



# **RIISING TO THE CHALLENGE**

**ANNUAL REPORT : 2019/20**







**OUR  
VISION**

# **HEALTHY FOOD FOR ALL, FOREVER**

## **ORANGA KAI, ORANGA TANGATA, HAERE AKE NEI**

New Zealand grows some of, if not the, tastiest and healthiest fruit and vegetables in the world. Our industry has the capability and capacity to feed every New Zealander, as well as markets throughout the world.

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# 6,000

GROWERS IN NEW ZEALAND

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# 60,000

PEOPLE EMPLOYED IN THE HORTICULTURE INDUSTRY

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# 100+

TYPES OF FRUIT AND VEGETABLES GROWN IN NZ

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## OUR PURPOSE

Horticulture New Zealand works in partnership with product groups and district associations to create an enduring environment where growers thrive. We invest heavily in our relationship with central and local government to ensure they understand our industry and make decisions that help our industry to thrive.



## OUR GOALS



Prosperity



Horticulture is valued



Collaboration



Agility



# \$6.39bn

VALUE OF HORTICULTURE IN NEW ZEALAND

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# \$4.2bn

TOTAL VALUE OF EXPORTS

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# 130

OVERSEAS MARKETS BUY NEW ZEALAND PRODUCE

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# 83%

GROWERS SAY HORTNZ IS FOCUSED ON ISSUES THAT MAKE A DIFFERENCE FOR THEM

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# 3,500

(APPROX)

GOOD AGRICULTURAL PRACTICE (GAP) CERTIFIED GROWERS

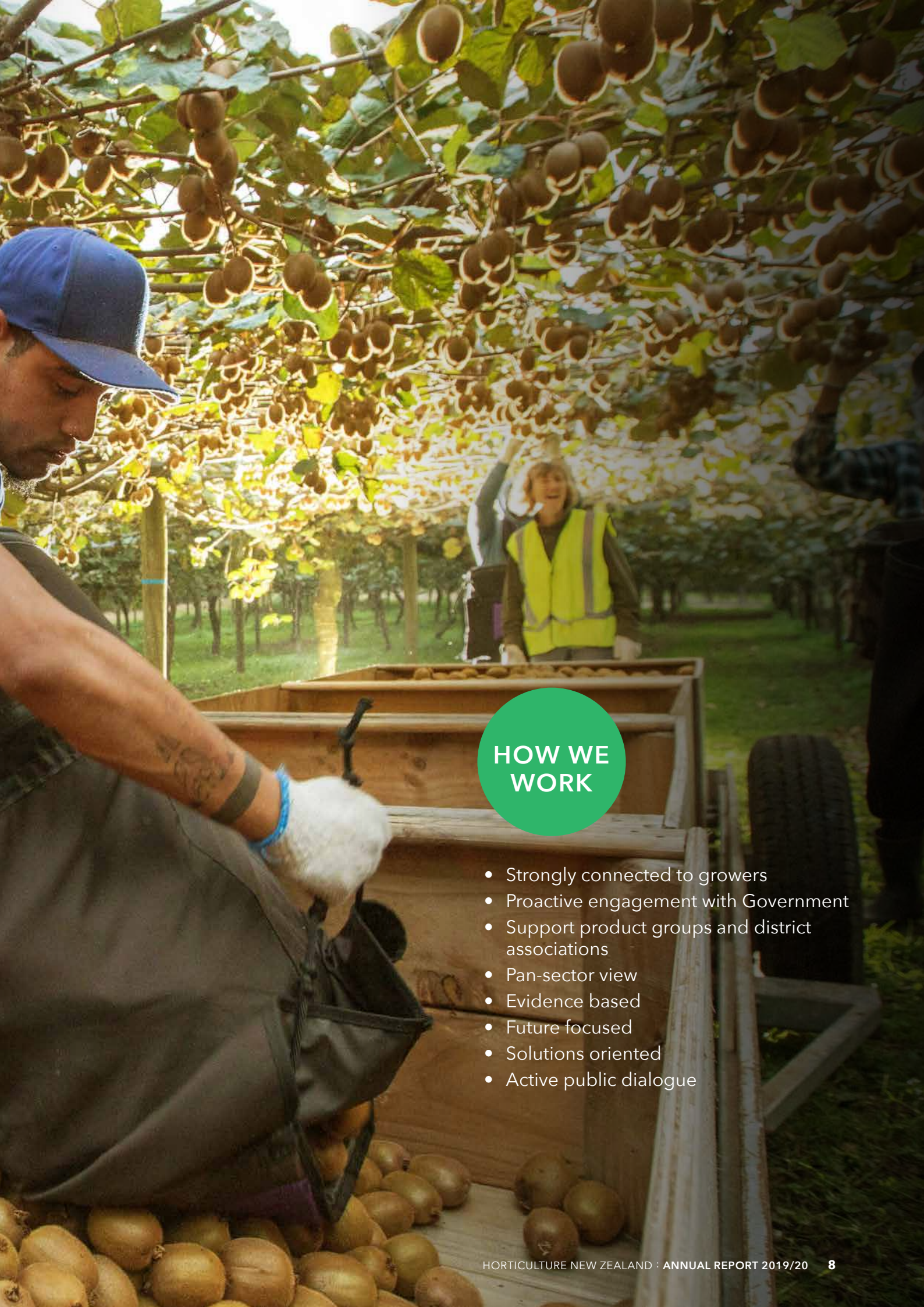
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# 60+

WRITTEN SUBMISSIONS TO CENTRAL AND LOCAL GOVERNMENT

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## HOW WE WORK

- Strongly connected to growers
- Proactive engagement with Government
- Support product groups and district associations
- Pan-sector view
- Evidence based
- Future focused
- Solutions oriented
- Active public dialogue



# COVID-19 FUTURE A BETTER FIT FOR HORTICULTURE?

Luckily, we belong to a very resilient industry. Horticulture workers and businesses were able to adjust and respond within days of moving to Level 4, so that in most cases production, packaging and sales could still occur, when other sectors and industries were completely shut down.

As we worked under the COVID-19 lockdown, it was heartening to see that health, safety and wellness of our workers came first. The response from industry to protect and support staff was exceptional.

We are now wondering what the future of horticulture looks like - in our efforts to get back to the new normal, can we change things to become better? There will be change for everyone. For some, it will mean completely redefining and rebuilding businesses, which may take years. It will also take a supernatural act for the world's economies to get back to any sense of normality in the short term.

During the past year, I was lucky to spend time with the Primary Sector Council as it looked to the future and how our primary sector can do even better. I am a member of the council's successor, Food and Fibre Aotearoa New Zealand, which is looking at implementing the Primary Sector Council's vision. I also sit on the Food and Fibre Leadership Forum, made up of the chairs of primary industry good organisations.

These groups all want New Zealand's primary sectors to be doing better, by addressing significant economic, environmental, community and societal challenges and opportunities. In striving towards these aims, they want to position "Brand NZ" for future success. The question now being asked is, does COVID-19 mean that we must change direction or maybe put things on hold?

I don't believe it does. In fact, if anything, as we move to recover from COVID-19 I think countries that act strategically and sensibly to address systemic problems of non-sustainability will be the ones that succeed fastest in realising the future normal. The Primary Sector Council has also encouraged this approach, but what does it mean for growers and horticulture?

We know we need to respond to the threats of a changing climate and move to a low carbon future, restore life back to streams and rivers, and reverse the decline of our under-threat biodiversity.

“

**Taiao - a Māori concept about balancing the relationship between climate, land, water and living systems - is a great way of expressing what we need to move towards.**

To achieve this, we all need to take responsibility and do our part, making the needed changes to our lives and businesses. With support from our science sector, we can develop modern, more sustainable growing systems that will be a better fit for our country and the future world. This shift needs to start now, but it will probably be a generation before the change will be seen and benefits realised.

This approach will become the basis of our future prosperity, including the way we produce high quality and trusted fruit and vegetables. Our outstanding horticulture products will not only feed our people but will tell the story of our land and people and be sought after and enjoyed by consumers across the world, fulfilling people's desires for their families' wellbeing with natural, great tasting, healthy food.



**\$5.5m**  
INDUSTRY LEVY



- Grower representation and also government advocacy
- Biosecurity
- Access to land, water and people
- Research and development
- Education and training
- The horticulture story
- Quality assurance



The primary sector is working together on a unifying vision for the future

Taiao - a Māori concept meaning the relationship between climate, land, water and living systems - is a great way of expressing what we need to move towards. Restoring the balance, as when nature thrives so do families, communities and businesses. The health and wellbeing of our communities and children for generations to come should be the legacy we all want to leave.

What I've just covered is the Primary Sector Council's vision for horticulture, which we all need to consider and determine if it is the path we want to support. I agree in this future, and believe it will be a better fit for all of us and horticulture, and I look forward to being part of the journey to its implementation.

I thank HortNZ Directors for their commitment and support over the past year. It was an extremely busy year. We not only worked on horticulture and its fit for a better world but also revised our strategy to make sure we are doing our best to support growers and our members.

During the year, we said farewell to Dave Kelly, who spent nine years on the Board, and welcomed Kathryn de Bruin as a new grower director. Our first associate director, Kate Truffitt, concluded her 12-month term, and we welcomed Brydon Nisbett who took over from Kate. Thank you, Dave. We already miss your sage and spirited contribution, and we wish you all the best, Kate.

Our Chief Executive, Mike Chapman and all the HortNZ staff have done a fantastic job advocating for our growers' interests over the past year, with a huge effort especially going into environmental and Resource Management Act (RMA) policy settings, Recognised Seasonal Employer (RSE) scheme and labour policy, and food safety and biosecurity.

Last but not least thanks to all growers for your ongoing support of HortNZ.



**Barry O'Neil**  
President



# RISING TO THE CHALLENGE

HortNZ exists as an advocate for growers and growing with the objective of ensuring that New Zealand horticulture continues to prosper in an ever-changing environment. The organisation's chief asset is its people, whose skills and expertise are integral to HortNZ's purpose and success.

The past year has seen a myriad of proposals from central government in areas fundamental to horticulture such as climate change, freshwater management and land use; as well as in broader areas such as employment relations, vocational education and training, and the commercial environment.

