

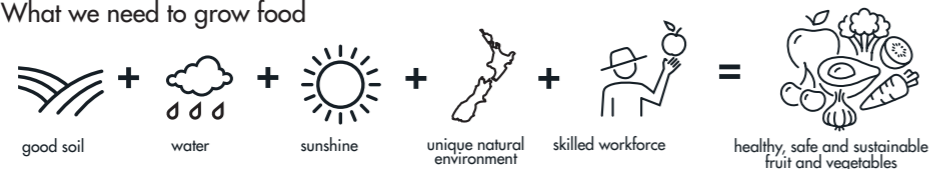


Growers
5,000
Jobs
60,000

New Zealand eats
\$2.24 billion

Land used
121,413^h

What we need to grow food



Industry value
\$5.68 billion

Export markets
128

Total exports
\$3.44 billion

Our top exports

\$1.6 billion \$691.1 million \$147.5 million \$111.9 million \$93.8 million \$84.6 million \$71.2 million



Horticulture New Zealand members grow

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

Horticulture New Zealand's vision

Healthy food for all forever

The benefits of a strong horticultural industry

60,000+ jobs
Export dollars for NZ
Food security
Safe food
Sustainability



Better health outcomes
Healthy diet helps reduce
- Heart disease
- Diabetes
- Obesity



Contents

From the President	2
From the CEO	4
What we achieved 2018	6
Enabling	6
Promoting	9
Advocating	15
A Voice	19
Financial statements	21

Focus on our story

New Zealand's horticulture industry continues to experience modest to impressive gains across the board. It has been a stellar season for some and others have seen incredible climatic swings that have challenged our knowledge, resources and patience. All of us however, are positive about our industry's future. Producing fresh and healthy food is our industry and we are in demand.

The 2017-2018 year reported on in this Annual Report was one that showed the importance of having a united industry voice advocating for growers in Wellington, and engagement with all parts of central Government.

On behalf of growers, Horticulture New Zealand has been actively engaged with Government on access to land, water and people, as well as biosecurity and trade.

During the election period of 2017, we advocated strongly for Country of Origin Labelling (CoOL). The Consumers' Right to Know (Country of Origin of Food) Bill passed its first reading in Parliament in April 2017. After HortNZ's appearance before the Parliamentary Select Committee in May to make a submission, and a public campaign via social media enabling people to tell their local MP they wanted CoOL on fresh fruit and vegetables, we believe this Bill will progress in 2018.

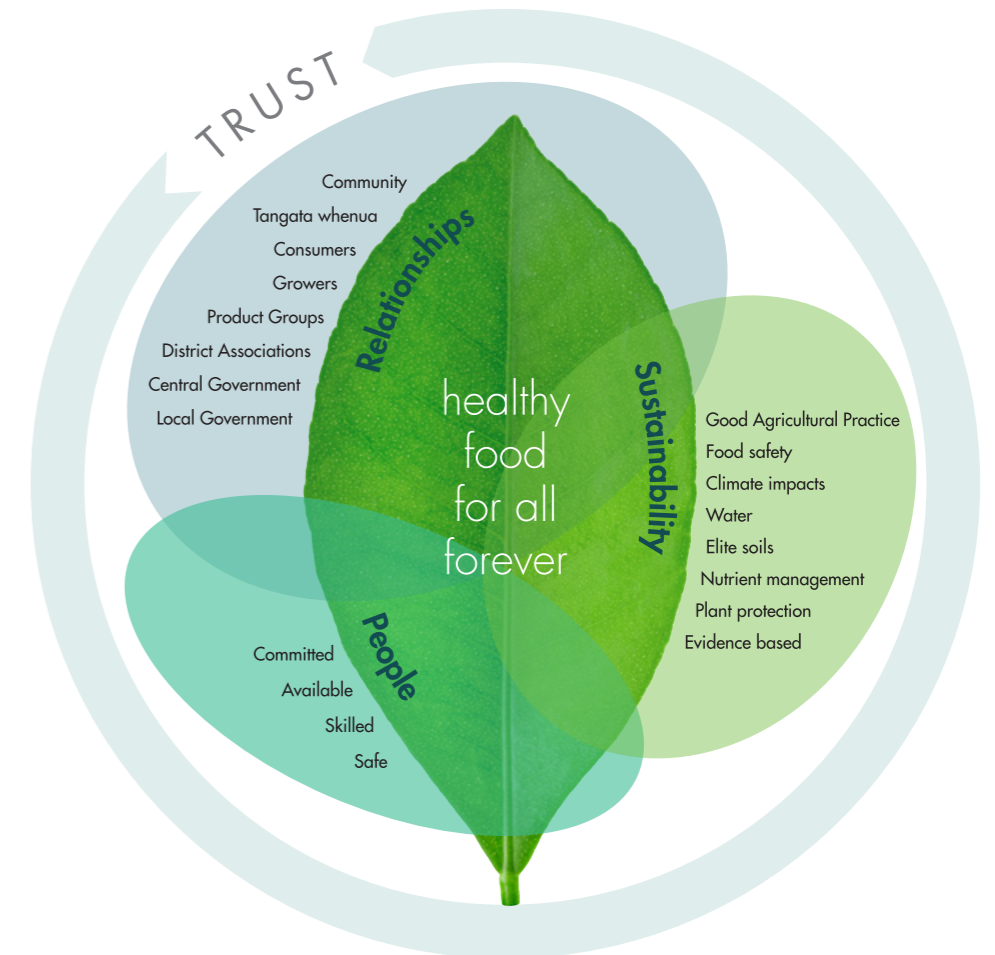
Election promises threw horticulture a curve ball, with the Labour Party saying it would introduce a water tax as a punitive measure for some commercial water users, including irrigators, to improve water quality. Horticulture New Zealand fought hard against this tax contending the extra cost would be borne by consumers, making healthy food more expensive, and that the policy wasn't the answer to the problem. We support sound, consistent water policy for efficient use of water and have our own Fresh Water Policy for growers. We do not support a blanket tax without due consideration of New Zealand's water priorities as a nation, including water for drinking, sanitation and food production. Along with other primary industry representatives, we were successful in getting the water tax off the table for the 2017-2020 term of Government.

The change of Government in October 2017 to a Labour-New Zealand First coalition, with confidence and supply from the Green Party, has seen some new opportunities emerge for horticulture. This Government sees the potential in horticulture's growth and has been responsive to protecting the best growing soils and working with industry on addressing environmental concerns. Consumers are increasingly interested in the origin of their food, looking for responsible and sustainable farming practices, and we are committed to that through the Good Agricultural Practice (GAP) schemes, including NZGAP. Much of Horticulture New Zealand's work centres around working with local and central Government on use and protection of natural resources to enable you to grow.



Horticulture New Zealand's 2017-18 Board and chief executive, from left to right, Hugh Ritchie, David Kelly, John Cook, Barry O'Neil, chief executive Mike Chapman, President Julian Raine, Bruce Wills, Leon Stallard, Tony Howey and Mike Smith.

The Horticulture New Zealand story



We are also working with the Government on addressing one of the key concerns for growers, a shortage of workers across the board. While the Recognised Seasonal Employer (RSE) scheme goes a long way to addressing supply of workers for harvest, the growth of horticulture suggests we will need more skilled workers over time. Addressing that shortage requires us to work across the levels of education to attract the keenest and brightest minds. This Annual Report focuses on the depth and breadth of knowledge and skills that exist in horticulture to position it as the industry of the future, attractive to people from all walks of life.

Looking forward, the Board has been focused on the Horticulture New Zealand story at a strategic level, with our vision of "healthy food for all forever" at the heart, supported by relationships, people and sustainability. You can see our thinking in the strategy diagram above.

