

Growing Together.

Annual Report : 2020/21



Contents.

From the President	9
From the CEO	11
Our Strategy	13
● Priority 1: Valued Partnerships	15
Plant Strategy development	17
Ahuwhenua	17
International Year of Fruits and Vegetables: no food, no people	17
● Priority 2: Enabling Horticulture	19
Climate change	20
Freshwater	20
Regional planning	21
Land use	21
Outreach	22
Minimum wage	24
Reform of Vocational Education (RoVE)	25
Good Agricultural Practice (GAP) scheme recognition	25
● Priority 3: Advocacy	29
Improving communications	29
● Priority 4: People	31
Health and Safety	32
Career Progression Managers	33
GoHort online taster courses	33
Aotearoa Horticulture Immersion Program - AHIP	33
Women in Horticulture	34
HortNZ Leadership Programme	34
HortNZ scholars	34
Cancellation of the Horticulture Conference 2020 and Young Grower of the Year	34
Our People	35
HortNZ Board	35
HortNZ Management Team	36
Financial Statements	37

Cover photograph taken at Southern Fresh by Trefor Ward.



Welcome to Horticulture New Zealand's 2020/21 Annual Report.

The year to 31 March 2021 was challenging for the whole industry, due to the impact of Covid and in some areas, the weather. In this report, we outline what the industry experienced as well as the way ahead.

The challenges experienced across the industry have required everyone involved in horticulture to be resilient and find ways to continue to grow, harvest and transport to markets, in New Zealand and overseas.



6,000

growers in New Zealand



60,000

people employed in the horticulture industry



5,000+

placements of New Zealanders into training or employment through Career Progression Manager programmes

Growing resilience.



Across the world and in New Zealand, demand for fresh, healthy food is growing, due to Covid and increasing awareness of the importance of nutritious food as well as increasing consciousness about how food is grown and supplied.



\$6.73bn

value of horticulture in New Zealand



\$4.55bn

total value of exports



107%

Increase in value of horticulture
export earnings over past 10 years

Growing demand.



Horticulture has invested in making the industry attractive to people from all walks of life. At the same time, health and safety is paramount.

The industry is diverse and vibrant, and offers people a wide range of careers throughout the growing and supply chain.



83%

Growers say HortNZ is focused on issues that make a difference for them



3,500

 (APPROX)

Good Agricultural Practice (GAP) certified growers



60+

Written submissions to central and local government

Photo credit: T&G Global

Growing good workplaces.





Experimental kiwifruit harvester.

President's Report.



The past 12 months will likely go down as the most bizarre and interrupted year in most of our lifetimes. I really hope we don't have to endure again what has been forced upon us this year.

Some of the challenges have been from things out of our control like Covid-19, extreme weather events and shipping disruptions, but others should have been under our control if the government supported our need to access Pacific seasonal labour to ensure our crops are picked and packed.

As Queen Elizabeth II once famously said, it was our *annus horribilis*, so let's hope going forward we return to *annus mirabilis*!

During the year I believe HortNZ rose to the numerous challenges that were thrown at us, in part helped by our new strategy which focused our efforts and our way of working to maximise our effectiveness.

I particularly liked how we collectively rose to the occasion and got over some of our individualist approaches.

We adopted a more collaborative approach to show how we can best work together to deliver greater value to our grower base.

We are stronger when we work together and Covid-19 has been a timely reminder of the strength we have when we align and combine our efforts. I thank all the chief executives and general managers of product groups, who have worked with us to achieve the best industry outcomes possible.

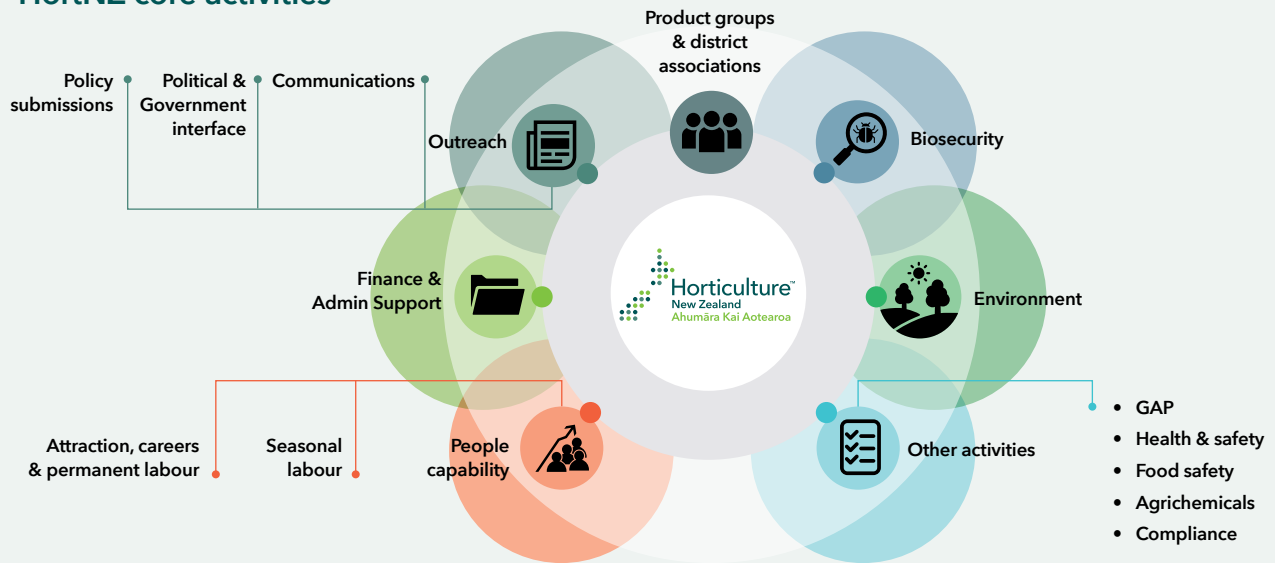


We are stronger when we work together

I also recognise the impacts and pressures that individual growers have faced over these trying times. We have all been frustrated when we have seen logical approaches to fix the situation not supported by the government.

I want to thank growers for the support you have continued to give HortNZ over the past 12 months. I believe you are seeing real value from what we are providing back to growers and your respective industry sectors.

HortNZ core activities



We no doubt will be faced with plenty of challenges and opportunities going forward, and we all know this government's change agenda is large and significant. And unfortunately, with such a complex change agenda, not all proposals are aligned, so we end up having to advocate that the left and right hands talk to each other.

But as an organisation and Board, we are totally committed to working on your behalf to deliver the best possible outcomes for members and for growing in New Zealand, no matter what the policy issue is, be it labour, climate change, freshwater, land use, or one of several other priority issues.

At the start of the year the HortNZ Board concluded its Institute of Directors' (IOD) internal review to ensure we were performing well across the four key outcome areas outlined in The Four Pillars of Governance Best Practice for New Zealand Directors ('determining purpose', 'an effective governance culture', 'holding to account', and 'effective compliance').

I am pleased to report that the review and an IOD-facilitated session recognised that the Board is performing at a highly effective level.

I would like to recognise and thank all our Board members for their significant contributions and support. During the year we welcomed Kate Truffitt onto the board as an elected grower director, and also Murray Denyer as our independent director, replacing Bruce Wills. We also farewelled Brydon Nisbet and welcomed Jamie Moutier as our next future director.

Mike Smith has decided to retire after six years on the Board. I would especially like to thank Mike and acknowledge the significant contribution he has made to the Board during this time.

Finally, to the other Mike, Mike Chapman. I can absolutely say we have been very fortunate to have Mike's leadership of HortNZ for the past five years. His commitment, intellect, energy and drive for results have enabled HortNZ to punch well above its weight by fully engaging with and understanding grower issues, and then advocating in Wellington for the best possible outcomes for growers.

“

Mike's commitment, intellect, energy and drive for results have enabled HortNZ to punch well above its weight

A great effort Mike. We truly thank you for what you have done for both HortNZ and for horticulture and growers in New Zealand during the time you have been our chief executive. And while I also acknowledge the efforts and contributions of the wider HortNZ team, I recognise the work you have done in modernising the office and supporting a great team culture.

And a warm welcome to Nadine Tunley, who started as our chief executive in June 2021. We are absolutely confident we have appointed the right person to lead the organisation and deliver the outcomes that HortNZ and horticulture need going forward.

