



Horticulture™
New Zealand

Annual Report | 2017

we grow



Horticulture New Zealand members grow

- | | | |
|-------------------------|----------------|--------------------|
| Fresh vegetables | Marrows | Fresh fruit |
| Artichokes | Melons | Apples |
| Asian Vegetables | Okra | Apricots |
| Asparagus | Onions | Asian Pears |
| Beans | Parsnips | Avocados |
| Beetroot | Peas | Babacos |
| Boxthorn | Potatoes | Blackberries |
| Broccoflower | Puha | Boysenberries |
| Broccoli | Pumpkin | Casanas |
| Broccolini | Purslane | Cherimoyas |
| Brussels sprouts | Radishes | Cherries |
| Burdock | Rakkyo | Citrus |
| Buttercup squash | Rhubarb | European pears |
| Cabbage | Salad leaves | Feijoas |
| Capsicums | Salsify | Guavas |
| Carrots | Scallopini | Grapefruit |
| Cauliflower | Scorzonera | Kiwifruit |
| Celeriac | Shallots | Kiwiberries |
| Celery | Silverbeet | Lemons |
| Chilli Peppers | Spinach | Limes |
| Chokos | Spring onions | Loquats |
| Courgettes | Sprouted beans | Mandarins |
| Cucumbers | Squash | Nectarines |
| Eggplant | Swedes | Oranges |
| Florence Fennel | Sweetcorn | Passionfruit |
| Garland chrysanthemum | Tomatoes | Peaches |
| Garlic | Taro | Persimmons |
| Gherkins | Turnips | Plums |
| Herbs | Ulluco | Quinces |
| Indian vegetables | Watercress | Sapotes |
| Kohlrabi | Witloof | Strawberries |
| Kumara | Yakon | Summerfruit |
| Leeks | Yams | Tamarillos |
| Lettuces | Zucchiniis | Tangelos |

we eat

2016 fruit & veg per day

1.8*
thousand tonnes per day

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Horticulture New Zealand's vision

Healthy food for all forever



Land used

127,160_h

Growers

5,500

Jobs

60,000

NZ eats

\$2.2 billion

Industry value

\$5.6 billion

Total exports

\$3.4 billion

Export markets

124

*Based on recommended servings of fruit and vegetables per day

Ready for the future



At last year's Annual General Meeting (AGM), the Board advised that it had a target of \$2 million for retained earnings to ensure that Horticulture New Zealand could sustain a downturn in levies and continue to provide essential services. This would be especially important where the industry was facing a crisis that Horticulture New Zealand had a pivotal role in resolving.

The Board is pleased that we have reached this target of \$2 million by prudent cost controls in the preceding financial year. The Board therefore, has decided to recommend to the AGM that the Horticulture New Zealand levy be reduced by 0.01% to 0.14%. The Board is of the view that Horticulture New Zealand can maintain its high level of service at this lower funding level. The Board has also engaged our Auditors to assess what our retained earnings should be. If it is completed, that report will be tabled at the AGM.

In November 2016, Horticulture New Zealand celebrated the significant milestone of 100 years of representing fruit and vegetable growers. This provided a good opportunity to look ahead to the next 100 years and refresh our strategy as a Board.

We are conscious of increasing public engagement on the issues that affect horticulture and a growing interest in food – where it comes from, how it is grown and produced, and what impact it has on the wider environment and society.



With that in mind, our vision as a Board is: **Healthy food for all forever**. It is a simple concept, but behind it lies a lot of work to ensure rights to grow; access to appropriate land, water and labour; and better market access for exports. As well, we need to focus on the biggest threat to our growing environment, a biosecurity breach that could allow a devastating pest or disease into New Zealand.

Behind our vision is continued growth for horticulture and the 5,500 growers we represent. We are now a \$5.6bn industry, employing around 60,000 people and making a significant contribution to the New Zealand economy. Our fruit and vegetable export contribution is \$3.4bn and growing. To keep that momentum going, we need to ensure our growth is sustainable in the widest sense. Horticulture needs to ensure we continue to do our bit as responsible New Zealanders, employers and producers.

The goal is to have a \$10 billion industry by 2020. This is ambitious, but as the world switches on to the benefits of both eating more fruit and vegetables and getting them from New Zealand as a trusted source, we remain optimistic that this is achievable.

The more people realise the value of horticulture, the better our chances are of attracting the best talent to work in our industry. We are known for innovation, the application of science, and finding clever technical solutions, so we need young people to be aware of the great opportunities a career in horticulture will bring.

Looking forward, our conversations around the food we produce need to include a wider audience. As we are seeing with our advocating for mandatory Country of Origin Labelling (CoOL) on fresh fruit and vegetables, when you engage the public you get a broader perspective and support in numbers.

On behalf of the Board, I would like to acknowledge the work chief executive Mike Chapman has done in the past year in both structuring Horticulture New Zealand to meet the challenges ahead for growers, and in ensuring the organisation is financially robust. His team is focused on representing growers' interests in the most effective and efficient way.

I would also like to acknowledge and thank the Horticulture New Zealand Board for showing vision and leadership in their governance. Director Mike Arnold left the Board during the year and was replaced by Hugh Ritchie, and we were joined by independent Director Bruce Wills. Welcome to Hugh and Bruce who have joined the Board at a dynamic time for horticulture.

Julian Raine | President Horticulture New Zealand

A united approach



The three key activities areas identified in Horticulture New Zealand's refreshed strategic plan - **enabling, promoting and advocating** - are designed to deliver quality outcomes for growers by creating an enduring environment where they can prosper.

Our focus is on issues where Horticulture New Zealand can make the most significant impact: resource management, our labour force, Government regulation, biosecurity, food assurance schemes and telling the horticulture story to politicians and the public. To achieve successful outcomes in all these areas Horticulture New Zealand partners with the product groups and district associations. Our united approach and recognition of who is best placed to lead each initiative creates the greatest impact.

Key activity areas are our two main campaigns:

1. Making **country of origin labelling** for fresh fruit and vegetables a legal requirement
2. Convincing the Government to develop a food security policy to **protect high value land for growing fruit and vegetables**.

We are focusing these campaigns on the general election on Saturday, 23 September 2017.

