

ANNUAL REPORT & AGM PAPERS 2020

YEAR ENDED 31 MARCH 2020



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INTRODUCTION

In 2020 the TomatoesNZ Board is made up as follows:



Barry O'Neil
Independent Chairman, Tauranga



Pierre Gargiulo
Co-opted Member, JS Ewers, Nelson



Simon Watson
Vice Chair, Grower
Representative, Underglass
Bombay Ltd, Drury



Ben Smith
Co-opted Member, T&G Global, Auckland



Anthony Tringham
Grower Representative,
Vegetable Research & Innovative
Board Representative, Curious
Croppers, Clevedon



Stefan Vogrincic
Co-opted Member, Grower2Grower,
Karaka



Mayank Saklani
Grower Representative, Wing Shing
Farms, Papakura



Albert Shih
Grower Representative, Vege
Fresh Growers Ltd, Christchurch



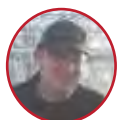
Andrew Hutchinson
Observer, T&G Global, Auckland



Edward Lee
Grower Representative, Lee Wang
Hothouse Ltd, Pukekohe



Allen Lim
Observer, Director of Vegetables NZ Inc &
member Covered Crops Advisory Group,
Jade Gardens, Christchurch



Callum Grant
Grower Representative, Kakanui
Tomatoes Ltd, Oamaru

Tomatoes New Zealand's part-time staff are Helen Barnes (General Manager), Karen Orr (Business Manager), and Jacqui Stalknecht (Administration) based in the Horticulture New Zealand office in Wellington.



Lex Dillon
Co-opted Member, NZ Hothouse
Ltd, Drury



Helen Barnes



Karen Orr



Jacqui Stalknecht

TomatoesNZ Highlights and Activities 2019-20



\$128m

INDUSTRY FARM GATE VALUE

(2.8% increase compared with \$124.3m last year)



\$12.2m

EXPORT VALUE (FOB)

(8% increase compared with \$10.33m last year)



137

NUMBER OF GROWERS

(up from 123 reported last year)



33%

PERCENTAGE DROP OF FRESH TOMATO IMPORTS FROM AUSTRALIA

(Fresh tomato imports from Australia dropped from 524T 2018/19 to 175T in 2019/20 year)

TomatoesNZ's strategy pillars in 2019-20 were:

- Market led export
- Share best practise & information transfer
- Enhance sustainability
- Manage risks

A range of activities in 2019 - 20 were managed under these pillars.

Key highlights:

- First year research of PhD student, Emiliano Veronesi, who is studying potential biocontrol agents to control tomato pests such as TPP at Lincoln University;
- Hosting a successful series of covered crop technical sessions at the 2019 Horticulture Conference, and grower workshops in early 2020;
- Gained new contacts and international updates following Helen Barnes trip to the Netherlands to attend a Global Tomato Congress and meet key industry experts;
- A well organised Queensland fruit fly biosecurity response in Auckland, with New Zealand declared free of the Queensland fruit fly in late January 2020;
- Gaining a better understanding of *Tuta absoluta* so we can be prepared should NZ have an incursion of this tomato pest;
- Recognising the contributions to industry provided by past members and staff, with the award of two Life Memberships and a Lifetime Achievement award.

Biosecurity

Biosecurity Readiness

We undertake a range of activities, in cooperation with MPI and other industry sectors, to reduce the risk of future biosecurity impacts on the industry.

Under our Operational Agreement with Biosecurity NZ, TomatoesNZ and MPI agreed on a ***Tuta absoluta*** readiness project to investigate the control options available, and their feasibility for use in NZ, should Tuta arrive here. The first stage of the project completed this financial year, was an international search for insecticides that are effective against the pest, their registration status in NZ, and feasibility for use in an incursion. The second was to refine that to a shortlist and assess the most feasible candidates based on current registration status, MRLs, EPA or ACVM controls, and known resistance issues. The third phase will look at data requirements for registration of any products that are determined worthwhile to register in NZ for future Tuta control. This work is 50% cost shared with MPI.

We have also been working to secure a supply of the *Tuta absoluta* mating pheromone, which is now widely used as a control measure with water or delta traps, or mating disruption ties, without the use of insecticides.



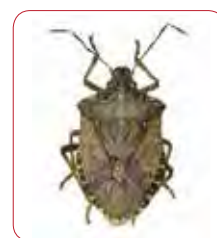
"Tutasan water trap."
Source: Koppert



"Hand and shoe sterilisation unit at World Horti Centre." Source: TNZ

We added **Tomato Brown Rugose Fruit Virus** to the Operational Agreement as a Sector Risk Organism; and worked with MPI on reviewing and managing the risk of this and other viruses entering NZ.

We participated in the **Brown Marmorated Stink Bug (BMSB) and Fruit Fly Councils**, which have a range of readiness projects aimed at minimising the risk of entry and establishment of these pests. We also represented the industry at the GIA Deed Governance group, and the newly formed GIA Plant Council.

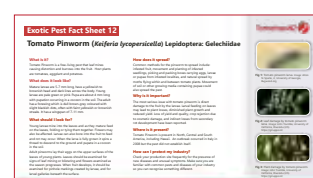
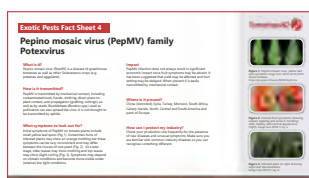


"Brown marmorated stink bug." Source: BMSB Council

This jointly funded GIA readiness work is proving worthwhile, with a 48.1% decrease in the total number of BMSB found at the border and post-border in the 19/20 season compared with the 18/19 season.

We also met with plant nurseries Gellert's and Zealandia Horticulture to discuss a proposed **Plant Production Biosecurity Scheme** (being developed by the NZ Plant Propagators) for nurseries.

We have reviewed and updated our **exotic pest fact sheets**, available on our website, which describe the top 14 tomato biosecurity risks.



"Exotic pest fact sheets." Source: TNZ

Biosecurity Response - Fruit Fly Auckland Incursion

TomatoesNZ joined with other GIA partners to support Biosecurity NZ's response following detection of a **Queensland fruit fly** in Auckland's North Shore on 14th February 2019. Ten further Queensland fruit fly finds between February to July 2019 led to the response being in operation for several months before ending in late January 2020. In February and March 2019, three **Tongan (Facialis) fruit fly** were detected in Otara. That response was closed in May when no further flies were detected.



"Auckland fruit fly response." Source: TNZ

Because TomatoesNZ is a signatory to the Fruit Fly operational agreement, Helen Barnes represented TomatoesNZ in the response governance, along with representatives from other affected industry signatories and MPI. This meant that our sector's needs were considered as part of the response governance, and we were able to keep members up to date with the very latest information on the response.

Fortunately, no production, packaging or storage sites were caught in the Controlled Area Notices or export restriction zones, but tomato exporters put in place extra measures for transporting fruit to the ports just to be completely sure that trade would not be impacted.



"Northcote Controlled Area Map." Source: Biosecurity NZ

The investment in keeping Queensland fruit fly out of New Zealand has been critical to growers, especially with the find being near the biggest production region, and in the middle of the production and exporting peak. The responses are expected to cost \$18m in total, with around 20% of that being picked up by industry, the rest by MPI. Tomatoes' share is around \$100,000, and will be paid from the fresh tomato biosecurity levy.

