulture to 600 careers advisors and teachers at the annual CATE conference in Palmerston North.
- HortNZ's Natural Resources & Environment team continues to appear at numerous Auckland Unitary Plan hearings, this month providing evidence on such things as provisions for artificial crop protection structures, post-harvest facilities and biosecurity responses.
- HortNZ leads industry submissions to the Ministry for Primary Industries on proposed changes to US vehicle import requirements for biosecurity protection against the Brown Marmorated Stink Bug.
- HortNZ's NRE team and Vegetables New Zealand meet with the Nursery and Garden Industry Association to discuss how to work together on joint issues relating to greenhouses and the Resource Management Act.
- HortNZ's Matt Dolan and Leigh Catley take MPI Food Act policy staff on a tour of grower businesses in Horowhenua, north of Wellington. The MPI staff wanted to discuss the practicalities of food safety requirements, harvesting, and packing of fresh fruit and vegetables within each unique business.
- A group of 20 third and fourth year horticulture students from Sydney University visit New Zealand and finish their trip with a presentation about New Zealand horticulture's job opportunities at the HortNZ office in Wellington.
- Health Minister Jonathan Coleman predicts 20 million pieces of fruit and vegetables will be handed out to Kiwi kids this school year through the Fruit in Schools programme, run by industry-supported United Fresh.

HortNZ president Julian Raine finds out how popular the United Fresh Fruit in Schools programme is with kids in Nelson.

HortNZ's Matt Dolan and Leigh Catley take MPI Food Act policy staff on a tour of grower businesses in Horowhenua.



HortNZ takes Ministry for Primary Industries Food Act policy staff on a field trip to the Horowhenua to hear from growers like Hamish MacDougall (left) about their on-farm food safety practice.

DECEMBER

- HortNZ comments in the media about the Land & Water Forum's fourth report, urging the government not to 'cherry pick' through the report's 60 recommendations.
- HortNZ is involved in the Ministry for Primary Industries' 'Exercise Rawaho' which aims to test our responses to the detection of the Brown Marmorated Stink Bug in New Zealand.
- A food safety scare around imported frozen berries triggers activity at HortNZ around participating in stakeholder meetings with MPI and working with affected industry groups.
- The end of the Queensland Fruit Fly response in Grey Lynn in Auckland is declared, and HortNZ publicly thanks the residents of the suburb for their patience and support.
- HortNZ completes a series of three #growersgetinvolved short videos about protecting high value soils and fresh water supply in Pukekohe.
- HortNZ re-energized its career promotions activities with the creation of the generic horticulture story, edgy new design and imagery (featuring the girl with the green hair) and a very popular horticulture magazine for students. The aim is to radically change the perception of horticulture as a career choice.

HortNZ thanks the Grey Lynn community in Auckland for its year-long support of the response to the Queensland Fruit Fly incursion. Even local schools take the opportunity to teach students about the importance of biosecurity to New Zealand.

JANUARY

- Mike Chapman, former chief executive of the Kiwifruit Growers Inc, starts work in the role of chief executive of HortNZ. He establishes his key goals for his first year are:
 - Lifting horticulture's profile with the public, local and central government decision makers,
 - Increasing grower engagement and a recognition of the value HortNZ offers, and
 - Strengthening HortNZ's links to the product groups, which in Mike's case means a focus on the vegetable groups.
- A Tau Fly is detected in Auckland, which triggers a full scale response involving HortNZ, despite the pest not being considered as economically damaging as the Queensland Fruit Fly. Only one fly is found and the response is closed down after two weeks.
- New Zealand Avocado communications manager Midge Munro is awarded an \$8000 bursary by Horticulture Innovation Australia (HIA), PMA Australia-New Zealand Limited and Nuffield Australia to attend the 2016 PMA Emerging Leaders Programme in Arizona, USA.

2016



OUR YEAR TIMELINE



HortNZ's new chief executive Mike Chapman (left) gets up close to the Pukekohe vegetable industry with HortNZ director Leon Stallard.

The Trans Pacific Partnership Agreement is signed in Auckland, with the full support of HortNZ.

FEBRUARY

- The Trans Pacific Partnership Agreement is signed in Auckland, with the full support of HortNZ. The deal is estimated to be worth \$26 million a year to horticulture mainly through reductions in tariffs applied by Japan.
- Consultation begins on removing the need for irradiation labelling on foods sold in New Zealand. HortNZ makes a submission calling for the labelling to remain a legal requirement.
- Bay of Plenty rural journalist Elaine Fisher wins the Horticulture New Zealand Journalism award for stories written for *Coast and Country* and *AvoScene*.