Ngā mihi

Barry O'Neil
President



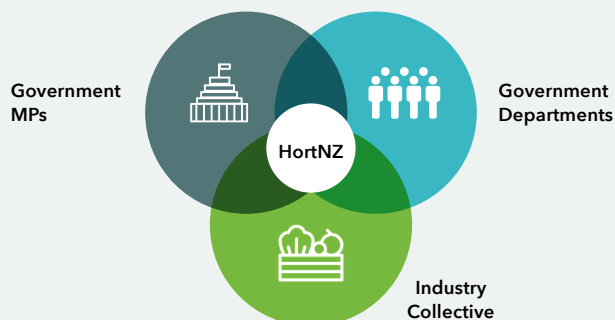
Chief Executive's Report.

This financial year started like no other. We were in Covid-19 lockdown and working remotely from our homes. HortNZ's staff were reorganised for the Covid response. Daily Zoom meetings of product group staff were run at chief executive and business manager level. Key personnel from the Ministry for Primary Industries and other government agencies joined these meetings so that decisions could be speedily made.

These industry-government meetings were highly successful in getting decisions. Collectively, the group also anticipated situations, and with government, was able to respond very quickly. Then using our collective resources, we got the messages and requirements out to our industry. The HortNZ team played a key role in this collaborative effort.

Mid-2020, the product group collective developed a Covid recovery strategy for horticulture and stood up a number of delivery workstreams. This strategy was developed with government and has now evolved into the creation of a high-level strategy, which will identify shared priorities for both government and industry to focus on for the growth and resilience of the horticulture industry. The goal is to develop a shared aspirational vision, which promotes cohesion and collaboration across horticulture's supply chain.

HortNZ's key relationships



Priorities as Chief Executive

Three key priorities absorbed my full attention throughout the year: labour, climate and water. Covid-19 not only closed the country to protect the health of New Zealanders but also changed Immigration New Zealand's settings and processes. Special legislation was passed so that immigration could be run differently but for climate and water, pre-Covid processes continued with some adaptation.

Other government initiatives were delayed or redirected to Covid recovery. Regrettably, this included implementation of Country-of-Origin Labelling. We experienced two government faces: one focused on protecting New Zealanders from Covid-19, and the other on working as if it was business as usual. This situation put extraordinary pressure on growers. Not only was there the cost and

pressure in meeting the requirements to do business under Covid-19, but also the continued drive for the environmental changes that commenced pre-Covid.

Finding both seasonal and permanent labour is critical for most growers. Lockdown at the border and the scarcity of New Zealanders available for work pushed many businesses to breaking point. The industry collective - NZ Kiwifruit Growers Incorporated, NZ Apples & Pears, Summerfruit NZ, Ethical Employers (formerly called Master Contractors), NZ Wine and HortNZ - has constantly tried to open up immigration channels with the Pacific while encouraging New Zealanders into work. Despite being the most successful sector to access labour in the past year, what was achieved was insufficient to meet demand, and was expensive.

Just prior to this reporting period, HortNZ's strategy (see pages 13-14) was reworked and has provided our road map for what has been achieved in the past year.

Performance across all of HortNZ's core priorities has been exceptional: biosecurity; environment including Resource Management Act, climate and freshwater; food safety; health and safety; people capability and labour supply; government advocacy; and communications, which includes keeping growers informed and through all channels enhancing horticulture's social licence.

HortNZ's performance can be viewed via the key performance indicators report on page 14. Throughout the reporting period HortNZ has supplied support services, and there has also been much closer cooperation and mutual work with the product groups. I compliment and thank all the HortNZ staff and the horticulture product groups for the lead we collectively took in response to Covid-19, and our continued ability to work cohesively together.

I joined HortNZ as the chief executive in January 2016. Over the past five years I have tried to focus HortNZ on areas of the highest amount of impact for growers. To achieve what is required by HortNZ's strategic plan in our core focus areas, I have worked to align HortNZ's resourcing with those areas of highest impact. As can be seen from the key performance indicators, this has been successful through HortNZ's highly skilled and specialist teams.

I am therefore confident that I am handing over to my successor an organisation that can go to much more than the next level and deliver even better results for growers. I finish my contribution to HortNZ's journey in the knowledge that HortNZ is well positioned to create that enduring environment where growers will thrive.

Ngā mihi



Mike Chapman
Chief Executive



New HortNZ Chief Executive.

Nadine Tunley was announced as HortNZ's new Chief Executive in early May.

"We are very pleased to have been able to appoint a candidate of Nadine's calibre, with her level of horticulture and wider food and fibre sector experience. This was after an extensive recruitment process," said HortNZ President, Barry O'Neil at the time.

"Nadine will lead HortNZ into new territory, as horticulture adapts to Covid and the operation of industry changes. Over the next decade, climate adaptation, freshwater quality improvements, and increased use of technology and automation will result in significant change to the way fruit and vegetables are grown in New Zealand.

"HortNZ's role will be to help steer the industry through this change, advocating for growers to be given the time and support to adapt. This is so our growers can remain viable during the transition, and do what they do best: feed New Zealand and the world healthy, good tasting and safe food."

Nadine said she was really looking forward to starting in the HortNZ Chief Executive role.

"I have always had a very strong connection with the food and fibre sector, having grown up in rural New Zealand. Our primary industries are in yet another period of change and challenge, be it Covid, climate, labour, environmental, or logistics-related. All of these factors are having a significant impact on the way we grow and farm, and our social licence to operate.

"I am really delighted to be able to assist New Zealand's strong and vibrant horticultural sector to forge through this next period of change. My role will be to facilitate and advocate on growers' behalf for policies and regulatory frameworks that will not only enable better outcomes but in doing so, keep all the horticulture industry at the forefront of continued success."

Nadine Tunley
New Chief Executive

Growing value.

OUR VISION

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

OUR PURPOSE

Creating an enduring
environment where
growers thrive

“
The annual grower survey
on HortNZ’s performance
has been completed.
Highlights include that 80%
of respondents agree or
strongly agree that HortNZ
delivers on **value**.

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

PRIORITY AREA

MEASURE



Valued Partnerships

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

Building our relationship with Māori and other ethnic groups

Number of active partnerships between HortNZ and the Government: **28**

Percentage of growers who
i) respond to the annual survey: **9.3%**
ii) rate HortNZ high or very high on the delivering value question: **80%**

Number of product groups that have work allocation agreements with HortNZ: **13**



Enabling horticulture

Seeking the best operating conditions for horticulture

Aligning and optimising compliance

Assisting growers to rapidly adapt to the changing growing environment

Growth in the horticulture sector by

i) value: **\$0.3bn**
ii) hectareage: **(to be updated in 2022)**



Advocacy

Generating strong support for growing

Evidence-based engagement on policy and regulation

Telling the New Zealand horticulture story

Pick up of HortNZ communications e.g. media releases: **66**

Number of invitations for HortNZ to participate in discussions at the early stages of policy/regulation development: **36**

Number of product groups represented by HortNZ in biosecurity meetings: **4**



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

Number of people applying for HortNZ scholarships and the HortNZ leadership course: **52**

Number of New Zealanders placed in work by the Career Progression Manager network: **4,339**



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

Number of submissions made to central and regional government enabling growing in the future: **32**

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



PRIORITY 1
Valued
partnerships



Building our relationships with all those involved in the industry's success.

- Working together as an industry, closely with government, to enable growers to grow, through Covid and beyond.
- Improving relationships with product groups and district associations.



Increasing the use of automation.

When our industry was thrown into turmoil during the first whole-of-country Covid-19 lockdown in March 2020, HortNZ and product groups came together with government officials from the Ministry for Primary Industries, Ministry of Business, Innovation & Employment, and New Zealand Trade & Enterprise via Zoom, on a daily basis, often several times a day, seven days a week. These meetings were convened and chaired by HortNZ.

These meetings and subsequent actions were instrumental in ensuring that growers, packhouse operators and those businesses that service the horticulture industry - as essential services - could operate during the lockdown and provide New Zealanders with fresh vegetables and fruit.

However, despite numerous attempts, the horticulture industry was unsuccessful in keeping independent fruit and vegetable retailers open, at least during the first country-wide lockdown. Later though, the government agreed that independent fruit and vegetable retailers could remain open during Alert Level 3, which proved to be important when the Auckland region went into Alert Level 3 twice in early 2021.

Also important during these two Auckland regional lockdowns was a change to the placement of the southern border to include Pukekohe, due in no small part to HortNZ's submissions. Previously when Auckland was in lockdown during August 2020, the border split Pukekohe's growing area, meaning that workers, freight and suppliers had to cross and recross the border, often many times in a day.