Tomato Brown Rugose Fruit Virus (ToBRFV)

Tomato Brown Rugose Fruit Virus (ToBRFV) is not present in NZ but is an "emerging risk" as it spreads rapidly overseas. Its main hosts are tomatoes and capsicum, and symptoms on tomato fruits include yellow spotting and discoloration, green spots and deformations, green grooves and irregular brown spots. Fruits may be deformed and have irregular maturation. On tomato leaves, ToBRFV symptoms appear as mosaic symptoms, spots and yellowing. Leaves can also appear narrowed, puckered and deformed.



"Tomato brown rugose fruit virus." Source: <https://gd.eppo.int>

ToBRFV is easily transmitted from plant to plant by mechanical means which include common cultural practices, contaminated tools, equipment, hands, clothes, soil, and infected plants. Volunteer crop plants and solanaceous weed species can serve as pathogen reservoirs.

Information on this virus has been published in NZ Grower and an "Exotic pest fact sheet" to help with identifying it is available for download under the biosecurity section of the tomatoesnz.co.nz website. We have included actions to help limit transmission of the virus in greenhouses in a Covered Crop Growers Biosecurity Manual published in 2020.

Import Health Standards Review

Import Health Standards are the Ministry for Primary Industries' procedures that importers must follow when sending goods to New Zealand. They are there to **manage the biosecurity risks of imports**, thus preventing the arrival of new, unwanted pests and diseases.

MPI are reviewing the Import Health Standards for fresh fruits and vegetables and for seeds. TomatoesNZ provides input into the reviews, seeking to ensure that the Import Health Standards are workable and practical, while also providing adequate management of border risks.

During the financial year we submitted on:

- New format for import health standards for fresh fruits and vegetables for human consumption;
- Second round of consultation on the new format for import health standards for fresh fruits and vegetables for human consumption;
- Draft IHS for importing seeds for sowing and nursery stock (Pospiviroids).

We also supported HortNZ's submission on the Draft Import Health Standard for importing pelleted seeds for sowing (August); and MPI's proposed Standard for Offshore Facilities Holding and Testing Plants for Planting (July).

With these reviews our aim is to ensure an **appropriate level of protection** from biosecurity risks. In late March 2019, MPI put in place emergency measures on the seed import pathway, to manage the risk of ToBRFV. The new requirements demonstrated their value when MPI subsequently picked up the virus through onshore testing of a batch of infected capsicum seeds imported from Israel. The seeds had been scheduled for export and then re-importation for a supermarket marketing campaign.



"Seed bin at Rijk Zwaan." Source: TNZ



"Seed examples at Rijk Zwaan." Source: TNZ

Biosecurity Levy

The Fresh Tomato Biosecurity Readiness and Response Levy came into effect on 3rd February 2020, following approval by the Minister in September 2019.

The levy (with an initial rate 0.1% and maximum rate of 0.25%) was approved by a vote at the 2017 AGM but has taken a long time to work through the system.

The initial funds collected will go towards TomatoesNZ's commitment to the 2019 fruit fly responses in Auckland.



"Fruit fly controlled area sign." Source: TNZ

Research, Development & Extension

Lincoln research

Italian PhD student, Emiliano Veronesi, arrived in April 2019 to undertake research on **potential biocontrol agents to control tomato pests** such as TPP. His three-year project is titled '*Next-generation biocontrol of glasshouse pests: an agroecological approach.*'



"Mature Engytatus nymph feeding on TPP eggs." Source: E Veronesi

Emiliano has been running a series of experiments pairing biocontrol agents with different traits to see if this enhances their efficiency. The main biocontrol agent he is testing (*Engytatus nicotianae*) is being evaluated against TPP and whitefly, but it might also be helpful in the management of aphids. He has also been looking at whether adding floral resources such as buckwheat and alyssum enhance the biocontrol's performance. He presented on his research to growers at workshops in early 2020 and has also visited several greenhouses to understand their problems better.

Emiliano's project is funded by TomatoesNZ under the supervision of Professor Steve Wratten at Lincoln University and Dr Melanie Davidson, of Plant & Food Research, as associate supervisor.



"Emiliano and Steve." Source: E Veronesi

Vegetable Research & Innovation Board (VR&I)



The Vegetable Research and Innovation (VR&I) Board is funded by and made up of representatives from:

- Tomatoes NZ Inc
- Vegetables NZ Inc
- Process Vegetables NZ
- Onions NZ Inc
- New Zealand Buttercup Squash Council
- Foundation for Arable Research (an associate member from 2018)

The VR&I Board refreshed their research strategy during the year. The purpose of the VR&I Board is to **underpin sustainable growth** of the vegetable sector and enable it to achieve goals as set out in the Horticulture Industry and Product Group strategies.

New research themes for VR&I are: environmental stewardship; crop protection; and common reporting framework. Tomato grower Anthony Tringham represents TomatoesNZ on the VR&I board.

Information guides for growers

We updated information on **managing spray drift** including advice for applicators such as good spray application management guidelines, notification of use, decisions that will influence the potential for drift, and steps to take if you suspect a spray drift incident.

During August, TomatoesNZ facilitated a workshop with a small group of covered crop growers and health & safety specialists to discuss key areas of concern when managing workplace practices in glasshouse operations.

Focusing on glasshouse tasks, the group discussed **industry best practice** in:

- Piperrail trolleys
- Glass breakage
- Roof washing
- Agrichemical and residue compliance
- Structures and working at height

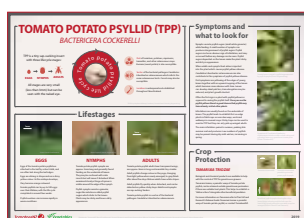


"Glasshouse roof washer."
Source: Van der Waay

From this workshop information was gathered to support HortNZ's submission on "Health and Safety at Work Act 2015; Better Regulation; Plant Structures and Working at Heights"; and to develop best practice guidance.

A "New Zealand residue compliance information for fresh greenhouse tomatoes 2019/20" booklet was posted to members in late October. This year we also included a poster, summarising key information from the booklet to help growers have this information easily at hand when it's needed.

An updated poster with information on the **Tomato Potato Pysllid (TPP)** was provided to all fresh tomato and vegetable covered crop growers earlier this year, and this is also available to download from our website.



"TPP Poster." Source: TNZ

Conference sessions & workshops

In February and March 2020, over sixty growers and industry associates attended **covered crop grower workshops** in Pukekohe and Lincoln, to discuss the latest research and information on pest management using biocontrols, farm environment plans, and industry learnings from Helen Barnes' recent trip to greenhouse specialists in the Netherlands.



"Mark and James Currie, FTEK." Source: FTEK



"Anthony Tringham."
Source: HortNZ



"Dr Vlatko Materic, Hot Lime Labs." Source: HortNZ



"Emiliano Veronesi presenting in Pukekohe." Source: TNZ



"Lincoln covered crops workshop." Source: TNZ

During the 2019 Horticulture Conference at Mystery Creek we organised an afternoon of covered crop focused sessions which included:

- Greenhouse equipment manufacturers, FTEK, showcasing a **greenhouse spray robot** with air-boost spray application technology.
- Adam Forbes from greenhouse technology provider, BumperCrop, presenting **greenhouse monitoring applications** using IoT technologies and mobile Apps.
- Hot Lime Labs, a crown research project that is working on a system to use renewable sources to create low-cost **CO2 for greenhouses** updated on their work.

