



2018

ANNUAL REPORT & AGM PAPERS

YEAR ENDED 31 MARCH 2018



TomatoesNZ

Horticulture New Zealand | PO Box 10232, Wellington 6143 The Terrace,

P: 0508 467 869

E: tomatoes@hortnz.co.nz

W: www.tomatoesnz.co.nz

ANNUAL GENERAL MEETING

AGENDA

5:00pm, Monday 23rd July 2018

Airforce Museum, Wigram, Christchurch

Combined TomatoesNZ (Fresh product group of Horticulture New Zealand) & Tomatoes New Zealand Incorporated AGM

1. WELCOME	5
Apologies, proxies and procedural motions	
2. CONFIRMATION OF 2017 MINUTES	5-9
3. CHAIRMAN'S REPORT	10-16
4. FINANCIAL STATEMENTS 2017-18	18-28
5. BUDGET 2018-2019	30-31
6. LEVY SUBSCRIPTION RATES	32-33
7. APPOINT AUDITOR	32-33
8. CONFIRM DIRECTOR ELECTIONS	
9. GENERAL BUSINESS	
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Draft Minutes

OF THE 2017 COMBINED TOMATOES NEW ZEALAND AND TOMATOES NEW ZEALAND INCORPORATED ANNUAL GENERAL MEETINGS

Held Wednesday 12 July at 1:05pm at the ASB Arena, Baypark Stadium, Tauranga

TomatoesNZ Chairman, Alasdair MacLeod presided over the 23 attendees.

Welcome

The Chairman welcomed members and opened the meeting with housekeeping.

The Chairman acknowledged and thanked all sponsors, without their support it would be impossible to run an event such as this.

General Business

There were no other items of general business.

Apologies

Apologies were received from Anthony Stone, Ben Smith, Deborah & Callum Grant, Richard Cameron, Hayden Armstrong, HortNZ Director - Barry O'Neil, Award of Merit Holder - Brian Nicklin and Life Member - Tony Ivceovich

Obituaries

There were no obituaries received.

Voting & Proxies

Voting forms for Remits 6 and 7 were distributed. All other votes would be by a show of hands.

Proxies were received from Anthony Stone of Status Produce Ltd held by the Chairman and Deborah Grant of Kakanui Tomatoes Ltd held by Jonathan Baker. Both proxies were directed.

Procedural Motions

1. All growers have speaking rights.
2. Guests speak with the permission of the Chairman which has to be sought in advance.
3. That 3 minutes and 2 minutes be allowed for movers and seconders respectively and 2 minutes for other speakers.

Minutes of 2016 AGM

The minutes of the 2016 AGM had been circulated, pages 6 – 9 of the meeting papers.

REMIT 1

It was resolved that the Minutes of the 2016 Annual General Meeting of Tomatoes New Zealand, held Wednesday 3rd August at the Rutherford Hotel Nelson, are a true and correct record of that meeting.

TNZ Board / Jonathan Baker

Matters Arising

There were no matters arising.

Chairman's Address

A formal report was included on pages 10 – 14 of the meeting papers.

The Chairman provided a brief overview of the last year.

Key points:

- Growers and exporters have made an enormous contribution to the growth of the sector.
- Without TomatoesNZ's relentless focus on issues such as market access, research & development, and biosecurity to assist exports, growth would not have been to the same extent.
- TomatoesNZ has refined its strategy over the past year and has continued to invest in the promotion of domestic and international consumption.
- Compliance costs and the burden of compliance has increased significantly over past year for both growers and for TomatoesNZ.
- TomatoesNZ's submissions and its support of HortNZ's submissions has grown exponentially as has the time required for GIA. This is largely invisible to the average grower.
- Without the relentless effort of Helen Barnes, the support from TomatoesNZ collectively and support from HortNZ over the past year we would not have been able to grow our product and grow the value of the sector.
- With the increased time required for compliance, the Board has agreed to employ an additional part-time staff member to assist the TomatoesNZ Business Manager.

The Chair concluded by thanking Helen Barnes for the excellent work and acknowledged the Board who faithfully continue to work for the good of the sector.

REMIT 2

It was resolved that the Chair's report for the year ended 31 March 2017, as published in the TomatoesNZ AGM and conference papers, be taken as read and adopted

TNZ Board / Anthony Tringham

Tomatoes New Zealand Incorporated Financial Statements 2016/2017

TomatoesNZ Business Manager, Helen Barnes presented the financial results for TomatoesNZ Incorporated (circulated in the meeting papers on pages 15-23):

- This year TomatoesNZ is operating two sets of accounts – TomatoesNZ Product Group sitting under HortNZ and TomatoesNZ Incorporated Society.
- TomatoesNZ levy is collected through HortNZ and will continue until TomatoesNZ has its own levy order in place (from 2019).
- Total income recorded for TomatoesNZ Inc was \$440,494 made up of \$419,595 transferred from HortNZ and \$20,750 of research & development grants, other income and interest (3.65% above the budgeted figure of \$425,000). The increase was due to increased levies.
- Total expenditure was recorded at \$413,369 (23.9% below the budgeted figure of \$536,384). Timing issues resulting in lower spending on the research & development and projects related to the fruit fly operational agreement.
- TomatoesNZ will pay tax of \$7,600 as the organisation did not spend all of the contracted income transferred from HortNZ. This will be avoided in future years via an Memorandum of Understanding with HortNZ which will allow any surpluses to be transferred back to HortNZ where it will be retained for TomatoesNZ.
- The final result is 19,530 of accumulated funds in TomatoesNZ Inc.
- TomatoesNZ's auditor (BDO) opinion was that the financial statements of TomatoesNZ Inc for the year ended 31 March 2017 were prepared, in all material respects, in accordance with the stated account policy.

