



NEW ZEALAND PLANT PRODUCERS INCORPORATED

ANNUAL REPORT 2019



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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Foreword

Board Chairman and Chief Executive

Mike Simpson and Matthew Dolan

There is no doubt that our plant production sector is in a phase of change.

As we get around the country talking with plant producers, there are five themes that are constantly coming through:

- Access to motivated, skilled workers
- Stagnant prices while costs and standards increase
- Frustration with biosecurity and plant imports
- Government interference in the sector
- Greater unity and pride in the sector

It's been a busy year for NZ Plant Producers Inc, with the organisation delivering some major achievements and laying the groundwork for our future success and the success of the sector.

Our sector has been in the spotlight – and thankfully for the right reasons. We are hearing that the demand for plants is increasing across the board. Indications are this demand will continue into the foreseeable future, driven by the success of the horticulture sector, and ambitious forestry and native planting projects.

There are plenty of reasons to be optimistic about our sector, with an increasing awareness of the value of plants and vital role plant producers play for the primary sector and for wider New Zealand.

At the same time producers continue to be challenged by biosecurity incursions and the increasing frustration with the dysfunctional plant import system. More than ever, NZPPI has been working closely with other industry associations and the Ministry of Primary Industries to get the best outcome. Working on these challenges strengthens our relationships with these organisations and gives plant producers an effective voice.

We are supporting members caught up in biosecurity issues and work with MPI to calm its reaction to some of the less serious incursions. We are learning how to manage these incidents with MPI, and to better protect our sector in a crisis.

Last year several regions experienced significant drought events, which came close to crisis point in Nelson. This highlighted the vulnerability of our sector to these events, the need to be better prepared, and to have a voice when water restrictions are imposed.



Mike Simpson
Acting Chairman



Matthew Dolan
Chief Executive

We are watching the Government's Provincial Growth Fund as the allocation of grants to new horticulture projects increases. We question whether our sector will be better or worse off in the long term, and we are concerned that taxpayer-funded plant production will undermine existing businesses.

We are also working to build trust in our sector by partnering with industry and government to develop the Plant Production Biosecurity Scheme. This scheme is now in the pilot stage and we are consulting to hear the sector's views and how this scheme adds value to businesses and helps to meet customer requirements.

NZPPI has obtained a grant from the Provincial Growth Fund for the first ever comprehensive stocktake of native plant production. This project will look at the opportunities and barriers to increasing native plant production. Demand for natives is expected to increase sharply and we need to plan to ensure this is an opportunity, not a threat.

NZPPI is continuing to bring the plant production sector together. Over the past year we have delivered more workshops, shed meetings, conferences and awards that ever before. The NZPPI Board is actively involved in these events, visiting regions and meeting members to hear concerns and to understand how to better serve the sector.

We are telling the story of the important role that plant producers play, propagating and growing seedlings and plants for forests, ecology, food, wine and amenity plantings. Our plants grow food that Kiwis eat and export, regenerate New Zealand's forests, beautify our urban landscapes and are nurtured by millions of Kiwis in their backyards.

NZPPI is taking every opportunity to tell this story through the media, with government, the public, at industry meetings and through our conferences and events.

We would like to thank our members for their support and commitment over the past year. We also acknowledge our stakeholders, sponsors and supporters.

We would like to thank the Board and staff who have worked tirelessly over the past year to deliver our work programmes and to set up NZPPI for the future.

2019/20 will be another busy year. The Biosecurity Act review and the Plant Variety Rights Act are two important policy issues we will focus on. We will also progress our strategic work in science and innovation, workforce and the One Billion Trees Programme.

From our base in Wellington we'll be advocating on members' behalf to better shape Government policy to ensure that it works for our sector and all New Zealanders.