- Simon Watson presented on learnings from a 2016 incident at KPH Produce Ltd and how they had modified their business practices to create **a safer workplace**.
- Anthony Tringham, from tomato growers Curious Croppers, shared how they use social media as a platform to **engage with customers** and the community.
- Kelly Forster, Senior Advisor at Ministry for the Environment, provided a useful update on the government's plans for **managing climate change** and proposed policies.

Energy & ETS

During the year we have been involved in a number of submissions on the Government's proposed reforms to the Emissions Trading Scheme (NZ ETS); the Climate Change Response (Zero Carbon) Amendment Bill; the Climate Change Response (Emissions Trading Reform) Amendment Bill; and a discussion paper on: 'Accelerating Renewable Energy and Energy Efficiency'.



"Barry O'Neil outside a biomass boiler." Source: TNZ

Throughout our submissions, TomatoesNZ, along with Vegetables NZ and HortNZ, have highlighted that whilst the industry has made significant gains in yield and energy efficiency over the past 10 years, the current infrastructure is reaching its limits and there are not many opportunities for future improvements without significant re-investment. This requires cost-effective technological solutions involving alternative energy sources and/or energy saving; support to make transition a feasible business prospect for growers and a reasonable period to transition; and certainty of ETS settings.



"Woodchip." Source: TNZ



"Wood pallets and chips." Source: TNZ

To enable our case, we have met with Ministry of Business, Innovation and Employment (MBIE), EECA, Ministry for the Environment, and attended the 5th annual New Zealand agricultural climate change conference, "meeting the challenges of climate change" in Palmerston North in April 2019.

NZIER report on the potential impact of the ETS on covered crops

We commissioned the New Zealand Institute of Economic Research (NZIER) to do an independent high-level qualitative assessment of the impact of an increasing ETS carbon price on the covered crops industry in March. Key findings from the report included:

- Industry participants have been caught in a cost squeeze between government regulation (ETS charges and increases in the minimum wage) and declining real covered crop prices. The hardest hit are small producers in the South Island because of their limited access to alternative forms of fuel
- To reduce carbon emissions further will require major capital investments
- Alternative sources of energy are unproven. Therefore, any transition period will take time before those energy sources are bedded into existing businesses
- To maintain a viable covered crops industry a transition strategy with government and industry working together is required.

Environment



"Glasshouse and pond."
Source: TNZ



"Water tanks at
glasshouse." Source: TNZ

In October, we supported HortNZ's submission on "Action for healthy waterways" on Essential Freshwater Reforms – the draft National Policy Statement for Freshwater management; and a submission on the proposed National Policy Statement for Highly Productive Land. The submissions sought **recognition of fresh food production and security**, providing vegetables for New Zealanders.

Other HortNZ environment submissions supported by TomatoesNZ:

- Ministry for the Environment: Proposed priority products and priority product stewardship scheme (Ag plastics recycling).
- Ministry for the Environment's consultation on proposed improvements to hazardous substances decision making process (for assessments/reassessments of agrichemicals).

In late 2019, we engaged Agricultural Environmental Specialist, Andrew Barber, to develop a Farm Environment Plan checklist suitable for greenhouse growers. This builds on the work he has been doing on a EMS (Environmental Management System) module for NZGAP. Andrew is developing a series of case studies of small to large greenhouse growers to assist with preparing a Farm Environment Plan for covered crops, and this information will be shared with growers during 2020.

Greenhouse automation



"Plantalyzer." Source: HortiKey

We are developing a project to look at potential new labour-saving devices and techniques for the greenhouse cropping industry. It is in the early stages, but may involve: assessing

tasks or points in the production and packing system where labour efficiency could be improved; and/or integrating already-available technology and hardware to engineer something that automates a labour-intensive repetitive task.

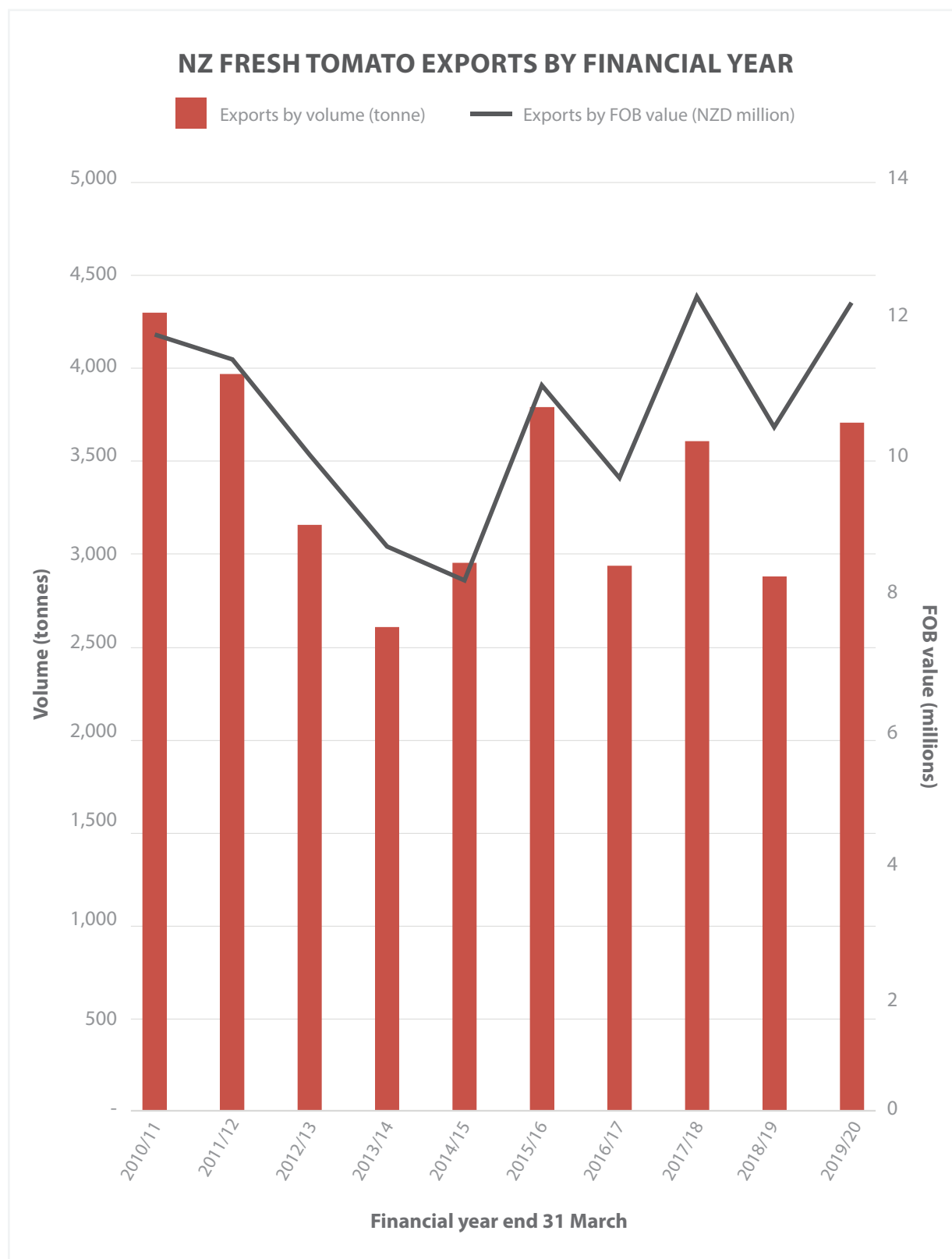


"Priva robot." Source: TNZ

The aim is for a safe solution that saves money and is affordable enough for small as well as large greenhouse vegetable growers.

