Vegetables NEW ZEALAND INC.

ANNUAL REPORT & AGM PAPERS

YEAR ENDED 31 MARCH 2020
PROGRAMME
2020 ANNUAL GENERAL MEETING

Date: Friday 25th September
Venue: Pukekohe Indian Association Centre, 59 Ward Street, Pukekohe

12.00pm     Lunch available
12.30pm     Horticulture New Zealand AGM
1.30pm     NZGAP Annual Meeting
2.00pm     Speaker Panel - Theme: The sustainable grower – where’s the value?
3.00pm     TomatoesNZ AGM / Onions New Zealand AGM (concurrent)
3.45pm     Vegetables NZ Inc. AGM
4.30pm     Drinks and nibbles
5.30pm     Close
6:00pm     VNZI Board / CAG members and invited guests Dinner
RSVP: Lynda.banks@hortnz.co.nz
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTRODUCTION</td>
<td>5</td>
</tr>
<tr>
<td>CHAIRMAN’S REPORT</td>
<td>7</td>
</tr>
<tr>
<td>GENERAL MANAGER’S REPORT</td>
<td>11</td>
</tr>
<tr>
<td>OVERVIEW</td>
<td>14</td>
</tr>
<tr>
<td>ANNUAL GENERAL MEETING (AGM) AGENDA</td>
<td>24</td>
</tr>
<tr>
<td>DRAFT MINUTES OF THE 2019 AGM</td>
<td>25</td>
</tr>
<tr>
<td>REMITS</td>
<td>30</td>
</tr>
<tr>
<td>FINANCIALS</td>
<td>32</td>
</tr>
</tbody>
</table>
In remembrance of

John Seymour,

colleague and friend

John Seymour, colleague and friend to so many in the New Zealand horticulture industry, died on Tuesday 3 March 2020.

The tribute that follows is based on the address that Mike Chapman, Horticulture New Zealand chief executive, gave at John’s funeral on Monday 9 March 2020.

John made a significant contribution to horticulture, covering virtually every aspect of the industry, during the 11 years that he worked in the horticulture sector, serving on many boards on behalf of growers and working with many people.

John started as senior business manager with the Fresh Vegetable Product Group in November 2009. He went on to join Process Vegetables New Zealand as senior business manager in April 2011.

John moved to a four-day week as general manager with Vegetables New Zealand and Processed Vegetables New Zealand in May 2016, and then a two-day week with Processed Vegetables New Zealand in April 2019. John also had two periods where he was senior business manager for Vegetables.co.nz.

John was a true gentleman in every sense of the word. His calming disposition, his collegial nature, his obvious caring for every person and his thoughtful approach to everything he undertook were his hallmarks.

John was the lead for fresh vegetables, process vegetables, vegetable research and vegetable promotion. In addition, he contributed to all growers’ activities through portfolios such as transportation. John was active in office matters, in particular working on rent reviews and dealings with the landlord.

In many respects, John was the rock and the foundation stone in the office, mentoring, supporting and offering sage advice. John gave his time and knowledge freely. He cared for people and how they were all working.
John was genuinely interested in people’s lives, inside and outside of work. He had a very calm manner that took the steam out of many situations, getting colleagues back to rational action and thought. Through all of this, John became a good friend to all those with whom he worked.

When it came to work, John was an incredibly capable person. He had a renowned depth of institutional and corporate knowledge. With ease, he ran product groups and organisations and was our first point of contact for a number of government policy issues.

What would in many cases require a team of staff, John did effortlessly by himself. He would often talk about how something was not working as well as it should, and how he had a plan to take troubling issues forward to a successful conclusion. John was a very good planner, but most importantly, he implemented those plans and delivered them in a timely manner.

At a board level, John was an excellent operator. He knew how to work effectively with boards, and get the best results from members. John knew how to balance the busy lives of grower directors with their board duties. He understood what was required to make organisations effective, and delivered on that consistently over several years.

To quote from one of John’s many positive performance reviews: “John is very professional, well mannered, thoughtful and organised. He provides excellent service. John represents vegetables well in any situation he attends on our behalf. It is a pleasure to work with him and he is held in high regard.”

John was a man of integrity, passionate about horticulture, a thinker and one who delivered. He was knowledgeable and was willing to share that knowledge and expertise.

John was a true gentleman, a great mentor and friend. He is and will be sorely missed.
INTRODUCTION

Vegetables New Zealand Incorporated addresses industry-wide issues for members, and facilitates the industry strategy. The 760 members are all commercial growers of fresh vegetables in New Zealand. Members fund Vegetables NZ Inc via a levy on fresh vegetable sales, under the Commodity Levies Act.

IN 2020 THE VEGETABLES NZ INCORPORATED BOARD IS MADE UP AS Follows:

ANDRE DE BRUIN
Chair,
Grower representative,
Chair Vegetables.co.nz
Northland

MIKE PARKER
Vice Chair,
Grower representative,
Board representative for Vegetable Research & Innovation Board (VR&I)
Parkers Gardens Ltd
Waikato

ALLEN LIM
Grower representative,
Observer Tomatoes NZ Board,
NZGAP representative
Jade Garden Produce Ltd
Christchurch

LEANNE ROBERTS
Grower representative
Thymebank 2013 Ltd
Blenheim

MARK O’CONNOR
Grower representative
Appleby Fresh Ltd
Richmond

KIRAN HARI
Vegetables.co.nz representative
Pukekohe

JOHN MURPHY
Grower representative,
NZGAP representative
Murphy’s NZ Ltd
Blenheim

NICK POLLOCK
Observer
LeaderBrand Produce Ltd
Gisborne

ANTONY HEYWOOD
General Manager

LYNDA BANKS
Business Coordinator

Vegetables NZ Inc staff are Antony Heywood (General Manager) and Lynda Banks (Business Coordinator) based in the Horticulture NZ office, in Wellington.
KEY HIGHLIGHTS

VEGETABLES.CO.NZ

PLATFORM PROMOTION

- 33% user increase from previous year
- 250,000 users the last 3 months
- 25,351 page views
- 11,355 downloads

EDUCATION

- 224 schools partnered with
- Yr 7+8 teaching kids a life skill (how to cook)
- 45,540 recipe cards developed
- 427,902 views on the ‘Easy Meals with vegetables’ videos during 2019

SOCIAL MEDIA

- 2,000 E-newsletter followers
- 20,000 Facebook followers
- 1,233 Instagram followers
- 109,190+ views on YouTube channel

VEGETABLE RESEARCH & INNOVATION

PROJECTS, VALUE AND SUPPORT

- 20 supported publications/reports/outputs produced from projects
- $7k - $7.5m total value range of the 17 projects underway
- 11 completed projects
- $19m of research activity total project value for the lifetime of the projects funded
- Maximising the value of irrigation
  - Largest Collaborative project
  - six-year MBIE funded research programme testing the next generation of irrigation management tools for horticulture
- 3 key pillars
  - Environmental stewardship
  - Crop protection
  - Common Reporting Framework

VEGETABLES NZ INC. ANNUAL REPORT 2020 | 6
It has been a year of challenge and change. We are living in very uncertain times with rules and realities changing all around us. COVID-19 (CD-19), drought, Government National Policy Statements for highly productive land, and water have presented challenges to both our growers and organisation.

Uncertainty is never comfortable but it is pleasing to see how quickly our growers adapted their operations to ensure they could continue to operate under the CD-19 lock down. I believe this resilience is built on dealing with a continuously changing market and ever-changing environmental conditions facing growers. Our growers have continued to defy the odds by bringing quality vegetables to New Zealand and discerning international customers with very little disruption to supply.

**CD-19 Lock down**

Four important learnings we can take from the CD-19 lock down.

1. New Zealanders want safe, fresh quality New Zealand grown vegetables and fruit. Where there is any potential of that being disrupted, consumers will stand in long queues to ensure they can eat well.

