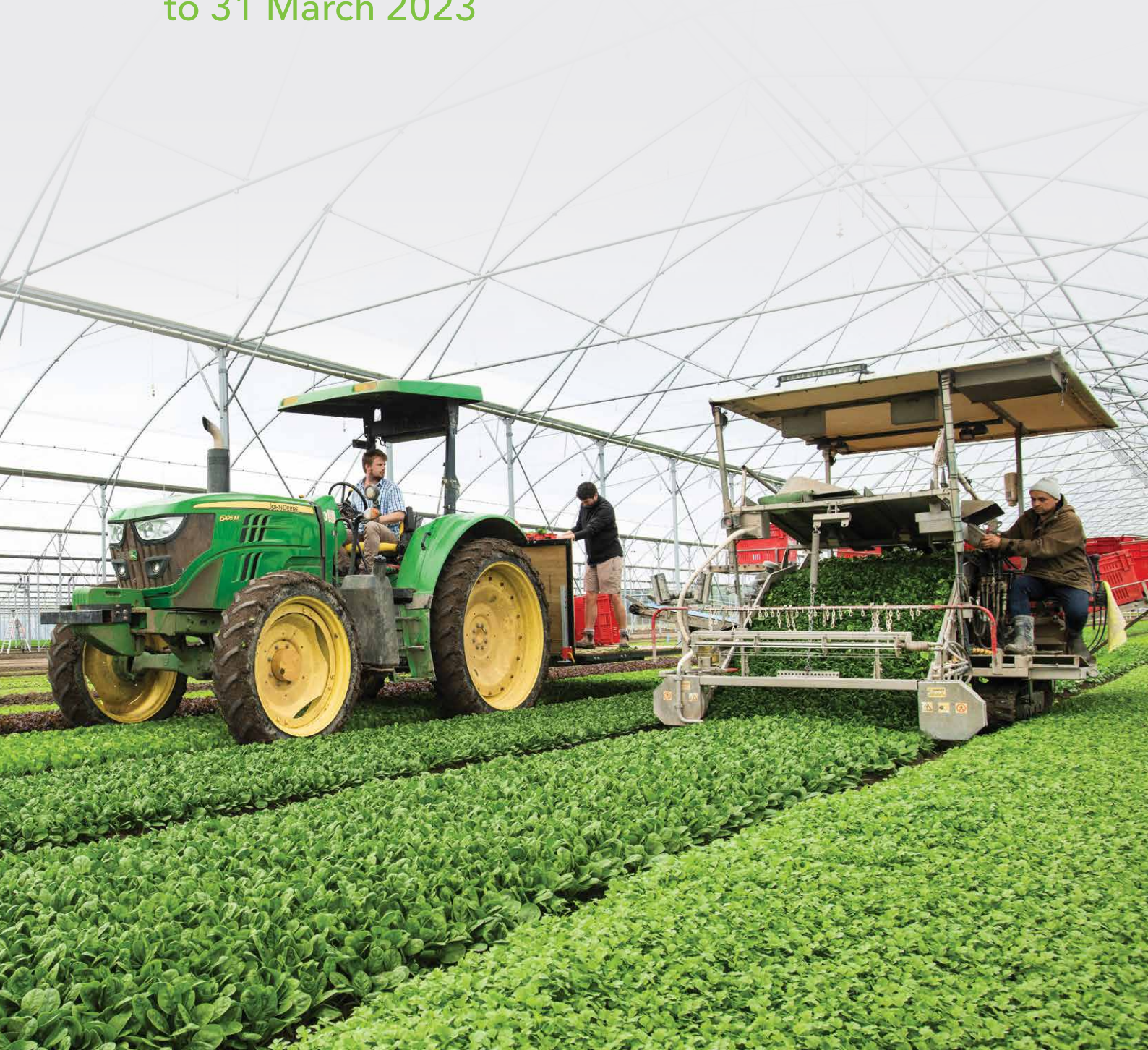


# Annual Report.

to 31 March 2023





# Contents.

<b>President's message</b>	<b>2</b>
<b>Chief Executive's message</b>	<b>3</b>
<b>Advocacy</b>	<b>4</b>
Valued partnerships - shaping sector strategy	4
Enabling horticulture - translating sector wide change	4
Fit for the future - proactively influencing policy	5
Advocacy - telling the horticulture story	7
<b>People</b>	<b>8</b>
The Young Grower of the Year and industry awards	8
Industry Awards	8
Promoting horticulture as a career	10
<b>Our Strategy 2023-2027</b>	<b>10</b>
<b>Financial Statements</b>	<b>12</b>



# Year at a glance.



**4200+**

Growers



**\$7.17b**

Total value



**120**

Media releases published



**60**

Submissions  
by HortNZ



# President's message.



**Another year has rushed by, and it would have to go down as an extremely difficult one for growing, especially due to the awful weather. Too warm in winter and for many of us, too wet in spring, summer and autumn.**

Our thoughts go out to all the growers who have been seriously affected by Cyclone Gabrielle, some of whom have lost everything. While we know it is a hard road ahead for you, as fellow growers, we are all very much behind you and Horticulture New Zealand has been focused on getting the critical support you need in order to rebuild your lives and businesses.

It has been an extraordinarily active 12 months due to the government's policy agenda, especially to do with worker availability and the unnecessary extra costs being imposed on labour. A huge effort has gone into improving the situation, from industry, product groups and HortNZ. Thankfully, post-Covid-19, at least we have had some improvement in labour availability. But affordability is still a work in progress.

The other big area of work has been on enhancing our social licence to operate in some critical areas for our future, including climate change and freshwater management policy settings. He Waka Eke Noa, a partnership between the primary sector, government and Māori, proposed a system to manage emissions on farm, to give farmers and growers ownership of the steps they can take to reduce and offset emissions. Horticulture produces low emissions food, so our industry is much less exposed to a price on emissions than the rest of the primary sector. One of the key reasons why HortNZ participated in the He Waka Eke Noa partnership is because we believe the primary sector coming together to agree a way to manage and reduce emissions is important for New Zealand's international reputation.

Freshwater Farm Plans are getting close to a logical approach, with our Good Agricultural Practice (GAP) programmes able to be used to give the assurances needed, rather than putting in place an additional audit and verification system. But my goodness, it has been challenging work to get policy makers and Ministers on the same page. Thanks to the HortNZ team who never gave up on this sensible approach.

I am very thankful and proud of the work of our staff for what has been one of the busiest years I can recall, with a difficult policy change agenda being driven by the government. A special thanks to our chief executive, Nadine Tunley, and the HortNZ team, for their great work and efforts in supporting growers during these difficult times. Without this effort and commitment, we would be in a vastly different space.

I would like to recognise Tony Howey, who leaves the HortNZ Board this year after nine years of serving growers. Tony has also chaired our Audit and Risk and NZGAP committees, and has made a significant contribution to the workings of our organisation. I thank him, along with all our Board directors, for their commitment to HortNZ.

We also farewell Kate Truffitt from the Board, and our associate director Emma Lees, and I thank them both for the great contributions they have made. Kate has also been a driving force behind Grow Home Safe.

Finally, thanks to our members for continuing to support HortNZ to get on and do what we were established to do - advocate for sound and sensible policy settings, to support growing in Aotearoa New Zealand. We have 4200+ members growing 100 different types of crops, so we are a very broad church, but there are critical issues affecting us all. These are the issues into which HortNZ puts significant effort and resource, to provide for the best outcomes for our grower members.

Kia kaha

**Barry O'Neil**  
President

“**While we know it is a hard road ahead for you, as fellow growers, we are all very much behind you**”



# Chief Executive's message.



**The 2022/23 financial year started in the shadow of Covid-19 as the country moved to what we were then calling a new, post-Covid norm, not that many in our industry or in government were sure about what that entailed.**

However, costs were rising due to Covid-related shortages, labour was still short due to border controls still being in place, while talk about the rising cost of living and inflation was becoming common.