Even mis-spelt attempts at labelling irradiated food are better than nothing, according to HortNZ's submission on the possible removal of irradiated food labelling in New Zealand.



MARCH



HortNZ gears up to help growers work through the new health and safety laws.

- HortNZ calls for harsher penalties for yachties who knowingly flout biosecurity rules after a woman is fined \$3000 for trying to bring undeclared fruit and vegetables in to the country on her yacht at Opuia in Northland.
- HortNZ comments on the Ministry for Business, Innovation and Employment's health and safety hazardous substances regulations. Our submission asks for better consultation with industry to ensure standards are always relevant and effective.
- The New Zealand horticulture industry gains positions on three GLOBALG.A.P. technical committees. These committees are responsible for setting standards for GLOBALG.A.P. Having representatives on these committees means that New Zealand growers get a say in these standards. The appointees are:
 - ZESPRI, to the Crops technical committee,
 - Pipfruit New Zealand, to the GRASP (Social Practice) committee
 - New Zealand GAP, to the Systems and Rules committee.
- HortNZ gears up to help growers work through the new health and safety laws which apply for the end of the month.

This haul of undeclared fruit and vegetables brings a \$3000 fine for a yachtie who blatantly ignored New Zealand's biosecurity law. HortNZ says the fine is not big enough.



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Entity Information & Approval of Financial Report

Entity Information

Horticulture New Zealand Incorporated. For the year ended 31 March 2016.

Legal Name of Entity

Horticulture New Zealand Incorporated

Registration Number

1692422

Entity Type and Legal Basis

Incorporated Society

Entity's Purpose or Mission

Working for Growers, Industry Wide, for Industry Good

Entity Structure

Incorporated Society

Main Sources of Entity's Cash and Resources

Revenue generated from levies.

Main Methods Used by Entity to Raise Funds

Funded through a commodity levy on the sale of all fruit and vegetables.

Physical Address

L4, 20 Ballance Street, Wellington 6011

Postal Address

PO Box 10232, Wellington, 6143

Approval of Financial Report

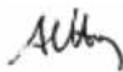
Horticulture New Zealand Incorporated. For the year ended 31 March 2016.

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 2016.

APPROVED



Julian Raine, HortNZ President
14 July, 2016



Tony Howey, HortNZ Vice-President
14 July, 2016

Statement of Financial Performance

FOR THE YEAR ENDING 31 MARCH 2016

		\$	\$
	Note	2016	2015
Revenue			
Horticulture NZ – Core Activity	9	6,267,600	4,961,898
New Zealand GAP		550,883	556,317
Vegetables.co.nz		442,124	67,084
Potatoes New Zealand – Income		-	5,727
Process Vegetables NZ		350,375	316,066
Tomatoes NZ		487,944	324,051
Vegetables NZ		-	1,118,178
Vegetable Research & Innovation Board		280,699	283,682
Total Revenue	10	8,379,625	7,633,003
Expenses			
Horticulture NZ – Core Activity	8	6,083,344	4,660,809
New Zealand GAP		541,146	428,001
Vegetables.co.nz		407,629	369,302
Potatoes New Zealand – Expenditure		-	5,727
Process Vegetables NZ		334,562	267,918
Tomatoes NZ		393,255	329,752
Vegetable NZ		-	654,295
Vegetable Research & Innovation Board		350,684	523,279
Total Expenses		8,110,620	7,239,083
Surplus / (Deficit) for Year	10	269,005	393,920
Provision for Tax		-	2,653
Surplus for Year after Tax		269,005	391,267

This statement is to be read in conjunction with Statement of Accounting Policies and Notes to the Performance Report.

Statement of Changes in Net Assets

FOR THE YEAR ENDING 31 MARCH 2016

		\$	\$
	Note	2016	2015
Accumulated Opening Balance		3,597,244	3,217,824
Horticulture New Zealand		209,252	351,428
Vegetables NZ		(30,000)	(13,354)
Vegetables.co.nz		84,495	38,578
Vegetable Research & Innovation Board		(11,059)	18,034
Process Vegetables NZ		(28,582)	6,631
Special Vegetable Fund		-	(68,703)
Tomatoes NZ		35,162	(69,663)
New Zealand GAP		9,737	128,318
New Zealand Vegetable and Fruit Growers Federation		-	(11,847)
Total Accumulated Funds		3,866,250	3,597,244

This statement is to be read in conjunction with Statement of Accounting Policies and Notes to the Performance Report.

