

Tomatoes New Zealand

TomatoesNZ 

2014 AGM and Conference Papers
Tuesday 24 June Conference 2014,
Viaduct Events Centre, Auckland





**TomatoesNZ AGM & Conference 2014
8:30am – 5:00pm, Tuesday 24 June**

**Viaduct Events Centre, Auckland
Room: Rangitoto 3**

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TomatoesNZ AGM & Conference 2014
8:30am – 5:00pm, Tuesday 24 June

Viaduct Events Centre, Auckland
Room: Rangitoto 3

PROGRAMME

8:30am	Registration opens
9:00am	TomatoesNZ AGM – Room Rangitoto 3 <ul style="list-style-type: none">- Annual Report- Chairman's Address- Budget- Remit- General business
10:30am	Morning Tea
11:00am	<p>Dr Rob Jacobson, Independent IPM Consultant www.robjacobsonconsultancy.co.uk "IPM in tomatoes: The UK Approach"</p> <p><i>This presentation will explore the techniques used by British and other European tomato growers and will also describe some novel methods of harvesting biological control agents from areas of surplus for redistribution into areas of need thereby changing the economics of IPM.</i></p>
12:00pm	Lunch
1:00pm	Vegetable Product Group Combined Session – Room: Kawau 2
1:00pm	<p>Dotan Peleg, CEO Morflora, Israel "New Seed Science"</p>
2:00pm	<p>Dr Rob Jacobson, Independent IPM Consultant "IPM: Theory into Practice"</p> <p><i>This presentation will consider the theory behind IPM and explore ways of using compatible control measures in combination to maintain pest populations below economic damage thresholds. The theory will be supported by examples of successful implementation in commercial crops.</i></p>
3:00pm	<p>Phil Turner – Director of Business Transformation, Fonterra NZ "Feeding Asia: Reflections on the experience of the NZ Dairy Industry"</p> <p><i>Phil will be speaking about his experiences within the Asian market whilst working with Fonterra, explaining the NZ Dairy Story, dealing with the Asia challenge (risks and opportunities) and the key issues and lessons for other food industries.</i></p>
4:00pm	Vegetable Product Group Combined Session concludes
4:30pm	Horticulture NZ AGM Commences



**Draft Minutes of the TomatoesNZ AGM 2013, Held in the Square Affair, Wellington Town Hall, 31st
July 2013 at 8.30am**

Present

Chairman Alasdair MacLeod presided over the TNZ board plus about a dozen growers and ten guests.

Welcome

The Chair welcomed everyone to the conference and AGM and thanked the sponsors, particularly Gold Sponsor Rabobank.

Apologies:

Apologies were received from Brian Nicklin, Keith Jowsey & Wim Zwart,

Anthony Tringham/Frank van Rijen

Obituaries

The passing of former grower Gary Jackson was noted.

Proxies

A total of seven proxies were received, seven held by the chair and one held by Tony Ivceovich.

Procedural motions

1. That all growers have speaking rights
2. That speaking rights be granted to guests with the prior consent of the chair
3. That three minutes and two minutes be allowed for movers and seconders respectively and two minutes for other speakers.

It was resolved that the procedural motions be adopted.

Alasdair MacLeod/Tony Norton

Previous Minutes

The minutes of the previous AGM and conference were pre-circulated on page 10 of the meeting papers.

It was resolved that the minutes of the AGM and Conference of TomatoesNZ, held in Auckland on 25 July 2012 be taken as read and as a true and correct record.

Lex Dillon /Frank van Rijen

Matters arising

There were no matters arising.

Chairman's Address

I would like to acknowledge an excellent result of the levy referendum last year. TNZ received the highest support of any of the groups, which could be due to the excellent work of the product group, or perhaps the fact that the maximum levy rate was reduced.

We do have a strategy that is starting to come together. It is focused on trying to double the value of the sector, consistent with the HortNZ strategy, and is unquestionably challenging. The key planks of the draft strategy are that growth is driven by market-led export, as the domestic market cannot double in value. It is based on value, not volume. Achieving this goal will require collaboration to create scale, working closely with science, sharing best practise, developing and sustaining an orderly domestic market, and later today we will talk later about some actions to achieve these.

I want to acknowledge the support of the TNZ board, who have contributed significantly in the strategy discussions and developing the key planks. I have taken the messages around the country and have received a good level of feedback, and will be doing so again to get more feedback on what we have done well, and what we could do better.

We have also had to deal with a lot of emerging issues as well, the one that is top of mind is the irradiation of Australian imported tomatoes. It is clearly going to have a negative impact on this sector and I am particularly worried that the fear of irradiated tomatoes will decrease the market, so the messages we put out will have to be very clear. I would like to thank Helen for continuing to work on projects such as the bio control agent project, which when talking to growers is very important to them. We have had on-going discussions about the VR&I board and value for money which has led to an external review, which is an ongoing process, to ensure there is value for money. We have also made ourselves unpopular by cutting back funding to vegetables.co.nz but this was something that had to be done in the wake of our reducing levy.