The year then finished with key parts of our industry reeling from the impact of Cyclone Gabrielle, to top off a year plagued by repeated adverse weather events. Indeed, by the end of March 2023, Covid-19 was a distant memory, supplanted by adverse weather and further uncertainty about the future for many growers.

Throughout the year, HortNZ has advocated strongly for an operating environment that supports the growing of nutritious, great tasting fruit and vegetables in New Zealand. While our sector believes the importance of a vibrant and successful horticulture industry is obvious, this view appears not always to be universally shared within the government corridors of Wellington.

When I reflect on the last financial year, I think of the struggle to get government Ministers and officials to engage and understand what happens on the ground in horticulture and the running of businesses in regional New Zealand. Yet, without successful regional economies, New Zealand is in a vulnerable position, economically as well as socially.

Until the leadership change in early February, the majority Labour Government was focused on enacting a complex set of policies reflecting ideology and not the realities of New Zealand – a small country, far away from export markets, which to date, has done well but needs to up its game if it is to be successful in a far more complex and competitive world. A world that is much more aware of the impact of climate change on people, including the negative impact on food security.

## Need for unity and a strategy

The resilience of our growers is amazing, and is constantly being tested. When it comes to advocating for our industry, what is vital is that we speak with authority and with one voice. The Aotearoa Horticulture Action Plan has been developed by Māori, research providers, our industry and the government to ensure the commercial horticulture sector meets its target of increasing grower profitability by 2035. For the industry to achieve this target, as well as to respond to climate change and maintain its social licence, it needs to have clear and agreed outcomes and goals, and associated actions and resources.

Horticulture will only be successful if everyone gets behind it, and we all focus on the targets and actions, for the good of the whole industry.

## HortNZ

HortNZ is a small organisation, when compared with the size of the government organisations with which we work the most. With the collaboration across product groups that has been illustrated during both Covid-19 and now the response to Cyclone Gabrielle, it has been heartening to see what we have been able to achieve collectively.

HortNZ staff are passionate about the industry, which is reflected in how hard they work. They work across the industry with growers and colleagues, and form critically important relationships with central and local government elected representatives and officials. However, HortNZ has little or no control over government timeframes and in the last financial year, this had led to us having to call on the industry at short notice numerous times for feedback on government proposals. We have pointed out to Ministers and officials that this is not the way to ensure good consultation and, therefore, the best policy outcomes, but the team continues to assert horticulture's view and why we hold that view.

I would like to thank the entire HortNZ staff for their tenacity, dedication and unwavering belief in our purpose, 'creating an enduring environment where growers thrive'. It has been another unrelenting year for everyone, and your work is appreciated and acknowledged. To our product group colleagues, I thank you all for your support and we have enjoyed working alongside all of you.

Ngā mihi

**Nadine Tunley**  
Chief Executive



# Advocacy.

Valued partnerships -  
shaping sector strategy

Enabling horticulture -  
translating sector wide change

Fit for the future -  
proactively influencing policy

Advocacy -  
telling the horticulture story

“

HortNZ will continue to have a role driving the actions, coordinating efforts and leveraging projects taking place across the sector to efficiently achieve the Action Plan's objectives

## Valued partnerships - shaping sector strategy

Measure - HortNZ participated in 13 pan-sector working or governance groups

Regular meetings between HortNZ, product groups, Members of Parliament and government agencies - in particular, the Ministry for Primary Industries, the Ministry for Business, Innovation and Employment, including Immigration New Zealand, the Ministry for the Environment and the Ministry of Foreign Affairs and Trade - play an important role in HortNZ's advocacy and ability to represent the horticulture sector as a whole. These meetings increase during times of crisis, for example, around Covid-19 and more recently, Cyclone Gabrielle.

The Aotearoa Horticulture Action Plan is a significant achievement. The plan provides priorities and actions for the whole industry, and is well aligned with the primary sector strategy 'Fit for a Better World', as well as the HortNZ strategy 2023-2027. HortNZ played a role in drawing growers and product groups together, to articulate our shared priorities. HortNZ will continue to have a role driving the actions, coordinating efforts and leveraging projects taking place across the sector to efficiently achieve the plan's objectives.

## Enabling horticulture - translating sector wide change

HortNZ held three industry information sharing and upskilling events

### NZGAP

HortNZ is the owner of the New Zealand Good Agricultural Practice (NZGAP) scheme. NZGAP is governed by a sub-committee of the HortNZ Board, but is managed and funded independently. See the *NZGAP annual activity report for more information*.

### A Lighter Touch

The 'A Lighter Touch' programme is an industry and government partnership supporting New Zealand growers to move to producing plant-based foods with a lighter environmental touch. It works with the horticulture, arable and viticulture sectors to help growers move from agrichemical crop protection to an agroecological approach - sustainable farming that works with nature.

HortNZ holds the contract for this \$27 million seven-year programme, which is funded by the Ministry for Primary Industries, and a partnership of 15 plant product groups and two crop protection companies.





Use of technology is widespread

The programme, which began in 2020, went through a successful reset in 2022/23. By the end of the financial year, it had delivered 15 completed projects, 13 were in progress and a further eight were being scoped for approval. All product partners who paid for sector specific work to occur as part of the programme had projects completed or in progress.

### ACC Grow Home Safe project

Launch of the 'Grow Home Safe' brand was a significant milestone in the Accident Compensation Corporation (ACC) funded project, which began in November 2021, to develop new approaches to reduce harm and enable people to thrive throughout the horticulture industry.

Research conducted in 2022 has enabled the product groups to identify seven harm-hotspots that contribute to injuries and accidents in the horticulture sector. Using the research, the project has begun to develop practical, evidence-based interventions to reduce harm.

Research also showed that the industry is already proactively working to reduce harm, with 84 percent of our survey respondents saying they work for an organisation where safety is a priority.

Development of the Grow Home Safe website is underway. It will be launched in 2023 and will facilitate the sharing of horticulture-specific health and safety tools and resources.

Lastly, Grow Home Safe has been working closely with Farmstrong to create wellbeing resources with a horticulture focus.

### Growing Change

Growing Change is a three-year partnership between HortNZ and the Ministry for the Environment to build capacity and capability within the horticulture sector to deliver Good Agricultural Practice (GAP) Freshwater Farm Plans. Through extension and education, the project will improve water quality in catchments where commercial fruit and vegetables are grown.

Growing Change is designing a training programme for growers, horticulture advisors and auditors on managing the freshwater risks from horticulture. HortNZ is working with Muka Tangata - the Food and Fibre Workforce Development Council, and Te Pūkenga Primary ITO to design the skill standards and learning outcomes. The skill standards will be based on industry environmental codes.

Growing Change will deliver ten catchment projects in key growing regions to support the development of Freshwater Farm Plans. The projects will support growers through technical workshops in nutrient, soil and water management; specialist advisor support; and peer to peer learning.

### Fit for the future - proactively influencing policy

#### Measure - HortNZ lodged 60 submissions

#### Climate change and Freshwater

HortNZ submitted on the pricing of agricultural emissions, the Emissions Reduction Plan, and market governance of the Emissions Trading Scheme (ETS). We advocated for policies that support food for a low emissions economy.

HortNZ is a partner in He Waka Eke Noa. The partnership's recommendations were delivered in May 2022, which called on the government to implement a farm level, split gas pricing system.

Cyclone Gabrielle brought the importance of climate adaptation into focus for the sector and the government. In the policy window opened by this disaster, we called on the government to protect highly productive land from flooding and urban expansion, and to prioritise low emissions food production for adaptation efforts.