2. Growers and their staff were very quick to adapt to new workplace conditions to ensure their businesses continued as usual e.g. adapting a togetherness attitude while still being part of the workplace social distancing and successfully managing CD-19 regulations.

3. Growers can be trusted to operate in a professional way to ensure consumers can get quality fresh vegetables.

4. VNZI continued to operate and support growers whilst in the midst of a rapidly changing world.

**Highly Productive Land**

In September 2019 the Government National Policy Statement (NPS) for Highly Productive Land submission created significant uncertainty for growers as to what activities they could do now and in the future on their land. VNZI worked with, challenged, and supported HortNZ in the submission process.

**Water**

The discussion document on our essential waterways (NPS Freshwater Management) in September 2019 again rang alarm bells throughout the vegetable industry. The new rules, as printed in the document, would have effectively stopped most of the vegetable industry.

The shortened consultation time for submissions had the industry scrambling to firstly, understand the potential effects and secondly, write a sound submission challenging the unworkable parts of the rules of the proposed plan.
A huge thank you to our growers who took part in meetings, roadshows, made phone calls and took opportunities to express your concerns. It was your efforts that really highlighted the potential issues facing the industry.

With the recent initial high-level release “Essential Freshwater Regulations” from the Government I am pleased to say our efforts were heard and significant changes have been made as a result of the industry’s engagement.

Looking ahead we also have to play our part in minimising our footprint. As part of our submission we advocated that all growers operate under NZGAP and have an effective farm environmental plans NZGAP – Environment Management System (EMS). It is our job to work together to ensure we both develop the plans and use them to ensure we minimise our industries nitrate and sediment losses. The reward for doing this will be improved water ways, and continued economic and environmental business sustainability.

A main focus in the year ahead for VNZI, in conjunction with HortNZ, is ensuring growers are able to develop and implement farm environmental plans. For the best outcomes we, as the vegetable sector, need to manage our pathway forward rather than central Government legislating our way.

**Drought**

If there was not already enough going on this year many of our growers had to deal with drought. From what we can see most growers reacted early and took the appropriate steps to minimise its impact on the vegetable industry. The urban response to the drought appears less organised.

**Promotion**

The cooking curriculum programme for year 7 and 8 made good progress this year.

The professional development workshops within the cooking programme have been extremely well received. CD-19 has meant that the programme has had to have some adjustments, but these changes were well received. We now have a programme fit for purpose and it is now being used in schools. Developing a new generation with positive relationship with vegetables will we believe give massive pay back to our industry for years to come.

The event of CD-19 has really altered the way we are working at present. It has also given the opportunity to change and refocus aspects of our programme to take advantage of new opportunities presenting in the promotion space. Our growers have said they wanted more grower stories out there and the series of crop promo videos is part of this work space.

**Research**

The VNZI Board’s collaborative approach to research continues. This can be seen in our funding programme for projects through the Vegetable Research and Innovation (VR&I) Board, Primary Growth Partnership (PGP) programme, and other research activities undertaken by VNZI; primarily the adoption of NZGAP-EMS in Horowhenua, Pukekohe and Canterbury.

Our research focus in the environmental area via the VR&I Board has been well placed to manage nutrient. The Nitrate Quick test project and Nutrient Management Handbook are good practical tools to help inform growers good management practice.
Further research (Sustainable Vegetable Systems) has been commissioned by Potatoes NZ & VR&I to look at the actual Nitrogen leaching numbers under the root zone. The research will inform a modelling tool for growers to benchmark management practices, and offer Council a realistic account of what is actually happening on the land, and leaching from the land.

VNZI has a major investment in the multi-sector SFFF Agroecological crop protection programme, now called “The Lighter Touch”, to look at new and improved ways to control pest and diseases. This will span the next seven years. VNZI is actively working with all vegetable sector groups to ensure vegetable growers are well represented in the many research streams.

Biosecurity – GIA
The 2019 fruit fly incursion in Auckland was successfully controlled and the response was closed in 29 January 2020. We now just have the financial implications to tidy, and take any lessons learnt forward into future events. VNZI’s cost share will be allocated across the 2020/2021 financial year.

VNZI has a unique challenge in the biosecurity area with over 50 crops from a number of different plant families. Biosecurity under GIA is and will continue to be challenging to our organisation.

The Fresh Vegetable Biosecurity Levy Order, which covers our commitments under GIA, has been approved by the Minister and was signed by the Governor General in July. It came into effect on 10 August 2020. This levy will only be used for our GIA commitments for readiness and response costs.

Agrichemicals / EPA
Thank you to the growers who provide information to inform our EPA submissions on agrichemical reassessments. This year VNZI were successful in the re-registration of paraquat. An important weed control tool for a number of our growers. We have initiated a phase out extension application for some of our important Organophosphates OP’s, due for phase out in 2023. This is to ensure that appropriate alternatives are available to growers before these products are phased out.

We have also been active in trying to get new chemistry and registrations for minor crops e.g. the registration of Fludioxonil.

Finance
VNZI finances are in good shape. We had budgeted for a deficit in 2019/20, due to the GIA fruit fly cost incursion. However, these costs will now take effect in the 2020/2021 financial year. The Board are happy with the current financial situation, and are satisfied VNZI will be able to continue to actively serve you, our growers.

The audited Financial Reports for the year ended 31 March 2020 look very different than normal with funding for operations coming out of VNZ and our new levy order going into VNZI. The process of shifting from VNZ to VNZI should be completed in the 2020/2021 financial year. The VNZ and VNZI accounts need to be taken into account collectively to gain a complete picture of the organisations financial position.

A full profile of the VNZI Financial Statements are available in this report.
John Seymour

The passing of John Seymour on 3 March 2020, less than a year after retiring from the VNZI Business Manager’s role, was a huge loss to the vegetable industry. Much of the work John oversaw continues to live on to benefit all growers. John was calm, well mannered, organised, a true professional. A mentor and friend, he will be missed.

ETS covered crops

VNZI and TomatoesNZ are working together to lobby for changes in the present ETS for covered crop growers. The situation is particularly acute for growers of crops who cannot access emission credits. This “tax on growing” is sucking the profitability out of our covered crop growers and poses a serious threat to their ongoing viability. We will continue to advocate to Government on their behalf on this very important issue.

Looking forward

We all want our children to grow up where they can swim in our rivers and drink the water. Kiwis also want to be able to source quality New Zealand grown vegetables for their families. Getting the balance right is critical to the success of the industry going forward.

Take the farm environmental plans seriously, ensure they inform your business practise, and that they achieve the desired results for the water, the land and our businesses.

Finally

I take my hat off to you our growers who continued to work throughout CD-19 lockdown to ensure that New Zealanders had quality fresh and nutritious vegetables on their plate to eat. Your hard work, commitment to social distancing, and hygiene requirements, enabled an uninterrupted supply of vegetables to New Zealanders. It is a credit to our industry.

Thank you.

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25 September 2020
We have packed a lot into a year. It is hard to believe the VNZI team of 1.2 FTE can be across so many topics. Much of this can be attributed to the HortNZ office environment, with many product groups under one roof leveraging the scale of group.

What is pleasing about a busy year is that we have given voice over a large number of topics. This places Vegetables New Zealand in a position to be indemnified in key forums. By working closely with HortNZ and the other Product Groups, we have a united horticulture voice on key topics whilst maintaining modest staff numbers. In the future we hope to align our business plans more closely to ensure we remain effective and efficient in a meeting policy environment while achieving stakeholder expectations.

Key topics VNZI have championed this year which are particularly pleasing are the NZGAP – EMS case study work we did with the Horowhenua growers. These were predominantly vegetable growers with a small number of fruit growers developing farm environment plans (FEP). Over the duration of four workshops, covering 30 growers, they worked on templates to address erosion and sediment control, nutrient management, irrigation best practice and biodiversity. The culmination of this work is shown in the map (map 1.) where the green and orange marked areas are farms either with audited farm environment plans or completing FEP. The FEP area represents >80% of the farmed area in the catchment.