Export

During the 2019/20 year we exported 3,710T of fresh tomatoes with an FOB value of \$12.2m, an increase of over 8% on the previous year by value and 9% by volume. Key export destinations were Japan and Australia.



Promotion

TomatoesNZ supports the vegetable promotional activities of **Vegetables.co.nz**, which brings together most of the vegetable sectors to promote the consumption of NZ grown fresh vegetables. Their key work has been the development of the Food Curriculum Project, a joint initiative with the Heart Foundation that provides teacher-tested "how to cook a healthy meal" resources to intermediate teachers (years 7 and 8). Vegetables.co.nz also maintains a social media presence, website, and information resources about vegetables including tomatoes.



"Tasty New Zealand Tomatoes." Source: Vegetables.co.nz

TomatoesNZ is also a member of **United Fresh**, who promoted fresh tomatoes throughout the month of December.



Tomatoes published on Instagram 16/11/18



Tomatoes

Product of the Month Report
December 2018/January 2019

Communications & Public Relations

We launched our New Zealand tomato promotion in December with a social media influencer campaign which resulted media cover reaching over **700,000 Kiwis**.

Tomatoes were featured in the December/January edition of FMCG magazine which included information on the tomato season, storage and nutrition information.

New tomato recipes were developed and shared on our social media platforms and website.

The 5 + A Day Charitable Trust, PO Box 66047, Busch Haven, Auckland 0749
Ph: 09 480 5587 Fax: 09 480 3314 Email: www.5aday.co.nz

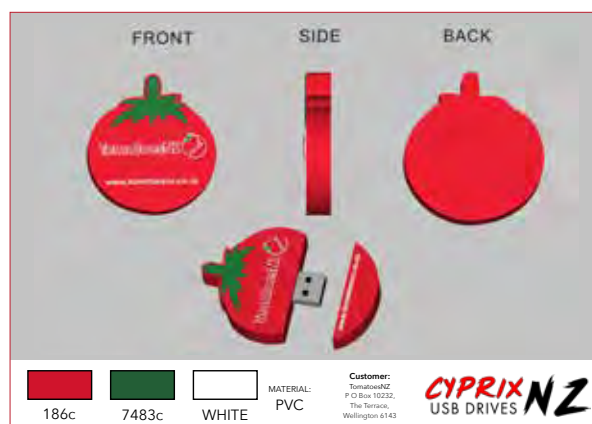
"5+ A Day December 2019 tomatoes report."
Source: United Fresh

NZ Tomatoes Story

To remind retailers of **irradiation labelling requirements** and share facts about NZ grown tomatoes, we developed two short informative animations at the start of winter. These were provided to all members and key industry associates on tomato shaped USB sticks branded with our logo.



"Tomato animation." Source: TNZ

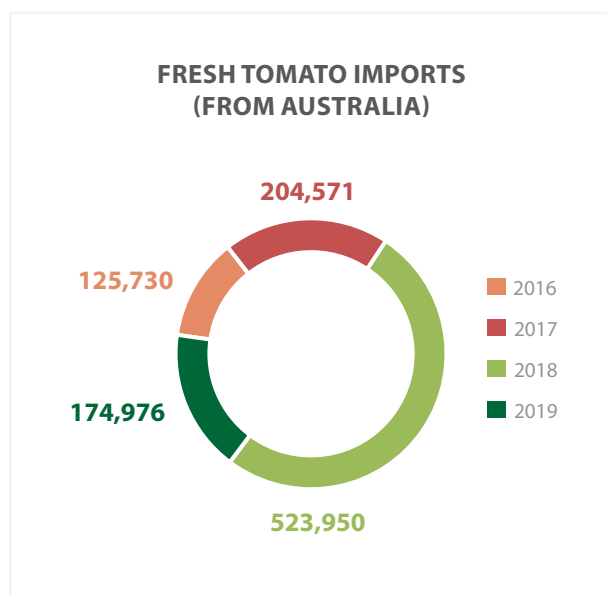


"Tomato shaped USB sticks" Source: TNZ

The promotional campaign aimed to:

- raise awareness on the benefits of buying fresh New Zealand grown tomatoes, especially the health benefits;
- share facts about the seasonality of the crop;
- remind consumers that imported Australian tomatoes are irradiated;
- remind retailers of the correct labelling requirements for irradiated tomatoes;
- raise consumer awareness.

We saw a substantial decrease in the quantity of tomatoes imported from Australia during the winter months, reducing to 175T from 524T in 2018.



We also supported the **Women in Horticulture** initiative. This group is working to develop a nationwide network; create a pipeline for women through mentoring and recognising success; and work on normalising industry inclusive behaviour through regular profiling of women in the industry.



"Women in Horticulture executive." Source: WiH

Sponsorship

We provided sponsorship to the annual **Young Vegetable Grower of the Year** competition, which was held in Pukekohe. This was well contested with two growers jointly awarded the championship - Austin Singh Purewal and Craig Botting.



"Ben Smith with Young Vegetable grower of the Year 2019 Austin Singh Purewal." Source: HortNZ



"Erin Atkinson, previous Young Grower of the Year." Source: HortNZ



"Isabelle Peterson, competitor in Young Vegetable Grower of the Year competition 2019." Source: HortNZ

Tomatoes Board

Malcolm Pook

retired at the 2019 AGM after more than fifteen years on the board of TomatoesNZ, including representing TomatoesNZ on the executive committee of vegetables.co.nz and NZGAP.

We also extend thanks to **Michael**

Breitmeyer, from MG Marketing, for his involvement in the board from February 2018 to September 2019.



"Lex Dillon & Malcolm Pook share a joke."

Source: HortNZ

In May **Stefan Vogrincic**, greenhouse consultant, was co-opted to the board and in July the board welcomed **Mayank (Mike) Saklani**, a grower from Auckland. **Andrew Hutchinson** was invited to the board as an observer in November 2019. Andrew won the Young Grower of the Year in 2016 and works as Covered Crops Technical Manager at T&G Global. More recently, **Allen Lim**, replaced **Leanne Roberts** as the Covered Crops Advisory Group observer on the board. We extend our thanks to Leanne for her involvement over three years.

TomatoesNZ Service Awards

At the 2019 AGM we were proud to celebrate the outstanding contributions and service to the industry provided by former board members and growers **Tony Norton**, **Wim Zwart**, and former Executive Officer **Ken Robertson**. Tony & Wim were presented with Life Memberships, while Ken received a Lifetime Achievement Award.



"Andrea and Tony Norton."



"Bronwyn & Ken Robertson."



"Maree & Wim Zwart."

Grower visits and field days

In February 2020, Onions NZ hosted a day trip for a group of government officials and research partners in Pukekohe. TomatoesNZ assisted with this, with the group visiting NZ Hothouse and Lee Wang Hothouse. It's important we continue to engage with key people in the government agencies and raise awareness of the indoor growing of vegetables.