These, combined with ongoing local government plan change proposals, have kept our organisation busy. Indeed, over the past 12 months, HortNZ made 62 substantive submissions to central and regional government.

A key area was the environment with a focus on climate change and freshwater quality, and protecting highly productive land from urbanisation and the proliferation of lifestyle blocks. Another key area was freeing up immigration rules and ensuring that labour law changes could be implemented by growers. Work was also undertaken to enable NZGAP programmes to be extended to cover Food Act requirements, continuing with our target of 'one auditor up the drive' for all of growers' regulatory requirements, while ensuring that requirements are achievable.

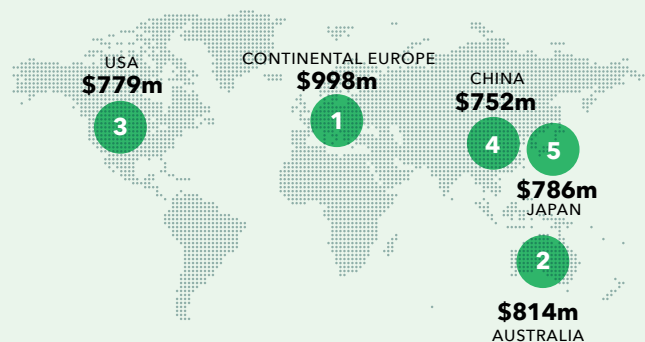
At the same time, we have stepped up our efforts to lift horticulture's profile and improve understanding of the industry, among central and local government elected representatives and officials, and the general public who, at the end of the day, are the local buyers of New Zealand-grown fruit and vegetables. We have improved our grower communications channels, and increased our media and social media activity, within an integrated plan.

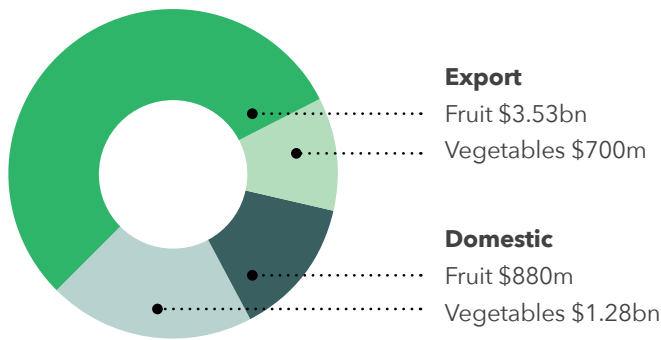
## FOOD SECURITY

The need for New Zealand to pay more attention to food security is challenging for many in government as well as for the public, when our country seems to have so much food. But the statistics are sobering: 20% of New Zealanders do not have enough fresh and healthy food to eat, while COVID-19 saw the supply chain for fresh fruit and vegetables tested. The country witnessed panic buying and unheard-of supermarket queues, while some vegetable growers were forced to donate their crop to food banks, because independent fruit and vegetable outlets were not permitted to open during Alert Level 4 lockdown and also during Alert Level 3.

HortNZ has continued to point out to central and local government decision makers that their decisions must ensure that New Zealand can continue to grow enough fresh fruit and vegetables to feed a growing local population and export to the rest of the world, to earn sizable returns - \$4.2bn in 2019 - for the New Zealand economy.

## TOP 5 EXPORT MARKETS





In order to fulfil the increasing need for advocacy, HortNZ has continued to invest in its capability and capacity to engage proactively with central and local government, whether it be at Select Committees, meetings with officials, or at plan change hearings. The relationships built up with central government came to the fore during the COVID-19 Alert Level 4 lockdown, when HortNZ – working in tandem with product groups – was able to speak directly to Ministers and government officials, in order to get clarity for growers and negotiate compromises that enabled our industry to grow and sell during lockdown.

“**HortNZ has continued to point out to central and local government decision makers that their decisions must ensure that New Zealand can continue to grow enough fresh fruit and vegetables to feed a growing local population.**”

**STRATEGY REVIEW**

2019 was an opportune time to review HortNZ’s strategy. The new strategy (see the following page of this report) is a natural evolution of the previous strategy, in that it increases HortNZ’s focus in areas in which the organisation can provide the most value, whether that be as a result of expertise, or to fill a critical gap. Where HortNZ is not in a unique position or the area is being looked after by others, we have backed away, for example, with international trade.

As I have already said, people are HortNZ’s most valuable asset. The past year has seen further investment in people through enabling their development and wellbeing, as well as in system and process improvements that help with productivity and morale. At the same time, we have recruited in areas such as advocacy and outreach to ensure we can offer the industry and growers what is needed. I record my

and the Board’s appreciation for the work of HortNZ staff and note that our collective impact from working as an integrated team is a key factor in our success.

March 2020 – the last month of the 2019-2020 financial year – saw New Zealand and the world start to come to terms with COVID-19 and a completely changed social and economic environment. It is clear to me that while things will remain uncertain for some time, our industry has a key role to play in New Zealand’s export-led recovery.

HortNZ’s role in the recovery will be to ensure the Government creates an operating environment where growers can do what they do the best – grow fresh, healthy fruit and vegetables for New Zealand and the rest of the world. Labour, training, transport and the supply chain will be key areas needing clear thinking and fresh solutions – exactly what the New Zealand horticulture industry is good at.

I look forward to working with the HortNZ Board, staff and our diverse sector including product groups and district associations over the coming year. While no one could have predicted the situation the world is in, horticulture will be part of the solution and the new world order.



**Mike Chapman**  
Chief Executive





# OUR STRATEGY RE-DEFINED

**In 2019 Horticulture  
New Zealand embarked on  
a process of reviewing and  
re-defining its strategy.**

The new strategy is a natural evolution of the previous strategy, in that it increases HortNZ's focus in areas in which the organisation can provide the most value to growers.



## OUR VISION

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

## OUR PURPOSE

Creating an enduring environment where growers thrive

## OUR GOALS



### Prosperity

New Zealand horticulture is successful, thriving, and made up of a community that cares



### Horticulture is valued

Because it is sustainable, responsible, credible and ethical



### Collaboration

The horticulture sector works together as an inclusive, diverse and united industry



### Agility

The horticulture sector has the dexterity and capability to succeed now and in the future

## HOW WE WORK

Strongly connected to growers

Proactive engagement with Government

Support product groups and district associations

Pan-sector view

Evidence based

Future focused

Solutions oriented

Active public dialogue

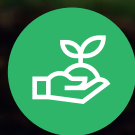
## OUR PRIORITIES



### Valued Partnerships

With growers, product groups, district associations, the public and government

Building our relationship with Māori and other ethnic groups



### Enabling horticulture

Seeking the best operating conditions for horticulture

Aligning and optimising compliance

Assisting growers to rapidly adapt to the changing growing environment



### Advocacy

Generating strong support for growing

Evidence-based engagement on policy and regulation

Telling the New Zealand horticulture story



### People

Supporting horticulture to care for our people

Creating stronger career pathways and attracting talent

Meeting industry labour capability and skills needs

Celebrating success and diversity



### Fit for the future

Expanding the strategic vision for horticulture

Assessing and signalling challenges and opportunities

Preparing the sector to face the challenges of emerging risks





PRIORITY 1

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# VALUED PARTNERSHIPS

- With growers, product groups, district associations, the public and government
- Building our relationship with Māori and other ethnic groups

Caption:







Hon Nanaia Mahuta unveils new Ahuwhenua Trophy with HortNZ President Barry O'Neil left and Ahuwhenua Trophy Chairman, Kingi Smiler right.

HortNZ is a signatory to the Primary Sector Climate Change Commitment, *He Waka Eke Noa, Our Future In Our Hands*, which was endorsed by the Government on 24 October 2019.

The initiative was taken by the primary sector to show the Government that it is committed to working collectively to respond to climate change while maintaining food production, in alignment with the Paris Agreement to limit the global average temperature increase to 1.5° Celsius above pre-industrial levels.

*He Waka Eke Noa* also contains the commitment by the primary sector to work in good faith with government and iwi/Māori to design a practical and cost-effective system for reducing emissions at farm level by 2025.

#### AHUWHENUA

In August 2018, horticulture joined the prestigious Ahuwhenua Trophy for Excellence in Māori Farming Award, when HortNZ signed an agreement that sees horticulture joining the awards on a three-year rotation, starting in 2020.

At the Horticulture Conference 2019 gala dinner, the new Ahuwhenua Trophy competition for horticulture was unveiled by Māori Development Minister, the Hon Nanaia Mahuta.

Due to COVID-19, the decision was made in March 2020 to not hold the field days and awards dinner planned for the competition. However, it was decided that judging could continue, with a special event for the presentation of the trophy to be held when COVID-19 restrictions are lifted.



# 2019

HortNZ signed up to the Primary Sector Climate Change Commitment, *He Waka Eke Noa, Our Future In Our Hands*.



HortNZ Deputy Chief Executive, Leanne Stewart with HortNZ Chief Executive, Mike Chapman at the International Year of Plant Health launch.

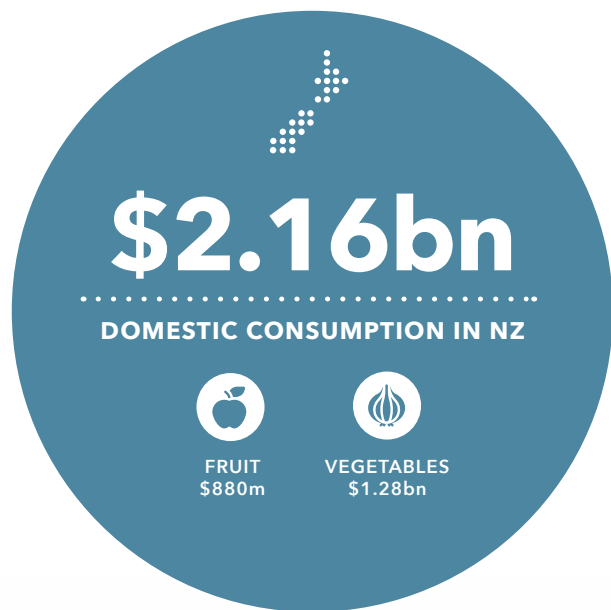
**INTERNATIONAL YEAR OF PLANT HEALTH**

February 2020 saw the start of the International Year of Plant Health, which acknowledges healthy plants’ contribution to New Zealand and the world’s wellbeing and economic sustainability.