The work undertaken to ensure all growers have access to FEP is critical to meet the freshwater policy – action for healthy waterways. FEP will be mandatory by 2025 for all farmers.
The other significant issue of 2019 was the Fruit Fly response in Auckland. Queensland Fruit Fly (QFF) has the ability to decimate cucurbit and solanaceae crops. These crops are grown in significant volume in NZ for VNZI to join the Operational Agreement to eradicate the pest in NZ.

### SUMMARY OF QFF DETECTIONS IN AUCKLAND IN 2019

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**QFF RESPONSE COST**

- **$15.2m** total
- **$138,000** VNZI contribution

The response was active over 12 months, costing $15.2m to eradicate QFF. VNZI cost share was $138,000.

VNZI is an active member of GIA and a Deed Governance member. VNZI has an Operational Agreement (OA) for QFF and Brown Marmorated Stink Bug (BMSB). In the future VNZI will work closely with GIA to complete a Multi Sector OA to cover response only in the event of non-signified pest or disease.
The key to VNZI success is working collaboratively to achieve common horticultural outcomes that enhance our growers’ ability to grow fresh and healthy food. This collaboration is recognised in the new strategy plan being developed by VNZI Board. In a strategy refresh session facilitated by Alasdair MacLeod the VNZI Board expanded on the current five themes, to focus on proxy for scale through collaboration and building resilience landscapes for our growers. The refreshed strategy will be published to all growers once it has been adopted by the Board.

VNZI have been developing a number of service agreements over the past six months with key stakeholders to build scale:

- HortNZ – administration agreement, biosecurity agreement, work area responsibility agreement
- Onions NZ – Export market support planning
- Potatoes NZ – Research and workplan alignment plan

The final acknowledgement I would like to make before I conclude my statement, is around the effort all vegetable growers experienced while in lock down from Covid-19. I am proud of our industry’s ability to function under unprecedented times, with many constraints, and continue to feed the country. The NZ public owes a debt of gratitude. I support that sentiment. Keep up the good work. There is a light at the end of the tunnel, lets make sure it is not a train, but more a beacon for success.

Valued partnerships – AusVege, Vegetable Product groups and District Associations, HortNZ

AusVege is our sister organisation in Australia. They represent a number of growers who grow similar crops to VNZI. In 2019 AusVege reached out to VNZI and HortNZ to travel to NZ to understand what our growers think of our levy paying organisations and other issues facing the industry. VNZI welcomed the exchange and used its time at the Hort Connections Conference in Melbourne to extend the relationship. A number of the VNZI Board and management had the opportunity to meet the AusVege Board and management. The relationship has grown since that meeting to sharing resources in biosecurity and extension activity with growers.

District Association and Group Association

The various associations which VNZI interacts with over the course of a year provide the eyes and ears and voice for much of what VNZI stands for in the face of public and Government. It is the intent of VNZI to connect with each association on a regular basis, generally around the AGM. They would like to thank the District Associations for their support over the year and VNZI look forward to working with them in the future:

- Pukekohe Vegetable Growers Association
- Tararua Growers Association
- Canterbury horticultural Growers Association
- Hawkes Bay Growers Association
- Gisborne Growers Association
- Dominion Federation of NZ Chinese Commercial Growers
- Northern Wairoa Growers Association

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25 September 2020
Vegetables.co.nz is the promotional arm of VNZI. VNZI is the major contributor to the Veges.co.nz brand.

Due to a very crowded marketplace for food promotion, a strategy refresh of veges.co.nz identified three key pillars to develop over the next five years.

Vegetables.co.nz major focus has been on the Curriculum Project which provides resources for teaching kids in Years 7 and 8 to cook a healthy meal. The kids get a skill for life and greater knowledge of skills associated with vegetable preparation and information about seasonal vegetables. The users of the Curriculum Project/Food Technology Resources platform increased by over a third from the previous year.

Vegetables.co.nz promoted the Curriculum Project resources across several platforms, including teacher e-newsletters, Fresh Inspiration tabloid, conferences, education associations and the Professional Development seminars. Vegetables.co.nz continued to partner with and promote the programme to education, health and food related stakeholder groups. These include Home Economics Association of New Zealand [HETTANZ], New Zealand Association of Intermediate and Middle Schools [NZAIMS], Ministry of Health, Ministry of Education, Health Promotion Agency, and the Food Industry. Vegetables.co.nz has also had stands at four education related conferences.

The ‘Easy meals with vegetables’ recipe cards are developed with input from vegetables.co.nz and the Heart Foundation. From July to September, 45,540 cards were distributed in NZ with Broccoli the most popular. The recipe cards are accompanied by a video and there were 427,902 views of the ‘Easy Meals with vegetables’ videos in 2019.

In the last three months of 2019, Vegetables.co.nz had 250,000 website users. The most popular pages were ‘Vegetables A-Z’ with over 180,000 views in the three-month period. Our social media channels include facebook with over 20,000 dedicated followers and an Instagram account which was introduced in January 2019.

The Board and executive of Veges.co.nz have identified that to continue to be relevant with its budget it needs to be focused in the areas it has a unique proposition. The target market for the budget is Year 7-8 school curriculum – cooking resource, their parents and teachers. The other resource to support this target market is a farm to fork profile to reinforce where our food comes from story.

Improving communications across all channels
The NZ Grower magazines were reviewed during September and October. The review found there is tremendous support for the magazines in hard copy amongst readers and advertisers, and that readers enjoy reading about others in the industry as well as technical articles. In terms of areas for improvement, layout, picture quality and reducing the size of some of the stories were cited. There was no support for any move to online magazines.

HortNZ’s weekly e-newsletter underwent several improvements in the past year, in terms of content and layout. Allied with the HortNZ website, the e-newsletter was an effective communications tool during the COVID-19 Alert Level 4 lockdown, as evidenced by the number of subscribers increasing from just over 3000 to just under 5000, in the space of 10 days.
Food security is a hot topic after an event like Covid-19.

How many times did we see the importance of food banks in keeping all of NZ in food over the crisis.

Is it now the time for Government to recognise the value of vegetables in keeping NZ in a good supply of healthy food? VNZl intend to raise the need for a food security plan to ensure the public of NZ can access healthy food.

Premium produce will be in demand from reputable sources. The NZ public will demand this of its food supply, as will the population of many countries around the world. This places NZ in a key position to supply export markets, after it has supplied the public of New Zealand.

Key Takeaways

1. 87% of Singaporeans agree that New Zealand products are safe increasing from 81% in April. They were consistently the highest group in both April and May. This is supported by the 79% of Singaporeans trusting products from New Zealand, they are consistently second to Australia in trust of New Zealand products.

2. Singaporeans have the highest proportion of people prioritizing eating healthy in the future within the group, at 66% from 60% in April.

3. 40% of Singaporeans intend to eat out more post-pandemic, this was the largest proportion in the group.

4. 86% of Singaporeans agree that New Zealand is environmentally friendly, this has increased from 79% in April. When looking at the New Zealand’s products individually 90% of Singaporeans believe NZ produces high quality fresh fruit and vegetables, this is 73% for red meat, 69% for seafood, and 71% for wine.

5. The intent for Singaporeans to treat themselves has grown between April and May, from 42% to 55%. This is the highest proportion within the group. Looking at the demographics globally this intend to indulge more is higher in the younger age bracket, interestingly there was not substantial difference between income brackets.
VALUE OF VEGETABLES

PUBLIC PERCEPTION OF THE VALUE OF VEGETABLES WILL CREATE JOBS, CAREER PROGRESSION, FUTURE GROWTH AND DIVERSITY IN OUR INDUSTRY

VNZI are key members of the Horticulture Capability Group tasked with developing a nationwide channel to promote and implement career progression schemes.