Telling our story is essential to engaging consumers and retaining our "licence to grow", as well as to attracting the right people into the industry for long-term careers. We have a great story to tell.

The Board has also supported Horticulture New Zealand in developing and implementing a diversity policy in the past year. The Board's goal is for the membership of the Board to embrace the diversity of HortNZ's grower members. The Board is committed to diversity and you will see some change in our line-up, with a contested election for two places on the Board in 2018.

At last year's AGM growers voted on a reduction to the levy, by 0.01% to 0.14% (14 cents per \$100 of sales), reducing the amount of money for Horticulture New Zealand's operations.

Horticulture New Zealand's financial performance has been in line with budget, with the exception of the Orchardist magazine, that had an over spend due to increased pages not being fully supported by advertising. Action has been taken to ensure this does not happen in the future. Following the reduction in Horticulture New Zealand's levy at the 2017 AGM, and the experience of six months trading, the budget was reforecast to take account of the reduced levy and then current expenditure. The result is a modest surplus with all expenses save that of the Orchardist coming in on budget. This is a pleasing result as levy income is down when compared to the previous year, caused by both the reduced levy and more conservative kiwifruit and apple seasons. Levy income was however, in line with the reforecast budget.

As a result of feedback from the 2017 AGM, a Reserves Policy will be presented to this year's AGM and implementation of the diversification policy will be reported on.

On behalf of the Board, I would like to acknowledge the work chief executive Mike Chapman has done in the past year to advocate for growers across some significant issues. When faced with such issues, the value of Horticulture New Zealand presenting a united voice to key decision makers is very apparent. Thanks also go to the staff, the work of Horticulture New Zealand is a team effort and it is pleasing to see the results of their co-ordinated and professional approach.

I would also like to acknowledge and thank the Horticulture New Zealand Board for showing vision and leadership in their governance.

Julian Raine | President Horticulture New Zealand

Industry value

\$5.68 billion

An enduring environment

Based on the comments made at last year's Annual General Meeting (AGM) and feedback throughout the year, Horticulture New Zealand's Board and staff have focused on core priorities to ensure an enduring environment where growers can prosper.

Horticulture New Zealand's mission

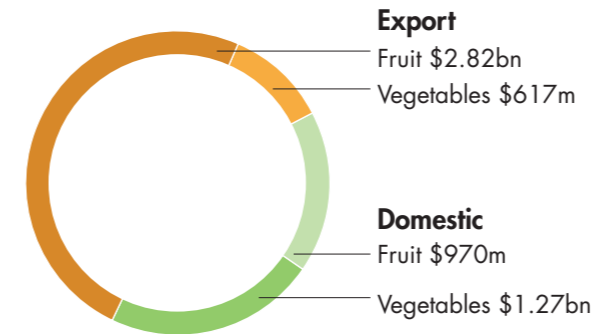
Creating an enduring environment where growers prosper

Biosecurity is one example. During the reporting period, we expanded the Horticulture New Zealand biosecurity team with two new experts. This meant Horticulture New Zealand was able to make a significant contribution to brown marmorated stink bug (BMSB) preparedness work, and advance the application to the Environmental Protection Authority to introduce the biological control agent, the Samurai wasp. Biological control agents are considered to be effective if they can reach a 50 percent rate of control. The Samurai wasp will be a particularly important control agent if BMSB establishes here, as it has a more than 70 percent rate of control. More generally, Horticulture New Zealand is working collaboratively with the other industry groups on biosecurity and has a memorandum of understanding with Kiwifruit Vine Health Incorporated.

We also increased resourcing and in-house expertise in our Natural Resources and Environment (NRE) team, which predominantly deals with the Resource Management Act. This is particularly important as the layers and complexity of compliance increase. The Labour-NZ First Government's focus on the environment has highlighted the need to develop a comprehensive horticulture-wide approach, to protect your interests and ability to grow. We were active during the election campaign on Labour's pledge to tax water. Horticulture New Zealand went directly to the politicians and pointed out that if the problem they wanted to solve was cleaning up waterways, taxing water used for irrigation was not the solution. This was a successful campaign.

Through the year, we increased the NRE team with the addition of two expert planners, one based in Auckland and one in Christchurch. In Hawke's Bay we contracted a locally-based advocate to co-ordinate and represent horticulture's interests. The Wellington-based team was strengthened with the addition of a lawyer. In addition, our campaign to have a National Policy Statement protecting elite soils and horticulture operations has been supported by the Environment Minister David Parker, with a direction to his Ministry to develop that policy statement in 2018.

One of the biggest constraints on horticulture is the lack of reliable, seasonal and permanent workers. During the reporting period, the joint venture Horticulture Capability Group was reformed and refocused as a truly collaborative effort between New Zealand Kiwifruit Growers Incorporated, New Zealand Apples & Pears, New Zealand Avocado, Vegetables New Zealand, Hawke's Bay Fruitgrowers' Association and Horticulture New Zealand. The results of this collaboration are the development of a horticulture degree by Massey University, a horticulture apprenticeship by the Primary Industry Training Organisation, and re-focused horticulture career promotion with three stands planned for the 2018 Mystery Creek Fielddays. In addition,



Horticulture New Zealand continues to run our very successful leadership programme, and offers scholarships to encourage horticulture training.

Linked to the Horticulture Capability Group is the work of the National Labour Steering Group, administered and supported in the field by Horticulture New Zealand staff. This is a collaborative effort from the key industries where, based on the network of the regional labour groups, both kiwi and immigration programmes such as the RSE scheme are co-ordinated. Through survey and advocacy work we continue to increase the numbers of New Zealanders in training, the number of RSE workers permitted in the country each year, and access for permanent workers through immigration.

The change in Government has seen a change in a number of the previous Government's policies and this has resulted in HortNZ making submissions on proposed changes to employment law, taxation,

The change in Government has seen a change in a number of the previous Government's policies and this has resulted in HortNZ making submissions on proposed changes to employment law, taxation, competition law, vocational education, trade agreements and the environment.

competition law, vocational education, trade agreements and the environment. This activity will increase in the next reporting period as the Government moves to implement its election promises. An active programme of Government interaction is maintained with Ministers, Members of Parliament, and government department officials to increase their understanding of horticulture and our needs and to get a fair hearing for our submissions on your behalf.

Horticulture New Zealand continues with its other areas of activities as it has in previous years, but with a focus on the key areas identified above. A good example is the NZGAP programme with an add-on environmental module, and Food Act registration and compliance is being developed with the concept of one auditor up the drive, reducing costs and time demands.

Mike Chapman | CEO



The Board and staff get out and about to visit as many growers as possible each year. Here they are in Invercargill at Drysdale Hydroponics. From left to right, Craig MacAlister, Drysdale Hydroponics; Julian Raine, Horticulture New Zealand President; Mike Chapman, Horticulture New Zealand chief executive; Angela Halliday, Horticulture New Zealand Natural Resources and Environment manager; and Angela Beazer, Drysdale Hydroponics.

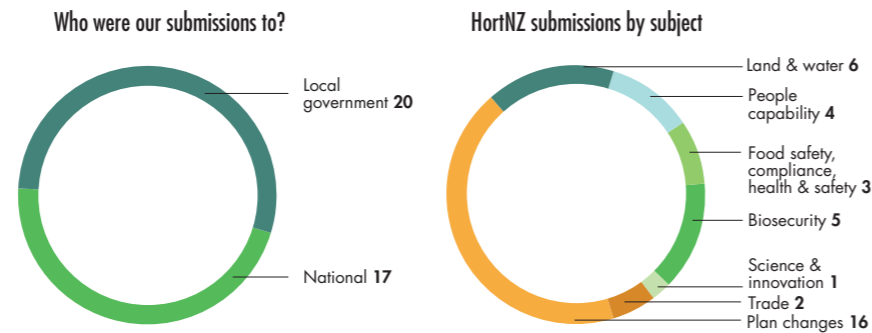
We help you grow

Horticulture New Zealand's goal is to add value to growers' businesses. We are focused on ensuring growers have access to land, water and people; that New Zealand's biosecurity system protects their crops; and that they can trade with all the countries that want to buy our food. We provide a united voice on issues for both fruit and vegetable growers and take the lead on issues that impact the whole industry.