A Consumer NZ survey, conducted in February 2017, told us that most consumers want to buy fresh and locally grown fruit and vegetables. Logically, we need to have high quality land to grow that produce or face the risk of needing to import, for example, leafy greens in spring. Around many of New Zealand's urban centres, but most critically our growing operations around Auckland, our high quality land is being turned into houses. Sure, people need somewhere to live, but

what use is a house without infrastructure, or enough accessible food to feed the household?

This is not a problem that can be effectively dealt with at a local council level. We believe central government needs to have a

more "big picture" viewpoint and address the impacts of growing urban populations in a food security policy.

We export more than 60% of what we grow, earning premium returns, with horticulture exports increasing in value by 40% over the two years from June 2014. To keep on making the significant returns to the New Zealand economy that come with such growth, we need high quality land preserved for horticulture. So the food security policy not only has application for domestic supply, but also for ongoing export growth.



Over the reporting period, Horticulture New Zealand's financial position has improved, with expenditure being kept within budget and by levy income increasing due to growth in the value of key export crops. This has enabled Horticulture New Zealand's equity to be restored to acceptable levels to sustain operating expenses. The Board, assisted by our Auditors, is reviewing how much should be held to cover essential operating expenses should the industry, or part of it, face a crisis that could potentially reduce levy income. It is important for Horticulture New Zealand to have sufficient funds to be able to respond by assisting growers, while maintaining core operations and meeting our fixed commitments.

Progressively, we have been aligning our staff structure to meet the requirements of the refreshed strategic plan along functional lines. The Board has agreed, due to the increase in biosecurity work as horticulture's partnership with the government develops, to add another staff member to our dedicated biosecurity team. We have also re-organised our natural resources team to increase the level of expertise and regional outreach. To enhance our ability to respond to government policy development and to be able to get in on the ground level of policy and rule development, a general policy position has been established. Our support and finance teams have been consolidated with a focus on strengthening our databases, financial acumen and developing the ability to run surveys in-house. These changes will progressively continue into the new financial year, enhancing our ability to deliver Horticulture New Zealand's strategic plan.

Mike Chapman | CEO

100 years of growing 1916

In November 2016, Horticulture New Zealand marked 100 years of representing growers – previously as the New Zealand Fruitgrowers Federation – with an event in Wellington. Part of the celebrations included replicating a photo taken in 1916 of the New Zealand Fruitgrowers Federation. The photo 100 years ago was taken outside the Wellington Town Hall; in 2016, the photo was on the steps of Parliament, showing the progress made over the century includes interaction with the highest levels of Government on behalf of growers.



London bus, April 1932, advertising New Zealand apples.



Her Majesty Queen Elizabeth II visiting a Hastings orchard during her 1963 tour. She is pictured with Mr A A Wake at his Hillview orchard.



Bill Brice's three-ton express wagon carting fruit to Port Mapua in the 1920s.



Handling a shipment of apples on the Glasgow Wharf (date unknown).



"Smoko" on a Mapua Orchard, late 1930s.



Lord Bledisloe, left, Governor General of New Zealand from 1930-1935, Lady Bledisloe and Mr A McKee senior who was the first person to see the great fruit growing possibilities in the Moutere Hills.



Mr Eustace Williams, one of the early growers in Lower Moutere.

From Zespri's archives.



One of the costliest cyclones in the history of New Zealand, Cyclone Bola, in 1988, caused wide spread crop damage around Gisborne.



Miss Universe New Zealand Lorraine Downes at the Produce Marketing Association's exposition at New Orleans, USA, in October 1983, with Don Brash (Managing Director) and Roly Earp (Chairman) of the New Zealand Kiwifruit Authority.



Third-generation vegetable grower Bharat Jivan, from Pukekohe.



Alpine skier Annelise Coberger promotes New Zealand apples in the 1990s.



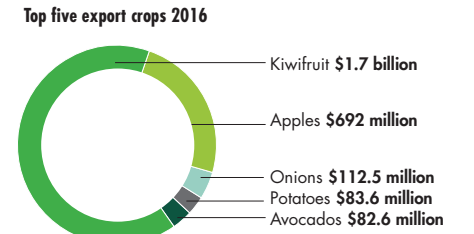
Outside St Paul's Cathedral in London (date unknown).



Pukekohe vegetable grower Kylie Faulkner from Sutherland Produce.



Learning about the asparagus plant at Tenderrips on the Horowhenua Taste Trail in November 2016.



5,500 Growers

2016



1914 68,000 cases of fruit exported

1918

7,500 Registered orchards

50,000 Acres in orchards

1930 more than 1 million cases of fruit exported

27,000 acres in orchards

6,050 registered orchards

"A hungry world cannot be a happy world and cannot progress, and every development of the present time indicates that in future there must be greater security for all than there has been in the past."

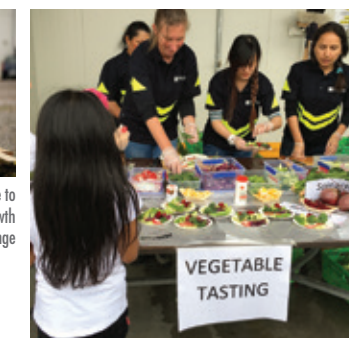
– T C Brash, President Fruitgrowers' Federation, 1925-46

Launching the 1971 New Zealand apple and pear season in the United Kingdom, the Prime Minister, Sir Keith Holyoake, proudly displays to the press New Zealand's new apple variety, the Gala.



Orchard manager Tim Millen with hydrocyclones, used to separate out sand, December 1979.

Getting the workforce to match horticulture's growth is an ongoing challenge



Promoting raw vegetables at Woodhaven Gardens at the inaugural Horowhenua Taste Trail in 2016.



Primary Industries Minister Nathan Guy with John Nicholson and Michael Gaffney of the New Zealand Fruitgrowers Trust.

What we achieved

Horticulture New Zealand's strategy identifies our purpose as: **Enabling, promoting and advocating** for growers in New Zealand to achieve the industry goal (currently a \$10 billion industry by 2020).

Part of this work includes making the most of our location in Wellington to engage with politicians, government departments, other primary sector representative groups and business groups to advance the interests of growers.