At the launch, HortNZ Chief Executive Mike Chapman noted that fruit and vegetables are essential for healthy people. ‘However,’ ‘as many as one in five adults and one in six children in OECD countries are obese\* at the same time that one in five children under five are malnourished.

‘Healthy plants offer food security, not only for New Zealanders but for the people in the countries we export food to. Healthy plants are also a significant contributor to New Zealand’s human capital, providing employment and healthy food.

‘As a result, planning for future food security, particularly enabling the best use of our land in these changing times, is very necessary.’



\*KPMG’s 2019 Agribusiness Agenda Report





### PRODUCT GROUPS AND DISTRICT ASSOCIATIONS





In 2019, HortNZ undertook a strategic review with a key part of that review focusing on HortNZ’s interaction with product groups and district associations. The aim was to enhance our collective effort by removing duplication and increasing joint working arrangements.

Recognising where expertise resided in the different organisations and using that expertise for the betterment of the overall grower base was also an outcome of the review. For example, HortNZ’s focus on international trade now sits entirely with the product groups so they can pursue their specific sector’s needs. HortNZ does however remain ready to assist on request and will continue to part-fund the biennial trade barriers report, which is a handy reference document used by the Government and industry alike.

The new arrangements are being put in place as agreements are reached with product groups and our operations with district associations are enhanced. Increasing the employment, skills and retention of permanent New Zealand workers will be achieved through the jointly run Career Progression Manager network that has been put in place across the country. This network is a collaboration between product groups and district associations in areas where funding from the Government’s Provincial Growth Fund is available.

The key to horticulture’s success is working collaboratively to achieve common outcomes that enhance New Zealand’s ability to grow fresh and healthy food.

### TOP 7 EXPORTS

-  **\$1.86bn** Kiwifruit
-  **\$745m** Apples
-  **\$114.9m** Potatoes
-  **\$97.9m** Avocados
-  **\$92.6m** Onions
-  **\$87.7m** Frozen peas
-  **\$84.1m** Cherries





## PRIORITY 2

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# ENABLING HORTICULTURE

- Seeking the best operating conditions for horticulture
- Aligning and optimising compliance
- Assisting growers to rapidly adapt to the changing growing environment

A new apple orchard in the Dartmoor Valley, Hawkes Bay.







Hort NZ Natural Resources and Environment Manager, Michelle Sands (right) talking to Katie Bradford in Pukekohe at the launch of the Government's consultation on highly productive land use.

Over the past year, central government has increased its focus in the areas of climate change, freshwater management and land use.

### CLIMATE CHANGE

HortNZ is a signatory to the Primary Sector Climate Change Commitment, *He Waka Eke Noa, Our Future In Our Hands*, which was endorsed by the Government on 24 October 2019.

*He Waka Eke Noa* outlines the primary sector's commitment to work in good faith with government and iwi/Māori to design a practical and cost-effective system for reducing emissions at farm level by 2025.

HortNZ believes that audited Farm Environment Plans are a vital tool for the horticulture industry to use to show that it is following good practice to reduce agricultural emissions from fertiliser.

The Paris Agreement has goals for reducing emissions and maintaining food production. HortNZ submissions on the Zero Carbon Bill and amendments to the Emissions Trading Scheme (ETS) have sought legislation and policy that recognise the value of food production, and drive the production of food that involves lower emissions, not the production of less food.

### FRESHWATER

In September 2019, the Government released a discussion document on a national direction for freshwater called *Action for healthy waterways*. Contained in this document were proposals for a National Policy Statement for Freshwater Management, and Proposed National Environmental Standards for Freshwater.

HortNZ engaged directly with growers, Government Ministers and the Ministry for the Environment on the proposals. Our submission was nearly 200 pages, pointing out that it is critical that New Zealand can grow enough fresh fruit and vegetables to feed itself, now and in the future. Also, that New Zealand must be able to serve and expand international markets, through sustainably grown, healthy fruit and vegetables.

### Submission summary

- Audited Farm Environment Plans are key to documenting that fruit and vegetable growers are following good practice, and minimising their environmental impact.
- Changing land use to horticulture can support freshwater quality and a transition to a low emissions economy, while improving food security.
- Irrigation is necessary to grow fruit and vegetables commercially. As a result, the proposal for the need for a consent for irrigation for expansion of 10 ha or greater should be removed for low impact horticulture.
- Crop rotation supports soil health and is necessary to produce healthy vegetables. That is why growers should be allowed to swap the same amount of land into different vegetable crops and back again.
- We support a staged approach for the development of nationally consistent Farm Environment Plans, including investment in systems and skills to support the development of high quality plans.

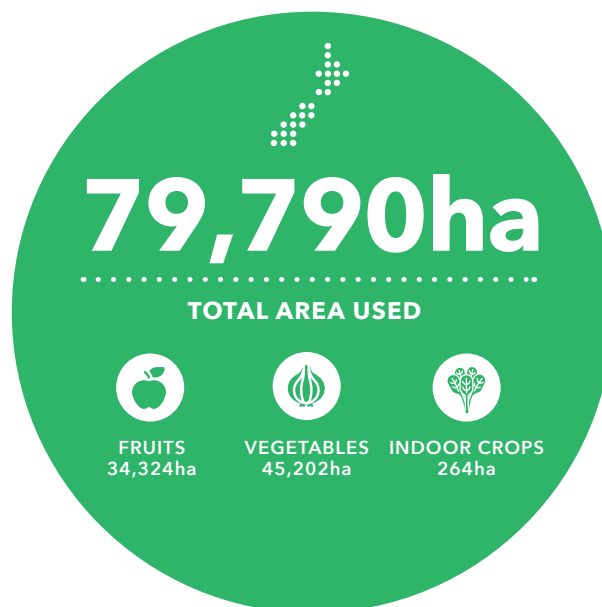
## LAND USE

The Government released a draft National Policy Statement on Highly Productive Land at an event in Pukekohe on 14 August 2019.

The draft statement recognises that New Zealand needs its best soils for food production. Once finalised, it will guide regional and district councils in their decisions around land use.

When the draft statement was released, HortNZ said that with good planning and buffer zones, houses and horticulture can co-exist, which is important so growers can:

- Make best use of available land
- Quickly get fresh produce to market
- Have access to labour, given how labour-intensive horticulture is.



## AUDITED FARM ENVIRONMENT PLANS HELP GROWERS MEET REGULATORY AND CLIMATE CHANGE REQUIREMENTS

HortNZ is focused on helping growers respond to environmental regulation and meet climate change challenges and commitments. We are providing growers with a streamlined process to meet all requirements and performance standards through audited Farm Environment Plans (FEPs).

By 2025, all farms will need a FEP to meet national freshwater regulation through regional plans, and horticulture's climate change commitments under *He Waka Eke Noa*.

Through Good Agricultural Practice (GAP) industry assurance programmes, the horticulture industry is in a strong position to achieve these targets.

GAP standards have been aligned with New Zealand environmental regulation. An Environmental Management System (EMS) module or 'add on' was developed to meet both market and regulatory environmental requirements.

Access requirements to export markets are also shifting, for example, the announcement of the European Union (EU) Green Deal whereby importers will be required to report on a range of metrics, including environmental performance. Work will continue to ensure these requirements are reflected in GAP programmes and standards.

HortNZ is also focused on research and extension activities that build grower knowledge and capability to understand their environmental risks and develop FEPs. For example, HortNZ is working alongside Vegetables NZ, Potatoes NZ and the Tararua Growers Association to support vegetable growers in Horowhenua to develop FEPs. We have seen remarkable uptake of the GAP EMS in Horowhenua. Growers on 993ha of land in the Horowhenua (87% of vegetable growing land within the freshwater management unit) have signed up to the EMS, to have their FEPs independently audited.

Before COVID-19 travel restrictions, FEP workshops were also held in Pukekohe and Canterbury, with vegetable Product Group support. Traditional on-farm extension activities may not be suitable or safe for the foreseeable future. Going forward, we are working to offer virtual and coordinated extension activities, to continue to engage with growers on a range of critical environmental management areas, planning and RMA processes.

HortNZ will continue to engage with government to achieve national recognition of GAP programmes, as the mechanisms to deliver freshwater and climate change outcomes. We are also working on tools to analyse and aggregate grower data at farm and catchment level. This data will help growers improve decision making, and demonstrate to regulators - and New Zealanders and world markets - the extent to which on-farm action results in environmental improvements.





RSE workers in Hawkes Bay.

### FOOD SAFETY AND GAP CERTIFICATION

Implementation of the Food Act 2014 was a major focus in the past year, with more than 4000 registrations for horticulture by April 2020.

Registrations were processed in an efficient and cost-effective way via GAP (Good Agricultural Practice) schemes, grower groups and product groups including NZGAP, Zespri, Avoco, Seeka, and NZ Apples and Pears.

NZGAP and GLOBALG.A.P. checklists are recognised by the Ministry for Primary Industries (MPI) as Template Food Control plans, and GAP auditors are recognised as Food Act verifiers. This means that all GAP audits are able to double as a Food Act verification without an extra compliance burden for growers and with minimal extra costs.

Food Act batch registration and verification via industry bodies is estimated to have saved the horticulture industry more than \$2 million in compliance costs over the past year, compared to the cost if completed individually via the local council or MPI.

This saving reinforces the value that GAP schemes continue to deliver for growers. GAP schemes are focused on outcomes for growers by reducing duplication while increasing trust and credibility with markets and regulators, ensuring the production of safe and sustainable fruit and vegetables for New Zealanders and our many export markets.

HortNZ and the NZ GLOBALG.A.P. National Technical Working Group (NTWG) members have committed significant resources to working with MPI on making the recognition of GAP certification a reality for the Food Act 2014. The NTWG is hosted by HortNZ and is currently represented by NZGAP, Zespri, NZ Apples and Pears, Onions NZ, NZ Avocado Incorporated, Seeka, AssureQuality and SGS NZ.

Looking forward, HortNZ and the NTWG will be seeking even better efficiencies and alignment with the Food Act to further reduce the compliance burden and costs for growers.