We are telling our story with a focus on healthy food for all forever, and all that goes with that.

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.



Activities

Our Natural Resources and Environment team got recognition from some local government that **horticultural production systems are different from other cropping farming systems** and a "one size fits all" approach is inappropriate. Examples of this include the work with the Canterbury Regional Plans and Horizons One Plan, as well as Plan Change 1 in the Waikato.

At the Regional Policy Statement (RPS) level there are several notable examples (Hawke's Bay, Bay of Plenty, Auckland, Gisborne, Otago) where **food production values have been specifically recognised** in objectives and policies. Such recognition is especially important when the allocation of limited resources, such as water, is being considered.

We have pushed for recognition of the importance of **'survival' water for crops** in times of low water flows and drought. Increasingly, councils are providing for survival water for both capital root stock (orchards etc) and for perennial crops, for example, in the Plan Change for the Tuketuki, Tasman District plan changes, Auckland Unitary Plan, Gisborne, and Bay of Plenty.

We have also worked to get **permitted activity status for crop protection structures and shelter belts**. Examples of these include Auckland Unitary Plan, Whangarei, and Christchurch.

HortNZ supported the Tasman District Council to get 30m setbacks in their recent Plan Change, **to avoid reverse sensitivity effects**. This issue managed to be settled before it reached the Environment Court, saving HortNZ and growers significant expenditure. This rule may also be used as a good example of how to avoid reverse sensitivity in future planning processes around New Zealand.

We developed a **Vegetable Washwater Discharge Code of Practice** for growers to ensure they meet good practice.

37

Submissions

13

Land and Water Forum meetings

The Williams family grow a variety of citrus near Gisborne and their children (from left to right) Sam (9), Winston (6) and Elle (11), enjoy the fruits of the business.



Water – a key ingredient

Water is a vital resource to help New Zealand secure its place as a world-leading food producer, as well as maintain a year-round production base for domestic consumption. Water is used throughout the horticulture supply chain; from growing the plants, to frost fighting (eg. some fruits), and washing and processing for market to consumers. To service these activities the industry requires sufficient quantity of water supply, particularly in summer. For crops that are grown above the ground – such as lettuce, broccoli, cauliflower and cabbage – the quality of water is also critical in terms of food safety.

We need quantity and quality and access to water is becoming a key constraint to growth.



Dale and Hannah Jordan of Saddleview Greens in Mosgiel. They have been growing lettuce, kale and spinach hydroponically in 17 hot houses for five years. They are interested in being as sustainable as possible and heat comes from recycled waste which burns clean.



Young Grower of the Year 2017 finalists, from left to right, Scott Wilcox, Erin Atkinson (winner), Ralph Bastian, Ben Geaney, and Jordan James.

People capability

HortNZ is building a suite of leadership development initiatives to meet the demands of our rapidly growing industry, including:

- A roadmap providing a guide for future HortNZ leadership programmes was completed.
- HortNZ's leadership programme was refreshed to include 17 participants - nine women and eight men. Three were selected to receive one-to-one leadership coaching.
- The first HortNZ Alumni event was held at the Horticulture Conference with 60 attendees, made up of a mix of participants in the HortNZ Leadership Programme and Young Grower competitions, as well as some of the HortNZ Board. The theme, *Leading into the future*, challenged the audience, facilitated robust debate, and fed into the roadmap exercise
- A record number of high calibre scholarship applications were received: 45 industry training and 19 university undergraduates. Of these, 21 scholarships were awarded to the value of \$36,500. Hortcentre Trust and Massey University are strong partners in this scholarship programme.
- Conference Scholars and NZ Fruitgrowers' Charitable Trust Mentors programme saw 19 participants.
- There were 31 competitors across five regional Young Grower competitions; with five finalists making the final Young Grower of the Year competition in Christchurch on 18 August, 2017.

Recognising our talent



Young grower of the year

The future of our \$5.6 billion horticultural industry is in excellent hands as shown by the talent of 2017's **Young Grower of the Year: Erin Atkinson** of Te Puke.

Erin Atkinson, 30, technical advisor for Apata Group in Te Puke, was the first woman to win the Young Grower of the Year title. She pitted her skills, knowledge and experience against four other finalists. Erin, who won the Bay of Plenty Young Fruitgrower competition in February 2017, also secured the national title of Young Fruit Grower of the Year, along with the best business, best innovation and best speech titles.

Runner-up for Young Grower was **Scott Wilcox** of Pukekohe, who is also Young Vegetable Grower 2017, while third place went to **Ben Geaney** of Waimate.

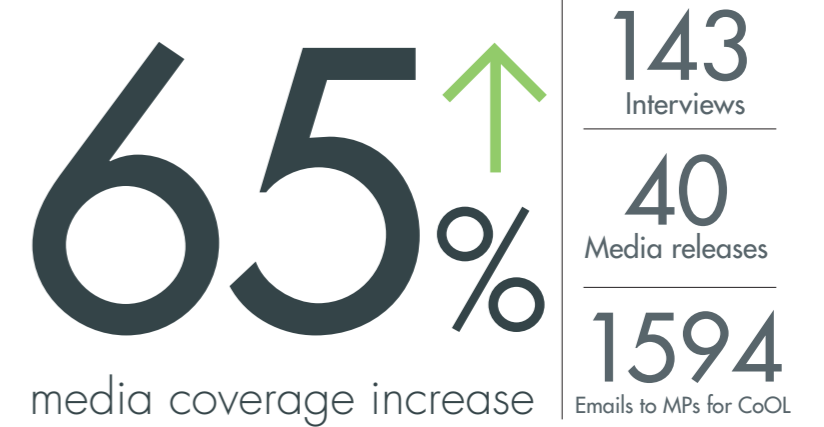
Erin has a Bachelor of Science in Horticulture and has spent most of her working life in the horticulture industry. She said she was extremely proud to have been named Young Grower, especially as the standard of the other finalists was very high.

During the competition, all five finalists competed in a series of practical and theoretical challenges designed to test the skills needed to run a successful export-focused horticultural business. They also took part in a leadership panel discussion before delivering a speech on biosecurity in front of the judges at the awards dinner attended by 200 people.

Judges looked for individuals who could make a difference in their sectors and the industry, going beyond great skills to also include leadership, attitude and personality.



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 tell our story with a focus on food – its provenance; the benefits of healthy, fresh food; and who is growing it – in a sustainable way to lessen or improve the impact on the environment.

Our media story

HortNZ was active representing grower issues in the media and in 2017, **media coverage increased 65.4 percent** over 2016.

In the reporting period, we issued **40 media releases** covering Country of Origin Labelling (CoOL); Young Grower competitions; weather events; and access to land, water and people. With the 2017 General Election in the reporting cycle and a change of Government, HortNZ was active in the media on election issues including water tax and CoOL.



Heirloom tomato growers Angela and Anthony Tringham with celebrity chef Annabel Langbein.

HortNZ's CE and President did **143 media interviews**. There were 25 media interviews on water tax and Horticulture New Zealand issued a number of media releases, including one playing on Labour's election slogan saying "let's not do this" to Labour's pre-election freshwater policy that included a water tax for irrigators. By the time the election rolled around, the water tax was off the table.

Chief executive Mike Chapman wrote **65 blogs** covering all the issues affecting growers. Blogs are then promoted through social media including Twitter and LinkedIn.