The other development that made subsequent Auckland lockdowns easier to manage was the development of a QR code by the Ministry of Business, Innovation & Employment. Employers could go online and quite easily get QR codes for their workers, which did away with employer letters that were previously needed.

The initial seven-days-a-week industry and government meetings now take place once a week, except in a crisis-type situation. These weekly meetings are an unrivalled opportunity for government officials to better understand the horticulture sector and for the sector to explain its needs and the realities of how it operates.



24/7

Industry and government met seven days a week during the national lockdown



Minister of Agriculture, Damien O'Connor with Mike Chapman at the launch of the International Year of Fruits and Vegetables at Parliament.

Plant Strategy development

The regular industry and government meetings, combined with discussions between industry, Ministers and officials in other forums, resulted in agreement on the need for a Plant Strategy to inform the horticulture industry's growth and development in a Covid-19 world.

Ahuwhenua

Horticulture joined the prestigious Ahuwhenua Trophy for Excellence in Māori Farming Award in 2018. This alliance sees horticulture joining the awards on a three-year rotation, which started in 2020. However, due to Covid-19, the normal field days were not held although the judging continued.

After restrictions were lifted, the awards dinner – a spectacular event – was held in Rotorua on 20 November 2020. That night it was announced that the winner of the inaugural Ahuwhenua Trophy for Excellence in Māori Horticulture Award 2020 was Te Kaha 15B Hineora Orchard. Hineora Orchard is a Māori freehold land block located in the Eastern Bay of Plenty township of Te Kaha, 65 km east of Ōpōtiki.

Also that night, it was announced that Maatutaera Akonga, a senior leading hand at Llewellyn Horticulture in Hastings, was the winner of the inaugural Ahuwhenua Young Māori Grower Award.

International Year of Fruits and Vegetables: no food, no people

The United Nations International Year of Fruits and Vegetables was launched in New Zealand at Parliament in early March 2021.

At the launch, which more than 120 people attended, HortNZ chief executive Mike Chapman said access to fresh fruit and vegetables is essential for healthy people.

“But what often gets forgotten is the vital role that the people who grow fruit and vegetables play in ensuring fresh fruit and vegetables are on the table.

“Covid has shown us that we cannot rely on imports and has highlighted how lucky we are in New Zealand that we can grow most of our own food. But at the same time, fruit and vegetable growers are being asked to meet increasingly strict objectives for climate change and general compliance, without the important role of feeding people being factored in.

“If New Zealand is to meet its climate change and economic goals, growers and farmers need to be empowered to adapt and reduce emissions.

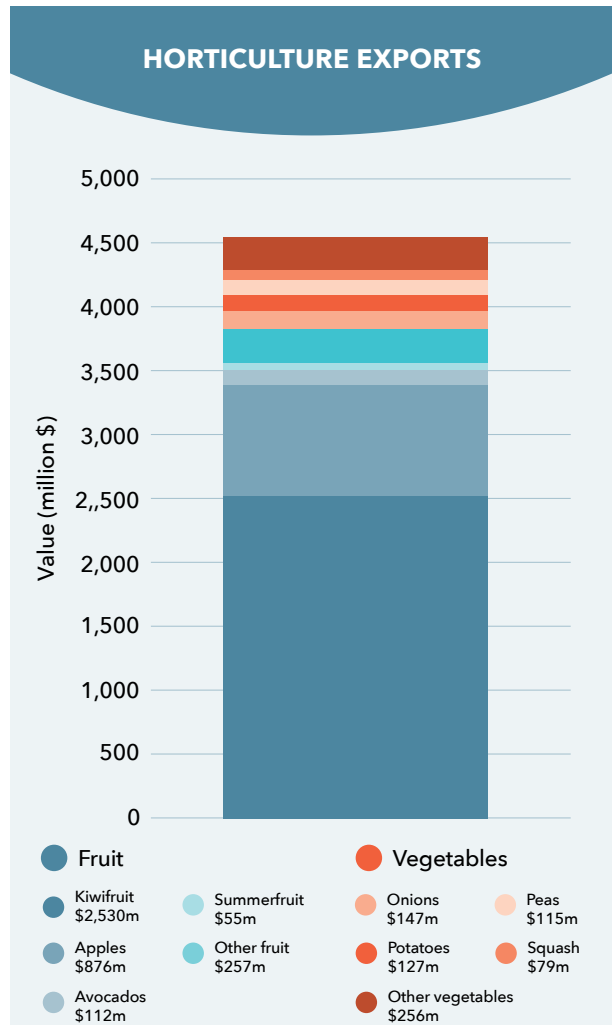
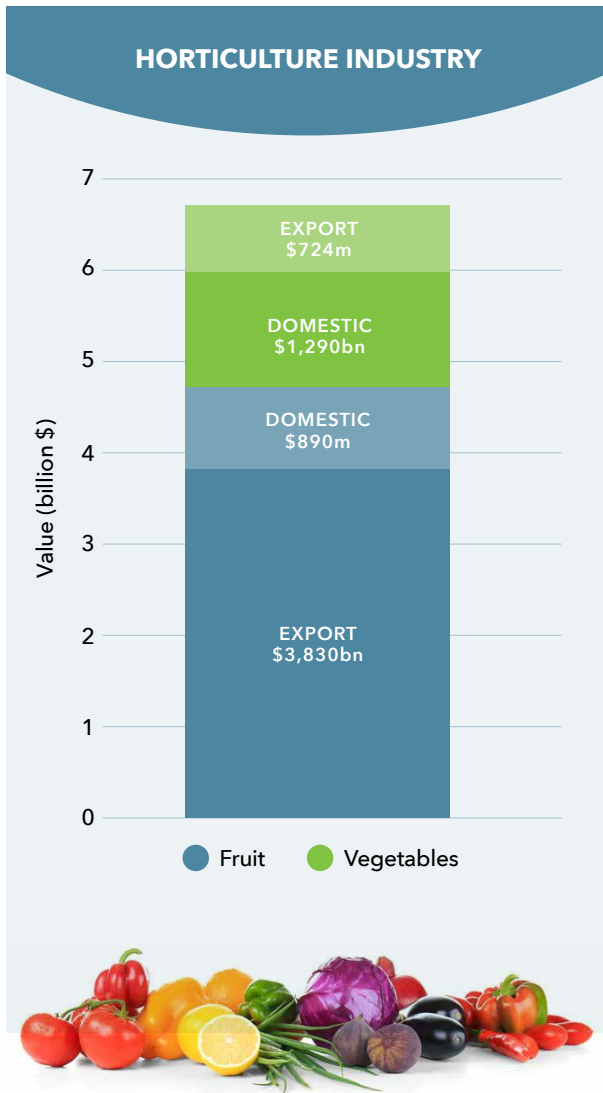
“The Paris Accord clearly states that producing food while adapting to climate change is vital. Give our growers the tools, incentives and time, and we could lead the world in climate change adaptation and global food production.”



Norm Carter, Chairman of Te Kaha 15B Hineora Orchard, which won the Ahuwhenua Trophy with Governor-General, Dame Patsy Reddy.



Maatutaera Akonga (centre) winner of the inaugural Ahuwhenua Young Māori Grower Award with finalists Brandon Cross and Finnisha Tuhiwai.





PRIORITY 2
Enabling
Horticulture



Seeking the best operating conditions for horticulture so growers can thrive.

Advocating for the industry in the areas of: climate adaptation, freshwater, regional planning and land use, labour and training, and industry assurance.



Field trials are a great way to develop and demonstrate new growing techniques.

Climate change

HortNZ is a partner in He Waka Eke Noa, the primary sector and government partnership to make progress on climate change. In the past year, HortNZ has established a grower reference group and sector working groups to help find workable solutions and support progress.

The government has undertaken a suite of consultations and made changes to how the Emissions Trading Scheme (ETS) operates, in the context of the future use of fossil fuels such as coal. HortNZ has, in conjunction with product groups, been making submissions that highlight the need to support covered crop growers as they transition, otherwise they will not remain viable.

In January 2021, the Climate Change Commission released its draft advice to the government on how the New Zealand economy could transition to meet our 2050 zero carbon targets. HortNZ's submission explained how the horticulture industry is well placed to help New Zealand reduce its emissions while enabling the economy to grow. HortNZ called for investment in research, innovation and technology, and alignment of policy to arm growers with the tools, incentives and policy settings that will enable the transition.