REMIT 3

It was resolved that the audited TomatoesNZ Incorporated financial statements for the year ended 31 March 2017 be adopted.

TNZ Board / RESOLVED UNANIMOUSLY

Tomatoes New Zealand Financial Statements 2016/17

The final, audited version of the TomatoesNZ (product group of HortNZ) financial statements, were circulated at the meeting. The business manager explained that there was no change to the previously circulated draft.

- The accumulated reserves held for TomatoesNZ in HortNZ was recorded at \$613,715.
- TomatoesNZ's reserves will also continue to be held in the HortNZ's accounts. Once the new levy order is in place the reserves will be run down as transferring them to the society will incur a tax penalty.

REMIT 4

It was resolved that the audited TomatoesNZ (product group of HortNZ) financial statements for the year ended 31 March 2017 be adopted.

TNZ Board / RESOLVED UNANIMOUSLY

The Chair reminded members that TomatoesNZ created the Incorporated Society was so it could become a GIA signatory. As a Board and sector, we remain totally aligned to HortNZ. We will continue to support HortNZ and will look for support from HortNZ.

TNZI Budget 2017/2018

The Business Manager presented the TomatoesNZ budget for 2017/18 (circulated in the meeting papers on page 22-27):

Summary:

- Levy income is forecasted at \$435,000 based on an industry value of \$120m, a levy rate of 0.35%, plus interest and grant income.
- Expenditure is forecasted at \$674,354. This is significantly higher than 2016/17 partly due to research projects and biosecurity work being deferred from last year, increased investment in Vegetables.co.nz and the employment of an extra staff member for TomatoesNZ.
- TomatoesNZ is forecasting a deficit of \$-240,354 for the year reducing overall reserves to \$393,891.

In response to a question, the Chair stated that this year the Board have agreed to increase funding for research & development to invest in the future growth of the sector.

It was noted that commodity levy order which expires in 2019 currently provides for a maximum levy rate of 0.35% (reduced from the previous 2007 levy order for which the rate was 0.525%). This was a deliberate decision by the Board to reduction to reduce reserves. The Board is proposing that the new levy order will be set at a maximum levy rate to 0.5%. The biosecurity levy proposed will provide an alternative source of funding for some of the biosecurity work.

REMIT 5

It was resolved to endorse the TomatoesNZ Incorporated budget for the year ended 31 March 2018.

TNZ Board / RESOLVED UNANIMOUSLY

Remits

The remaining remits were presented on pages 29-30 of the meeting papers

Remits 6 and 7 by confidential ballot

It was noted that a consultation paper on the two remits had been sent to members along with the meeting papers. Voting papers were handed out to attending members during the meeting. These were collected by the returning officer, after the discussion on these two remits, and results were declared at the end of the meeting. The proxy votes received were submitted in confidence to the returning officer, prior to the meeting.

Lex Dillon and Anthony Tringham spoke in support of motions 6 and 7.

REMIT 6

It was resolved that members agree that Tomatoes New Zealand Incorporated has the mandate to sign Government Industry Agreements for Biosecurity Readiness and Responses Deed Operational Agreements on their behalf.

Proposed by the TNZ Board

Votes were cast and passed to the scrutineer for counting.

The scrutineer announced the result:

FOR

92% by number - 99% by value

AGAINST

8% by number - 1% by value

The Chair declared that the **MOTION WAS PASSED**

REMIT 7

It was resolved that members support the proposed Biosecurity Levy on Fresh Tomatoes, with an initial rate of 0.10% (10 cents per \$100) and maximum rate of 0.25% (25c per \$100) of value at the first point of sale (for domestic sales) or the free on board value for exports.

Proposed by the TNZ Board

FOR

84% by number - 98% by value

AGAINST

8% by number - 1% by value

ABSTAINED

8% by number - 1% by value

The Chair declared that the **MOTION WAS PASSED**

Other Remits

REMIT 8

It was resolved that the commodity levy rate for Fresh Tomatoes for the coming levy year remain at 0.35% at the first point of sale for domestic sales and Free on Board for exports.

TNZ Board / RESOLVED UNANIMOUSLY

REMIT 9

It was resolved and confirmed that there is no subscription membership rate.

TNZ Board / RESOLVED UNANIMOUSLY

REMIT 10

It was resolved that BDO Spicers be appointed auditors for the financial year ended 31 March 2018.

TNZ Board / RESOLVED UNANIMOUSLY

Confirm Directors

There were two vacancies on the board.