It has been a busy year, we have made some limited progress around the strategy and have had a lot of things to deal with, but as chair I feel comfortable that we are moving as cohesive unit and we have a very constructive group of people to move forward with.

There were no comments.

Annual report

A detailed annual report was provided in the conference papers.

It was resolved to adopt the Annual report.

Alasdair MacLeod/Malcolm Pook

Annual Accounts

The audited accounts had been pre-circulated on pages 20 to 24 of the conference papers.

TomatoesNZ Business Manager Helen Barnes presented the accounts.

It was resolved to adopt the TomatoesNZ annual accounts for the year ended 31 March 2012.

Frank van Rijen/Anthony Tringham

Remits

Remit 1: That the Levy Rate for Fresh Tomatoes be raised to 0.35% in the next levy year.

Proposed by the Executive of TomatoesNZ

Notes:

1. This remit will raise the compulsory levy on all commercially grown fresh tomatoes from 0.25% to 0.35%, beginning from the new levy year of **1 October 2013**.
2. This is the levy rate for Fresh Tomatoes only, and is separate from the HortNZ levy of 0.15%.
3. The levy will be collected as per the Commodities Levies Order (Vegetables and Fruit) 2013, at the first point of sale or FOB value of exports,
4. The date coincides with the start date of the levy year under the new levy order; i.e. the period of 12 months starting 1 October and ending 30 September. The Levy Order states in section 13 (2) (b) that: "the fresh tomato levy rate must be set by a vote at the annual general meeting of TomatoesNZ".
5. The proposed new rate of 0.35% is the maximum allowable under the new levy order.

Anthony Tringham/Jeff van Rijen

The remit was opened for discussion.

Board member Lex Dillon commented that he was one who actively worked to bring the levy rate down a few years ago, as TNZ regularly made a \$70-80k annual profit. A board decision was made then to bring the reserves down and have run deficits for the past few years, but for the board to continue to function efficiently and in research areas for example there is a need for the levy to go up. We are still going to be in deficit even with this increase so we still need to look hard at where we are spending, so he and the board support the remit.

Frank van Rijen added that the board had been through an exercise of trimming costs and reducing levies, and thinks we probably overshot the reduction and reserves are dropping like stone. There is still potentially some further trimming, but this increase will provide a more sustainable level.

Jeff van Rijen asked what the minimum reserves level was - \$ 400,000. This is arbitrary figure, and given our upcoming responsibilities around GIA there is some nervousness that this may be on the low side.

The chair added that there is a general commitment to grow the levy take by growing the sector, as the board don't want to come back and ask for more.

The motion was **carried**, with 13 in favour and 3 against.

Remit 2: That TomatoesNZ the Operational Rules and Procedures be amended to allow co-opted members to vote.

Proposed by the Executive of TomatoesNZ

Notes:

1. This remit will amend clause 2 (i) of the TomatoesNZ Operational Rules and Procedures to allow Co-opted Executive Members of TomatoesNZ to vote at committee meetings

2. The TomatoesNZ Rules and Operational Procedures provide for the executive committee to co-opt members to represent particular areas of the industry or to bring particular skills to the committee. The committee has included three co-opted members for a number of years.

Contributions by all committee members are equally valued and considered at meetings, and this remit will formalize those contributions

Alasdair MacLeod/Frank van Rijen

The remit was opened for discussion.

The business manager noted that copies of the draft amended rules were available.

The chair said that the board has elected members and voted members, and he places enormous value on input from co-opted members, as do the elected members, yet under current rules they are not entitled to a vote.

Graeme Fair asked whether the co-opted members are growers – which they are.

The remit was **carried** 19 for and one against.

Remit 3: That the Operational Rules and Procedures be amended to allow resolutions of the executive by email and teleconference.

Proposed by the Executive of TomatoesNZ,

Notes:

1. This remit will amend clause 2 (j) of the TomatoesNZ Operational Rules and Procedures to allow resolutions to be made by email or during teleconference, in addition to at meetings or in writing.
2. Currently the Executive meets three times per year (plus the AGM) which helps keep costs down, but does not always allow for the timely agreement of resolutions. Considerable communication amongst the Executive is already achieved using email in particular, and this will allow formal decision making by these means.

Alasdair MacLeod/Paul Pavletich

The remit was opened for discussion

The chair noted that the board members are widely disbursed, and only meet three times per year. Decisions are required more regularly than this, so the rule change will ease the performance of the board.

There was some discussion as to whether email decisions can be edited and misconstrued. However, the decisions are usually discussed and debated quite extensively before a final decision or agreement is made, so misunderstandings are unlikely. There is also an email “trail” and multiple people receiving emails reduces the likelihood of “doctoring”.

Agreeing things by conference call and email is efficient and cost effective.

The remit was **carried**, 17 for and one against.