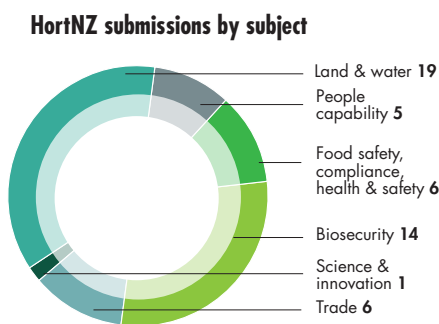
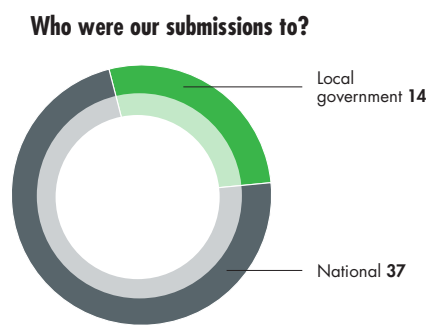
This annual report focuses on what we have done in the key areas matching our purpose.

Horticulture New Zealand's mission
Creating an enduring environment where growers prosper

Enabling

We partner with product groups and district associations to help growers adapt to regulatory and technology change and to enable stewardship of and access to natural resources for generations to come.

51
 Submissions



4 Horticulture industry forums

...one of the key issues HortNZ is addressing for growers is access to land and water.

Activities

Natural resources for growing – land and water

Horticulture New Zealand works across all New Zealand growing regions advancing the interests of growers and participating in projects that enable ongoing access to land and water. Some key activities have included:

The Waikato Regional Council's (WRC) **Healthy Rivers Wai Ora Proposed Plan Change 1- Waikato and River Catchments** has considerable impact on horticulture growers, as well as other primary producers. During the year, Horticulture New Zealand was actively engaged in making those implications clear, including the severe restricted land use changes for the next 10 years. Horticulture New Zealand was one of six organisations that went to Court to contest the WRC's decision to split the area for consultation during the submission period, to allow the WRC to have further consultation with Hauraki iwi. That Court action was withdrawn and a submission made on behalf of growers. This plan change remains a key focus for the year ahead. HortNZ works with the Pukekohe Vegetable Growers Association on these issues and is supported by the vegetable product groups

In Canterbury, Horticulture New Zealand presented on behalf of growers on **Environment Canterbury's Plan Change 5**. The main aim was to allow for NZGAP to be recognised as providing a pathway for Farm Environment Plans and Audits.



Sediment traps being cleaned following an extremely wet March 2017 – Don't Muddy the Water project.

This was successful and NZGAP has developed a system to explain and simplify applications for land and water resource consent in Canterbury. HortNZ worked with Horticulture Canterbury on this.

The first year of the **Don't Muddy the Water project**, which looks at sediment controls and their effectiveness, was completed. The project measures the soil movement through grassed buffers in Levin, and the efficiency of two different sized silt traps in Pukekohe. As part of the

project, a mobile app has been developed that estimates erosion rates and shows the impact of implementing different erosion and sediment control practices. The project is jointly funded by the Ministry for Primary Industries (MPI) Sustainable Farming Fund, Horticulture New Zealand, Vegetables New Zealand, the Foundation for Arable Research and several local councils. It is led by Vegetables Research and Innovation.

Losing horticulture growing land in zone changes in various regions of New Zealand

is one of the key issues HortNZ is addressing for growers as houses and lifestyle blocks encroach on valuable horticulture growing land. We have been working with the Pukekohe Vegetable Growers Association as the prime soils of Pukekohe come under threat. In October last year, HortNZ and Avocados NZ visited Northland and Whangarei to meet growers – in Kerikeri to discuss the Far North District Plan and in Whangarei to discuss proposed plan changes to zones which will put some growing areas under pressure from urbanisation.

Our natural resources experts have travelled throughout New Zealand engaging with growers and councils to ensure an understanding of horticulture where decisions affecting growers are made. We see **engagement with Councils** as vital, so we can explain first-hand what can happen to the food supply if we lose horticulture land.

In March 2017, HortNZ, in conjunction with Pipfruit NZ and Summerfruit NZ, held a two-day field trip around Central Otago for Otago Regional Councillors and Central Otago District Councillors (pictured). Access to land and water, reverse sensitivity (where new home owners in developments bordering growing land are unaccustomed to the sounds and smells of food production), development, innovation and the potential growth of horticulture in Otago were some common themes that came up. There was lots of positive feedback from the Councillors. The team approach with Pipfruit NZ and Summerfruit NZ was very successful, and we will look at repeating this.





Pukekohe grower **Andrew Hutchinson**, was named **Young Grower of the Year** in his home town of **Pukekohe** in July 2016. He has been identified by industry leaders as a shining example of exceptional young talent.

Andrew, a technical support advisor at AS Wilcox & Sons, studied at Massey University earning a Bachelor of Applied Science majoring in horticulture. He went on to win Young Horticulturalist of the Year in November 2016.

Horticulture New Zealand chief executive Mike Chapman, said Andrew had a bright future and exemplified the capability of young people in today's rapidly growing horticulture industry.

22 Scholarships | **33** Young grower competitions

People capability

One of HortNZ's key initiatives is the Young Grower series, now in its 11th year. In 2016 (the competition runs calendar year) there were:

- 33 competitors across five regions
- 116 good news stories in the media about the competition
- Increased national dinner attendees to 300 (2016), a 34% increase on 2015
- Total number of growers and industry people at national and regional dinners - 1,355 (2016), a 17% increase on 2015
- Finalists rated programme goals at 8.6/10

We ran another successful HortNZ **leadership programme** with 12 graduates and ratings averaging 8.7 /10 for both personal outcomes and programme outcomes.

22 scholarships were awarded to the value of \$39,000. Key partners were the Hortcentre Charitable Trust and Massey University.

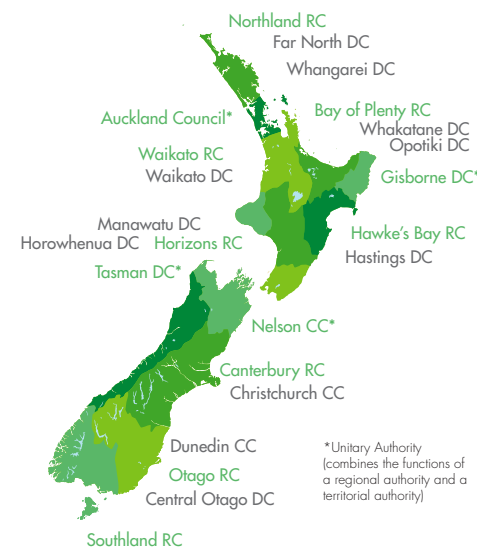
The **Conference Scholars and Mentor Programme** achieved an exceptional rating of 9.4/10 compared to 8.2/10 for 2015. A new element was the link with young grower attendees who were funded through the NZ Fruitgrowers Charitable Trust, resulting in a contingent of 20 young people actively engaged with conference and industry delegates.

