



ANNUAL REPORT 2020



vision

A vibrant plant production industry widely respected for its professionalism, innovation and major contribution to New Zealand

mission

To support our members by working to create a positive industry profile and business environment



New Zealand Plant Producers Incorporated

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Chief Executive's *Report*

The importance of our industry was highlighted during the 2020 COVID-19 lockdown. NZ Plant Producers is now looking at how it will contribute to the post-COVID-19 economic rebuild.

During the April-May 2020 lockdown, our industry was among the few that continued to operate. This enabled food plant producers to continue to supply growers, while others were able to maintain their plants. This happened while industries like forestry and floriculture were shut. This allowance was granted by the Government as recognition that plant production is vital to the health and wellbeing of the country and the relationship and trust that NZ Plant Producers has built with Government over the past five years.



For better or worse over the coming years the Government will likely play a larger role in our economy and our industry. Whether it is by regulating our activities, or supporting our work, our relationship and ability to influence will be critical.

Over the past year the Government pushed through a significant amount of regulatory change in areas that are important to our industry. Some of these changes, like employment relations, will challenge us, whereas others, like climate change, water quality and vocational training could benefit us in the long term.

NZ Plant Producers played a key role representing members through these changes. More than ever we made sure decision makers understood how they must either help us or get out of our way. Understanding our industry, its opportunities and needs is vital, and in May 2020 we completed the *Growing Our Future* project, which included a comprehensive survey of native plant production and an action plan to overcome the most critical issues. While its focus was on indigenous plants, we gained valuable insights into our industry which has provided a platform for a deeper understanding in the future. We hope that this leads to further work to transform our sector to be even more productive and profitable.

Plant imports have been a perpetual challenge for our industry. In 2019 we ran a series of events that got our members in front of the regulators to explain that the plant imports system was failing. We asked for immediate action and then set to work advocating for change. This advocacy led to a whole-of-industry Plant Import Workshop in August 2019, attended by more than 100 representatives from primary industries and Government. This event was the catalyst for a change process that has resulted in some significant wins for our members.



Our achievements include the removal of testing for ornamental pelleted seed. This requirement was put in place as a knee-jerk reaction to an incursion of Velvet Leaf in agricultural crops in 2017, but the testing process captured ornamental and greenhouse species with costs in excess of \$450,000 per year.

We haven't stopped there. Following this success, we turned our attention to a long list of restrictions including genetically modified *Petunia* and *Xylella* host species.

Biosecurity remains a headline issue for NZ Plant Producers and last year we consulted with the industry on a proposal to join the Government Industry Agreement on Biosecurity (GIA). With almost unanimous support we are now working through the formal process to sign the Deed.

As we enter the next phase in the growth of NZ Plant Producers we will continue to work to unite our industry by increasing our membership and our mandate to deliver on our vision of a thriving plant production sector, valued for its professionalism and contribution to New Zealand.

NZPPI is reporting a loss of \$320,760 for the 2020 financial year, compared to a surplus of \$86,100 in the prior year.

Photo credit: Paul Sutherland Photography

Significant items affecting this result are:

- A reduction of \$49,900 in membership subscriptions compared to the previous year due to the receipt of subscriptions after the reporting cut off date in FY18, overstating the income in FY19.
- An accounting adjustment of \$222,291 (expense) to reflect the value of unredeemed gift cards which had not been accounted for historically.
- A write down on the value of investments of \$40,034 reflecting the impact of Covid-19 on their market value at the time of reporting. This value has since recovered.

The NZPPI Board has sought an independent assessment of these items from our accountants, BDO Ltd, which is available to our members on request.

Despite this we retain a strong balance sheet and the current financial year is progressing well with many new members and revenue items.

I thank our members, our stakeholders and sponsors for their ongoing support. I also thank the Board members and the NZPPI team who continue to go above and beyond.

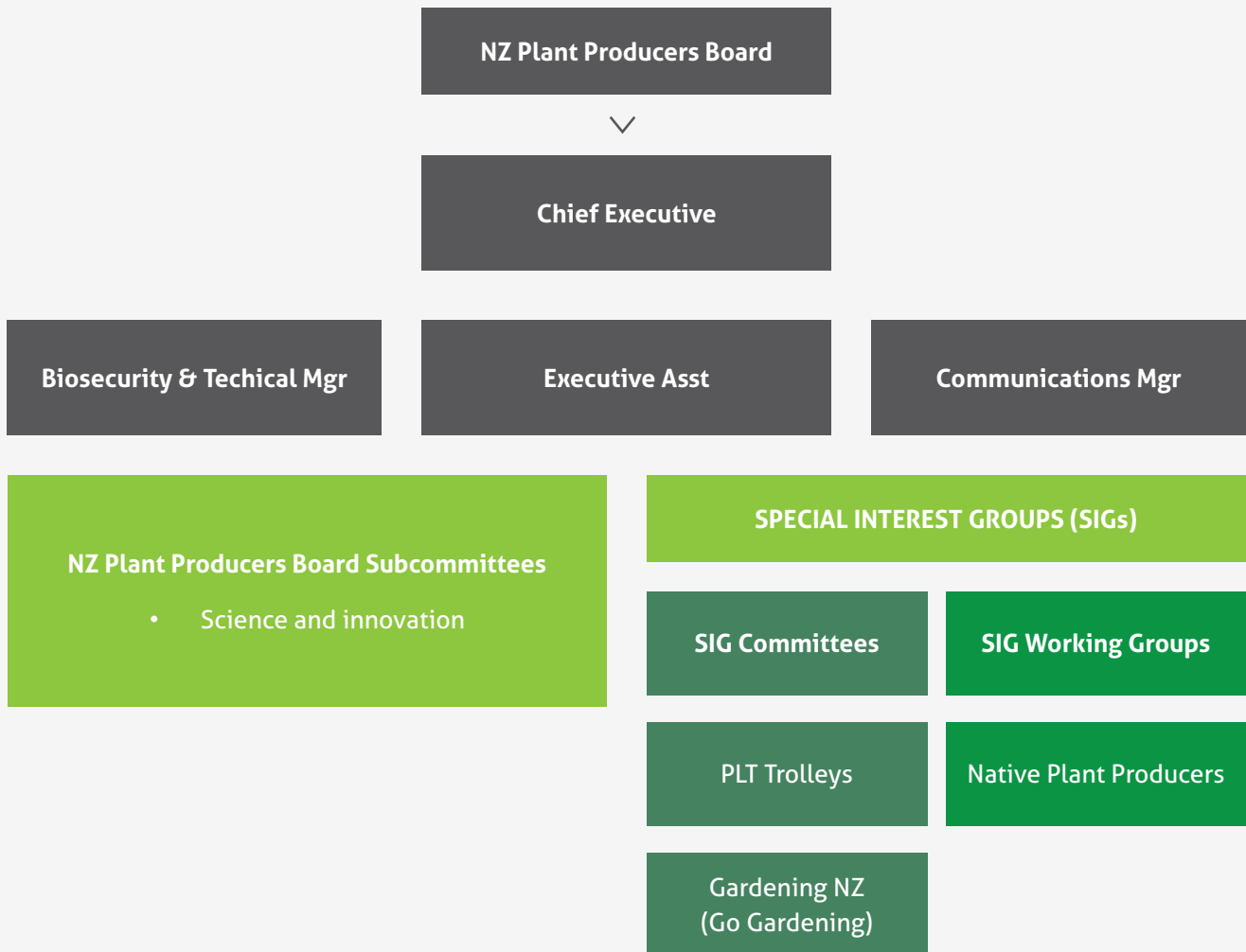
The 2020-21 year will be another busy one for NZ Plant Producers, with policy changes, strong demand for plants, industry development projects and a general election.