### IMMIGRATION AND LABOUR LAW

Another key area for advocacy has been freeing up immigration rules and ensuring that labour law changes could be implemented by growers. Work was also undertaken to enable NZGAP programmes to be extended to cover Food Act requirements, continuing with our target of 'one auditor up the drive' for all of growers' regulatory requirements.

#### Temporary work visa changes

The Government announced changes to temporary work visas in September that simplify the system and make it more straightforward to hire skilled workers from overseas to work in areas of New Zealand where there are few New Zealanders available for the work.

The changes will help ensure the horticulture industry has access to skilled workers, particularly at peak planting and harvest times. HortNZ and other primary sector groups had been lobbying for changes to the complex and unfair system for several years.

### Minimum wage

The June 2019 *Horticulture labour supply and demand* update report by the New Zealand Institute of Economic Research (NZEIR) estimated that for the 2019/20 season, our industry - including viticulture - was expected to experience a labour shortage of 4,191 workers with that shortfall expected to widen to 9,621 workers by the 2025/26 season.

At the same time, the report found that the horticulture and viticulture industries pay an average hourly rate of between \$16.80 and \$23.70, depending on the labour type and the task performed. This is between 30 cents and \$7.20 higher per hour than the \$16.50 minimum wage at the time the report was written.

In late December, the Government announced that New Zealand's minimum wage would rise to \$18.90 an hour from 1 April 2020.

At the time of the announcement, HortNZ pointed out that in the horticulture industry, several employers pay more than the minimum wage or a living wage, and have profit share schemes. This is to encourage staff loyalty and help ensure horticulture has enough staff on hand, particularly at peak times.

We called for the law to be reviewed, to ensure it continues to protect vulnerable workers while at the same time supporting the kind of relationship that enables businesses and their employees to thrive and grow.

### RECOGNISED SEASONAL EMPLOYERS (RSE) SCHEME

In late September, the Government announced its decision to increase the number of RSEs allowed into New Zealand by 1,550 to 14,400. At the same time, the Government provisionally announced that another 1,600 RSE workers would be added next season, pushing the total to 16,000.

HortNZ had asked for an even greater increase in RSE worker numbers, to support horticulture's continued growth and make up for the shortage of available New Zealand workers, particularly during peak times like harvesting and pruning.

#### 2019 RSE conference

Approximately 250 people attended the 2019 RSE conference in Vanuatu on 17-19 July.

The theme of the conference was: *A Sustainable Future Together*. Highlights included the presentation by New Zealand High Commissioner - Port Vila, Jonathan Schwass on the five challenges facing the RSE scheme; and the workshop by Ministry of Foreign Affairs and Trade Manager Pacific Strategy, Matt Gibbs on Partnering with Industry for Community Development in the Pacific.

Conference attendees also went on field trips to Tanna Island or mainland Efate to see first-hand the positive impact of the RSE scheme when workers return to set up small businesses and build tornado proof houses with the money they have earned in New Zealand.

### HOW THE RSE SCHEME OPERATES

To meet the shortfall in labour at peak times, the RSE immigration policy was established in 2006. The three key principles of RSE are:

1. High employment standards: RSE employers must be able to demonstrate and continue to demonstrate that their employment and pastoral care practices are of a high quality for them to be permitted to access and to remain in the scheme. This is monitored by a programme of independent audits.
2. New Zealanders first: RSE employers must employ local workers first and must be active with programmes focused on New Zealand workers both for seasonal and permanent employment.
3. Pacific preference: RSE employers should employ RSE workers from the Pacific (unless they had prior to 2006 an established relationship with workers from outside the Pacific). As a result, more than 80% of RSE workers come from seven Pacific countries - Vanuatu, Samoa, Tonga, Solomon Islands, Fiji, Kiribati, Tuvalu and Papua New Guinea.

The RSE scheme operates under a national and regional governance arrangement that was established ten years ago. The scheme ensures there are enough workers to support growth in the horticulture and viticulture industries, while focusing on employing New Zealand workers first.

The National Horticulture/Viticulture Labour Governance Group was formed to take advantage of the benefit of drawing together industry and government to address labour issues. The objective is to improve workplace quality and productivity through the training and education of both permanent and seasonal workers.

HortNZ chairs the national group and provides coordination to the network of regional labour governance groups that support the national group.



# BIOSECURITY

New Zealand continues to remain free of a number of exotic pests and diseases that would be devastating to our horticulture industry if they were to establish, thanks to strong collaboration between the Government, the primary industries and the public.

The past year has seen the successful eradication of two exotic pest incursions - Queensland fruit fly which was detected in Northcote, and Pea weevil, which had been found in the Wairarapa.

HortNZ is very active in readiness and response activities undertaken under Government Industry Agreements (GIA), particularly preparedness work for brown marmorated stink bug and fruit flies. HortNZ formally represents Process Vegetables NZ as the signatory under GIA. We also have agreements in place to represent Vegetables NZ Inc and Tomatoes NZ at various biosecurity forums.

A Plant Health Council has also been formed this year to provide a forum for pan-plant sector discussion and coordination among GIA plant sector members.

HortNZ has been involved in a trans-Tasman research and extension initiative focused on Spotted Wing Drosophila, a pest that presents a significant threat to a range of horticulture crops. The aim is to increase horticulture's preparedness to detect and respond to this fly, if it were found in Australia or New Zealand.

In addition, the Xylella Action Group has worked this year to ensure a coordinated approach to readiness for the pathogen *Xylella fastidiosa*.

Biosecurity New Zealand has reviewed a range of biosecurity regulations in the past year. This has meant the preparation of industry submissions to ensure that horticulture's perspectives are considered. Outcomes of this process include tough new rules being introduced to address the threat of brown marmorated stink bug hitchhiking on imported goods. Also, the import pathway was successfully reviewed to allow imports to recommence for *Prunus* (summerfruit) germplasm.

A major biosecurity announcement has been the review of the Biosecurity Act 1993. Industry bodies like HortNZ are providing input into future policy discussions. This is a great opportunity to consider what works, what doesn't, and ultimately, make the Biosecurity Act more fit for purpose.

Growers are an essential part of the post-border biosecurity system. In the past year, HortNZ has produced guidance to help growers implement on-farm biosecurity practices. This guidance can be found on our website.

## BIOSECURITY BUSINESS PLEDGE

HortNZ joined 50 other organisations and businesses - including Auckland Airport, Goodman Fielder and Countdown - in signing up to the Biosecurity Business Pledge last October.

The pledge sees businesses working with industry and government to prevent pests and diseases entering New Zealand that could severely affect our economy.

HortNZ has a proactive approach to biosecurity, working with organisations such as Norwood - a large importer of farm machinery. Norwood has incorporated biosecurity risk management into its business practices to prevent pests entering New Zealand that could affect the horticulture industry.



Queensland fruit fly



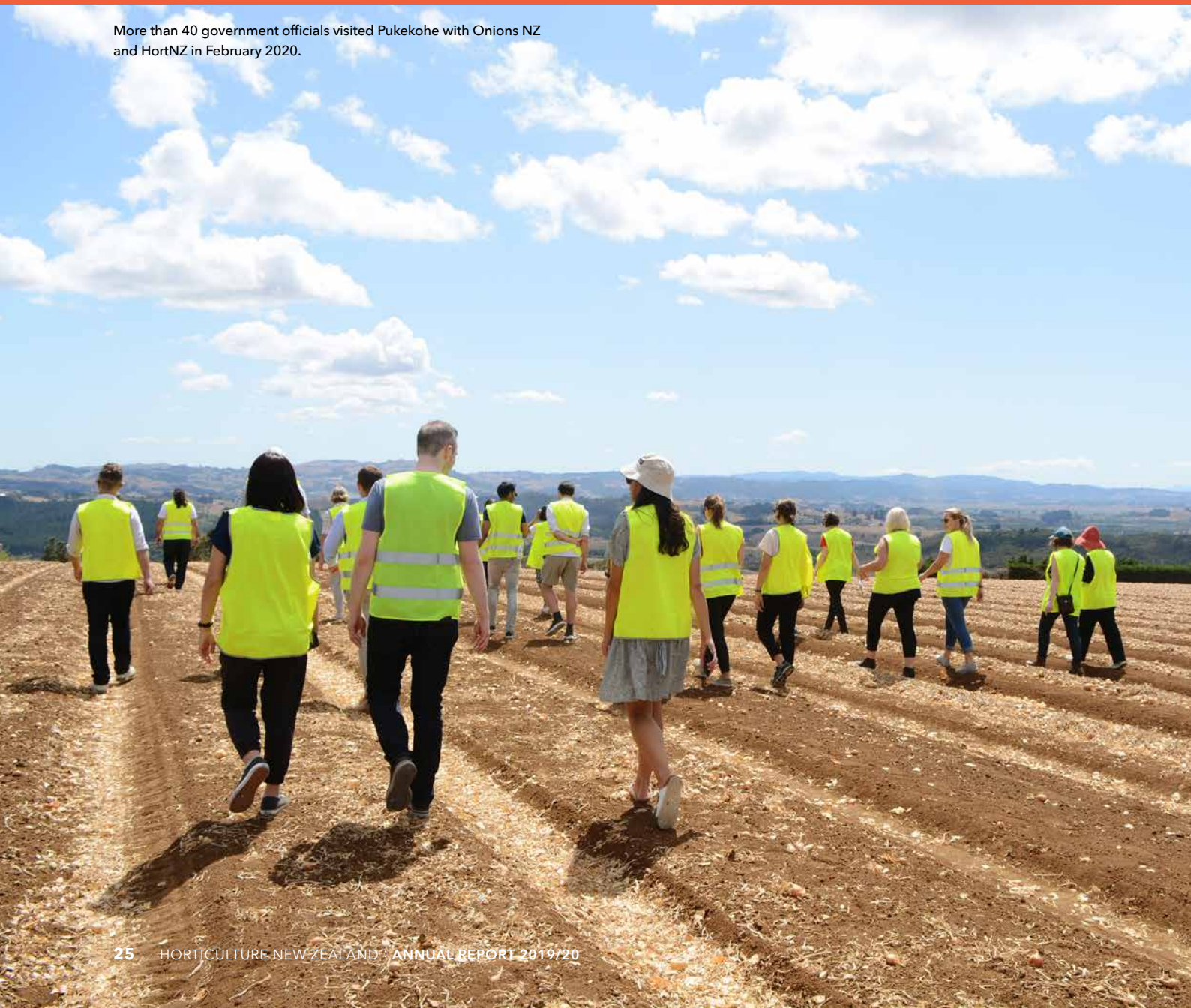


## PRIORITY 3

# ADVOCACY

- Generating strong support for growing
- Evidence-based engagement on policy and regulation
- Telling the New Zealand horticulture story

More than 40 government officials visited Pukekohe with Onions NZ and HortNZ in February 2020.