The following 2 serving members retired by rotation:

- Edward Lee, Auckland, made himself available for re-election and was deemed nominated
- Anthony Tringham, Auckland, made himself available for re-election and was deemed nominated

During the nomination time period, long-standing board member Tony Norton announced his retirement, leaving one vacancy.

Jonathan Baker, fresh tomato grower from Canterbury, was nominated.

Due to the vacancy left by Tony, Jonathan, Edward and Anthony were all reappointed to the three vacancies, without the need for an election.

The Chair thanked Tony Norton for his service and noted that Tony was involved long before he was, and remembered that initially Tony sat quietly at board meetings, however as time went on Tony made his opinion clear around the table. Tony has always been passionate about the good of the sector.

The Chair congratulated and welcomed new committee member Jonathan Baker.

General Business

Members briefly discussed the synthetic food movement.

The Chair thanked members for their attendance and input.

Meeting closed at 2.07pm.

Annual Report

The fresh tomato industry again increased its total farmgate value, to **\$131m**, including **exports of \$12.24m** (fob) and 3,614t, to the year ended 31 March 2018. That is up from a total farmgate value of \$120m and exports of \$9.6m fob the year before, and represents the greatest export value since an unusually high peak in 2011 (which was due to weather events in Australia). The increase in exports was mainly driven by higher volumes to Australia, Canada, USA and several of the Pacific Islands.

There has been a step-up in the work completed this year, with increased investment in R&D and promotion compared to the previous year.



Research & Development

TomatoesNZ has continued to invest in work to advance fresh tomato grower interests across a broad range of areas covered by the Fresh Tomato strategy's four "pillars" of:

- market-led export
- share best practise and information transfer
- enhance sustainability
- manage risks

Total spend on R&D projects was \$201,249.

Biosecurity

This year we stepped up our engagement in biosecurity, investing \$53,106.

This was particularly the case following the discovery in August 2017 of a new to NZ thrips species in an Auckland greenhouse.

We worked with MPI to develop information for growers on the pest, and to assess whether the *Echinothrips americanus* (Poinsettia Thrips) had spread from the original site. We also assessed the potential impact of the pest's arrival on exports.

By April 2018 the thrips was successfully eliminated at the original site and declared "not known to be in NZ". We have compiled the lessons from this process, which has been a useful opportunity to engage with MPI in a GIA partnership situation.



Other work undertaken in the biosecurity area:



- Signed the Brown Marmorated Stink Bug and Fruit Fly biosecurity readiness and response Operational Agreements
- Submitted an application for a biosecurity levy to MPI
- Initial biosecurity practices survey completed and reported
- Updated the TomatoesNZ priority biosecurity pest list and produced 5 new exotic pest fact sheets and a biosecurity best practise check list for growers



Export Market Access

The expenditure of \$7,358 is focused on keeping export market access open. This is an ongoing job including:

- Working with exporters, MPI and the Plant Market Access Council (PMAC) to ensure that proposed changes to importing countries requirements are practical, and are communicated to exporters.
- Membership and participation in PMAC and FreshPAC (MPI's Fresh Produce Advisory Committee). Market Access Solutionz's Stephen Ogden represents TomatoesNZ on these groups.
- Hosted a Japanese government researcher who was interested in our industry, since NZ is the second biggest supplier of imported tomatoes into Japan (after Korea).

Additionally TomatoesNZ hosted a stand in September at Asia Fruit Logistica's New Zealand pavilion in Hong Kong to promote export opportunities (this expenditure is covered under "promotion").



Vegetable Research & Innovation Board admin and projects

TomatoesNZ invested \$30,214 in VR&I, which provides a forum plus project management for research collaboration across the vegetables product groups. Sally Anderson of Market Access Solutionz is the manager of the VR&I board and TomatoesNZ is represented around the table by board member Anthony Tringham.

VR&I Board projects that TomatoesNZ contributes to are:

- Agrichemical Strategy Working Group co-ordinator
- Development of Primary Growth Partnership proposal
- Review of risks to vegetable food safety associated with sanitisers
- Managing Biosecurity Risks - annual assessment of pest interception data
- Samurai wasp (Brown Marmorated Stink Bug biocontrol agent) release application
- Online R&D catalogue

The VR&I board also provides a management service for other projects including the Tamarixia SFF project.

Pest management and other projects

A total of \$110,571 of levy money was invested this year in projects specifically to advance growing practises and sustainability of the industry.

- A “Hunt for Macrolophus”, the biocontrol agent previously released in NZ, was completed and confirmed that it is highly unlikely to still be present in NZ.
- New partnerships have been developed with Lincoln University and the Bio Protection centre, and work on alternative pest control methods (eg. UV light, potential biocontrol agents already present in NZ) undertaken.
- *Tamarixia Trioaze*, the newly approved biocontrol agent for Tomato Potato Psyllid was successfully released by Plant & Food Research via a joint industry and Ministry for Primary Industries’ Sustainable Farming Fund programme that TomatoesNZ is part of.
- Published an updated residue compliance information poster and distributed to growers.
- Held workshops and grower visits
- Progressed registration of a new agrichemical for Whitefly.
- Worked with Horticulture New Zealand and other industry groups on developing a pan-industry project to advance sustainable pest management tools.
- Made a joint submission with Horticulture New Zealand on the Productivity Commission’s “Low Emissions Economy Inquiry”.
- Energy and waste survey completed with greenhouse energy use data updated.
- Work on Health & Safety best practice guidelines for piperrail trolley use progressed.
- Contributed funding towards a Women in Horticulture study.
- Successful outcome to a FSANZ review of the labelling requirements for irradiated food - our calls to maintain the status quo for labelling were heard.