Through our submissions on Freshwater Farm Plans, we promoted the Good Agricultural Practice (GAP) Environmental Management System (EMS) add-on and discussed the importance of industry assurance schemes.



HortNZ and the Pukekohe Vegetable Growers' Association worked on the Pukekohe Integrated Catchment Management Plan (ICMP) as part of a working group with iwi, and central and local government. The ICMP working group established a vision for Pukekohe: Te Ora o te Wai: 'a healthy freshwater environment flowing within and from Pukekohe, where its wellbeing is protected and enhanced while supplying fresh vegetables for the health and wellbeing of the peoples of Aotearoa/New Zealand'.

### Resource Management Act reform

HortNZ submitted on the Natural and Built Environment Bill (NBA) and the Spatial Planning Bill (SPA) in February 2023, after consulting with growers. We focused on horticulture as low-emissions food production, the need for a resilient domestic food system in the face of changing weather and global supply chain shocks, and the need for nutritious food for human health. We also asked the select committee to support food production through integrated planning, and protect highly productive land for primary production.

Our most important argument was that the NBA should provide for a resilient national food production and supply system, which supports the human health needs of people and communities. We also called for a definition of human health needs that would ensure the physiological needs of people related to resource use (including safe drinking water, nutritious food, and protection from exposure to contamination) to be considered. We used the consultation as an opportunity to reiterate the need to align the Freshwater Farm Plan framework with international best practice and existing industry assurance processes.

### Regional planning

This year's regional submissions focused on essential freshwater visions and values in Otago, Bay of Plenty, Auckland, Manawatu-Whanganui, and Waikato as a result of the National Policy Statement for Freshwater Management (NPS-FM). We participated in freshwater mediations in three regions, and presented at Environment Court hearings in Otago to make the case for the importance of fruit and vegetables for human health.

We participated in mediations for Waikato Plan Change 1. This plan change was notified in 2016 and the decision on the plan was made in 2020. The plan decision was appealed, and in 2022 and 2023, HortNZ participated in mediations.

Appeals on Plan Change 1 were not resolved in mediation. HortNZ will present evidence at the Environment Court. The plan is focused on managing point source and non-point source discharges to achieve improved water quality in the Waikato River.



State of the art packhouse

The plan is significant for vegetable growing. It recognises the positive contribution of vegetable growing, and provides a consenting pathway for vegetable growing as well as some expansion.

The focus of the HortNZ and Pukekohe Vegetable Growers' Association appeals is to make sure the plan provides a workable set of regulations. We are concerned that the current decision does not sufficiently allow for rotation or expansion. The decision also relies on OverseerFM, which has since be found to have significant limitations when used as a compliance tool.

### Land use and highly productive land

In October 2022, the government's National Policy Statement for Highly Productive Land (NPS-HPL) came into effect after HortNZ's continuous advocacy for these regulations. The NPS-HPL protects highly productive land for primary production, protects highly productive land from inappropriate use and development, and manages reverse sensitivity.

## Labour

In April 2023, HortNZ submitted on the policy review of the Recognised Seasonal Employer (RSE) scheme after consulting with hundreds of growers both in person and online for several months before. The review aims to develop a sustainable, long-term direction for the scheme's administrative system settings, and an improved set of policies and guidelines which protect the rights and wellbeing of RSE workers, and enable them to have a positive experience on the scheme. The Ministry of Business, Innovation and Employment will analyse the feedback received and develop final, high-level policy recommendations for Cabinet to decide upon in June 2023. Implementation will commence following Cabinet's decisions. Cabinet decisions may result in further policy work to be continued post-June 2023.

The Fair Pay Agreements Bill was passed into law in December 2022. Our submission was based on significant engagement with product groups and BusinessNZ to understand the implications of unionisation. While HortNZ supports fair pay for a fair day's work, the new Act added considerable cost and complexity to labour relationships, which HortNZ did not support.

## Biosecurity and food safety

HortNZ has been busy in the risk policy space, spanning our core areas of biosecurity, food safety and access to tools. A big focus has been in Import Health Standard workshops, meetings and submissions to ensure the New Zealand biosecurity system appropriately manages the biosecurity risks associated with imported goods.

We also submitted on proposed Biosecurity Act Amendments - for example, increased penalties for biosecurity breaches - and Biosecurity (Information for Incoming Passengers) Regulations.

HortNZ is a member of several strategic groups focused on improving New Zealand's biosecurity system, including the Plant Germplasm Import Council and a think tank group, the Biosecurity System Strategy Working Group.

HortNZ has been involved in the food safety emerging risk identification system (ERIS), a collaborative effort between the New Zealand Food Safety Science and Research Centre, and industry.

HortNZ has continued to be heavily involved in work WorkSafe is doing on restricted entry intervals, off the back of its original submission.

## Advocacy - telling the horticulture story

### Measure - HortNZ published 120 media releases on its website

The focus on telling the horticulture story and increasing understanding of the realities of growing fruit and vegetables in New Zealand has intensified in the last reporting period, in response to the country's interest in fruit and vegetable prices. As part of this focus, the HortNZ communications team has put considerable effort into relationships with key journalists and commentators, to complement the organisation's wider advocacy activity.

It is not 'just' a matter of putting out a media release and hoping it will get picked up. The team is in constant contact with the media, providing context, suggesting angles and offering spokespeople.

Two communications groups - one for fruit and the other for vegetables - were formed at the start of 2022. These groups comprise communications professionals working in different parts of the sector (product group, industry good and business). Members work together on initiatives to improve reporting and confer on media enquiries. For example, the vegetable communications group has enjoyed success in improving balance in the media's reports on vegetable price increases, prompted by Statistics New Zealand's monthly food price index updates.

The HortNZ weekly newsletter - which is sent to nearly 6000 subscribers - is complemented by the HortNZ website. These two major communications channels are used for day-to-day grower communications, particularly during crises such as Cyclone Gabrielle and Covid-19. *The Orchardist* and *NZGrower* are used to provide context, and profile the variety of growers that go to make up horticulture in New Zealand.

“

**While HortNZ supports fair pay for a fair day's work, the new Act added considerable cost and complexity to labour relationships, which HortNZ did not support**



# People - facilitating grower connections.

## Measures:

# 8

### pan-sector events

(Horticulture Conference,  
Young Grower, RSE conference)\*

# 67

### people engaging with HortNZ development opportunities

\* no Horticulture Conference was held  
due to Covid-19 uncertainties

## The Young Grower of the Year

The annual Young Grower of the Year competition plays a key role in promoting horticulture as a career for young people. The competition has been the main horticulture event in many regions, facilitating industry and community connections and providing the industry with the opportunity to celebrate its achievements.

In 2022, Meryn Whitehead, a supervisor at Vailima Orchard in Nelson, won the national title of Young Grower of the Year.

"It has been an amazing experience that has boosted my confidence, provided networking opportunities and developed my horticulture skills. Taking part in this event and meeting other passionate growers has reaffirmed my passion for this career and my love of growing," said Meryn at the time.

The other 2022 finalists were:

- Sarah Dobson, Pukekohe
- Maatu Akonga, Hawke's Bay
- Jacob Coombridge, Central Otago
- Maninder Singh, Tairāwhiti Gisborne
- Laura Schultz, Bay of Plenty.

Regan Judd, runner up in the Young Grower of the Year in 2021, went on to win the Young Horticulturalist of the Year in 2022.

## Industry awards

HortNZ usually gives out its yearly awards at the annual Horticulture Conference, but the conference was cancelled in 2022 due to the uncertainty created by Covid-19. However, the HortNZ Board felt it was important to celebrate growers' success in what was another challenging year and as a result, presented the 2022 awards at the various other grower events held last year.

## Bledisloe Cup

Danny Bearsley won the horticulture Bledisloe Cup for 2022, which is awarded annually in recognition of an outstanding contribution to commercial growing in New Zealand over decades.