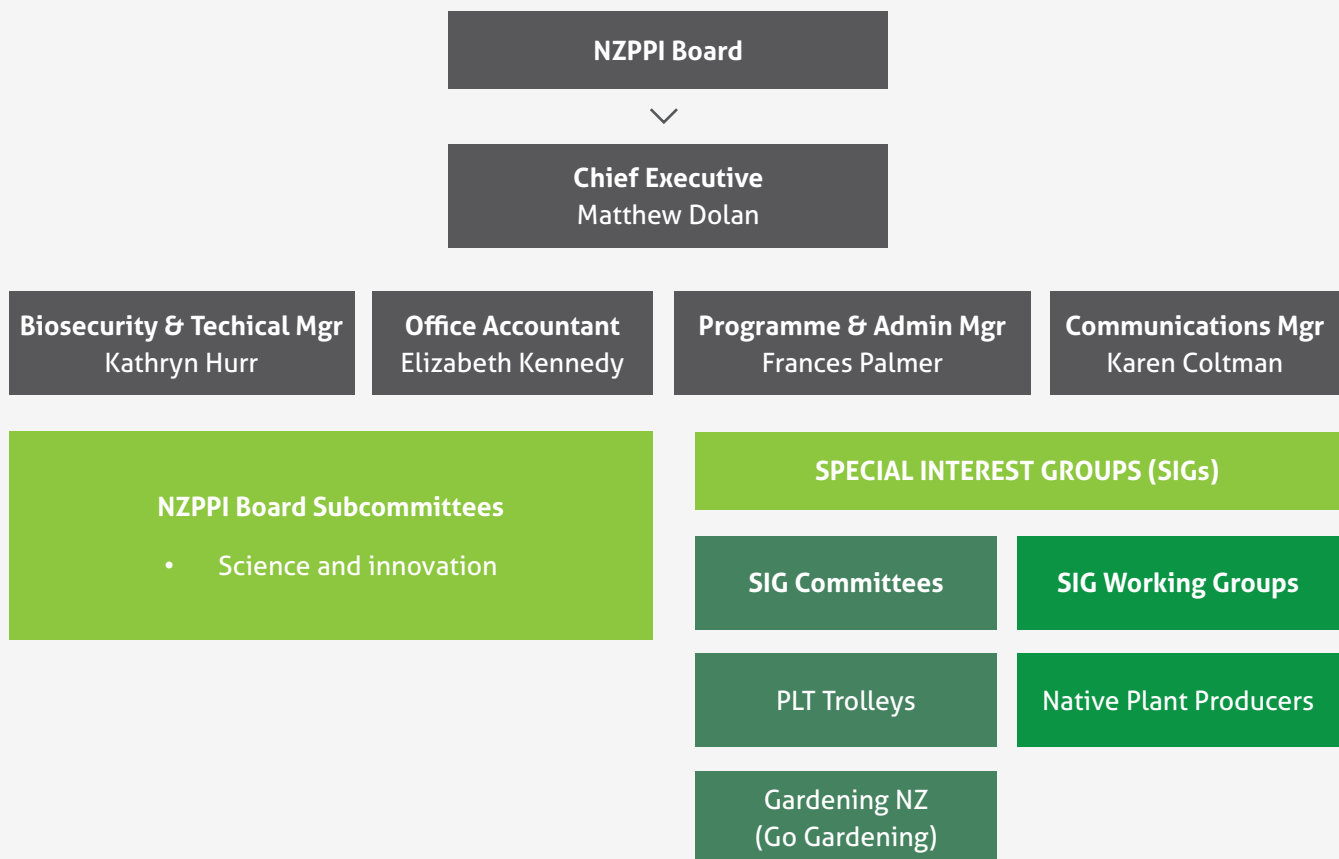
Mike Simpson
Acting Chairman



Matthew Dolan
Chief Executive

NZ Plant Producers Inc

Structure 2018-2019



The NZPPI 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 NZPPI 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 NZPPI 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

ENGAGEMENT

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

- Conference
- Newsletters
- Recruitment
- Sectors
- Workshops

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

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

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

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

NZPPI *is three years old*

Matthew Dolan
Chief Executive



It has been three years since NZ Plant Producers Inc. was established, so it's timely to reflect on the journey so far and what has been achieved.

In July 2016 our industry changed the way it was represented, by establishing a new industry body to represent plant producers and their industry partners.

It was a big change. The previous organisation, Nursery & Garden Industry Association, had represented the nursery and garden industry for many years. The change meant plant producers became the focus of a new organisation.

This is a distant memory. Now NZPPI is well established and making progress in important areas.

NZPPI came to life in a time of crisis. The country headed straight into the myrtle rust crisis before the ink was dry on our constitution. Leaning into this, NZPPI proved its worth almost immediately by preventing a ban on plant movements and supporting plant producers while MPI wreaked havoc with its response effort.

No sooner had that crisis passed, the sector faced another threat with MPI moving to seize 55,000 fruit trees due to a documentation issue in an offshore quarantine facility. After a stand-off lasting more than six months, plant importers took the case to court and won, eventually forcing MPI to back down.

These crises, and others like the incursion of downy mildew in impatiens seedlings last year, have shaped NZPPI. Our actions in these events earned us a reputation as an effective advocate and enabled us to build trust and strong relationships across industry and with Government.

