

Potatoes

New Zealand Inc.

2016 Potatoes New Zealand Inc. Annual General Meeting

4.30pm – 5.30pm, Wednesday 20th July 2016.
Franklin Centre, Massey Avenue, Pukekohe

Contents:

<i>Agenda</i>	2
<i>Remits – Notices of Motion</i>	3 – 4
<i>2015 AGM Minutes</i>	5 – 8
<i>2016 Financials:</i>	
• <i>Compilation Report</i>	9
• <i>Directory</i>	10
• <i>Approval of Financial Report</i>	11
• <i>Statement of Profit or Loss</i>	12 - 13
• <i>Balance Sheet</i>	14
• <i>Statement of Changes in Equity</i>	15
• <i>Notes to the Financial Statements</i>	16 – 19
• <i>Depreciation</i>	20
<i>2016 Chairman’s Annual Report</i>	21 – 28

Potatoes

New Zealand Inc.

Annual General Meeting 2016

4.30pm – 5.30pm, Wednesday 20th July 2016.
Leslie Comrie Room, Franklin Centre, Massey Avenue, Pukekohe

Agenda:

4:30pm Potatoes New Zealand Inc. AGM

- Welcome and Introductions
- Apologies
- Proxies for AGM Resolutions
- Notices of Motion
 - Minutes of 2015 Potatoes NZ Inc. AGM
 - Potatoes NZ Inc. 2015-2016 Annual Accounts
 - Appointment of Auditor
 - Appointment of Auditor for the Commodity Levy Order
 - Quorum Change
 - Director & Chair Remuneration
 - Addition of new activities to Commodity Levies (Potatoes) Order
- 2016 Annual Report:
 - Chairman's and Sub-committees' Report
- Election Results
- General Business

5:30pm AGM Closes

2016 Potatoes New Zealand Inc.

AGM Notices of Motion

The following motion will be considered at the Potatoes New Zealand Inc. Annual General Meeting (AGM) being held at the **Franklin Centre, Massey Avenue, Pukekohe on Wednesday 20 July 2016 at 4.30p.m.**

Motion 1 That the minutes of the AGM of Potatoes New Zealand, held on 24 July 2015 be taken as read and confirmed as a true and correct record of that meeting.

Proposed by the PNZ Inc. Board

Explanatory Note

A PDF of the Minutes of the 2015 AGM will be available at www.potatoesnz.co.nz from early July 2016. If you have any questions or would like hard copies, please contact PNZ on phone 0508 467 869 or email info@potatoesnz.co.nz.

Motion 2 That the audited financial statements for the year ended 31 March 2016 be approved.

Proposed by the PNZ Board

Explanatory Note

A PDF of the Annual Report and Financial Statements will be available at www.potaotesnz.co.nz from early July 2016. If you have any questions or would like hard copies, please contact PNZ on phone 0508 467 869 or email info@potatoesnz.co.nz.

Motion 3 That either Grant Thornton Wellington, PricewaterhouseCoopers New Zealand or BDO Spicers, be appointed auditors for the financial year ended 31 March 2017.

Proposed by the PNZ Inc. Board

Motion 4 That PricewaterhouseCoopers New Zealand be added to the existing list of appointed auditors for the Commodity Levies (Potatoes) Order 2013

Proposed by the PNZ Inc. Board

Motion 5 That the number of members required for a quorum at all AGMs and other general meetings of the society be changed to 12.

Proposed by the PNZ Inc. Board

Motion 6 That a change in the remuneration of Chair, Directors and Subcommittee members be approved.

Proposed by the PNZ Inc. Board

Motion 7 That the Potatoes New Zealand Inc. board, at the next levy referendum, alters the Commodity Levies (Potatoes) Order clause 17.1, "Purposes for which levy money may be spent" to add two new activities.

The two new activities;

- biosecurity readiness and response, and
- development of product, process and human capability.

Proposed by the PNZ Inc. Board

Explanatory Notes:

Motion 4:

At the 2015 AGM Grant Thornton and BDO Spicers were appointed as auditors for the Commodity Levies (Potatoes) Order 2013. Since this Pricewaterhouse Coopers have also expressed an interest in the role and the board want the flexibility to also consider PwC for this role in the future.

Motion 5:

The quorum as defined within the Potatoes NZ Inc. Constitution (2012) is set at 20. This was set in 2012 when the total number of voting members of the organisation was 189 so that was 10.5%. Prior to that the Potatoes Product Group required a quorum of 12 with 189 growers or 6%.

However since then there has been a reduction in voting members through industry consolidation and now there are only 163 which now makes the quorum requirement 12%. It is important to note that In 2014 at the Potatoes NZ Inc. AGM the quorum was not reached.