Career Progression Managers

The Career Progression Managers are a network of people in regions around New Zealand whose role it is to encourage more people – particularly young people – to take up a career in the horticulture industry and by doing so, address skills shortages in our industry.

The Career Progression Managers achieve these goals through their relationships with schools, tertiary education providers and employers, on a regional basis as each region has different needs and characteristics.

Funding for the initiative has come from the Provincial Growth Fund. While it took a while to get all six Career Progression Managers onboard, by March 2020 the full complement was in place. VNZI has been an active contributor to this program.

The web page shown below gives are valuable insight into the product groups, career pathways and it also offers a job board for horticulture business. The diagram below is an example of the job board on the web site.
Connecting our People

The Horticulture Conference 2019
The theme of the Horticulture Conference 2019 was Our Food Future, which reflected the future focus of the conference’s presentations and more than 30 displays.

The conference took place at Mystery Creek, near Hamilton, between 31 July and 2 August 2019, and attracted more than 600 attendees, up by about 200 on the 2018 Conference.

Speakers ranged from overseas experts such as Professor of Food Marketing at the Imperial College London, David Hughes to former Chief Science Advisor to the New Zealand Prime Minister, Sir Peter Gluckman to young thought-leaders like Gen Z, GirlBoss Founder, Alexia Hilbertidou. They spoke about likely solutions to challenges such as changing consumer attitudes and different growing conditions due to climate change.

The conference’s major talking point were the fruit and vegetable chandeliers, which were a fantastic way to showcase New Zealand’s wonderful fresh fruit and vegetables.

Industry Service Award
Four horticulture industry service awards were announced at the Horticulture Conference 2019. VNZI was very proud to have Dr Stuart Davis nominated and accepted for an Industry Service award. In addition to the Industry Service award, Vegetables NZ Inc. also acknowledged Stuart’s outstanding contribution to the fresh vegetable sector with a Vegetables NZ Inc. Life Membership award.

Stuart is one of the horticulture industry’s key mentors. He has a diverse and detailed range of scientific and commercial knowledge.

Stuart was inaugural Chairman of the Organic Products Exporters’ Group – later the Organic Products Exporters of New Zealand – a group of more than 30 organisations active in the development of export markets for certified organic products. Between 2008 and 2018, Stuart was a Director of Vegetables New Zealand Incorporated and between 2014 and 2018, he was Vegetable Research and Innovation Chair.
Young Grower of the Year

The annual Young Grower of the Year competition supports and recognises emerging talent in the horticulture industry, and exposes young growers to the wider industry.

In 2019, seven regional finals were held across the country starting in February, with the national final taking place in Tauranga in early October.

The youngest finalist of this year’s Young Grower of the Year competition, Austin Singh Purewal, beat the field to win this year’s Young Vegetable Grower of the Year.

At only 18, Austin has managed to achieve a lot in his horticulture career already. After winning the Pukekohe regional competition, Austin was looking forward to taking part in the finals.

“If you put a lot of effort in, you get lots out of it. From meeting new people to opening up my mind to opportunities within the industry, that’s what I wanted to get out of the competition. I didn’t necessarily want to win. I wanted to come out of it with more opportunities.”

Throughout the leadership panel and speech events, Austin voiced his views on the importance of diversity and encouraging young people into roles within the industry. He hoped that by entering, he has shown his peers that they can also achieve great things in the industry.

HortNZ Chief Executive Mike Chapman said that competitions like these are essential because they highlight horticulture as a vibrant career for young people.

“Our $6 billion industry continues to grow in response to worldwide and domestic demand for fresh, healthy food.

“These areas offer immense opportunity for young people, with many varied career opportunities ahead of them. I am positive that all entrants in 2019’s competition have benefited from the experience and will continue to grow and support horticulture.”

Austin is part of the T&G Global Key Accounts Team, where he is involved in supporting sales going into supermarkets. Through his role, he is trying to support growers as much as he can by helping them connect with customers.

The annual Young Vegetable Grower of the Year competition is run by Horticulture New Zealand and supported by platinum sponsor, the Horticentre Charitable Trust.

AUSTIN SINGH PUREWAL

2019 Young Vegetable Grower of the Year

If you put a lot of effort in, you get lots out of it. From meeting new people to opening up my mind to opportunities within the industry, that’s what I wanted to get out of the competition. I didn’t necessarily want to win. I wanted to come out of it with more opportunities.”

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The annual Young Vegetable Grower of the Year competition is run by Horticulture New Zealand and supported by platinum sponsor, the Horticentre Charitable Trust.
VNZI as an active member and primary funder of VR&I which has developed a number of resources to ensure NZ growers are leading the way in IPM systems.

There are 2 reports all growers need to be familiar with in today’s landscape – The IPM guide for Brassica and lettuce and the Generic IPM Guide. VNZI plan to focus on supporting the IPM programs in the future and encourage all growers to get in touch if they need support in staring IPM.

To underpin the IPM resources is the new research being developed under the Lighter Touch program. This is a seven-year $27.07 million project with MPI putting in $10.83 million (40% of the total project cost). The net economic benefits to New Zealand resulting from this programme are estimated as being between $125.3 million and $398.6 million per annum, with a contribution to GDP of between $56.3 million and $179.3 million (NZIER, 2016).

**Project Outcomes:**

Increased demand for New Zealand food, access to a wider range of markets (meeting regulatory and consumer demand), a more diverse offering of crops to a wider range of markets, and increased profitability.
A Lighter Touch

Consumer led transformational change
INSTITUTE FOR AGROECOLOGICAL CROP PROTECTION

THEME 1: Enduring outcomes (12%)
- Project 1: Strategic plan
- Project 2: Consumer focus
- Project 3: Enduring outcomes

THEME 2: Agroecological crop protection (58%)
- Project 4: Scoping study
- Project 5: Biopesticides path to market
- Project 6: Up-scaling biological capability and adoption
- Project 7: New technologies for crop protection
- Project 8: Proof of concept - vegetables, fruit, arable ecoecology
- Project 9: Extension focus

THEME 3: Transition projects (24%)
- Project 10: New-age achrichemicals for crop protection
- Project 11: Resistance managment

THEME 4: Programme management (5%)
- Project 12: Programme governance and management
Need for faster new chemical approvals
Growers need access to a wide range of crop protection products in order to continue producing high quality, healthy food. In recent years, the use of these products has come under increasing scrutiny from regulators and the public. As a result, regulators have focused on restriction or removal while the time taken to assess new products has increased, delaying the introduction of much needed alternatives.

New Zealand Institute of Economic Research (NZIER) research published in 2019 shows that without crop protection products, New Zealand’s economy would lose between $7.5-11.4bn per year and crops would lose 30% of their value. The NZIER research also showed that in the past five years, application times have doubled, with a one-year delay estimated to cost between $7-70bn to Gross Domestic Product over a 10-year period.

Aside from the financial cost, lengthy delays mean that newer products, which are often more environmentally friendly, take longer to enter the market. The need for growers to have faster access to new crop protection products is essential, now more than ever.

A compendium to the IPM guide is a Biosecurity Manual. The On-Farm Biosecurity manual resource was developed this year as part of a vegetable product group initiative (VNZI, ONZ, TNZ, PVGA) in conjunction with MPI – SFFF funding grant. The hands-on guide is designed as a practical tool for all growers. It fits perfectly with any IPM crop scouting regime growers would undertake.

All NZ growers are the eyes for any biosecurity readiness program. If any pest or disease is not known to you – use the resources of the manual to identify the problem and also seek help.