Remit 4:

- A. That Horticulture Canterbury Growers Society Ltd asks that the Tomatoes NZ members be asked to decide that the recent decision made by the PG Chairman's Forum to phase out the current Grant system to District Associations is not in the best long term interests of NZ Growers and that the grants continue.**
- B. That a system of grants be established for the funding of District Associations.**

Proposed by Horticulture Canterbury Growers Society Ltd

Notes:

1. Before Hort NZ was formed all District Ass were paid an annual Capitation Fee based on their Membership role. This was at times shown to be an unfair system where funds were not being used in some cases. This led to a grant system based on actual need which was a more efficient use of growers levy.
2. After HNZ was formed it was left to the sector groups to grant funds to those DA's who could show that the funds received were spent appropriately on DA's activities. These funds are vital if those DA'S who have many issues in their areas are to continue to be a vital part of Horticulture in NZ. Young Leaders just don't appear they have to start somewhere to get the experience and knowledge that they need before they aspire to higher office etc. While all growers supply their time free to help on issues in their areas there are always costs such as Meeting hire, Accounting costs, Secretarial etc. for those DA"s who have lots of local issues to deal with and there appears to be more of them now than ever.

Alasdair MacLeod/Frank van Rijen

Graeme Martin, president of Horticulture Canterbury Growers Inc was invited to speak to the remit.

The remit was sent to all seven of the vegetable product groups. Graeme outlined some of the history of the DA Grant system, which replaced the capitation system that operated under Vegfed. When HortNZ was formed it was left with the vegetable product groups to continue a system of funding the vegetable product groups. The grants are essential for the work done in the regions, and are the training ground for young leaders to get the experience needed to move on to higher level committees. There are always costs in venues and travel for meetings, accounting and secretarial for those DA's that have a large and increasing number of local issues.

The Chair noted that the Vegetable Product Group's Chair's Forum, which meets three times per year, was looking at three DA grant requests much larger than previous years, and made the decision (somewhat hastily) to cut the grants.

The remit was opened for further discussion.

Brian Gargiulo commented that previous system worked, and withdrawing the DA grant system may jeopardise grower support for the Product Group, and that the PG's should support the work that the DA's do. DA's are responsible with the money and achieve good value.

Simon Watson added that as a member of the Pukekohe Vegetable Growers Association, he supported the remit, and agreed that they are responsible with the grants and DA's are at the coalface with many issues having their genesis in the regions before reaching wellington. They are also a source of young leaders moving up to Product Group representation.

Tony Ivceovich added that much of the work done by associations particularly Canterbury and Pukekohe, sets precedents for other regions (in relation to the RMA). The cap may prove problematic if the issues in those regions grow.

Tony Norton agrees with funding the DA's, because it would represent a large spend if HortNZ had to resource and fund that work instead.

Remit 4 was **CARRIED** 16 for and 2 against

The following process for future grants to District associations, which had been developed by the Vegetable Product Groups Chair's Forum, was tabled by the TomatoesNZ Executive:

Proposed District Association Grant System from 2014:

1. Maximum funding pool \$30,000
2. Grant caps of \$10k and \$5k per organisation (large and small)
3. Based on application merit and info provided
4. Conditions:
 - i. 31 May application deadline
 - ii. Active association, AGM's for past 3 years
 - iii. Provide copies of meeting minutes
 - iv. Provide information on planned activity
 - v. Balance sheet and accounts for past 3 years
 - vi. Be using any reserves
5. Applies until next levy round

The above solution was moved for adoption

Frank van Rijen/Lex Dillon

The solution was opened for discussion.

There was general agreement with the conditions listed under point 4, but there was disagreement around the funding pool total amount and annual caps for individual associations.

The Business Manager noted that the \$30,000 total cap is more than the average for the past three years - around \$25,000.

TomatoesNZ contribution to the proposed \$30,000 pool is \$4,000

Some members disagreed with the cap of \$10,000 on grants for larger associations. It was noted that the largest grant request from one association was approaching \$20k.

It was acknowledged that the active District Associations do a considerable amount of work in-kind, plus some fundraising, that the levy money is grower's money, and that the work done by DA's supports the work of the Vegetable product Groups and HortNZ.

Lex Dillon, also a member of the PVGA who also attended one of the vegetable chair's forum meetings where the proposed solution was discussed, reported that the forum didn't have any doubts about the value of the work of the DA's, but were concerned that there was an open cheque book situation. So it was important to define a fair system of redistributing levy to the DA's. Only a couple of the members of the vegetable chair's forum had been there a long time, so chairs didn't all understand the history of how HortNZ came about and its regional basis. Lex supported a cap, as there are still a large number of associations out there and we may be overcommitting the Product Groups. The proposed solution lasts until the next levy round, so at that time there is an opportunity for building an allowance for DA funding in to the next levy.

The motion was **LOST** 3 for and 11 against.

Action: Alasdair will take the above comments back to Product Group Chair's Forum.

Meeting fees and honorarium

It was resolved to roll over the daily meeting fee rate of \$200 per half day for committee members, and noted that the chair is now paid a set annual fee instead of a chair's honorarium and daily meeting fee.