2019 saw the Government make numerous freshwater management proposals.

**HortNZ has continued to engage closely with local government throughout the country on regional policies and plan changes, from engagement ahead of a plan review and feedback on draft plans, through to formal submissions, hearings, appeals and mediations.**

In this engagement, we emphasise the value of food production and the wide-reaching impact Resource Management Act (RMA) policy can have on New Zealand's food security and climate change adaptation. Our objective is to ensure that policies and rules are effects based and practical. Where possible, we aim to align - rather than duplicate - regulation, and use existing environmental Codes of Practice for our industry.

At a district plan level, we have responded to the need to recognise and protect valuable soils, bearing in mind that adverse impacts on growing result not only from the re-zoning of land but also from reverse sensitivity.

At a regional plan level, a number of councils have recently reviewed their air rules (most notably agrichemical rules) alongside the continuing review of freshwater quality and allocation frameworks.

In the year to 31 March 2020, HortNZ made 17 local government submissions. At the same date, we were involved in the following notified RMA processes:

- Northland: Proposed Regional Plan for Northland (mediations)
- Waikato: Healthy Rivers Plan Change 1 (decision), Proposed Waikato District Plan (hearings)
- Bay of Plenty: Air Quality Plan Change 13 (appeal resolved), Western Bay of Plenty PC 82-91 (various)
- Gisborne: Freshwater Plan (appeals)
- Hawkes Bay: Regional Plan Change 7 Outstanding Water Bodies (lodged submission), Water Conservation Order on the Ngaruroro River (party to appeal), Hastings District Council Variation 7 - Seasonal Workers Accommodation (attended hearing)
- Manawatu-Whanganui: Horizons Plan Change 2 (pre-hearing)
- Wellington: Proposed Natural Resources Plan (mediations)
- Marlborough: Proposed Marlborough Environment Plan (decision)
- Canterbury: Environment Canterbury Plan Change 7 (pre-hearing); Ashburton District Plan PC2 (submissions and hearing)
- Otago: Central Otago Plan Change 13 River Terrace (appeal), Central Otago Plan Change 14 Shannon Farm (further submission), Regional Water Plan Change 7 (notified)
- Southland: Land and Water Plan (appeals).



### WAIKATO REGIONAL COUNCIL'S PROPOSED PLAN CHANGE 1

This proposed plan change introduces rules to manage urban discharges (such as sewage from towns and waste from factories) and agricultural discharges, to reduce nitrogen, phosphorus, sediment and bacteria in the Waikato and Waipā rivers.

Through HortNZ's submission and hearing evidence, some gains were made in providing for vegetable growing within the provisions, including allowing for crop rotation and limited expansion of growing.

However, HortNZ is concerned about the failure to take into account population growth and the need for fresh and healthy food, across New Zealand. The next stage in this process is the appeals phase.

### HORIZONS REGIONAL COUNCIL'S PROPOSED PLAN CHANGE 2

This plan change is a response to deficiencies in the One Plan, which mean that some activities (including vegetable growing in some areas) are unable to obtain consents.

While an interim framework is required (until catchment-based limit setting is undertaken), the proposed new framework does not provide a clear consent pathway for commercial vegetable growing. This is in an area that provides 20% of New Zealand's green vegetables, and makes a major contribution to the Levin's economic and social wellbeing.

HortNZ submitted on the proposal seeking an alternative approach that provides a separate policy and rule framework for commercial vegetable growing, based on principles of enabling commercial vegetable growing within limits.

HortNZ is working with Levin growers to develop technical evidence to support the position. Hearings will start later in 2020.

### CENTRAL OTAGO DISTRICT COUNCIL PLAN CHANGE 13

The Central Otago District Council's Plan Change 13 decision - made in late 2019 - to protect rural land in Cromwell was a welcome milestone for horticulture. In June 2018, HortNZ filed a submission opposing the plan change to protect the more than 200ha of summerfruit orchards and packhouses in the area, including 85% of New Zealand's cherry orchards.

Plan Change 13 was a developer's proposal to rezone 50ha of rural land outside Cromwell, to create a new urban area that could accommodate up to 900 dwellings. This new area would border existing orchards as well as the Highlands Motorsport park and Central Motor Speedway.

In total, 417 submissions were received on the plan change, and almost all were in opposition to the proposal, raising matters such as concerns over reverse sensitivity effects on existing rural activities, including the flow-on effects for employees; loss of productive rural land; and the adverse economic effects on existing businesses.

The hearing was held in Cromwell in June 2019, in front of a panel of independent hearing commissioners. Hort NZ staff attended to present the case on behalf of growers.

In February 2020, the developer appealed the Council's decision. HortNZ has joined the appeal in opposition to the appeal.

### NEW ZEALAND HORTICULTURE STORY

Selling our country's fruit and vegetables to the world is behind the video campaign by New Zealand Story (NZ Story) and HortNZ called the New Zealand Horticulture Story that was launched in December.

The video tells the story of fruit and vegetable growing in New Zealand, in line with HortNZ's vision of "healthy food for all, forever". It highlights how New Zealand growers care for the environment and see the land as a resource to be respected under the Māori principle of Kaitiakitanga. It also highlights the fact that consumers can have confidence in fruit and vegetables grown in New Zealand, thanks to our industry's passion for food safety and biosecurity.

Lastly, the video shows that New Zealand growers are some of the most innovative in the world, as demonstrated in how they grow, harvest, package and transport their produce, domestically and to the rest of the world.

The New Zealand Horticulture Story was developed with the help of the horticulture industry, including Zespri, Balle Bros, Bostock NZ and Robotics Plus in the North Island, and Kono NZ LP & 45° South in the South Island.

### IMPROVING COMMUNICATIONS ACROSS ALL CHANNELS

Over the past year, considerable effort has been put into improving the way that HortNZ communicates with growers and the whole horticulture industry, including stakeholders like government and the New Zealand public.

The Orchardist and NZGrower magazines were reviewed during September and October. The review found that there is tremendous support for the magazines in hard copy amongst readers and advertisers, and that readers enjoy reading about others in the industry as well as technical articles. In terms of areas for improvement, layout, picture quality and reducing the size of some of the stories were cited. There was no support for any move to online magazines.

The HortNZ Board endorsed the review's recommendations, the implementation of which started immediately.

A review of the HortNZ website commenced in late 2019, starting with audience identification and audience needs analysis, involving face to face interviews with growers and other stakeholders, as well as an online survey. By March 2020, we had a clear understanding of what a new HortNZ website needed to deliver, however, further progress will depend on a review of the impact of COVID-19 on the organisation. In the meantime, improvements will be made to the current HortNZ website, where possible.

HortNZ's weekly e-newsletter underwent several improvements in the past year, in terms of content and layout. Allied with the HortNZ website, the e-newsletter was an effective communications tool during the COVID-19 Alert Level 4 lockdown, as evidenced by the number of subscribers increasing from just over 3,000 to just under 5,000, in the space of 10 days.

HortNZ continues to invest considerable effort in communicating with industry, government and the public via the rural and mainstream media. Chief Executive Mike Chapman blogs at least once a week and over the past year, more than 50 media releases were issued, which is also just under one a week.

All traditional media activity is backed up with social media activity, on Twitter and Instagram. We now have more than 1,000 followers on Instagram.



### NEED FOR FASTER NEW CHEMICAL APPROVALS

HortNZ, together with other primary industry organisations, continues to advocate for improvements to the New Zealand agrichemical regulatory system to enable growers to have quicker access to sustainable crop protection products.

Growers need access to a wide range of crop protection products in order to continue producing high quality, healthy food. In recent years, the use of these products has come under increasing scrutiny from regulators and the public. As a result, regulators have focused on restriction or removal while the time taken to assess new products has increased, delaying the introduction of much needed alternatives.

New Zealand Institute of Economic Research (NZIER) research published in 2019 shows that without crop protection products, New Zealand's economy would lose between \$7.5-11.4bn per year and crops would lose 30% of their value. The NZIER research also showed that in the past five years, application times have doubled, with a one-year delay estimated to cost between \$7 - 70m to Gross Domestic Product over a 10-year period.

Aside from the financial cost, lengthy delays mean that newer products, which are often more environmentally friendly, take longer to enter the market. The need for growers to have faster access to new crop protection products is essential, now more than ever.





## PRIORITY 4

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# PEOPLE

- Supporting horticulture to care for our people
- Creating stronger career pathways and attracting talent
- Meeting industry labour capability and skills needs
- Celebrating success and diversity





The fruit and vegetable chandeliers tower above the Horticulture Conference 2019 Gala Dinner.

### THE HORTICULTURE CONFERENCE 2019

The theme of the Horticulture Conference 2019 was Our Food Future, which reflected the future focus of the conference's presentations and more than 30 displays.

The conference took place at Mystery Creek, near Hamilton, between 31 July and 2 August 2019, and attracted more than 600 attendees, up by about 200 on 2018's conference.

Speakers ranged from overseas experts such as Professor of Food Marketing at the Imperial College London, David Hughes to former Chief Science Advisor to the New Zealand Prime Minister, Sir Peter Gluckman to young thought-leaders like Gen Z, GirlBoss Founder, Alexia Hilbertidou. They spoke about likely solutions to challenges such as changing consumer attitudes and different growing conditions due to climate change.

The conference's major talking point was the fruit and vegetable chandeliers, which were a fantastic way to showcase New Zealand's wonderful fresh fruit and vegetables.