During the election period we ran a **Facebook campaign for CoOL**, backed by independent research we had done earlier in the year, which clearly showed New Zealanders want to know where their fruit and vegetables come from. The Facebook campaign was launched in April 2017 and ran through to the general election in September 2017. It generated 5,623 likes and 5,640 followers. For the six month period it reached nearly 1.15 million people, with nearly 27,000 engaging with content. There was more than 16,500 positive feedback reactions to posts, compared to just 216 negative feedback reactions. As part of the campaign, there was confirmed delivery of **1,594 emails to Members of Parliament** asking them to support CoOL – generated by individuals via the page. This was coupled with political advocacy across all parties. The outcome was, the Green Party's Consumers' Right to Know (Country of Origin of Food) Bill passed its first reading in Parliament on 13 April 2017, paving the way for this to become law.

65 Blogs from CE

400

Articles quoting Horticulture New Zealand

2057 LinkedIn followers

3326 Twitter @HorticultureNZ followers

A video showing the story of New Zealand's fresh fruit and vegetables, from the seed through to food on a plate, was launched by Horticulture New Zealand at the Horticulture Conference in July 2017. It has had more than 2,000 views and is being used to promote New Zealand horticulture off-shore. Called *Healthy food for all forever*, the video is on YouTube. Trends indicate a strong desire by consumers to both buy food grown locally, and to understand what has gone into producing their food. They want to know sustainable and environmentally friendly practices have been used and that the people working for the food producing companies are treated properly and paid appropriately. It is important we keep telling the story behind our food to people looking to a healthy diet to improve their overall health.

We have run a strong awareness campaign about **the importance of our elite soils and protecting them from urban sprawl and lifestyle blocks**. Mainstream media coverage, particularly on the issue in Auckland of growing houses on irreplaceable horticulture land, included a cover story in the *New Zealand Herald's* The Business; HortNZ CE interviewed on TVNZ's Q + A; and coverage across most daily news outlets.

We want to protect good growing land from urban sprawl.



Many growers are intergenerational family businesses with a lot of collective knowledge about cropping systems and the environment. Caring for the environment is in their DNA. Peter Reynolds is one of seven brothers carrying on a vegetable growing business in Pukekohe that dates back to their great-great grandfather William Henry Reynolds, who landed in New Zealand from Ireland in 1865.

What affects the cost of fruit and vegetables?



We backed up our calls for a **food security policy** with a report prepared by KPMG, *New Zealand domestic vegetable production: the growing story*, released in November 2017. The report looks at factors that will impact security of supply of what would be considered staple vegetables. Domestic supply is not being viewed as a national system, with identified strengths and weaknesses, to give New Zealanders continued access to all the fresh fruit and vegetables they need in the future. Prime fruit and vegetable growing land is being squeezed by rapid growth in towns and cities and high demand for new housing. Changes in weather patterns and extreme unseasonal weather events are becoming more frequent and damaging, impacting the supply and, consequently, the price of fresh, healthy food. So Horticulture New Zealand believes it is time to take stock and develop a national food security strategy.

NZ Grower magazine won an **international award** for its front cover illustration at the 2017 Tabbie Awards, run by the American based Trade Association Business Publications International.

In March 2018, Horticulture New Zealand joined the **Biosecurity Communications Network** at its inaugural forum.

During the high-risk time for a brown marmorated stink bug (BMSB) incursion, we noticed the media wasn't hitting the younger and more tech-focused demographics. **We took to Buzzfeed** to post a quirky quiz as an experiment. It really took off, and there was international interest in how we did it. It was a low-risk/ high-reward opportunity; the quiz cost nothing to make, publish, or promote, and it was created in house. We distributed it via Twitter, LinkedIn, and our newsletter. The uptake and engagement were massive, and people seemed to genuinely enjoy doing and sharing the quiz.

Follow us on Instagram - @growersofnz

In September 2017, Horticulture New Zealand launched Growers of New Zealand, an Instagram page to better tell the story of our people and the crops they produce. The aim is to get the public thinking about the food on their plates, understanding the seasonal cycles, and relating to the growers. This is a great way to tell our story and put a human face on horticulture.

Each week we feature a grower, with a photo of them at work with a seasonal crop and text explaining who they are and what they are doing. We follow this with an innovative and healthy recipe using the seasonal crop. We like to feature some of the less high-profile crops, often overlooked in other media.

This combination of food producers and food itself is intended to bridge the urban-rural divide; we want to show the world that growers are people who want to do the best they can to feed New Zealand, and tell the story of healthy food for all forever.

Our Instagram page has followers from around the world including influencers and foodies. It has been going less than a year and has nearly 600 followers.



Alan and Vanessa Hutchings grow Kiwano in Te Puke.



Tasman Bay Berries is the largest boysenberry farm in New Zealand.



John Murphy leads New Zealand's most prominent garlic and shallot operation, Marlborough Garlic Ltd.

Lincoln Roper, 18, has been placed in two Young Vegetable Grower of the Year competitions. He is studying for a Bachelor of Commerce (agriculture) degree at Lincoln University. He is "the son" at Roper & Son Limited vegetable growers at Lincoln, near Christchurch, where he works with his father Lance and mother Makereta, specialising in peeled red onions, peas and pumpkins. Lincoln has been helping out for 11 years already and this year is his first managing a crop himself. He is a fourth generation grower.



Stephen Darling (top), and Gary Bennetts (below) awarded life memberships at the Horticulture Conference.



Pepper Curry worked the 2017 Horticulture Conference to create lasting graphical representation of ideas, thoughts, strategy and plans.



People for tomorrow

Career and skill development

The Horticulture Capability Group (HCG) is a joint venture between New Zealand Kiwifruit Growers Incorporated, New Zealand Apples & Pears, New Zealand Avocado, Vegetables New Zealand Incorporated, the Hawke's Bay Fruit Growers Association and Horticulture New Zealand.

Its vision is for horticulture to be the career of first choice. Its four strategic action areas are:

- career promotion;
- professional development;
- a focus on primary and secondary schools; and
- leadership development.

The goals are to attract and retain sufficient appropriately skilled people in horticulture, empowering them with the skills, knowledge and understanding to develop and support their careers, resulting in sustained industry growth.

All the joint venture partners make a significant contribution to the vision, strategic action areas and goals, linking resources as a united team to achieve the most effective outcome for horticulture. Actions have included:

- working with Massey University to develop a Massey Horticulture Degree
- working with the Primary Industry Training Organisation to develop a Horticulture Apprenticeship
- the group joining Whenua Ora to increase horticulture trainees
- submitting on the Education Minister's vocational education review to get better training outcomes for horticulture
- leveraging off other organisations to promote horticulture in schools.

Career promotion included:

- Get Ahead - HortNZ partnered with New Zealand Apples & Pears and Young Farmers at 10 career promotion events around New Zealand
- Promoting at Gisborne Careers Expo and Whangarei Careers Expo
- Careers magazines continue to be distributed.

42%
of people in horticulture training are in fruit or vegetable production

3,172

Average number of trainees in produce production for the four years 2014-2017, compared with 1,890 in 2010-13

Conferences and events

We attended and spoke at a number of events including:

- Te Hono National Summit
- Corrections Conference
- Summerfruit Conference
- Potatoes Conference
- Organics Aotearoa New Zealand AGM
- New Zealand Apples & Pears Conference
- Flowers Conference
- Agri-Industry Summit
- Collaborative Research Forum
- Zespri AGM
- Kiwifruit Vine Health AGM
- New Zealand Kiwifruit Growers Incorporated AGM
- Tararua Growers AGM
- Horowhenua Taste Trail
- Onions New Zealand AGM
- Future of Food and Fibre Conference
- Asia Fruit Logistica, Hong Kong
- Mystery Creek Fieldays
- National Horticultural Field Day
- Kellogg Rural Leadership briefing
- Nuffield Scholarship briefing

Mike Chapman is on the **Good Farming Practice Governance Group**.