Danny has been credited with saving the Hawke's Bay process vegetable industry in the 1990s. His horticulture career spans more than four decades. While he diversified into growing apples and kiwifruit, and fresh broccoli in the 1990s, Danny has always maintained a healthy interest in the process vegetable industry.

### President's Trophy for 2022

Miriana Stephens - a director of Wakatū Incorporation, which grows apples, kiwifruit and pears in its Motueka Orchards under the business, Kono - won the President's Trophy for 2022.

Miriana is shaping the future of the horticulture industry by leading by example. To Miriana, business is not just commercial - it involves being a kaitiaki of the whenua and moana, as well as being commercially responsible.

### Industry Service Award

Mick (Michael) Ahern won the Industry Service Award for 2022.

Mick has contributed to the development of New Zealand's horticulture industry for more than 40 years. Mick is known for his common sense and ability - after everyone else has exhausted themselves with talking - to sum up the situation and provide wise counsel, while pointing to the best if not the only way forward.

### Environmental Awards

HortNZ awarded two Environmental Awards in 2022.

Robin Oakley, a fifth-generation grower from Canterbury, won one of the awards.

Oakley's is dedicated to continuous improvement. Robin has taken considerable steps to reduce, monitor and manage greenhouse gas emissions, nitrogen leaching and improve soil quality, through initiatives such as the Sustainable Vegetable Systems project.

The other Environmental Award for 2022 was presented to MG - Market Gardeners Ltd Auckland Branch - in recognition of its commitment to environmental sustainability.

As a result of its focus and investment, the MG cooperative has made a measurable long-term difference, delivering a 57 percent reduction in carbon emissions by converting to natural refrigerants, installing solar and diverting food waste away from landfill at its flagship branch in Auckland.

### Promoting horticulture as a career

#### HortNZ leadership programme

The HortNZ leadership programme has now exceeded 300 graduates, with 20 participants in 2022. Feedback from participants was the best to date, with an average score of 9.3 out of 10.

#### HortNZ scholarships

There were 30 successful recipients of the HortNZ \$500 Industry Training Scholarships in 2022. These scholarships

are targeted at learners working in the horticulture industry to incentivise them to progress their study towards New Zealand Certificates in horticulture or fields related to horticulture.

Recipients of our 14 Undergraduate Scholarships received an all-expenses paid experience to the Primary Industries Summit on 6-7 July 2022 in Auckland.

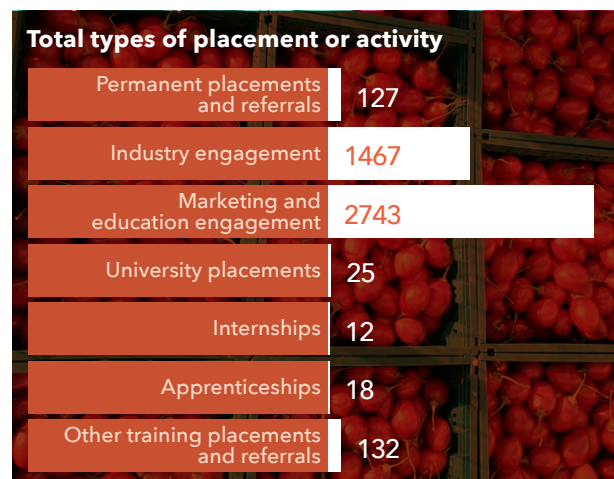
Two postgraduate scholarship recipients received \$10,000 each, funded by HortNZ and the Fruitgrowers' Charitable Trust. These scholarships have helped further knowledge in remote and proximal sensing systems for apple tree health detection, determination and differentiation, and the impact of semi-automated tools and machines on the sustainability of the New Zealand fruit industry labour market.

### Horticulture as a career

HortNZ has continued its drive to promote horticulture as a career - chiefly through the GoHort initiative - and remaining Career Progression Managers in Pukekohe, Canterbury and Central Otago. At the same time, the PickNZ job board has helped growers meet permanent as well as seasonal labour needs.

The bulk of funding for the GoHort initiative ended in December 2022, which led to a reduction in activity compared to the previous year. The remaining Career Progression Managers have been actively promoting horticulture as a career and connecting our sector into shared initiatives led by government and other agencies.

In February 2023, growers formed a working group following interviews that took place with industry groups and individuals across New Zealand. The outcome was five priorities and a list of 21 actions that will feed into the Aotearoa Horticulture Action Plan as a pathway to further external funding next year.





# Our Strategy 2023-2027.

HortNZ refreshed its strategy in 2022 to guide the organisation's work for the next five years. The strategy will enable the organisation to target its efforts and resources to deliver the best outcomes for growers, and clearly communicate what it wants to achieve with external stakeholders such as government officials.

The strategy sets out HortNZ's purpose, *creating an enduring environment where growers thrive*. HortNZ has

been meeting with product groups to talk through how the HortNZ strategy supports delivery of the Aotearoa Horticulture Action Plan.

This is a deliberate approach. It ensures that HortNZ can focus its limited resources and make the biggest difference, through collaboration that will prevent duplication and ensure grower levies are best utilised across product groups.

**Our Vision:** Healthy food for all, forever *Oranga kai, oranga tangata, haere ake nei*

**Our Purpose:** Creating an enduring environment where growers thrive



**We are seeking the following outcomes for horticulture.**

Our sphere of influence:

## **Nourishing Aotearoa, the Pacific and the world**

Aotearoa New Zealand is well equipped to feed itself and overseas consumers now and into the future.

## **Growing is rewarding**

Horticulture is economically and personally satisfying.

## **All growers are responsible growers**

Growers are credible, ethical, and care for their people and environment.

## **Horticulture is enduring**

Regulatory, policy and research settings take a long-term view, supporting the sector to be prosperous, innovative and adaptable.

## **Strength through trust and cooperation**

Horticulture has a trusted influential voice with decision-makers, the public and other food and fibre sectors through meaningful collaboration.



**We have set out the following strategic priorities.**

Our sphere of control:

## **Shaping sector strategy**

To ensure there is a collective long-term vision for horticulture and the support to implement strategic initiatives.

## **Proactively influencing policy**

To seek the best operating conditions for horticulture in the areas of environment, biosecurity, food safety, crop protection and labour.

## **Telling the horticulture story**

To celebrate our successes and elevate support for our growers.

## **Translating sector wide change**

To ensure growers and rural professionals are aware of newly implemented policy, regulations, requirements, and best practice.

## **Facilitating grower connections**

To enable sector wide information sharing, networking and attracting and developing talent.

# Our Values.



## Courageous by Nature

- Our default is to ask why and dig deeper.
- We don't shy away from the hard.
- We're inquisitive, challenging.
- We act boldly and are passionate about what we do.

We are here to represent our growers and our people.



## Collaborative for Impact

- We're proud to represent a diverse group.
- We respect and value differences.
- We're open and unified.
- Common goals drive us.

We share our knowledge so everyone grows.



## Credible through Action

- We want to be judged by what we do and how we perform.
- We're committed to earning trust and offering inspirational direction and leadership.

We're a respected voice for our industry.

“

Horticulture is an economically and personally satisfying industry to be a part of





# Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED  
31 MARCH 2023

Approval of Financial Report	12
Entity Information	13
Statement of Service Performance	14
Statement of Comprehensive Revenue and Expense	16
Statement of Changes in Net Assets	17
Statement of Financial Position	18
Statement of Cash Flows	19
Notes to and Forming Part of the Financial Statements	20
Independent Auditor's report	32

## Approval of Financial Report.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

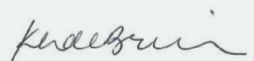
The Directors are pleased to present the approved financial report including the historical financial statements of Horticulture New Zealand Incorporated for year ended 31 March 2023.