This trust has earned us a seat around decision-making tables, with a far greater ability to influence than ever before.

We are now in a growth phase, building our membership and revenue, which enables us to accelerate our work in the key strategic areas of science, plant imports, workforce, and One Billion Trees.

Three years in, we are continuing to bring the sector together by increasing our membership and our revenue enabling us to bring on more staff and pursue ever larger projects.



Pinus radiata seedlings in a Wairarapa forestry block



Importation rules *stifle industry*

Malcolm Woolmore
Lyndale Nurseries



The Hazardous Substances and New Organisms Act 1996, and the Biosecurity Act 1993, were introduced to protect New Zealand, but some major unintended consequences of these Acts are damaging our plant producing sector.

New Zealand's potential for horticultural innovation and production is being strangled by the legislation that is virtually preventing new crops coming into the country.

Prior to these pieces of legislation, we had a wonderfully innovative group of scientists and artisans who were able to access the raw building block plant material from new breeding programmes around the world.

The recent growth in our exports of apples, kiwifruit and berry crops has largely come from their work extending back to the 1950s.

There is a growing realisation, fuelled by NZPPI's persistence, that the 'tank' is now looking rather empty in terms of new horticultural crops.

Rather than developing our own varieties, we are now importing crops bred overseas for overseas conditions and markets. By the time we import these potential new lines into New Zealand, a considerable investment has been made in quarantine time and regulation compliance, before they have even been tested in our local growing conditions.

As we who deal with trialling imported plants know, there is no guarantee that any overseas-bred plant will be commercially viable under our New Zealand conditions and disease profiles.

The good thing is that there is now a growing awareness across the sector that maybe we threw the baby out with the bathwater when those two pieces of legislation were imposed on us.

NZPPI must continue to lobby Government for improved access to breeding materials, for the benefit of the industry, consumers, and New Zealand Inc.



Biosecurity

Matthew Dolan
Chief Executive

NZ Plant Producers Inc. is part of a network of industry organisations working to strengthen New Zealand's biosecurity capability and systems.

Over the past year our capability in this area got a massive boost with the appointment of Kathryn Hurr as a full-time Biosecurity and Technical Manager. While our industry has always had strong capability in this area, through John Liddle who is still very much involved, this is the first time in many years that the industry has had a full-time resource in this vital area.

This addition to the team has enabled participate in a far greater number of initiatives. It has also enabled us to increase our advocacy in areas such as plant imports, incursion responses and building biosecurity standards for our industry.

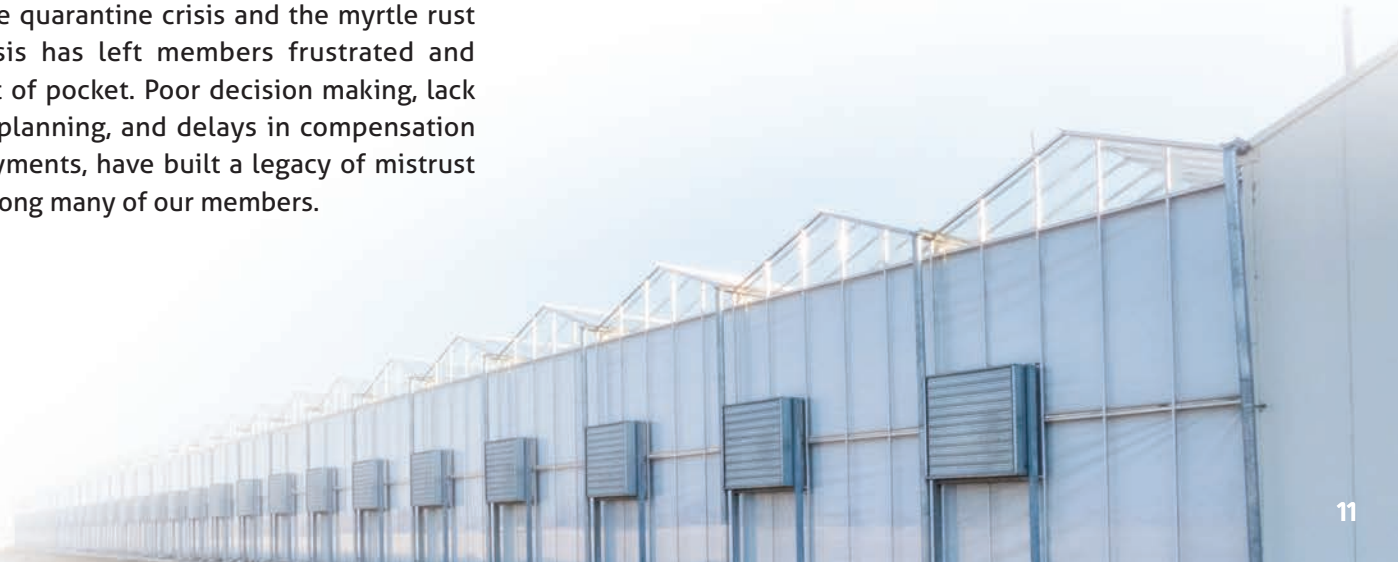
We have been working to rebuild trust in the system. Poor handling of the fruit tree quarantine crisis and the myrtle rust crisis has left members frustrated and out of pocket. Poor decision making, lack of planning, and delays in compensation payments, have built a legacy of mistrust among many of our members.