"Group visit Lee Wang Hothouse."
Source: HortNZ



"Group visit NZ Hothouse."
Source: HortNZ

Chair, Barry O'Neil, Helen Barnes and Lincoln PhD candidate, Emiliano Veronesi, visited JS Ewers in Nelson and PH Kinzett in Blenheim during March. At Kinzett's they gave an update on TomatoesNZ's current work including an overview from Emiliano on his latest biocontrol research results. At JS Ewers they toured the facility and in particular looked at the new heating and water storage infrastructure. While in Nelson, Helen and Barry took the opportunity to meet with Azwood Energy at their wood fuel processing site in Stoke.



"Barry O'Neil at Southern Belle." Source: TNZ



"JS Ewers." Source: TNZ

On the 20th February, Helen and Barry attended an open day run by Royal Brinkman, Drygair Energies & Apex Greenhouses at Southern Belle Orchard, Matamata. The open day demonstrated a new **greenhouse dehumidifier** technology that had recently been installed with the support of the Energy Efficiency Conservation Authority (EECA)'s technology demonstration projects fund. Royal Brinkman technical staff from Australia and the Netherlands also gave presentations on ToBRFV management; their glasshouse projects; and technologies from around the world.



"Dehumidifying units at Southern Belle Orchard." Source: EECA



"Asean diplomats visit T&G Tuakau." Source: HortNZ

Netherlands trip

General Manager, Helen Barnes, travelled to the Netherlands to attend the first **Global Tomato Congress** on 26th November in Rotterdam, and took the opportunity to spend the week meeting over 20 industry experts, researchers, and service providers in the region. She was unable to visit any growers or production sites, due to restrictions around ToBRFV, which was present.



"Helen Barnes outside Bayer, Netherlands." Source: TNZ



"Glasshouses in Netherlands." Source: TNZ



"Tomatoworld, Netherlands." Source: TNZ

Meetings were focussed on: pest & disease management; automation and robotics; energy; and the congress covered consumer and market trends. Helen's findings were presented at the Pukekohe and Christchurch grower workshops, in the NZ Grower magazine, and a comprehensive written report is available for members on our website.

The trip was supported by a grant from **AGMARDT**.

Chairman's note

After what was turning out to be an OK year for growers and the tomato industry, it ended in a very different way – with NZ going into lockdown that changed life for everyone, and forced independent fruit and vegetable retailers to close meaning especially for our smaller growers there wasn't sufficient markets for tomatoes.

Additionally, the overnight collapse of the tourism and hospitality industry demand in NZ as well as internationally stopped overnight, meaning even less outlets for tomatoes.

My congratulations for how the industry responded in these challenging times and fortunately being classified as an essential industry meant unlike others who had to shut down totally our sector was able to continue. And with protocols and changed ways of working being put in place nearly overnight in order to protect workers, tomatoes continued to be available to consumers through the lockdown.

While the impact of Covid-19 on the tomato industry will continue for months to come, possibly years, I believe as a progressive industry growing a healthy, nutritious, and safe product we are positioned well for future success.

But in challenging times like these the last thing we need or could cope with would be another major crisis, such as a major biosecurity event which would really bring the industry to its knees. To me this reinforces the importance of the work we have done and are doing to be better prepared as well as keeping out biosecurity risks we don't want.

I thank growers for supporting the new biosecurity levy so that the industry is able to invest in protecting its future. With this funding we are now able to support and ensure events like the fruit fly response in North Shore did lead to eradication.

A highlight for me over the year has been our research efforts on finding biological control approaches to reduce our reliance on chemical controls. It's exciting to have Emiliano progressing his PhD in Lincoln on natural controls for TPP in tomato growing, as well as the work done collectively with the wider horticulture sector on getting in place the "Lighter Touch" SFF futures program, a 7 year \$26 million dollar partnership with government focusing on biological solutions.

On a less positive note a big frustration for many of us has been the governments ETS reforms, which have been fragmented, not understanding the heating needs or situations in glasshouses, and not providing any tangible options and support for growers to viably transition to non-fossil fuel alternatives. The recent spike in ETS carbon unit costs is going to mean real hardships for some growers, and while we continue to put significant effort into getting government to accept there is a major issue here that needs to be addressed, we don't seem to as yet have their full attention to resolve!

Over the year we have refreshed the TNZ strategy and I'm really pleased with the new focus that we will have going forward, including ensuring regulators have a good understanding of tomato growing and as such develop government policy supporting (not restricting) our industry. Our previous strategy was developed in 2016, and while it has served the industry well it was time for a refresh, and we worked with Kelvin Whall of Primary Purpose to achieve this. Another new focus will be on using modern approaches and channels in telling the tomato growing and health story to consumers in order to increase acceptance and resulting purchase of tomatoes.



My thanks to the TNZ Board for their commitment and efforts over the year – a special thanks to long serving board member Lex Dillon who has retired from the board. Lex has made a huge contribution to the industry, including being on the TNZ board since 1999. A big thank you Lex from TNZ, and we wish you all the very best in your retirement.

And once again our GM Helen Barnes has done a fantastic job focusing her energy and many talents in achieving TNZ deliverables, and in doing so supporting tomato growers and the industry. Helen has been very ably supported by the HortNZ team of Karen Orr and Jacqui Stalknecht.

Finally thanks to all the tomato growers and industry for your support over the last 12 months and we look forward to working with you all to realise the opportunities we have identified over the coming year.

Barry O'Neil, Chairman

Helen Barnes, General Manager

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



Annual General Meeting (AGM)

Agenda

3:00 PM, Friday 25th September 2020
Pukekohe Indian Association Centre, Auckland
and by Zoom

- 1. WELCOME**
Apologies, proxies and procedural motions
- 2. CONFIRMATION OF 2019 MINUTES** **24 - 27**
- 3. CHAIRMAN'S ADDRESS** **25**
- 4. FINANCIAL STATEMENTS 2019-20** **28 - 39**
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- 8. CONFIRM DIRECTOR ELECTIONS**
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Combined AGM Remits

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 25 September 2020 at Pukekohe.

REMIT 1

That the minutes of the TomatoesNZ combined AGM, Wednesday 31 July 2019 at Mystery Creek, Hamilton, be taken as a true and correct record of that meeting.

Proposed by the TomatoesNZ Board

Explanatory Note

The minutes are included with the 2020 Annual report & AGM 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 2020, as published in the 2020 Annual report & AGM papers, be taken as read and approved.

Proposed by the TomatoesNZ Board

Explanatory Note

The Chair's report is included with the 2020 Annual report & AGM 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 2020 be adopted.

Proposed by the TomatoesNZ Board

Explanatory Note

The audited Tomatoes New Zealand Incorporated financial statements are included with the 2020 Annual report & AGM 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 2020 be adopted.

Proposed by the TomatoesNZ Board

Explanatory Note

The TomatoesNZ component of the HortNZ financial statements are included with the 2020 Annual report & AGM papers, posted to all members and available for download at www.tomatoesnz.co.nz. The audited statement will be posted on the website when available, and tabled at the AGM.

REMIT 5

Endorse the TomatoesNZ Incorporated budget for the year ended 31 March 2021.

Proposed by the TomatoesNZ Board

Explanatory Note

The proposed budget is included with the 2020 Annual report & AGM papers, posted to all members and available for download at www.tomatoesnz.co.nz.