219 Level 2 – Level 4 **horticulture qualifications** were achieved via the Primary ITO in 2016. This exceeded the target set by Vegetable Industry Partnership Group, chaired by HortNZ, by 25%.



Melanie Davidson, from Plant & Food Research, demonstrating an on-farm bioassay technique to test the effectiveness of insecticides, at a workshop for growers in Pukekohe.

HortNZ engagement with District and Regional Councils



Houses are being developed on the edge of horticulture growing land in Pukekohe.

Promoting

We are responsible for telling the overarching story about horticulture to our communities and consumers to protect and enhance the well-being of our sector. We have done this through all forms of media and our education programmes.

Media

HortNZ issued 43 **media releases** covering Young Grower competitions; water issues; food security and urban sprawl; robotics; biocontrols; labour requirements, including seasonal workers; biosecurity; Waikato River; Food Safety Law Reform Bill; 100 years of representing growers; growth in horticulture; and mandatory Country of Origin Labelling.

and USA, with more than 80 interviews throughout the year covering biosecurity, organics, Food Safety Law Reform Bill, labour issues, innovation in horticulture, seasonal workers, weather affecting crops, 100 year celebration, growth in export earnings, Waikato Healthy Rivers process, mandatory Country of Origin Labelling, and drug use in horticulture. We are focused on getting coverage in mainstream media as well as media pitched at primary industries.

Horticulture has experienced a spectacular 40% growth in export earnings since 2014, according to a report, released in November last year, with tariffs on exported produce down by 22% since 2012. The New Zealand Horticulture Export Authority (HEA) and Horticulture New Zealand commission the report *New Zealand Horticulture - Barriers to Our Export Trade* every two years, with funding support from the Ministry of Foreign Affairs and Trade and NZ Fruitgrowers Charitable Trust.

A series of **YouTube** videos were developed discussing the land, water and urban pressures affecting the horticulture industry in Pukekohe (on YouTube search for Horticulture New Zealand).

Country Life host Susan Murray was presented with the **Horticulture New Zealand Journalism Award** in October 2016. The stories she covered showed the diversity of the horticulture sector and particularly her piece on *Housing vs. Horticulture* tackled an issue faced by many of our growers in rapidly expanding urban areas where the need to put up more housing, quickly, can be at the expense of prime productive soils for growing fruit and vegetables.

The Orchardist and *NZ Grower* magazines are produced by HortNZ.

43 Media releases

Key issues have been horticulture's position on **access to water and land**, particularly growing land in areas that are seeing housing booms like Pukekohe.

Chief executive Mike Chapman wrote 74 **blogs** covering all issues affecting growers. Blogs are then promoted through social media including Twitter and LinkedIn and this is our most powerful tool for getting our story out.

The chief executive or his delegates **spoke to media** in New Zealand, Australia

74 Blogs from CEO

80 Interviews in NZ, USA & Australia

1423 LinkedIn followers

2516 Twitter followers @HorticultureNZ

Career and skill development

Horticulture's career and skill development work is effectively led by the Horticulture Capability Group of which Horticulture New Zealand is a member, along with Pipfruit NZ, NZKGI, Vegetables NZ and the Hawke's Bay Fruit Growers Association. HortNZ as a member of the Horticulture Capability Group and with other industry partners achieved **28 horticulture career promotion events** through 2016, across all the main growing regions.

5,500 **Horticulture Careers magazines** were distributed, designed to shift the thinking of students, teachers and careers advisors who influence high school students' perceptions of horticulture. These magazines have been used widely. One of the case studies featured was Vincent Borgers.

28

Horticulture career promotions

People in horticultural training

2016 - 5,894

2015 - 5,716

From FreshFacts 2016

5,500

Horticulture Careers magazines distributed

3

You Tube videos

Vincent Borgers

BSc in Plant Biotechnology, Genetics & Computer Science, University of Otago

Data Consultant, Plant & Food Research, The Netherlands

Horticulture is an international business exporting not just fruit and vegetables, but the intellectual property and digital technology that allows the industry to keep delivering the variety of high quality produce consumers have come to expect. Vincent has worked for Plant & Food Research since his last year of university as a summer intern examining kiwifruit genetics. Once they realised his computer science skills, he was employed full time as a data systems analyst, creating tools for the Institute based on software developed in Europe. When given the opportunity, Vincent moved to Amsterdam to develop his skills further. Vincent still works as a remote consultant for Plant & Food Research and living in Europe makes him available to collaborate with industry partners in Italy, France and Belgium. "New Zealand's international relationships and global reputation as a high quality exporter and an innovative country are immensely beneficial to Kiwis wanting to work or study overseas."

Conferences and events

We attended and spoke at a number of events including:

- Better Border Biosecurity Conference
- National Horticulture Field Day, Hawke's Bay
- Annual Recognised Seasonal Employers (RSE) Conference
- Asia Fruit Logistica, in Hong Kong
- Bluegreens National Policy Workshop
- New Zealand Institute of Primary Industry Management
- Inaugural Horowhenua Taste Trail
- MobileTECH
- New Zealand Tree Crops Association Conference

The **New Zealand Horticulture Conference**, pictured right, was held in Nelson in August, a combined effort from Horticulture New Zealand, Pipfruit New Zealand, Vegetables New Zealand, Tomatoes New Zealand and Process Vegetables New Zealand. The theme was "innovate from seed to plate" and keynote speakers Bill Marler and Nadia Lim headed up an array of presenters covering topics from food safety through to drone technology.