Freshwater

The past year saw the culmination of the government's Essential Freshwater reforms, in the release of a new National Policy Statement for Freshwater Management 2020 and National Environmental Standard for Freshwater 2020, as well as new or amended regulations relating to water metering and stock exclusion.

It was great to see:

- That the points raised in HortNZ's submissions were addressed in relation to not restricting low intensity horticulture, and the need to reconsider the rules for commercial vegetable growing.
- Recognition of the need to safeguard domestic food supply and maintain food security, specifically with regard to 'specified vegetable growing areas' in Pukekohe and Horowhenua.

The suite of changes also included an amendment to the Resource Management Act (RMA). A new section (Part 9A) was inserted that enables nationwide regulations and requirements for Freshwater Farm Plans to be introduced. HortNZ has continued to engage with the government on development of this regulation, to ensure that it aligns with existing industry schemes.



2020

saw the culmination of the government's Essential Freshwater reforms



Land use tensions are obvious in several areas of New Zealand, in this case, Pukekohe.

Regional planning

In regional planning processes, HortNZ continues to advocate for outcomes that enable horticulture, particularly in the ongoing processes occurring in Northland, Waikato, Hawke’s Bay, Manawatu-Whanganui, Greater Wellington, Marlborough, Canterbury and Otago.

Progress was made in a number of areas including:

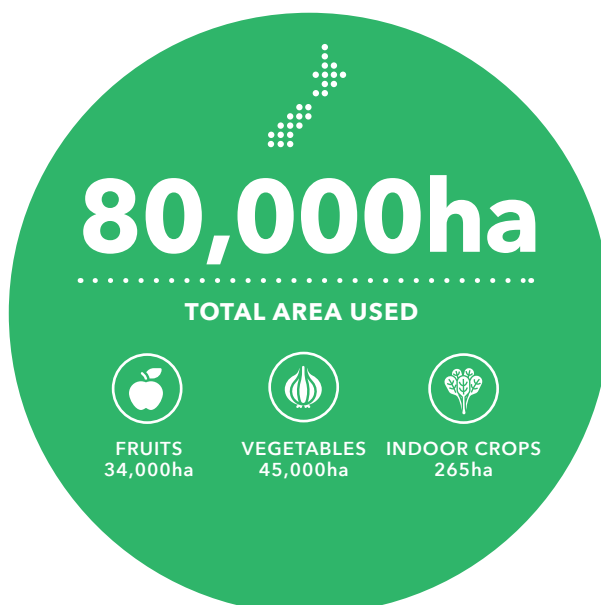
- A separate regulatory pathway for commercial vegetable growing to allow for rotation and to recognise the importance of domestic food supply in Waikato (PC1), Manawatu-Whanganui (PC2) and Canterbury (PC7).
- Provision of a rootstock survival water policy and rule framework, and water harvesting framework, within the Northland Regional Plan.

HortNZ has been engaging with regional councils around New Zealand to support development of robust science that accurately reflects our sector, as these councils start work to meet central government freshwater requirements in their planning frameworks by 2024. That is the deadline for notifying plans or plan changes that give effect to the National Policy Statement for Freshwater Management 2020.

Land use

HortNZ continues to call for greater recognition of highly productive land at a central government policy level: we are still awaiting the outcomes of the government’s 2019 consultation on a proposed National Policy Statement for Highly Productive Land.

We have continued our work in the district planning space, advocating for rules that effectively and efficiently enable and manage horticultural activities and structures. This work includes involvement in several district plan processes, and spatial planning and growth consultations around the country.





HortNZ Sustainability and Extension Manager, Ailsa Robertson, presenting at a grower workshop.

Outreach Farm Environment Plans

HortNZ, with Vegetables NZ, has tested the design of Farm Environment Plan (FEP) workshops by engaging with growers in Pukekohe, Gisborne and Levin over the past year.

An FEP pilot ran from September 2019 to March 2020. Growers engaged with advisers in technical FEP workshops using the NZGAP (Good Agricultural Practice) EMS (Environment Management System) add-on. As a result of industry effort and a collective approach to farm planning by growers, 90% of cropping land in the Lake Horowhenua catchment is now managed through independently audited and NZGAP certified FEPs.

A similar programme was run in Gisborne to support fresh and processed vegetable growers to meet the 1 May 2021 deadline of the Gisborne District Council (GDC) for Farm Environment Plans. The industry successfully negotiated the GDC's recognition of the EMS add-on as a pathway to meet their FEP requirements, including audit and reporting.

HortNZ and Vegetables NZ are continuing to work through the details of the agreement with the GDC. Based on information available in April 2021, approximately 75% of vegetable and cropping land in Gisborne is registered with the NZGAP EMS add-on for FEPs to meet the 1 May deadline.

Workshops in Pukekohe started in March 2021 and ran into July 2021. Workshops in Northland and Tasman are planned for the remainder of 2021. As well as supporting growers, HortNZ will continue to engage with local authorities on FEPs for horticulture.

Note: Final decisions on national regulation to make audited and certified Freshwater Farm Plans mandatory and enforceable are due in February 2022.

Labour and the RSE scheme

Labour quickly became the biggest challenge facing growers in the 2020-2021 financial year. Covid-19 and the borders effectively being closed exacerbated an issue that has hampered the industry for many years.

RSE scheme

The Recognised Seasonal Employer (RSE) scheme, which allows more than 14,000 workers from the Pacific to come to New Zealand for harvest and other peak work periods like winter pruning, was severely disrupted by the ongoing border closure.

Several thousand RSE workers could not get home after harvest and pruning. Once the government reduced restrictions on their employment and travel, they found work with other employers, some of which involved travel to other parts of New Zealand.

The communities that the RSE workers call home for several months of the year rallied to ensure that the workers were well looked after, had activities to do in their spare time, and could stay in touch with family and friends in the Pacific, particularly after Cyclone Harold struck in Vanuatu in April 2020.



Samoan RSE workers Mikaele Pua and Tom Taofinuu picking raspberries with Richard Bibby in Hawke's Bay.

Harvest 2021

The horticulture industry estimated in December 2020 that the shortfall in seasonal workers was just over 6,000 as the summerfruit harvest began. At the same time, the industry estimated that during the peak of the apple and kiwifruit harvests (March to May 2021), the shortfall would top out at just under 11,500 workers.

Also, in December 2020, the government announced that it would allow 2,000 RSE workers into New Zealand from the Pacific for the 2021 harvest, starting in mid-January 2021. At the same time, the government announced that growers would have to pay the cost of two weeks of Managed Isolation and Quarantine (MIQ) up front, as well as pay these workers the Living Wage for the entire time they were in New Zealand, including during MIQ.

This was a no negotiation offer by the government. However, to put that into some perspective, no other industry had been given permission to bring in that high a number of workers from overseas.

NZ Apples & Pears and NZ Kiwifruit Growers Incorporated stepped up to manage the entry and distribution of the 2,000 RSE workers within New Zealand. Growers were asked to provide detailed information as to their labour needs, however, because of the 2,000 RSE worker limit, it is an understatement to say that most growers were left disappointed.

Backpacker situation

This labour issue was compounded by the backpacker situation. Usually around 50,000 working holiday visa holders are in New Zealand, but with encouragement to return home and the borders closed, only between 10,000 and 13,000 overseas visitors remained in New Zealand in early 2021.

HortNZ, product groups including NZ Apples & Pears, NZ Kiwifruit Growers Incorporated, and Summerfruit NZ, Master Contractors (now Ethical Employers) and NZ Wine advocated for visa flexibility and extension to enable backpackers and others stranded in New Zealand due to border closures to pick up seasonal work in our industry.

Flexibility and extensions were forthcoming, however, limitations with Immigration New Zealand's systems led to some confusion among visa holders and potential employers. HortNZ did its best to clarify the situation via the weekly e-newsletter and information on our website.



11,500

The projected shortfall of workers at the peak of the apple and kiwifruit harvests.



Carefully checking kiwifruit to ensure consumers' expectations are met.



Split, rain damaged cherries were unfit for market.

Trying to bridge the gap

Growers throughout the country came together in their product groups to try and attract as many New Zealanders as possible to the harvest, bearing in mind that the seasonal nature of the work restricts the number of New Zealanders who can make themselves available due to family and other commitments such as home ownership or rental agreements.

Summerfruit NZ, working with the Central Otago District Council and community, was successful in attracting approximately 6,000 New Zealanders, mostly university students and backpackers, to the summerfruit harvest through their incentives and attraction campaign. However, because at least half the export cherry crop was damaged by heavy rain in early January 2021, a number of these workers were not needed and some found alternative work culling wilding pines.