Valuing the industry

TomatoesNZ, along with Vegetables New Zealand, commissioned NZIER to complete an in-depth analysis of the vegetable covered crop industry's contribution to the NZ economy. The study, which we invested \$30,000 in, found that the covered vegetable crop sector is a small but significant contributor to a diversified NZ economy, with fresh tomato industry contributing \$49m to NZ's GDP in 2016-17 and employing 1,015 fte's. A summary of the research is available in the June 2018 NZ grower magazine.



Promotion

Total investment in promotional activities in 2017-18 was \$76,669, covering:

- Vegetables.co.nz funding – increased our contribution. Board member Malcolm Pook represents the fresh tomato industry on this committee (refer to column on right for details).
- United Fresh Membership.
- A stand at Asia Fruit Logistica in Hong Kong, promoting exports.
- Sponsorship of the Young Vegetable Grower of the Year dinner.
- Maintaining the tomatoesnz.co.nz website including adding new Biosecurity and Commodity Levy information pages.
- NZ Grower magazine support. TomatoesNZ contributes monthly columns and articles.



Vegetables.co.nz vision is ensuring the future health of all New Zealanders by encouraging greater consumption of fresh NZ grown vegetables.

Vegetables.co.nz does this by:

- Providing vegetable end use information and education resources.
- Providing a knowledge base for fresh NZ grown vegetables.
- Promoting positive messages about the NZ fresh vegetable sector.

Highlights during year include:

- 524,264 users visited our website www.vegetables.co.nz to get key information and resources on New Zealand vegetables.
- Partnered with the Heart Foundation to develop lesson plans and resources to help teachers to teach kids to cook a healthy meal including vegetables.
- Supported three national culinary competitions producing innovative dishes with vegetables by competitors ranging from secondary school students to chefs responsible for catering in aged residential care facilities.
- Collaborated with the Health Promotion Agency and the Heart Foundation in a new initiative called 'Easy meals with vegetables' targeting vegetable consumption to areas of the community with limited experience cooking and eating a range of vegetables.
- 64,578 printed vegetable resources distributed and 25,806 resources downloaded.
- Published two 'Fresh Inspiration' magazines targeting chefs and food professionals, trade suppliers, food writers and education providers with topical vegetable information.
- Vegetable forums held in Auckland and Christchurch taking key influencers to visit growers to learn about key aspects of growing and distributing vegetables.



Meetings and Travel

Meetings and travel of \$50,782 is the investment in governance and connecting with stakeholders.

- Three board meetings per year plus representation at other industry meetings including the Horticulture Industry Forum, VR&I Board and others.
- A successful AGM and conference held in Tauranga in July.

Office and communications

The investment of \$212,893 includes staff, office overheads, printing & postage, NZ Grower magazine support, and District Association grants.

The TomatoesNZ Board

Tomatoes New Zealand members are served very well by their industry body board members, who have continued to faithfully represent the wider sector. The board is a representative cross-section of the tomato sector, and has consistently focused on the best interests of the sector, rather than on their own person interests.

This year we said farewell to elected board member Hayden Armstrong (grower from Levin) who served since 2014; and Richard Cameron a co-opted board member representing MG Marketing since 2012. We briefly welcomed Jonathan Baker (Christchurch) as an elected member from July until January.

Mike Breitmeyer was subsequently appointed as the new MG's representative to the board, and growers Albert Shih from Christchurch and Callum Grant from Oamaru have been elected to the two vacant positions, meaning that all the board positions are again filled.

In the office

TomatoesNZ staff are based in the Horticulture New Zealand office in Wellington. This financial year TomatoesNZ increased its resourcing and in September welcomed part-time business manager Karen Orr to support Helen Barnes as the general manager. Karen also manages the vegetable promotion organisation, Vegetables.co.nz. Josie Hehir took over the approx. 8 hour per week business co-ordinator role from Lynda Banks, who had undertaken that role for several years. We extend our thanks to Lynda for her capable management of this role and smooth transition to Josie.

TomatoesNZ staff work closely with those of Horticulture New Zealand and other vegetable product groups, many of whom are also based in the Horticulture New Zealand office.