The risk in any biosecurity incursion is not managing a response effectively, when it arrives. It is for this reason the VNZI Board are actively promoting the rapid response OA with GIA. It represents better ROI for VNZI, while appropriate managing risk.
Climate change and Freshwater management, including ETS

_He Waka Eke Noa_ outlines the primary sector’s commitment to work in good faith with government and iwi/Maori to design a practical and cost-effective system for reducing emissions at farm level by 2025.

VNZI + HortNZ believes that audited Farm Environment Plans are a vital tool for the vegetable industry to use to show that it is following good practice to reduce agricultural emissions from fertiliser.

In September 2019, the Government released a discussion document on a national direction for freshwater called _Action for healthy waterways_. Contained in this document were proposals for a National Policy Statement for Freshwater Management, and Proposed National Environmental Standards for Freshwater.

VNZI engaged directly with growers, Government Ministers and the Ministry for the Environment on the proposals. The VNZI submission supported the PVGA submission and the HortNZ submission on the same topic. The critical point was that New Zealand can grow enough fresh fruit and vegetables to feed itself, now and in the future. Also, that New Zealand must be able to serve and expand international markets, through sustainably grown, healthy fruit and vegetables.

Environmental Trading Scheme (ETS)

A recent New Zealand Institute of Economic Research (NZIER)report which assessed the likely impact of a rising ETS price on indoor vegetable growers’ businesses found that at a carbon price of $50/tonne would see most South Island covered crop growers going out of business. However, in the current setting (with limited alternatives and degree of capital investment required) further increases to ETS price will be devastating to indoor vegetable crop production, and therefore vegetable supply, particularly in the South Island.

VNZI support this position and will make sure Government do not take a direction without full consideration of South Island covered crop growers. VNZI in conjunction with TNZ and HortNZ are writing submissions to get this message across to policy makers.

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Land use


The draft statement recognises that New Zealand needs its best soils for food production. Once finalised, it will guide regional and district councils in their decisions around land use.

When the draft statement was released, HortNZ said that with good planning and buffer zones, houses and horticulture can co-exist, which is important so growers can:

- Make best use of available land
- Quickly get fresh produce to market
- Have access to labour, given how labour-intensive horticulture is.

By 2025, all farms will need a FEP to meet national freshwater regulation through regional plans, and horticulture’s climate change commitments under He Waka Eke Noa.

VNZI, with support of HortNZ, PNZ and Tararua Growers Association support vegetable growers in Horowhenua to develop FEPs. We have seen remarkable uptake of the GAP EMS in Horowhenua. Growers on 993ha of land in the Horowhenua (87% of vegetable growing land within the freshwater management unit are) have signed up to the EMS, to have their FEPs independently audited.

Before COVID-19 travel restrictions, FEP workshops were also held in Pukekohe and Canterbury, with VNZI support. Traditional on-farm extension activities may not be suitable or safe for the foreseeable future. Going forward, we are working to offer virtual and coordinated extension activities, to continue to engage with growers on a range of critical environmental management areas, planning and RMA processes.

VNZI are working on codes of practice and tools to analyse and aggregate grower data at farm and catchment level. This data will help growers improve decision making, demonstrate good and best management practice, to show regulators the extent to which on-farm action results in environmental improvement.
AGM AGENDA
2020 ANNUAL GENERAL MEETING

3:45PM COMMENCE VNZI ANNUAL GENERAL MEETING

1. WELCOME

2. CONFIRMATION OF 2019 MINUTES

3. CHAIRMAN’S ADDRESS - ANDRE DE BRUIN

4. REMITS

5. FINANCIAL STATEMENTS 2019/2020 (VNZ AND VNZI)

6. BUDGET 2020-2021

7. CONFIRM DIRECTOR ELECTIONS

8. GENERAL BUSINESS

9. CLOSE
DRAFT MINUTES  
2019 ANNUAL GENERAL MEETING

Chairman, Andre de Bruin, presided over 54 attendees.

WELCOME  
The Chair welcomed members and opened the meeting with housekeeping matters, a Register of Attendees Register was being circulated, meeting procedures and a call for any other general business matters for discussion later in the meeting.

GENERAL BUSINESS  
There were no other items of general business.

SPONSORS  
Sponsors were acknowledged and it was recognised without their support it would not be possible to hold this event.

APOLOGIES  
Apologies were received from:
- Chris Sinnott (VNZI Life Member)
- Tony Reynolds (Award of Merit Holder)
- Lex Dillon (attending the TNZ AGM)
- Nicholas Archdale (Leafy CAG Member)
- Nick Pollock (Stalks, Vines etc CAG Member)
- Leanne Roberts (VNZI Board Director)

IT WAS RESOLVED that the apologies be accepted.

John Everest / Frank Hickmott

OBITUARIES  
Fay Gock (wife of Joe Gock), and Margaret Lilley (wife of Max Lilley) had passed away in the last year. As there were no other bereavements the Chair asked the meeting as a mark of respect to stand for one-minute silence.

VOTING AND PROXIES  
Proxy Voting forms were circulated earlier for Motions 1 – 10. 
One Proxy Voting form had been received and was directed.

MEETING PROCEDURES  
1. All growers have speaking rights.
2. Guest speakers with prior permission of the Chair be granted speaking rights.
3. That 3 minutes and 2 minutes be allowed for movers and seconders respectively and 2 minutes for other speakers.

DRAFT MINUTES OF THE 2018 AGM  
The draft minutes of the 2018 AGM had been circulated on pages 5-9 of the meeting papers.

MOTION 1  
That the draft minutes of the Vegetables NZ Inc. combined AGM held on Wednesday 25th July 2018 be taken as a true and correct record of that meeting.

VNZI Board / Kiran Hari

MATTERS ARISING  
There were no matters arising.
Management of VNZI
To our board and staff, the work they do makes a real difference to the landscape in which we grow.

Our business manager John Seymour stood down during the year (he apologises for not being here as he is in the Process AGM) John has worked tirelessly over the past 10 years for Vegetables NZ. He has witnessed a great deal of change, successfully navigating us through structural change into VNZI, the introduction of GIA the Great White Butterfly eradication the ETS glasshouse rebate and discharge issues to name a few.

Antony Heywood took over as our new Business Manager. The enthusiasm he brings to his new role will service us well.

Lynda Banks continues to ensure that things all work smoothly and her assistance during the transition of our business managers has been invaluable.

Looking forward
We all want our children to grow up where they can swim in our rivers and drink the water. I believe that kiwis also want to be able to source quality New Zealand grown vegetables for their family to eat.

To achieve both of these goals our growers must be enabled to produce their vegetables economically using Good Agricultural Practice (GAP). VNZI working together with HortNZ and other product groups are focused on regularity outcomes to achieve this. We as growers must also be focused on ethical and professional operations, based on the best knowledge of appropriate techniques for producing each crop, in each soil type and current weather conditions, each day (GAP).

To be successful we must all work together on this every day. Thank you.”

MOTION 2
That the Chair’s report for the year ended 31 March 2019, as published in the Vegetables NZ Inc. AGM and Conference papers, be taken as read and adopted.

VNZI Board / Mike Parker
Vegetables New Zealand Incorporated – Financial Statements 2018/2019

The VNZI General Manager, Antony Heywood, presented the Vegetables New Zealand Incorporated financial statements as circulated in the meeting papers on pages 14-23.

- The 2018/2019 financial statements show a similar pattern to 2017/2018, with a slight variation in expenses covering a decrease in Research and Development and a slight increase in spending in promotion. Research decrease was due to a number of projects coming to an end, and the projected PGP funding start date being delayed.

- A promotion increase was a reflection in a new funding regime for Vegetables.co.nz.

Commodity Levy Rate For 2019/2020

Motion 5 represents no change to the current Levy rate. The levy on New Zealand fresh vegetable sales is set under the Commodity Levies Act 1990 – Commodity Levy (Fresh Vegetables) Order 2019. That Order came into effect on 1 April 2019 and remains in place until 2025.