Plant importers have faced new rules and administrative hurdles over the past two years that have essentially stopped imports of plant material. While NZPPI supports the need for a strong biosecurity system, we consider many of the new rules to be unnecessary and unworkable.

These barriers to plant and seed imports leave our horticulture and plant-based sectors uncompetitive and vulnerable. Our members are losing faith in the system and becoming disengaged.

On the ground, we have progressed the Plant Production Biosecurity Scheme (PPBS). During the 2018-19 year NZPPI began a trial of the PPBS with 19 nurseries undergoing pilot audits against the draft standard. This is part of our commitment to ensure the standard is relevant to all nurseries.

Biosecurity risks are ever-present and so responses will continually evolve. NZPPI is currently working towards joining the Government Industry Agreement on Biosecurity Readiness and Response (GIA) where we are currently an observer. We see this as a natural next step for the sector. We are working with our members to understand their needs for representation in this area and to work with the other GIA signatories to prevent and, if necessary, respond to future crisis.



Plant Trolley System

Andrew Tayler
Plant Trolley Special Interest Group

The 2018/19 year has been another busy one for the plant trolley system. The user numbers increased significantly, and the trolley tracking system is nearly a reality.

The plant trolley scheme is a fantastic example of an industry good programme that benefits many plant producers and their customers.

The pool of trolleys is continuing to grow to meet demand, with a further 330 new trolleys being added to the fleet. Maintaining trolleys has been a high priority with significant expenditure in the last year to keep older trolleys maintained and operable.



The trolley committee estimates that more than half the fleet has RFID tags (as at September 2019). Installation continues at five locations as untagged trollies get cycled through the system. The tracking 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 may be scanned to record the location and movement of individual trolleys.

The committee has developed a Standard Operating Procedure for trolley use. This document has been included in the new 2019 contract and will be sent out to existing users in the near future.



Gardening New Zealand

Debbie Pascoe
Retail Special Interest Group

Go Gardening Magazine

- A change of printer has enabled us to offer customisation of the outside 16 pages including colour logos on the cover of Go Gardening
- Currently four categories of retailer utilise customisation: Mitre10, Palmers, Garden Independents Network and other independents
- This innovation has allowed us to work more closely with marketing at head office level, attract new advertisers and more closely align content to retailer's priorities

Gardening New Zealand Gift Boxes

- Gardening New Zealand secured a license to supply a novel gift box concept for plants to retailer members
- The gift market for cut flowers is estimated to be worth \$940 million in New Zealand
- If we can capture even a modest share of this market this offers opportunities to our retail and producer members involved in suitable plant categories
- Gift box profits may assist in replacing income lost due to the decline of Gift Cards and Vouchers

Development of Gardening New Zealand and a retail strategic plan

- A strong and talented team of retailer representatives has been brought together as the committee of Gardening New Zealand, the retailer SIG
- Key strategic priorities have been identified as three key 'pillars' for industry consumer engagement, around the role of greenlife and plants in terms of sustainability, wellbeing and social benefits
- This unity amongst retail members from competing businesses is unprecedented and is a strong foundation to address issues of common concern and benefit to members

Restructure of Retail related services

- Considerable work has been undertaken to develop a clear work plan for Gardening New Zealand and the human resources required to deliver this
- Assessment has looked at required resources and the best way to deliver these within the confines of the SIG budget
- As a consequence we are now well placed to be able to address the work plan and set about needed improvements in key areas of member benefit and consumer engagement


gardening
New Zealand



Our sector *at a glance*



3500

The number of lines of fruit and berry germplasm imported since 2011



4.7 million

The number of New Zealanders actively involved in biosecurity by 2025



2500

The number of Brown Marmorated Stinkbugs intercepted at the border last year



525

The number of nursery businesses in NZ

159 indoors
366 outdoors



28%

The increase in indoor nursery workers since 2011



5000 ha

The area of vegetable crops that are planted with seedlings



3400

The number of people employed in nursery production

1250 outdoors
1150 indoors



\$500 million

The estimated annual value of the nursery sector

(we are the 5th largest horticulture sector by value)



