

our food future



our value

Our top exports

\$1.86 billion



\$745 million



\$114.9 million



\$97.9 million



\$92.6 million



\$87.7 million



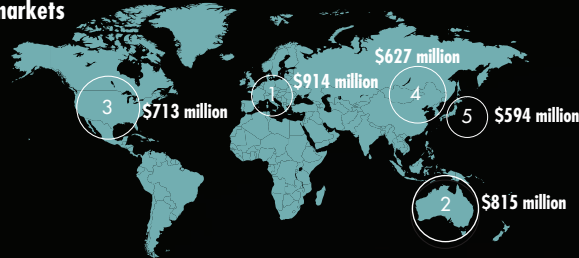
\$84.1 million



Export markets

128

Top 5 markets



Total exports

\$3.6 billion

Horticulture New Zealand members grow

Fresh vegetables

- Artichokes
- Asian vegetables
- Asparagus
- Beans
- Beetroot
- Boxthorn
- Broccoflower
- Broccoli
- Broccolini
- Brussels sprouts
- Burdock
- Buttercup squash
- Cabbage
- Capsicums
- Carrots
- Cauliflower
- Celeriac
- Celery
- Chilli peppers
- Chokos
- Courgettes
- Cucumbers
- Eggplant
- Florence fennel
- Garland chrysanthemum
- Garlic
- Gherkins
- Herbs
- Indian vegetables
- Kohlrabi
- Kumara
- Leeks
- Lettuces
- Marrows
- Melons
- Okra
- Onions
- Parsnips
- Peas
- Potatoes
- Puha
- Pumpkin
- Purslane
- Radishes
- Rakkyo
- Rhubarb
- Salad leaves
- Salsify
- Scallopini
- Scorzonera
- Shallots
- Silverbeet
- Spinach

Fresh fruit

- Spring onions
- Sprouted beans
- Squash
- Swedens
- Sweetcorn
- Tomatoes
- Taro
- Turnips
- Ulluco
- Watercress
- Witloof
- Yakon
- Yams
- Zucchini
- Apples
- Apricots
- Asian Pears
- Avocados
- Babacos
- Blackberries
- Boysenberries
- Casanas
- Cherimoyas
- Cherries
- Citrus
- European pears
- Feijoas
- Guavas
- Grapefruit
- Kiwifruit
- Kiwiberries
- Lemons
- Limes
- Loquats
- Mandarins
- Nectarines
- Oranges
- Passionfruit
- Peaches
- Persimmons
- Plums
- Quinces
- Sapotes
- Strawberries
- Summerfruit
- Tamarillos
- Tangelos

our vision for the future

Healthy food for all forever

Industry value

\$5.87
billion

New Zealand eats

\$2.24
billion

Land used

120,000^h

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Growers

5,000

Jobs

60,000



Our key role in the future of food

Fruit and vegetables are the rising stars of the world's food bowl. As people look to improve their health and do what they can to reduce environmental damage, they are seeking out a greater number and variety of fruit and vegetables, especially those that are produced sustainably.

The horticulture sector has huge potential to utilise modern growing techniques and technologies to grow healthy, safe, high-quality fruit and vegetables that cater to discerning food consumers prepared to pay for that experience.

But creating future growth opportunities is not without challenges because much of the local, regional, and central government regulations around primary production have traditionally been based on pastoral farming. If New Zealand's fruit and vegetable growers are to take full advantage of the opportunities being generated by the consumer-driven shift to more fruit and vegetable consumption, the current regulatory environment will need to change. Instigating more appropriate policy and regulatory settings will allow existing growing operations to remain and simultaneously enable growth by supporting changes in primary sector land use.

Thank you for giving us the mandate to represent you for a further six years.

Enabling and protecting growers' access to land and water is a large part of what Horticulture New Zealand (HortNZ) does. As the group representing all growers, HortNZ advocates for growing opportunities that allow for better use of the land to be accepted and reinforced in planning and regulation alongside law changes. We believe it is critical for growers to have representation at all levels of government – local, regional, and central.

Working with Ministers

At the central government level, we have formed good relationships with the appropriate ministers. This year we invited Agriculture Minister Damien O'Connor to Pukekohe to meet growers and to see first-hand not only the pressures generated by housing sprawl but also the good environmental work growers are doing to retain soil and protect waterways. Minister O'Connor, in turn, hosted us at Parliament to launch the New Zealand's Food Story: The Pukekohe Hub report, one of our key pieces of work this past year.

We also engaged with Immigration Minister Iain Lees-Galloway on labour shortages, inviting him to attend and present at the Recognised Seasonal Employers (RSE) conference in Tauranga. While the industry didn't get the full increase in RSE numbers we requested, we did get an increase of 1750 (the largest yearly increase ever), and we thank the ministers responsible for this. While there is still much to be done to ensure the future availability of labour, including taking a more strategic approach rather than requiring a time consuming and frustrating annual review, this progress is extremely welcome.

It has been a long time coming – 10 years at least – so it was rewarding to see the Consumers' Right to Know (Country of Origin of Food) Bill passed into law in November 2018. HortNZ did a tremendous amount of work to get the current Government to pick up this piece of work and carry it through into law.

Thank you for your Yes vote

The resounding Yes vote we received from our levy referendum in 2018 is literally a vote of confidence from growers for HortNZ to continue representing them. Growers also voted to keep the levy at its current rate at the Annual General Meeting (AGM) in Christchurch in July. The levy will stay at 0.14% (14 cents per \$100 of sales) in large part because of Horticulture New Zealand's financial performance and prudent cost controls.

The \$4.9 million we expect to raise will be spent on grower representation across crucial areas such as biosecurity, access to land, water and people, research and development, education and training, telling the horticulture story, and maintaining quality assurance programmes.

Industry levy

\$ **4.9** million

- grower representation
- biosecurity
- access to land, water and people
- research and development
- education and training
- the horticulture story
- quality assurance



Changes at Board level

There were some changes to the Board line-up this year, with Julian Raine standing down as President and myself being appointed his successor at the December 2018 Board meeting. Julian is an incredible leader in the horticulture industry, and the Board thanks him for his five and a half years at the helm. In June, Bernadine Guilleux was elected to the Board as a new director and Mike Smith was re-elected. Bernadine, who is marketing manager at Balle Bros in Auckland, was also appointed vice-president from 1 January 2019.

For the first time, the Board also appointed an Associate Director, as a development opportunity for a future leader to join the HortNZ Board in a non-voting role. Kate Truffitt is the first to take up this newly created position and attended her first Board meeting in December 2018.

I would like to take this opportunity to acknowledge and thank the Board for their vision and leadership this year. On behalf of the Board, I would also like to acknowledge the work of chief executive Mike Chapman and the staff. It has been an extremely busy year and we are very pleased and thankful for the team's efforts and achievements.

Signs of future challenges

As the 2018/19 financial year ended, two critical events - the appearance of two different types of fruit flies in three parts of Auckland, and drought conditions reaching a 1-in-100-year level in the Nelson/Tasman area – pointed to the many challenges associated with climate change, heading our way. These will include changing weather patterns and increasing threats from pests and diseases.

Fortunately, the work enabled and carried out by HortNZ will mean we are as prepared as we can be for these. We continue to recognise the significant value that district associations and product groups contribute through their partnerships with us. Growers can be assured that HortNZ and our partners will continue to work together to proactively engage as the pan-sector voice advocating for and promoting the sector on behalf of all growers, with a focus on protecting our growing foundations for the future.