The **Horticulture Conference 2017**, held at ASB Baypark, Tauranga, from 12 to 14 July, is the conference of Horticulture New Zealand, Vegetables New Zealand Incorporated, Tomatoes New Zealand and the New Zealand Asparagus Council. American food and agribusiness guru Roland Fumasi was one of the keynote speakers. Dr Fumasi is a vice-president, senior analyst and manager for RaboResearch Food & Agribusiness group. Headquartered in Fresno, California, he is responsible for covering and analysing the US and North American fresh fruit and vegetable industries, general California agriculture, and he leads the Fresno research team. He combines a background in agribusiness research with international market development and finance experience in the agriculture industry. He was an engaging speaker with valuable global insight on the consumer-led market that growers are providing for.

The **Horticulture Industry Awards** were presented at the conference gala dinner, with the premier award, the Bledisloe Cup, going to the outstanding leader in the kiwifruit industry, Peter Ombler. He is an exceptional grower who has been involved in the kiwifruit industry for 36 years and during that time has taken a lead role on critical issues, including Psa, for the benefit of all kiwifruit growers.

Other awards presented at the conference were:

- President's Trophy – Brent Wilcox, principal of A S Wilcox & Sons, for outstanding leadership and mentoring the next generation of leaders
- Industry Service Award - Dr Bruce Campbell, Chief Operating Officer, Plant and Food Research, for ensuring research undertaken by and for the industry promotes growth and supports New Zealand's premium position in international markets
- Horticulture New Zealand Life Membership – Stephen Darling, who has dedicated his life to the pip fruit industry, and Gary Bennetts, for his contribution to the summer fruit industry.

The 2017 **Recognised Seasonal Employer (RSE) Conference**, held for the first time in Blenheim, celebrated the tenth year of the scheme. It was attended by the Prime Minister of Tuvalu and Ministers from Fiji, Kiribati, Samoa, and the Solomon Islands, as well as Ministers of the Government at the time Hon. Anne Tolley and Hon. Michael Woodhouse. As well as being a celebration of the successes of the scheme, the conference was a chance to focus on what needs to be done to ensure that success can be sustained into the future. As stakeholders we need to plan how we can futureproof the RSE scheme so that it can be the solution to supplying sustainable seasonal labour it was always meant to be. Held over two days, the conference was a chance for the scheme employers to talk freely and frankly about seasonal labour issues, and provided a valuable opportunity for employers to meet with the government officials who oversee the RSE scheme. The conference was attended by more than 200 people with a large representation from the Pacific countries involved, and fieldtrips were organised by Wine Marlborough.

Horticulture New Zealand, along with other horticulture sector organisations, was proud to sponsor the **Asia Pacific Plant Protection Convention (APPPC)** 30th session in Rotorua in November 2017. The APPPC brought together the heads of plant protection from 21 member countries, officials from the Food and Agriculture Organization (FAO) and industry organisations.

On 16 March, Horticulture New Zealand worked with the Ministry of Social Development to launch the **Work the Seasons** website at an event hosted by vegetable growers A S Wilcox & Sons in Pukekohe. Minister for Social Development Carmel Sepuloni and Minister for Employment Willie Jackson launched the website, which gives growers access to more workers and gives people looking for work the chance to see what great opportunities exist in horticulture, not only for seasonal work, but also for permanent work and a lasting career. www.worktheseasons.co.nz

An exciting, innovative and vibrant industry



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The Prime Minister's top science prize

The Plant & Food Research team that took on the devastating Psa-V disease and won, were the deserving recipients of the Prime Minister's top science prize in February 2018 and Horticulture New Zealand congratulated them.

Members of the winning team, led by Dr Bruce Campbell, pictured above, were awarded the prize worth \$500,000, at an event at Parliament

When Psa was discovered at a Te Puke orchard in 2010, that could have meant the end of the kiwifruit industry. But the Plant & Food Research team got their experts on the ground in the Bay of Plenty and the result was the new gold kiwifruit cultivar now sold around the world as Zespri® SunGold Kiwifruit.

HortNZ believes this really shows the value of science and research in the growing horticulture industry. The fact that in New Zealand we have such brilliant scientists that can turn the potential collapse of an industry into it rising from the ashes to be better than ever before is something we should not only be proud of, but something we should invest more money into.



Zespri® SunGold Kiwifruit a big success story



Feijoa possess antibacterial qualities



White Beauty, a bright, high-yielding potato bred for New Zealand conditions



The Envy™ apple crowned 'favourite apple' by American consumers. Image from T&G Global.

Advocating

We advocate for growers across key areas affecting industry.

Biosecurity is the exclusion, eradication or management of pests and diseases that pose a risk to the economy, environment, cultural and social values, including human health.

Activities

Biosecurity

Horticulture New Zealand has been heavily involved in **Biosecurity 2025** - a partnership between people, organisations, Māori, and central, local and regional government. Its aim is to make our biosecurity system more resilient and future-focused to protect our taonga and New Zealand from pests and diseases. HortNZ has chaired the Strategic Direction 3 (free flowing information) working group, which has now concluded. We will continue to be involved through the implementation phase into 2019 to deliver a more connected and responsive biosecurity system. We have also been involved in Strategic Direction 5 (tomorrow's skills and assets) to build a capable and sustainable workforce for the future, which provides the foundation of an effective biosecurity system.

Horticulture New Zealand has **built a strong biosecurity** team during the year and has been heavily committed to key risks of concern to growers: Fruit flies, brown marmorated stink bug (BMSB), and emerging threats such as Xylella and Spotted Wing Drosophila. There are now two dedicated staff working on pan-industry biosecurity regulation, policy and research. The

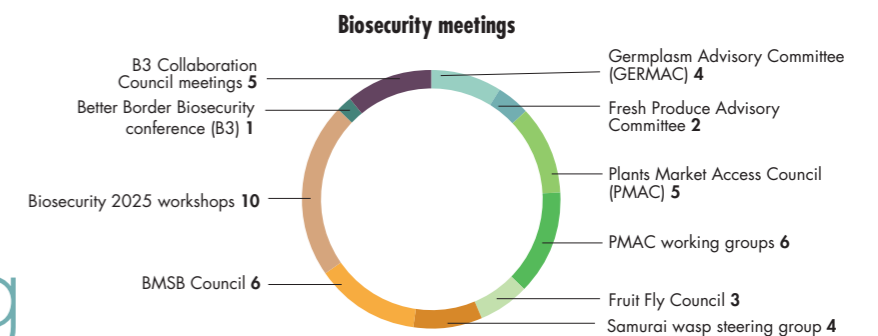
team is engaged with horticulture product groups on shared issues.

HortNZ has chaired and led the **Samurai Wasp Steering Group**. This group has prepared and submitted an application to the Environmental Protection Authority (EPA) for the release of *Trissolcus japonicus* (Samurai wasp) as a biological control agent should brown marmorated stink bug (BMSB) arrive in New Zealand. This is the first such application for a pre-emptive decision on a biocontrol to the EPA, demonstrating our industry's commitment to preparedness to respond to BMSB. Additionally we are heavily involved in the BMSB Council work programme for readiness and response. HortNZ funded a US-based scientist, as part of a wider visit to New Zealand, and hosted a workshop to review the current BMSB response plans.

HortNZ has **engaged effectively with the Ministry for Primary Industries**, in particular on import pathway risks for BMSB, resulting in requirements for mandatory fumigation of Italian cargo over the 2017/18 risk season.