Alasdair MacLeod/Brian Gargiulo

Budget 2013

A draft budget had been pre-circulated on page 18 -19 in the meeting papers

It was resolved to adopt the 2013/14 budget

Brian Gargiulo/Anthony Tringham

Committee elections

Two committee members Anthony Tringham and Michael Gargiulo retired by rotation, and one member, Shaun Brannigan retired during the year, leaving three vacancies.

Anthony Tringham made himself available for re-election and was deemed nominated, Michael Gargiulo was not available for re-election, and there were no further nominations therefore no vote was required.

Anthony Tringham was deemed elected.

The chair acknowledged Michael's valuable contribution to the board, providing worthwhile insights and support.

General Business

First Item – support for HortNZ leadership and training work

Brian Gargiulo questioned the Vegetable Chair's Forum's challenge to the HortNZ board over funding priorities at the last HortNZ Product Group meeting, particularly around leadership and Young Grower of the Year.

Members spoke of their desire to see this work continued.

The chair clarified that the discussion at the Vegetable Chair's Forum was on the HortNZ "Future Focus" project. A challenge was presented to HortNZ, and the result was a better shared understanding of the work being done. However, the chair is also committing to better consult with the TNZ board when entering into such discussions in the future.

Second Item - quorum

Simon Watson asked whether, as it was a challenge to get a quorum of 15 for today's meeting, should that number be reviewed?

The chair noted that a change would have to be put as a remit to the next AGM, and it could be looked at. The low grower turnout was compounded by TNZ not funding travel and accommodation for growers this year, and the meeting being in wellington.

There was no further general business.

The meeting closed at 10.00am

Actions:

1. The Chair to take the comments on DA grants back to Product Group Chair's Forum.
2. Review the AGM Quorum.



TomatoesNZ's Annual Report 1 April 2013 - 31 March 2014

2013/14 was an eventful, somewhat reactive and ultimately frustrating year as we dealt with issues that distracted time, effort and resource from more strategic issues that the Board would much rather we were able to focus on. Despite that, we made some progress – and we have a renewed determination to make some real progress on bringing the strategy to life this year.

Finances 2013/14

Total levy income for the 2013/14 financial year was \$293,127, only slightly higher than the previous year (\$274,955) despite an increase in the levy rate from 0.25% to 0.35% from November 1. This was perhaps due to poor domestic summer prices and reduced exports compared to 2012/13.

Product group expenses were reduced compared to the previous financial year, due mainly to savings on meeting and travel expenses, honorarium, conference expenses and the 2012 levy referendum. Research and Development expenditure was down due to completion of the SFF Psyllid project and reduced expenditure on other existing or new projects. TNZ reduced its contribution to vegetables.co.nz and on direct consumer promotion, but spent more on PR advice in relation to the campaign to ensure awareness and enforcement of the labelling of imported irradiated Australian tomatoes, and also advice around the application to import Macrolophus.

The bottom line was a deficit of \$55,363, an improvement on the deficit of 2012/13 which was \$197,704. The reserves at the end of 2013/14 stand at \$634,444.

Tomato Imports – Irradiated Australian Tomatoes

After the all-clear was given by MPI in August, a total of 196 tonnes of irradiated Australian tomatoes were imported, during August and September 2013.

TomatoesNZ met with Minister of Food Safety Nikki Kaye and engaged the media to emphasise the importance of ensuring that irradiated Australian tomatoes met the FSANZ labelling requirements. TomatoesNZ's view was that consumers had the "right to know" the product was irradiated, even though we did not argue about the safety of irradiation and supported the need for a treatment to prevent fruit fly entering NZ.

MPI received a total of seven complaints about labelling non-compliance, which were eventually corrected. Industry sources reported that a high proportion of independent retailers and markets were not complying, so the number of complaints may not have reflected the true compliance level for these outlets. Information on the requirements was translated into simplified Chinese, and MPI say they will look at other languages in 2014.

Biosecurity

TNZ continued to engage in discussions with MPI and other industry sectors on Government Industry Agreements on Biosecurity. In late 2013, the TomatoesNZ board agreed to seek grower mandate to sign up to the GIA Deed, including a remit at the 2014 AGM.

Exporting

TomatoesNZ continues to be represented by Stephen Ogden of Market Access Solutionz on the Plants Market Access Council (PMAC) advisory forum to MPI on market access negotiation work, export assurance programmes, and international developments affecting exporters.

Research to develop Vapormate (ethyl formate) an alternative fumigant to Methyl Bromide for use on exports is continuing and has had some promising results so far.

Bio Control Agent application to the EPA

In November 2013, after about three years of development, TNZ submitted an application to the Environmental Protection Authority (EPA) to import *Macrolophus Pygmeus* for release. Earlier in the project two additional bio control agents, *Delphastus catalinae* (whitefly lady beetle), *Nesidiocoris tenuis* (tomato bug), had been included in the application; however we received information from Europe that those were not ideal candidates so they were removed.