Barry O'Neil | President
Horticulture New Zealand



Horticulture New Zealand Board



Bernadine Guilleux
Vice-President and Director



David Kelly
Director



Leon Stallard
Director



Bruce Wills
Director



Tony Howey
Director



Hugh Ritchie
Director

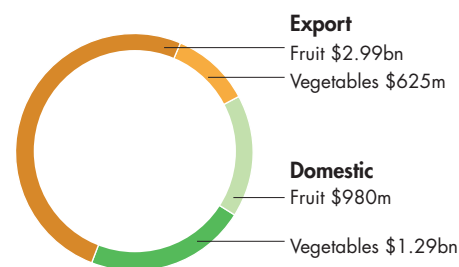


Mike Smith
Director



Kate Truffitt
Associate Director

Speaking out for our future



A true test of HortNZ’s worth is how we manage to influence the Government’s new policies and laws, and whether this influence results in positive changes for growers and their businesses. To ensure growers have a strong voice at the decision-making tables, we need to achieve a high degree of influence, not only with Ministers and Members of Parliament, but also with the Government’s policy advisers and law makers.



The ability to feed New Zealand into the future will not come about by chance.

Meeting directly with key decision-makers is one of many ways we seek to gain influence. We also make written and oral submissions on law and policy changes and talk about our successes and concerns to media. Blogs and social media, including engaging in conversations on Twitter and LinkedIn, have also become powerful tools.

The ability to feed New Zealand into the future will not come about by chance. We are making good progress in gaining central and regional government recognition of the importance of healthy food grown in New Zealand. But horticulture needs to be better recognised and accommodated in the Resource Management Act and upcoming Emissions Trade Scheme (ETS) regimes, meaning there needs to be central government, as well as regional and district council, policies, regulations and rules created to enable growing.

It is not enough that eventually New Zealand-grown fresh fruit and vegetables will have country of origin labelling – one of our success stories during the reporting period. There needs to be more targeted and specific policies and rules to ensure our food future.

Protecting highly versatile land

We are working with government to protect highly versatile land and provide both water and suitable nutrient allocations. But none of this is guaranteed. Reasonable progress on these requirements was made during the reporting period and this work has been greatly assisted by product groups, district associations and individual growers. It is a true team effort and the area where we spend most of our levy funds.

HortNZ runs weekly, sometimes daily, campaigns to get our voice heard on a wide range of issues.

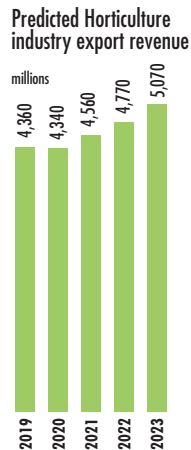
Lack of workers is another impediment to the continued growth of horticulture. There are simply not enough New Zealanders available to do the work required and comprehensive, long-term solutions will need to be found to alleviate current shortages. Our focus, along with product groups, has been on resolving the immediate shortages, while working to affect a long-term solution. Some progress has been made during the reporting period.

Increasing our own expertise

Work has continued on HortNZ’s role within pan-sector biosecurity. We have provided expert assistance on a range of issues, including preparing for the arrival of the brown marmorated stink bug, food safety, and providing for seamless registrations under the Food Act. As part of this, we have maintained a high level of media and communications activity targeting urban New Zealand. We have also continued to publish the high quality and informative magazines, the Orchardist and NZGrower, monthly (except for January).

During the year, as staff left or retired, we bolstered our expertise in a range of important areas: food safety and certification; health and safety; employment and careers in horticulture; natural resources and the environment, with a particular focus on water; biosecurity; administration, including data base management; and providing for succession with key

2019 Industry value
\$5.87
 billion



We are working with government to protect highly versatile land and provide both water and suitable nutrient allocations.

roles. All our staff have made a comprehensive and sterling effort and I wish to thank them for everything they have achieved. We have also integrated our work with product groups and district associations. Thank you to these groups and associations for seeing us collectively achieve the best outcomes for horticulture as a whole.

Aligning with the push towards wellbeing

HortNZ’s vision of healthy food for all forever has been an effective rallying point for our many initiatives and interaction with government and other key stakeholders. It is a particularly useful vision when it comes

to sustainability and the government’s policy push towards well-being, as it encapsulates not only the value of eating healthy food, but also the government’s four budget measures of well-being: financial; human; social; and natural capital. HortNZ’s strategy, in many respects, already aligns with these four capitals and our work plans over the reporting period have been focused on producing tangible results, creating the environment where our grower members can prosper.

Mike Chapman | CEO

Citrus NZ.



Shane Balle, Balle Brothers.



Emily Meese (left) and Tineke de Jong, Southern Belle Orchards.



Anthony and Angela Tringham, Curious Croppers.

Our mission is to create an enduring environment where growers prosper.

Enabling access to natural resources

Our work with product groups and district associations is part of how we assist growers to adapt to regulatory change and maintain stewardship and access to the natural resources they need.

As an industry, we are stronger for having a shared voice and for showing leadership in the issues that matter to us.

Helping growers into the future

Our goal is to add value to growers' businesses. We do that through telling the horticultural industry's stories and those of this country's hardworking fruit and vegetable growers. As an industry, we are stronger for having a shared voice and for showing leadership in the issues that matter to us: access to the right land, water and people; a biosecurity system that protects crops; and the ability to trade with customers around the world.

Activities

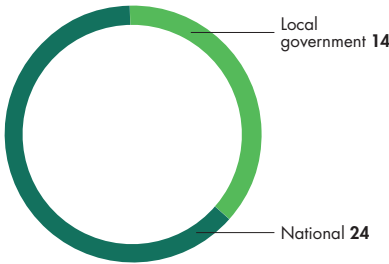
To ensure our story was told at the 2018 New Zealand Planning Conference in Tauranga, NRE acting manager Rachel McClung and Lynette Wharfe of AgriBusiness Group ran a **horticulture field trip**. 32 planners were taken by bus to visit Te Puke kiwifruit growers, Ken and Paul Edkins, Trevelyan's post-harvest facilities and Plant & Food Research. Those on the field trip later commented that horticulture involves much more than their original impressions.

HortNZ has submitted and commented on the **Waimea Community Dam**. After initially choosing not to support the development, the Council voted to proceed. The decision comes with a renewed and more palatable funding model. This process highlights the sensitivities of access to water for growers.

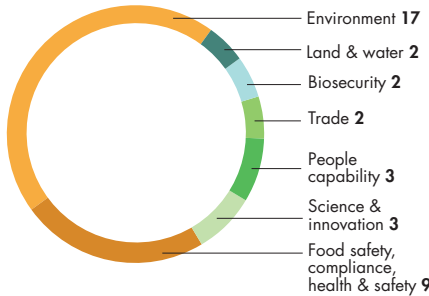
We continue to talk to the government about the application of the **Auckland regional fuel tax** on off-road vehicles and machinery. The issues growers have with the new online system and trying to get accepted for monthly rebates were highlighted in media via interviews with chief executive Mike Chapman. The Ministry of Transport has said that it is reviewing the rebate system.

38
Submissions

Who were our submissions to?



HortNZ submissions by subject



Mareta Taraora and Snow Hlai enjoying healthy productive outdoor environment as key staff at Strawberry Fields in Hamilton.



Wai-West Horticulture GM Anton Boeyen.



Robin Oakley, Oakleys Premium Fresh Vegetables.



Jerf van Beek, Rijnberk Family Trust, outlined how growers and the Twyford community are looking after water in their sub-catchment (Orchardist, June 2018).

We attended the Government’s announcement of its plans to “protect and restore New Zealand’s freshwater quality” via the **Essential Freshwater: healthy water, fairly allocated** programme. Environment Minister David Parker and Agriculture Minister Damien O’Connor promised a noticeable improvement in water quality within five years. The Government will involve interested parties in testing and advising on policy options through a network of advisory groups including Kahui Wai Māori, the Science and Technical Advisory Group, and the Freshwater Leaders Group. Canterbury vegetable grower Allen Lim has been appointed to the Freshwater Leaders Group.