We represented the industry on the following committees and groups:

- Fresh Produce Advisory Committee (FreshPAC)
- Germplasm Advisory Committee (GERMAC)
- BMSB Council
- Fruit Fly Council
- GIA Deed Governance Group.



HortNZ has made submissions on a number of the Ministry for Primary Industries' consultations **relating to import health standards** of importance to our growers including: solanum; Vehicles machinery and equipment; citrus from Egypt; Oncidium; table grapes; and Post Entry Quarantine facility wastewater.

We have been involved in the **biosecurity response to pea weevil**.

Brown marmorated stink bug (BMSB) risk management 2017/18

283
283 interception events

2218
BMSB (23% found live)

37 aggregations and 4 post border detections

Strengthening of measures on the Italy and Japan pathways

International cooperation with Australia, Chile and USA



Our grower story

Geoff Oliver has been growing kiwiberri for over 14 years.



Orchard manager Tim Hope from El Pedregal Orchard, Earnsclough.



Therese and Alan Varcoe of Aloha Orchard in Havelock North.



The Sorensen family have been growing avocados for three years in the Bay of Plenty and love the lifestyle.

Helen and Alan Thompson on their Kerikeri property which won the region's Ballance Farm Environment Award.



John Clarke from Woodhaven Gardens preparing tasting vegetables for the Horowhenua Taste Trail.



Allan Fong, whose family has been growing fresh produce in the Pukekohe area since 1948.

Sustainable

New Zealand Good Agricultural Practice (NZGAP) – safe and sustainable food



NZGAP ensures the safe and sustainable production of fruit and vegetables in New Zealand.

6% ↑
increase NZGAP certificates
Our growers understand consumers want certified proof of growing standards.

Only certified growers can use the NZGAP logo. The past year has been one of development of a number of new programmes and an increase in the number of NZGAP certificate holders. 2018 will see continued roll out of add-ons to meet market certification demands, as well as working domestically to use certification to assure New Zealand regulators of industry performance.

- NZGAP certificates increased by six percent during the past 12 months.
- The NZGAP 'add - on' framework now covers social practice and environment. NZGAP is developing a broader framework for social practice to cover all GAP certificate holders and contractors, through an NZGAP Contractor Standard.
- The new NZGAP Environment Management System (EMS) framework is in place to meet regional council requirements and it will be rolled out nationally this year.

- NZGAP released a GLOBAL G.A.P. GRASP guideline to enable growers and their labour contractors to meet the new market requirement for social practice assessments. GRASP stands for GLOBAL G.A.P. Risk Assessment on Social Practice.
- The NZGAP GLOBAL G.A.P. Equivalent standard has been benchmarked to the new version of GLOBAL G.A.P. (version 5.1). NZGAP continues to work towards options for growers to be Global Food Safety Initiative (GFSI) recognised.
- NZGAP has been an active member of the GAP National Technical Working Group (NTWG) with HortNZ providing the Secretariat function. Much of the NTWG work has been focused on Food Act recognition for GAP schemes.

Horticulture New Zealand teamed up with WorkSafe New Zealand to create a **health and safety toolkit** specifically designed for horticulture businesses. The guideline is targeted at those who are responsible for the management of health and safety in a horticulture business. It covers the steps that growers should take to build a health and safety system. Features include a guide for visitors to a property, tools and training resources for workers and contractors, and the ability to create risk assessments for Good Agricultural Practice (GAP) audits that are part of many horticulture businesses. Managing health and safety in the workplace is a critical issue for horticulture businesses.

Charlie Tamaroa, left, and Tongoi Teakai loading some of the almost 40 million capsicums produced per season by Southern Paprika.



To meet our demands for labour, we need to work every angle, and every option.

Mike Chapman | CEO



RSE workers picking plums.

National regulatory reform

In the National Policy Statement for Freshwater Management (2017 amendments)

HortNZ managed to get irrigation for cultivation removed from the list of other “extractive uses” and put back into the freshwater “values” framework. This is a crucial piece of overarching policy that directs how the water our growers use is prioritised under the Resource Management Act (RMA).

Horticulture New Zealand is on the Land and Water Forum (LAWF) to ensure food production and irrigation, as it applies to horticulture, is considered in decision making. Representatives attended 13 LAWF meetings, with advice from those meetings going to key Government Ministers.

Regional and district planning

HortNZ has attended hearings in:

- Whangarei on the District Plan changes – rural and landscapes
- Greater Wellington proposed Natural Resources Plan (Hearing Streams 1, 2, 3 and 4)
- Southland – proposed Water and Land Plan
- Dunedin – Second Generation Plan (Natural Environment and Network Utilities)

- Opotiki – District Plan Review (Network Utilities); Zones: Rural, Rural Ohiwa Harbour, Coastal and Coastal Settlement; Definitions and Landscapes and Vegetation; Subdivision)
- Hawke’s Bay – Water Conservation Order (Hearing 1 – Upper River)
- Bay of Plenty – proposed Plan Change 9
- Marlborough – Environment Plan (Block 1).

Access to people

HortNZ ran a series of **minimum employment standard workshops**, which were very well received. Employers are conscious of the complexity of employment legislation in New Zealand and the level of error that can easily creep in by not taking this part of employing staff seriously.

Working with our partners, we achieved an **additional 600 places on the Recognised Seasonal Employer (RSE) scheme** to ensure access to seasonal labour. The national cap for the season was 11,100, up from 10,500. Advice to become an accredited RSE employer is now followed through at a higher rate than previously as the benefits of RSE are now better understood.

We continue to work on **strengthening our relationships** with key government agencies in the immigration space.

A standard set of **provisions for seasonal worker accommodation** was negotiated for local government plans that provide for seasonal accommodation facilities on grower properties. This was done to recognise the growing demand for worker accommodation and reduce the difficulty of obtaining consents in rural zones for these facilities. This has been exemplified in plans in Tasman, Central Otago and Auckland.

HortNZ supported the establishment of the **Tairāwhiti Workforce project (TIPU)**. A Workforce Coordinator was appointed (funding secured through the Ministry of Social Development), a strategy developed, and a website – Activate Tairāwhiti - put in place (funded by Eastland Community Trust and HortNZ).

United voice in Wellington

Based in the capital city, in the heart of government, we represent growers across all levels of central Government. This reporting year saw a change of Government to a Labour-New Zealand First coalition with supply and confidence from the Green Party. We have been quick to form good relationships with key Ministers and MPs and have face-to-face conversations about horticulture – issues and opportunities. No matter what size the business is, Horticulture New Zealand gives growers **a united voice on issues and opportunities** that affect the whole industry.

Activities

We have met with politicians to discuss:

- Biosecurity
- Access to land, water and people
- Getting New Zealanders employed in horticulture
- The Recognised Seasonal Employer (RSE) scheme
- Mandatory Country of Origin Labelling
- A food security policy for New Zealand
- Protecting our best land with a National Policy Statement
- Trade and free trade agreements
- Work the Seasons launch

We have 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)
- New Zealand Trade and Enterprise (NZTE)
- Environmental Protection Authority (EPA)
- Worksafe New Zealand

We have met with senior leaders in business and other primary producer representative organisations including:

- Business New Zealand
- Federated Farmers
- New Zealand Winegrowers
- Beef + Lamb New Zealand
- DairyNZ
- Primary Industry Training Organisation

Horticulture New Zealand has spoken out strongly against **proposed employment law changes**, saying they are a step backwards, and could destroy trust relationships between employers and employees and result in lower productivity. Thirteen other horticulture industry groups joined us in our submission to the Education and Workforce Select Committee on the Employment Relations Amendment Bill before Parliament, in March 2018. The horticulture industry is committed to ensuring good standards and protection for employees. We are a rapidly growing industry and we are trying to attract more people across a range of jobs and skill sets. But we want employment law to enable us, not restrict businesses who already have great trust relationships with their employees.