APPROVED



**Barry O'Neil**  
HortNZ President

22<sup>nd</sup> June 2023



**Kathryn de Bruin FCA**  
HortNZ Chair of Audit & Risk Committee

22<sup>nd</sup> June 2023

## Entity Information.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

### Legal Name of Entity

Horticulture New Zealand Incorporated

### Incorporated Societies Number

1692422

### Entity Type and Legal Basis

Incorporated Society

### Entity's Purpose

Creating an enduring environment where growers thrive.

### 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 fruit and vegetables.

### Physical Address

Level 4, Kiwi Wealth House, 20 Ballance St, Wellington 6011

### Postal Address

PO Box 10232, Wellington 6140



# Statement of Service Performance.

for the Year Ended 31 March 2023

## OUR VISION

Healthy food for all, forever. *Oranga kai, oranga tangata, haere ake nei*

## OUR PURPOSE

Creating an enduring environment where growers thrive

## GOALS



**Growing is rewarding**



**All growers are responsible growers**



**Growers can keep growing**



**Strength through trust and cooperation**

Horticulture New Zealand (HortNZ) is an Incorporated Society. HortNZ was formed by a merger of the New Zealand Fruitgrowers Federation, the New Zealand Vegetable and Potato Growers Federation, and New Zealand Berryfruit Growers Federation on 1 December 2005.

HortNZ is funded by a levy under the Commodity Levies (Vegetables and Fruit) Order 2019. In 2018, HortNZ held a referendum asking growers to vote on a new compulsory levy affecting all fruit and vegetables. Growers voted yes to the levy, which came into effect in February 2019.

HortNZ was established to advocate for and represent the interests of the approximately 4200+ commercial fruit and vegetable levy paying growers in New Zealand. These growers supply fresh and processed fruit and vegetables to domestic consumers, as well as exporting crops to consumers overseas. The horticulture industry is valued at \$7.17b with \$4.85b in exports annually.

## STRATEGIC PRIORITY

## MEASURE

## 2022/23 OUTCOME

## 2021/22 OUTCOME

**Shaping Sector Strategy**

We delivered on shaping sector strategy to ensure there is a collective long-term vision for horticulture and an effective structure to deliver on strategic initiatives by:

**Objective:** Influencing wider food and fibre sector initiatives

The number of pan-sector working groups or governance groups that HortNZ participated in

HortNZ participated in 13 pan-sector working groups or governance groups

HortNZ participated in 13 pan-sector working groups or governance groups

**Proactively Influencing Policy**

We delivered on proactively influencing policy to seek the best operating conditions for horticulture in the areas of environment, biosecurity, food safety, crop protection and labour by:

**Objective:** Responding to government consultations

The number of submissions lodged by HortNZ

HortNZ lodged 60 submissions

HortNZ lodged 25 submissions

**Telling the Horticulture Story**

We delivered on telling the horticulture story to elevate support for growing by:

**Objective:** Conveying what the opportunities are and what it takes to grow good food

Number of HortNZ media releases published and the number of media requests for comment

HortNZ published 120 stories/media releases

HortNZ published 108 stories/media releases

**Translating Sector Wide Change**

We delivered on translating sector wide change to ensure growers and rural professionals are aware of newly implemented policy, regulations, and requirements by:

**Objective:** Providing growers up to date, relevant and reliable information in an integrated way

The number of industry information sharing and upskilling events, e.g., training sessions/workshops held by HortNZ

HortNZ held 3 events to explain changes to the sector

HortNZ held 2 events to explain changes to the sector

**Facilitating Grower Connections**

We delivered on facilitating grower connections to enable sector wide information sharing, celebrating success, networking and attracting and developing talent by:

**Objective 1:** Hosting events for growers

**Objective 2:**

Attracting and developing talent

Number of people engaging with HortNZ events

HortNZ held 1 conference

HortNZ held 2 conferences

Number of people engaging with HortNZ development opportunities

HortNZ was involved with 7 Young Grower competitions

HortNZ was involved with 7 Young Grower competitions

HortNZ awarded 44 scholarships

HortNZ awarded 28 scholarships

23 people attended the HortNZ leadership course

Postponed due to Covid



## Statement of Comprehensive Revenue and Expense.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNT	NOTES	2023	2022
<b>Revenue</b>			
Horticulture NZ - Core Activity		7,882,677	9,163,353
New Zealand GAP		1,119,735	949,810
Vegetable Research & Innovation Board		266,918	253,544
Vegetables.co.nz		343,370	330,141
Process Vegetables NZ		541,828	576,018
SFFF - A Lighter Touch	23	1,997,438	1,634,658
<b>Total Revenue</b>	23	<b>12,151,966</b>	<b>12,907,525</b>
<b>Expenses</b>			
Horticulture NZ - Core Activity		8,106,901	8,266,059
New Zealand GAP		1,155,617	903,999
Vegetable Research & Innovation Board		318,135	317,698
Vegetables.co.nz		305,643	296,136
Process Vegetables NZ		489,149	458,065
SFFF - A Lighter Touch	23	1,863,819	1,340,481
<b>Total Expenses</b>	23	<b>12,239,264</b>	<b>11,582,437</b>
<b>Surplus/(Deficit) for the Year</b>		<b>(87,298)</b>	<b>1,325,088</b>
<b>Tax (Refund)/Expense</b>	9	<b>-</b>	<b>30,534</b>
<b>Surplus/(Deficit) for the Year after Tax</b>		<b>(87,298)</b>	<b>1,294,554</b>

This statement is to be read in conjunction with the Notes to the Financial Statements.

## Statement of Changes in Net Assets.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

2023 ACCUMULATED FUNDS	NOTES	OPENING BALANCE	SURPLUS/ (DEFICIT)	MOVEMENTS IN RESERVES	CLOSING BALANCE
Horticulture NZ	23	4,883,257	(224,224)		4,659,033
New Zealand GAP		601,054	(35,881)		565,173
Vegetable Research & Innovation Board		392,100	(51,216)		340,884
Vegetables.co.nz		603,225	37,727		640,952
Process Vegetables NZ	23	646,753	52,679		699,432
SFFF - A Lighter Touch	23	885,561	133,619		1,019,180
<b>Total Accumulated Funds</b>		<b>8,011,950</b>	<b>(87,298)</b>	<b>-</b>	<b>7,924,653</b>

2022 ACCUMULATED FUNDS	NOTES	OPENING BALANCE	SURPLUS/ (DEFICIT)	MOVEMENTS IN RESERVES	CLOSING BALANCE
Horticulture NZ		4,116,495	866,761	(100,000)	4,883,257
New Zealand GAP		555,243	45,811		601,054
Vegetable Research & Innovation Board		456,254	(64,153)		392,100
Vegetables.co.nz		569,220	34,005		603,225
Process Vegetables NZ		546,397	117,953	(17,597)	646,753
SFFF - A Lighter Touch		473,787	294,177	117,597	885,561
<b>Total Accumulated Funds</b>		<b>6,717,396</b>	<b>1,294,554</b>	<b>-</b>	<b>8,011,950</b>

This statement is to be read in conjunction with the Notes to the Financial Statements.