Retaining our rights to water

We submitted expert evidence that a **water conservation order (WCO) in Hawke’s Bay is not the way** to ensure healthy rivers. Such an order would have considerable implications for growers. Horticulture accounts for 10.3% of Hawke’s Bay’s gross domestic product (GDP) and there are about 12,000 hectares in fruit production and nearly 9000 hectares of vegetable production. We also lodged evidence on the **Waikato Regional Council’s Plan Change 1**, including an industry statement and expert evidence from a horticultural water use specialist, an agricultural economist, a planner and a hydrologist.

People capability

1,750 ↑
Increase in seasonal workers for 2018-19

With ongoing growth predicted for horticulture, people and capability have become key issues. The industry needs to excite young people from the start of secondary school to focus on preparing for a career in horticulture that could take them anywhere.

Horticulture New Zealand supported the launch of a new website – **Work The Seasons** (www.worktheseasons.co.nz) to help deal with labour shortages around the country for harvest. This Ministry of Social Development initiative matches employers looking for seasonal workers with employees looking for work.

At the Women in Horticulture session at the Horticulture Conference 2018, it was decided to establish an industry leadership group for **Women in Horticulture**. This group will operate independently to, but with the support of, Horticulture New Zealand.

The Government announced that the **Recognised Seasonal Employer (RSE) scheme cap would increase by 1,750** to 12,850 for the 2018/19 harvesting and pruning. Horticulture needs Government support for this valuable scheme and HortNZ works closely with the Immigration Minister and his officials to get the number of workers right.



HortNZ's Events Manager, Amy Miller, and National Labour Coordinator, Jerf van Beek, travelled to Vanuatu to talk to RSE workers and their families and to see how some of the money earned in New Zealand is invested.

Young Grower of the Year 2018

Gisborne's first Young Grower competition was won by Matt Gomm, 23, orchard leader at the Burnside Trust. Krista Manuel from Kaiaponi Farms was second, while third place went to Emily Samuel of Thompsons Horticulture. The competition was organised in record breaking time with the help of Scott Wilson from Kaiaponi Farm and facilitated by Horticulture New Zealand.



Danni van der Heijden

In August, Danni van der Heijden was crowned **Young Grower of the Year 2018** at an event in Napier. Danni, 24, was named the winner after a long day of horticultural challenges. As the regional Bay of Plenty champion, she beat out six other contestants for the title, and also secured the national title of Young Fruit Grower of the Year, along with finance, innovation, and speech awards. First runner-up was Lisa Arnold from Hawke's Bay, while third place went to Central Otago's Hamish Darling.

Danni works as a technical advisor for AVOCO in Tauranga, where her role includes technical support, data analysis, mapping, research, and avocado nursery support. She was thrilled to win and continue the streak of Bay of Plenty women taking the national title, following the example set by Erin Atkinson last year.

Young Grower of the Year finalists 2018



From Left – Danni van der Heijden (Bay of Plenty Young Fruit Grower 2018); Gurjant Singh (New Zealand Young Vegetable Grower 2018 (1st equal)); Esteban Ibanez, New Zealand Young Vegetable Grower 2018 (1st equal); Hamish Darling (Central Otago Young Fruit grower 2018); Dillon Peterson (Nelson Young Fruit Grower 2018); Lisa Arnold (Hawke's Bay Young Fruit Grower 2018); Matt Gomm (Gisborne Young Fruit Grower 2018).

10

Undergraduate awards

20

Industry training awards

16

on leadership programme

220

Leadership programme graduates to date

Horticulture Capability Group

The Horticultural Capability Group (HCG) is a joint venture that includes members from NZ Apples & Pears, NZ Kiwifruit Growers Inc, NZ Avocado, Vegetables NZ, the Hawke's Bay Fruitgrowers Association and HortNZ.

This year the Group has worked with industry leaders and tertiary providers to create the new BSc Hort at Massey University and horticulture apprenticeships on offer from July 2018 via the Primary ITO.

Initiatives have also been put in place for the creation of a Workforce Development Programme. This will be a whole sector workforce development strategy to not only address industry training needs but to meet the ongoing labour and skills needs of horticulture.

HortNZ Leadership Programme

The 2019 scholarship application round closed with the highest number of applications yet: 42 applications for 20 awards (compared with 37 in 2018) and 22 undergrads applying for 10 awards (compared with 17 in 2018).

Between August and November 2018 HortNZ ran its 17th leadership programme with 16 participants, bringing the total number of graduates who have completed the programme to 220.

“Intense, informative, enlightening, challenging, satisfying”

“A brilliant programme”

“Made my views of leadership a lot clearer”

People for the future

Horticulture has a lot to offer those looking for amazing careers. One of our key focal points in attracting new talent to the industry is telling them that they will be working at the cutting edge of technological developments. Innovative tech, such as robotics, and moves to provide sustainable diets based on plant-based proteins, will require the next generation of innovators and creatives to bring exciting new skills to the industry.



Michelle Schurmann, SNZ/PFR Summer Student Scholarship awardee. Photo by Robert Lambert, PFR.

The joint Summerfruit NZ/Plant & Food Research Summer Student Scholarship was awarded to **Michelle Schurmann**, who is part way through an MSc at Victoria University of Wellington.

Michelle is currently working on her MSc focusing on the development of a crop growth model to determine the efficiency of irrigation using Geographic Information Systems.

145
Interviews

53
Blogs from CE

799 ↑

Articles quoting Horticulture New Zealand

Promoting our stories

New Zealand's fruit and vegetable growers have great stories to tell. This year we have been able to prove the contribution our food businesses make, not just to the health and wealth of New Zealand, but to the social and natural wellbeing of communities around our key growing areas.

12% ↑

media coverage increase

Social Media

 ↑ **2825**
LinkedIn followers
(up 750 on 2017-18)

 ↑ **3768**
Twitter
@HorticultureNZ followers
(up 442 on 2017-18)

 **829**
Instagram
@GrowersofNZ (first full year)

In telling our stories it is essential we connect with consumers who are increasingly looking for the provenance of their food. They want to be sure that the produce they choose is grown locally, ethically, sustainably, and that it is beneficial to their health.

Our media presence

Once again this year we were active in representing grower issues in the media, with **media coverage up by 12 percent**. This was a reasonable increase considering media coverage in 2017 was up 65.4 percent on 2016 and shows the cumulative effect we have had in raising the media profile of the horticulture industry to the public.

This year we issued **41 media releases** covering critical issues such as access to land, water and people, as well as immigration, food security, food tampering, industry growth, Country of Origin Labelling, our levy round, biosecurity and political issues including tax and employment law.

HortNZ's CE and President did **145 media interviews** and chief executive Mike Chapman wrote **53 blogs** on the pressing issues of the day, which were then promoted through social media including Twitter and LinkedIn.

We secured horticulture as part of the prestigious **Ahuwhenua Trophy Te Puni Kōkiri Excellence in Māori Farming Award**, which recognises excellence in Māori farming. This will see a horticulture Ahuwhenua Trophy awarded in 2020. Each year the awards recognise a farming sector, and horticulture will be on a third-year rotation, after dairy (2018) and sheep and beef (2019). There are significant Māori holdings in horticulture, so it is great for our industry to be able to be part of these prestigious awards.



At the New Zealand Guild of Agricultural Journalists and Communicators annual awards in October 2018, Horticulture New Zealand was pleased to award the **Horticulture New Zealand Journalism Award** to **Elaine Fisher**. Elaine has been a champion for horticulture with her articles in Coast & Country in the Bay of Plenty.

A number of HortNZ staff got together **to follow the Horowhenua Taste Trail**, now in its third year. Run in November, the taste trail showcases the area's produce and provides an opportunity for the public to get a behind-the-scenes look at where their food comes from. Highlights for HortNZ staff included Lewis Farms where they saw the packhouse in action and sampled fresh-picked asparagus and strawberries, and Woodhaven Gardens where they tasted a selection of the vegetables grown on site and visited the fields by tractor.

Joe and Fay Gock © Felicity Morgan-Rhind, used with permission of Diva Productions.