Never going to be enough

For the larger parts of the horticulture industry like apples and kiwifruit, there were never going to be enough workers with the borders effectively closed and not enough New Zealanders available. This was also the case with vegetable and berry crops.

HortNZ and key product groups started to spell this out to the Ministers of Agriculture and Immigration, other Members of Parliament and government officials as early as June 2020, when it first became apparent to the industry that labour would be even more of an issue than it usually is.

Towards the end of March 2021, the enormity of the situation finally became public when the media and opposition political parties picked up on the issue, following a second round of projections by NZ Apples & Pears, the government's announcement of a well-being fund for the apple industry, and the announcement that a high-profile strawberry grower was to close.

While it is too late to do anything about labour shortages in the 2020–2021 season, HortNZ and the product groups will continue to strenuously engage with Ministers, other Members of Parliament and government officials to ensure the experience this season is not repeated in 2021–2022.

Minimum wage

HortNZ advocated strongly for the minimum wage not to increase from \$18.90 an hour to \$20.00 an hour on 1 April 2021, because of the pressure placed on horticulture businesses due to Covid-19.

At the same time, we repeated our call for the Minimum Wage Act 1983 to be reviewed to support a relationship that enables businesses and their employees to thrive, while at the same time protecting vulnerable workers.

However, we were unsuccessful in changing the government's mind on both counts.



Sediment retention ponds meet NZGAP Environmental Management System (EMS) add-on best practice standards.

Reform of Vocational Education (RoVE)

The government launched its vision and transformational plan for vocational education in early 2020.

Representatives of the horticulture industry, with NZ Apples & Pears taking a lead, are working at national and regional levels to ensure that the reforms meet our industry's education and training needs. Also, that the new structures being set up provide the government with information to make informed decisions about the skills our industry needs so that horticulture can support national and regional economic growth.

HortNZ has been an active member of the Food and Fibre Capability Group, serving on the executive, and was active in the creation of the Food and Fibre Centre of Vocational Excellence. HortNZ has supported the nomination of key horticulture representatives for the Food and Fibre Workforce Development Council, and HortNZ's chief executive serves as one of the directors on the Primary Industry Training Organisation Board.

Good Agricultural Practice (GAP) scheme recognition

HortNZ has consistently advocated with government for recognition of GAP schemes as pathways for growers to develop integrated farm plans for climate change mitigation, Freshwater Farm Plans, and food safety. Considerable time has been spent working with the government and councils to develop their understanding of the GAP schemes and what they can deliver for regulators and certified growers alike.

The ultimate strength of GAP schemes is that they are independently audited. Because they integrate requirements across multiple areas, one audit can deliver numerous outcomes for growers. GAP standards are developed based on user friendly horticulture guidelines and codes of practice, so growers do not need to rely on expensive consultants to help develop their farm plans.

HortNZ is the host organisation for the NZ GLOBALG.A.P. National Technical Working Group, which has been developing interpretation guidelines to support growers and auditors to implement GLOBALG.A.P. standards in New Zealand. They have also been providing input into the development of version 6 of GLOBALG.A.P.

Members of the NZ GLOBALG.A.P. National Technical Working Group are Zespri, NZGAP, NZ Apples & Pears, NZ Avocado, Seeka, AsureQuality, SGS NZ, Onions NZ and Potatoes NZ, which recently joined.



Ensuring the safety and quality of fruit and vegetables is an industry priority.

HortNZ is the owner of the NZGAP scheme, which is governed by a sub-committee of the HortNZ Board, but is managed and funded independently. (See the NZGAP annual activity report for updates.)

GAP schemes are futureproofing horticulture for the new age of consumer scrutiny, where people want to have absolute confidence and trust in the healthy food they are purchasing.

Food safety

It has now been two years since the deadline for horticulture businesses to become registered under the Food Act 2014, so grower registrations are currently being renewed due to the two-year timeframe.

HortNZ successfully collaborated with the Ministry for Primary Industries (MPI), GAP schemes and industry groups to achieve renewal of more than 80% of grower registrations in a seamless process. This also saved on administration and cost to growers.

Engagement and collaboration between industry and regulators has been pivotal in ongoing efforts to minimise the compliance burden on GAP schemes and growers by focusing on food safety outcomes.

HortNZ is co-funding a New Zealand Food Safety Science and Research Centre (NZFSSRC) research project on ‘Establishing a national Emerging Risk Identification System (ERIS) for food safety in New Zealand’. The purpose of this project is to establish a system that gathers intelligence on emerging food safety issues and risks, to support decision making over future research. It will also identify gaps in knowledge, and how we can work together as an industry to address real risk.

HortNZ has also been providing New Zealand Food Safety with feedback on its performance against its 2019 strategy, including how it might translate its strategy into value for the benefit of consumers and food businesses.



The horticulture industry uses technology where it can, particularly in the packhouse.



PRIORITY 3
Advocacy

Going into bat for growers and generating strong support for horticulture.

- Generating support for growing through evidence-based engagement on policy and regulation
- Telling the horticulture story



The process corn harvest in action, near Gisborne.

HortNZ engages regularly with central government on policy proposals and consultations that affect horticulture, either directly or indirectly. This engagement is in addition to the extensive engagement HortNZ has with central,

regional and local government on national environmental policy – including climate change, freshwater and land use – and regional and local government plan changes (see 2/ Enabling Horticulture).

Major submissions made and policy developments monitored included:

- Accelerating renewable energy and energy efficiency
- National Policy Statement for Indigenous Biodiversity
- Primary Production and Processing Requirements for High-risk Horticulture
- Requesting the recognition of independent fruit and vegetable retailers as essential services
- Import Health Standard for importing seeds for sowing and nursery stock
- Proposed amendments to the National Environmental Standards for Air Quality
- Draft Import Health Standard for importing pelleted seeds for sowing
- Organic Products Bill
- The European Union's Proposal for the Non-renewal of Mancozeb
- Covid-19 Recovery (Fast-track Consenting) Bill
- Horticulture's seasonal labour requirements
- Submission on the draft chemistry and manufacturing information for agricultural chemicals
- Updated Health Star Rating calculator and guide
- 2020 Minimum Wage Review
- Scoping Paper on the Review of the Food Standards Australia New Zealand Act 1991
- Aspirations for the food regulatory system
- Formation of the Workforce Development Councils
- Commerce Commission Supermarket Review



In the middle of a busy asparagus harvest.

Improving communications

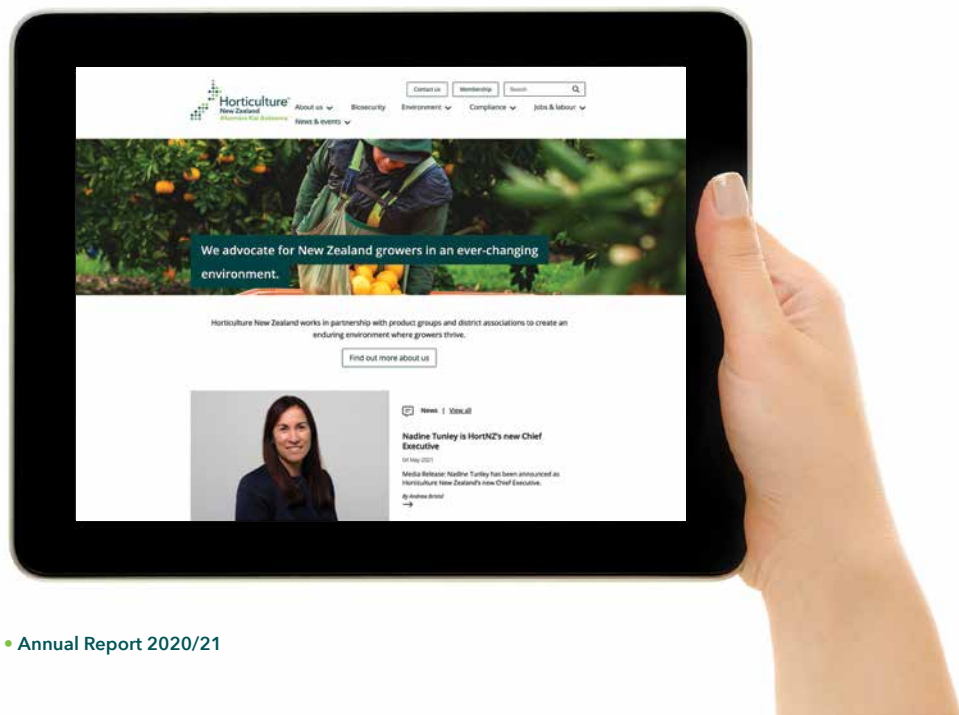
HortNZ continues to invest in telling the horticulture story to growers, others in the horticulture industry, government and the public.