Agriculture Minister Damien O'Connor at AS Wilcox and Sons with Onions NZ CE Mick Ahern (left) and Brent Wilcox.



At the Work the Seasons launch, left to right, Kevin Wilcox, Employment Minister Willie Jackson, and Mike Chapman.



Access to Japan for New Zealand fruit is one of the **big wins for horticulture** from the signing of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which chief executive Mike Chapman attended in Chile in March 2018. For the first time, New Zealand will gain preferential access to Japan, the world's third largest economy, with immediate kiwifruit tariff reductions worth \$26 million. Kiwifruit from Chile has had the advantage in Japan until now. Apple tariffs will be eliminated over 11 years and this will put us on a level playing field with Australia, which already has preferential access to Japan. Horticulture is growing and the world wants access to our fruit and vegetables so the signing of this trade deal is timely. If the CPTPP went ahead without New Zealand, the modelling estimates a \$183 million decline in our gross domestic product (GDP). As it stands, the deal's worth to New Zealand is a rise of between \$1.2 and \$4 billion in GDP.

Engagement with the New Zealand public is clearly showing their desire to have **mandatory Country of Origin Labelling (CoOL)** Horticulture New Zealand told the Primary Production Select Committee at Parliament in May, making its submission on the Consumers' Right to Know (Country of Origin of Food) Bill before Parliament. HortNZ addressed some of the myths and misconceptions voiced by opponents of the Bill, saying it would not impact trade as most of the countries we export to require country of origin labelling and it is allowed under international trade rules. The labelling was also unlikely to add costs to our growers.

The Government's response to the **Productivity Commission Review of Tertiary Education** identified four key areas to focus on. Three of these are what Horticulture New Zealand and affiliates advocated for in our submissions, namely:

- Meeting the needs of industry through relevant, responsive and supportive teaching
- Improving performance across the system
- Enabling and encouraging innovative new models and providers.

Trade

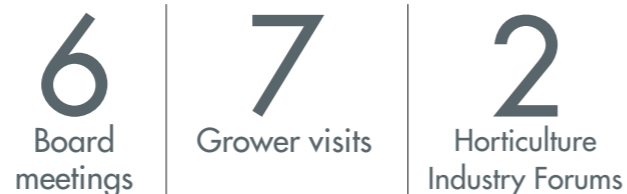
HortNZ **engages on trade** with the Ministry of Foreign Affairs and Trade (MFAT) and Ministry for Primary Industries (MPI). This occurs through direct contact on various trade agreements; the Agricultural Core group; the Plant Market Access Council (PMAC); and the Food and Beverage Exporters Council. We hosted a number of discussions with overseas visitors including Copa Cogeca from Europe, and a field trip for UK Department of Environment, Food and Rural Affairs. We have also provided a range of pre-posting briefings for MFAT and MPI staff heading to New Zealand embassies and High Commissions worldwide.

With **the British vote to leave the European Union (Brexit)** HortNZ has been involved in discussions with MPI, through the Technical Advisory Group, on the work necessary for New Zealand to maintain and enhance our trade with the UK.

HortNZ, together with New Zealand Apples & Pears, and Plant and Food Research, continues to underwrite and organise the New Zealand exhibition stand at **Asia Fruit Logistica in Hong Kong**.

Board

The Board has been out and about **engaging with growers** and addressing their issues in the reporting period, including visits to growers in Christchurch, Hawke's Bay, Southland, Gisborne, Bay of Plenty, Pukekohe/Auckland, and Waikato.



Horticulture New Zealand's President Julian Raine is on the farm leaders group that has **direct access to the Prime Minister**. In April 2018, Agriculture and Rural Communities Minister Damien O'Connor appointed Julian Raine to the Primary Sector Council, which will provide independent strategic advice to the Government on issues confronting the primary industries – with an immediate focus on developing a sector-wide vision.

Financial statements

Contents

- Independent Auditor's report 21
- Approval of Financial Report 22
- Statement of revenue and expense 23
- Statement of changes in net assets 23
- Statement of financial position 24
- Statement of cashflows 25
- Notes to the Financial Statements 26
- Directors' disclosures 29
- Entity information 29

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 2018, 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 2018, 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.

Statement of revenue and expense

For the year ended 31 March 2018

Account	Notes	2018	2017
Revenue			
Horticulture NZ - Core Activity		7,505,133	7,020,557
New Zealand GAP		660,324	647,727
Vegetable Research & Innovation Board		528,872	399,383
Vegetables.co.nz		355,721	411,955
Process Vegetables NZ		302,418	337,218
Tomatoes NZ		471,246	433,369
Vegetable NZ		1,402,597	1,222,012
Total Revenue	19	11,226,311	10,472,221
Expenses			
Horticulture NZ - Core Activity		7,033,315	5,778,294
New Zealand GAP		718,211	673,567
Vegetable Research & Innovation Board		461,631	343,939
Vegetables.co.nz		406,546	443,091
Process Vegetables NZ		273,500	363,406
Tomatoes NZ		540,473	419,596
Vegetable NZ		1,079,982	1,117,389
Total Expenses	19	10,513,657	9,139,282
Surplus/(Deficit) for the Year		712,654	1,332,939
Provision for Tax			
Provision for Tax		-	-
Total Provision for Tax		-	-
Surplus for Year After Tax		712,654	1,332,939

Statement of changes in net assets

For the year ended 31 March 2018

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
Tomatoes NZ	613,716	-69,227		544,489
Vegetable NZ	972,793	322,615		1,295,408
Total Accumulated Funds	5,237,487	712,654	0	5,950,141
Accumulated Funds 2017				
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
Vegetable NZ	885,561	104,623	-17,391	972,793
Total Accumulated Funds	3,904,548	1,332,939	0	5,237,487

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 2018

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 2018

APPROVED



HortNZ President
20th June 2018



HortNZ Vice-President
20th June 2018

Statement of financial position

As at 31 March 2018

Account	Notes	2018	2017
Assets			
Current Assets			
Bank accounts and cash	6	1,966,747	1,594,972
Prepayments		643,588	409,020
Sundry Debtors		1,564,888	1,869,337
Investments	7	2,807,107	2,450,000
Provision for Tax	8	25,316	27,359
Total Current Assets		7,007,646	6,350,688
Non-Current Assets			
Investments	7	-	200,000
Fixed assets	9	116,327	148,498
Intangible Assets	10	74,030	71,737
Total Non-Current Assets		190,357	420,235
Total Assets		7,198,003	6,770,923
Liabilities			
Current Liabilities			
Creditors and accrued expenditure	11	967,122	1,171,427
Fit Out Incentive		4,913	29,480
Income in Advance	12	275,826	327,616
Total Current Liabilities		1,247,862	1,528,523
Non-Current Liabilities			
Fit Out Incentive		-	4,913
Total Non-Current Liabilities		-	4,913
Total Liabilities		1,247,862	1,533,436
Total Assets less Total Liabilities (Net Assets)		5,950,141	5,237,487
Accumulated Funds			
Accumulated surpluses and deficits		5,950,141	5,237,487
Total Accumulated Funds		5,950,141	5,237,487



HortNZ President
20th June 2018



HortNZ Vice-President
20th June 2018

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 2018

	Notes	2018	2017
Cash Flows From Operating Activities			
Cash was received from:			
Fees and other income		11,341,491	9,606,468
Interest Income		97,479	88,502
		11,438,970	9,694,970
Cash was applied to:			
Payments to suppliers and employees		10,832,316	8,904,018
Net Cash Flows from Operating Activities		606,654	790,952
Cash Flows From Investing Activities			
Cash was applied to:			
Fixed Asset Purchases		35,772	37,148
Intangible Purchases		42,000	74,607
Increase in Investments		157,107	138,222
Net Cash Flows from Investing Activities		(234,879)	(249,977)
Net Increase / (Decrease) in Cash		371,775	540,975
Opening Cash		1,594,972	1,053,997
Closing Cash		1,966,747	1,594,972
This is represented by:			
Bank & Cash		1,966,747	1,594,972

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 ended 31 March 2018

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 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 2018.