MOTION 4
That the audited Vegetables New Zealand Incorporated Financial Statements for the year ended 31 March 2019 be adopted.

VNZI Board / Frank Hickmott

MOTION 5
That the commodity levy rate for Fresh Vegetables for the coming levy year remain at 0.30% for Domestic sales, and 0.20% for Export sales (FOB).

VNZI Board / Doug Nilsson
Chair’s Commensuration

The Vegetables NZ Inc. Chair is very active for example in the following:

- VNZI Board and management decision making for GIA, Biosecurity, EPA assessments, submission’s on behalf of growers, communications and the Primary Group Partnership (PGP).
- Chair of Vegetables.co.nz
- Chair of the Vegetable Chairs Forum.
- Industry meetings such as the Horticulture Industry Forum (HIF) and District Association meetings.

These functions are demanding not only in time commitment but also in governance, legal responsibility, financial and in meeting Health and Safety regulations.

To get a diverse, experienced and qualified person into this role we need to send the right signals. A deserved retainer is crucial for selection development.

MOTION 6

i. That the Chair’s commensuration be increased to $40,000 per annum, paid quarterly in arrears;
ii. The Chair’s commensuration be referred to as a ‘Retainer’;
iii. To take effect in the Financial Year 2019/20;

VNZI Board / Doug Nilsson

Directors’ Daily Fees

The General Manager, Antony Heywood, advised the proposed Retainer replaces the VNZI daily fees and covers Director responsibilities around Crop Advisory Groups, District Associations and regional conferences.

MOTION 7

i. That the VNZI Board Directors’ daily fees be increased to $4,000 per annum, paid quarterly in arrears;
ii. The VNZI Board Directors’ commensuration be referred to as a ‘Retainer’;
iii. To take effect in the Financial Year 2019/20;

VNZI Board / Candy Mott

Alternate, Observer & Director Half Daily Fee

The General Manager noted the three points in Motion 8.

- It was noted that VNZI Director daily fees were last increased in 2010.

MOTION 8

It is proposed that a half daily fee of $250 be paid to:

i. An Alternate attending a VNZI Board meeting on behalf of an absent VNZI Board Director, with the prior approval of the Chair;
ii. Observers attending VNZI Board meetings as requested by the Chair;
iii. VNZI Board Directors, Alternates and Observers sent to attend ‘Other Meetings’ for the purpose of representing the interests of VNZI business, with the approval of the Chair/Board.

VNZI Board / Rob Lindsay
Nominations & Confirmation Of VNZI Directors
There were four Board Directors retiring by rotation. All retire by rotation, are available for re-election and deemed to be re-elected as there were no opposing candidates.

- Kiran Hari (Pukekohe)
- Allen Lim (Canterbury)
- Mike Parker (Waikato)
- Leanne Roberts (Blenheim)

The General Manager declared Kiran Hari, Allen Lim, Mike Parker and Leanne Roberts re-elected as Directors of Vegetables NZ Inc.

The meeting congratulated Kiran, Allen, Mike and Leanne on their re-election.

Election Of The VNZI Chair And Vice Chair
The General Manager advised the election of the VNZI Chair and Vice Chair will be determined at the first VNZI Board meeting following the AGM.

[Postscript – this meeting was held on Thursday 1 August 2019 at 8:45am. Andre de Bruin was nominated by Mike Parker for the position of Chair of the VNZI Board, seconded by John Murphy. Andre de Bruin nominated Mike Parker for the position of Vice Chair of the VNZI Board, and seconded by John Murphy.]

Appointment Of Auditors

MOTION 10
That BDO Wellington be appointed auditors for the financial year ended 31 March 2020.

VNZI Board / Rob Lindsay

Life Membership Presentation
The Chair presented Dr Stuart Davis a Life Membership Award for his outstanding service to the horticulture industry, vegetable sector and vegetable growers.

General Business
There was no further general business for discussion.

The meeting closed at 4:50pm.
AGM REMITS
2020 ANNUAL GENERAL MEETING

The following Remits will be considered at the Vegetables NZ Incorporated AGM, being held on Friday 25 September 2020, at 3:45pm, Pukekohe.

REMIT 1
That the draft minutes of the Vegetables NZ Inc. combined AGM held on Wednesday 31st July 2019 be taken as a true and correct record of that meeting.

Proposed by the Vegetables NZ Inc. Board

Explanatory Note
The draft minutes are included with the 2020 Vegetables NZ Inc. AGM papers, posted to all members and available at www.freshvegetables.co.nz.

REMIT 2
That the Chair’s report for the year ended 31 March 2020, as published in the Vegetables NZ Inc. AGM papers, be taken as read and adopted.

Proposed by the Vegetables NZ Inc. Board

Explanatory Note
The Chair’s report is included with the 2020 Vegetables NZ Inc. AGM papers, posted to all members and available at www.freshvegetables.co.nz.

REMIT 3
That the audited Vegetables NZ (product group of HortNZ) Financial Statements for the year ended 31 March 2020 be adopted.

Proposed by the Vegetables NZ Inc. Board

Explanatory Note
A copy of the Vegetables NZ financial statement is a component of the audited HortNZ financial statements and are included within the 2020 Vegetables NZ Inc. AGM papers, posted to all members and available at www.freshvegetables.co.nz.

REMIT 4
That the audited Vegetables New Zealand Incorporated Financial Statements for the year ended 31 March 2020 be adopted.

Proposed by the Vegetables NZ Inc. Board

Explanatory Note
The audited Vegetables New Zealand Incorporated Financial Statements are included with the 2020 Vegetables NZ Inc. AGM, posted to all members and available at www.freshvegetables.co.nz.
REMIT 5
That the commodity levy rate for Fresh Vegetables for the coming levy year remain at 0.30% for Domestic sales, and 0.20% for Export sales (FOB).

Proposed by the Vegetables NZ Inc. Board

Explanatory Note
This represents no change to the current levy rate. The levy on NZ fresh vegetable sales is set under the Commodity Levies Act 1990 - Commodity Levy (Fresh Vegetables) Order 2019. That Order came into force on 1 April 2019 and remains in place until 2025.

REMIT 6
That the new biosecurity levy rate for fresh vegetable domestic and export sales for the coming biosecurity levy year be endorsed at 0.05%.

Proposed by the Vegetables NZ Inc. Board

Explanatory Note
The Biosecurity (Readiness and Response – Fresh Vegetables Levy) Order 2020 came into force on 10 August 2020 with the first levy year being 10 August 2020 to 31 March 2021. For each subsequent levy year, the 12-month period starts on 1 April and ends on 31 March.

REMIT 7
That the Vegetables NZ Inc. Budget for the year ended 31 March 2021 be endorsed.

Proposed by the Vegetables NZ Inc. Board

Explanatory Note
A copy of the Vegetables NZ Inc. Budget for the year ended 31 March 2021, prepared for and approved by the VNZI Board, is included in the 2020 Vegetables NZ Inc. AGM papers, posted to all members.

REMIT 8
That BDO Wellington be appointed auditors for the financial year ended 31 March 2021.

Proposed by the Vegetables NZ Inc. Board

Explanatory Note
BDO Wellington were awarded the contract to complete the audit for Horticulture NZ and its contracted organisations (including Vegetables NZ Inc.) for the 2020-21 year, Vegetables NZ Inc. and Horticulture NZ intend to continue that arrangement.