Further information has been gathered from other related grower based organisations as below:

- HortNZ Inc. - 35 - 5500 growers 0.06%
- OnionNZ Inc.– 10 – 90 growers 11%
- Tomatoes NZ Inc. – 10 – 153 growers 6.5%
- Vegetables NZ Inc. – 15 – 893 growers 1.6%

Potatoes NZ Inc. board recommends that the quorum be changed back to the pre 2012 requirement of 12.

Motion 6:

As with any voluntary board it is important that director attendees be adequately reimbursed for their time away from their own businesses and there has been no change to Director Fee rates since before 2011.

The PNZ Inc. Board recommends that the Director Fees and Chairmans' Honoraria be increased appropriately as advised by the PNZ Inc. Remuneration Committee.

Potatoes New Zealand Inc.

MINUTES of ANNUAL GENERAL MEETING of Potatoes New Zealand Inc., held Hotel Ashburton, Ashburton on 24 July 2015, commencing at 8.15am.

PRESENT: Stuart Wright (Chair) presided over 56 members along with approximately 90 industry guests and visitors.

IN ATTENDANCE: Champak Mehta (CEO, Potatoes New Zealand Inc.)
Andrea Crawford (Business Manager, Potatoes New Zealand Inc.)

1. **Welcome**

Stuart Wright welcomed everyone and thanked them all for their support of this event by attending and declared the AGM open. Commented on how nice it is to see so many attendees at the AGM and Conference this year.

2. **Apologies**

Apologies were received from:

Tony Howey – Alpine Fresh Ltd
Murray Turley – Turley Farms Ltd
Andrea Buchanan – Gropak – PNZ Inc. Education & Marketing Group
Guy Slater – Plain Janes
Ross Hewson – RA & RS Hewson
Jay & Pravin Master – Master & Son
Ray Ellis – Ellis Agricultural Services
Claire Mills – PNZ Inc. Leadership Development Group member
Dave Miller – PNZ Inc. Leadership Development Group member
Hamish Gow – PNZ Inc. Export Market Development Group member

IT WAS RESOLVED THAT the apologies as read be accepted.

Tony Hendrikse / Bharat Bhana CARRIED

3. **Voting and Proxies for AGM Resolutions**

CEO read the proxies. The following proxies have been received:

Turley Farms, Canterbury and is held by the Chair
o Motions 1 - 6 are "For"

4. **Minutes of 2014 Potatoes NZ Inc. AGM**

Chair asked for any comments and corrections for the minutes which were circulated in the papers, there were none. No discussion on minutes.

MOTION 1:

THAT the minutes of the AGM of the Potatoes New Zealand, held on 24 June 2014 be taken as read and confirmed as a true and correct record of that meeting.

Mike Moleta / Bharat Bhana CARRIED

5. **2015 Chairman's & Sub Committees Report**

The Chair declared the reports as tabled given they were mailed out to all members and available in the conference packs today.

The key being a 3 year journey of restructuring the organisation to build a platform for the industry to perform to its abilities. The organisation won't make you money but will provide you with the opportunity to go about your business in a much more efficient way and provide a platform for you to operate more efficiently. Based on increased industry participation in the management and administration of the organisation.

The re-building of the reserves to almost pre-psyllid days in order to provide funding in future for bio-security readiness and response activities.

Its early days but seeing the benefits of the FAR R & D management contract which is now starting to deliver outcomes for the industry highlighted in the previous days presentation.

All this leads the board to have confidence in the future of the organisation.

6. **Potatoes NZ Inc 2014-2015 Annual Accounts**

CEO spoke to accounts.

Posted a surplus of \$386,000 which is \$462,000 over budget given our conservative budget. The income was over budget by \$411,000 and the expenses were \$51,000 under budget with greatest savings in media, meeting costs, consultant fees with staff and administration costs also down. The operating expenses were over budget due to extra payment to FAR for fees. Reserves are now \$793,960.

There were no questions from the floor.

MOTION 2:

THAT the audited financial statements for the year ended 31 March 2015 be approved.

David Redmond / Clint Smythe CARRIED

7. **Appointment of Auditor**

MOTION 4:

THAT Grant Thornton, Wellington, be appointed as auditors to 31 March 2016.

Tony Hendrikse / Jon Davison CARRIED

8. **Appointment of Auditor for Commodity Levies (Potatoes) Order 2013**

Chair introduced the motion and explained that although the levy has been in place since 2013 there has never been an auditor appointed for this process. This is to ensure the requirements of the levy process are being met according to the order.