(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) NZ GAP fees

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

(ii) Levies

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

(iii) Orchardist and Grower Subscriptions

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

(iv) Grant Income and Project Funding

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

(v) Event income

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

(vi) Administration Service Income

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

(c) Finance Income and Finance Costs

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

(d) Financial Instruments

Financial Instruments carried on the statement of financial position include cash and bank balances, receivables and payables. 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

(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.

	2018	2017
6. Cash and Bank		
BNZ Direct Levy Account	238,929	92,679
BNZ Autocall Account	673,286	672,723
BNZ Current Account	1,054,375	829,351
Audit Bank Accounts	157	219
Total Cash and Bank	1,966,747	1,594,972

	2018	2017
7. Investments		
Term Investment - ANZ Bank	750,000	750,000
Term Investment - ASB Bank	900,000	800,000
Term Investment - Kiwibank	500,000	500,000
Term Investment - Rabobank	657,107	600,000
Total Investments	2,807,107	2,650,000

Interest rates on investments were 3.35% - 3.65% (2017: 3.35% - 3.65%)

	2018	2017
8. Income Tax		
Current Year Earnings	712,654	1,332,939
Tax at 28%	199,543	373,223

	2018	2017
Adjustments		
Non Deductible Income	-2,421,023	-2,223,538
Non Deductible Expenditure	2,212,711	1,846,495
Total Adjustments	-8,769	-3,820
Use of losses brought forward	8,769	3,820
Tax expense for the period	0	0
Provisional Tax Paid	-	-
RWT	25,316	25,359
Provision for Tax	-	2,000
Tax (Payable)/Refund	25,316	27,359

	2018	2017
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9. Property, Plant and Equipment

	2018	2017
Office Equipment and Furniture		
Cost	131,312	319,059
Accumulated Depreciation	-78,222	-265,417
Total Office Equipment and Furniture	53,090	53,642
Leasehold Improvements		
Cost	252,950	252,950
Accumulated Depreciation	-189,713	-158,094
Total Leasehold Improvements	63,237	94,856
Total Property, Plant and Equipment	116,327	148,498

	2018	2017
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10. Intangible Asset

	2018	2017
Software		
Cost	140,291	98,291
Asset - Work in Progress	11,900	-
Accumulated Depreciation	-86,007	-35,381
Total Software	66,184	62,910
Trade Marks		
Cost	9,826	9,826
Accumulated Depreciation	-1,981	-999
Total Trade Marks	7,845	8,827
Total Intangible Assets	74,030	71,737

	2018	2017
11. Creditors and Accrued Expenditure		
Trade Creditors	660,937	808,336
Accrued Expenditure	83,966	48,482
Employee Entitlements	109,394	94,692
GST	112,825	219,917
Total Creditors and Accrued Expenditure	967,122	1,171,427

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.

	2018	2017
13. Professional Services		
Payments made to Auditors:		
Audit Fee	21,500	14,500
Total Payments made were:	21,500	14,500

14. Commitments

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

	2018	2017
Operating Leases		
Non cancellable operating lease commitments		
Within one year	63,930	228,560
Later than one year	47,120	34,215
Total Non cancellable operating lease commitments	111,050	262,775
Total Operating Leases	111,050	262,775

15. Capital Commitments

There are no capital commitments as at 31 March 2018. (2017: Nil)

16. Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at 31 March 2018. (2017: 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.

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 2018 Horticulture New Zealand Inc Annual Report.

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

	2018	2017
Remuneration	456,436	408,720
Number of Executive Officers	2	2

19. Events Subsequent to Balance Date

The contract for the renewal of the lease of the building was signed per email in April 2018 for the period 01/06/18 until 01/06/2026 for the same lease amount. There were no other events subsequent to balance date that would require disclosure.

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	2018 TOTALS	2017 TOTALS
Revenues									
Levy Revenue									
Levies	4,498,900				296,688	1,384,675	459,940	6,640,202	6,363,326
Non-Levy Revenue									
Conference Income	569,324							569,324	493,864
Grower Support Conference Income	299,752							299,752	252,500
Grant Income & Project Funding	498,160		73,435					571,594	361,870
Orchardist & Grower Income	864,193							864,193	826,078
Interest Income	41,701	6,456	6,827	7,537	5,730	17,922	11,306	97,479	88,502
NZ Gap Fees		653,868						653,868	637,792
Administrative Service Income	733,104							733,104	671,041
Contribution Income			448,610	348,184				796,795	777,248
Total Revenues	7,505,133	660,324	528,872	355,721	302,418	1,402,597	471,246	11,226,311	10,472,221
Expenses									
Levy Funded Expenses									
Audit Fee	21,500							21,500	15,000
Administration Costs	1,024,401	101,454	19,235	31,388	53,278			1,229,756	729,268
Consultancy	573,668	303,773	77,700					955,140	819,265
Contract Services						1,079,982	540,473	1,620,455	1,536,985
Depreciation	85,856							85,856	96,869
Directors Fees	321,478				19,269			340,747	323,013
Employee Costs	1,702,421	220,600		34,058	61,641			2,018,719	1,700,626
Legal Fees	121,287				1,966			123,252	128,305
Rent Expenses	121,475							121,475	109,223
Travel & Accommodation	193,460	11,762	3,384	18,674	39,620			266,901	233,644
Non- Funded Expenses									
Conference Expenses	506,584				23,160			529,744	491,766
Grower Support Conference Expenses	291,631							291,631	280,113
Orchardist & Grower Expenses	899,891							899,891	828,799
Projects	436,561	80,623	361,312		74,566			953,062	814,927
Promotion & Marketing				322,426				322,426	360,439
Administrative Service Expenses	733,104							733,104	671,041
Total Expenses	7,033,315	718,211	461,631	406,546	273,500	1,079,982	540,473	10,513,657	9,139,282
Surplus/Deficit for the Year	471,818	-57,887	67,241	-50,824	28,918	322,615	-69,227	712,654	1,332,939

Note: A prior year restatement has been made for Conference Income and Conference Expenses as in the previous year the Horticulture Annual Conference was incorrectly netted. The change is as follows:

	2017	Adjustment	2017 Restated
Conference Income	253,572	240,292	493,864
Conference Expense	251,474	240,292	491,766

There is no effect on profit or net assets due to this change.

Note 20 comment

Services are provided on a full cost recovery basis to the groups listed in note 20 to the Financial Statements. This includes holding on the group's behalf their funds, which are only spent on the express direction of the relevant group. This note has been audited.

Directors' disclosures 2018

Directors' meeting attendances

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

Board fees for the year ended 31 March 2018

	2018	2017	2016
Julian Raine (President/Chair of Board of Directors)	79,716	77,000	74,000
Tony Howey (Vice-President/Vice-Chair)	36,792	35,500	30,666
Mike Arnold	29,638	9,333	25,333
John Cook	29,638	28,500	18,666
Dave Kelly	29,638	28,500	25,333
Barry O'Neil (Appointed Director)	29,638	28,500	23,666
Hugh Ritchie	29,638	19,167	-
Mike Smith	29,638	28,500	18,666
Leon Stallard	29,638	28,500	25,333
Bruce Wills (Appointed Director)	29,638	21,500	-

Entity information

Horticulture New Zealand Incorporated for the year ended 31 March 2018

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.

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