REMIT 9
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, NZ Gourmet Group of Companies

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.
Profit & Loss with Budgets & Variances

Vegetables NZ - Horticulture New Zealand Inc

As at 31 March 2020

<table>
<thead>
<tr>
<th>Description</th>
<th>YE 2020 Actual</th>
<th>YE 2019 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy Income</td>
<td>0</td>
<td>1,281,401</td>
</tr>
<tr>
<td>Interest</td>
<td>18,192</td>
<td>20,288</td>
</tr>
<tr>
<td>Expenses</td>
<td>(1,117,030)</td>
<td>(1,079,653)</td>
</tr>
<tr>
<td>Surplus/Deficit</td>
<td>(1,098,838)</td>
<td>222,036</td>
</tr>
</tbody>
</table>

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

In YE 2020 Vegetables NZ Inc was paid for levies under their Commodity Order. The expense for Vegetables New Zealand in HortNZ was the payment to Vegetables New Zealand Inc for the provision of services to the vegetable growers in New Zealand.

Income was interest from average reserves held in HortNZ.

<table>
<thead>
<tr>
<th>ACCUMULATED RESERVES HELD IN HORTICULTURE NZ</th>
<th>YE 2020</th>
<th>YE 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance</td>
<td>1,517,444</td>
<td>1,295,408</td>
</tr>
<tr>
<td>Surplus/Loss</td>
<td>-1,098,838</td>
<td>222,036</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>418,606</td>
<td>1,517,444</td>
</tr>
</tbody>
</table>

PREPAYMENT - VEGETABLES NZ Inc

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

In subsequent years any surplus in VNZI has been recognised as Income in Advance in VNZ and as a Prepayment in HortNZ.

Currently the Income in Advance in the VNZI financials is $400,414.

The Prepayment in HortNZ (including interest) will be offset against the Accumulated Reserves held in HortNZ for VNZ Inc during the year ended March 2021.

In the 2020/21 year HortNZ will contract VNZI to provide services to the vegetable growers in New Zealand. The prepayment of $418,606 ($400,414 + $18,192) will be used to offset these payments.
Independent Auditor’s Report
To the Members of Vegetables New Zealand Incorporated

Opinion
We have audited the special purpose financial statements of Vegetables 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 38 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 38 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 38 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
22 July 2020
# Statement of Financial Performance

For the year ended 31 March 2020

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Contract Income</td>
<td>1</td>
<td>1,117,030</td>
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<tr>
<td>Levy Income</td>
<td>2</td>
<td>1,153,539</td>
</tr>
<tr>
<td>R &amp; D Grants</td>
<td></td>
<td>9,181</td>
</tr>
<tr>
<td>Interest</td>
<td>3</td>
<td>1,102</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td></td>
<td>2,280,852</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research &amp; Development</td>
<td>328,901</td>
<td>362,153</td>
</tr>
<tr>
<td>Meetings &amp; Travel</td>
<td>166,871</td>
<td>126,722</td>
</tr>
<tr>
<td>Office and Communications</td>
<td>280,789</td>
<td>264,687</td>
</tr>
<tr>
<td>Audit Fees</td>
<td>5,590</td>
<td>4,570</td>
</tr>
<tr>
<td>Promotion</td>
<td>341,952</td>
<td>322,118</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>1,124,103</td>
<td>1,080,250</td>
</tr>
<tr>
<td><strong>Surplus for the Year</strong></td>
<td>1,156,750</td>
<td>0</td>
</tr>
</tbody>
</table>
## Statement of Financial Position
For the year ended 31 March 2020

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank accounts and cash</td>
<td>4</td>
<td>1,552,462</td>
<td>683,418</td>
</tr>
<tr>
<td>Debtors and prepayments</td>
<td>6</td>
<td>225,880</td>
<td>857</td>
</tr>
<tr>
<td>GST Receivable</td>
<td>-</td>
<td>10,543</td>
<td></td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>1,778,342</td>
<td>694,818</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors and accrued expenses</td>
<td>202,251</td>
<td>165,680</td>
<td></td>
</tr>
<tr>
<td>GST Payable</td>
<td></td>
<td>18,927</td>
<td>-</td>
</tr>
<tr>
<td>Income in Advance</td>
<td>1</td>
<td>400,414</td>
<td>529,137</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>621,592</td>
<td>694,818</td>
</tr>
<tr>
<td><strong>Total Assets less Total Liabilities (Net Assets)</strong></td>
<td></td>
<td>1,156,750</td>
<td>0</td>
</tr>
<tr>
<td><strong>Accumulated Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated Funds</td>
<td></td>
<td>1,156,750</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Accumulated Funds</strong></td>
<td></td>
<td>1,156,750</td>
<td>0</td>
</tr>
</tbody>
</table>

ANDRE DE BRUIN  
VNZ Inc. Chair & Director  
22 July 2020

MIKE PARKER  
VNZ Inc. Vice Chair & Director  
22 July 2020
CASH FLOWS FROM OPERATING ACTIVITIES

Cash was received from:

- Contract Income: $988,307 in 2020, $1,120,565 in 2019
- Levy Income: $930,909 in 2020, $- in 2019
- Other Income: $9,181 in 2020, $- in 2019
- Interest: $1,102 in 2020, $597 in 2019

Cash was applied to:

- Payments to suppliers: $1,060,455 in 2020, $1,058,830 in 2019

Net Cash Flows from Operating Activities: $869,044 in 2020, $62,331 in 2019

Net Cash Flows from Investing and Financing Activities: $- in 2020, $- in 2019

Net Increase/(Decrease) in Cash: $869,044 in 2020, $62,331 in 2019

Opening Cash: $683,418 in 2020, $621,087 in 2019

Closing Cash: $1,552,462 in 2020, $683,418 in 2019

This is represented by:

- Bank Accounts and Cash: $1,552,462 in 2020, $683,418 in 2019
Basis of Preparation
Vegetables 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 prepare Special Purpose Financial Statements applying 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 Financial Reports are reported using the accrual basis of accounting. The Financial Report is prepared under the assumption that the entity will continue to operate in the foreseeable future. The Financial Reports have been prepared to meet the needs of the members.

Goods and Services Tax (GST)
Vegetables 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
Vegetables New Zealand Inc has a memorandum of understanding with Horticulture New Zealand Inc to provide services of benefit to vegetable growers in New Zealand. Funding is provided to Vegetables New Zealand Inc under the memorandum on the basis of being income in advance until the funds have been spent in accordance with the Vegetables New Zealand 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.
As disclosed in the accounting policies Vegetables New Zealand Inc has a Memorandum of Understanding with Horticulture New Zealand Inc to undertake the activities specific to the fresh vegetable industry and previously undertaken by the Vegetables NZ Product Group. Vegetables 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.

Under the Memorandum all funding is required to be recognised as income in advance until it is spent in accordance with the memorandum. Unspent money is refundable to Horticulture New Zealand Inc.

At year end Vegetables New Zealand Inc had received funding of $400,414 which remained unspent. This has been recognised as income in advance liability in the financial statements.

Note 1: Horticulture New Zealand Contract Revenue

<table>
<thead>
<tr>
<th></th>
<th>$ This Year</th>
<th>$ Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income in Advance Opening Balance</td>
<td>529,137</td>
<td>474,607</td>
</tr>
<tr>
<td>Contract Funding provided throughout the year</td>
<td>988,307</td>
<td>1,134,183</td>
</tr>
<tr>
<td>Unspent contract income</td>
<td>(400,414)</td>
<td>(529,137)</td>
</tr>
<tr>
<td></td>
<td>1,117,030</td>
<td>1,079,653</td>
</tr>
</tbody>
</table>

As disclosed in the accounting policies Vegetables New Zealand Inc has a Memorandum of Understanding with Horticulture New Zealand Inc to undertake the activities specific to the fresh vegetable industry and previously undertaken by the Vegetables NZ Product Group. Vegetables 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.

Under the Memorandum all funding is required to be recognised as income in advance until it is spent in accordance with the memorandum. Unspent money is refundable to Horticulture New Zealand Inc.

At year end Vegetables New Zealand Inc had received funding of $400,414 which remained unspent. This has been recognised as income in advance liability in the financial statements.