Matthew Dolan
September 2020

NZ Plant Producers Inc

Structure 2019-2020



The NZ Plant Producers Board establishes Board Subcommittees and Special Interest Groups (SIGs) to pursue its strategic goals and enable members to work collaboratively on an activity or project in their common interest.

As a small organisation with few permanent staff, NZPPI can use this structure to access members' experience and skills and allow the industry to participate directly in issues that affect it.

The NZ Plant Producers Board Subcommittees and SIGs structure enables NZPPI to meet the diverse needs of its members, increase its reach across a wide range of activities, and increase engagement between members and stakeholders.

SIGs operate with relative autonomy, but with oversight from the NZ Plant Producers Board. This ensures SIGs deliver value to beneficiaries and stakeholders while operating responsibly and managing risk. There are two forms of SIG. SIG working groups address short term issues (two years or less), and SIG committees deal with longer term issues.

Our strategy 2017-2020

1 ENGAGEMENT

Growing connection through personal contact and meaningful engagement with, and between, our members.

- Conference
- Newsletters
- Recruitment
- Sectors
- Workshops

2 INFLUENCE

Achieving advocacy outcomes that improve our business environment, building broader, stronger connections & influence.

- Imports/Exports
- Workforce training and education
- Awareness and profile among Ministers and senior officials
- Biosecurity and GIA

3 TOOLBOX

Delivering results and services that add tangible value to our members.

- EMA
- Cyber security guidance
- Workplace Health and Safety guidance
- Farm Management System
- Insurance package

4 INNOVATION

Lifting innovation, creating a step change in access to timely and relevant science, research, development and technical advice.

- Science and Innovation Summit
- Grower Technical Seminar
- Science Plan – research platform
- Industry Development Officer – tech transfer

5 IMAGE

Building recognition of plant producers as an industry of professionals.

- Telling the story
- Professional development (& career path)
- Respect
- NZIER survey
- Scholarships and awards

values

PROFESSIONAL | UNIFIED | DYNAMIC | RESILIENT | VIBRANT | RESPECT

Chairman's Report

Industry overview

It is pleasing to see all sectors reporting positive trading conditions after it initially looked like trading conditions in a post-Covid environment would be dismal. This a remarkable situation the plant production industry has found itself in and certainly reflects on the sound principals that businesses within the NZ Plant Producers membership are based on.

Members have a large role to play in the country's environmental, trade, and food supply objectives and we now seem to be getting recognition for our role in supporting these important elements of the economy. Long may this continue; however, our thoughts go out to industries that have not been so fortunate in the effect of Covid.

Age and membership trends

The Board took on a significant risk with the change from NGIA to NZ Plant Producers and it was critical we engaged newer and larger producers of plants which were not involved with NGIA. Four years into NZPPIs development we are pleased to see steadily increasing revenue from producer members.

There is a trend within membership towards attrition due to the aging demographics of industry participants. Pleasingly this attrition is offset by both steadily increasing numbers of members and increasing levies from business growth within the existing membership. We have 25 new members in the 2021 membership year so far.



Government relationships

The profile of plant producers has improved dramatically with government and we have been pleased to offer various government agencies advice and information over a steady stream of issues, particularly around biosecurity.

NZ Plant Producers is on the brink of becoming a GIA signatory. This is a fantastic achievement and our thanks go to Matt Dolan and his team: Kathryn Hurr, Alix Walles, and Martin Craig for their efforts to get to this point.

The arrival of GIA on the landscape was a key driver in the formation of NZPPI as the resulting likely interruption to the plant material supply chain would become a risk for plant producers. We will now be in position to have a sensible discussion in the event of biosecurity incursions threatening plant material movement.

The importance of our industry in the Covid recovery has become clear to government since the first lockdown. As a result of this, NZPPI is now in discussions with the Government for funding of around \$5 million over five years for a programme of work to develop our industry. This funding will give NZPPI the resources it needs to progress an industry plan to improve the productivity and profitability of nurseries. This project will cover the key areas of science, workforce and industry data, but will also explore how our industry can be better structured to invest in these areas in the long term.





Board and management support

As an update to members I would like to thank the following for their valuable time they have contributed to NZ Plant Producers governance;

Vince Wylaars of Zealandia Horticulture representing the retail sector and food production.

Marie Taylor of Plant Hawkes Bay representing the revegetation sector.

Patrick Murray of Murray's Nurseries representing the forestry sector.

Geoff Thorpe of Riversun Nursery representing fruit and vine sectors. Geoff also serves as deputy chairman.

In particular, a special thank you to Greg Kitson of Ambrosia Nurseries. Greg has resigned his position representing the retail sector for personal reasons. Greg was involved at the conception of NZPPI, served on the steering committee and has held his position on the board for the last three years. He always offered a balanced, people-first view of the issues we dealt with. We look forward to his ongoing involvement with NZPPI as member.

And finally, a warm welcome to Kara Beaumont from Ardmore Nurseries who has joined us as part of our director development programme.

Election of board members will occur in March; we will be calling for nominations for this later in the year as there are several positions coming up for rotation.



Financial summary

While NZ Plant Producers is financially stable with improving revenue from producer members, FY20 has turned up a couple of challenges. The most significant of these challenges is the crystallisation of the liability attached to gift card and vouchers. This is reported on in detail by BDO and we will continue to work on mitigating the effects of this. Despite the likely realisation of these outgoings NZPPI continues to improve its financial stability by building its subscription revenue which is our core activity.



Mike Simpson
September 2020

Biosecurity Manager's Report

NZ Plant Producers had fewer biosecurity incursion issues to respond to in 2019-20 compared to previous years, none of them directly impacting the plant production industry.

Fewer incursions meant we had more time to advocate for reform in the plant imports area. Members met with Ministry for Primary Industries (MPI) officials at a Joint Planning meeting in July 2019, to discuss the plant imports system, which was widely agreed as creating a handbrake on plant innovation and competitiveness within the industry.