MOTION 5:

That Grant Thornton or BDO be appointed as auditors for the Commodity Levies (Potatoes) Order 2013

Mike Moleta / David Redmond CARRIED

9. **Notice of Motion - GIA Deed**

Chair lead a discussion on the motion and the document circulated with the motion. Referred to page 5 of the AGM papers.

CEO provided brief overview. This mandate was sought at the 2014 AGM but due to the lack of a quorum at that meeting it is important to verify the decision from that meeting in the 2015 AGM where there is a far greater representation of Potatoes NZ Inc. members present (69 growers, 3 trade members representing over 90% of the potato industry value).

GIA has been discussed for over 8 years and PNZ Inc. board feel it is an important framework. Need to protect ourselves from external pests and diseases. It is a partnership on response which gives us input into the response. Lead has been set by other primary industries and Onions NZ are also beginning this process.

It is important to have continued engagement on this issue and by signing the deed you are guaranteed a seat at the table when decisions on response are being made. Either way the government will ensure primary industries will pay their share of incursions, by being involved in the process you have a say on what that share will be and how the funds are spent in the response.

The discussions with MPI have moved over the past year and some changes and compromises on the deed and funding have been made during their negotiations with other primary groups.

Chair invited Julian Raine, President of Horticulture NZ to provide the meeting with an update on his observations following the most recent Queensland Fruit Fly incursion and how he sees these incidents would work in the future under a GIA operational agreement. It is a good example of how joint response activities can work in the future.

Peter Reynolds (TA Reynolds Ltd) asked that the vote be by a show of hands to ensure the rest of the industry not present at the AGM are aware of the level of support within the industry.

MOTION 5:

THAT Potatoes New Zealand Inc. Board signs the GIA Deed on behalf of the New Zealand potato industry.

Clint Smythe / Jon Davison CARRIED by a unanimous show of hands

10. **Election Results**

The Chair announced the results of the election of Directors to the Board of Potatoes New Zealand Inc. Chair thanked the board for their input during the year.

This year three members of the board stood down by rotation and all made themselves available for re-election. There were no other nominations received so all three were re-elected unopposed.

The following have been elected:

Grower Members

Bharat Bhana (re-elected)
Michael Moleta (re-elected)
Tony Parlato
David Redmond
Clint Smythe (re-elected)
Stuart Wright

Trade Members

John Jackson
Tony Hendrikse (co-opted)

Independent

Jon Davison (appointed)

Chair asked that the new Board convene during the conference to nominate a Chair and Vice Chair.

12. General Business

a. 2014 Financial Report

The Chair provided background on this matter. Due to the lack of a quorum at the 2014 AGM the financials were effectively never formally accepted. It is now a formality but needs to be completed. Copies of the 2014 Financials were handed out to attendees at the door.

The Chair moved the resolution.

IT WAS RESOLVED THAT the audited financial statements for the year ended 31 March 2014 be approved.

Chair / Tony Hendrikse

CARRIED

b. Industry Service Acknowledgements

The Chair congratulated the following on their service to the industry and acknowledged their contributions to the industry.

i. Bob Crampton – Southern Star Seeds

Bob is semi retiring from production management but will continue to consult to Southern Star Seeds as he decides appropriate. Bob has given many years to the potato industry in NZ and Potatoes NZ Inc. thank him for his service and wish him well.

ii. Ray Ellis, Ray Ellis, managing director, Ellis Agricultural Services.

Ray recently won the New Zealand Trade & Enterprise Service to Export Award for his wealth of knowledge and long-standing contribution to agricultural and horticultural industry exports. Potatoes NZ Inc. congratulates him on his award and thanks him for his continued service to the potato industry.

c. Obituaries

Peter Reynolds from the floor recognised the passing of Sandra Jivan of Pukekohe.

Chair thanked everyone for their attention and hoped they enjoyed the rest of the conference. The meeting closed at 8.45am.

The date and venue of the next Annual General Meeting of Potatoes NZ Inc. will be advised prior to the 2016 Potatoes NZ Inc. Conference.

Compilation Report

POTATOES NEW ZEALAND INCORPORATED For the year ended 31 March 2016

Compilation Report to the Directors of POTATOES NEW ZEALAND INCORPORATED

Scope

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the financial statements of POTATOES NEW ZEALAND INCORPORATED for the year ended 31 March 2016.

These statements have been prepared in accordance with the accounting policies described in the Notes to these Financial Statements.

Responsibilities

The Directors are solely responsible for the information contained in the financial statements and have determined that the Special Purpose Reporting Framework used is appropriate to meet your needs and for the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Independence

We have no involvement with POTATOES NEW ZEALAND INCORPORATED other than for the preparation of financial statements and management reports and offering advice based on the financial information provided.