Financial Performance

Income and Expenditure

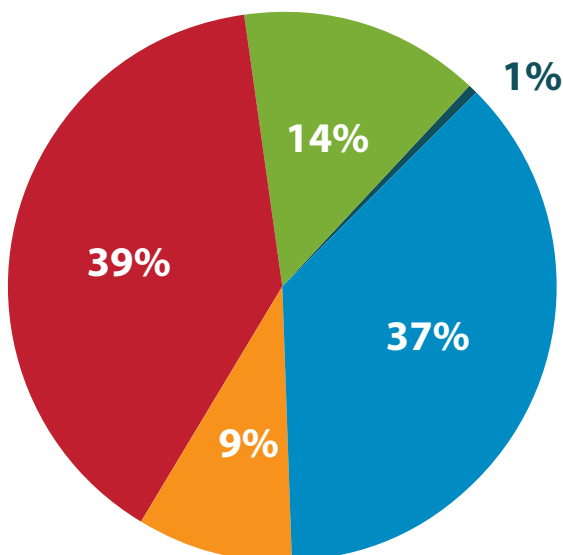
Commodity levy income for the year was \$459, 940, representing a new record **industry farmgate value of \$131m.**

This income figure is shown as “Contract funding provided throughout the year” in Note 1 (page 6) of the audited financials. This is because Horticulture New Zealand pays the fresh tomato levy they collect on to TomatoesNZ each month.

Total expenditure was **\$544,592** (page 21).



Breakdown of levy expenditure 2017-18



● Research & Development	201,247
● Meetings & Travel	50,782
● Office & Communications	212,894
● Promotion	76,669
● Audit Fees	3,000

More detail can be seen in the Budget, pages 30-31. The result for the year was a **deficit of \$69,227**. This can be seen as a reduction in the retained levy (held in Horticulture New Zealand) to \$544,489.

The Year Ahead

During the 2018/19 year TomatoesNZ Inc. is seeking mandate from fresh tomato growers for a new commodity levy order to replace the Order that expires in May 2019. If approved, this will provide the funding directly to TomatoesNZ Inc. for the next six years. The proposed maximum rate of the levy of 0.5% will return the rate closer to historical levels after it was significantly lowered for the current 2013 Levy Order. Since then TomatoesNZ has reduced its “retained levy” down to a more acceptable level.

We have long been investing in work to give growers access to new tools for pest control including access to new agrichemicals and biocontrol agents. We are on the cusp of some exciting new work, investing in a PhD student through the Bio Protection Centre at Lincoln, who will work on developing new biocontrol agents for use in tomato greenhouses. We are also involved in developing a cross-industry project to advance sustainable pest management across horticulture, which we hope will kick off in the 2018-19 year.

We have invested considerably in biosecurity and the GIA (Government Industry Agreement on biosecurity readiness and response) partnership, and that will continue to grow as we develop new Operational Agreements to add to those for Fruit Fly and Brown Marmorated Stink Bug.

This is my last Annual Report, as I am stepping down from the board after six years as Chair. It has been a privilege to be involved in the sector – I have enjoyed it immensely – and I will continue to watch the sector with great interest and affection after I leave. The board has been consistently committed, supportive, and willing to challenge and debate issues on their merits, and I couldn't have asked for a better bunch of people to work with. I am comfortable that, in Barry O'Neil, I am leaving you all in safe hands.

When I started the role, I was convinced that our active involvement and support for Horticulture NZ was critically important, and six years later I am more convinced than ever. We need the collective support of the wider industry to be able to protect our right to farm, and to maintain and grow our access to overseas markets.

Finally, I have to say a special thank you to Helen Barnes. Helen is the rock on which the whole TomatoesNZ operation is currently built. She has been a hard working, dedicated, focused and passionate advocate for the fresh tomato sector throughout my time in the role, and we all owe her a great deal.

Go well!

Alasdair MacLeod
Chairman
Tomatoes New Zealand



Profit & Loss with Budgets & Variances

HORTICULTURE NEW ZEALAND INC

As At : 31/03/2018

TOMATOES NZ

YE 2017 YTD	Description	YE 2018 Actual	YE 2018 Budget	Variance	%
433,367	Income	471,246	435,000	36,246	8.3%
419,595	Expenses	540,473	674,354	-133,881	-19.9%
13,772	Suplus/Deficit	-69,227	-239,354	170,127	-19.9%

Income for Tomatoes NZ in Horticulture NZ is from levies and interest on Accumulated Reserves. The expense for Tomatoes NZ in Horticulture NZ is the transfer of the levy income to Tomatoes NZ Inc.

ACCUMMULATED RESERVES HELD IN HORTICULTURE NZ

	YE 2018	YE 2017
Opening Balance	613,716	599,943
Interest	11,306	13,773
Surplus/Loss	-80,533	-
Closing Balance	544,489	613,716

Tomatoes New Zealand Incorporated

Special Purpose Financial Reports

for the Year Ended
31/03/2018

Tomatoes New Zealand Incorporated
Performance Report
For the year ended
31 March 2018

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Tomatoes New Zealand Incorporated

Entity Information

For the year ended
31 March 2018

Legal Name of Entity: Tomatoes New Zealand Incorporated

Type of Entity and Legal Basis: Incorporated Society

Registration Number: 2629993

Date of Incorporation: 6th August 2015

Contact details

Physical Address: Level 4
Co-Operative Bank House
20 Ballance Street
Wellington 6011