REMIT 6

That the Fresh Tomato commodity levy rate for the coming levy year remain at 0.35% at the first point of sale for domestic sales and, for exports the price received by the grower after deduction of all offshore costs for exports.

Proposed by the TomatoesNZ Board

Explanatory Note

This represents no change to the current levy rate; the levy is collected under Commodity Levies Act 1990 - Commodity Levies (Fresh Tomato) Order 2019.

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 the biosecurity readiness and response fresh tomatoes levy rate for the coming levy year remain at 0.10% at the first point of sale for domestic sales and, for exports the price received by the grower after deduction of all offshore costs for exports.

Proposed by the TomatoesNZ Board

Explanatory Note

This represents no change to the current biosecurity levy rate. The levy is collected under the Biosecurity (Readiness and Response—Fresh Tomatoes Levy) Order 2019.

REMIT 9

That BDO Spicers be appointed auditors for the financial year ended 31 March 2021.

Proposed by the TomatoesNZ Board

Explanatory Note

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

REMIT 10

That TomatoesNZ Inc. and Vegetables NZ Inc. develop options for, and an opportunity to vote on, combining covered crops under one representative product group or body.

Proposed by Roelf Schreuder, New Zealand Gourmet

Explanatory Note

As a Capsicum and Tomato grower I have experienced the way both product groups work and personally I believe that all greenhouse crops should be represented by one product group which is more efficient as all have to deal with the same issues and it makes communicating easier and more efficient.

Currently, covered (protected, greenhouse) fresh tomato growers are represented by Tomatoes NZ Inc. and other covered vegetable crop growers (including capsicum, cucumber, eggplant, lettuce, herbs, and leafy greens) are represented by Vegetables New Zealand Inc.

This remit requests that both product groups jointly propose options for combining all covered crops under one representative product group or body.

TomatoesNZ and Vegetables NZ would consult with their members on the options; and based on feedback jointly develop growers' most preferred model. Covered crops members of both TomatoesNZ and Vegetables NZ will then be asked to vote on implementing the proposed new model.

of the 2019 Combined Tomatoes New Zealand AND Tomatoes New Zealand Incorporated

Annual General Meetings held Wednesday 31 July 2019 at 4pm at Mystery Creek, Hamilton

TomatoesNZ Chairman, Barry O'Neil, presided over approx. 35 attendees.

Welcome

The Chairman welcomed members and opened the meeting.

The Chairman acknowledged and thanked all sponsors, noting their support is vital.

General Business

No items of general business were raised.

Apologies

Apologies were received from Graham Martin, Roelf Schreuder, Jason Culbert, Tony Ivceovich and Brian Nicklin.

Obituaries

Keith Jowsey.

Proxies

Proxies were received from Tarsem Singh to Simon Watson. All 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 2018 AGM

The minutes of the 2018 AGM had been circulated, pages 17 - 21 of the meeting papers.

REMIT 1

It was resolved that the minutes of the TomatoesNZ combined AGM, held Monday 23 July 2018 at Wigram Airforce Museum, Christchurch, are a true and correct record of that meeting.

TNZ Board / Malcolm Pook

Matters Arising

There were no matters arising.

Chairman's Address

A formal report was included on pages 5 - 13 of the meeting papers.

The Chairman provided a brief summary on another busy year. Key points:

- Thanked the industry for being accommodating and assisting in his learning of the industry.
- Thanked growers for their support of the commodity levy referendum, noting that the board and the chairman will be doing everything they can to ensure value add during the 6-year lifetime of the commodity levy.
- A big year for biosecurity with the development of the tomatoes OA looking at two significant organisms to prepare for. The knowledge from this is transferable to other biosecurity threats.
- The fresh tomato biosecurity levy application is working its way through MPI, and an update is expected later this year.
- PHD student at Lincoln is a great initiative and his area of study looking at potential biocontrols is very exciting for the industry.
- Country of Origin Labeling bill was a great outcome, and helps to tell the story of locally grown NZ tomatoes. Two short animations were shared with the room on this.
- Initiation of a new export market development grant, to help exporters identify and work towards new markets, was well received.

The Chair concluded by thanking the TomatoesNZ board for being so accepting and TomatoesNZ Staff; Karen Orr, Helen Barnes and Christie who has since left the role and will be replaced.

REMIT 2

It was resolved that the Chairman and General Manager's report for the year ended 31 March 2019, as published in the TomatoesNZ Annual Report and AGM Papers, be taken as read and approved.

TNZ Board / Lex Dillon

Tomatoes New Zealand Incorporated Financial Statements 2018/2019

TomatoesNZ General Manager, Helen Barnes, presented the financial results for TomatoesNZ Incorporated (circulated in the meeting papers on pages 22-36):

- TomatoesNZ operates two sets of accounts – TomatoesNZ Product Group sitting under HortNZ, and TomatoesNZ Incorporated, which completed its second year of operation.
- Fresh tomato levy is collected through HortNZ and paid to the incorporated society. Any funds unspent at the financial year end are transferred back to HortNZ.
- Total income to the incorporated society was \$484,656, which included fresh tomato levy received during the year, plus a portion of fresh tomato levy reserves paid from Hort NZ.
- Total expenditure was recorded at \$484,656.
- The reserves are added to the income in TNZ Inc. to ensure there is a zero operating surplus and no tax to pay.
- TomatoesNZ's auditor (BDO) opinion was that the financial statements of TomatoesNZ Inc for the year ended 31 March 2019 were prepared, in all material respects, in accordance with the stated account policy.

REMIT 3

It was resolved that the audited Tomatoes New Zealand Incorporated financial statements for the year ended 31 March 2019 be approved.

TNZ Board / Anthony Tringham

Tomatoes New Zealand Financial Statements 2018/19

The TomatoesNZ (product group of HortNZ) financial statements, were circulated in the meeting papers, page 34.

- The income of \$442,577 is made up of \$435,008 levy collected plus \$7,569 interest on reserves.
- The expenditure is paid to TNZ Inc. to cover operational expenses (includes levy collected for the year, plus expenditure of \$482,106 plus 39,529 of the reserves); this was less than what was budgeted due mainly to a delay in two big items of research expenditure, the PhD and the PGP project.
- The accumulated reserves held for TomatoesNZ in HortNZ was recorded at \$504,960.

REMIT 4

It was resolved that the audited TomatoesNZ (product group of HortNZ) financial Statements for the year ended 31 March 2019 be approved.

TNZ Board / Anthony Tringham

TNZI Budget 2019/2020

The General Manager presented the TomatoesNZ budget for 2019/20 (circulated in the meeting papers on page 35-36 and updated handout provided):

Summary:

- The budget represents a combined view of the TomatoesNZ Inc. and Tomatoes NZ (product group of Hort NZ) finances.
- Forecasted income of \$444,500 is based on an industry value of \$125m.
- Expenditure is forecasted at \$698,581. This is higher than last year's actual due to projects coming to fruition, such as PGP (\$30,000 in 2019 and \$60,000 for the 6 years following) also due to PHD student scholarship studying bio-protection. Also increased expenditure on biosecurity through BMSB, Fruit fly and OA.
- Tomatoes NZ is budgeting a deficit of -\$254,081 for the year with a corresponding reduction in reserves to \$270,409.