Disclaimer

A compilation is limited primarily to the collection, classification and summarisation of financial information supplied by the client. A compilation does not involve the verification of that information. While an audit has been undertaken by Grant Thornton, we have not performed an audit or review engagement on the financial statements and therefore neither we nor any of our employees accept responsibility for the accuracy of the material from which the financial statements have been prepared. Further, the financial statements have been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence to any other person.



Campbell Tyson Limited
Level 2
1 Wesley Street
Pukekohe 2120

Dated: 8 June 2016

Directory

POTATOES NEW ZEALAND INCORPORATED

For the year ended 31 March 2016

Nature of Business

The principal object of the society is to provide benefits to the potato industry in New Zealand by creating a positive industry profile and business environment for members.

Chartered Accountant

Campbell Tyson Limited
Level 2
1 Wesley Street
Pukekohe 2120

Registered Office

Potatoes New Zealand Incorporated
Level 4, Co-Operative Bank House
20 Ballance Street
Wellington 6143

Directors

Stuart Wright
Bharat Bhana
Clint Smythe
David Redmond
Mike Moleta
Tony Parlato
John Jackson
Tony Hendrikse
Jon Davidson

Society Number

2559200

Bankers

Bank of New Zealand

IRD Number

109-068-020

Tax Status

Incorporated Society

Approval of Financial Report

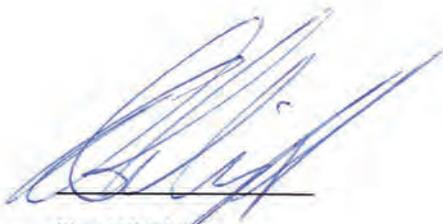
POTATOES NEW ZEALAND INCORPORATED

For the year ended 31 March 2016

The Directors are pleased to present the approved financial report including the historical financial statements of POTATOES NEW ZEALAND INCORPORATED for year ended 31 March 2016.

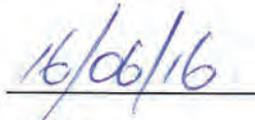
APPROVED

For and on behalf of the Board of Directors



Stuart Wright

(Chairman)

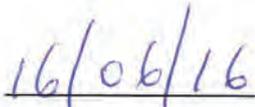


Date



Jon Davidson

(Independent Director)



Date

Statement of Profit or Loss

POTATOES NEW ZEALAND INCORPORATED For the year ended 31 March 2016

	NOTES	2016	2015
Operating Revenue			
Approved Org Application Fee		2,000	2,000
Associate Member Fees		2,330	1,000
Export Access - Admin		16,000	18,000
Export Access Income		126,165	121,232
Grants Income - Research & Development		-	10,250
Levy - Export Market Development Group		88,037	80,668
Levy - Leadership & Training		88,037	80,668
Levy - PNZ Head Office		264,112	242,004
Levy - Research & Development		557,570	510,897
Levy - Seed Industry Good		88,037	80,668
Levy - Education & Marketing		381,495	349,561
Pukekohe Field Day		-	14,155
Seed Certification		252,016	250,916
Sustainable Farming Fund		-	130,318
STAND Childrens Services		-	2,500
Trade Member Fees - General		40,906	79,290
Trade Member Fees-Promotion		10,112	19,600
Trade Member Fees-Research		40,906	79,290
Total Operating Revenue		1,957,723	2,073,017
Gross Surplus/(Deficit)		1,957,723	2,073,017
Expenses			
Audit fees		3,539	4,470
Bank Fees		1,054	1,168
Conferences and Meetings		16,192	26,592
Consultants & External Providers		164,512	162,843
Depreciation		915	1,900
Export Access		16,384	6,438
Fees & Subscriptions		97,468	72,058
Media		57,266	51,898
Office Administration		362,436	396,165
Other Operating Costs		824,813	884,001
Sponsorship & Community Good		24,991	18,874
Travel and accommodation		70,633	73,319
Total Expenses		1,640,203	1,699,726
Operating Surplus/(Deficit) before Other Income		317,520	373,290
Other Income			
Interest		17,438	17,429

The accompanying notes form part of these Financial Statements.