Macrolophus is a polyphagous mirid insect which can feed on a wide range of pests including whitefly, mites, thrips, aphids and leafroller. It is widely used in greenhouse tomatoes internationally. TNZ sees access to Macrolophus as critical to the long-term viability of the sector, reducing reliance on agrichemicals and being good for the environment, consumers and growers.

However, there was considerable opposition to our application during the public consultation and hearing phases of the application. Ultimately, and disappointingly, the application was declined in May 2014.

Other Research

TomatoesNZ is a member of the Vegetable Research and Innovation Board, which underwent a substantial review and restructure in 2013/14. Following the review, Potatoes NZ decided to withdraw from the board. The remaining groups agreed they continued to see the value in working together on research and development; however a full time manager and independent chair positions could not be sustained with the reduction in funding due to Potatoes NZ's withdrawal. The remaining vegetable groups agreed to fund a part-time research coordinator and continue under a chair appointed from within the board.

Promotion

Tomatoes NZ also continued contributions to the joint fresh promotions (vegetables.co.nz) and United Fresh, which undertake generic promotion of vegetables including tomatoes amongst consumers, chefs and retail.

Tomato Market Trends

Potatoes knocked tomatoes off the #1 vegetable perch for total spend in the 2013 Household Economic Survey – but only by a margin of \$400,000! Tomatoes have held the top spot for at least 10 years.

However, total household spend on tomatoes rose from \$99m in 2010 to \$118.7m in 2013. That figure excludes hospitality purchases but includes farmers markets, independent retailers and supermarkets.

Alasdair MacLeod
Chairman, TomatoesNZ

HORTICULTURE NEW ZEALAND INC

TOMATOES NZ - SUMMARY FINANCIAL STATEMENTS

Statement of Financial Performance For the year ended 31 March 2014

	NOTE	2014 \$	2013 \$
INCOME			
Interest	2	12,760	16,513
Levy Product Group		117,251	109,991
Levy Promotion		58,625	54,995
Levy Research & Development		117,251	109,991
Top Team Promotion		-	20,000
Project SFF 06/057		-	-
TOTAL INCOME		<u>305,887</u>	<u>311,490</u>
LESS EXPENDITURE			
Research & Development			
Seminars Technology Transfer		-	13,757
Project SFF Psyllid Project 09/143		-	37,228
R & I Board Research		11,725	10,999
R & I Manager		19,810	19,810
Research & Travel		604	25,604
Research Projects		74,249	81,262
Total Research & Development		<u>106,388</u>	<u>188,660</u>
Meetings & Travel			
Conference Expenses		11,346	21,082
Honorarium		-	16,000
Travel & Fees		29,253	41,203
Total Meetings & Travel		<u>40,599</u>	<u>78,285</u>
Office & Communications			
Capitation		4,000	3,927
Chairman Fees		35,175	23,617
General Expenses		411	-
Grower Magazine Support		12,996	12,996
Levy Referendum		-	7,902
Office Overheads		27,128	27,128
Postages		907	1,212
Photocopying		1,612	984
Printing & Stationery		230	556
Salaries		57,322	70,655
Telephone & Tolls		908	760
Total Office & Communications		<u>140,689</u>	<u>149,737</u>
Promotion			
Vegetables.co.nz		20,000	45,000
Tomatoes NZ		3,750	3,750
Consultancy Website		1,173	-
Superstars		-	30,416
Public Relations		48,651	13,346
Total Promotion		<u>73,574</u>	<u>92,512</u>
TOTAL EXPENSES	3	<u>361,250</u>	<u>509,194</u>
SURPLUS TO BE TRANSFERRED		<u>(55,363)</u>	<u>(197,704)</u>
Transfer to Research & Development Reserve		10,863	(78,669)
Transfer to Promotion Reserve		(14,949)	(37,517)
Transfer to General Reserve		(51,277)	(81,518)
		<u>(55,363)</u>	<u>(197,704)</u>

The summary financial statements should be read in conjunction with the notes to the summary financial statements.



HORTICULTURE NEW ZEALAND INC

TOMATOES NZ - SUMMARY FINANCIAL STATEMENTS

Statement of Movement in Equity As at 31 March 2014

	2014 \$	2013 \$
General Reserve		
Opening Balance	349,478	430,996
Transfer of Net Surplus	<u>(51,277)</u>	<u>(81,518)</u>
Closing Balance	298,201	349,478
Tomato Promotion Reserve		
Opening Balance	226,938	264,455
Transfer of Net Surplus/(Loss)	<u>(14,949)</u>	<u>(37,517)</u>
Closing Balance	211,989	226,938
Research & Development Reserve		
Opening Balance	113,391	192,060
Transfer of Net Surplus/(Loss)	<u>10,863</u>	<u>(78,669)</u>
Closing Balance	124,254	113,391
Accumulated Funds		
General Reserve	298,201	349,478
Promotion Reserve	211,989	226,938
Research & Development Reserve	<u>124,254</u>	<u>113,391</u>
Closing Balance	634,444	689,807

The summary financial statements should be read in conjunction with the notes to the summary financial statements.