148 million

The number of seedlings produced since the start of the One Billion Trees Programme

18 million native
130 million exotic

NZPPI Board Members

2018 / 2019

Andrew Harrison
Independent Chair
e: andrew@ahc.nz
p: 027 742 6859

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

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

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

Mike Simpson
Waimea Nurseries
Representing all producers as
the sixth elected board member.
e: mike@waimeanurseries.co.nz
p: 027 446 7804

NZPPI EXECUTIVE PERSONNEL

Matthew Dolan,
Chief Executive

Frances Palmer,
Administration & Programme Manager

Elizabeth Kennedy,
Accountant

Karen Coltman,
Communications Manager

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

REGISTERED OFFICE

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www.gogardening.co.nz
www.gardenvouchers.co.nz

Annual General Meetings

Meeting Minutes

NEW ZEALAND PLANT PRODUCERS INCORPORATED
Thursday 28 June 2018, 4:25pm, Rydges Hotel, Rotorua

Welcome

Vince Wylaars welcomed members and guests

Present

Vince Wylaars (Acting-Chair), Matt Dolan (Chief Executive) and a representation of NZPPI members.

Apologies

- Andrew Harrison, NZPPI Chair
- Geoff Thorpe, Riversun Nursery
- Paul Clark, Clark's Nursery
- John Rowe, Kericell Nursery
- Motion – That apologies be accepted (Malcolm Woolmore / Peter Fraser) - passed

Media Present

- Des Snell of Reference Publishing

Valedictories

- Gordon Scott, Scott Base Nurseries
- John Farquharson

Minutes of Previous AGM – 6 July 2017

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

Chair's Report

Andrew Harrison was unable to attend conference following an accident and hospitalisation the weekend prior. His report as published in the Annual Report was tabled and taken as read.

- Motion - That the Annual Report be adopted (Vince Wylaars / Greg Kitson) – passed

Financial Report

Matt Dolan spoke to the Financial Report for the year ended 31 March 2018

- Motion - That the Financial Report be adopted (Vince Wylaars / Greg Kitson) - passed

Auditors

- Motion - That Grant Thornton be appointed as auditors for the 2018 year (Vince Wylaars / Greg Kitson) - passed

Board Elections

Two Board members retired at this AGM (Vince Wylaars and Patrick Murray). They made themselves available for re-election when nominations were sought in February. They were duly nominated and given that no other nominations were received by the date for the closure of nominations, Vince and Patrick were declared elected.

General Business

1. Timing of the AGM

Les Anstis spoke to the difficulty that members engaged in winter-dominant nursery production (example revegetation, fruit trees and forestry) faced in finding time to attend conference. He asked that timing of conference be considered to enable better attendance. Vince said that he would take the suggestion to the Board.

The meeting concluded at 5:05pm.

New Zealand Plant Producers Incorporated

Group Statement of Financial Performance

For the year ended 31 March 2019

	Notes	Group 2019 \$	Group 2018 \$
Members' Subscriptions			
Members' Subscriptions		683,115	556,736
Contribution		<u>683,115</u>	<u>556,736</u>
Gift Cards & Vouchers (GCV)			
Income			
Gift Card & Voucher Sales		736,886	836,776
Less: Members' Purchase Commission		(48,416)	(53,959)
Net Gift Voucher / Card Sales		<u>688,470</u>	<u>782,817</u>
GCV Administration Charge		17,841	25,713
Provision for Expired Gift Cards & Vouchers		78,868	36,600
Annual Gift Card Write Down		29,258	38,165
Gift Card Merchandise Sales		<u>7,978</u>	<u>9,048</u>
		<u>822,415</u>	<u>892,343</u>
Cost of Sales			
Gift Card & Voucher Redemptions		(771,332)	(818,954)
Add: Members' Redemption Discount		69,261	73,237
Total Net Redemptions		<u>(702,071)</u>	<u>(745,717)</u>
Gift Card & Voucher Direct Expenditure		(21,502)	(17,691)
Cost of Sales - Gift Card Merchandise		(1,604)	(4,514)
Gift Card and Voucher Administration		(21,566)	-
Share of Communications Personnel		(25,256)	-
Share of Office Rent		<u>(10,000)</u>	<u>-</u>
		<u>(781,999)</u>	<u>(767,922)</u>
Contribution		<u>40,416</u>	<u>124,421</u>
Trolleys			
Income			
Trolley Leases & Rentals		54,928	56,920
Trolley Maintenance Fees		128,685	128,635
Other Trolley Income		-	-
		<u>183,613</u>	<u>185,555</u>
Cost of Sales			
Maintenance Expense		(52,654)	(69,632)
Depreciation	9	(44,783)	(67,641)
Trolley Project		(11,729)	-
Trolley Tracking		(12,017)	-
System Costs of Sales		(4,824)	(9,206)
Trolley Rental Storage		(10,170)	-
Share of Office Rental		(10,000)	-
Salary Contribution		<u>(5,947)</u>	<u>-</u>
		<u>(152,125)</u>	<u>(146,479)</u>
Contribution		<u>31,488</u>	<u>39,076</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.