	NOTES	2016	2015
Profit/(Loss) on Disposal of Fixed Assets		(244)	-
Total Other Income		17,194	17,429
Surplus/(Deficit) before Income Tax		334,715	390,719
Taxation			
Tax Expense		4,448	4,599
Total Taxation		4,448	4,599
Net Surplus/(Deficit) for the Year		330,267	386,120
Transfer To			
Education Reserve - Transfer of Net Surplus/(Loss)		147,545	170,874
R&D Investment Group - Transfer of Net Surplus/(Loss)		12,417	3,271
Seed Certification Authority - Transfer of Net Surplus/(Loss)		23,127	(9,748)
Export Market Development Group - Transfer of Net Surplus/(Loss)		47,484	40,753
Leadership Development Group - Transfer of Net Surplus/(Loss)		48,402	37,187
Innovation Reserve - Transfer of Net Surplus/(Loss)		(41,965)	-
General Reserve - Transfer of Net Surplus/(Loss)		93,257	143,783
Total Transfer To		330,267	386,120

The accompanying notes form part of these Financial Statements.



Balance Sheet

POTATOES NEW ZEALAND INCORPORATED As at 31 March 2016

	NOTES	31 MAR 2016	31 MAR 2015
Equity			
Reserves		1,124,227	793,960
Total Equity		1,124,227	793,960
Total Equity		1,124,227	793,960
Assets			
Current Assets			
Cash and Bank	5	925,498	816,401
Income Tax Receivable	4	2,459	1,152
Payments in Advance		-	9,405
Trade and Other Receivables		368,513	236,653
Total Current Assets		1,296,470	1,063,612
Non-Current Assets			
Property, Plant and Equipment	10	1,823	1,095
Total Non-Current Assets		1,823	1,095
Total Assets		1,298,293	1,064,707
Liabilities			
Current Liabilities			
GST Payable		16,691	26,845
Income Received in Advance		45,634	59,221
Trade and Other Payables		111,741	184,680
Total Current Liabilities		174,066	270,747
Total Liabilities		174,066	270,747
Net Assets		1,124,227	793,960

Net Assets

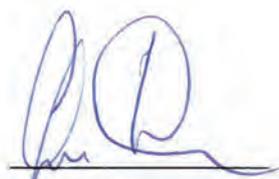
1,124,227 793,960



Stuart Wright

(Chairman)

16/06/16
Date



Jon Davidson

16/06/16
Date

The accompanying notes form part of these Financial Statements.



Statement of Changes in Equity

POTATOES NEW ZEALAND INCORPORATED

For the year ended 31 March 2016

	2016	2015
Equity		
General Reserve		
Opening Balance	294,813	151,030
Surplus/(Deficit)	93,257	143,783
Total General Reserve	388,070	294,813
Education Reserve		
Opening Balance	133,145	(37,729)
Surplus/(Deficit)	147,545	170,874
Total Education Reserve	280,690	133,145
R & D Investment Group Reserve		
Opening Balance	116,565	113,294
Surplus/(Deficit)	12,417	3,271
Total R & D Investment Group Reserve	128,982	116,565
Seed Certification Authority Reserve		
Opening Balance	4,209	13,957
Surplus/(Deficit)	23,127	(9,748)
Total Seed Certification Authority Reserve	27,336	4,209
Export Market Development Group		
Opening Balance	181,522	140,769
Surplus/(Deficit)	47,483	40,753
Total Export Market Development Group	229,005	181,522
Leadership Development Group		
Opening Balance	63,706	26,519
Surplus/(Deficit)	48,402	37,187
Total Leadership Development Group	112,108	63,706
Innovation Group		
Opening Balance	-	-
Surplus/(Deficit)	(41,964)	-
Total Innovation Group	(41,964)	-
Total Equity	1,124,227	793,960

The accompanying notes form part of these financial statements.



Notes to the Financial Statements

POTATOES NEW ZEALAND INCORPORATED

For the year ended 31 March 2016

1. Reporting Entity

POTATOES NEW ZEALAND INCORPORATED was registered under the Incorporated Societies Act 1908 in March 2010. The Society began trading in May 2012.

This special purpose financial report was authorised for issue in accordance with a resolution of directors dated as per the Approval of Financial Report.

2. Statement of Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Framework for use by Not-For-Profit Entities (SPFR for NFPs) published by Chartered Accountants Australia and New Zealand.

Basis of Preparation for the 2014 / 2015 Year

For periods up to and including the 2014 / 2015 financial year, POTATOES NEW ZEALAND INCORPORATED prepared its financial statements in accordance with approved Financial Reporting Standards (FRSs) and Statements of Standards Accounting Practice (SSAPs) as appropriate for entities that qualified and applied for New Zealand differential reporting concessions. The financial statements for the year ended 31 March 2016 have been prepared in accordance with SPFR for NFP. Accounting policies adopted under SPFR are consistent with accounting policies previously reported. Potatoes New Zealand Incorporated has no obligation to prepare general purpose financial statements.