## Statement of Financial Position.

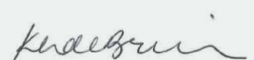
HORTICULTURE NEW ZEALAND INCORPORATED  
AS AT 31 MARCH 2023

ACCOUNT	NOTES	2023	2022
<b>Assets</b>			
<b>Current Assets</b>			
Bank Accounts and Cash	7	3,591,151	3,270,898
Prepayments		106,964	176,396
Sundry Debtors		2,336,718	2,973,320
Investments	8	4,028,863	4,151,744
Provision for Tax	9	62,730	1,197
<b>Total Current Assets</b>		<b>10,126,426</b>	<b>10,573,556</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	130,996	132,016
Intangible Assets	11	74,556	72,465
<b>Total Non-Current Assets</b>		<b>205,552</b>	<b>204,481</b>
<b>Total Assets</b>		<b>10,331,978</b>	<b>10,778,037</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Creditors and Accrued Expenditure	12	1,724,579	1,856,116
Income in Advance		682,745	909,971
<b>Total Current Liabilities</b>		<b>2,407,325</b>	<b>2,766,087</b>
<b>Total Liabilities</b>		<b>2,407,325</b>	<b>2,766,087</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>7,924,653</b>	<b>8,011,950</b>
<b>Accumulated Funds</b>			
Accumulated Surpluses and Deficits		7,924,653	8,011,950
<b>Total Accumulated Funds</b>		<b>7,924,653</b>	<b>8,011,950</b>



HortNZ President

22<sup>nd</sup> June 2023



HortNZ Chair of Audit & Risk Committee

22<sup>nd</sup> June 2023

This statement is to be read in conjunction with the Notes to the Financial Statements.

## Statement of Cash Flows.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

ACCOUNT	NOTES	2023	2022
<b>Cash Flows From Operating Activities</b>			
<b>Cash was received from:</b>			
Fees and Other Income		12,418,820	12,318,606
Interest Income		143,721	33,301
		12,562,541	12,351,907
<b>Cash was applied to:</b>			
Payments to Suppliers and Employees		12,056,561	10,795,659
<b>Net Cash Flows from Operating Activities</b>		<b>311,974</b>	<b>1,556,248</b>
<b>Cash Flows From Investing Activities</b>			
<b>Cash was received from:</b>			
Decrease In Investments		122,880	-
<b>Cash was applied to:</b>			
Fixed Asset Purchases		(57,505)	(89,388)
Intangible Purchases		(57,097)	(48,600)
Increase in Investments		-	(1,251,743)
<b>Net Cash Flows from Investing Activities</b>		<b>8,278</b>	<b>(1,389,731)</b>
<b>Net Increase in Cash</b>		<b>320,253</b>	<b>166,517</b>
Opening Cash		3,270,898	3,104,381
Closing Cash		3,591,151	3,270,898
<b>This is represented by:</b>			
Bank & Cash	7	3,591,151	3,270,898

This statement is to be read in conjunction with the Notes to the Financial Statements.



# Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

## 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 4200+ 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. Additionally there is one appointed non-voting future director.

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). They comply with the Public Benefit Entity International Public Sector Accounting Standards applying the Reduced Disclosure Regime ("PBE IPSAS RDR"), as appropriate for Tier 2 not-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 22 June 2023.

### (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 Comprehensive Revenue and Expense and Statement of Changes in Net Assets

Both the statement of comprehensive revenue and expense and statement of changes in net assets are presented on a by function 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 Inc and the revenue can be reliably measured. Revenue is measured at fair value of consideration received.

## Notes to and Forming Part of the Financial Statements.

### HORTICULTURE NEW ZEALAND INCORPORATED FOR THE YEAR ENDED 31 MARCH 2023

The following specific revenue streams are recognised:

*(i) NZ GAP Fees*

Annual Fees for NZGAP are non-exchange revenue and accounted for on an accrual basis.

*(ii) Levies*

Levies are non-exchange revenue and accounted for on an accrual basis. Revenue is recognised for produce sold in the year to 31 March for which a growers levy declaration has been received by the Society prior to 31 May.

*(iii) Orchardist and Grower Subscriptions*

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

*(iv) Grant Income and Project Funding*

Grant and Project Funding income is non-exchange revenue and recognised as revenue when associated obligations have been met.

*(v) Event Income*

Income from events that Horticulture New Zealand has organised is exchange revenue and recognised once the event has occurred.

*(vi) Administration Service Income*

Horticulture New Zealand provides administration services to external product groups. This is exchange revenue and invoiced on a monthly basis.

#### **(c) Finance Income and Finance Costs**

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

#### **(d) Financial Instruments**

Financial assets and financial liabilities are recognised when the Society becomes a party to the contractual provisions of the financial instrument. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Society commits to purchase or sell the asset.

The Society derecognises a financial asset when the rights to receive cash flows from the asset have expired or are waived, or the Society has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- The Society has transferred substantially all the risks and rewards of the asset; or
- The Society has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### *Financial Assets*

Financial assets are within the scope of NFP PBE IPSAS 41 Financial Instruments. The classifications of the financial assets are determined at initial recognition. On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive revenue and expense (FVOCRE) - debt investment and equity investment; or fair value through surplus or deficit (FVTSD).

## Notes to and Forming Part of the Financial Statements.

### HORTICULTURE NEW ZEALAND INCORPORATED FOR THE YEAR ENDED 31 MARCH 2023

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Society's financial assets are classified as either financial assets at fair value through surplus or deficit or amortised cost. Financial assets include: cash and cash equivalents, receivables, prepayments, and derivative financial instruments.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date.

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value with net changes in fair value presented as other expenses (negative net changes in fair value) or other revenue (positive net changes in fair value) in the statement of surplus or deficit.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as an FVTSD:

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

All financial assets not classified as measured at amortised cost or FVOCRE as described above are measured at FVTSD. This includes all derivative financial assets. On initial recognition, the Society may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCRE as at FVTSD if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### *Financial liabilities*

The Society's financial liabilities include payables (excluding GST and PAYE), and accrued expenses.

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit). They are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit in the statement of comprehensive revenue and expense. Financial liabilities are derecognised if Society's obligations specified in the contract expire or are discharged or cancelled.

#### **(e) Income Tax**

Income Tax is accounted for by the tax payable method.

#### **(f) Goods and Services Tax**

The statement of comprehensive revenue and expense 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.



## Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

### (g) Property, Plant and Equipment

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

#### (i) Depreciation

Depreciation is provided on office equipment and furniture and IT hardware. 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

### (h) Intangible Assets

Intangible assets are initially measured at cost. All of the Society's intangible assets are subsequently measured in accordance with the cost model, being cost less accumulated amortisation and impairment.

The Society has no intangible assets with indefinite lives. Cost includes expenditure that is directly attributable to the acquisition of the asset.

#### (i) Amortisation

Amortisation is recognised on a straight-line basis over the estimated useful lives of each amortisable intangible asset.

Intangible Assets      10.5% - 50% Straight Line

### (i) Leases

Leases in terms of which the Society assumes substantially all the risks and rewards of ownership are classified as finance leases. Leases that are not finance leases are classified as operating leases. Operating leases are not recognised in the Society's statement of financial position.

4

### Changes in Accounting Policies

There have been no changes in accounting policies.

## Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

### 5 Changes due to the initial application of new, revised and amended PBE Standards

(i) PBE IPSAS 41 Financial Instruments is effective from 1 January 2022 and was adopted by the Society on that date.

PBE IPSAS 41 introduces new recognition and measurement requirements for financial assets and restricts the ability to measure financial assets at amortised costs to only those assets that are held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on a specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. In addition, measurement of financial assets at fair value through other comprehensive revenue and expense is also restricted.

PBE IPSAS 41 has had an immaterial impact on the Society's measurement and recognition of financial instruments, as financial assets that were recognised as loans and receivables are now recognised as amortised cost.

(ii) PBE FRS 48 Service Performance Reporting is effective from 1 January 2022 and was adopted by the Society on that date.

PBE FRS 48 required specific disclosures for the reporting of service performance information which have been provided in the Statement of Service Performance.