The **Horticulture Industry Awards** were presented at the conference gala dinner, with the premier award, the **Bledisloe Cup**, going to Leaderbrand founder and horticulture advocate Murray McPhail. Life Membership with Horticulture New Zealand was awarded to former HortNZ President Andrew Fenton and Registered Seasonal Employer scheme pioneer Geoff Lewis. The Industry Service award was given to Dr Chris Hale for his work combating Psa, and the President's Trophy went to Andrew Kinnimonth for his part in reinvigorating the Nelson Young Fruitgrower's competition.

The eighth **Recognised Seasonal Employer (RSE) Conference**, recognising the ninth year of the scheme, was held in Napier in July 2016. The theme was "Right People, Right Place, Right Time," bringing together over 170 employers, contractors, industry and government officials connected with the RSE Scheme. The launch of the Hawke's Bay Hua Project by Social Development Minister Anne Tolley, and signing of the Memorandum of Understanding between Department of Corrections and Horticulture New Zealand highlighted the industry's commitment to employing Kiwis first.

From FreshFacts 2016

New Zealand spend on

Onions
\$30
million

Garlic
\$7
million



Regional and district planning

In May 2016, HortNZ attended **Environment Court mediation**, with NZ Kiwifruit Growers Inc, on the Proposed Whakatane District Plan.

In June 2016, HortNZ and Foundation for Arable research held a workshop in Palmerston North on **understanding environmental risks**. This covered nutrient and sediment losses from cropping rotations and management practices for potentially reducing their risks. Growers and academics attended.

In September 2016, HortNZ ran a workshop on the **resource consent requirements** for vegetable growing in the Horizons Region. The workshop was followed by a field trip to the Don't Muddy the Water trial site, to look at the effectiveness of grass filter strips to control erosion and sediment.

Research and development

HortNZ is also supporting an exciting **surveillance technology project** that will explore the concept of incorporating agency data (both primary sector and MPI) into a real-time analysis process that could improve the performance of passive surveillance within the broader biosecurity system.

HortNZ is facilitating a Primary Growth Partnership (PGP) application that is the first pan-industry collaboration on pest and disease management, involving the main product groups, wine industry, and key stakeholders such as FAR and Agcarm. Focused on **leading future food production**, the proposed programme is relevant across all of horticulture, and the arable and wine sectors. It is designed to meet growing consumer demand for food that is free from chemicals, grown sustainably, with a "light touch" on the environment, and ethically produced.

+1,000
Extra Recognised Seasonal Employer (RSE) workers.
 Cap increased to 10,500 for 2016-17 season

Access to labour

As horticulture grows, so too does demand for labour – both seasonal and permanent. HortNZ advocates for the **Recognised Seasonal Employer (RSE)** scheme and in November 2016, the cap for the 2016-17 season was increased by 1,000 seasonal workers to 10,500. These applications are made by the National Labour Steering Group that represents the key horticulture and viticulture employers and master contractors through Pipfruit NZ, NZKGI and New Zealand Winegrowers. HortNZ chairs and provides administrative support for this group and funds the National Labour Coordinator.

HortNZ has been active on groups made up of the key product groups and district associations **assessing labour shortages in Northland and Gisborne**. At a Workforce Gisborne Forum in November 2016, HortNZ and local growers promoted a **horticulture workforce strategy**, a coordinator for the region, and integrated employment and training initiatives for permanent



RSE worker from Vanuatu.

and seasonal workers. Indications are that there will be significant growth in Gisborne with 1,200 more people with the appropriate skills required in the next three to five years. The good news is that at the end of February 2017, the Government announced funding of \$1.8 million to grow the skills and capability of the full regional labour force. Significant benefits to horticulture include initiatives such as supporting workers to get driver and truck driver licences, supporting the seasonal labour force, and \$150,000 towards a coordinator for horticulture. The Ministry of Social Development also pledged funding for a local Horticulture Workforce Coordinator who has now been appointed.

After visits to Northland by HortNZ staff, chief executive Mike Chapman and President Julian Raine, HortNZ organised an intergovernmental agency meeting between the Primary ITO, the Ministry of Social Development (MSD), the Ministry of Business, Innovation and Employment (MBIE), MPI, and the Tertiary Education Commission (TEC), regarding building the **supply and skills of Northland's horticulture permanent workforce**.

Getting **good people with the necessary skills** into horticulture to meet the demands of growth is a priority. We have a number of ways of doing that including encouraging young people into our industry and into leadership roles. The Horticulture Capability Group, made up of NZKGI, Pipfruit NZ, Vegetables NZ, the Hawke's Bay Fruit Growers Association and HortNZ, has taken an effective lead for the industry in this area.

Readiness and response to adverse events

HortNZ assisted the Ministry for Primary Industries (MPI) during the **Havelock North water contamination** to identify potential horticultural production risks, and convey messages to our industry. In the process we identified issues to work on including that MPI had an overstated perception of the risk for horticulture. We have agreed to develop a closer partnership to deal with future potential food safety risks.

United voice in Wellington

Based in the capital city, in the heart of government, we represent growers across government departments, and all the political parties in Parliament, including the Government of the day.

Activities

Met with politicians to discuss:

- Biosecurity
- Loss of land to houses, particularly the high-value soils in Pukekohe
- Access to water, noting issues with the Waikato plan
- Getting Kiwis employed in horticulture
- Recognised Seasonal Employer scheme
- Kiwis first work initiatives
- Mandatory Country of Origin of Labelling
- Work schemes for people leaving prison
- A food security policy for New Zealand
- Trade and free trade agreements

Met with senior leaders in government departments including:

- Ministry for Primary Industries (MPI)
- Ministry of Business, Innovation and Employment (MBIE)
- Ministry of Foreign Affairs and Trade (MFAT)
- Ministry for the Environment (MfE)
- Ministry of Social Development (MSD)
- Tertiary Education Commission (TEC)
- Environmental Protection Authority (EPA)
- Worksafe New Zealand

Met with senior leaders in business and other primary producer representative organisations including:

- Business New Zealand
- Federated Farmers
- New Zealand Winegrowers
- Productivity Commission
- Primary Industry Training Organisation

In September 2016, HortNZ was a participant in the first full meeting of the **Australia and New Zealand Leadership Forum (ANZLF) Food and Beverage working group**. The group objectives in the short term are to further the focus by government officials and Ministers, on both sides of the Tasman, on Non-Tariff Barriers (NTBs), and collectively countering NTBs in third countries. NTBs represent a significant hurdle to export efficiency and growth.