Statement of Financial Position

AS AT 31 MARCH 2016

		\$	\$
	Note	2016	2015
Current Assets			
Bank accounts and cash	3	1,053,997	1,147,510
Prepayments		85,139	26,007
Sundry Debtors		1,197,756	1,145,265
Investments	11	2,511,778	2,000,000
Provision for Tax	5	36,894	30,102
Total Current Assets		4,885,563	4,348,884
Non Current Assets			
Fixed Assets	12	205,349	202,898
Total Non Current Assets		205,349	202,898
Total Assets		5,090,912	4,551,782
Current Liabilities			
Creditors and accrued expenditure	4	971,959	786,958
Fit Out Incentive		29,480	29,480
Income in Advance	6	188,829	74,227
Total Current Liabilities		1,190,268	890,665
Non Current Liabilities			
Fit Out Incentive		34,393	63,873
Total Non Current Liabilities		34,393	63,873
Total Liabilities		1,224,662	954,538
Total Assets less Total Liabilities (Net Assets)		3,866,250	3,597,244
Accumulated Funds		3,866,250	3,597,244

This statement is to be read in conjunction with Statement of Accounting Policies and Notes to the Performance Report.

Statement of Accounting Policies

FOR THE YEAR ENDING 31 MARCH 2016

1. Reporting Entity

Horticulture New Zealand Inc ('the society') is a society registered in New Zealand under the Incorporated Society Act 1908. The industry association represents New Zealand's 5500 commercial fruit and vegetable growers. The Society is funded by a commodity levy on the sale of all domestically grown fruit and vegetables. The organisation is governed by a board of eight elected grower directors. The consolidated financial statements are for the society and its wholly owned subsidiary Horticulture New Zealand Limited and unincorporated product groups that the society is able to exercise control over. The special purpose financial report was authorised for issue in accordance with a resolution dated 13 April 2016.

2. Statement of Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) referred to as SPFR, published by the New Zealand Institute of Chartered Accountants. The board considers the basis of special purpose reporting appropriate for the readers of financial statement and tabling with the government. The Society has complied with the SPFR in all material respects, The Accounting Policies that have been applied in respect to the preparation of these special purposed financial statements are set out below.

Changes in Accounting Policies

The Society transitioned on 1 April 2015 from preparation of general-purpose financial reporting in accordance with New Zealand generally accepted accounting practice ("NZ GAAP") to special purpose financial reporting. As stated above there have been no other changes in accounting policies.

Historical Cost

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.

Bank Accounts and Cash

Bank accounts and cash comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Investments

Investments are stated at cost.

Accounts Receivable

Accounts Receivable are stated at estimated realisable value after providing against debts where collection is doubtful.

Income Tax

Income Tax is accounted for by the tax payable method.

Goods and Services Tax

The statement of financial performance has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

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 easily measured. Revenue is measured at fair value of consideration received. This Policy applies to all event income received by the entity within the year.

Levies

Levies are accounted for on an accrual basis when the growers' declaration is received.

Grant Income and Project Funding

Grant and Project funding income is recognised as revenue when associated obligations have been met.

Orchardist and NZGrower Subscriptions

Subscription income is recognised as earned by reference to actual subscription period, membership subscription received in relation to the following financial year is carried as a liability (income in advance).

Interest Income

Interest income is recognised using the effective interest rate method.

NZ GAP fees

Annual Fees for NZGAP are accounted for on an accrual basis.

Administration Recoveries

Horticulture New Zealand provides administration services to the other divisions within Horticulture New Zealand. These are invoiced on a monthly basis.

Fixed Assets

The cost of purchased property, plant and equipment is the value of the consideration given to acquire the assets and to get them to the location and condition necessary for their intended service.

Depreciation

Depreciation is provided on Plant and Equipment. Depreciation is calculated on either a diminishing value or a straight line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

Office Equipment and Furniture 8.5% – 80% Straight Line or Diminishing Value Leasehold Improvements 12.5% Straight Line

Financial Instruments

Financial Instruments carried on the statement of financial position include cash and bank balances, receivables and payables. There are no off balance sheet financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Creditors and accrued expenditure

Creditors and accrued expenditure includes amounts owing to suppliers and employees. Expenditure is accrued at the amount invoiced.

Notes to the Performance Report

FOR THE YEAR ENDING 31 MARCH 2016

1. Allocation of Interest

Interest income, less the associated provision for taxation is allocated to each sector within Horticulture New Zealand Inc, based on their average proprietorship over the 12 months to the reporting date.