HORTICULTURE NEW ZEALAND INC

TOMATOES NZ - SUMMARY FINANCIAL STATEMENTS

Notes to the Summary Financial Statements For the year ended 31 March 2014

1 Basis of Preparation

The group summary financial statements have been extracted from the full financial statements for the reporting entity, Horticulture New Zealand Inc, registered under the Incorporated Societies Act 1908. The full financial statements for Horticulture New Zealand Inc. have been prepared in accordance with generally accepted accounting principals, in accordance with New Zealand Financial Reporting Standards. Horticulture New Zealand Inc. satisfies the Accounting Standards Review Board criteria for small to medium size businesses and has not been required to apply NZ IFRS.

The summary financial statements cannot be expected to provide as complete an understanding as provided by full financial statements. The summary financial statements have been examined for consistency with the full financial statements. The full financial statements are available on request and can be obtained from the Horticulture New Zealand Inc office's.

The full financial statements have been subject to audit and an unqualified audit report has been issued.

2 Allocation of Interest

Interest income, less the associated provision for taxation is allocated to each sector within Horticulture New Zealand Inc, based on their average proprietorship over the year to 31 March 2014.

3 Reconciliation of Tomatoes NZ Expenditure to totals in Horticulture New Zealand Financial Statements for year ending 31 March

	2014 \$	2013 \$
Total Expenditure as above	361,250	509,194
Deduct Administration Recoveries paid to Horticulture New Zealand	(77,520)	(90,849)
Deduct funding distributed to Vegetables.co.nz	(20,000)	(45,000)
Deduct funds distributed to Grower Magazine	(12,996)	(12,996)
Deduct funds distributed to Vegetable Research & Innovation Board	(31,535)	(30,809)
Expenditure per the Horticulture New Zealand Inc. audited accounts	219,199	329,540

4 Reserves

Tomatoes NZ have set a minimum reserve of \$400,000.



Independent Auditor's Report

Audit
Grant Thornton New Zealand Audit Partnership
L15 Grant Thornton House
215 Lambton Quay
PO Box 10712
Wellington 6143
T +64 (0)4 474 8500
F +64 (0)4 474 8509
www.grantthornton.co.nz

To the Members of Tomatoes NZ Product Group of Horticulture New Zealand Incorporated

We have audited the accompanying special purpose summary financial statements. They comprise a summary statement of financial performance, a summary financial statement of changes in equity and related notes for the Tomatoes NZ Product Group of Horticulture New Zealand Incorporated (HNZI) for the year ended 31 March 2014. They have been derived from audited financial statements of HNZI for the year ended 31 March 2014. We expressed an unmodified opinion on those financial statements in our report dated 30 May 2014. Those financial statements and these special purpose financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

These special purpose summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading these special purpose summary financial statements, therefore, is not a substitute for reading the audited financial statements of HNZI.

The Product Group Committees Responsibilities for the Special Purpose Summary Financial Statements

The Product Group Committees are responsible for the preparation and fair presentation of these special purpose summary financial statements. While the recognition and measurement requirements of generally accepted accounting practice in New Zealand have been observed, these special purpose summary financial statements were not intended, and therefore have not been prepared in accordance with FRS-43: *Summary Financial Statements*. In addition, the Product Group Committees are responsible for putting place the internal controls necessary to enable the preparation of special purpose summary financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on the special purpose summary financial statements. Our work was conducted in accordance with two International Standards on Auditing (New Zealand), namely ISA (NZ) 805 *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement* and ISA (NZ) 810 *Engagements to Report on Summary Financial Statements*. Both standards require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose summary financial statements are free from material misstatement.

We were specifically instructed not to assess, and therefore have not reported on compliance with FRS-43: *Summary Financial Statements* because these are special purpose summary financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in Tomatoes NZ Product Group of Horticulture New Zealand Incorporated.

Opinion

In our opinion, the special purpose summary financial statements derived from the audited financial statements of HNZI for the year ended 31 March 2014 on pages 1 to 3 are consistent, in all material respects, with the financial performance and statement of changes of equity of HNZI for the year then ended.



Grant Thornton New Zealand Audit Partnership
Wellington New Zealand
30 May 2014

TomatoesNZ DRAFT Budget for 2014/15

2013/14 Levy rate was 0.25% from 1 April - 31 Oct, then 0.35% from 1 Nov - 31 March
 2013/14 industry value (based on levy take) was \$100.7m
 2014/15 levy budget based on industry value of \$100m and levy rate of 0.35%