Question raised regarding the fruit fly response. It was noted Tomatoes NZ contribution is likely to be between \$120,000 and \$130,000 which is to be paid over a certain time frame and fiscal caps may come into play.

REMIT 5

It was resolved to endorse the TomatoesNZ Incorporated budget for the year ended 31 March 2020.

TNZ Board / Ben Smith

Other Remits

REMIT 6

It was resolved that the Fresh Tomato commodity levy rate for the coming levy year remain at 0.35% at the first point of sale for domestic sales and, for exports the price received by the grower after deduction of all offshore costs for exports.

TNZ Board / Simon Watson

This represents no change to the current levy rate. It was noted that whilst a deficit budget is not sustainable long term, the current focus is to get reserves down so this is an appropriate levy rate for this year.

REMIT 7

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

TNZ Board / Anthony Tringham

REMIT 8

It was resolved that BDO Spicers be appointed auditors for the financial year ended 31 March 2020.

TNZ Board / Callum Grant

Confirm Directors

There were two vacancies on the board, due to retirement of **Malcolm Pook**, and retirement by rotation of **Simon Watson**, who made himself available for re-election.

Mayank (Mike) Saklani, grower from Auckland, was nominated.

Due to the vacancy left by Malcolm, **both Simon and Mike were appointed** to the two vacancies, without the need for an election.

The Chair congratulated both and introduced Mike. The Chair also acknowledged Greg Prendergast's brief contribution of the board. And welcomed back Ben Smith as a board member.

The Chair acknowledged and thanked Malcolm Pook and invited Lex Dillon to say a few words about Malcolm:

- Malcolm has been an active and long contributing member on Fresh Tomatoes, NZGAP and vegetables.co.nz boards;
- He is very passionate about NZ growers and NZ in general;
- His knowledge and support has been highly appreciated, and he's certainly going to be missed.

General Business

No items of general business were raised.

Awards

Presentations were made to three award recipients for service to the industry body.

1. Tony Norton - Life Membership Award.
2. Wim Zwart - Life Membership Award.
3. Ken Robertson – Lifetime Achievement Award.

The Chair thanked members for their attendance and input.

Meeting closed at 5:05 pm.

Tomatoes New Zealand Incorporated

Special Purpose Financial Reports

**for the Year Ended
31/03/2020**

Tomatoes New Zealand Incorporated
Performance Report
For the Year Ended
31 March 2020

Contents

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Tomatoes New Zealand Incorporated
Entity Information
For the Year Ended
31 March 2020

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
KiwiWealth 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 2020

	Note	Actual 2020 \$	Actual 2019 \$
<u>REVENUE</u>			
Contract Income	1	504,960	482,106
Levy Income	2	447,325	-
Biosecurity Levy Income	2	8,356	-
Other Income		6,268	2,475
Interest	3	207	75
Total Revenue		967,116	484,656
<u>EXPENSES</u>			
Research & Development		153,186	97,803
Meetings & Travel		81,110	63,877
Office and Communications		238,674	247,160
Audit Fees		6,441	3,000
Promotion		64,305	72,815
Total Expenses		543,715	484,656
Net Surplus/(Deficit)		423,401	0

Tomatoes New Zealand Incorporated
Statement of Financial Position
As at
31 March 2020

	Note	Actual 2020 \$	Actual 2019 \$
<u>ASSETS</u>			
Current Assets			
Bank accounts and cash	5	432,378	88,683
Debtors and prepayments	6	122,998	75,253
Total Current Assets		555,376	163,936
<u>LIABILITIES</u>			
Current Liabilities			
Creditors and accrued expenses		109,543	49,700
GST Payable		2,902	2,337
Income in Advance	1	-	92,369
Total Current Liabilities		112,445	144,406
Total Assets less Total Liabilities (Net Assets)		442,931	19,530
<u>ACCUMULATED FUNDS</u>			
Accumulated Funds		442,931	19,530
Total Accumulated Funds		442,931	19,530



BARRY O'NEIL
TNZ Inc. Chair & Director
Dated 17 July 2020



SIMON WATSON
TNZ Inc. Vice Chair & Director
Dated 17 July 2020

Tomatoes New Zealand Incorporated
Statement of Cash Flows
For the Year Ended
31 March 2020

	Actual This Year \$	Actual Last Year \$
Cash Flows from Operating Activities		
Cash was received from:		
Contract Income	412,591	529,531
Levy Income	409,540	-
Other Income	6,268	2,475
Interest	207	75
GST (Paid)/Received	(1,039)	8,244
Cash was applied to:		
Payments to suppliers	483,872	602,168
Net Cash Flows from Operating Activities	343,695	(61,843)
Net Cash Flows from Investing and Financing Activities	-	-
Net Increase / (Decrease) in Cash	343,695	(61,843)
Opening Cash	88,683	150,526
Closing Cash	432,378	88,683
This is represented by:		
Bank Accounts and Cash	432,378	88,683

Tomatoes New Zealand Incorporated

Statement of Accounting Policies

**For the year ended
31 March 2020**

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

Levy Revenue

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

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 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 2020

Note 1 : Horticulture New Zealand Contract Income

	\$ This Year	\$ Last Year
Income in advance opening balance	92,369	39,467
Contract Funding provided throughout the year	412,591	535,008
Unspent Contract Income	-	(92,369)
	504,960	482,106

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 17 of the Commodity Levies (Vegetables and Fruit) Order 2019.

Note 2 : Levy Income

	\$ This Year	\$ Last Year
Levy Income	447,325	-
Biosecurity Levy	8,356	-
	455,681	-

From 1 April 2019 Tomatoes New Zealand Incorporated received funding through the Commodity Levies Fresh Tomatoes Order 2019. The Biosecurity (Readiness and Response - Fresh Tomatoes Levy) Order 2019 came in to effect from 3 February 2020.

Note 3 : Interest

	\$ This Year	\$ Last Year
BNZ	195	63
IRD	12	12
	207	75

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	-	-
Tax is payable at 28%	-	-
	-	-

Tomatoes New Zealand was incorporated on 6th August 2015. Trading started from 1 April 2016.

Note 5 : Bank accounts and cash

	\$ This Year	\$ Last Year
BNZ Current Account	432,378	88,683

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.

Tomatoes New Zealand Incorporated
Notes to the Performance Report
For the year ended
31 March 2020

Note 6 : Debtors and prepayments

	\$ This Year	\$ Last Year
Trade Debtors	122,998	75,253
	122,998	75,253

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 Inc being the main administrator of Tomatoes New Zealand Incorporated.

<u>Transactions Undertaken:</u>	\$ This Year	\$ Last Year
Contract funding provided (refer Note 1)	504,960	482,106

Anthony Tringham is on the Vegetable Research & Innovation Board.

All elected Directors are growers and pay levies through the entities they are associated with.

Barry O'Neil is the Chair of Tomatoes New Zealand Inc and the President of Horticulture New Zealand Inc. He is also the Deputy Chair of New Zealand Forest Research Institute Ltd who have developed a 'Find-a-Pest' application which Tomatoes New Zealand Inc have co-funded for \$3,000.

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. (Last Year - nil)

Subsequent to balance date Tomatoes New Zealand Inc has committed to paying \$92,000 towards the fruit fly response as agreed under the GIA Fruit Fly Operational Agreement.