Postal Address: PO Box 10232
The Terrace
Wellington 6143

Phone/Fax: Ph +64 4 472 3795

Email/Website: www.tomatoesnz.co.nz

Tomatoes New Zealand Incorporated

Statement of Financial Performance

For the year ended
31 March 2018

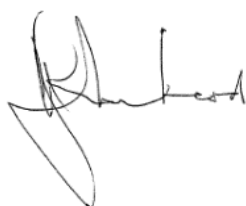
	Note	Actual 2018 \$	Actual 2017 \$
<u>REVENUE</u>			
Contract Income	1	540,473	419,595
Research and Development Grants	2	-	20,000
Other Income		3,945	750
Interest	3	174	149
Total Revenue		544,592	440,494
<u>EXPENSES</u>			
Research & Development		201,247	107,120
Meetings & Travel		50,782	60,474
Office and Communications		212,894	202,449
Audit Fees		3,000	3,000
Promotion		76,669	40,326
Total Expenses		544,592	413,369
Operating Surplus/(Deficit) for the Year before Tax		-	27,125
Taxation Expense	4	-	(7,595)
Net Surplus/(Deficit) after Tax		-	19,530

Tomatoes New Zealand Incorporated

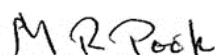
Statement of Financial Position

As at
31 March 2018

	Note	Actual 2018 \$	Actual 2017 \$
<u>ASSETS</u>			
Current Assets			
Bank accounts and cash	5	150,526	115,902
Debtors and prepayments	6	69,776	88,341
GST Receivable		5,907	-
Total Current Assets		226,209	204,243
<u>LIABILITIES</u>			
Current Liabilities			
Creditors and accrued expenses		159,616	50,703
GST Payable		-	6,415
Provision for Taxation	4	7,595	7,595
Income in Advance	1	39,467	120,000
Total Current Liabilities		206,678	184,713
Total Assets less Total Liabilities (Net Assets)		19,530	19,530
<u>ACCUMULATED FUNDS</u>			
Accumulated Funds		19,530	19,530
Total Accumulated Funds		19,530	19,530



ALASDAIR MACLEOD
TNZ Inc. Chair & Director
Dated 21 June 2018



MALCOLM POOK
TNZ Inc. Vice Chair & Director
Dated 21 June 2018

Tomatoes New Zealand Incorporated

Statement of Cash Flows

For the year ended
31 March 2018

	Actual This Year \$	Actual Last Year \$
Cash Flows from Operating Activities		
Cash was received from:		
Contract Income	481,435	451,254
Research and Development Grants	-	20,000
Other Income	-	750
Interest	174	149
GST (Paid)/Received	(12,322)	6,415
Cash was applied to:		
Payments to suppliers	434,664	362,665
Net Cash Flows from Operating Activities	34,623	115,902
Net Cash Flows from Investing and Financing Activities	-	-
Net Increase / (Decrease) in Cash	34,623	115,902
Opening Cash	115,902	-
Closing Cash	150,526	115,902
This is represented by:		
Bank Accounts and Cash	150,526	115,902

Tomatoes New Zealand Incorporated

Statement of Accounting Policies

For the year ended 31 March 2018

Basis of Preparation

Tomatoes New Zealand Incorporated is an Incorporated Society and as such has no statutory requirement to prepare GAAP compliant financial statements. The Society has elected to apply PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000 with the exception of preparation of a Statement of Service Performance. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

Tomatoes New Zealand Inc is registered for GST. All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue. Taxation expense is accrued in the period to which the obligation arose. Tax is calculated in accordance with IRD rates.

Bank Accounts and Cash

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Contract Revenue

Tomatoes New Zealand has an agreement with Horticulture New Zealand to provide services of benefit to tomato growers in New Zealand. Horticulture New Zealand provides funding to Tomatoes New Zealand on this basis. The funds are to be spent in accordance with the Tomatoes New Zealand budget.

Interest Revenue

Interest income is recognised as it is earned and accrued using the effective interest method.

Research and Development Grant Revenue

Research and development grants are recognised in accordance with the funding agreement. Where the funding is provided with conditions then income is only recognised when the conditions attached have been fulfilled with the unspent portion being recognised as income in advance. Funding is recognised as income when received if there are no refundable conditions attached.

Debtors

Debtors are stated at estimated realisable value. Bad debts are written off during the period in which they are identified.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

Tomatoes New Zealand Incorporated

Notes to the Performance Report

For the year ended 31 March 2018

Note 1 : Horticulture New Zealand Contract Revenue

	\$ This Year	\$ Last Year
Initial seed funding provided at inception	120,000	120,000
Contract Funding provided throughout the year	459,940	419,595
Unspent contract income	(39,467)	(120,000)
Recognised Income	540,473	419,595

As disclosed in the accounting policies Tomatoes New Zealand Incorporated has an agreement with Horticulture New Zealand Incorporated to undertake the activities specific to the tomato industry and previously undertaken by the Tomatoes NZ Product Group. Tomatoes New Zealand Inc has agreed to ensure any funding it receives from Horticulture New Zealand Inc is only used in accordance with the purpose for which it was provided by Horticulture New Zealand Inc which is defined by clause 19 of the Commodity Levies (Vegetables and Fruit) Order 2013.

Note 2 : Research and Development Grants

	\$ This Year	\$ Last Year
Vegetables New Zealand Inc	-	17,391
Agmardt	-	2,609
	-	20,000

No Research and Development Grants were received in 2018. Grants in 2017 were received from Vegetables New Zealand Inc and Agmardt.