### 6 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 preceding 12 months.

	2023	2022
<b>7 Cash and Bank</b>		
BNZ Direct Levy Account	2,839	750,947
BNZ Autocall Account	2,404,602	248,438
BNZ Current Account HortNZ	832,153	2,233,742
BNZ Current Account ALT	309,438	-
Investment Bank Accounts	42,118	37,772
<b>Total Cash and Bank</b>	<b>3,591,151</b>	<b>3,270,898</b>

## Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
<b>8 Investments</b>		
Term Investment - BNZ	251,863	1,000,000
Term Investment - ANZ Bank	750,000	750,000
Term Investment - ASB	1,008,240	1,001,744
Term Investment - Kiwibank	1,000,000	400,000
Term Investment - Rabobank	1,018,760	1,000,000
<b>Total Investments</b>	<b>4,028,863</b>	<b>4,151,744</b>
<i>Interest rates on investments were 2.50% - 4.60% (2022: 0.80% - 2.50%)</i>		

	2023	2022
<b>9 Income Tax</b>		
Current Year Earnings	(87,298)	1,279,671
Tax at 28%	(24,443)	358,308
<b>Adjustments to Income Tax</b>		
Tax on Non Assessable Income	(2,788,567)	(2,944,702)
Tax on Non Deductible Expenditure	2,849,523	2,617,208
<b>Total Tax Effect of Adjustments</b>	<b>60,956</b>	<b>(327,494)</b>
Tax Payable Before Losses Brought Forward	-	30,814
Use of Losses Brought Forward	-	-
Tax Credit for Non-Profit Bodies	-	(280)
<b>Tax expense for the period</b>	<b>-</b>	<b>30,534</b>
Current Tax Asset Opening Balance	(1,197)	(16,190)
Tax Expense for the Period	-	30,534
RWT	(46,289)	(11,731)
Tax Refunds Received	(15,244)	(3,810)
<b>Tax Refund</b>	<b>(62,730)</b>	<b>(1,197)</b>



## Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

<b>10 Property, Plant and Equipment</b>	OFFICE EQUIPMENT AND FURNITURE	LEASEHOLD IMPROVEMENTS	TOTAL
<b>Cost of Valuation</b>			
Balance as at 1 April 2022	329,427	252,950	582,377
Additions	57,505	-	57,505
Disposals	-	-	-
<b>Balance as at 31 March 2023</b>	<b>386,932</b>	<b>252,950</b>	<b>639,882</b>
<b>Accumulated Depreciation and Impairment</b>			
Balance as at 1 April 2022	197,411	252,950	450,361
Depreciation	58,525	-	58,525
Disposals	-	-	-
<b>Balance as at 31 March 2023</b>	<b>255,936</b>	<b>252,950</b>	<b>508,886</b>
<b>Net Book Value</b>			
As at 31 March 2023	<b>130,996</b>	-	<b>130,996</b>
As at 31 March 2022	<b>132,016</b>	-	<b>132,016</b>

<b>11 Intangible Assets</b>	SOFTWARE	INTANGIBLE ASSETS	TOTAL
<b>Cost of Valuation</b>			
Balance as at 1 April 2022	329,216	9,826	339,042
Additions	57,097	-	57,097
Disposals	-	-	-
<b>Balance as at 31 March 2023</b>	<b>386,313</b>	<b>9,826</b>	<b>396,139</b>
<b>Accumulated Depreciation and Impairment</b>			
Balance as at 1 April 2022	260,665	5,913	266,578
Depreciation	54,024	981	55,005
Disposals	-	-	-
<b>Balance as at 31 March 2023</b>	<b>314,689</b>	<b>6,895</b>	<b>321,583</b>
<b>Net Book Value</b>			
As at 31 March 2023	<b>64,402</b>	<b>4,896</b>	<b>74,556</b>
As at 31 March 2022	<b>68,551</b>	<b>3,913</b>	<b>72,465</b>

## Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
<b>12 Creditors and Accrued Expenditure</b>		
Trade Creditors	1,035,784	1,057,562
Accrued Expenditure	316,705	289,480
Employee Entitlements	303,563	211,930
GST	68,527	297,144
<b>Total Creditors and Accrued Expenditure</b>	<b>1,724,579</b>	<b>1,856,116</b>

### 13 Income in Advance

This is comprised of amounts received for the annual Conference events, NZ GAP Income in Advance and projects where funding has been received in advance of the cost associated with it and there is an obligation to return unspent funds.

	2023	2022
<b>14 Professional Services</b>		
Payments to Auditors - Audit Fee	38,505	26,500
<b>Total Payments made were:</b>	<b>38,505</b>	<b>26,500</b>

### 15 Commitments

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

	2023	2022
<b>Operating Leases</b>		
<b>Non Cancellable Operating Lease Commitments</b>		
Within one year	276,918	262,848
Later than one year and not later than five years	308,254	571,102
Later than five years	-	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>585,172</b>	<b>833,950</b>
<b>Total Operating Leases</b>	<b>585,172</b>	<b>833,950</b>

## Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED  
FOR THE YEAR ENDED 31 MARCH 2023

### 16 Capital Commitments

Horticulture New Zealand has commitments to five projects:

**SFFF - A Lighter Touch** \$100,000 per year for the next 4 years.

**Sustainable Vegetable Systems project** Horticulture NZ has a commitment of \$30,000 and Vegetable Research & Innovation Board a commitment of \$150,000 over the next 2 years.

**ACC Wellbeing project** \$15,000 over the next 2 years.

**Growing Change** \$981,000 over the next 3 years.

**Cultural and Biological Control of Passionvine Hopper Project** \$432,975 over the next 3 years.

### 17 Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 March 2023 (2022: Nil).

### 18 Related Parties

Horticulture New Zealand Limited, a wholly owned subsidiary company of Horticulture New Zealand Inc was incorporated on 13 October 2004. Ownership is by way of 100% shareholding of 200 shares in Horticulture New Zealand Ltd. 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.

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.

Directors of Horticulture New Zealand Inc who are growers pay levies to Horticulture New Zealand Inc through the entities they are associated with.

Director Bernadine Guilleux, and CEO Nadine Tunley, of Horticulture New Zealand Inc are both Executive Committee Members of United Fresh NZ Incorporated. Horticulture NZ paid United Fresh NZ Inc \$8,000 for memberships.

Nadine Tunley, the CEO (from June 2021) of Horticulture New Zealand Inc, is a Director of The New Zealand Institute for Plant and Food Research Limited. The New Zealand Plant and Food Research Limited has supplied consultancy services to Horticulture New Zealand Inc for many years.

Horticulture New Zealand Inc paid The New Zealand Plant and Food Research Limited \$193,873 (2022: \$196,887) for consultancy services for the Vegetables Research and Innovation Board, Process Vegetables NZ, SFFF - A Lighter Touch and Horticulture New Zealand Inc.

The President of Horticulture NZ Inc, Barry O'Neil, is the Chair of Tomatoes NZ Inc. Horticulture New Zealand Inc provides administrative services to, and employees of, Horticulture New Zealand Inc are the main administrators of Tomatoes New Zealand Inc.

## Notes to and Forming Part of the Financial Statements.

### HORTICULTURE NEW ZEALAND INCORPORATED FOR THE YEAR ENDED 31 MARCH 2023

#### Key Management Personnel Remuneration

Horticulture New Zealand Inc classifies its key management personnel into one of two classes:

- Members of the governing body
- Senior executive officers, responsible for reporting to the governing body

Members of the governing body are paid an annual fee. Full disclosures are included in the 2023 Horticulture New Zealand Inc Annual Report (Note 23).

The executive officers are employed as employees of Horticulture New Zealand Inc, on normal employment terms.

	2023	2022
Remuneration	1,348,246	976,768
Number of Executive Officers	8	6

#### 19 Events Subsequent to Balance Date

There were no other events subsequent to balance date that would require disclosure.