Horticulture New Zealand submitted to the select committee on the **Anti-Dumping and Countervailing Act 1988** which is being reviewed following a government decision to remove tariffs and duties on imported construction and building materials. Horticulture has been caught in the crossfire of legislation really aimed at aiding the construction industry. HortNZ submitted that the current legislation works well to discourage dumping in the New Zealand market.

We were pleased to see the **Minimum Wage (Contractor Remuneration) Amendment Bill** was defeated in Parliament. This Bill would have imposed regulations on contracts for services, requiring those in contracting arrangements to be paid the equivalent of the minimum wage or higher. Concerns about the Bill were raised by HortNZ and a number of growers contacted their Members of Parliament to in turn voice their own concerns.

Horticulture New Zealand, supported by 12 grower groups, made a submission on the **Food Safety Law Reform Bill** to the Primary Production Select Committee. Horticulture New Zealand Chief Executive Mike Chapman then gave an oral submission and talked about the need to balance food safety with the importance of keeping compliance costs in check by aligning the existing certification schemes and to maintaining regulator/business confidentiality.

HortNZ submitted on the **New Zealand Horticulture Export Authority (HEA) Amendment Bill**, which was passed into law in December last year. The Bill provides clarity around export market entry and exit, as well as the flexibility of multi-tier export licensing, which are key changes that will benefit horticulture exporters.

We submitted on the Productivity Commission **Better Urban Planning** draft report. HortNZ submitted that, while streamlining and national consistency are desirable, we wish to ensure that horticultural interests are taken into account, and that the streamlined processes still allow for input from special interest groups.

Country of Origin Labelling (CoOL)

HortNZ has advocated for mandatory Country of Origin Labelling (CoOL) on fruit and vegetables for some years. To present an evidence base to the Government, we did a joint Consumer NZ and Horticulture NZ survey in February 2017, asking a wide range of New Zealand shoppers what they wanted. More than 70 percent said they wanted mandatory CoOL for fruit and vegetables. Armed with the results of this survey we have run a strong campaign, including via Facebook where people have the opportunity to email their Member of Parliament direct and voice their views. In April 2017 the Government listened to the people and passed the first reading of the Consumers' Right to Know (Country of Origin of Food) Bill in Parliament. We will continue our campaign to see this legislation all the way through to law.

70%
wanted country of origin labelling



Whole Foods in San Antonio, Texas, showing Country of Origin Labelling.



From FreshFacts 2016

Cherry volume produced

5,284 tonne
up from 1,622 t in 2006



Board

Hawke's Bay hill country farmer Bruce Wills was welcomed onto the Board as an independent director and will serve a three year term from 1 July 2016.

Two new grower board members were elected to the Board, to serve a three year term from 4 August 2016. Northland kiwifruit grower David Kelly was elected for his third and final term. Hawke's Bay's Hugh Ritchie is a newcomer. Managing director of Drumpeel Farms he grows various crops including cereals, seed and process vegetables.

8
Board meetings

3
Grower visits
(Nelson, Tauranga, Horowhenua)



Bruce Wills



David Kelly



Hugh Ritchie

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 2017, and the statement of revenue and expense, statement of changes in net assets 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 2017, 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 directors are 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.

Directors' Responsibilities for the Financial Statements

The directors are 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 directors determine 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 directors are 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 directors either intend to liquidate the Society or to cease operations, or have 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 directors 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 directors 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.

Report on Other Legal and Regulatory Requirements

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
26 June 2017
Wellington
New Zealand



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 2017

APPROVED

HortNZ President
26th June 2017

HortNZ Vice-President
26th June 2017

Statement of revenue and expense

For the year ended 31 March 2017

Account	Notes	2017	2016
Revenue			
Horticulture NZ - Core Activity		6,780,265	6,349,554
New Zealand GAP		647,727	550,883
Vegetables.co.nz		411,955	409,153
Vegetable Research & Innovation Board		399,383	280,699
Process Vegetables NZ		337,218	350,375
Tomatoes NZ		433,369	487,944
Vegetables NZ		1,222,012	1,194,321
Total Revenue	20	10,231,929	9,622,929
Expenses			
Horticulture NZ - Core Activity		5,538,002	6,190,298
New Zealand GAP		673,567	541,146
Vegetable Research & Innovation Board		343,939	325,684
Vegetables.co.nz		443,091	407,629
Process Vegetables NZ		363,406	334,562
Tomatoes NZ		419,596	393,255
Vegetables NZ		1,117,389	1,123,053
Total Expenses	20	8,898,990	9,315,627
Surplus/(Deficit) for the Year		1,332,939	307,302
Provision for Tax			
Provision for Tax		-	-
Total Provision for Tax		-	-
Surplus for Year After Tax		1,332,939	307,302

Statement of changes in net assets

For the year ended 31 March 2017

Accumulated Funds 2017	Opening Balance	Surplus/(Deficit)	Movements in Reserves	Closing Balance
Horticulture NZ	888,519	1,242,263		2,130,782
New Zealand GAP	429,281	-25,840		403,441
Vegetable Research & Innovation Board	264,942	55,444		320,386
Vegetables.co.nz	451,929	-31,136	17,391	438,184
Process Vegetables NZ	384,373	-26,188		358,185
Tomatoes NZ	599,943	13,773		613,716
Vegetables NZ	885,561	104,623	-17,391	972,793
Total Accumulated Funds	3,904,548	1,332,939	0	5,237,487
Accumulated Funds 2016				
Horticulture NZ	704,267	159,256	24,996	888,519
New Zealand GAP	419,544	9,737		429,281
Vegetable Research & Innovation Board	251,001	-44,985	58,926	264,942
Vegetables.co.nz	400,405	1,524	50,000	451,929
Process Vegetables NZ	412,955	15,813	-44,395	384,373
Tomatoes NZ	564,781	94,689	-59,527	599,943
Vegetables NZ	844,293	71,268	-30,000	885,561
Total Accumulated Funds	3,597,246	307,302	0	3,904,548