Description	2013/14 Actual figures	Draft Budget 2014/15	Notes
Income			
Levy - Product Group	117,251	140,000	
Levy - Research & Development	117,251	140,000	
Levy - Promotion	58,625	70,000	
Interest	12,760	15,000	
Total Income	305,887	365,000	
Expenditure			
Research & Development			
Research & Travel	604		
Vapormate	22,457	10,560	
Market Access - Other	560	16,786	
Market Access - Aust Comp Programme		5,800	
Government Industry Agreements GIA	360	12,280	
Import BioSecurity & Fresh PAC	6,384	4,640	
Technical Advice (MAS)	6,384	6,720	
PMAC	5,471	5,027	
BCA Project	29,483	30,000	1
TNZ Strategy			1
Information Sharing			1
Best Practice	168		1
Market Monitoring	2,980		1
Seafreight		20,000	1
R & I Manager	19,809	21,074	
R & I Board - Research	11,725	14,000	
Seminars - Technology Transfer		5,000	
Total Research & Development	106,387	141,327	
Meetings & Travel			
Conference Expenses	11,346	22,000	
Overseas Fees		7,000	
Overseas Travel		25,000	
Tomato - Travel & Accom	19,929	10,000	
Tomato - Daily Fees	9,307	10,000	
Total Meetings & Travel	40,598	64,000	
Office & Communications			
Postages	906	1,500	
Grower Magazine Support	12,996	13,000	
Print & Stat(Ex Xerox)	230	1,000	
Photocopying	1,612	1,000	
Telephone & Tolls	908	1,000	
General/Training	411	2,000	
Salaries & Wages	57,321	60,000	
Chairman Fees	35,175	35,000	
Legal Expenses		15,000	
Office Overheads	27,123	27,000	
Capitation (DA Grants)	4,000	4,500	
Total Office & Communications	140,689	161,000	
Promotion			
Promotion	3,000	3,000	
Vegetables.co.nz	20,000	20,000	
Consultancy - Website	1,173	20,000	
Public Relations	303	10,000	
Public Relations -BCA	19,212		
Public Relations -Irradiation	29,135	10,000	
Total Promotion	73,574	63,000	
Total Expenses	361,250	429,327	
Surplus Or Deficit	-55,363	-64,327	

Reserves	1-Apr-14		1-Apr-15
	Draft	Actual	Budget
General	\$298,201	\$	213,201
Promotion	\$211,989		\$218,989
R&D	\$124,254		\$122,927
Total	\$634,444		\$555,117

Note 1 - In total \$50k has been allocated to this group of items. The total may be used for different items within this grouping other than the ones it is currently allocated against.



The following is to give notice of remits proposed for the Annual General Meeting of TomatoesNZ, to be held at the Viaduct Events Centre, Auckland, 24th June 2014.

No:	Remit	Notes
1.	TomatoesNZ pursue signing the GIA Deed including the formation of an Incorporated Society.	
	<p>That TomatoesNZ pursue signing the Biosecurity Government Industry Agreement Deed on behalf of New Zealand Fresh Tomato Growers including the formation of an Incorporated Society.</p> <p><i>Proposed by the Executive of TomatoesNZ</i></p>	<ol style="list-style-type: none"> 1. In September 2009, the Ministry for Primary Industries (MPI) announced a new approach to preparing for and managing new pests and diseases that might arrive in New Zealand. MPI advised that a new partnership approach would be developed for biosecurity readiness and response, in the form of Government Industry Agreements (GIA). Since 2009, TomatoesNZ has participated in discussions between the primary industry sectors and MPI (and previously, MAF) about how GIA would work. Industry groups are now being asked to sign the GIA Deed to formalise the partnership between government and Fresh Tomato Growers. 2. TomatoesNZ will further consult with growers before entering into any Operational agreements. 3. More information is available in the TomatoesNZ document "Government Industry Agreements on Biosecurity: Signing the Deed" available on the TomatoesNZ website and posted to growers in May 2013. 4. TomatoesNZ and HortNZ have sought advice on whether the Deed can be signed on behalf of Fresh Tomato growers under TomatoesNZ current legal status as an entity of Horticulture New Zealand. It has been determined that the best option is to establish an independent body representing Fresh Tomato Growers in order to sign the deed and growers will be consulted on this. 5. More information is available in the TomatoesNZ document "Why does Tomatoes NZ need to become a separate legal entity if it wants to sign the GIA Deed?" available on the TomatoesNZ website.

Guest Speaker Profiles

Dr Rob Jacobson, IPM Consultant, UK

Dr Rob Jacobson BSc PhD FRES MBPR (Hort) has been actively involved with crop protection for over 30 years and has specialised in biological pest control for 23 years.

He has experience as an extension worker for the UK government, Technical Manager for a biological control supplier and Research Leader with the UK's largest horticultural research organisation.

Rob is an Honorary Research Fellow at Lancaster University and a Fellow of the Royal Entomological Society.



He participates in many professional organisations, including:

- Association of Applied Biologists (Biocontrol Group)
- HDC Protected Crops Panel (Scientific Adviser)
- Tomato Growers' Association Technical Committee
- International Organisation for Biological Control
- International Biocontrol Manufacturers' Association
- Vegetable Consultants Association.

Rob has published over 120 scientific papers, articles in agricultural and horticultural journals, text book chapters and confidential reports to clients.

He has made over 45 presentations at scientific and horticultural conferences, including keynote presentations at three AAB conferences on reduction of pesticide use.