NZPPI ANNUAL REPORT 2019

Group Statement of Financial Performance

For the year ended 31 March 2019

Conference		
Conference Income	55,255	40,709
Conference Expenses	(64,351)	(23,659)
Contribution	(9,096)	17,050
Go Gardening Magazine		
Go Gardening Mag Income	240,425	255,769
Go Gardening Mag Expenses	(231,134)	(231,506)
Contribution	9,291	24,263
Biodegradeable Bags		
Biodegradeable Bags Income	13,160	29,002
Biodegradable Bags Expenses	(10,833)	(21,013)
Contribution	2,326	7,989
Strategic Plan Initiatives		
Farm Management System	(23,555)	(8,549)
Consultancy	(23,759)	-
Research	-	(13,069)
Advocacy	-	(7,429)
Training Advocacy & Development	-	-
Biosecurity Advocacy	(29,161)	(12,687)
Industry Promotion	(2,055)	(75)
Young Achiever Awards	(11,905)	(2,190)
Consumer Promotions	-	(5,551)
Member Recruitment and Workshops	(20,781)	(4,091)
Plant Producer Summit & Working Group	-	(3,791)
Capability Review	-	(94,555)
Plant Producers Biosecurity Accreditation Scheme	(112,676)	(90,168)
Myrtle Rust	-	(46,426)
NZPPI Establishment	(7,059)	-
Science Plan Development	(10,682)	-
Leadership Programme	(10,119)	-
Communication Plan	(7,494)	-
Website - Membership	(3,155)	-
Contribution	(262,400)	(288,581)
Investments		
Income		
Interest Income	26,332	29,727
Dividend Income	5,739	5,702
Unrealised Gain on Investments	9,155	-
	41,227	35,429
Expenses		
Unrealised Loss on Investment	-	(9,490)
	-	(9,490)
Contribution	41,227	25,939

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Group Statement of Financial Performance

For the year ended 31 March 2019

Other Income

Bad Debts Recovered		2,123	3,473
Farm Mangement Income		20,232	-
Young Achiever Award		10,000	-
Sundry Income		-	19
Plant Producers Biosecurity Accrediation Scheme		-	113,255
Science Plan Development income		-	12,000
Grant Income		110,735	-
		<u>143,090</u>	<u>128,747</u>
Other Cost of Sales			
Employer and Manufacturers Association Membership		(9,950)	(9,950)
Membership PMAC Germac		(1,610)	-
		<u>(11,560)</u>	<u>(9,950)</u>
Contribution		<u>131,530</u>	<u>118,797</u>

GROSS MARGIN

	<u>667,898</u>	<u>625,690</u>
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OPERATING EXPENSES

Audit Fees		(34,563)	(27,025)
Accounting and Taxation Fees		(4,202)	(2,500)
Bad Debts		(467)	(2,272)
Depreciation	9	(4,357)	(3,879)
Other Interest Costs			(954)
Personnel Related Costs		(326,187)	(316,070)
Rent		(31,334)	(51,121)
Staff Development		(21,000)	
Other Administrative Costs		(154,044)	(181,848)
Total Operating Expenses		<u>(576,155)</u>	<u>(585,669)</u>

OPERATING SURPLUS / (DEFICIT) BEFORE INCOME TAX

	<u>91,743</u>	<u>40,022</u>
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Tax Expense	1	(5,643)	
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NET SURPLUS FOR THE YEAR

	<u>86,100</u>	<u>40,022</u>
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OTHER COMPREHENSIVE INCOME

NZPPI Sector Appropriation Income	2	(6,493)	21,793
NZPPI Sector Appropriation Expenses	2	-	(847)
		<u>(6,493)</u>	<u>20,946</u>

TOTAL COMPREHENSIVE INCOME

	<u>79,607</u>	<u>60,967</u>
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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.