2. Transactions between Groups

The amounts reflected in the statement of financial performance are net of any transactions occurring between the different Product groups with Horticulture New Zealand.

3. Cash and Bank

	\$	\$
	2016	2015
BNZ Direct Levy Account	76,826	829
BNZ Autocall Account	443,580	478,739
BNZ Current Account	533,468	167,643
Audit Bank Accounts	123	299
Total Cash and Bank	1,053,997	647,510

4. Creditors and Accrued Expenditure

	\$	\$
	2016	2015
Trade Creditors	708,105	475,580
Accrued Expenditure	31,907	88,478
Surplus held on behalf of Vegetables NZ Inc	38,406	-
Employee Entitlements	103,846	159,152
Don't Muddy The Waters	4,165	-
GST	85,530	63,748
Total Creditors and Accrued Expenditure	971,959	786,958

5. Income Tax

	\$	\$
	2016	2015
Current Year Earnings	269,005	393,920
Tax at 28%	75,321	110,298
Non Deductible Income	(1,868,774)	(1,671,228)
Non Deductible Expenditure	1,782,550	1,586,347
Use of losses brought forward	3,723	(22,764)
Provisional Tax Paid	-	-
RWT	36,894	32,755
Provision for Tax	-	2,653
Tax Payable/Refund	36,894	30,102

6. Income in Advance

This is comprised of amounts received for the Asia Fruit Logistica event.

7. Commitments

The following amounts have been committed by Horticulture New Zealand Inc but not recognised in the financial statements.

	\$	\$
	2016	2015
Operating Leases		
Non-cancellable operating lease commitments:		
Within one year	233,160	192,960
Later than one year	262,775	418,080
Total Operating Leases	495,935	611,040

8. Horticulture New Zealand Core Activity

	\$	\$
	2016	2015
Income		
Conference*	224,771	16,755
Servicing Income	646,351	353,679
Growers Support	381,536	156,472
Interest	26,834	44,274
Levies	3,924,439	3,540,771
Orchardist Magazine	432,199	310,341
NZGrower Magazine	371,858	382,602
Other Income	78	6,641
People	284,530	203,355
Total Income	6,292,596	5,014,890

	\$	\$
	2016	2015
Expenditure		
Governance	383,969	317,787
Biosecurity	236,611	137,279
Natural Resources and Environment	1,319,043	1,109,910
People	716,879	602,376
Grower Support	602,571	312,820
Communications	274,097	280,369
Orchardist magazine	458,697	432,883
NZGrower Magazine	350,964	358,272
Conference*	240,214	29,158
Depreciation	66,843	77,595
Levy Collection	47,929	67,910
Office Overheads	723,217	578,842
Servicing Expenditure	646,351	351,621
Special Projects	15,959	3,987
Total Expenditure	6,083,344	4,660,809
Surplus for year prior to Taxation	209,252	354,081

*Prior year conference income and expenditure were recorded on a net basis

9. Reconciliation of Horticulture New Zealand Product Group Income and Expenditure

	\$	\$
	2016	2015
Horticulture New Zealand Income as per note 8 above	6,292,596	5,014,890
Removal of Income received for support of NZGrower Magazine	(24,996)	(52,992)
Horticulture New Zealand Income per Statement of Financial Performance	6,267,600	4,961,898
Horticulture New Zealand Expenditure as per note 8 above	(6,083,344)	(4,660,809)
Horticulture New Zealand Expenditure per Statement of Financial Performance	6,083,344	4,660,809

10. Statement of Financial Position By Nature and Function

	\$	\$
	2016	2015
Revenues		
Levies	4,960,875	5,444,627
Grant Income and Project Funding	441,414	590,294
Orchardist and Grower Subscriptions	804,057	692,943
Interest Income	94,748	102,961
NZ GAP Fees	537,091	548,426
Administration Recoveries	646,351	353,679
Grower Support Income	382,109	163,197
Conference Income	509,301	220,110
Contribution Income	107,600	80,181
Total Revenues	8,483,547	8,196,418
Less Internal Income Eliminations	103,922	563,415
Total Revenue	8,379,625	7,633,003
Expenses		
Audit Fee	19,500	18,400
Administration Costs	4,913,714	4,427,580
Conference Expenses	365,441	50,604
Consultancy	552,936	517,359
Depreciation	66,843	88,834
Director Fees	254,995	201,999
Employee Costs	1,241,676	2,080,014
Income Tax	-	(30,102)
Legal Fees	360,740	223,696
Travel and Accommodation	339,969	129,091
Rent Expenses	98,728	95,023
Total Expenses	8,214,542	7,802,498
Less Internal Expenses Eliminated	103,922	563,415
Total Expenses	8,110,620	7,239,083
Surplus/(Deficit) for the Year	294,005	393,920