Minister Damien O'Connor speaking with Brendan Balle.



The launch of New Zealand's Food Story at Parliament.



Horowhenua Taste Trail.

HortNZ was sad to hear of the passing of **well-known kūmara grower Fay Gock** on 21 December 2018. At the age of 85, Fay was still working in her market garden with husband Joe. The Gocks are credited with saving the kūmara when black rot threatened to obliterate the industry in the 1950s, and they gifted their disease-resistant strain to the nation, refusing to take any money for it. Fay's story is part of the rich history of vegetable growing in New Zealand. There's even a short-film, **How Mr. and Mrs. Gock Saved the Kumara**, on YouTube.

Focus on Pukekohe

Agriculture Minister Damien O'Connor hosted the launch of **New Zealand's food story: The Pukekohe hub** in Parliament in August, an event attended by politicians, primary industry leaders, Pukekohe growers and government stakeholders. We commissioned Deloitte to do the economic study of Pukekohe's contribution to the Auckland and New Zealand economy, as well as to the New Zealand domestic food supply. The report shows the pressing need to protect growing land close to our largest population centres to meet not only consumers' needs, but also the Government's health and environmental imperatives. The findings attracted plenty of media attention and will be used in HortNZ's submissions to central and local government.

Along with Onions New Zealand, we invited **Hon. Damien O'Connor to visit Pukekohe** to meet with growers and speak face-to-face about issues and opportunities for those growing closest to Auckland. The Minister spent three hours meeting with growers, seeing the impact housing is having on vegetable growing operations in the area, looking at progress on the Sustainable Farming Fund project Don't Muddy the Waters, joining some young environmentalists from Puni School in some riparian planting and learning more about what happens in a big post-harvest pack house and this country's onion exports. We were pleased to hear the Minister express the view that Auckland should be going "up not out".

In other news in the area, HortNZ joined the **Pukekohe Vegetable Growers Association (PVGA) in celebrating its centennial** at an impressive gala dinner in Pukekohe. No detail was too small for the organising committee and the tangible "take-out" was a centenary tractor that guests could assemble themselves from a "flat pack". There was also a display of the real thing – tractors through the ages – along with photos and news from the past and present.



David Easton is pictured with Minister Damien O'Connor.

Nelson drought

Wildfire and drought conditions in early 2019 in the Nelson region combined to make it a particularly tough time for those trying to manage stock and grow food. David Easton, from Easton Apples, near Nelson, hosted Agriculture Minister Damien O'Connor when he made an announcement **declaring a medium-scale adverse event for the Tasman district.**

HortNZ, in conjunction with New Zealand Apples & Pears, NZ Kiwifruit Growers, Vegetables NZ, TomatoesNZ, Tasman District Council, Ministry for Primary Industries, and AgFirst, held a meeting at the end of February 2019 for **growers in the Tasman district affected by drought.** The meeting gave them the chance to get technical advice, learn what the Tasman District Council was doing about water allocation, find out what government support is available, and talk about well-being and how to get through a crisis. As the drought worsened, HortNZ kept growers updated via an email information loop.

Conference 2018

Our food story was the theme of the 2018 Horticulture Conference, held at the Air Force Museum in Christchurch in July. Keynote speakers included Kok Hwee Ng, the Head of Global Marketing at Zespri, and Dr Steve Wratten, Professor of Ecology at Lincoln University.

The conference was a combined event with Horticulture New Zealand, New Zealand Apples & Pears, Vegetables New Zealand, Process Vegetables New Zealand, and TomatoesNZ taking part. The gala dinner included the **Horticulture New Zealand Industry awards.**

The **Bledisloe Cup** celebrates a person who has made an outstanding and meritorious contribution to the New Zealand horticulture industry. This year, the Bledisloe Cup went to an outstanding leader in the kiwifruit industry, **Peter McBride**, whose involvement with the kiwifruit industry spans 40 years. Peter McBride has been Chairman of the Zespri Board and a key interface between growers, industry and the Government.

For the first time Horticulture New Zealand presented an **Environmental Award**, with the winner **James Trevelyan** from Te Puke, in the Bay of Plenty. James Trevelyan proudly and publicly supports the environment while providing tasty, healthy, nutritious fruit to the world. In 2017, his family-owned company produced a report, *Our Journey Toward a Sustainable Future*, that states sustainability is a journey that requires ongoing development, innovation, collaboration and commitment. He also features in the Horticulture New Zealand video *Healthy Food for All Forever*.

The **President's Trophy** went to **Tim Egan**, a grower and orchardist who has been heavily involved in the promotion of horticulture in the Gisborne region.

Industry Service Awards went to **Garry Elliott** and **Graham Martin**. Garry Elliott has been involved in bringing new chemistry to the horticulture industry. Graham Martin is a stalwart of Canterbury horticulture and organised the first Young Vegetable Grower of the year competition and awards dinner in 2007.

Earnscy Weaver was given Horticulture New Zealand Life Membership.



Peter McBride, winner of the Bledisloe cup, pictured with his wife Linda.

Bringing food into the classroom

Young people are deeply interested in where their food comes from. If we are going to reconnect people with food provenance, school seems a good place to start.

Otaua School, near Waiuku, is living up to its motto of **“learn by doing”** by growing fresh, healthy vegetables and herbs.

Deputy Principal Megan Allen, along with local herb growers Jeanette Rea and Pam Maurice from Scarborough Fare, has engaged students in a learning experience that takes them through the growing journey. With local sponsorship from Apex Greenhouses, they have been able to set up a miniature glass house to learn about potting and growing from seed before planting outside in two large garden beds. Plants and seeds have also been supplied with local support.

Students learn basic skills around watering and fertilising their plants and while not certified as organic, they are using organic products to control pests such as caterpillars. They also learn about harvesting and have a chef coming in to show them how to prepare food. Conscious not to waste food, they sell the week’s harvest to parents at a mini-farmers’ market.

The initiative has been supported by Horticulture New Zealand and NZGAP.

Otaua Students with Jeanette Rea.



James Trevelyan with the Environmental Award

Keep following us on Instagram@growersofnz

Last year we launched an Instagram page to better tell the story of our people and the crops they produce. It’s an invitation to New Zealanders to get to know the people who know our fresh fruit and vegetables, and includes featured growers and healthy recipes. Our Instagram page has more than 850 followers from around the world. Are you one of them?

Workers at the Tamarillo Tree, near Te Puke.



Harvesting boysenberries.

Environment: Sustaining our food future

Sustainability plays a key role in our food future. We continue to advocate for recognition of the robust and credible assurance schemes operating in our industry in order for growers to demonstrate the sustainable growing of fruit and vegetables in NZ.

New Zealand Good Agricultural Practice (NZGAP) plays a key role in the safe and sustainable production of fruit and vegetables in this country. We are continually working on ways to empower growers to meet regulatory and market certification demands in existing assurance frameworks while adapting the system to ensure our standards align with global benchmarks.

Working with GLOBALG.A.P. and industry groups

NZGAP is an active participant in the New Zealand GLOBALG.A.P. National Technical Working Group (NTWG) which is hosted by HortNZ. The group has broad industry representation from NZGAP, Zespri International Limited, New Zealand Apples and Pears Incorporated, Onions New Zealand Incorporated, New Zealand Avocado Growers Association Incorporated, AsureQuality Ltd, and SGS New Zealand Ltd.

Members work closely with regulators and industry experts to advocate for recognition of GLOBALG.A.P. with NZ regulators (e.g. MPI and the Food

Act 2014). The group also develops interpretation guidelines that help to translate GLOBALG.A.P. standards for growers and auditors, support implementation, and align requirements with local rules and regulations. The NTWG has been pivotal in attaining the recent recognition of GAP checklists, assurance framework and auditors by MPI. This recognition has paved the way for GAP audits to be treated as Food Act 2014 verifications, reducing cost, complexity and compliance burden for growers.