Group Statement of Financial Position

For the year ended 31 March 2019

	Notes	Group 2019 \$	Group 2018 \$
Equity			
NGIA Sectors' Funds	2	(143,213)	(149,706)
Research Reserve	3	(144,039)	(144,039)
Retained Earnings	4	(537,975)	(558,592)
Trolley Contribution Reserve	3, 16	(106,717)	-
Total Equity		(931,944)	(852,337)
Liabilities			
Current Liabilities			
Payables and Accruals	5	(121,956)	(144,132)
Employee Benefits	5	(13,570)	(16,465)
Current Tax Payable		(5,643)	
Trolley Leases in Advance	6	(72,750)	(60,350)
Unredeemed Gift Cards	7	(17,815)	(74,268)
Unredeemed Gift Vouchers	7	(118,982)	(170,654)
Total Current Liabilities		(350,716)	(465,869)
Total Liabilities		(350,716)	(465,869)
Total Equity and Liabilities		(1,282,660)	(1,318,206)
Assets			
Non Current Assets			
Other Investments	8	506,742	499,173
Property, Plant and Equipment	10	238,019	262,136
Non Current Prepayment		5,341	5,341
Total Non Current Assets		750,101	766,650
Current assets			
Cash and Bank Balances		152,609	265,422
Current Investments	8	28,860	27,274
Related Party Accounts		400	400
Accounts Receivable & Accrued Income	12	298,540	244,919
Gift Voucher & Card Inventory		7,930	7,990
Other Receivables	13	44,220	5,551
Total Current Assets		532,559	551,556
Total Assets		1,282,660	1,318,206



Michael Simpson
Acting Chair, NZPPI
12 August 2019



Matthew Dolan
Chief Executive, NZPPI
12 August 2019

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Group Statement of Movements in Equity

For the year ended 31 March 2019

		Retained Earnings \$	NGIA Sector Funds \$	Research Reserve \$	Trolley Reserve \$	Total \$
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	(106,717)	-	-	106,717	-
Other movements		-	-	-	-	-
Closing equity		537,975	143,213	144,039	106,717	931,944
2018	Notes					
Opening equity		518,751	128,760	144,039	-	791,550
Increase/(decrease) in Sectors' funds	2	-	20,946	-	-	20,946
Net surplus / (deficit) for the year		40,022	-	-	-	40,022
Transfers (to) / from Reserves	16	-	-	-	-	-
Other movements		(181)	-	-	-	(181)
Closing equity		558,592	149,706	144,039		852,337

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.

Statement of Group Special Purpose Accounting Policies

For the year ended 31 March 2019

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) Biodegradeable 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

Depreciation rates

20% Diminishing value or 12% Straight line
12% Straight Line
12% Straight line
12% Straight line
10% Straight line

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.

Notes to the Group Special Purpose of Financial Performance

For the year ended 31 March 2019

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.

	2019	2018
	\$	\$
Consolidated Tax Group losses brought forward – NEL Group	(2,721,131)	(2,550,242)
Taxable Income/(Loss) - NEL	61,022	(166,729)
Dividend Imputation Loss – NEL	-	(4,159)
Consolidated Tax Group losses carried forward	(2,660,109)	(2,721,131)
NZPPI tax losses brought forward	(2,843)	(7,704)
Taxable Income/ (Loss) - NZPPI	27,601	4,861
Imputation credits - NZPPI	(1,277)	-
Association tax losses carried forward	-	(2,843)
Tax on taxable income @ 28%	6,932	-
Imputation Credits	(1,277)	-
Resident Withholding Tax	(12)	-
Income Tax Payable	5,643	-

2. Sectors' Funds

	2019	2018
	\$	\$
Opening balance	(149,706)	(128,760)
Funds written back	6,493	(21,793)
Sector expenditure	-	847
Closing balance	(143,213)	(149,706)

3. Reserves

	2019	2018
	\$	\$
Research Reserve		
Opening balance	(144,039)	(144,039)
Movement for the period	-	-
Closing balance	(144,039)	(144,039)

	2019	2018
	\$	\$
Trolley Reserve		
Opening balance	-	-
Transferred from retained earnings	(106,717)	-
Closing balance	(106,717)	-