Notes to the Performance Report

FOR THE YEAR ENDING 31 MARCH 2016

11. Investments

	\$	\$
	2016	2015
Term Investments		
ANZ Bank	750,000	750,000
ASB Bank	750,000	750,000
Kiwibank	500,000	500,000
Rabobank	511,778	-
Total Investments	2,511,778	2,000,000

12. Property, Plant and Equipment

	\$	\$
	2016	2015
Office Equipment and Furniture		
Cost	313,513	250,771
Accumulated Depreciation	(236,530)	(205,966)
Total Office Equipment and Furniture	76,983	44,805
Leasehold Improvements		
Cost	252,950	252,951
Accumulated Depreciaiton	(126,475)	(94,858)
Total Leasehold Improvements	126,475	158,093
Intangible Asset		
Cost	1,907	-
Accumulated Depreciation	(16)	-
Total Intangible Asset	1,891	-
Total Property, Plant and Equipment	205,349	202,898

13. Professional Services

	\$	\$
	2016	2015
Payments made to Auditors		
Audit Fee	19,500	18,400
Special Purpose Financial Reporting Transition/Tomatoes Proxy Vote/Virtual CFO	14,150	-
Total Payments made to Auditors	33,650	18,400

14. Capital Commitments

There are no capital commitments as at 31 March 2016. (2015: Nil)

15. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 March 2016. (2015: Nil)

16. Financial Instruments

Fair Value: The estimated fair value of Horticulture New Zealand Inc's financial instruments is equivalent to their carrying amounts in the financial statements.

Credit Risk: Financial Instruments which subject the Group to credit risk principally consist of bank balances and accounts receivable. Credit risk in respect of Bank and Short Term Deposits is reduced by placing deposits with major trading banks. Receivables are unsecured, but are subject to credit control. No collateral is held.

Interest Rate Risk: Cash held on term deposits "with high quality financial institution trading banks" totals \$2,511,778 and is repayable on demand. There are no other interest bearing assets or liabilities.

17. Related Parties

Horticulture New Zealand Limited is a wholly owned subsidiary company of Horticulture New Zealand Inc. Ownership is by way of 100% shareholding of 200 shares in Horticulture New Zealand Limited. These shares have no nominal value.

The directors of Horticulture New Zealand Limited are also the President and Vice President of the Board of Horticulture New Zealand Inc. All directors of Horticulture New Zealand are required to be growers, therefore will pay levies through the entities they are associated with. During the year, entities associated with Horticulture New Zealand directors also rented space for the Asia Logistica Trade show and sponsored both the conference and Young Grower of the Year event.

One board member of Horticulture New Zealand Inc is a Trustee for the Fruitgrowers Charitable Trust. Horticulture New Zealand Limited was incorporated on 13 October 2004.

Management has not consolidated the subsidiary Horticulture New Zealand Limited, recognising the investment in this company as an investment at cost. The subsidiary company is not trading and has no significant assets or liabilities. Management believe any difference in treatment as a consolidation entity or as an investment at cost is not material.

18. Vegefed History

On the wind up of NZ Vegetable and Potato Growers Federation \$58,982 was transferred to Horticulture New Zealand Inc. These funds are held in an imprest account and have funded the production of a Vegfed History.

19. Property Securities

Leasing Solutions Limited hold property securities over photocopiers.

20. Reconciliation of Surplus Balances

The income and expenditure figures contained within the Statement of Financial Performance (page 16) exclude financial transfers between product groups within Horticulture New Zealand Inc to ensure that the actual total income and expenditure of the organisation is reported. This means that the stated income less the stated expenditure for specific groups does not always equal the surplus/deficit achieved by that product group. Below is a reconciliation which states the balances of revenue, expenditure and surplus per the individual product group financial statements, and then deducts the internal transactions to show the revenue and expenditure numbers per the Statement of Financial Performance numbers on Page 16.

The balances in the Reserve shown in the Movement in Net Assets are based on total relevant transactions. The transactions eliminated in the statements of financial performance are reinstated so each group balance reflects the share of organisational equity.

Horticulture New Zealand Inc.