A workshop followed, involving more than 48 industry organisations, government officials, and plant producer members. Improvements were identified, including new testing technologies, improved quarantine, and streamlined import health standard amendments. These changes were initiated at this workshop and are starting to progress.



The Ministry created a second Plant Imports Team in 2019, dedicated to ornamental plants, cut flowers, and foliage. The new team doubles capacity for work with ornamental plant pathways, and we have seen good progress on issues which were previously stuck. NZ Plant Producers' ongoing advocacy on pelleted ornamental flower and herb seeds led to the removal of border testing for these categories, put in place back in 2017. MPI also accepted our request for an alternative to expensive PCR testing of *Petunia* nursery stock and seeds for genetically modified varieties, which will save thousands of dollars, reduce delays and time-consuming compliance paperwork.

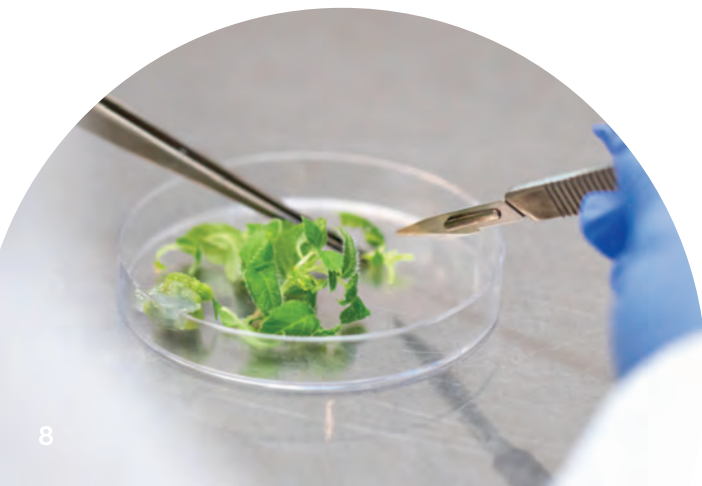
Our Plant Imports Strategy sets three key goals:

- getting the EPA/MPI assessment processes working again
- promoting greater recognition of international clean plant networks
- improved access to quarantine facilities.

In combination, NZ Plant Producers aims to continue progress for our plant imports and biosecurity advocacy over the next few years.

Kathryn Hurr

Kathryn Hurr
Biosecurity and Technical Manager
September 2020



Native Nursery Special Interest Group

Report

A Native Nursery Special Interest Group was established in June 2019 to develop the Native Nursery Capability Survey, funded by Te Uru Rākau.

The Group comprises seven NZ Plant Producers members and is chaired by Marie Taylor of Plant Hawke's Bay.

Data analysts Harmonic Analytics delivered the survey and analysed results. The email survey was sent to 359 producers in September and October 2019, asking about the size, capacity, and operations of New Zealand's native nurseries. Follow-up interviews gathered qualitative data and allowed respondents to add depth beyond the online responses. The response rate was extremely high with 156 respondents (43%) completing the survey.

The Group held a workshop in Wellington in October 2019 to interpret survey responses and make recommendations for the required report. The Group considered alignment with the market, risks and challenges, and factors creating business success. Also discussed was the role science and technology, development of industry standards, and workforce training and development could play in lifting productivity and sustainability. These were used to develop a plan for the sector and signal to government where further investment could increase capability and the capacity of the industry to deliver trees for One Billion Trees and other initiatives.



The summary report *Growing New Zealand* was published in December 2019, with the final report *Growing Our Future* completed in May 2020. The Group has now voted to form a permanent subcommittee to pursue the goals and outcomes identified in *Growing Our Future*.



Science Subcommittee Report



NZ Plant Producers' Science and Innovation Strategy was developed in 2017 to deliver our vision of an innovative plant production sector.

Five goals provide direction to research undertaken by science providers and help to guide science investment by government and industry.

A subcommittee was formed in 2019 to implement the strategy. Its members are plant producer members, Crown Research Institutes (CRIs), and other public science organisations. The committee reviewed the strategic priorities and identified several existing and novel research initiatives that NZ Plant Producers could participate in. Part of the challenge in delivering the strategy is the cost of science.

The committee is looking at ways to report on and utilise existing science to benefit our members, while leveraging our modest science budget to fund novel research.

Sustainable plant production was one priority for the committee, particularly recycling and replacing plastics. We are working with InterWorld Plastics to develop compostable plant containers, and trialling these with our members.

The ongoing work on myrtle rust transitioned to two programmes – *Beyond Myrtle Rust*, led by Manaaki Whenua – Landcare Research, and *Ngā Rākau Taketake – Saving our Iconic Trees*, led by the BioHeritage Challenge. Dr. Robert Beresford from Plant & Food Research gave an excellent presentation on practical tips and tricks for managing myrtle rust in nurseries. The science subcommittee will look for further opportunities to promote this practical advice ahead of the 2020 myrtle rust season.

The science subcommittee is also considering a project to prevent the introduction and spread of damaging *Phytophthora* species in nurseries. Forestry CRI Scion is working on kauri dieback and developing an extension project on hygiene practices in nurseries. This is a good candidate for NZ Plant Producers funding, providing science to underpin the Plant Production Biosecurity Scheme.



Trolley Subcommittee *Report*

System use and demand continues to increase and a further 330 trolleys will be built to meet spring 2020 orders.

This support from users is appreciated and demonstrates that the programme real benefit to many plant producers and their customers.

Trolley system work this year focused on completing the development of the tracking system. It's been a long process, and we expect to have it operable late in 2020. Once underway it will enable us to monitor trolley movements, better understand stock requirements and clear bottlenecks. The system uses technology that has been adapted from other parts of the horticulture sector to record the movement of units as they arrive and leave different sites. The system uses an RFID tag that is attached to the trolley base and is scanned with a mobile phone APP as trolleys are loaded on and off trucks.

In 2020 we will concentrate on bedding-in and accruing the benefits of the tracking system alongside work to improve fleet use and maintenance systems.



Retail Special Interest Group Report

Retailer SIG activity has focussed around the exploration of opportunities of benefit to retailers and the industry as a whole which have good fit with the three strategic pillars, Sustainability, Consumer Wellbeing and the Benefits of Plants (Greenlife Matters).

With the continued decline of gift cards, and the end to revenues from plastic bag sales (due to the ban enacted in July 2019) it was also necessary to look at income streams to fund the SIG's strategic work in a sustainable manner for the future.

Some highlights of the year's achievements included a successful retail break out at the May conference in Christchurch which brought together one of the largest retail audiences seen at an industry conference in many years. The SIG has worked towards pulling together the industry to address the plastic pot issue, launching a novel Gift Box to allow plants to be couriered as a living gift, and has seen through the highly successful re-invention of *Go Gardening* Magazine as a variable print format offering specific retailer customisation.