Historical Cost

These financial statements have been prepared on a historical cost basis, (except for certain assets which have been revalued as identified in specific accounting policies below). The financial statements are presented in New Zealand dollars (NZ\$) and all values are truncated, so the line items may not agree to the total.

Revenue

Revenue has been recognised on an accrual basis.

Expenses

Expenses have been classified on their business function.

Income Tax

Income tax is payable on non-member income after deduction of tax deductible expenses. Any amount payable is provided for using the liabilities method.

Tax is payable only on non-member income received in excess of \$1,000. This deduction is available pursuant to section DV8 of the Income Tax Act 2007.

Goods and Services Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

The accompanying notes form part of these Financial Statements.



Trade Receivables

Trade Receivables are recognised at estimated realisable value. Individual debts that are known to be uncollectable are written off in the period that they are identified.

Changes in Accounting Policies

The company transitioned on 1 April 2015 from preparation of general purpose financial information in accordance with New Zealand generally accepted accounting policies ("NZ GAAP") to special purpose financial reporting in accordance with SPFR for NFP's. Accounting policies adopted under SPFR are consistent with accounting policies previously adopted.

Income Received in Advance

Registered exporters pay a \$5,000 deposit per annum towards their export levies at the beginning of the season. Throughout the season, levies are charged against the income received in advance. The income in advance figure represents the balance of the initial deposit remaining at balance date.

	2016	2015
3. Tax Reconciliation		
Surplus/(Deficit) before Income Tax		
Current Year Earnings	334,715	390,719
Total Surplus/(Deficit) before Income Tax	334,715	390,719
Permanent Differences		
Non-Member Income Exemption	(1,000)	(1,000)
Non-Taxable Profit Relating to Members	(317,829)	(373,295)
Total Permanent Differences	(318,829)	(374,295)
Taxable Profit (Loss)	15,885	16,424
Tax Payable at 28%	4,448	4,599
	2016	2015

4. Taxation

Taxation		
Opening Balance	(1,152)	(585)
Increases		
Provision for Taxation	4,448	5,847
Refunds	-	(380)
Total Increases	4,448	5,467
Decreases		
Prior Year Over Provision For Tax	-	(380)
RWT Paid	5,754	6,415
Total Decreases	5,754	6,035
Total Taxation	(2,459)	(1,152)

The accompanying notes form part of these Financial Statements.



2016 2015

5. Cash and Bank

Bank Accounts		
Bank of New Zealand - Auto Call Account	835,887	804,204
Bank of New Zealand - Current Account	91,597	12,197
BNZ Credit Card - Andrea	(1,028)	-
BNZ Credit Card - Chris	(957)	-
Total Bank Accounts	925,498	816,401
Total Cash and Bank	925,498	816,401

The carrying amount of cash and cash equivalents approximates their fair value.

The Bank of New Zealand Current Account and the Bank of New Zealand Auto call account earns interest at floating rates on daily deposit balances.

6. Related Parties

- Stuart Wright:** Seed grower. Levy paid via a collector, and seed registration fees paid.
- Bharat Bhana:** Fresh grower. Levy paid via collectors, and direct sales levy.
- Clint Smythe:** Fresh grower. Levy paid via a collector.
- David Redmond:** Processed and export grower. Levy paid via collectors.
- Mike Moleta:** Fresh and processed grower. Levy paid via collectors, and direct sales levy.
- Tony Parlato:** Fresh and processed grower. Levy paid via collectors, and a direct sales levy.
- John Jackson:** Trade member. McCains pays trade member fee and levy (are not growers).
- Tony Hendrikse:** Trade member. Seed merchant. Collect levy and pays trade member fee, seed registration, and export registration fee.

Potatoes New Zealand Charitable Trust is a related party to Potatoes New Zealand Incorporated, by virtue that a Director is also a Trustee of the Trust. There were no transactions with the Trust during the year (2015: None).

The above trading/grower members have been identified as related parties due to directors on the board of those entities also being executive committee members on Potatoes New Zealand Incorporated.

The transactions that have occurred between those entities and Potatoes New Zealand Incorporated are membership fees or levies.

7. Capital Expenditure Commitments

There are no liabilities in respect of capital expenditure at balance date other than those provided for in the accounts (Last Year: \$0).

8. Contingent Liabilities

There are no contingent liabilities at balance date (Last Year: \$0).

9. Subsequent Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

The accompanying notes form part of these Financial Statements.