Entity	Income per Individual Accounts	Internal Income Eliminated	Consolidated Income	Expenditure per Individual Accounts	Internal Expenditure Eliminated	Consolidated Expenditure	Per Individual Surplus / (Deficit)	Consolidated Surplus / (Deficit)
Horticulture NZ Inc.	6,292,596	24,996	6,267,600	6,083,344	-	6,083,344	209,252	184,256
	6,292,596	24,996	6,267,600	6,083,344	-	6,083,344	209,252	184,256
Other Product Groups	Income per Individual Accounts	Internal Income Eliminated	Consolidated Income	Expenditure per Individual Accounts	Internal Expenditure Eliminated	Consolidated Expenditure	Per Individual Surplus / (Deficit)	Consolidated Surplus / (Deficit)
Vegetables.co.nz	462,124	20,000	442,124	407,629	-	407,629	54,495	34,495
Vegetable Research & Innovation Board	339,625	58,926	280,699	350,684	-	350,684	(11,059)	(69,985)
Process Vegetables NZ	350,375	-	350,375	378,957	44,395	334,562	(28,582)	15,813
Tomatoes NZ	487,944	-	487,944	452,782	59,527	393,255	35,162	94,689
New Zealand GAP	550,883	-	550,883	541,146	-	541,146	9,737	9,737
	2,190,951	78,926	2,112,025	2,131,198	103,922	2,027,276	59,753	84,749
Total	8,483,547	103,922	8,379,625	8,214,542	103,922	8,110,620	269,005	269,005

Independent Auditor's Report

To the Members of the Horticulture New Zealand Inc.

We have audited the accompanying special purpose financial statements on pages 14 to 23 of Horticulture New Zealand Inc. which comprise the statement of financial position as at 31 March 2016 and the statement of financial performance and statement of changes in net assets for the year then ended, statement of accounting policies and notes to the performance report and other explanatory information.

The Board Members responsibilities

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

Auditor's responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the An audit also includes evaluating the appropriateness of accounting policies used and the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm carries out other assignments for Horticulture New Zealand Inc. in the area of special purpose financial statement transition support. The firm has no other interest in the Horticulture New Zealand Inc.

Opinion

In our opinion the special purpose financial statements on pages 4 to 14 present fairly, in all material respects, the financial position of Horticulture New Zealand Inc. as at 31 March 2016, and its financial performance, for the year then ended in accordance with the accounting policies as described the statement of accounting policies.

Restriction on use of our report

This report is made solely to the Members, as a collective body. Our audit work has been undertaken so that we might state to the Members, as a collective body 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 Members, as a collective body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton



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Directors' Disclosures

DIRECTORS' MEETING ATTENDANCES

	HortNZ Board Meetings	Audit & Risk Committee	Remuneration Committee	Horticulture Industry Forum Meetings
Julian Raine (President/Chair of Board of Directors)	7	1		2
Tony Howey (Vice-President/Vice-Chair)	7	1		2
John Allen (April 2015 – July 2015)	3			
Mike Arnold	7	1		2
John Cook (Elected to the Board in July 2015)	4			2
Andrew Fenton (Apr 2015 – July 2015)	3	1		
Dave Kelly*	5			2
Barry O'Neil (Appointed to the Board in April 2015)	6			1
Mike Smith (Elected to the Board in July 2015)	4			2
Leon Stallard	7			2

*Unable to attend all meetings due to flight cancellations

BOARD FEES FOR THE YEAR ENDED 31 MARCH 2016

	2016	2015	2014
Julian Raine (President)	74,000	70,000	\$53,333
Tony Howey (Vice President)	30,666	16,000	-
John Allen (April 2015 – July 2015)	6,666	20,000	\$20,000
Mike Arnold	25,333	20,000	\$3,333
John Cook (Elected to the Board in July 2015)	18,666	-	-
Andrew Fenton (Apr 2015 – July 2015)	6,666	20,000	\$36,666
Dave Kelly	25,333	\$20,000	\$20,000
Barry O'Neil (Appointed to the Board in April 2015)	23,666	-	-
Mike Smith (Elected to the Board in July 2015)	18,666	-	-
Leon Stallard	25,333	15,000	-

NOTE – At the 2015 AGM Director Fees were reviewed with effect from 1 August 2015. The above fees cover approximately 20 scheduled meeting days and preparation for these meetings. This includes Board meetings, Audit and Remuneration Committee meetings, Horticulture Industry Forum meetings, regional visits made by the Board and the HortNZ Conference. No additional daily fees are paid to board members.



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