Gift cards have continued to decline at 15% per annum, largely due to retailers preferring to sell their own cards. This impacted the financials of the SIG, resulting in a loss of \$20,000 in the financial year. The SIG has actively explored alternatives to capture gift revenue for the industry at large, but these technology innovations are still a while away.

Key contributors to the financial result were the write-off of plastic bag stocks (\$-10.5K), the absence of a gift card write-down due to declining sales (\$-24K), and the absence of a sector fee anticipated to help cover office and staff overhead costs. The communications resource 0.5FTE left early in the financial year and this also required a re-structuring of staff resources to enable the smooth functioning of retail focussed activities.



Strategic work aligned with the 'Three Pillars' has included:

SUSTAINABILITY: Work to advocate for a pan-industry forum including suppliers, retailers, and growers, to address social license issues e.g., plastic plant pot recycling and disposal, and fact-finding on what services are available for this as options

CONSUMER WELLBEING: A key presentation at conference on mental health benefits of plants in stress marker reduction, press releases on mental health benefits during National Gardening Week in October. Continued focus on schools and children with "Kids Go Gardening" publications

BENEFITS OF PLANTS: Focus this year on the 'greener giving' messages around plants as living gifts in alignment with the launch of the gift boxes. *Go Gardening* Magazine content also supported the three pillars in greenlife matters articles published quarterly, backed by website, consumer newsletter and Facebook engagement.

Debbie Pascoe
July 2020

Communications Manager's *Report*

2019 marked a watershed year for the plant production industry in New Zealand, and the start of an extended phase of unprecedented growth.

Our Growing New Zealand report, commissioned by Te Uru Rākau, projected a doubling of native tree production over the decade 2019-2029.

While this sector has distinct drivers, other sectors of our industry also face strong demand, as shown by growth in pine plantings, fruit trees, and native shrubs, grasses and flaxes.

Overall, our industry is poised for growth in demand for commercial plants, environmental restoration, amenity plantings, and strong demand from home gardeners for fruit, vegetables, and ornamentals.

Big growth brings big opportunities and big challenges too. To put our projected growth in perspective, we checked our assumptions against other primary industries that have experienced sustained growth periods. Kiwifruit production increased 42% between 2006 and 2016 – average annual growth of 3.6%, described as 'staggering growth' by NZ Kiwifruit Growers. Dairy's boom means production has doubled every 20 years since 1985 – but our projections for native tree production require production to double in half that time.

We are not aware of any other primary industry that has doubled production in a decade. The only businesses sectors that grow at this pace are start-ups (particularly tech start-ups with little capital investment, raw materials, or stock), and only during their initial phase. We are not aware of any mature industry that has transitioned to a prolonged and sustained growth phase as projected.



Dairy's growth has been fast enough to cause problems. MPI shows dairy farm debt increased 267% between 2003 and 2019. Relative to production, farm debt levels have more than doubled from \$9.48/kg solids in 2003 to \$21.99/kg in 2019. MPI is aware of this risk and is providing strategic and financial advice on a farm-by-farm basis.

- This shows a recognition that sustained growth across an industry needs a planned and co-operative approach, as we recommended in the Growing New Zealand.
- Supporting long-term growth at an average 7.5%pa across the entire industry will take coordinated and planned commitment from the industry, government, financiers, training institutions and other stakeholders, if the projected growth is to be attainable.

Martin Craig
Communications Manager
August 2020

Our industry *at a glance*



510

production nurseries creating
3050 FTEs



\$334 million

contributed to the NZ
economy in 2019



285

NZ Plant Producers members



15

new members



8%

increase in industry value



75%

of industry value



250 million

plants produced per year



12,000

social media followers

NZ Plant Producers Board and Staff 2019/20

Mike Simpson
Waimea Nurseries
Independent chair
e: mike@waimeanurseries.co.nz
p: 027 446 7804

Greg Kitson
Ambrosia Nurseries
 Representing producers selling
 to retailers or home gardeners.
e: greg@ambrosia.net.nz
p: 021 351 644

Marie Taylor
Plant Hawke's Bay
 Representing producers of
 native plants
e: planthawkesbay@xtra.co.nz
p: 027 442 4536

Vince Wylaars
Zealandia Horticulture
 Representing producers
 supplying food crops
 (vegetables, berries, tomatoes
 but excl. orchards & vineyards).
e: vince.w@zealandia.co.nz
p: 027 434 3707

Geoff Thorpe
Riversun Nursery
 Representing producers selling
 to orchards or vine growers.
e: geoff@riversun.co.nz
p: 027 498 3207

Patrick Murray
Murray's Nurseries
 Representing producers
 supplying forestry stock.
e: murraysnurseries@xtra.co.nz
p: 027 776 5212

NZ PLANT PRODUCERS EXECUTIVE PERSONNEL

Chief executive, Matthew Dolan
 Executive assistant, Alix Walles
 Biosecurity and technical manager, Kathryn Hurr
 Communications manager, Martin Craig

REGISTERED OFFICE

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 23 Waring Taylor Street
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 Website:
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www.gogardening.co.nz
www.gardenvouchers.co.nz

LIFE MEMBERS

Stan Palmer	1982
David Goudie	1989
Don Liddle	1994
Mark Dean	2000
Keith Lowe	2004
Athol McCully	2004
Peter Tayler	2007
Peter Pattullo	2008

OTHERS

Solicitors: Morrison Kent
 Auditor: Grant Thornton
 Bank: Westpac
 Accountant: BDO

2019 Annual General Meeting *Minutes*

Minutes of the Annual General Meeting of The New Zealand Plant Producers Incorporated



Wednesday 18 September 2019,
3:00pm, Mirimar Links Golf Club,
Wellington

Welcome

Mike Simpson welcomed members and guests

Present

Mike Simpson (Chair), Matthew Dolan (Chief Executive) and a presentation of NZPPI Members.