Empowering New Zealand growers to meet their compliance obligations

NZGAP has provided growers with regular updates and guidance on how to comply with the Food Act 2014, and registered all certified growers in a bulk process, again reducing the administrative costs and burden of compliance. NZGAP has also developed a new social practice module which offers a way for growers to demonstrate that they maintain high standards on worker welfare, and to assure markets and regulators alike that NZGAP certified businesses comply with employment laws in New Zealand. The newly developed Environment Management System (EMS) add-on has more of a local focus. It aims to assure communities that growers are good custodians of the land and are meeting regional environmental standards.

GLOBALG.A.P. grower Emma Clarke at Woodhaven Gardens, Otaki with representatives from AUSVEG, Australia.

Increasingly, regulators and markets are expecting growers to meet high standards around food safety, the environment and worker welfare.



Opotiki kiwifruit growers Catriona and Mark White were the supreme winners of the Bay of Plenty Farm Environment Awards. Photo Stuff Limited.

Kiran Hari, director of RC Hari & Sons in Pukekohe with wombok.



The better farming practice governance group at the launch of the action plan publication.

Food security: future directions

Are we ready for vertical farming?

As part of her Kellogg Rural Leadership Programme, Horticulture New Zealand environmental policy advisor Rachel McClung has published a report, **“Can vertical farming replace New Zealand’s productive land to deliver high quality fruits and vegetables in the future?”**

Rachel found that while vertical farming - where food is grown indoors in high stacks - will not replace traditional fruit and vegetable growing in New Zealand, it may supplement it in future if technology makes it economically viable.

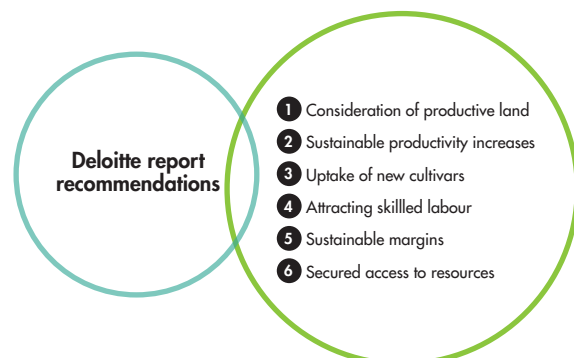
While there are many recognised benefits of vertical farming – including of course the ability to grow produce regardless of weather conditions - the costs of the electricity needed for artificial lighting and temperature control, combined with the high capital investment and operational costs, currently outweigh the benefits.

So, we may not be seeing this particular form of farming anytime soon in New Zealand, but Rachel did conclude that the New Zealand Government will need to take a balanced, and potentially more creative, approach to the issue of New Zealand’s diminishing productive land and food security.

Acting on food security for New Zealand

If we want fruit and vegetable growers to feed New Zealand, we need a food security policy.

We are currently working with the Government to achieve a sensible balance between building houses and growing our food. The Deloitte report, New Zealand’s food story: The Pukekohe hub, makes six recommendations, including creating a National Policy Statement, under the Resource Management Act, as a first step to developing such a policy. The Statement will help ensure consistent policy across all Councils to enable growing food by making sure that elite soils are identified, and water and nutrient allocations are secured.





Automated apple packing from the Hortnz conference 2018.

Making sure we can grow the produce we need

Horticulture today has a very small land footprint: around 120,000 hectares of the roughly 8 million hectares that is farmed.

As consumer demand increases for fresh, locally grown and healthy plant proteins, that land area will only increase. The challenge we face is getting Government and councils to understand that fruit and vegetable growing has different requirements to pastoral farming and that we need to have our own horticulture regimes.

Unlike most of the world our water crisis is not that we do not have enough water, it's that we do not capture, store and use our water to sustain our rural economy and meet the ever-increasing urban demands.

As the Government begins to release its proposals, we will develop responses that enable fruit and vegetables to be grown. Specifically, we will be working with Government and councils to develop their understanding of what it means to grow fresh and healthy fruit and vegetables as the first step towards making submissions.



A robotics world-first in New Zealand

Demand for fruit and vegetables in New Zealand is expected to be up to one-third higher by 2043. As access to horticulture workers gets tighter, increasing automation will be necessary to continue to meet increasing global demand for food.

In March 2019, T&G Global used a robotic harvester for a commercial apple harvest. This was the culmination of four years of work with US-based technology partner Abundant Robotics, which T&G's parent company BayWa AG invested in as part of its strategy to expand digitisation across its agribusiness.

A great deal of thought and preparation has gone into making this first harvest happen. High density planting and specific pruning methods have been implemented at T&G's Hawke's Bay orchards to make them suitable for Abundant Robotics' technology. In fact, canopy innovation and trialling different ways of achieving automation compatibility has been a feature of orchard expansion initiatives since 2017.

The Abundant Robotics technology is being used to pick a range of apple varieties including T&G's JAZZ™ and Envy™, and while it will be some time before all T&G orchards are harvested in this way, this first harvest represents an important step forward.

Innovative partnerships Pics peanut butter and Tasman Bay Berries create boysenberry jelly.



Robotics and innovation will be important to responsible farming.

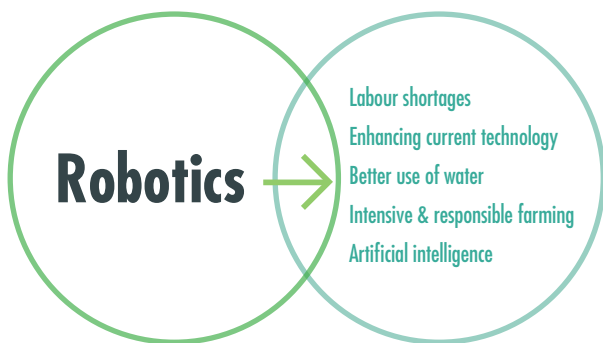


New selection of apricot Nzsummer2, with firm fruit, high sugars and good yield. Photo by Robert Lamberts, Plant & Food Research.



Robotics and innovation will be important in our use of water.

By 2050, nine billion people worldwide will need feeding



As access to horticulture workers gets tighter, increasing automation will be necessary...

33% [↑]
Food production increase needed by 2043

A huge surge in interest

BayWa AG are not the only company investing in new technologies that will change horticulture as we know it. **Increasingly, investors are seeking out rewarding opportunities that help feed the world, as impact investing becomes a recognised investment trend.**

According to Peter Rockefeller, Board Member & Vice Chairman of Rockefeller Philanthropy Advisors and Managing Director of Brock Capital Group, "As the world's population continues to surge it becomes ever more pressing to increase the production of healthy foods using Earth-friendly farming methods that can be sustained into the future."

Growth in this area is so strong that the asset class is forecast by industry experts to grow to \$14 trillion by 2023 according to Dalma Capital.

Arguably, there has never been a more exciting time to be in horticulture. As consumers increasingly look to plant-based foods and investors prepare to change the technologies growers have available to them, all the signs are there that the industry can look forward to healthy growth. That's not to say there won't be challenges of course, but the success of the robotic harvester and the money being poured into changing how people are fed should, in our view, give growers confidence in the sustainable future that lies ahead.



Advocating for the industry

We advocate for growers across key areas affecting the industry, including biosecurity.

Activities

HortNZ signed an agreement with the Ministry for Primary Industries (MPI) to join the **National Biosecurity Capability Network (NBCN)**. The NBCN is activated during a biosecurity response to ensure resources to respond quickly and efficiently. Should a biosecurity response affecting horticulture occur, HortNZ staff may be called on for operational roles.

The Primary Industry Training Organisation (ITO), Horticulture New Zealand, and industry product groups, have developed a biosecurity micro-credential (a short, focused piece of learning) to enhance industry biosecurity capability. The course was tested through a series of pilots in late 2018 and early 2019.