Tomatoes New Zealand Inc signed a subcontract agreement in May 2020 for the 'A Ligher Touch' Sustainable Food and Fibre Futures project to contribute \$453,179 over the next 7 years.

Note 10 : Covid19

There will be an impact on the next financial year due to availability of employees and sales restrictions caused by Covid19. Tomatoes New Zealand Inc will reduce their expenditure to reflect this. Tomatoes New Zealand Inc has reserves to call on if required.

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 2020, 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 2020 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.

Our firm carries out other assignments for the Society in the area of taxation returns. The firm has no other 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
17 July 2020

Profit & Loss with Budgets & Variances

HORTICULTURE NEW ZEALAND INC

As At : 31/03/2020

TOMATOES NZ

Description	YE 2020 Actual	YE 2019 YTD
Levy Income	0	435,008
Income	4,790	7,569
Expenses	(504,960)	(482,106)
Surplus/Deficit	(500,170)	(39,529)

In YE 2019 income for Tomatoes NZ in Horticulture New Zealand Inc (HortNZ) was from levies and the expense for Tomatoes NZ in HortNZ was the payment to Tomatoes New Zealand Inc for the provision of services to the tomato growers in New Zealand.

In YE 2020 Tomatoes NZ Inc was paid for levies under their Commodity Order. The expense for Tomatoes New Zealand in HortNZ was the payment to Tomatoes New Zealand Inc for the provision of services to the tomato growers in New Zealand.
Income was interest from average reserves held in HortNZ.

ACCUMULATED RESERVES HELD IN HORTICULTURE NZ

	YE 2020	YE 2019
Opening Balance	504,960	544,489
Interest	4,790	7,569
Surplus/Loss	(504,960)	-47,098
Closing Balance	4,790	504,960

PREPAYMENT - Tomatoes New Zealand Inc

At the inception of TNZI as a separate incorporated entity, funds were transferred from the TNZ Reserves held in HortNZ to fund TNZI's initial payments.

In subsequent years any surplus/loss in TNZ has been recognised as Income in Advance in TNZ and as a Prepayment in HortNZ.

During the 2019/2020 year the Income in Advance in TNZI and the Prepayment in HortNZ from the previous year have been used.

The interest held by HortNZ will be paid out in the 2020/2021 year. All the Accumulated Reserves held in HortNZ for TNZ Inc from the 2019/2020 year have now been paid to TNZI as TNZI has provided services to the tomato growers of New Zealand.

TomatoesNZ Budget 2020/2021

Description	2019/20 Budget	2019/20 Actual	2020/21 Budget	
Income				
Levy Income (Commodity levy)	437,500	447,325	393,750	1
Grant - AGMARDT ⁽⁴⁾		3,478		2
Interest	7,000	207	3,500	3
Biosecurity services		2,790		
Total Income	444,500	453,800	397,250	
Expenditure				
Research & Development				
<u>Biosecurity</u>				
BMSB OA	10,000	6,508	8,000	
Fruit Fly OA	10,000	4,726	5,000	
GIA Secretariat Funding	10,340		7,200	
GIA Minimum commitments		6,492	7,500	
Import Biosecurity & Fresh PAC	11,100	18,980	5,000	
Tomato Sector OA	30,000	4,650	10,000	
Biosecurity services				
Biosecurity subtotal	71,440	41,356	42,700	
Market Access	-	563		
PMAC	1,600	5,400	5,503	
Export market access subtotal	1,600	5,963	5,503	
Automation project	25,000	185	25,000	
Bio-Protection Centre PhD	50,000	49,500	50,000	
EPA reviews	2,000	0	4,000	
ETS - Emissions Trading Scheme	3,000	5,400	3,000	
Food safety	-	300		
Market Monitoring	1,700	2,015	2,000	
New Agchems - Trials & Registrations	1,000	-	-	
SFFF A Lighter Touch programme	30,000	675	47,000	
Agrichemical Compliance Info for Growers	5,000	7,365	6,000	
Grower Resources		1,582	-	
Tamarixia post-doc support	2,000	-	-	
Tamarixia SFF project	5,000	3,561	2,100	
Technical Advice	5,000	3,744	5,000	
Women in Horticulture	2,000	2,000	2,000	
Projects subtotal	131,700	76,327	146,100	
R & I Manager	17,755	17,755	16,838	
R & I Board - Research	11,786	11,786	8,203	
VR&I Board subtotal	29,541	29,541	25,041	
Total Research & Development	234,281	153,186	219,344	

Description	2019/20 Budget	2019/20 Actual	2020/21 Budget
Meetings & Travel (includes conference)			
Conference			
Conference Delegates Travel & Registrations	20,000	19,029	10,000
Conference - Other	2,500	1,871	3,000
Total conference	22,500	20,900	13,000
General Travel (Incl. Board)	25,000	26,945	15,000
Daily Fees (Board)	10,000	14,336	15,000
Grower visits and workshops	5,000	6,577	5,000
International Travel		12,352	- ²
Total Meetings, Travel, and Conference	62,500	81,110	48,000
Office & Communications			
Admin	500	432	500
Chairman Fees	35,000	35,119	35,000
District Association Grants	3,000	2,963	3,000
General/Training	3,000	15,500	3,000
Grower Magazine Support	12,000	12,996	12,000
Income Tax		2,284	
Legal Expenses	-	625	-
Office Overheads	27,000	24,149	30,000
Photocopying	2,000	3,640	2,000
Postages	1,500	2,473	1,500
Print & Stat(Ex Xerox)	500	103	500
Salaries & Wages	215,000	136,855	150,000
Telephone & Tolls	1,300	1,587	1,300
Total Office & Communications	300,800	238,726	238,800
Audit & Accounting	5,000	6,411	5,000
Promotion			
Public Relations	5,000	4,075	-
Consumer Research			5,000
United Fresh membership	3,000	3,000	3,000
Vegetables.co.nz	53,000	53,000	15,000
Website	1,500	730	1,500
Young Vegetable Grower of the Year Sponsorship	3,500	3,500	-
Export Market Development Grants	30,000	-	-
Total Promotion	96,000	64,305	24,500
Total Expenses	698,581	543,738	535,644
Surplus Or Deficit	-254,081	-89,938	-138,394

Notes

¹ 2020/21 Commodity Levy income budget based on \$112.5m and levy rate of 0.35% (nb: 10% reduction from 2019 industry value of \$125m due to potential effect of Covid-19)

² Helen Barnes' Netherlands trip Nov 2019. AGMARDT grant towards trip.

³ Estimated interest on reserves in 2020-21.

Summary of Reserves	31-Mar-19 Actual	31-Mar-20 Actual	31-Mar-21 Budget
Within Hort NZ	504,960	4,790	-
Within TNZ Inc.	19,530	442,931	309,327
Total	524,490	447,721	309,327

Fresh Tomato Biosecurity Levies Income and Expenditure Budget 2020/21	2019/20 Actual	2020/21 Budget
INCOME		
Biosecurity Levy	8,356	125,000 ^A
EXPENDITURE		
Fruit Fly 2019 Responses 2019	0	92,000
Tomato Red Spider Mite Response	0	10,000
Total expenditure	0	102,000
SURPLUS/(DEFICIT)	8,356	23,000
Reserves:	8,356	31,356

^A Based on an industry value of \$125m and biosecurity levy rate of 0.1% at first point of sale



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