Apologies

- Stephen Burton (Annton Nursery Ltd)
- Andrew Boylan (Tharfield Nursery Ltd)
- Nathan Piggott (Evandale Gardens)
- Anthony Washington (The Little Big Tree Company)
- Peter Fraser (Growing Spectrom Ltd)
- Kathryn Scott (Scott Base Nurseries)
- Peter Taylor (Rainbow Park Nurseries Ltd)
- Diane (Tree Line Nursery)
- Matthew Lees (Natures Creation)
- Keith Low (Millfield Nursery)

Media Present

- No Media Present

Valedictories

- Fred Allen
- Sam McCready

Minutes of Previous AGM 27 June 2018

- Motion – True and correct record (Mike Simpson/ Vince Wylaars) - passed
- Matters arising – NIL

Annual Report

- Annual Report was published in the Annual Report was tabled and taken as read.
- Motion – That the Annual Report be adopted (Mike Simpson / Marie Taylor) – passed

Financial Report

- Matt Dolan discussed the Financial Report
- Motion – That the Financial Report be adopted (Mike Simpson / Greg Kitson) – passed

Auditors

- Motion – That Grant Thornton be appointed as auditors for the 2020 year (Mike Simpson / Gareth Mitchell) – Passed
- Proposal – to suggestion to revise auditors

Board Elections

- In order to begin Board rotation at this AGM, two Board members elected to retire, Mike Simpson, representing Producers and Greg Kitson, representing Retailers. One Board member, Grant Hayman, representing Landscape, Amenity and Reveg, resigned during the year. As Andrew Harrison was an independent chair, his was not an elected position. Nominations to fill the three board vacancies were called for in February this year. Retiring Board members are eligible to stand again. Two no nominations were received:
 - Mike Simpson, representing Producers and
 - Greg Kitson, representing Retailers

No other nominations for these sectors were received, Mike & Greg are duly elected to their respective seats.

- To fill the Landscape, Amenity and Reveg seats a nomination has been received in favour of Marie Taylor. Nomination of Marie Taylor - accepted.

Notice of Motion

- None

General Business

- General discussion of Corrections producing plants for sale (commercial). Matthew Dolan confirms that members are invited to provide such evidence, to enable us to take the matter up with Corrections.
- General discussion on shortage of Labour in the Nursery Industry.

The meeting concluded at 5:15pm

New Zealand Plant Producers Incorporated

Group Statement of Financial Performance

For the year ended 31 March 2020

	Notes	Group 2020 \$	Group 2019 \$
Members' Subscriptions			
Members' Subscriptions		633,215	683,115
Contribution		<u>633,215</u>	<u>683,115</u>
Gift Cards & Vouchers (GCV)			
Income			
Gift Card & Voucher Sales		597,362	688,470
Net Gift Voucher / Card Sales		597,362	688,470
GCV Administration Charge		17,715	17,841
Annual Gift Card Write Down		-	29,258
Gift Card Merchandise Sales		22,547	7,978
		<u>637,624</u>	<u>743,547</u>
Cost of Sales			
Gift Card & Voucher Redemptions		(597,537)	(702,071)
Total Net Redemptions		<u>(597,537)</u>	<u>(702,071)</u>
Provision for Expired Gift Cards & Vouchers		(222,291)	78,868
Gift Card & Voucher Direct Expenditure		(18,979)	(21,502)
Cost of Sales - Gift Card Merchandise		(24,535)	(1,604)
Gift Card and Voucher Administration		(6,958)	(21,566)
Share of Communications Personnel		(11,668)	(25,256)
Share of Office Rent		(10,000)	(10,000)
		<u>(891,970)</u>	<u>703,131</u>
Contribution		<u>(254,344)</u>	<u>40,416</u>
Trolleys			
Income			
Trolley Leases & Rentals		67,013	54,928
Trolley Maintenance Fees		159,406	128,685
Other Trolley Income		-	-
		<u>226,419</u>	<u>183,613</u>
Cost of Sales			
Maintenance Expense		(31,160)	(52,654)
Depreciation	9	(50,196)	(44,783)
Trolley Project		(2,291)	(11,729)
Trolley Tracking System		(6,708)	(12,017)
Costs of Sales		(4,588)	(4,824)
Trolley Rental Storage		(6,640)	(10,170)
Share of Office Rental		(4,596)	(10,000)
Salary Contribution		(3,714)	(5,947)
		<u>(109,893)</u>	<u>(152,125)</u>
Contribution		<u>116,526</u>	<u>31,488</u>

The notes to the special purpose consolidated financial statements form part of and should be read in conjunction with the special purpose consolidated financial statements.

New Zealand Plant Producers Incorporated

Group Statement of Financial Performance

For the year ended 31 March 2019

Conference		
Conference Income	52,235	55,255
Conference Expenses	(50,105)	(64,351)
Contribution	2,130	(9,096)
Go Gardening Magazine		
Go Gardening Mag Income	262,096	240,425
Go Gardening Mag Expenses	(226,929)	(231,134)
Contribution	35,167	9,291
Biodegradeable Bags		
Biodegradeable Bags Income	829	13,160
Biodegradable Bags Expenses	(10,578)	(10,833)
Contribution	(9,748)	2,326
Strategic Plan Initiatives		
Farm Management System	(6,336)	(23,555)
Consultancy	(12,485)	(23,759)
Research	-	-
Advocacy	(448)	-
Training Advocacy & Development	-	-
Biosecurity Advocacy	(21,460)	(29,161)
Industry Promotion	-	(2,055)
Young Achiever Awards	(6,718)	(11,905)
Consumer Promotions	-	-
Member Recruitment and Workshops	(9,859)	(20,781)
Plant Producer Summit & Working Group	-	-
Capability Review	(5,552)	-
Plant Producers Biosecurity Accreditation Scheme	-	(112,676)
PPBS Stage 2	(51,834)	-
Myrtle Rust	(542)	-
NZPPI Establishment	-	(7,059)
Science Plan Development	(4,318)	(10,682)
Leadership Programme	-	(10,119)
Communication Plan	-	(7,494)
Website - Membership	(2,464)	(3,155)
GI A Proposal	(330)	-
Native Tree Capability	(78,915)	-
Sub Committees and SIGs	(3,554)	-
Contribution	(204,815)	(262,400)
Investments		
Income		
Interest Income	25,126	29,333
Dividend Income	5,887	5,739
Unrealised Gain on Investments	-	9,155
	31,013	41,227
Expenses		
Unrealised Loss on Investment	(40,034)	-
	(40,034)	-
Contribution	(9,022)	41,227

The notes to the special purpose consolidated financial statements form part of and should be read in conjunction with the special purpose consolidated financial statements.

New Zealand Plant Producers Incorporated Group Statement of Financial Performance

For the year ended 31 March 2020

Other Income

Bad Debts Recovered	-	2,123
Farm Mangement Income	13,043	20,232
Young Achiever Award	-	10,000
Sundry Income	-	-
Plant Producers Biosecurity Accrediation Scheme	-	-
PPBAS MPI	-	-
Science Plan Development income	-	-
Grant Income	127,500	110,735
Workshop and Events	650	
Commercial Horticulture Income	3,038	
	144,231	143,090

Other Cost of Sales

Employer and Manufacturers Association Membership	(11,950)	(9,950)
Membership PMAC Germac	(2,300)	(1,610)
	(14,250)	(11,560)

Contribution

	129,981	131,530
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GROSS MARGIN

	439,090	667,898
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OPERATING EXPENSES

Audit Fees		(37,320)	(34,563)
Accounting and Taxation Fees		(33,135)	(4,202)
Bad Debts		-	(467)
Depreciation	9	(3,646)	(4,357)
Other Interest Costs		(3,511)	
Personnel Related Costs		(480,542)	(326,187)
Rent		(36,669)	(31,334)
Staff Development		(2,226)	(21,000)
Other Administrative Costs		(143,333)	(154,044)
Governance Retail		(19,468)	
Total Operating Expenses		(759,850)	(576,155)

OPERATING SURPLUS / (DEFICIT) BEFORE INCOME TAX

	(320,760)	91,743
--	-----------	--------

Tax Expense

1	-	(5,643)
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NET SURPLUS FOR THE YEAR

	(320,760)	86,100
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OTHER COMPREHENSIVE INCOME

NZPPI Sector Appropriation Income	2	-	(6,493)
NZPPI Sector Appropriation Expenses	2	-	-
		-	(6,493)

TOTAL COMPREHENSIVE INCOME

	(320,760)	79,607
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The notes to the special purpose consolidated financial statements form part of and should be read in conjunction with the special purpose consolidated financial statements.