We signed a **Government Industry Agreement (GIA) for Biosecurity Readiness and Response** on behalf of Process Vegetables New Zealand (PVNZ), who represent the interests of 350 commercial growers. The GIA is about industry and government working collaboratively to achieve better biosecurity outcomes.

We participated in Plant Health Australia's **government-industry workshop for *Xylella fastidiosa*** readiness, held in Brisbane. Representatives from Australian horticulture, state, and federal authorities, as well as the New Zealand Ministry for Primary Industries (MPI), New Zealand Winegrowers, and HortNZ went through a two-day readiness exercise simulating an outbreak of *Xylella fastidiosa* in a nursery in Australia.

New Zealand's horticulture and wine industry groups were pleased to be awarded a Sustainable Farming Fund (SFF) Tere grant for **research into the unwanted plant pathogen *Xylella fastidiosa***. The project will better identify the risks posed by the pathogen to New Zealand's primary industries and enable development of a cross-sector approach to prepare and respond should *Xylella fastidiosa* be found in New Zealand.

Tackling the brown marmorated stink bug

HortNZ was a key part of the team that successfully applied for the Environmental Protection Authority (EPA) **to release the Samurai wasp in the event of a BMSB incursion** in New Zealand. This is a significant milestone in terms of our readiness for BMSB and is the result of a collaborative effort from industry and MPI.

To raise awareness of the risk posed to horticulture by the BMSB, HortNZ participated in a **BMSB response simulation** at the NZ Winegrowers

(NZW) conference. This involved a mock response governance meeting that NZW and HortNZ participated in as signatories of the Government Industry Agreement (GIA).

Just prior to Christmas, HortNZ advised growers in the Bay of Plenty that a single male **BMSB had been found inside a house in Mt Maunganui**. The area where it was found was inspected and traps were set but no further bugs were found in the area. This alert from an aware member of the public shows that publicity around this unwanted bug is working. In an unrelated incident, a single bug was found in Glenfield, Auckland in early January. It also turned out to be a lone traveller.

Fruit fly response

Two different types of fruit flies were discovered in three separate areas of Auckland – Queensland fruit flies in Devonport and Northcote; and *Bactrocera facialis* fruit fly in Ōtara.

In March, HortNZ President Barry O'Neil and chief executive Mike Chapman visited the Ōtara markets, and the Queensland fruit fly field headquarters (HQ) and the controlled area zones in Northcote, Auckland, to view activities from the front line.

The Ministry for Primary Industries (MPI) had a team at a stall at the Ōtara markets, handing out brochures translated into five languages. Barry and Mike met the operational and planning staff on the Queensland fruit fly responses in Devonport and Northcote. They also talked with the team leader at the Auckland port and passed on information from MPI to growers in the Auckland area.

Ko Tātou This Is Us – Biosecurity 2025

The independent biosecurity brand Ko Tātou This Is Us was launched nationwide in September as part of the Biosecurity 2025 initiative. The brand and associated communications campaign was created to help build a biosecurity team of 4.7 million New Zealanders, and highlights that it takes all of us to protect Aotearoa from unwanted pests and diseases. Ko Tātou This Is Us helps to link the biosecurity efforts of many, including government, iwi, community organisations, industry and individuals. The brand can be used by organisations and groups to identify and promote their biosecurity-related activities.



United Voice: Speaking up for growers

We dealt with some **critical issues of policy and law** for growers this year, confirming the value of a united voice on issues and opportunities that affect the whole industry. Still ahead are potential employment law changes and the ongoing impacts of regional fuel tax for Auckland. These are all matters where representation of grower interests are critical to a balanced conversation on what should happen.

Activities

A big success for the year was the passing of the **Consumers' Right to Know (Country of Origin of Food) Bill** into law in November 2018. This has been something growers have been asking for from successive governments for more than 10 years. Our research showed that more than 70 percent of New Zealanders want mandatory Country of Origin Labelling (CoOL) for fruit and vegetables.

We joined 13 other horticulture industry groups in submissions to the Education and Workforce Select Committee on the **Employment Relations Amendment Bill** before Parliament. We also submitted on the **Employment Relations (Triangular Relationships) Amendment Bill**. We contended that the employment law changes were a step backwards, potentially destroying trust relationships between employers and employees, which would result in lower productivity. We believe the current protections in New Zealand law provide good levels of worker protection.

We joined forces with Onions New Zealand, Vegetables New Zealand, Process Vegetables New Zealand, TomatoesNZ, New Zealand Apples and Pears, T&G Global and Balle Bros Group to make a submission on the **Land Transport Management (Regional Fuel Tax) Amendment Bill** and appeared before the Select Committee to discuss our submission along with Balle Bros. Unfortunately the regional fuel tax has been implemented in Auckland which has meant all off-road vehicles and machinery have been captured in the tax. Applying for a rebate on this use has been cumbersome and for the most part unsuccessful. We continue to work with NZTA to try and resolve some of the issues with this system that we believe is not fit for purpose.

We made a written submission to the **Tax Working Group on the Future of Tax**. This submission was endorsed and supported by a further 17 organisations, including Beef + Lamb New Zealand Limited. In the submission we noted that we had read and that we supported the submissions made by Dairy New Zealand Limited, Federated Farmers

of New Zealand Incorporated and Irrigation New Zealand Incorporated. Mike Chapman also met with the Tax Working Group in May, along with Federated Farmers and Dairy New Zealand, to further submit on the issues concerning land, environmental and capital taxes. We will continue to advocate for growers and to speak out against taxes that will add costs to healthy food and potentially, threaten availability.

Horticulture New Zealand supported the announcement of a Member's Bill being put forward in Parliament to ensure **harsher penalties for people who intentionally contaminate food** or threaten to do so. Such acts can result in damage to the international reputation of New Zealand as a source of safe food, with potential to impact market access and export earnings. There is also economic, physical and psychological damage to food producers which may result from losing or destroying whole crops; and the stress caused to retailers and consumers who may be on the receiving end of these acts.

Consultation on the Canterbury Land and Water Plan sets potential precedent

Because of rotational requirements, lease and land swap arrangements are common in commercial vegetable production to enable land to be cycled through the system.

The operative freshwater management framework of the Canterbury Land and Water Regional Plan introduced consenting constraints for rotational commercial vegetable production activities. The plan put limits on nitrogen losses from rural production activities (determined by the activity onsite between 2009 and 2013) and assigned nitrogen loss rates to land.

But in assigning these nitrogen loss rates, commercial vegetable producers are finding they are not able to access land with a sufficient nitrogen allocation to support their growing activity. As a result, they are being locked into using current land which is unsustainable for commercial vegetable production.

ECan acknowledged this was an unintended consequence of the operative plan and agreed to initiate a plan change and establish a Growers Working Group to test concepts and ideas and to inform the plan development.

ECan has now undertaken schedule 1 consultation, as required under the RMA, in which they seek comment from District Councils, Iwi and key stakeholders before the formal public notification now programmed for July.

We were included as a schedule 1 party. The full NRE team along with planning consultant Vance Hodgson workshopped the HortNZ position and presented this to Ecan. This will be a national precedent for the rest of the country and is likely to be adopted by other Regional Councils.



7
Board meetings

3
Grower visits

3
Horticulture Industry Forums

Board

The Board has maintained its programme of grower visits, this year visiting growers in Canterbury and Nelson. In addition to the young grower competitions, conferences and industry events the board members also attend affiliate group meetings where practical. In December Board chair Julian Raine stood down after six years on the board and director Barry O'Neil was then appointed to the position. In May 2018, following a grower election, Bernadine Guilleux was appointed to the Board and director, Mike Smith was successfully re-elected.

Trade

Showing our support for the new Trade for All strategy

The Trade for All strategy seeks to facilitate the many benefits that flow from trade for the horticulture industry and all levels of society. This new narrative on trade will help New Zealand keep pace with the modern world, balancing the trade challenges with opportunities for all New Zealanders.