During the whole-of-country lockdown, managers from across HortNZ and product groups were given responsibility for finding information for growers on specific topics, for example, the use of Personal Protection Equipment (PPE), financial assistance available from the government, and on well-being. These managers partnered with the HortNZ Communications Team to provide regular, almost daily updates via the HortNZ e-newsletter.

This approach resulted in repeated positive feedback on the clarity and regularity of the information. The positive feedback was also reflected in the increase in subscribers from just over 3,000 to more than 5,000.

The new HortNZ website went live, on budget, in early December 2020.

Feedback on the new website has been positive, in particular on clarity of the design, ease of navigation, and regional breakdown in the natural resources and environment section.





The Orchardist and NZGROWER are both published 11 times a year.

Covid-19 prevented HortNZ publishing *The Orchardist* and *NZGROWER* between April (online only) and July. However, the magazines returned in August with a new, fresher and clearer look and structure. Once again, these changes have been positively received and advertising revenue has generally improved, year on year - but it is hard to be confident about cause and effect in the Covid-19 environment.

Mike Chapman's at least weekly blogs continued to attract the attention of growers, the media and politicians. In the period from 11 June 2020 to 31 March 2021, Mike's blogs and media releases directly generated at least 66 media enquiries. This is in addition to the steady stream of media enquiries and requests for information that are handled in an average week.

Mike's weekly blog has been our key driver for HortNZ's social media presence along with our media releases. The combined reach is more than 15,000 followers, and further development of our social media platform through *The Orchardist* and *NZGROWER* is planned.

Telling the horticulture story through the mainstream media takes patience and drive. We have tried to build relationships, particularly with mainstream regional media. However, they tend to only have time for the issue of the day rather than being able to build up knowledge and write bigger, more considered articles. Despite these challenges, efforts continue to have articles published consistently in mainstream media that develop support for horticulture's social licence.



66+

media enquiries generated from Mike's blogs



PRIORITY 4 People



Attracting and nurturing passionate, committed people to meet the industry's skill needs.

- Attracting people to the industry
- Developing career pathways
- Meeting future skill and labour needs



Packhouses - like the whole industry - adapted quickly to Covid requirements around health and safety.

Health and Safety

HortNZ is part of the New Zealand Horticulture Health and Safety Council, which was re-formed in 2019. The Council collaborates with other sectors, including the agriculture, forestry, wine and retail sectors.

During the past year, the Council has engaged with many of the other horticulture industry groups that work in the Health and Safety space. The Council has joined the agricultural leaders' health and safety group and is benefitting from working alongside its talented team.

The Farmstrong partnership has given the Council the opportunity to complete research into the mental health and well-being tools growers need in these challenging and changing times.

The Council has also formed strong working partnerships with Worksafe, ACC and NZGAP.



Forming strong partnerships to improve health and safety

New Zealand Horticulture Health and Safety Council Strategy (July 2020)

Mission

A safe and inclusive workforce that enables a healthy connected growing industry.

Purpose

To lead change to improve the safety and well-being of everyone working in horticulture.

Goals

Engagement: Promote leading practice and consistent safety and well-being programmes that are visible and accessible to all horticulture.

Leadership: Develop safety leadership in horticulture through training, sharing and supporting best practice.

Risk Management: Embed best practice into horticulture through focus on highest level of control, contemporary human factors principles, and where risk management becomes a management tool.



Winner of the Bay of Plenty Young Grower of the Year competition, Melissa van den Heuvel with Kiritapu Allan and MC Guy Williams.



Women in Horticulture sponsored the inaugural Lincoln Horticulture Society panel discussion on the future of the industry.

Career Progression Managers

The network of six regionally based Career Progression Managers came up to speed in 2020-2021. These managers work in their regions and collectively at a national level to promote careers in the fruit and vegetable industry. They are funded by the Provincial Growth Fund, the Ministry of Social Development, HortNZ, NZ Apples & Pears and NZ Kiwifruit Growers Incorporated.

Summary of the achievements of the Career Progression Managers in the 12 months to 31 March 2021:

Achievement	Number
Permanent placements	452
Seasonal placements	3,419
Training placements	932
Apprenticeship placements	248
Internships	30
Industry engagement, including expos and workshops	2,036
Marketing engagement	2,261

The Career Progression Managers have also been active digitally, further developing the GoHort website including a horticulture industry specific job board.

GoHort online taster courses

In partnership with NZ Apples & Pears, GoHort launched ten free online taster courses, targeted at people interested in the industry or wanting to extend their knowledge.

Modules include health and safety, the packhouse, kaitiakitanga, and people management. The modules are now being integrated into school, vocational and university curriculums as well as being advertised nationally to career changers.

Aotearoa Horticulture Immersion Program - AHIP

Fourteen students from Massey, Lincoln, and Victoria Universities were selected from more than 40 applicants to take part in the inaugural AHIP, a two-week professional development and leadership tour of horticulture operations in New Zealand.

The 2020 group included students from disciplines including Horticultural Science, Agribusiness, Food Marketing, Food Technology, and Engineering.

Students were selected based on leadership potential, academic performance and their potential to pursue a horticulture career. AHIP is run by the Massey Business School and NZ Apples & Pears and is supported by Zespri, AGMARDT, and HortNZ.



Grace Mainwaring examines kiwifruit buds on the Aotearoa Hort Immersion Program.



2020's HortNZ Leadership Programme participants on the steps of Parliament.

Women in Horticulture

Women in Horticulture launched its new website and LinkedIn page in August 2019. Women from across the industry have been highlighted through profiles on the website, LinkedIn page and in *The Orchardist* and *NZGrower*. The LinkedIn page has been viewed more than 15,000 times.

Women in Horticulture has also supported events to celebrate International Women's Day at Massey University, highlight development opportunities, and the importance of diversity and inclusion in the sector's development. Significant events were held at Lincoln University and in Central Otago.

HortNZ Leadership Programme

HortNZ ran the HortNZ Leadership Programme in 2020, despite the impact of Covid-19.

Twenty-six people participated and gave an average rating of 8.8 out of 10. More than 275 people have now graduated from the programme.

HortNZ scholars

Scholarship applications were again high in 2020, with 31 industry trainee, 24 undergraduate and seven postgraduate applicants.

Eleven scholarships were awarded to undergraduates, one to a postgraduate and 32 people received an industry training award.

Conference and scholarship recipients from 2020 who missed out on attending the Horticulture Conference have been invited to join the 2021 conference.

Cancellation of the Horticulture Conference 2020 and Young Grower of the Year

Due to Covid-19, both the Horticulture Conference 2020 and 2020 Young Grower of the Year competition were cancelled. However, the Bay of Plenty Young Grower of the Year competition was able to be held in Tauranga, just before the country's first Alert Level 4 lockdown.

Melissa van den Heuvel, an industry systems associate at NZ Avocado, was the winner and will be part of the 2021 Young Grower of the Year.



26

people took part in the HortNZ Leadership Programme in 2020

Our People.