In addition, Rob has been organiser or convenor of 20 scientific / horticultural conferences, including session organiser at major IOBC events in 2005 and 2008. He was also a joint organiser of the IOBC protected crops conference in 2011.

Dr Rob Jacobson is able to speak at the conference thanks to sponsorship from AGMARDT.



IPM in Tomatoes: The UK Approach

British tomato growers have been using Integrated Pest Management (IPM) for over 30 years but it has not always been a comfortable journey. There have been many new challenges along the way including the arrival of new pests from overseas, the loss of IPM compatible pesticides and the development of pest resistance to important products. The adoption of new speciality cultivars has been important to the survival of the British industry but this has also caused complications for IPM because many of the new cultivars are particularly vulnerable to pest damage. Furthermore, profit margins have been squeezed throughout this period with supermarkets driving down prices while production costs have escalated.

This presentation will explore the techniques used by British and other European tomato growers. Each pest is commonly controlled by a combination of primary and secondary control measures. The primary systems are usually based on biological agents - their use has traditionally been reactive but with some prophylactic approaches. Historically, the secondary control measures have been target specific chemicals that have been used to redress the balance between the pest and natural enemy populations when the pest damage has approached the economic damage threshold. Minimal use of IPM compatible chemicals in this way has been a major factor in the success of the overall programmes in salad crop production. However, practitioners are now seeking even more sustainable second lines of defence and alternative strategies based on entomopathogenic nematodes and fungi have been developed. This presentation will also describe some novel methods of harvesting biological control agents from areas of surplus for redistribution into areas of need thereby changing the economics of IPM.

IPM: Theory into Practice

Integrated pest management (IPM) is often considered to be an alternative name for biological control but there is very much more to this sophisticated approach to pest control. IPM programmes are knowledge-based and depend on a thorough understanding of the four-way interactions between plants, plant feeding insects / mites, natural enemies and environmental conditions. Every action that is taken can affect some other aspect of the IPM programme, so it is vitally important that practitioners fully understand the broader implications of their decisions.

It is true that IPM programmes are usually based on biological techniques but they also draw on physical and cultural control measures integrated with strategic applications of target specific and short persistence pesticides. There are now many biological products available to growers including parasitoids and predators, as well as entomopathogenic fungi, nematodes and bacteria. Physical controls include the use of screens, traps and barriers, while cultural controls make use of tolerant cultivars, good hygiene practices and the manipulation of the growing environment.

This presentation will consider the theory behind IPM and explore ways of using compatible control measures in combination to maintain pest populations below economic damage thresholds. The theory will be supported by examples of successful implementation in commercial crops.

Dotan Peleg, CEO Morflora, Israel

Dotan Peleg joined Morflora after founding and managing several high-tech start-ups. Formerly CEO of HyNEX, he led the company to a \$127M acquisition by Cisco.

Dotan brings extensive expertise in setting up ventures, developing new products, and breaking into markets with new technologies. Mr Peleg is *summa cum laude* graduate in Physics from the Tel Aviv University.



Morflora develops a bio-based generic and non-transgenic trait introduction solution into plants and seeds, to protect them from a wide variety of diseases, as well as introduce new desired traits for plant and seed enhancement.

The company targets the seed treatment market, and non-seed and plant treatment markets with plant protection and enhancement solutions in order to reduce dependency on chemical treatments in plants, and increase global crop yield. So far experiments were conducted in vegetables, vines and trees, and response to a number of pathogens, have yielded promising results. The next step is to explore TraitUP's™ potential as a plant enhancement solution.

Morflora's combination of independent development efforts, the intellectual property it holds, and the knowledge and expertise of its scientists allows for a unique offering and a technological breakthrough which can significantly affect a wide variety of agricultural markets. TraitUP™ is a patent-pending technology developed at the Hebrew University by Prof. Haim Rabinowitch and Prof. Ilan Sela. The patents are co-owned by Morflora and Yissum and under exclusive licensing agreement with Yissum (Yissum is the technology transfer arm of the Hebrew University of Jerusalem). Established in 2008, the company is supported by private investors.

Phil Turner – Director of Business Transformation, Fonterra NZ

Philip is a seasoned executive with Fonterra and a former diplomat, with wide experience in business management, strategy, trade policy and government.

Since late 2013 Philip has been based in Auckland leading business transformation, with a particular focus on improving Fonterra's global processes and systems.

His return to NZ follows seven years offshore in Asia. He spent four years in Shanghai, three of them as MD of Fonterra's China businesses with responsibility for the four key business units of ingredients, consumer, food service and farming. Philip had earlier filled a variety of roles around the world including Director of Government and Trade, GM Strategy, Asia Regional Representative, and EU Trade Policy Manager, living in Brussels, Shanghai and Tokyo as well as Auckland.

Before joining Fonterra in 1999 Philip was a diplomat with the New Zealand Government, including postings in Tokyo and Brussels. He has a First Class MA in history from Auckland University, speaks fluent Japanese, French and some Mandarin, and has a Japanese partner.