10. Property, Plant & Equipment

Property, Plant & Equipment are recognised at cost less aggregate depreciation. Depreciation has been calculated using the maximum rates permitted by the Income Tax Act 2007 on a straight line basis. Gains and losses on disposal of fixed assets are taken into account in determining the operating result for the year.

Depreciation rates are stated in the Fixed Asset Schedule.



10. Depreciation Schedule

POTATOES NEW ZEALAND INCORPORATED

For the year ended 31 March 2016

NAME	METHOD	RATE	COST	OPENING VALUE	PURCHASES	SALE PRICE	DEP RECOVERED	LOSS	CAPITAL GAIN	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Computer Equipment												
Acer Laptop	SL	40%	1,887	-	1,887	-	-	-	-	63	63	1,824
Samsung NP9000 Laptop - Champak	SL	40%	2,425	244	-	-	-	244	-	-	-	-
Samsung NP900C3C Laptop	SL	40%	2,325	852	-	-	-	-	-	852	2,325	-
Total Computer Equipment			6,637	1,096	1,887	-	-	244	-	915	2,388	1,824
Total			6,637	1,096	1,887	-	-	244	-	915	2,388	1,824

Potatoes New Zealand Inc. *AGM and Conference*

Chairman's Annual Report - 2016

Potatoes New Zealand Inc. have built a strong platform in the last year to provide support for growers, packers, processors and exporters to take advantage of the market opportunities for Potatoes.

Horticultural exports are forecasted to surge 20 percent to \$5.1 billion, the first time the sector has exceeded \$5 billion. New Zealand potatoes and processed potatoes have real opportunities both domestically and internationally to be a part of this success story.

The organisation is well positioned to deliver greater benefits to our levy payers and members. The organization is committed to providing value and service to its Members. Key achievements over the past year include:

- A review of the 2013 PNZ Strategy to ensure that the strategic targets adopted and the strategic initiatives set are being achieved and that the activities of the organisation are aligned with these.
- Eleven of the 13 strategic initiatives announced in the 2013 strategic Plan have commenced.
- Research conducted showed the New Zealand market and export value is now \$814 million demonstrating the increasing commercial value of potatoes.
- The Board exhibited sound fiscal responsibility by ensuring expenses were held at just below the same level for the previous reporting period.
- The build-up of and capping of general reserves at \$1,000,000 for FYE Mar 15. Providing a funding base to enable the organisation to respond appropriately to any contingencies.
- PNZ Inc.'s continued support of young people in the community via our involvement with STAND Children's Health Villages, National Secondary School Culinary Challenge and sponsorship of Young Grower of the Year competition continue to increase awareness of the NZ potato industry.
- Viet Nam market access for potatoes from New Zealand was approved in August 2015 providing another potential export market for fresh potatoes.
- Export values for the 2015-16 season to Fiji improved by approximately 50% compared with the previous season.
- The Fijian market came under pressure when a new import condition for sprout inhibitor was imposed. The EMDG committee developed a workable solution with the Ministry of Primary Industries to maintain market access without interruption.
- EMDG was involved in the implementation phase of the MPI Certification Review Project exhibiting a good working relationship with the Ministry of Primary Industries.
- Application by PNZ to become a signatory to the GIA Governance Deed was completed signalling an ongoing commitment by PNZ to Biosecurity.
- Through Hort NZ, PNZ successfully applied to the Ministry of Environment to carry out a programme to release *Tamarixia* a naturally occurring parasitoid of tomato potato psyllid. This is an important step to developing an Integrated Pest Management Program to address TPP.
- The Seed Authority established an audit and approval process for facilities producing tissue culture and mini-tubers with three facilities being recommended for approval. Ensuring that seed quality is maintained and promoted.
- Through FAR as the contractor for the PNZ R&D programme a total of 12 Research Projects were under management. To date 7 Potato Updates have been published and

during 2015-2016 Potato Field Days were held in Pukekohe, Manawatu & Canterbury. This represents a significant investment by PNZ and an ongoing commitment to ensure that research and development delivers tangible results for growers.

- The Innovation Group initiated 7 research projects involving Plant & Food, Massey University, Canterbury University and Otago University. These projects are looking at Potato waste utilisation and processing efficiencies. Building working relationships with students and researchers in Tertiary Institutions is critical to long term industry sustainability.
- The successful recruitment and appointment of the new CEO, Chris Claridge.
- The CEO was appointed the Chair of the Chip Group and the Secretary of the Potatoes Charitable Trust ensuring greater co-ordination of industry activity
- The Chip Group contract with the Ministry of Health was renewed for another 12 months.
- PNZ Inc. attendance at the World Potato Congress and the International Potato Group meeting further strengthened key international collaboration on marketing and research activities. Ensuring that PNZ benchmarked its activities against Potato grower Organisations worldwide.