4. Retained Earnings

	2018	2018
	\$	\$
Opening balance	(558,592)	(518,751)
Deficit / (surplus) for the year	(86,100)	(40,021)
Transferred to Trolley Reserve	106,717	-
Closing balance	(537,975)	(558,592)

Notes to the Group Special Purpose of Financial Performance

For the year ended 31 March 2019

5. Payables, Accruals and Employee Benefits

	2019	2018
Payables and Accruals	\$	\$
Accounts payable	(76,445)	(112,959)
Accruals & other creditors	(45,511)	(31,173)
Total Payables and Accruals	(121,956)	(144,132)
	2019	2018
Employee Benefits	\$	\$
Employee Benefits	(13,570)	(16,465)
Total Employee Benefits	(13,570)	(16,465)

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:

	2019	2018
Unredeemed Gift Cards	\$	\$
Provision at 1 April 2018	(74,268)	(103,408)
Net Gift card sales	(478,719)	(540,362)
Less 10.0% allowance for unredeemed sales	47,885	54,036
Less expired cards write back	29,259	38,165
	(475,843)	(551,569)
Gift card redemptions	458,028	477,301
Provision at 31 March 2019	(17,815)	(74,268)

	2019	2018
Unredeemed Gift Vouchers	\$	\$
Provision at 1 April 2018	(170,654)	(216,279)
Net Gift voucher sales	(202,857)	(234,914)
Less 5% allowance for unredeemed sales	10 487	12 213
	(363,024)	(439,070)
Gift voucher redemptions	244,042	268,416
Provision at 31 March 2019	(118,982)	(170,654)

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.

Notes to the Group Special Purpose of Financial Performance

For the year ended 31 March 2019

8. Other Investments	2019	2018
	\$	\$
Fixed interest Investments	400,824	409,783
NZX Stocks	134,778	116,664
Total other investments	535,602	526,447
Current Portion	28,860	27,274
Non-current portion	506,742	499,173

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	2019	2018
	\$	\$
Office machinery	-	72
Fixtures & fittings	282	508
Office furniture	395	408
Computing equipment	3,679	2,891
Plant trolleys	44,783	67,641
Total depreciation charge	49,139	71,520

10. Property, Plant & Equipment

Subsidiaries	2019			2018		
	Cost	Accumulated Depreciation	Book Value	Cost	Accumulated Depreciation	Book Value
Fixtures & Fittings	4,233	4,233	-	4,233	3,950	283
Office Furniture	4,426	3,584	842	4,426	3,189	1,237
Computing Equipment	15,152	8,076	7,076	11,378	5,440	5,938
Plant Trolleys	1,410,732	1,180,632	230,100	1,419,190	1,164,512	254,678
Total	1,434,543	1,196,525	238,018	1,441,456	1,179,320	262,136

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.

	2019	2018
	\$	\$
Directors Fees paid	30,000	22,000
Organisational Structure Assistance	14,700	59,900
Total	44,700	81,900

Notes to the Group Special Purpose of Financial Performance

For the year ended 31 March 2019

12. Accounts Receivable	2019	2018
	\$	\$
Accounts Receivable	298,540	247,190
Allowance for doubtful debts	-	(2,271)
Net accounts receivable	298,540	244,919

13. Other Receivables	2019	2018
	\$	\$
Prepayments	22,140	2,987
Interest Accrued	7,287	7,247
GST refundable	7,688	(7,074)
RWT refundable	1,579	1,265
Other receivables	5,526	1,126
Total other receivables	44,220	5,551

14. Contingent Liabilities

The Directors are not aware of any contingent liabilities which may result in a loss to the group (2018: Nil)

15. Capital Commitments

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

Non-cancellable operating lease commitments	2019	2018
	\$	\$
Current	51,277	22,982
1-2 years	51,277	-
3-4 years	25,639	-
Total	128,193	22,982

The parent leases its premises. The parent has entered into a lease that expires on 30 September 2021.

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.

17. Banking arrangements

The parent has an overdraft facility available with a maximum limit of \$150,000 at 31 March 2019, with an interest rate of 10.35% (2018:10.10%) 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 (2018: none)

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 12 which comprise the group statement of financial position as at 31 March 2019, 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 2019 and of its group financial performance for the year ended 31 March 2019 in accordance with the Accounting Policies set out in the notes to 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 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.

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 group 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 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 members 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 group special purpose 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-8/>

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



B Kennerley
Partner
Wellington

5 September 2019



NZPPI ANNUAL REPORT 2019

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