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

Statement of financial position

As at 31 March 2017

Account	Notes	2017	2016
Assets			
Current Assets			
Bank accounts and cash	6	1,594,972	1,053,997
Prepayments		409,020	57,019
Sundry Debtors		1,869,337	1,197,756
Investments	7	2,650,000	2,511,778
Provision for Tax	8	27,359	36,894
Total Current Assets		6,550,688	4,857,443
Non-Current Assets			
Fixed assets	9	148,498	175,625
Intangible Assets	10	71,737	29,724
Total Non-Current Assets		220,235	205,349
Total Assets		6,770,923	5,062,792
Liabilities			
Current Liabilities			
Creditors and accrued expenditure	11	1,171,427	901,377
Fit Out Incentive		29,480	29,480
Income in Advance	12	327,616	192,994
Total Current Liabilities		1,528,523	1,123,851
Non-Current Liabilities			
Fit Out Incentive		4,913	34,393
Total Non-Current Liabilities		4,913	34,393
Total Liabilities		1,533,436	1,158,244
Total Assets less Total Liabilities (Net Assets)		5,237,487	3,904,548
Accumulated Funds			
Accumulated surpluses and deficits		5,237,487	3,904,548
Total Accumulated Funds		5,237,487	3,904,548



HortNZ President
26th June 2017



HortNZ Vice-President
26th June 2017

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 2017

	2017
Cash Flows From Operating Activities	
Cash was received from:	
Fees and other income	9,606,468
Interest	88,502
	9,694,970
Cash was applied to:	
Payments to suppliers	8,904,018
Net Cash Flows from Operating Activities	790,952
Cash Flows From Investing Activities	
Cash was applied to:	
Fixed Asset Purchases	37,148
Intangible Purchases	74,607
Increase in Investments	138,222
Net Cash Flows from Investing Activities	(249,977)
Net Increase / (Decrease) in Cash	540,975
Opening Cash	1,053,997
Closing Cash	1,594,972
This is represented by:	
Bank & Cash	1,594,972

Note: On transition to Tier 2 PBE IPSAS the Society has the option to not present comparatives. The Society has elected to use this exemption in relation to the cashflow statement.

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

Notes to and forming part of the Financial Statements

As at 31 March 2017

1. Reporting Entity

Horticulture New Zealand Inc ('the society') is a society registered in New Zealand under the Incorporated Society Act 1908. The industry association represents New Zealand's 5500 commercial fruit and vegetable growers.

The Society is funded by a commodity levy on the sale of 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 readers of financial statement and tabling with the government.

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 26 June 2017.

(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.

Certain comparative amounts in the statement of comprehensive revenue and expense have been represented as a result in changes in accounting policies (Note 4)

(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 easily measured. Revenue is measured at fair value of consideration received.

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 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 Recoveries*

Horticulture New Zealand provides administration services to the other product groups within Horticulture New Zealand. 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. There are no off balance sheet financial instruments. 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

Intangible Assets 10.5% Straight Line

(f) *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 Societys' statement of financial position.

4. Changes in Accounting Policies

The Society transitioned on 1 April 2016 from the preparation of special-purpose financial accounts using the Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by the New Zealand Institute of Chartered Accountants to a general purpose financial reporting regime PBE IPSAS RDR as stated above. There have been no changes in the recognition or measurement of any financial reporting areas as a result of the transition. There have been no other 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 proprietorship over the 12 months to the reporting date.

	2017	2016
6. Cash and Bank		
BNZ Direct Levy Account	92,679	76,826
BNZ Autocall Account	672,723	443,580
BNZ Current Account	829,351	533,468
Audit Bank Accounts	219	123
Total Cash and Bank	1,594,972	1,053,997
7. Investments		
Term Investment - ANZ Bank	750,000	750,000
Term Investment - ASB Bank	800,000	750,000
Term Investment - Kiwibank	500,000	500,000
Term Investment - Rabobank	600,000	511,778
Total Investments	2,650,000	2,511,778
<i>Recognised as:</i>		
Investments - Current	2,450,000	2,511,778
Investments - Non-Current	200,000	0
	2,650,000	2,511,778
<i>Interest earned in the year 3.35% - 3.65% (2016: 3.25% - 4.40%)</i>		
	2017	2016
8. Income Tax		
Current Year Earnings	1,332,939	269,005
Tax at 28%	373,223	75,321
Adjustments		
Non Deductible Income	-2,223,538	-1,868,774
Non Deductible Expenditure	1,846,495	1,782,550
Total Adjustments	-3,820	-10,903
Use of losses brought forward	3,820	3,723
Tax expense for the period	0	-7,180
Provisional Tax Paid	-	-
RWT	25,359	36,894
Provision for Tax	2,000	-
Tax (Payable)/Refund	27,359	36,894
	2017	2016
9. Property, Plant and Equipment		
Office Equipment and Furniture		
Cost	319,059	281,910
Accumulated Depreciation	-265,417	-232,760
Total Office Equipment and Furniture	53,642	49,150
Leasehold Improvements		
Cost	252,950	252,950
Accumulated Depreciation	-158,094	-126,475
Total Leasehold Improvements	94,856	126,475
Total Property, Plant and Equipment	148,498	175,625

	2017	2016
10. Intangible Asset		
Software		
Cost	98,291	31,603
Accumulated Depreciation	-35,381	-3,770
Total Software	62,910	27,833
Intangible Asset		
Cost	9,826	1,907
Accumulated Depreciation	-999	-16
Total Intangible Asset	8,827	1,891
Total Intangible Assets	71,737	29,724
	2017	2016
11. Creditors and Accrued Expenditure		
Trade Creditors	808,336	680,094
Accrued Expenditure	48,482	31,907
Employee Entitlements	94,692	103,846
GST	219,917	85,530
Total Creditors and Accrued Expenditure	1,171,427	901,377
12. Income in Advance		
This is comprised of amounts received for the 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.		
13. Commitments		
The following amount have been committed by Horticulture New Zealand Inc but not recognised in the financial statements.		
	2017	2016
Operating Leases		
Non cancellable operating lease commitments		
Within one year	228,560	233,160
Later than one year	34,215	262,775
Total Non cancellable operating lease commitments	262,775	495,935
Total Operating Leases	262,775	495,935
	2017	2016
14. Professional Services		
Payments made to Auditors:		
Audit Fee	14,500	19,500
Special Purpose Financial reporting Transition/ Virtual CFO	-	14,150
Total Payments made were:	14,500	33,650
15. Capital Commitments		
There are no capital commitments as at 31 March 2017. (2016: Nil)		
16. Contingent Liabilities and Guarantees		
There are no contingent liabilities or guarantees as at 31 March 2017. (2016: 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. During the year, entities associated with Horticulture New Zealand directors also rented space for the Asia Logistica Trade show and sponsored both the conference and Young Grower of the Year event.		