Growth in the horticulture industry has come about through marketing premium products to both domestic and overseas consumers. Small and medium enterprises (SMEs) benefit from this trade along with the communities and regions where these growers can prosper, and larger corporates.

In October 2018, we submitted in support of the new Trade for All strategy and its principles so that the government will continue to develop trade policy to benefit all New Zealanders. We will engage with government officials to ensure policy is fit for purpose for our growers to enable growth.

Our work through the Plant Market Access Council

As a founding member of the Plant Market Access Council (PMAC) we help shape export frameworks and policy to reduce the regulatory burden on growers. Through engaging with government agencies, industry groups and other organisations in the Council, HortNZ is able to achieve better outcomes through collaboration.

Challenges currently facing the industry that are being addressed by PMAC working groups include:

- withdrawal of the pre-clearance export programme to Australia and clearance issues on arrival;
- export food assurances to meet trading partner requirements;
- implementation of new European Union (EU) regulations affecting export of fresh fruit and vegetables; and
- minimising the impact of fruit fly outbreaks on market access.

Contributing to the EU-NZ FTA development process

The development of a free trade agreement (FTA) between the European Union (EU) and New Zealand will provide enhanced access for the horticulture industry to export fresh fruit and vegetables to that massive market. During negotiations, we've made submissions to the New Zealand government on the challenges the industry currently faces and how the FTA can seek to provide a level playing field with our international trade competitors.

We are especially interested in FTA chapters with provisions for tariff elimination and removal of non-tariff barriers, regulatory recognition, small and medium sized enterprises (SMEs) and regional development.

We have also participated in stakeholder sessions with EU officials when they have been in New Zealand.

Financial statements

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Independent Auditor's report

To the members of Horticulture New Zealand Incorporated

Opinion

We have audited the financial statements of Horticulture New Zealand Incorporated ("the Society"), which comprise the statement of financial position as at 31 March 2019, 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 2019, 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.

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

20 June 2019

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 2019.

APPROVED



HortNZ Acting President

20th June 2019



HortNZ Chair of Audit & Risk Committee

20th June 2019

Statement of revenue and expense

For the year ended 31 March 2019

Account	Notes	2019	2018
Revenue			
Horticulture NZ - Core Activity		7,522,443	7,505,133
New Zealand GAP		783,191	660,324
Vegetable Research & Innovation Board		406,780	528,872
Vegetables.co.nz		381,219	355,721
Process Vegetables NZ		301,106	302,418
TomatoesNZ		442,577	471,246
Vegetables NZ		1,301,689	1,402,597
Total Revenue	20	11,139,006	11,226,311
Expenses			
Horticulture NZ - Core Activity		7,357,870	7,033,315
New Zealand GAP		677,458	718,211
Vegetable Research & Innovation Board		375,698	461,631
Vegetables.co.nz		374,825	406,546
Process Vegetables NZ		283,756	273,500
TomatoesNZ		482,106	540,473
Vegetables NZ		1,079,653	1,079,982
Total Expenses	20	10,631,366	10,513,657
Surplus/(Deficit) for the Year		507,640	712,654
Tax Expense	8	39,021	-
Surplus/(Deficit) for the Year after Tax		468,619	712,654

Statement of changes in net assets

For the year ended 31 March 2019

Accumulated Funds 2019	Opening Balance	Surplus/(Deficit)	Movements in Reserves	Closing Balance
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
TomatoesNZ	544,489	(39,529)		504,960
Vegetables NZ	1,295,408	222,036		1,517,444
Total Accumulated Funds	5,950,141	468,619	-	6,418,761
Accumulated Funds 2018	Opening Balance	Surplus/(Deficit)	Movements in Reserves	Closing Balance
Horticulture NZ	2,130,782	471,818		2,602,600
New Zealand GAP	403,441	(57,887)		345,554
Vegetable Research & Innovation Board	320,386	67,241		387,627
Vegetables.co.nz	438,184	(50,824)		387,360
Process Vegetables NZ	358,185	28,918		387,103
TomatoesNZ	613,716	(69,227)		544,489
Vegetables NZ	972,793	322,615		1,295,408
Total Accumulated Funds	5,237,487	712,654	-	5,950,141

Statement of financial position

As at 31 March 2019

Account	Notes	2019	2018
Assets			
Current Assets			
Bank accounts and cash	6	2,119,170	1,966,747
Prepayments		801,830	643,588
Sundry Debtors		1,598,286	1,564,888
Investments	7	3,203,198	2,807,107
Provision for Tax	8	18,068	25,316
Total Current Assets		7,740,552	7,007,646
Non-Current Assets			
Property, Plant and Equipment	9	97,867	116,327
Intangible Assets	10	76,779	74,030
Total Non-Current Assets		174,646	190,357
Total Assets		7,915,198	7,198,003
Liabilities			
Current Liabilities			
Creditors and accrued expenditure	11	1,074,721	967,122
Fit Out Incentive		-	4,913
Income in Advance	12	421,716	275,826
Total Current Liabilities		1,496,437	1,247,862
Total Liabilities		1,496,437	1,247,862
Total Assets less Total Liabilities (Net Assets)		6,418,761	5,950,141
Accumulated Funds			
Accumulated surpluses and deficits		6,418,761	5,950,141
Total Accumulated Funds		6,418,761	5,950,141



HortNZ Acting President
20th June 2019



HortNZ Chair of Audit & Risk Committee
20th June 2019

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

Statement of cash flows

For the year ended 31 March 2019

	Notes	2019	2018
Cash Flows From Operating Activities			
Cash was received from:			
Fees and other income		11,035,527	11,341,491
Interest Income		89,660	97,479
		11,125,187	11,438,970
Cash was applied to:			
Payments to suppliers and employees		10,470,493	10,832,316
Net Cash Flows from Operating Activities		654,694	606,654
Cash Flows From Investing Activities			
Cash was applied to:			
Fixed Asset Purchases		52,065	35,772
Intangible Purchases		54,115	42,000
Increase in Investments		396,091	157,107
Net Cash Flows from Investing Activities		(502,271)	(234,879)
Net Increase / (Decrease) in Cash		152,423	371,775
Opening Cash		1,966,747	1,594,972
Closing Cash		2,119,170	1,966,747
This is represented by:			
Bank & Cash	6	2,119,170	1,966,747

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

Notes to and forming part of the Financial Statements

For the Year Ending 31 March 2019

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 5000 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 20th June 2019.

(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 Expense 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.

The following specific revenue streams are recognised:

(i) NZGAP 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 are 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.

(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 value of the consideration 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 Societies statement of financial position.

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.

	2019	2018
6. Cash and Bank		
BNZ Direct Levy Account	163,699	238,929
BNZ Autocall Account	674,419	673,286
BNZ Current Account	1,272,475	1,054,375
Investment Bank Accounts	8,578	157
Total Cash and Bank	2,119,170	1,966,747

	2019	2018
7. Investments		
Term Investment - ANZ Bank	750,000	750,000
Term Investment - ASB Bank	981,198	900,000
Term Investment - BNZ Bank	300,000	-
Term Investment - Kiwibank	500,000	500,000
Term Investment - Rabobank	672,000	657,107
Total Investments	3,203,198	2,807,107

Interest rates on investments were 2.95% - 3.6% (2018: 3.35% - 3.65%)

	2019	2018
8. Income Tax		
Current Year Earnings	507,640	712,654
Tax at 28%	142,139	199,543

Tax effect of adjustments

Non Deductible Income	(2,393,670)	(2,421,023)
Non Deductible Expenditure	2,294,454	2,212,711

Total Adjustments	(99,216)	(208,312)
Tax Payable before losses brought forward	42,923	(8,769)
Use of losses brought forward	(3,902)	8,769

Tax expense for the period	39,021	-
Current Tax Liability/(Asset) Opening Balance	(25,316)	(27,359)
Tax Expense for the Period	39,021	-
RWT	(31,773)	(25,316)
Tax Refunds Received	-	27,359