#### 20 SFFF - A Lighter Touch Project

Horticulture New Zealand Inc has entered into a Sustainable Food and Fibre Futures Partnership Agreement with the Ministry for Primary Industries (MPI). The Project is called A Lighter Touch, and is a 7 year project running from 01/04/2020-31/03/2027. The total budgeted cost for this project in the SFFF Agreement with MPI is \$27,073,129. For this project Horticulture New Zealand Inc is the lead agency for the horticulture industry and MPI.

Other contributors to the project include Foundation for Arable Research, Vegetables New Zealand Inc, Onions New Zealand Inc, Tomatoes New Zealand Inc, Summerfruit New Zealand Inc, Zespri, Boysenberries NZ, Citrus NZ and NZ Buttercup Squash Council.

The goal of the project is to focus in agroecological crop protection practices to create a more desirable source of food, using biopesticides (natural materials) and biological control to ensure crop protection.

	2023	2022
<b>Total Income</b>		
Funding Received from MPI	1,243,106	1,158,283
Funding Received from Industry Contributors	752,137	543,945
	<b>1,995,243</b>	<b>1,702,228</b>
Less income in advance	-	(67,570)
<b>Total income (Note 23)</b>	<b>1,995,243</b>	<b>1,634,658</b>

MPI funding is billed after costs have been incurred and is calculated including in-kind expenses and therefore there is no income in advance in relation to this part of the funding. Hence the income in advance is only related to the funding received from the industry.



## Notes to and Forming Part of the Financial Statements.

### HORTICULTURE NEW ZEALAND INCORPORATED FOR THE YEAR ENDED 31 MARCH 2023

In 2022 Horticulture New Zealand Inc and Process Vegetables NZ contributed \$100,000 and \$17,597 respectively to the project, however as the SFFF – A Lighter Touch project also sits within Horticulture New Zealand Inc these transactions have been eliminated within the financial statements and do not show in the industry contributions of the project and expenditure totals of Horticulture New Zealand Inc and Process Vegetables NZ. These contributions have instead been transferred through Reserves. In 2023 Horticulture New Zealand Inc and Process Vegetables NZ contributed \$100,000 and \$81,903 respectively to the project in cash.

#### 21 Cyclone Gabrielle

Cyclone Gabrielle has had an impact on horticultural businesses in the 2023 year. Horticulture NZ being funded by levies from these businesses is expecting to be impacted in the 2023/24 levies and as such the budgets for 2023/24 have been prepared anticipating a 30% decline in levy revenue.

#### 22 Financial Instruments

##### Classification of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets.

	FINANCIAL ASSETS AT AMORTISED COST	OTHER FINANCIAL LIABILITIES	TOTAL
<b>2023 Financial assets</b>			
Cash and Cash Equivalents	3,591,151		3,591,151
Trade Debtors and Other Receivables	2,506,412		2,506,412
Investments	4,028,863		4,028,863
<b>Total</b>	<b>10,126,426</b>		<b>10,126,426</b>
<b>2023 Financial liabilities</b>			
Trade Creditors and Other Payables		1,352,489	1,352,489
	-	<b>1,352,489</b>	<b>1,352,489</b>
<b>2022 Financial assets</b>			
Cash and Cash Equivalents	3,270,898		3,270,898
Trade Debtors and Other Receivables	3,149,717		3,149,717
Investments	4,151,744		4,151,744
<b>Total</b>	<b>10,572,359</b>		<b>10,572,359</b>
<b>2022 Financial liabilities</b>			
Trade Creditors and Other Payables		1,347,042	1,347,042
	-	<b>1,347,042</b>	<b>1,347,042</b>

## Notes to and Forming Part of the Financial Statements.

### HORTICULTURE NEW ZEALAND INCORPORATED FOR THE YEAR ENDED 31 MARCH 2023

#### 23 Statement of Financial Position by Nature

Below is the Statement of Financial Position by Nature which shows revenue, expenditure and surplus per the individual product group (Process Vegetables) and internal groups (NZ Gap, Vegetable R&I, Vegetables.co.nz, SFFF) included in the financial statements.

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

							2023	2022
	HORTNZ	NZ GAP	VEGETABLE R & I	VEGETABLES .CO.NZ	PROCESS VEGETABLES	SFFF - A LIGHTER TOUCH	TOTALS	TOTALS
<b>Revenues</b>								
<b>Levy Revenue</b>								
Levies	5,148,111				427,173		5,575,284	6,191,695
<b>Non-Levy Revenue</b>								
Conference Income	232,969						232,969	754,051
Grant Income & Project Funding	840,882		-		99,711	1,995,243	2,935,835	2,678,157
Orchardist & Grower Income	750,356						750,356	755,132
Interest Income	120,900	14,897	10,026	15,862	14,944	2,195	178,824	33,301
NZ Gap Fees	-	1,104,839					1,104,839	947,205
Administrative Service Income	789,459						789,459	976,351
Contribution Income	-		256,892	327,508			584,400	571,633
<b>Total Revenues</b>	<b>7,882,677</b>	<b>1,119,735</b>	<b>266,918</b>	<b>343,370</b>	<b>541,828</b>	<b>1,997,438</b>	<b>12,151,966</b>	<b>12,907,525</b>
<b>Expenses</b>								
<b>Levy Funded Expenses</b>								
Administration Costs	1,889,284	156,922	76,127	18,356	134,105		2,274,793	1,741,837
Consultancy	604,682	480,311	24,750				1,109,743	925,232
Depreciation and Amortisation	99,049	15,460					114,509	104,085
Directors' Fees	359,839				16,000		375,839	358,010
Employee Costs	3,022,586	480,506		18,488	128,267		3,649,847	3,367,667
Legal Fees	296,175				-		296,175	253,428
Rent Expenses	263,999						263,999	235,980
Travel & Accommodation	142,536	-	3,219	11,715	30,984		188,455	112,752
<b>Non-Funded Expenses</b>								
Conference Expenses	322,717				41,252		363,969	738,505
Orchardist & Grower Expenses	788,229						788,229	752,957
Projects	317,806	22,418	214,038		138,541	1,863,819	2,556,623	2,727,697
Promotion & Marketing	-			257,084			257,084	264,285
<b>Total Expenses</b>	<b>8,106,901</b>	<b>1,155,617</b>	<b>318,135</b>	<b>305,643</b>	<b>489,149</b>	<b>1,863,819</b>	<b>12,239,264</b>	<b>11,582,437</b>
<b>Surplus/(Deficit) for the Year before Tax</b>	<b>(224,224)</b>	<b>(35,881)</b>	<b>(51,216)</b>	<b>37,727</b>	<b>52,679</b>	<b>133,619</b>	<b>(87,298)</b>	<b>1,325,088</b>
Tax Expense								30,534
<b>Surplus/(Deficit) for the Year after Tax</b>	<b>(224,224)</b>	<b>(35,881)</b>	<b>(51,216)</b>	<b>37,727</b>	<b>52,679</b>	<b>133,619</b>	<b>(87,298)</b>	<b>1,294,554</b>

## Independent Auditor's report.



TO THE MEMBERS OF HORTICULTURE NEW ZEALAND INCORPORATED

BDO Wellington Audit Limited

### 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 2023 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 2023 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

### 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.

## Independent Auditor's report.



TO THE MEMBERS OF HORTICULTURE NEW ZEALAND INCORPORATED

BDO Wellington Audit Limited

### 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 maintains 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, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis of 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.
- Evaluates 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 or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluates 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.

*BDO Wellington Audit Limited*

**BDO Wellington Audit Limited**

Wellington  
New Zealand  
22 June 2023





**Physical**

Level 4, Kiwiwealth House  
20 Ballance Street  
Wellington 6011

**Postal**

PO Box 10232, The Terrace  
Wellington 6143

P: 04 472 3795

E: [info@hortnz.co.nz](mailto:info@hortnz.co.nz)

[www.hortnz.co.nz](http://www.hortnz.co.nz)