Note 2: Levy Income

<table>
<thead>
<tr>
<th></th>
<th>$ This Year</th>
<th>$ Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy Income collected throughout the year</td>
<td>1,153,539</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,153,539</td>
<td>-</td>
</tr>
</tbody>
</table>

From 1 April 2019 Vegetables New Zealand Incorporated received funding through the Commodity Levies Fresh Vegetables Order 2019.

Note 3: Interest

<table>
<thead>
<tr>
<th></th>
<th>$ This Year</th>
<th>$ Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>BNZ</td>
<td>1,102</td>
<td>585</td>
</tr>
<tr>
<td>IRD</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>1,102</td>
<td>597</td>
</tr>
</tbody>
</table>

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

Note 4: Bank Accounts and Cash

<table>
<thead>
<tr>
<th></th>
<th>$ This Year</th>
<th>$ Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>BNZ Current Account</td>
<td>1,533,593</td>
<td>664,563</td>
</tr>
<tr>
<td>BNZ Autocall</td>
<td>18,869</td>
<td>18,855</td>
</tr>
<tr>
<td></td>
<td>1,552,462</td>
<td>683,418</td>
</tr>
</tbody>
</table>

Interest is earned at 0.10% in the current account. As at balance date there were no overdraft facilities or any other banking arrangements in place with BNZ.
Vegetables New Zealand was incorporated on 24\textsuperscript{th} December 2014. Trading started from 1 April 2015.

### Note 5: Taxation

<table>
<thead>
<tr>
<th></th>
<th>$ This Year</th>
<th>$ Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax is payable at 28%</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Note 6: Debtors and Prepayments

<table>
<thead>
<tr>
<th></th>
<th>$ This Year</th>
<th>$ Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Debtors</td>
<td>225,880</td>
<td>857</td>
</tr>
</tbody>
</table>

### Note 7: 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 Vegetables New Zealand Incorporated.

<table>
<thead>
<tr>
<th>Transactions Undertaken</th>
<th>$ This Year</th>
<th>$ Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Funding Provided</td>
<td>988,307</td>
<td>1,134,183</td>
</tr>
<tr>
<td>Accounts Receivable Outstanding at Year End</td>
<td>48,000</td>
<td>-</td>
</tr>
<tr>
<td>Income Received in Advance</td>
<td>(400,414)</td>
<td>(529,137)</td>
</tr>
<tr>
<td>Funding Provided to Vegetable Research &amp; Innovation Board</td>
<td>205,441</td>
<td>214,945</td>
</tr>
<tr>
<td>Funding Provided to Vegetables.co.nz</td>
<td>320,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Conference and Administrative Services Provided</td>
<td>364,313</td>
<td>327,314</td>
</tr>
<tr>
<td>Administrative Services Outstanding Creditor at Year End</td>
<td>177,380</td>
<td>160,631</td>
</tr>
</tbody>
</table>

Mike Parker is on the Vegetable Research & Innovation Board. Andre de Bruin and Kiran Hari are on the Board of Vegetables.co.nz. They are all on the Board of Vegetables New Zealand Inc.

Vegetables New Zealand Inc provides funding to the Vegetable Research & Innovation Board and Vegetables.co.nz via Horticulture New Zealand Inc.

There were no amounts outstanding at year end to either of these organisations.

John Murphy and Allen Lim are on the NZ Gap committee which operate under Horticulture New Zealand Inc.

Kathryn de Bruin, the wife of Andre de Bruin the Chair of Vegetables New Zealand Inc is a director on the Board of Horticulture New Zealand Inc.

Andre de Bruin is a committee member of Northern Wairoa Vegetable & Produce Growers Association who contributed $10,558 towards the research Kumara Fludio Agrichemical trial.

Kiran Hari is a committee member of Pukekohe Vegetable Growers Association to whom Vegetables New Zealand Inc paid $3,500 sponsorship for the Young Vegetable Grower of the Year.

All elected Directors are growers and pay levies through the entities they are associated with.
**Note 8: Commitments and Contingencies**

**Commitments**
There are no commitments as at balance date (Last Year - nil).

**Contingent Liabilities and Guarantees**
There are no contingent liabilities or guarantees as at balance date (Last Year - nil).

---

**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 Vegetables New Zealand Inc has committed to paying $138,000 towards the Queensland fruit fly response under the GIA Fruit Fly Operational Agreement.

---

**Note 10: Covid19**

There will be an impact on the next financial year due to availability of employees and sales restrictions caused by Covid19. Vegetables New Zealand Inc will reduce their expenditure to reflect this. Vegetables New Zealand Inc has reserves to call on if required.
## Budget 2020/21

### Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy Income (Domestic &amp; Export)</td>
<td></td>
</tr>
<tr>
<td>Levy GIA / Biosecurity % to be confirmed</td>
<td>0</td>
</tr>
</tbody>
</table>

### Industry Research & Development

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>VR&amp;I Board Management &amp; Administration</td>
<td>57,000</td>
</tr>
<tr>
<td>VR&amp;I Research Projects</td>
<td>200,996</td>
</tr>
<tr>
<td>PGP 'Leading Future Food Production' Project</td>
<td>67,597</td>
</tr>
<tr>
<td>VNZI Research Projects &amp; Proposals</td>
<td>77,000</td>
</tr>
<tr>
<td>GIA / MPI Biosecurity</td>
<td>54,600</td>
</tr>
<tr>
<td>GIA biosecurity response</td>
<td>143,000</td>
</tr>
<tr>
<td>All Consultancy (including EPA &amp; Careers/labour)</td>
<td>44,500</td>
</tr>
</tbody>
</table>

### Meetings & Travel PG Expenditure

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conference VNZI AGM - Hamilton - Mystery Creek</td>
<td>25,000</td>
</tr>
<tr>
<td>Chair’s Retainer</td>
<td>40,000</td>
</tr>
<tr>
<td>VNZI Board Meetings - Directors Daily Fee (Retainer)</td>
<td>28,000</td>
</tr>
<tr>
<td>VNZI Board Meetings - Travel &amp; Expenses</td>
<td>12,000</td>
</tr>
<tr>
<td>All Other Meetings - Travel &amp; Expenses</td>
<td>9,000</td>
</tr>
<tr>
<td>All Other Meetings - Daily Fees</td>
<td>3,000</td>
</tr>
<tr>
<td>Overseas Travel</td>
<td>0</td>
</tr>
<tr>
<td>Grower Visits</td>
<td>4,500</td>
</tr>
</tbody>
</table>

### Office & Communications

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Overheads &amp; Levy Collection</td>
<td>52,000</td>
</tr>
<tr>
<td>NZ Grower Magazine Contribution</td>
<td>21,000</td>
</tr>
<tr>
<td>Printing &amp; Stationary</td>
<td>260</td>
</tr>
<tr>
<td>General Expenses</td>
<td>2,600</td>
</tr>
<tr>
<td>Postages including mail outs</td>
<td>1,000</td>
</tr>
<tr>
<td>Photocopying</td>
<td>5,000</td>
</tr>
<tr>
<td>VNZI Staff salaries (incl HortNZ staff allocation)</td>
<td>181,000</td>
</tr>
<tr>
<td>District Association Grants</td>
<td>10,000</td>
</tr>
<tr>
<td>Telephone &amp; Tolls</td>
<td>3,500</td>
</tr>
<tr>
<td>Legal / accounting / audit advice</td>
<td>5,000</td>
</tr>
<tr>
<td>VNZI Website</td>
<td>3,000</td>
</tr>
</tbody>
</table>

### Promotions

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vegetables.co.nz Fixed Contribution</td>
<td>300,000</td>
</tr>
<tr>
<td>Promotions/Sponsorships/Other</td>
<td>22,000</td>
</tr>
</tbody>
</table>

### Total Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget 20/21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenses</td>
<td>$1,372,553</td>
</tr>
<tr>
<td>Surplus/Deficit</td>
<td>-$142,553</td>
</tr>
</tbody>
</table>