**50%**  
increase in attendance  
at National Conference

### HORTICULTURE NEW ZEALAND INDUSTRY AWARDS

#### Bledisloe Cup

Horticulture's Bledisloe Cup for 2019 was won by Gisborne horticulture leader, Bill Thorpe, and his wife Margaret. The cup celebrates a person who has made an outstanding contribution to horticulture in New Zealand.

Bill has been associated with horticulture for 50 years. He was involved in some of this country's first commercial kiwifruit plantings in 1969. By 1975, he had developed Gisborne's first, seamless kiwifruit packhouse and export facility. Bill has also made a profound contribution to the persimmon industry over the past 40 years and is known to be 'relentless in representing the growers of the Gisborne region'.

#### Environmental Award

Avocado orchardists, Sandy and Franz Imlig won the Horticulture New Zealand Environmental Award for 2019. This award recognises a person, or organisation, that has developed and implemented a sustainable environmental project, with identifiable benefits.

Sandy and Franz are passionate about the environment, and strive for improvement in everything that they do. For example, they are using the latest technology to ensure their orchards use minimal water while at the same time, they have reduced electricity use by up to 46%.





Bill and Margaret Thorpe won Horticulture's Bledisloe Cup for 2019.



Trudi Webb won the HortNZ President's Trophy for 2019.

### President's Trophy

Central Otago orchardist Trudi Webb won the Horticulture New Zealand President's Trophy for 2019.

Trudi and her husband Simon are part of the fourth generation of Webb family fruit growers, whose vision is 'quality in every bite'. She is known for her contribution to improving innovation and quality in the summer fruit industry, and for being in tune with emerging trends.

Trudi also recognises the importance of young people entering the industry by offering them positions and support while they train.

### Life Membership awards

Three Horticulture New Zealand life memberships were awarded in 2019 to John Garelja, Julian Raine and Rick Curtis.

John has been growing strawberries for 44 seasons, retiring from growing at the end of last season. John has worked at the forefront of trialling and introducing new varieties, and has always worked for the common good of the strawberry industry and has played a key role in lifting the whole industry.

Julian stepped down as Horticulture New Zealand President at the end of 2018 after five and a half years at the helm. He plays an integral role in our industry and has put considerable effort into ensuring that the voice of horticulture is heard, and officials and politicians of all persuasions understand and respect the industry's point of view. Julian has also been an arch supporter of the RSE scheme.

Rick has made a tremendous contribution to the citrus industry. He stepped down as Chair of New Zealand Citrus Growers Incorporated (NZCGI) in 2018 after 13 years in the role. Rick did an outstanding job in leading the NZCGI through both excellent and very difficult seasons, thanks to his passion and governance experience at a political level. Rick was also a strong advocate for the formation of Horticulture New Zealand in 2005.

### Industry Service awards

Four horticulture Industry Service awards were announced at the Horticulture Conference 2019. The awards went to Lindsay Wells, Peter Falloon, Catherine Richardson and Stuart Davis.

Lindsay, who died last August, was given his award posthumously. At the conference dinner, Lindsay's award was received by his daughter, Bronwyn Walters and her husband, Lance.

Lindsay started work as a science technician for the Forest Research Institute in Rotorua. In 1979, he moved into business for himself, running a plant nursery until buying his own property in 1981, which he planted in persimmons - making him one of the earliest commercial persimmon growers in New Zealand. In 2012, Lindsay was appointed as the HortNZ representative on the Horticulture Export Authority, a role that he remained in until his death.

Peter has spent the past 30 years being a major asparagus industry influence. He has had more than 100 scientific papers published and is editor of the New Zealand Asparagus Manual. Peter led the industry's support for the AspireNZ research programme through his role on the New Zealand Asparagus Council executive.



The 2019 Young Grower of the Year finalists.

Catherine is one of the most experienced quality and technical managers in the New Zealand horticulture industry. She is currently Zespri's Market and Quality Assurance Manager, a role she has excelled in for 10 years. Catherine is extremely talented and has achieved many things, from the introduction of integrated pest management in the apple industry, to developing and implementing a systems approach to quality in the apple and kiwifruit industries.

Stuart is one of the horticulture industry's key mentors. He has a diverse and detailed range of scientific and commercial knowledge.

Stuart was inaugural Chairman of the Organic Products Exporters' Group - later the Organic Products Exporters of New Zealand - a group of more than 30 organisations active in the development of export markets for certified organic products. Between 2008 and 2018, Stuart was a Director of Vegetables New Zealand Incorporated and between 2014 and 2018, he was Vegetable Research and Innovation Chair.



Winner Jono Sutton in action.

### YOUNG GROWER OF THE YEAR

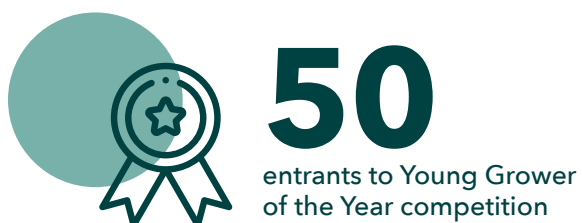
The annual Young Grower of the Year competition supports and recognises emerging talent in the horticulture industry, and exposes young growers to the wider industry.

In 2019, seven regional finals were held across the country starting in February, with the national final taking place in Tauranga in early October.

There were 50 entrants and the overall winner was 26-year-old Jono Sutton, a third-generation berry and apple grower from Nelson, who proved his impressive skills and knowledge throughout the competition.

'My grandparents have been in the industry since the '80s, when they transferred from agriculture to horticulture with the help of my father. For them to be able to pass the baton on to me is a real blessing,' said Jono of his win.

The Young Grower of the Year has widespread industry support, the key supporters being Horticulture Trust, Countdown, Ballance Agri Nutrients, Fruitfed supplies, Turners and Growers (T & G) Global, and Farmers Mutual Group (FMG).







Northland Career Progression Manager, Maria Fathollahi and Meg Becker of T&G Global at the CATE conference.

### CAREER PROGRESSION MANAGERS

The Career Progression Managers are a network of people in regions around New Zealand whose role it is to encourage more people - particularly young people - to take up a career in the horticulture industry and by doing so, address skills shortages in our industry.

The Career Progression Managers achieve these goals through their relationships with schools, tertiary education providers and employers on a regional basis, as each region has different needs and characteristics.

Funding for the initiative has come from the Provincial Growth Fund. While it took a while to get all six Career Progression Managers onboard, by March 2020 the full complement was in place.

The annual Careers and Transition Education Association (CATE) conference was held in Napier from 19 to 21 November 2019. Over the three days, HortNZ, New Zealand Apples and Pears, and New Zealand Kiwifruit Growers Incorporated managed the stand, talking to career advisors about horticultural opportunities.

### EDUCATION AND TRAINING REFORMS

In late July, the Government announced that it was completely overhauling the vocational education and training system, to give industries like horticulture more of a say under a new, 'industry-led, government-enabled' approach.

The reforms see the creation of regional Workforce Development Councils and Centres of Vocational Excellence, to bridge the gap between industry and vocational education and training's decision makers and providers.

The reforms also promise by 2022 to better integrate employer-delivered, on-the-job training with off-the-job training, which for horticulture is particularly important as training out in the field is critical to understanding and technique.

In welcoming the reforms, HortNZ said it was 'pleased that people choosing primary sector careers will be offered clearer, more flexible pathways. This move will help make our sector more attractive to young people, which will improve diversity, talent and ultimately, retention'.

### WOMEN IN HORTICULTURE

Women in Horticulture was formed in December 2018 and profiled at the Horticulture Conference 2019.

The aim of the initiative is to support women in the horticulture industry, through a strong national network of all people interested in achieving the goals. Since its inception, the Women in Horticulture Executive has established goals, set deliverables and completed several projects as agreed to by the Governance Group.

The current focus is on working towards longer term funding and developing a website. The work and milestones achieved to date have only been possible due to the generosity of the initiative's funders.



### HEALTH AND SAFETY

Several health and safety milestones were achieved in the past year.

Accident Compensation Commission (ACC) data on horticulture was separated out from agriculture, enabling our industry to track its own health and safety trends and see how horticulture could improve the health and wellbeing of all workers.

The Horticulture Health and Safety Council was re-formed under the Chairpersonship of Kate Truffitt, supported by HortNZ Health and Safety Manager, Antony Heywood. The Council's aim is to make it easier for growers to understand and comply with health and safety legislation, making it safer for all those working in the horticulture industry.

Lastly, HortNZ has an active health and safety committee providing advice to the HortNZ Board and HortNZ managers.

### HORTNZ LEADERSHIP PROGRAMME

HortNZ ran its eighteenth leadership programme in 2019. The record number of 38 high calibre applicants saw the introduction of two cohorts and resulted in 26 graduates for the year.

The programme is focused on enabling participants to step up in an increasingly complex and uncertain business environment. Participants rated the course highly, with an average rating of 8.3 out of 10.

More than 250 emerging leaders have now graduated from the programme.

### HORTNZ SCHOLARSHIPS AND CONFERENCE MENTORING PROGRAMME

The 2019 scholarship application round saw the highest number of applications yet: 42 for industry training awards and 22 for undergraduate scholarships.

Thanks to support from key partners, Horticulture Trust and Massey University, 28 students or trainees received a scholarship while 18 received an industry training award. Three HortNZ undergraduate scholarships and three Horticulture Trust scholarships were awarded, along with four Conference Awards.

The associated Conference Mentoring Programme also proved popular. Ten university undergraduate scholarship recipients joined eight New Zealand Fruitgrowers Charitable Trust nominees, four T&G Global graduates and the 2019 Young Grower of the Year finalists at the Horticulture Conference in the middle of last year.



# 26

graduates from the HortNZ leadership programme in 2019



# OUR PEOPLE

## HORTICULTURE NEW ZEALAND BOARD



**BARRY O'NEIL**  
President



**BERNADINE GUILLEUX**  
Vice-President and Director



**LEON STALLARD**  
Director



**TONY HOWEY**  
Director



**BRUCE WILLS**  
Director



**HUGH RITCHIE**  
Director



**MIKE SMITH**  
Director



**KATHRYN DE BRUIN**  
Director



**DR BRUCE CAMPBELL**  
Director



**KATE TRUFFITT**  
Associate/Future  
Director



**BRYDON NISBET**  
Associate/Future  
Director

# FINANCIAL STATEMENTS

## APPROVAL OF FINANCIAL REPORT

Horticulture New Zealand Incorporated  
For the year ended 31 March 2020

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 2020.