One board member of Horticulture New Zealand Inc is a Trustee for the Fruitgrowers Charitable Trust.

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.

19. Prior Period Adjustment

In the 2016 Financial Statements the Revenue and Expenses for Vegetables NZ within Horticulture New Zealand were not included. This has now been corrected in the 2016 comparatives resulting in an increase in total surplus for Horticulture New Zealand for 2016 of \$38,297.

An ongoing project being managed by Horticulture New Zealand has been included in the Revenue and Expenses Statement in 2017 however it was included in the Statement of Financial Position in the 2016 Financial Statements. This has been corrected in the 2016 comparatives with no effect on the 2016 surplus.

	2016 Signed Accounts	Adjustments	2016 Comparatives in 2017
Revenue			
Horticulture			
NZ-Core Activity	6,267,600	81,954	6,349,554
Vegetables.co.nz	442,124	-32,971	409,153
Vegetables NZ	0	1,194,321	1,194,321
Expense			
Horticulture			
NZ-Core Activity	6,083,344	106,954	6,190,298
Vegetables R & I	350,684	-25,000	325,684
Vegetables NZ	0	1,123,053	1,123,053
Financial Position			
Prepayments	85,139	-28,120	57,019
Creditors	971,959	-70,582	901,377
Income in Advance	188,829	4,165	192,994

20. Statement of Financial Performance by Function

Below is the Statement of Financial Position by Function which shows revenue, expenditure and surplus per the individual product group included in the financial statements.

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

	HortNZ	NZ Gap	Vegetable R & I	Vegetables.co.nz	Process Vegetables	Vegetables NZ	Tomatoes NZ	TOTALS
Revenues								
Levies	4,480,512				261,462	1,201,756	419,596	6,363,326
Grant Income & Project Funding	222,179		73,324		66,367			361,870
Orchardist & Grower Subscriptions	826,078							826,078
Interest Income	19,326	9,935	5,793	10,030	9,389	20,256	13,773	88,502
NZ Gap Fees		637,792						637,792
Service Recoveries	671,041							671,041
Grower Support Income	252,500							252,500
Conference Income	253,572							253,572
Contribution Income	55,057		320,266	401,925				777,248
Total Revenues	6,780,265	647,727	399,383	411,955	337,218	1,222,012	433,369	10,231,929
Expenses								
Audit Fee	15,000							15,000
Administration Costs	844,366	61,959	17,063	43,474	42,519			1,009,381
Conference Expenses	224,750		803	4,395	21,526			251,474
Consultancy	469,407	273,268	76,590					819,265
Contract Services						1,117,389	419,596	1,536,985
Depreciation	96,869							96,869
Directors Fees	306,304				16,709			323,013
Employee Costs	1,415,097	210,755		25,520	49,254			1,700,626
Legal Fees	127,637				668			128,305
Orchardist & Grower Expenses	828,799							828,799
Projects	267,179	111,613	247,609		188,526			814,927
Promotion & Marketing				360,439				360,439
Rent Expenses	109,223							109,223
Service Expenses	671,041							671,041
Travel & Accommodation	162,331	15,972	1,874	9,263	44,204			233,644
Total Expenses	5,538,002	673,567	343,939	443,091	363,406	1,117,389	419,596	8,898,990
Surplus/Deficit for the Year	1,242,263	-25,840	55,444	-31,136	-26,188	104,623	13,773	1,332,939

Directors' disclosures 2017

Directors' meeting attendances

	HortNZ Board Meetings	Audit & Risk Committee	Remuneration Committee	Horticulture Industry Forum Meetings
Julian Raine (President/Chair of Board of Directors)	8	3	2	4
Tony Howey (Vice-President/Vice-Chair)	8	5	-	4
Mike Arnold (April 2015 – July 2016)	3	2	-	2
John Cook	7	5	-	2
Dave Kelly	7	-	2	4
Barry O'Neil (Appointed Director)	8	4	-	4
Hugh Ritchie (Elected - Aug 2016)	4	-	-	1
Mike Smith	8	-	2	4
Leon Stallard	8	-	2	3
Bruce Wills (Appointed - July 2016)	6	2	-	3

Board fees for the year ended 31 March 2017

	2017	2016	2015
Julian Raine (President/Chair of Board of Directors)	77,000	74,000	70,000
Tony Howey (Vice-President/Vice-Chair)	35,500	30,666	16,000
Mike Arnold (April 2015 – July 2016)	9,333	25,333	20,000
John Cook	28,500	18,666	-
Dave Kelly	28,500	25,333	20,000
Barry O'Neil (Appointed Director)	28,500	23,666	-
Hugh Ritchie (Elected - Aug 2016)	19,167	-	-
Mike Smith	28,500	18,666	-
Leon Stallard	28,500	25,333	15,000
Bruce Wills (Appointed - July 2016)	21,500	-	-

NOTE: At the 2016 AGM an increase to director fees was approved with effect from 1 October 2016. The above fees cover approximately 25 scheduled meeting days and preparation for these meetings. This includes Board meetings, Audit & Risk and Remuneration Committee meetings, Horticulture Industry Forums, regional visits made by the Board and the HortNZ Conference. No additional daily fees are paid to board members.

Entity information

Horticulture New Zealand Incorporated for the year ended 31 March 2017

Legal name of entity

Horticulture New Zealand Incorporated

Registration number

1692422

Entity type and legal basis

Incorporated Society

Entity's purpose or mission

Working for Growers, Industry Wide, for Industry Good

Entity structure

Incorporated Society

Main sources of entity's cash and resources

Revenue generated from levies.

Main methods used by entity to raise funds

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

Physical address

Level 4, 20 Ballance St, Wellington 6011

Postal address

PO Box 10232, Wellington, 6143



Physical

Level 4, Co-operative Bank House,
20 Ballance Street,
Wellington 6011.

Postal

PO Box 10232, The Terrace,
Wellington 6143.

Phone 04 472 3795

Fax 04 471 2861

Email info@hortnz.co.nz

www.hortnz.co.nz