HortNZ Board



Barry O'Neil
President



Bernadine Guilleux
Vice-President and Director



Brydon Nisbet
Future Director



Dr Bruce Campbell
Director



Hugh Ritchie
Director



Jamie Mountier
Future Director



Kate Truffitt
Director



Kathryn de Bruin
Director



Mike Smith
Director



Murray Denyer
Director



Tony Howey
Director

HortNZ Management Team



Mike Chapman
Chief Executive



Leanne Stewart
Deputy Chief Executive



Kerry Norman
Executive Assistant
to Chief Executive



Andrew Bristol
Communications and
Channels Manager



Michelle Sands
Environment Manager



Anna Rathé
Biosecurity Manager



Bobby Hall
Finance Manager



Amy Miller
Event Manager



Ailsa Robertson
Sustainability and
Extension Manager



Emma Boase
People Capability
Manager



Damien Farrelly
Food Safety Manager

Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED
31 MARCH 2021

Approval of Financial Report	39
Statement of Revenue and Expense	40
Statement of Changes in Net Assets	41
Statement of Financial Position	42
Statement of Cash Flows	43
Notes to and Forming Part of the Financial Statements	44
Independent Auditor's report	56
Entity Information	58



Approval of Financial Report.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

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 2021

APPROVED



Barry O'Neil
HortNZ President

1st July 2021



Tony Howey
HortNZ Chair of Audit & Risk Committee

1st July 2021

Statement of Revenue and Expenses.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

ACCOUNT	NOTES	2021	2020
Revenue			
Horticulture NZ - Core Activity		7,940,523	8,449,345
New Zealand GAP		977,808	920,236
Vegetable Research & Innovation Board		308,136	350,041
Vegetables.co.nz		338,066	403,770
Process Vegetables NZ		612,620	386,500
Tomatoes NZ	5	-	4,790
Vegetables NZ	5	-	18,193
SFFF - A Lighter Touch	21	1,085,072	-
Total Revenue	22	11,262,225	10,532,874
Expenses			
Horticulture NZ - Core Activity		6,780,144	8,072,825
New Zealand GAP		912,225	881,864
Vegetable Research & Innovation Board		295,762	324,869
Vegetables.co.nz		255,127	311,243
Process Vegetables NZ		424,028	412,911
Tomatoes NZ	5	4,790	504,960
Vegetables NZ	5	418,606	1,117,030
SFFF - A Lighter Touch	21	731,522	-
Total Expenses	22	9,822,204	11,625,702
Surplus/(Deficit) for the Year		1,440,020	(1,092,828)
Tax Expense	9	18,691	29,867
Surplus/(Deficit) for the Year after Tax		1,421,329	(1,122,695)

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 2021

2021 ACCUMULATED FUNDS	NOTES	OPENING BALANCE	SURPLUS/ (DEFICIT)	MOVEMENTS IN RESERVES	CLOSING BALANCE
Horticulture NZ	21	3,074,806	1,141,689	(100,000)	4,116,495
New Zealand GAP		489,661	65,582		555,243
Vegetable Research & Innovation Board		443,880	12,374		456,254
Vegetables.co.nz		486,281	82,939		569,220
Process Vegetables NZ	21	378,043	188,592	(20,237)	546,397
Tomatoes NZ		4,790	(4,790)		-
Vegetables NZ		418,606	(418,606)		-
SFFF - A Lighter Touch	21	-	353,550	120,237	473,787
Total Accumulated Funds		5,296,066	1,421,329	-	6,717,397

2020 ACCUMULATED FUNDS	NOTES	OPENING BALANCE	SURPLUS/ (DEFICIT)	MOVEMENTS IN RESERVES	CLOSING BALANCE
Horticulture NZ		2,728,153	346,653		3,074,806
New Zealand GAP		451,287	38,373		489,661
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
Total Accumulated Funds		6,418,762	(1,122,695)	-	5,296,066

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

Statement of Financial Position.

HORTICULTURE NEW ZEALAND INCORPORATED
AS AT 31 MARCH 2021

ACCOUNT	NOTES	2021	2020
Assets			
Current Assets			
Bank accounts and cash	7	3,104,381	1,411,476
Prepayments		140,314	573,499
Sundry Debtors		2,438,793	2,134,936
Investments	8	2,900,000	2,843,532
Provision for Tax	9	16,190	6,616
Total Current Assets		8,599,679	6,970,059
Non-Current Assets			
Property, Plant and Equipment	10	101,280	62,003
Intangible Assets	11	69,298	27,038
Total Non-Current Assets		170,578	89,041
Total Assets		8,770,257	7,059,100
Liabilities			
Current Liabilities			
Creditors and Accrued Expenditure	12	1,494,547	1,196,379
Income in Advance	13	558,313	566,655
Total Current Liabilities		2,052,860	1,763,034
Total Liabilities		2,052,860	1,763,034
Total Assets less Total Liabilities (Net Assets)		6,717,397	5,296,066
Accumulated Funds			
Accumulated Surpluses and Deficits		6,717,397	5,296,066
Total Accumulated Funds		6,717,397	5,296,066



HortNZ President
1st July 2021



HortNZ Chair of Audit & Risk Committee
1st July 2021

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 2021

ACCOUNT	NOTES	2021	2020
Cash Flows From Operating Activities			
Cash was received from:			
Fees and Other Income		10,897,578	9,959,770
Interest Income		59,379	112,149
		10,956,957	10,071,919
Cash was applied to:			
Payments to Suppliers and Employees		9,057,408	11,100,173
Net Cash Flows from Operating Activities		1,899,550	(1,028,254)
Cash Flows From Investing Activities			
Cash was received from:			
Decrease In Investments		-	359,666
Cash was applied to:			
Fixed Asset Purchases		75,867	39,106
Intangible Asset Purchases		74,310	-
Increase in Investments		56,469	-
Net Cash Flows from Investing Activities		(206,646)	320,560
Net Increase / (Decrease) in Cash		1,692,905	(707,694)
Opening Cash		1,411,476	2,119,170
Closing Cash		3,104,381	1,411,476
This is represented by:			
Bank & Cash	7	3,104,381	1,411,476

Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

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. Additionally there is one appointed non-voting future director.

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

2 Basis of Preparation

(a) Statement of Compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP). They comply with the Public Benefit Entity International Public Sector Accounting Standards applying the Reduced Disclosure Regime ("PBE IPSAS RDR"), as appropriate for Tier 2 not-for-profit public benefit entities.

The board considers the basis to be appropriate for the users of the financial statements.

The Society has complied with the PBE IPSAS RDR in all material respects. The Accounting Policies that have been applied in respect to the preparation of financial statements are set out below.

The financial statements were authorised for issue in accordance with a resolution dated 30 June 2021.

(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 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 2021

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

(vi) Administration Service Income

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

(c) Finance Income and Finance Costs

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

(d) Financial Instruments

Financial 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.

(iv) Creditors and accrued expenditure

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

Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

(v) *Income Tax*

Income Tax is accounted for by the tax payable method.

(vi) *Goods and Services Tax*

The statement of revenue and expenses 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
-------------------	---------------------------

(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 2021

4 Changes in Accounting Policies

There have been no changes in accounting policies.

5 Vegetables New Zealand and Tomatoes New Zealand Funding

Funds held on behalf of Vegetables New Zealand and Tomatoes New Zealand have been fully paid out during this financial year.

6 Allocation of Interest

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

	2021	2020
7 Cash and Bank		
BNZ Direct Levy Account	465,705	172,851
BNZ Autocall Account	247,954	247,787
BNZ Current Account	2,355,532	967,020
Investment Bank Accounts	35,190	23,817
Total Cash and Bank	3,104,381	1,411,476

	2021	2020
8 Investments		
Term Investment - ANZ Bank	750,000	750,000
Term Investment - ASB Bank	1,000,000	996,673
Term Investment - Kiwibank	400,000	400,000
Term Investment - Rabobank	750,000	696,859
Total Investments	2,900,000	2,843,532

Interest rates on investments were 0.80% - 2.50% (2020: 2.60% - 3.45%)

Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
9 Income Tax		
Current Year Earnings	1,440,020	(1,092,828)
Tax at 28%	403,206	(305,992)
Tax effect of adjustments		
Non Assessable Income	(2,703,232)	(2,194,202)
Non Deductible Expenditure	2,318,997	2,530,341
Total Adjustments	(384,235)	336,139
Tax Payable before Losses Brought Forward	18,971	30,147
Use of Losses Brought Forward	-	-
Tax Credit for Non-profit Bodies	(280)	(280)
Tax expense for the period	18,691	29,867
Current Tax Liability/(Asset) Opening Balance	(6,616)	(18,068)
Tax Expense for the Period	18,691	29,867
RWT	(22,881)	(36,483)
Tax Refunds Received	(5,384)	18,068
Tax Payable/(Refund)	(16,190)	(6,616)

Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

10 Property, Plant and Equipment	OFFICE EQUIPMENT AND FURNITURE	LEASEHOLD IMPROVEMENTS	TOTAL
Cost of Valuation			
Balance as at 1 April 2020	164,172	252,950	417,122
Additions	75,867	-	75,867
Disposals	-	-	-
Balance as at 31 March 2021	240,039	252,950	492,989
Accumulated Depreciation and Impairment			
Balance as at 1 April 2020	102,169	252,950	355,119
Depreciation	36,590	-	36,590
Disposals	-	-	-
Balance as at 31 March 2021	138,759	252,950	391,709
Net Book Value			
As at 1 April 2019	66,249	31,618	97,867
As at 31 March 2020	62,003	-	62,003
As at 31 March 2021	101,280	-	101,280

Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

11 Intangible Assets	SOFTWARE	INTANGIBLE ASSETS	TOTAL
Cost of Valuation			
Balance as at 1 April 2020	206,306	9,826	216,132
Additions	74,310	-	74,310
Disposals	-	-	-
Balance as at 31 March 2021	280,616	9,826	290,442
Accumulated Depreciation and Impairment			
Balance as at 1 April 2020	185,147	3,947	189,094
Depreciation	31,067	983	32,050
Disposals	-	-	-
Balance as at 31 March 2021	216,214	4,930	221,144
Net Book Value			
As at 1 April 2019	69,917	6,862	76,779
As at 31 March 2020	21,159	5,879	27,038
As at 31 March 2021	64,402	4,896	69,298
		2021	2020
12 Creditors and Accrued Expenditure			
Trade Creditors		739,097	792,772
Accrued Expenditure		267,494	118,698
Employee Entitlements		208,727	126,551
GST		279,229	158,358
Total Creditors and Accrued Expenditure		1,494,547	1,196,379
13 Income in Advance			

This is comprised of amounts received for the annual Conference events, NZ GAP Income in Advance and projects where funding has been received in advance of the cost associated with it and there is an obligation to return unspent funds, and contributions received from Industry over and above the 60% contribution required to fund SFFF - A Lighter Touch costs (see Note 21).

Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
14 Professional Services		
Payments to Auditors - Audit Fee	23,500	23,500
Total Payments made were:	23,500	23,500

	2021	2020
15 Commitments		
The following amounts have been committed by Horticulture New Zealand Inc but not recognised in the financial statements.		
Operating Leases		
Non Cancellable Operating Lease Commitments		
Within one year	253,260	270,620
Later than one year and not later than five years	759,780	759,780
Later than five years	42,210	295,470
Total Non Cancellable Operating Lease Commitments	1,055,250	1,325,870
Total Operating Leases	1,055,250	1,325,870

16 Capital Commitments
Horticulture New Zealand Inc is committed to providing \$100,000 per year for the next 6 years to the SFFF "A Lighter Touch" project. Horticulture New Zealand Inc has also committed to \$60,000 over the next 4 years to the Sustainable Vegetable System project (2020: Nil).

17 Contingent Liabilities and Guarantees
There are no contingent liabilities or guarantees as at 31 March 2021 (2020: Nil).

Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

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 who retired during the year is a Trustee for the New Zealand Fruitgrowers Charitable Trust. The Trust is a sub-tenant and contributed funding of \$261,000 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 also 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 and also paid \$4,939 for advertising.

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 and the Chair of the committee for Vegetables.co.nz.

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 2021

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 the 2021 Horticulture New Zealand Inc Annual Report (Note 22).

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

	2021	2020
Remuneration	1,055,230	1,119,487
Number of Executive Officers	6	7

19 Events Subsequent to Balance Date

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

20 Covid-19

There may be an impact on the next financial year due to availability of employees and sales restrictions caused by Covid-19. Horticulture New Zealand Inc may 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 2021

21 SFFF - A Lighter Touch Project

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

Other contributors to the project include Foundation for Arable Research, Vegetables New Zealand Inc, Onions New Zealand Inc, Tomatoes New Zealand Inc, Summerfruit New Zealand Inc and Zespri.

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

	2021
Total Income	
Funding received from MPI	646,159
Funding received from Industry contributors	503,385
	1,149,544
Less income in advance	(64,472)
Total income (Note 22)	1,085,072

Income in advance is calculated based on the funding received from the industry contributors (excluding Horticulture New Zealand Inc and Process Vegetables, see below) less 60% of the total expenses. MPI funding is billed after costs have been incurred and is calculated including in-kind expenses and therefore there is no income in advance in relation to this part of the funding.

	2021
Total Expenses (Note 22)	731,522
Funding received from Industry contributors	503,385
60% to be paid by Industry	(438,913)
Income in advance	64,472

Horticulture New Zealand Inc and Process Vegetables contributed \$100,000 and \$20,237 respectively to the project during the year, however as the SFFF - A Lighter Touch project also sits within Horticulture New Zealand Inc these transactions have been offset within the financials and do not show in the industry contributions of the project and expenditure totals of Horticulture New Zealand Inc and Process Vegetables. These contributions have instead been transferred through Reserves.

Notes to and Forming Part of the Financial Statements.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

22 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 (Process Vegetables, Vegetables NZ, Tomatoes NZ) and internal groups (NZ Gap, Vegetable R&I, Vegetables.co.nz) and the SFFF - A Lighter Touch project included in the financial statements. The surplus/(deficit) is shown in the Statement of Changes in Net Assets.

								2021	2020	
	HORTNZ	NZ GAP	VEGETABLE R & I	VEGETABLES .CO.NZ	PROCESS VEGETABLES	VEGETABLES NZ	TOMATOES NZ	SFFF - A LIGHTER TOUCH	TOTALS	TOTALS
Revenues										
Levy Revenue										
Levies	5,722,340				544,799				6,267,139	5,538,825
Non-Levy Revenue										
Conference Income	5,000								5,000	665,020
Grower Support Conference Income	-								-	226,278
Grant Income & Project Funding	738,950		13,194		63,862			1,085,072	1,901,078	785,122
Orchardist & Grower Income	597,379								597,379	803,664
Interest Income	39,491	5,618	4,747	5,566	3,958				59,379	112,149
NZ Gap Fees		972,190							972,190	911,394
Administrative Service Income	837,363								837,363	777,661
Contribution Income			290,195	332,500					622,695	712,760
Total Revenues	7,940,523	977,808	308,136	338,066	612,620	-	-	1,085,072	11,262,224	10,532,874
Expenses										
Levy Funded Expenses										
Audit Fee	23,460								23,460	23,500
Administration Costs	1,127,403	146,510	23,675	33,567	92,842				1,423,997	1,710,968
Consultancy	416,028	375,068	80,100						871,196	1,010,586
Contract Services						418,606	4,790		423,396	1,621,990
Depreciation and Amortisation	47,839								47,839	95,999
Directors Fees	300,295				17,897				318,192	347,481
Employee Costs	2,014,732	235,681		16,040	58,307				2,324,760	2,241,557
Legal Fees	442,876				476				443,352	209,570
Rent Expenses	171,277								171,277	179,413
Travel & Accommodation	76,985	686	823	6,916	12,732				98,141	219,606
Non-Funded Expenses										
Conference Expenses	54,991				6,920				61,911	681,856
Grower Support Conference Expenses	-								-	270,201
Orchardist & Grower Expenses	608,364								608,364	795,317
Projects	658,531	154,281	191,163		234,854			731,522	1,970,351	1,177,271
Promotion & Marketing				198,604					198,604	262,726
Administrative Service Expenses	837,363								837,363	777,661
Total Expenses	6,780,144	912,225	295,762	255,127	424,028	418,606	4,790	731,522	9,822,204	11,625,702
Surplus / (Deficit) for the Year before Tax	1,160,379	65,582	12,374	82,939	188,592	(418,606)	(4,790)	353,550	1,440,020	(1,092,828)
Tax Expense	(18,691)								(18,691)	(29,867)
Surplus / (Deficit) for the Year after Tax	1,141,689	65,582	12,374	82,939	188,592	(418,606)	(4,790)	353,550	1,421,329	(1,122,695)

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 2021 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 2021 and its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime ("PBE Standards RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other Information

The Board is responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board's Responsibilities for the Financial Statements

The Board is responsible on behalf of the Society for the preparation and fair presentation of the financial statements in accordance with PBE Standards RDR, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the Society for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report.



TO THE MEMBERS OF HORTICULTURE NEW ZEALAND INCORPORATED

BDO Wellington Audit Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintains professional scepticism throughout the audit. We also:

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

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

Who we Report to

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

BDO Wellington Audit Limited

BDO Wellington Audit Limited

Wellington
New Zealand
1 July 2021

Entity Information.

HORTICULTURE NEW ZEALAND INCORPORATED
FOR THE YEAR ENDED 31 MARCH 2021

Legal Name of Entity

Horticulture New Zealand Incorporated

Incorporated Societies Number

1692422

Entity Type and Legal Basis

Incorporated Society

Entity's Purpose

Creating an enduring environment where growers thrive.

Entity Structure

Incorporated Society

Main Sources of Entity's Cash and Resources

Revenue generated from levies.

Main Methods Used by Entity to Raise Funds

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

Physical Address

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

Postal Address

PO Box 10232, Wellington 6143





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