Tax Payable/(Refund)	(18,068)	(25,316)
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9. Property, Plant and Equipment

	Office Equipment and Furniture	Leasehold Improvements	Total
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Cost of Valuation

Balance as at 1 April 2018	131,312	252,950	384,262
Additions	52,065	0	52,065
Disposals	0	0	0

Balance as at 31 March 2019	183,377	252,950	436,327
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Accumulated Depreciation and Impairment

Balance as at 1 April 2018	78,222	189,713	267,935
Depreciation	38,907	31,619	70,525
Disposals	0	0	0

Balance as at 31 March 2019	117,128	221,332	338,460
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Net Book Value

As at 1 April 2017	53,642	94,856	148,498
As at 31 March 2018	53,090	63,237	116,327
As at 31 March 2019	66,249	31,618	97,867

10. Intangible Asset

	Software	Intangible	Total Assets
Cost of Valuation			
Balance as at 1 April 2018	152,191	9,826	162,017
Additions	54,115	0	54,115
Disposals	0	0	0

Balance as at 31 March 2019	206,306	9,826	216,132
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Accumulated Depreciation and Impairment

Balance as at 1 April 2018	86,007	1,981	87,988
Depreciation	50,383	983	51,366
Disposals	0	0	0

Balance as at 31 March 2019	136,389	2,964	139,353
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Net Book Value

As at 1 April 2017	62,910	8,828	71,738
As at 31 March 2018	66,184	7,845	74,029
As at 31 March 2019	69,917	6,862	76,779

	2019	2018
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11. Creditors and Accrued Expenditure

Trade Creditors	746,939	660,937
Accrued Expenditure	77,327	83,966
Employee Entitlements	130,516	109,394
GST	119,939	112,825

Total Creditors and Accrued Expenditure	1,074,721	967,122
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12. Income in Advance

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

	2019	2018
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13. Professional Services

Payments to Auditors - Audit Fee	21,500	21,500
Total Payments made were:	21,500	21,500

14. Commitments

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

	2019	2018
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Operating Leases

Non cancellable operating lease commitments

Within one year	234,780	63,930
Later than one year and not later than five years	837,440	47,120
Later than five years	239,190	0

Total Non cancellable operating lease commitments	1,311,410	111,050
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Total Operating Leases	1,311,410	111,050
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15. Capital Commitments

There are no capital commitments as at 31 March 2019. (2018: Nil)

16. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 March 2019. (2018: Nil)

17. Property Securities

Leasing Solutions Limited hold property securities over photocopiers.

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 Limited. These shares have no nominal value.

The directors of Horticulture New Zealand Limited are also the President and Vice President of the Board of Horticulture New Zealand Inc. 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.

Bernadine Guilleux is a Board Member of Horticulture New Zealand and is an Executive Committee Member of United Fresh NZ Incorporated. Mike Chapman, the CEO of Horticulture New Zealand is a Director of United Fresh NZ Incorporated. Horticulture New Zealand sponsored United Fresh NZ's 5 + A Day Programme for \$8,000.

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.

Key Management Personal Remuneration

The Group 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 2019 Horticulture New Zealand Inc Annual Report.

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

	2019	2018
Remuneration	1,111,128	996,406
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. 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.

	HortNZ	NZGAP	Vegetable R&I	Vegetables.co.nz	Process Vegetables	Vegetables NZ	TomatoesNZ	2019 TOTALS	2018 TOTALS
Revenues									
Levy Revenue									
Levies	4,619,355				295,397	1,281,401	435,008	6,631,161	6,640,202
Non-Levy Revenue									
Conference Income	584,948							584,948	569,324
Grower Support Conference Income	248,478							248,478	299,752
Grant Income & Project Funding	499,622		8,000					507,622	571,594
Orchardist & Grower Income	814,012							814,012	864,193
Interest Income	54,820	5,748	5,816	5,634	5,709	20,288	7,569	105,584	97,479
NZ Gap Fees		777,443						777,443	653,868
Administrative Service Income	701,210							701,210	733,104
Contribution Income			392,964	375,585				768,549	796,795
Total Revenues	7,522,443	783,191	406,780	381,219	301,106	1,301,689	442,577	11,139,006	11,226,311
Expenses									
Levy Funded Expenses									
Audit Fee	22,000							22,000	21,500
Administration Costs	1,180,481	79,413	17,497	28,032	99,876			1,405,299	1,229,756
Consultancy	605,211	306,627	78,900					990,738	955,140
Contract Services						1,079,653	482,106	1,561,759	1,620,455
Depreciation and Amortisation	96,446							96,446	85,856
Directors Fees	315,139				17,777			332,916	340,747
Employee Costs	1,865,530	231,165		31,164	72,644			2,200,503	2,018,719
Legal Fees	98,985							98,985	123,252
Rent Expenses	150,324							150,324	121,475
Travel & Accommodation	175,642	10,207	1,831	9,968	37,205			234,853	266,901
Non- Funded Expenses									
Conference Expenses	547,362				13,152			560,514	529,744
Grower Support Conference Expenses	299,345							299,345	291,631
Orchardist & Grower Expenses	830,798							830,798	899,891
Projects	469,397	50,047	277,470		43,100			840,015	953,062
Promotion & Marketing				305,661				305,661	322,426
Administrative Service Expenses	701,210							701,210	733,104
Total Expenses	7,357,870	677,458	375,698	374,825	283,756	1,079,653	482,106	10,631,365	10,513,657
Surplus/Deficit for the Year before Tax	164,574	105,733	31,082	6,394	17,351	222,036	(39,529)	507,640	712,654
Tax Expense	(39,021)							(39,021)	-
Surplus/Deficit for the Year after Tax	125,553	105,733	31,082	6,394	17,351	222,036	(39,529)	468,619	712,654

Directors' disclosures 2019

Directors' meeting attendances

	HortNZ Board Meetings	Audit & Risk Committee	Remuneration Committee	Horticulture Industry Forum Meetings
Julian Raine (term finished December 2018)	6	1		3
Tony Howey	7	2		2
John Cook (term finished July 2018)	2	2		1
Dave Kelly	7		1	3
Barry O'Neil	7	2	1	3
Hugh Ritchie	6			2
Mike Smith	7	1	1	3
Leon Stallard	7		1	3
Bruce Wills	7	7		2
Bernadine Guilleux (term commenced July 2018)	5			2

Notes:

Barry O'Neil was appointed Vice-President at the Board's 31 October 2018 meeting.

Julian Raine finished his term on 31 December 2018.

Barry O'Neil took up the vacancy left by Julian Raine and was appointed by the Board as President, and Bernadine Guilleux as Vice-President on 1 January 2019.

Board fees for the year ended 31 March 2019

	2019	2018	2017
Julian Raine (President/Chair of Board of Directors)	60,445	79,716	77,000
Barry O'Neil (President/Chair of Board of Directors)	20,148		
Barry O'Neil (Appointed Director)	22,473	29,638	28,500
Bernadine Guilleux (Vice-President/Vice-Chair)	9,299		
Bernadine Guilleux	14,982		
Tony Howey (Vice-President/Vice-Chair)	27,898	36,792	35,500
Tony Howey	7,491		
John Cook	7,410	29,638	28,500
Dave Kelly	29,964	29,638	28,500
Hugh Ritchie	29,964	29,638	19,167
Mike Smith	29,964	29,638	28,500
Leon Stallard	29,964	29,638	28,500
Bruce Wills (Appointed Director)	29,964	29,638	21,500

Entity information

Horticulture New Zealand Incorporated
for the year ended 31 March 2019

Legal name of entity

Horticulture New Zealand Incorporated

Incorporated Societies number

1692422

Entity type and legal basis

Incorporated Society

Entity's mission

Creating an enduring environment
where growers prosper.

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.

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