New Zealand Plant Producers Incorporated

Group Statement of Movements in Equity

For the year ended 31 March 2020

		Retained Earnings	NGIA Sector Funds	Research Reserve	Trolley Reserve	Total
		\$	\$	\$	\$	\$
2020	Notes					
Opening equity		537,975	143,214	144,039	106,717	931,944
Increase/(decrease) in Sectors' funds	2	-	-	-	-	-
Net surplus / (deficit) for the year		(320,760)	-	-	-	(320,760)
Transfers (to) / from Reserves	16	90,335	-	-	(90,335)	-
Other movements		-	-	-	-	-
Closing equity		307,550	143,214	144,039	16,382	611,184
2019	Notes					
Opening equity		558,592	149,706	144,039	-	852,337
Increase/(decrease) in Sectors' funds	2	-	(6,493)	-	-	(6,493)
Net surplus / (deficit) for the year		86,100	-	-	-	86,100
Transfers (to) / from Reserves	16	-	-	-	-	-
Other movements		(106,717)	-	-	106,717	-
Closing equity		537,975	143,213	144,039	106,717	931,944

The notes to the special purpose consolidated financial statements form part of and should be read in conjunction with the special purpose consolidated financial statements.

New Zealand Plant Producers Incorporated

Group Statement of Financial Position

As at 31 March 2020

	Notes	Group 2020 \$	Group 2019 \$
Equity			
NGIA Sectors' Funds	2	(143,213)	(143,213)
Research Reserve	3	(144,039)	(144,039)
Retained Earnings	4	(307,550)	(537,975)
Trolley Contribution Reserve	3, 16	(16,382)	(106,717)
Total Equity		(611,184)	(931,944)
Liabilities			
Current Liabilities			
Payables and Accruals	5	(135,924)	(121,956)
Employee Benefits	5	(17,726)	(13,570)
Current Tax Payable		(5,643)	(5,643)
Trolley Leases in Advance	6	(119,743)	(72,750)
Unredeemed Gift Cards	7	(296,608)	(74,268)
Unredeemed Gift Vouchers	7	(62,480)	(118,982)
Total Current Liabilities		(638,124)	(350,716)
Total Liabilities		(638,124)	(350,716)
Total Equity and Liabilities		(1,249,308)	(1,282,660)
Assets			
Non Current Assets			
Other Investments	8	113,154	506,742
Property, Plant and Equipment	10	332,958	238,019
Non Current Prepayment		5,342	5,341
Total Non Current Assets		451,454	750,102
Current assets			
Cash and Bank Balances		23,858	152,609
Current Investments	8	382,414	28,860
Related Party Accounts		400	400
Accounts Receivable & Accrued Income	12	372,628	298,540
Gift Voucher & Card Inventory		7,930	7,930
Other Receivables	13	10,624	44,220
Total Current Assets		797,854	532,559
Total Assets		1,249,308	1,282,660



Michael Simpson
Chair, NZPPI
5 October 2020



Matthew Dolan
Chief Executive, NZPPI
5 October 2020

The notes to the special purpose consolidated financial statements form part of and should be read in conjunction with the special purpose consolidated financial statements.

New Zealand Plant Producers Incorporated

Statement of Group Special Purpose Accounting Policies

For the year ended 31 March 2020

Reporting Entities

The consolidated special purpose financial statements for the group are for the consolidated entity comprising New Zealand Plant Producers Incorporated and its subsidiary Nurserymens Enterprises Limited. The society is incorporated under the Incorporated Societies Act 1908. On 28 September 2016, it changed its name from The Nursery and Garden Industry Association of New Zealand to New Zealand Plant Producers Incorporated. These special purpose financial statements have been prepared in accordance with the accounting policies set out below.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Association.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars. All numbers presented have been rounded to the nearest dollar, unless otherwise stated.

Specific Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance and the financial position, have been applied:

1) Group Special Purpose Financial Statements

The group special purpose financial statements consolidate the financial statements of the subsidiary Company using the purchase method. The subsidiary Company is Nurserymens Enterprises Limited. All subsidiaries are entities that are controlled directly or indirectly by the parent. All material transactions between the subsidiaries and the parent are eliminated on consolidation.

2) Other Revenues

Revenue is recognised on a fair value basis of the amounts received or receivable for goods and services supplied to customers and members in the ordinary course of business on a cash basis when the money is received in the bank.

3) Member's Subscriptions

Subscriptions are invoiced to members in August and recorded on a payments basis. Subscriptions to the Association are on a voluntary basis.

4) Gift Cards and Vouchers

Gift Cards and Vouchers are recognised on a cash basis when the money is received in bank. Adjustments are made to the gross sales figure to take account of discounts for members, fees, provisions for cards unredeemed, write off of old stock and any other items that directly affect the gross sale valuation.

Provision for unredeemed gift cards and vouchers are calculated using the average of unredeemed card value over the last number of years and is approximately 10% of the card value and 5% of the voucher value.

5) Investment Income

Interest and dividend income are accounted for on an accruals basis.

The gain/loss on sale of investments is recognised when the sale is complete and is calculated as the difference between the sale price and the carrying value of the investment at the time of the sale.

6) Trolley Income

Trolley Income is recorded based on the lease or rental agreement in place. The amount due for the year is recorded on an accruals basis. Trolley Maintenance fees are set on fixed rates and recorded on an accruals basis.

7) Conference Income

Conference Income is recorded on a cash basis when the money is received in the bank.

8) Go Gardening Magazine

Go Gardening Magazine income is subscription based and revenue is recorded on a cash basis when money is received in the bank.

9) Biodegradable Bags

This revenue is recorded on an invoice basis.

10) Sector Income

NZPPI Sector’s Income is a fee included in member’s subscriptions fee. This income is used for matters affecting the nursery and garden sector.

11) Expenditure

Expenditure is recognised on an accruals basis in the year to which it relates.

12) Property, Plant & Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset.