### APPROVED



**Barry O'Neil**  
HortNZ President  
28th July 2020



**Tony Howey**  
HortNZ Chair of Audit & Risk Committee  
28th July 2020

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## STATEMENT OF REVENUE AND EXPENSES

Horticulture New Zealand Incorporated

As at 31 March 2020

ACCOUNT	NOTES	2020	2019
<b>Revenue</b>			
Horticulture NZ - Core Activity		8,449,345	7,522,443
New Zealand GAP		920,236	783,191
Vegetable Research & Innovation Board		350,041	406,780
Vegetables.co.nz		403,770	381,219
Process Vegetables NZ		386,500	301,106
Tomatoes NZ		4,790	442,577
Vegetables NZ		18,193	1,301,689
<b>Total Revenue</b>	21	<b>10,532,874</b>	<b>11,139,006</b>
<b>Expenses</b>			
Horticulture NZ - Core Activity		8,072,825	7,357,870
New Zealand GAP		881,864	677,458
Vegetable Research & Innovation Board		324,869	375,698
Vegetables.co.nz		311,243	374,825
Process Vegetables NZ		412,911	283,756
Tomatoes NZ		504,960	482,106
Vegetables NZ		1,117,030	1,079,653
<b>Total Expenses</b>	21	<b>11,625,702</b>	<b>10,631,365</b>
<b>Surplus/(Deficit) for the Year</b>		<b>(1,092,828)</b>	<b>507,640</b>
<b>Tax Expense</b>	8	<b>29,867</b>	<b>39,021</b>
<b>Surplus/(Deficit) for the Year after Tax</b>		<b>(1,122,695)</b>	<b>468,619</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 2020

<b>2020</b>				
<b>ACCUMULATED FUNDS</b>	<b>OPENING BALANCE</b>	<b>SURPLUS/ (DEFICIT)</b>	<b>MOVEMENTS IN RESERVES</b>	<b>CLOSING BALANCE</b>
Horticulture NZ	2,728,153	346,653		3,074,806
New Zealand GAP	451,287	38,373		489,660
Vegetable Research & Innovation Board	418,709	25,171		443,880
Vegetables.co.nz	393,754	92,527		486,281
Process Vegetables NZ	404,454	(26,411)		378,043
Tomatoes NZ	504,960	(500,170)		4,790
Vegetables NZ	1,517,444	(1,098,838)		418,606
<b>Total Accumulated Funds</b>	<b>6,418,761</b>	<b>(1,122,695)</b>	<b>-</b>	<b>5,296,066</b>

<b>2019</b>				
<b>ACCUMULATED FUNDS</b>	<b>OPENING BALANCE</b>	<b>SURPLUS/ (DEFICIT)</b>	<b>MOVEMENTS IN RESERVES</b>	<b>CLOSING BALANCE</b>
Horticulture NZ	2,602,600	125,553		2,728,153
New Zealand GAP	345,554	105,733		451,287
Vegetable Research & Innovation Board	387,627	31,082		418,709
Vegetables.co.nz	387,360	6,394		393,754
Process Vegetables NZ	387,103	17,351		404,454
Tomatoes NZ	544,489	(39,529)		504,960
Vegetables NZ	1,295,408	222,036		1,517,444
<b>Total Accumulated Funds</b>	<b>5,950,141</b>	<b>468,619</b>	<b>-</b>	<b>6,418,761</b>

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



## STATEMENT OF FINANCIAL POSITION

Horticulture New Zealand Incorporated  
For the year ended 31 March 2020

ACCOUNT	NOTES	2020	2019
<b>Assets</b>			
<b>Current Assets</b>			
Bank Accounts and Cash	6	1,411,476	2,119,170
Prepayments		573,499	801,830
Sundry Debtors		2,134,936	1,598,286
Investments	7	2,843,532	3,203,198
Provision for Tax	8	6,616	18,068
<b>Total Current Assets</b>		<b>6,970,059</b>	<b>7,740,552</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	9	62,003	97,867
Intangible Assets	10	27,038	76,779
<b>Total Non-Current Assets</b>		<b>89,041</b>	<b>174,646</b>
<b>Total Assets</b>		<b>7,059,100</b>	<b>7,915,198</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Creditors and Accrued Expenditure	11	1,196,379	1,074,721
Income in Advance	12	566,655	421,716
<b>Total Current Liabilities</b>		<b>1,763,034</b>	<b>1,496,437</b>
<b>Total Liabilities</b>		<b>1,763,034</b>	<b>1,496,437</b>
<b>Total Assets less Total Liabilities (Net Assets)</b>		<b>5,296,066</b>	<b>6,418,761</b>
<b>Accumulated Funds</b>			
Accumulated Surpluses and Deficits		5,296,066	6,418,761
<b>Total Accumulated Funds</b>		<b>5,296,066</b>	<b>6,418,761</b>



**Barry O'Neil**  
HortNZ President  
28th July 2020



**Tony Howey**  
HortNZ Chair of Audit & Risk Committee  
28th July 2020

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 2020

ACCOUNT	NOTES	2020	2019
<b>Cash Flows From Operating Activities</b>			
<b>Cash was received from:</b>			
Fees and Other Income		9,959,770	11,035,527
Interest Income		112,149	89,660
		10,071,919	11,125,187
<b>Cash was applied to:</b>			
Payments to Suppliers and Employees		11,100,173	10,470,493
<b>Net Cash Flows from Operating Activities</b>		<b>(1,028,254)</b>	<b>654,694</b>
<b>Cash Flows From Investing Activities</b>			
<b>Cash was received from:</b>			
Decrease In Investments		359,666	-
<b>Cash was applied to:</b>			
Fixed Asset Purchases		39,106	52,065
Intangible Asset Purchases		-	54,115
Increase in Investments		-	396,091
<b>Net Cash Flows from Investing Activities</b>		<b>320,560</b>	<b>(502,271)</b>
<b>Net Increase / (Decrease) in Cash</b>		<b>(707,694)</b>	<b>152,423</b>
Opening Cash		2,119,170	1,966,747
Closing Cash		1,411,476	2,119,170
<b>This is represented by:</b>			
Bank & Cash	6	1,411,476	2,119,170



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Horticulture New Zealand Incorporated**  
For the year ended 31 March 2020

## 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 6000 commercial fruit and vegetable growers.

The Society is funded by a commodity levy on the sale of commercially grown fruit and vegetables.

The organisation is governed by a board of nine directors made up of two appointed independent directors and seven elected grower directors.

The financial statements are for the Society and its wholly owned subsidiary Horticulture New Zealand Limited.

## 2 BASIS OF PREPARATION

### (a) Statement of Compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP). They comply with the Public Benefit Entity International Public Sector Accounting 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 28th July 2020.

### (b) Measurement Basis

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

## 3 SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Presentation of Statement of Revenue and Expenses and Statement of Changes in Net Assets

Both the statement of revenue and expenses and statement of changes in net assets are presented on a 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 2020

The following specific revenue streams are recognised:

*(i) NZ GAP fees*

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

*(ii) Levies*

Levies are non-exchange revenue and accounted for on an accrual basis when the growers' declaration is received.

*(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 Inc has organised is exchange revenue and recognised once the event has occurred.

*(vi) Administration Service Income*

Horticulture New Zealand Inc 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 Instruments carried on the statement of financial position include cash and bank balances, receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

*(i) Bank accounts*

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

*(ii) Investments*

Cash held on term deposits is with high quality financial institution trading banks and is repayable on demand. There are no other interest bearing assets or liabilities.

*(iii) Accounts Receivable*

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Horticulture New Zealand Incorporated

For the year ended 31 March 2020

#### (iv) Creditors and accrued expenditure

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

#### (v) Income Tax

Income Tax is accounted for by the tax payable method.

#### (vi) Goods and Services Tax

The statement of 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.

### (e) 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 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

### (f) 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 in surplus or deficit on a straight line basis over the estimated useful lives of each amortisable intangible asset.

Intangible Assets	10.5% - 50% Straight Line
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### (g) 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Horticulture New Zealand Incorporated  
For the year ended 31 March 2020

### 4 CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies.

### 5 ALLOCATION OF INTEREST

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

	2020	2019
<b>6 CASH AND BANK</b>		
BNZ Direct Levy Account	172,851	163,699
BNZ Autocall Account	247,787	674,419
BNZ Current Account	967,020	1,272,475
Investment Bank Accounts	23,817	8,578
<b>Total Cash and Bank</b>	<b>1,411,476</b>	<b>2,119,170</b>

	2020	2019
<b>7 INVESTMENTS</b>		
Term Investment - ANZ Bank	750,000	750,000
Term Investment - ASB Bank	996,673	981,198
Term Investment - BNZ Bank	-	300,000
Term Investment - Kiwibank	400,000	500,000
Term Investment - Rabobank	696,859	672,000
<b>Total Investments</b>	<b>2,843,532</b>	<b>3,203,198</b>

*Interest rates on investments were 2.60% - 3.45% (2019: 2.95% - 3.60%)*



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Horticulture New Zealand Incorporated  
For the year ended 31 March 2020

	2020	2019
<b>8 INCOME TAX</b>		
Current Year Earnings	(1,092,828)	507,640
Tax at 28%	(305,992)	142,139
<b>Tax effect of adjustments</b>		
Non Assessable Income	(2,194,202)	(2,393,670)
Non Deductible Expenditure	2,530,341	2,294,454
<b>Total Adjustments</b>	<b>336,139</b>	<b>(99,216)</b>
Tax Payable before Losses Brought Forward	30,147	42,923
Use of Losses Brought Forward	-	(3,902)
Tax Credit for Non-profit Bodies	(280)	-
<b>Tax expense for the period</b>	<b>29,867</b>	<b>39,021</b>
Current Tax Liability/(Asset) Opening Balance	(18,068)	(25,316)
Tax Expense for the Period	29,867	39,021
RWT	(36,483)	(31,773)
Tax Refunds Received	18,068	-
<b>Tax Payable/(Refund)</b>	<b>(6,616)</b>	<b>(18,068)</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Horticulture New Zealand Incorporated  
For the year ended 31 March 2020