Note 3 : Interest

	\$ This Year	\$ Last Year
BNZ	174	147
IRD	-	2
	174	149

Interest is earned on deposits held with BNZ and from the IRD where the IRD determined that it had returned funds late.

Note 4 : Taxation

	\$ This Year	\$ Last Year
Taxable Income	-	27,125
Tax is payable at 28%	-	(7,595)
	-	19,530

Tomatoes New Zealand became an Incorporated Society on 6th August 2015 and started trading from 1 April 2016. No provisional tax has been paid as no surplus was forecast. The tax liability for 2018 still remains at \$7,595 as the previous return has not yet been filed or paid.

Tomatoes New Zealand Incorporated

Notes to the Performance Report

For the year ended 31 March 2018

Note 5 : Bank accounts and cash

	\$ This Year	\$ Last Year
BNZ Current Account	150,526	115,902
	150,526	115,902

Interest is earned at 0.25% in the current account. As at balance date there were no overdraft facilities or any other banking arrangements in place with BNZ.

Note 6 : Debtors and prepayments

	\$ This Year	\$ Last Year
Trade Debtors	69,776	88,341
	69,776	88,341

Note 7 : Commitments and Contingencies

Commitments

There are no commitments as at balance date.

Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at balance date.

Note 8 : Related Party Transactions

Horticulture New Zealand Inc

Horticulture New Zealand Inc is a related party by virtue of being a provider of administrative services and a provider of contract funding with an employee of Horticulture New Zealand being the main administrator of Tomatoes New Zealand Incorporated.

<u>Transactions Undertaken:</u>	\$ This Year	\$ Last Year
Contract funding provided	459,940	419,595
Contract funding receivable at year end	68,276	88,341
Income received in advance	39,467	120,000

Anthony Tringham is on the Vegetable Research & Innovation Board.

Note 9 : Events after Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report.

INDEPENDENT AUDITOR'S REPORT

To the Members of Tomatoes New Zealand Incorporated

Opinion

We have audited the financial statements of Tomatoes New Zealand Incorporated ("the Society"), which comprise the statement of financial position as at 31 March 2018, and the statement of financial performance, and statement of cash flows 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 of the Society for the year ended 31 March 2018 are prepared, in all material respects, in accordance with the accounting policies specified in on page 5 of the financial statements.

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.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to page 5 of the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the Society's members, as a body. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Society and the Society's members, as a body, and should not be distributed to or used by parties other than the Society or the Society's members. Our opinion is not modified in respect of this matter.

Board' Responsibilities for the Financial Statements

The Board is responsible for the preparation of the financial statements in accordance with the accounting policies specified on page 5 of the financial statements 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 for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- 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.

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
21 June 2018

TNZ Budget 2018/2019

Description	2017/18 Budget	2017/18 actual	2018/19 Budget
Income			
Levy Income	420,000	459,940	437,500 ¹
Grant - AGMARDT			
Other income			
Interest	15,000	11,480	15,000
Biosecurity services		3,945	1,500
Total Income	435,000	475,365	454,000
Expenditure			
Research & Development			
Biosecurity services		3,945	1,500
GIA Min commitments	34,500	25,466	8,700
GIA OA's & Readiness	24,500		
Tomato Sector OA		4,800	5,000
BMSB OA		9,944	5,353
Fruit Fly OA		7,451	16,000
Import Biosecurity & Fresh PAC	1,500	1,500	1,200
Biosecurity subtotal	60,500	53,106	37,753
Market Access	1,200	1,303	1,500
PMAC	5,800	6,055	6,000
Export market access subtotal	7,000	7,358	7,500
EPA & Agchem reviews	10000	0	-
ETS - Emissions Trading Scheme	10,000	5,065	5,000
Food safety - regulatory issues	2000	2,000	2,400
Valuing covered crops	30000	30,000	
Macrolophus project	20,000	50,220	6,000
Market Monitoring	1,700	1,474	1,700
New Agchems - Trials & Registrations	6,050	2,500	3,680
PGP & related projects	33,000	0	60,000
TPP & UV light project		3,122	-
PROPOSED Agchems additional label info		0	3,000
Residue information (poster)	4,000	3,518	4,000
Seafreight project		0	
Tamarixia post-doc support	3660	1,123	3,660
Tamarixia SFF project	3,356	3,356	2,200
Technical Advice (MAS)	7,200	2,888	7,200
Bio-Protection Centre PhD (proposal)			50,000
Wastewater project		0	
Grower visits and workshops	7000	5,305	6,000
Projects subtotal	137,966	110,571	154,840
R & I Manager	16,652	17,085	16,652
R & I Board - Research	8,840	13,129	7,146
VR&I Board subtotal		30,214	23,798
Total Research & Development	230,958	201,248.92	223,891