13) Depreciation

Depreciation on property, plant and equipment is calculated using the following rates as to expense the cost of the assets over their useful lives.

The rates are as follows:

Subsidiaries

Office Machines
 Fixtures & Fittings
 Office Furniture
 Computer, Network, & Software
 Plant Trolleys
 Website

Depreciation rates

20% Diminishing value or 12% Straight line
 12% Straight Line
 12% Straight line
 12% Straight line
 10% Straight line
 Not yet Depreciated
 Work in progress

14) Cash and Bank

Cash and bank are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

15) Other Receivables

These are recorded on an invoice basis and represent amounts invoiced but not paid at the year-end.

16) Accounts Receivable

These are stated at expected realisable value after an allowance for debts is made for balances that are not considered to be fully recoverable. It is recorded when an invoice is raised.

17) Leased Assets

Assets under finance leases are recognised as noncurrent assets in the statement of financial position. Leased assets are recognised at the lower of the present value of minimum lease payments or their fair value. A corresponding liability is established and each lease payment is allocated between the liability and interest expense. Leased assets are depreciated on the same basis as equivalent property, plant and equipment.

18) Operating Leases

Leases that are not financing leases are classified as operating leases. Operating lease payments are recognised as an expense in the periods the amounts are payable.

19) Taxation

The income tax expense recognised by the group for the year is determined using tax rules. The fees and income earned by the Association on transactions with members do not constitute taxable income due to the 'mutuality principle'.

20) Goods and Services Tax

All accounts are stated net of GST except for Accounts Receivable and Accounts Payable, which include GST.

21) Inventories

Inventories are carried at the lower of cost or net realisable value.

22) Trade Creditors and Accruals

The Group's financial liabilities include trade and other creditors (excluding GST and PAYE) and employee benefits. All financial liabilities are initially recognised at fair value (plus transaction costs for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial instruments at fair value through surplus or deficit.

23) Investments

Investments are recorded at market value in the statements of financial position.

The movement in investments year on year is recorded in the statement of financial performance as an unrealised gain/loss on investments.

24) Employee Benefits

Employee entitlements are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date and annual leave earned but not taken at balance date.

The Group recognises a liability and an expense for bonuses it is contractually obliged to pay, or where a past event has created a constructive obligation.

25) Equity

Equity is the community's interest in the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Retained Earnings

Retained Earnings relates to the Group's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

Sector Funds

Sector income received is recorded in equity until it is utilised. At this time, it is released to the statement of financial performance.

Trolley Reserve

The Trolley Reserve relates to funds that have been set aside for the future purchase of Trolleys.

Research Reserve

The Research Reserve relates to funds that have been set aside for carrying out research.

26) Comparatives

Immaterial reclassifications to the prior year results have been made for comparative purposes relating to reversing the offsetting of income and expenditure.

27) Changes in accounting policies

There have been no changes to the accounting policies in the year.

New Zealand Plant Producers Incorporated

Notes to the Group Special Purpose Financial Performance

For the year ended 31 March 2020

1. Income Tax Expense

From 1 December 1995, the Inland Revenue approved the consolidated Tax Group that now comprises New Zealand Plant Producers Incorporated (NZPPI) and Nurserymens Enterprises Limited (NEL). It has been the reporting entity's policy not to take into account any income tax benefit on past tax losses of the subsidiary.

	2020	2019
	\$	\$
Consolidated Tax Group losses brought forward – NEL Group	(2,641,192)	(2,721,131)
Taxable Income/(Loss) - NEL	(181,520)	79,939
Losses transferred out/(in)	22,250	-
Consolidated Tax Group losses carried forward	2,800,462	(2,641,192)
NZPPI tax losses brought forward	-	(2,843)
Taxable Income/ (Loss) - NZPPI	1,096	5,000
Imputation credits - NZPPI	(1,096)	(1,277)
Association tax losses carried forward	-	-
Tax on taxable income @ 28%	1,096	6,932
Imputation Credits	(1,096)	(1,277)
Resident Withholding Tax	-	(12)
Income Tax Payable	-	5,643

2. Sectors' Funds

	2020	2019
	\$	\$
Opening balance	(143,213)	(149,706)
Funds written back expenditure	-	6,493
Closing balance	(143,213)	(143,213)

3. Reserves

	2020	2019
	\$	\$
Research Reserve		
Opening balance	(144,039)	(144,039)
Movement for the period	-	-
Closing balance	(144,039)	(144,039)

	2020	2019
	\$	\$
Trolley Reserve		
Opening balance	(106,717)	-
Transferred to retained earnings	90,335	(106,717)
Closing balance	(16,832)	(106,717)

4. Retained Earnings

	2020	2019
	\$	\$
Opening balance	(537,975)	(558,592)
Deficit / (surplus) for the year	320,760	(86,100)
Transferred (from) Trolley Reserve	(90,335)	106,717
Closing balance	(307,550)	(537,975)

New Zealand Plant Producers Incorporated

Notes to the Group Special Purpose Financial Performance

For the year ended 31 March 2020

5. Payables, Accruals and Employee Benefits

	2020	2019
Payables and Accruals	\$	\$
Accounts payable	(127,523)	(76,445)
Accruals & other creditors	(8,401)	(45,511)
Total Payables and Accruals	(135,924)	(121,956)

	2020	2019
Employee Benefits	\$	\$
Employee Benefits	(17,726)	(13,570)
Total Employee Benefits	(17,726)	(13,570)

6. Leases in Advance

These represent leases paid in advance on plant trolleys at the commencement of the lease agreement. These are amortised on a straight-line basis over 5 years.

7. Unredeemed Gift Cards and Vouchers

The movement in the provision for unredeemed cards and vouchers during the year is as follows:

	2020	2019
Unredeemed Gift Cards	\$	\$
Provision at 1 April 2019	(17,815)	(74,268)
Net Gift card sales	(465,600)	(478,719)
Less 10.0% allowance for unredeemed sales	46,560	47,885
Revalue Provision for Gift Cards unredeemed	315,788	
Less expired cards write back		29,259
	(121,067)	(475,843)
Gift card redemptions	417,675	458,028
Provision at 31 March 2020	(296,608)	(17,815)

	2020	2019
Unredeemed Gift Vouchers	\$	\$
Provision at 1 April 2019	(118,981)	(170,654)
Net Gift voucher sales	(129,873)	(202,857)
Less 5% allowance for unredeemed sales	6,512	10,487
	(242,342)	(363,024)
Gift voucher redemptions	179,862	244,042
Provision at 31 March 2020	(62,480)	(118,982)

New Zealand Plant Producers Incorporated holds a security registration over the assets of the Nurserymen's Enterprises Ltd for the protection of the holders of unredeemed gift vouchers issued under the Go Gardening gift voucher scheme. The 5% reduction for gift vouchers and the 10% reduction for gift cards in the provision represent an allowance for gift vouchers/cards that are not expected to be redeemed.