<b>9</b> <b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>OFFICE EQUIPMENT AND FURNITURE</b>	<b>LEASEHOLD IMPROVEMENTS</b>	<b>TOTAL</b>
<b>Cost of Valuation</b>			
<b>Balance as at 1 April 2019</b>	183,377	252,950	436,327
Additions	39,106	-	39,106
Disposals	(58,311)	-	(58,311)
<b>Balance as at 31 March 2020</b>	<b>164,172</b>	<b>252,950</b>	<b>417,122</b>
<b>Accumulated Depreciation and Impairment</b>			
<b>Balance as at 1 April 2019</b>	117,128	221,332	338,460
Depreciation	43,352	31,618	74,970
Disposals	(58,311)	-	(58,311)
<b>Balance as at 31 March 2020</b>	<b>102,169</b>	<b>252,950</b>	<b>355,119</b>
<b>Net Book Value</b>			
As at 1 April 2018	53,090	63,237	116,327
As at 31 March 2019	66,249	31,618	97,867
As at 31 March 2020	62,003	-	62,003



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Horticulture New Zealand Incorporated  
For the year ended 31 March 2020

<b>10 INTANGIBLE ASSETS</b>	SOFTWARE	INTANGIBLE ASSETS	TOTAL
<b>Cost of Valuation</b>			
<b>Balance as at 1 April 2019</b>	206,306	9,826	216,132
Additions	-	-	-
Disposals	-	-	-
<b>Balance as at 31 March 2020</b>	<b>206,306</b>	<b>9,826</b>	<b>216,132</b>
<b>Accumulated Depreciation and Impairment</b>			
<b>Balance as at 1 April 2019</b>	136,389	2,964	139,353
Depreciation	48,758	983	49,741
Disposals	-	-	-
<b>Balance as at 31 March 2020</b>	<b>185,147</b>	<b>3,947</b>	<b>189,094</b>
<b>Net Book Value</b>			
As at 1 April 2018	<b>66,184</b>	<b>7,845</b>	<b>74,029</b>
As at 31 March 2019	<b>69,917</b>	<b>6,862</b>	<b>76,779</b>
As at 31 March 2020	<b>21,159</b>	<b>5,879</b>	<b>27,038</b>

	2020	2019
<b>11 CREDITORS AND ACCRUED EXPENDITURE</b>		
Trade Creditors	792,772	746,939
Accrued Expenditure	118,698	77,327
Employee Entitlements	126,551	130,516
GST	158,358	119,939
<b>Total Creditors and Accrued Expenditure</b>	<b>1,196,379</b>	<b>1,074,721</b>

### 12 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.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Horticulture New Zealand Incorporated  
For the year ended 31 March 2020

	2020	2019
<b>13 PROFESSIONAL SERVICES</b>		
Payments to Auditors – Audit Fee	23,500	21,500
<b>Total Payments made were:</b>	<b>23,500</b>	<b>21,500</b>

### 14 COMMITMENTS

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

	2020	2019
<b>Operating Leases</b>		
<b>Non Cancellable Operating Lease Commitments</b>		
Within One Year	270,620	234,780
Later than One Year and not Later than Five Years	759,780	837,440
Later than Five Years	295,470	239,190
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>1,325,870</b>	<b>1,311,410</b>
<b>Total Operating Leases</b>	<b>1,325,870</b>	<b>1,311,410</b>

### 15 CAPITAL COMMITMENTS

There are no capital commitments as at 31 March 2020. (2019: Nil)

### 16 CONTINGENT LIABILITIES AND GUARANTEES

There are no contingent liabilities or guarantees as at 31 March 2020. (2019: Nil)

### 17 PROPERTY SECURITIES

Leasing Solutions Limited hold property securities over photocopiers.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Horticulture New Zealand Incorporated**  
**For the year ended 31 March 2020**

## 18 RELATED PARTIES

Horticulture New Zealand Limited is a wholly owned subsidiary company of Horticulture New Zealand Inc and 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. Directors of Horticulture New Zealand who are growers pay levies through the entities they are associated with.

One board member of Horticulture New Zealand Inc is a Trustee for the New Zealand Fruitgrowers Charitable Trust. The Trust is a sub-tenant and contributed funding of \$335,700 for specific Horticulture New Zealand Inc activities.

Bernadine Guilleux is a Board Member of Horticulture New Zealand Inc and is an Executive Committee Member of United Fresh NZ Incorporated.

Mike Chapman, the CEO of Horticulture New Zealand Inc is an Executive Committee Member of United Fresh NZ Incorporated. Horticulture New Zealand Inc sponsored United Fresh NZ's 5 + A Day Programme for \$5,750 and paid \$3,450 for annual membership to United Fresh NZ Inc.

United Fresh NZ Inc paid \$11,500 towards Women In Horticulture which operates within Horticulture New Zealand Inc.

Vegetables New Zealand Inc and Tomatoes New Zealand Inc are related parties as Horticulture New Zealand Inc provides administrative services and employees of Horticulture New Zealand Inc are the main administrators of both Vegetables New Zealand Inc and Tomatoes New Zealand Inc.

Horticulture New Zealand Inc contracted Vegetables New Zealand Inc and Tomatoes New Zealand Inc under memorandums of understanding to provide services of benefit to their respective growers.

Barry O'Neil is the President of Horticulture New Zealand Inc and the Chair of Tomatoes New Zealand Inc. Kathryn de Bruin, a director on the Board of Horticulture New Zealand Inc, is the wife of Andre de Bruin, the Chair of Vegetables 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.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Horticulture New Zealand Incorporated**  
For the year ended 31 March 2020

## Key Management Personal Remuneration

The Society 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 this Annual Report (Note 21).

The executive officers are employed as employees of the Society, on normal employment terms.

	2020	2019
Remuneration	1,119,487	1,111,128
Number of Executive Officers	7	7

## 19 EVENTS SUBSEQUENT TO BALANCE DATE

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

## 20 COVID19

There will be an impact on the next financial year due to availability of employees and sales restrictions caused by Covid19. Horticulture New Zealand Inc will reduce their expenditure to reflect this. Horticulture New Zealand Inc has reserves to call on if required.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Horticulture New Zealand Incorporated  
For the year ended 31 March 2020

## 21 STATEMENT OF FINANCIAL PERFORMANCE BY NATURE

Below is the Statement of Financial Position by Nature which shows revenue, expenditure and surplus per the individual Product Groups included in the financial statements. The surplus/(deficit) is shown in the Statement of Changes in Net Assets.

								2020	2019
	HORTNZ	NZ GAP	VEGETABLE R & I	VEGETABLES .CO.NZ	PROCESS VEGETABLES	VEGETABLES NZ	TOMATOES NZ	TOTALS	TOTALS
<b>REVENUES</b>									
<b>Levy Revenue</b>									
Levies	5,159,678				379,147			5,538,825	6,631,161
<b>Non-Levy Revenue</b>									
Conference Income	665,020							665,020	584,948
Grower Support Conference Income	226,278							226,278	248,478
Grant Income & Project Funding	760,447		24,675					785,122	507,622
Orchardist & Grower Income	803,664							803,664	814,012
Interest Income	56,597	8,842	8,106	8,269	7,353	18,193	4,790	112,149	105,584
NZ Gap Fees		911,394						911,394	777,443
Administrative Service Income	777,661							777,661	701,210
Contribution Income			317,260	395,500				712,760	768,549
<b>Total Revenues</b>	<b>8,449,345</b>	<b>920,236</b>	<b>350,041</b>	<b>403,770</b>	<b>386,500</b>	<b>18,193</b>	<b>4,790</b>	<b>10,532,874</b>	<b>11,139,006</b>
<b>EXPENSES</b>									
<b>Levy Funded Expenses</b>									
Audit Fee	23,500							23,500	22,000
Administration Costs	1,392,797	138,597	27,000	23,742	128,833			1,710,968	1,405,299
Consultancy	553,469	377,017	80,100					1,010,586	990,738
Contract Services						1,117,030	504,960	1,621,990	1,561,759
Depreciation and Amortisation	95,999							95,999	96,446
Directors Fees	331,153				16,328			347,481	332,916
Employee Costs	1,918,308	230,152		14,521	78,577			2,241,557	2,200,503
Legal Fees	208,885				685			209,570	98,985
Rent Expenses	179,413							179,413	150,324
Travel & Accommodation	177,148	4,217	4,395	10,255	23,591			219,606	234,853
<b>Non-Funded Expenses</b>									
Conference Expenses	666,513				15,343			681,856	560,514
Grower Support Conference Expenses	270,201							270,201	299,345
Orchardist & Grower Expenses	795,317							795,317	830,798
Projects	682,463	131,880	213,375		149,554			1,177,271	840,015
Promotion & Marketing				262,726				262,726	305,661
Administrative Service Expenses	777,661							777,661	701,210
<b>Total Expenses</b>	<b>8,072,825</b>	<b>881,864</b>	<b>324,869</b>	<b>311,243</b>	<b>412,911</b>	<b>1,117,030</b>	<b>504,960</b>	<b>11,625,702</b>	<b>10,631,365</b>
<b>Surplus / (Deficit) for the Year before Tax</b>	<b>376,520</b>	<b>38,373</b>	<b>25,171</b>	<b>92,527</b>	<b>(26,411)</b>	<b>(1,098,838)</b>	<b>(500,170)</b>	<b>(1,092,828)</b>	<b>507,640</b>
Tax Expense	(29,867)							(29,867)	(39,021)
<b>Surplus / (Deficit) for the Year after Tax</b>	<b>346,653</b>	<b>38,373</b>	<b>25,171</b>	<b>92,527</b>	<b>(26,411)</b>	<b>(1,098,838)</b>	<b>(500,170)</b>	<b>(1,122,695)</b>	<b>468,619</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 2020, 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 2020, and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with 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 maintain professional scepticism throughout the audit. We also:

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

We communicate with the 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  
28 July 2020

## ENTITY INFORMATION

**Horticulture New Zealand Incorporated**  
For the year ended 31 March 2020

**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, 20 Ballance St, Wellington 6011

**Postal Address**

PO Box 10232, Wellington 6143







**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)

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