Meetings & Travel			
Conference Delegates Travel & Accom	22,000	11,868	15,000
Conference room & equipment	1,500	-	
Conference Speaker Expenses	1,500	0	
Total conference		11,868	15,000
Travel & Accom	23,000	28,366	25,000
Daily Fees	10,000	10,548	10,000
Total Meetings & Travel	58,000	50,782	50,000
Office & Communications			
Admin	1,396	369	1,396
Chairman Fees	35,000	35,004	35,000
Commodity levy referendum	10,000	215	5,000
District Association Grants	3,000	2,495	3,000
General/Training	2,000	1,571	2,000
Grower Magazine Support	12,000	12,996	12,000
Legal Expenses	3,000	0	-
Office Overheads	27,000	24,209	27,000
Photocopying	4,000	5,474	4,000
Postages	1,500	1,717	1,500
Print & Stat(Ex Xerox)	500	518	500
Salaries & Wages	200,000	126,764	170,000
Telephone & Tolls	1,300	1,561	1,300
Total Office & Communications	300,696	212,893	262,696
Audit & Accounting	3000	3,000	3,000
Promotion			
Promotion (United Fresh membership)	3,000	2,250	3,000
Vegetables.co.nz	53,000	53,000	53,000
Website	1,500	1,699	1,500
Public Relations	5,000	0	-
Asiafruit Logistica	15,200	15,720	
Young Vegetable Grower of the Year Sponsorship	2,000	2,000	2,000
Women in Horticulture	2,000	2,000	
Total Promotion	81,700	76,669	59,500
Total Expenses	674,354	544,593	596,087
Surplus Or Deficit	-239,354	-69,228	-142,087
Summary of Reserves \$			
	31-Mar-17	31-Mar-18	31-Mar-19
	Actual	Actual	Budget
Within Hort NZ	613,716	544,489	402,402
Within TNZ Inc.	19,530	19,530	19,530
Total	633,246	564,019	421,932

Notes

¹ 2018/19 Levy income budget based on \$125m and levy rate of 0.35%

Combined AGM Remits

2018 TomatoesNZ Inc. and TomatoesNZ Product Group

The following remits, proposed by the TomatoesNZ Board, will be considered at the Tomatoes New Zealand (Product Group of Horticulture NZ) and Tomatoes New Zealand Incorporated combined AGM, being held Monday 23rd July 2018 at Wigram Airforce Museum, Christchurch.

REMIT 1

That the minutes of the TomatoesNZ combined AGM, Wednesday 12th July 2017 be taken as a true and correct record of that meeting.

Proposed by the TomatoesNZ Board

Explanatory Note

The minutes are included with the 2018 TomatoesNZ AGM and Conference papers, posted to all members and available at www.tomatoesnz.co.nz

REMIT 2

That the Chair's report for the year ended 31 March 2018, as published in the TomatoesNZ AGM and conference papers, be taken as read and adopted.

Proposed by the TomatoesNZ Board

Explanatory Note

The Chair's report is included with the 2018 TomatoesNZ AGM and Conference papers, posted to all members and available at www.tomatoesnz.co.nz

REMIT 3

That the audited Tomatoes New Zealand Incorporated financial statements for the year ended 31 March 2018 be adopted.

Proposed by the TomatoesNZ Board

Explanatory Note

The audited Tomatoes New Zealand Incorporated financial statements are included with the 2018 TomatoesNZ AGM and Conference papers, posted to all members and available for download at www.tomatoesnz.co.nz

REMIT 4

That the audited TomatoesNZ (product group of HortNZ) financial statements for the year ended 31 March 2018 be adopted.

Proposed by the TomatoesNZ Board

Explanatory Note

The TomatoesNZ component of the HortNZ financial statements are included with the 2018 TomatoesNZ AGM and conference papers, posted to all members and available for download at www.tomatoesnz.co.nz

REMIT 5

Endorse the TomatoesNZ Incorporated budget for the year ended 31 March 19.

Proposed by the TomatoesNZ Board

Explanatory Note

The proposed budget is included with the 2018 TomatoesNZ AGM and Conference papers, posted to all members and available for download at www.tomatoesnz.co.nz

REMIT 6

That the commodity levy rate for Fresh Tomatoes for the coming levy year remain at 0.35% at the first point of sale for domestic sales and Free on Board for exports.

Proposed by the TomatoesNZ Board

Explanatory Note

This represents no change to the current levy rate. The levy on NZ fresh tomato sales is set under the Commodity Levies Act 1990 - Commodity Levy (Vegetables and Fruit) Order 2013. That Order remains in place until 12th May 2019, unless the proposed new levy order comes into effect earlier and replaces it. If the new levy order is approved by growers, it is expected to come into force from 1 April 2019, and the initial levy rate will be 0.35% (no change).

REMIT 7

Confirm that there is currently no subscription membership rate.

Proposed by the TomatoesNZ Board

Explanatory Note

The rules of TomatoesNZ Inc. provide for a subscription membership rate to be set. Currently there is no subscription membership option.

REMIT 8

That BDO Spicers be appointed auditors for the financial year ended 31 March 2019.

Proposed by the TomatoesNZ Board

Explanatory Note

BDO Spicer have carried out the audit for Horticulture NZ and its contracted organisations (including TomatoesNZ Inc.) in 2017 and 2018, and TomatoesNZ Inc. and Horticulture NZ intend to continue that arrangement.

Notes

[illegible]



TomatoesNZ

Horticulture New Zealand | PO Box 10232, Wellington 6143 The Terrace,

P: 0508 467 869

E: tomatoes@hortnz.co.nz

W: www.tomatoesnz.co.nz