New Zealand Plant Producers Incorporated

Notes to the Group Special Purpose Financial Performance

For the year ended 31 March 2020

8. Other Investments	2020	2019
	\$	\$
Fixed interest Investments	-	400,824
NZX Stocks	113,154	134,778
Total other investments	113,154	535,602
Current Portion	382,414	28,860
Non-current portion	495,568	506,742

Investments are stated at market value. Prior year was based on lower of cost or net realisable value.

The market values are based on quoted prices for exchange listed investments.

9. Depreciation Expense	2020	2019
	\$	\$
Office machinery	-	-
Fixtures & fittings	-	282
Office furniture	102	395
Computing equipment	3,544	3,679
Plant trolleys	50,196	44,783
Total depreciation charge	53,842	49,139

10. Property, Plant & Equipment

Subsidiaries	2020			2019		
	Cost	Accumulated Depreciation \$	Book Value	Cost	Accumulated Depreciation \$	Book Value
Fixtures & Fittings	4,233	4,233	-	4,233	4,233	-
Office Furniture	4,885	3,685	1,200	4,426	3,584	842
Computing Equipment	16,484	11,621	4,863	15,152	8,076	7,076
Website	8,760	-	8,760	-	-	-
Telephone System	870	-	870	-	-	-
Plant Trolleys	1,576,757	1,259,492	317,265	1,439,396	1,209,296	230,100
Total	1,611,119	1,279,031	332,958	1,463,207	1,225,189	238,018

11. Related Party Accounts

These accounts are interest free and have no fixed payment terms.

Elected Board Members are members of the New Zealand Plant Producers Incorporated. They have been elected as a representative for their sector and therefore transactions between the Board Members, the Association and the Group are in the normal course of business.

	2020	2019
	\$	\$
Directors Fees paid	5,000	30,000
Organisational Structure Assistance	-	14,700
Total	5,000	44,700

New Zealand Plant Producers Incorporated

Notes to the Group Special Purpose Financial Performance

For the year ended 31 March 2020

12. Accounts Receivable	2020	2019
	\$	\$
Accounts Receivable	372,628	298,540
Allowance for doubtful debts	-	-
Net accounts receivable	372,628	298,540

13. Other Receivables	2020	2019
	\$	\$
Prepayments	11,834	22,140
Interest Accrued	7,312	7,287
GST refundable (payable)	(16,454)	7,688
RWT refundable	272	1,579
Other receivables	7,660	5,526
Total other receivables	10,624	44,220

14. Contingent Liabilities

The Directors are not aware of any contingent liabilities which may result in a loss to the group (2019: Nil)

15. Capital Commitments

The group has no commitments for capital expenditure at 31 March 2019. (2018: Nil)

Non-cancellable operating lease commitments	2020	2019
	\$	\$
Current	51,277	51,277
1-2 years	25,639	51,277
3-4 years	-	25,667
Total	76,916	128,221

16. Reserve for Trolley Purchases

At the end of the 2018 Financial year, the Directors approved that a reserve for future trolley purchases be created. The amount set aside for the reserve amounted to the previous years' profit before depreciation for the Trolley operations. During the year new trolleys were purchased thereby reducing the reserve to \$16,382

17. Banking arrangements

The parent has an overdraft facility available with a maximum limit of \$150,000 at 31 March 2020, with an interest rate of 10.00% (2019:10.35%) on daily balances in credit.

The bank has a general security agreement over the company assets, undertakings and uncalled capital of Nurserymens Enterprises Limited.

18. Subsequent Events

There have been no material events that have occurred after the reporting date (2019: none)

New Zealand Plant Producers Incorporated

Notes to the Group Special Purpose Financial Performance

For the year ended 31 March 2020

19. Covid Disclosure

On 23 March 2020, the New Zealand Government issued an Epidemic Notice to combat the threat of the COVID-19 pandemic. The countrywide lockdown commenced on 26 March 2020, and it is only as of 14 May 2020 when the country began to reopen the majority of its businesses, schools and other public venues. The results of the lockdown meant a substantial reduction of economic activities, especially those that were classed as non-essential businesses. The Group has assessed the likely impact of COVID-19 on the Group and have concluded that the impact on the financial position and operating ability of the Group is low. However, it is difficult to predict the potential impacts of this pandemic as it continues on around the world



Independent Auditor's Report

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To the Members of New Zealand Plant Producers Incorporated

Report on the Audit of the Group Special Purpose Financial Statements

Opinion

We have audited the group special purpose financial statements of New Zealand Plant Producers Incorporated on pages 1 to 13 which comprise the group statement of financial position as at 31 March 2020, and the group statement of financial performance and group statement of movements in equity for the year then ended, and notes to the group special purpose financial statements, including a summary of significant accounting policies

In our opinion, the accompanying group special purpose financial statements present fairly in all material respects, the group financial position of New Zealand Plant Producers Incorporated at 31 March 2020 and of its group financial performance for the year then ended 31 March 2020 in accordance with the Accounting Policies set out in the notes to the special purpose 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 Group Special Purpose Financial Statements* section of our report. We are independent of the Group 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 Group in the area of taxation advice and special consultancy projects. The firm has no other interest in the Group.

Emphasis of Matter

We draw attention to the fact that the group special purpose financial statements are prepared in accordance with the accounting policies set out in these group special purpose financial statements and that, as a result, the group special purpose financial statements may not be suitable for another purpose. Our report is intended solely for the Board members and should not be distributed to or used by parties other than the Board members. Our opinion is not modified in respect of this matter.

Furthermore, without modifying our opinion, we draw attention to Note 19 of the financial statements, which explains the impact of the COVID-19 pandemic on the Group.

Although the full financial impact of COVID-10 cannot be estimated with certainty, it is expected to negatively impact the Group's revenues going forward. The Group's overall assessment is that it remains in a sound financial position and has adequate reserves to manage the impact of COVID-19.



Board Members' Responsibilities for the Group Special Purpose Financial Statements

The Board members are responsible on behalf of the Group for the preparation and fair presentation of these special purpose financial statements in accordance with the Accounting policies set out in the group special purpose financial statements and for such internal control as those charged with governance determine is necessary to enable the preparation of group special purpose financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group special purpose financial statements, those charged with governance are responsible on behalf of the entity for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Group Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the group special purpose 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 economic decisions of users taken on the basis of these group special purpose financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

Restriction on use of our report

This report is made solely to the Group's Board members. Our audit work has been undertaken so that we might state to the Group's board members 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 Group and the Group's Board members for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership

A handwritten signature in blue ink that reads "Grant Thornton".

B Kennerley
Partner
Wellington

5th October 2020



NZPPI ANNUAL REPORT 2020

New Zealand Plant Producers Incorporated

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