This year's elections resulted in the Directors who retired on rotation, Tony Hendrikse and David Redmond being re-elected unopposed to the PNZ Inc. Board. This governance stability, as well as the good shape that PNZ Inc. is in financially is a positive signal.

The challenge that lies ahead is now to build on the platform established and achieve the three strategic targets:

1. Increase profit from productivity by \$150 per ha per annum
2. Double the value of fresh & processed New Zealand based exports by 2025.
3. Enhance the value of the domestic market by 50% by 2025

My thanks as chairman goes out to our staff, Chris Claridge and Andrea Crawford and to the board for their focus and continued support as we strive to meet the challenges facing our industry. I would also like to thank all committee members who have contributed their time and energy to the activities of PNZ.



Stuart Wright
Chair
Potatoes NZ Inc.

Education & Marketing (Chairperson – Ian Corbett)

The focus of 2015/16 for the Education & Marketing Team was to build on the activities of the previous year and to develop additional resources to target key events during the year. The focus was again on education and training institutions, foodwriters, health professionals and networking with other prominent food industry organisations on collaborative activities.

The key messages known as the “Four Pillars” remained the same and applied to a variety of new marketing collateral and resources. This year saw the development of two new flyers which combined the messages of versatility and convenience with the creation of potato occasions. There was the Global Favourites which featured international potato recipes and the Classic Spuds which highlighted some of the more classical potato dishes such as gratin, fondant and noisette potatoes. These were used with both the general public at the foodshows, foodwriters at the Foodwriters Market Day and with training institutions. Four new recipe cards were launched and used by the Heart Foundation in their gift bags handed out at the four Foodshows.

Further work was completed on developing resources for use with school children with the creation of two Task Sheets aimed at younger children. There was ongoing work on unit standards for Year 9 and 10 students and the trial of a “Potato Lunch” competition run by City & Guilds at regional culinary events.

The consumer website (www.potatoes.co.nz) continues to be updated with the new resources. This year the site was moved to a new host and secured onto a more stable platform in order to provide a stable environment before any major upgrades occur.

Continued collaborative opportunities with other primary producer organisations such as the sponsorship of the National Secondary Schools Culinary Challenge provide ongoing networking channels.

Further relationship development has occurred with the Heart Foundation through the sharing of their stand at the Foodshows in Christchurch, Hamilton, Wellington and Auckland. This allowed the PNZ Inc. team to present the “potato” story and resources in person to the thousands of Foodshow attendees around New Zealand.

The Ministry of Health interaction as part of the CHIP Group has continued to be invaluable. With the PNZ Inc. CEO now Chair of the CHIP Group and the CHIP Group’s work with the Ministry of Health “Healthy Families” teams around NZ, this provides vital contact with key health professionals.

Participation at the World Potato Congress and attendance at the International Potato Group meeting prior to the WPC has reignited long term international relationships. Continued collaboration with the potato industry organisations in particular the UK and South Africa provide essential in market experience and a sounding board for future activities.

Export Market Development Group (Chairperson – Bharat Bhana)

The EMDG works in three main areas: market access including new access for potatoes and improving import conditions for existing markets, market development, and market information. The EMDG is working closely with the Ministry for Primary Industries (MPI) to obtain access for potatoes to Viet Nam, Japan and Australia, and is seeking to improve access conditions for potatoes to the Republic of Korea. It also provides a market access update for the monthly PNZ Inc. email newsletter. A summary of the main areas of work is as follows;

- Viet Nam market access for potatoes from New Zealand was approved in August 2015. Exporters can now apply for import permits but will need to be registered for export to Viet Nam within the next month if they wish to be eligible to export to this market. Viet Nam is still to undertake a formal pre-trade visit to New Zealand which will look at the export system for this trade.
- Japan approved access for USA potatoes for processing in 2006, and shortly after PNZ Inc. initiated a project to obtain access under similar conditions. Japan has proposed similar measures for New Zealand potatoes provided access is to the processing facility at a port, along with additional requirements for other pests of concern. PNZ Inc. is undertaking a range of in market research to make contact with the processors in Japan which will give a better indication of the specific import conditions. Once PNZ Inc. ascertains the import conditions and the economic viability of the trade it will provide Japan with a formal response indicating how New Zealand will meet the proposed import conditions.
- The market access project for fresh potatoes for processing to Australia was reviewed by PNZ Inc. in 2015 as this access has been negotiated for over 10 years without the market being opened for trade. This project was commenced in response to a shortage of processing potatoes in Australia and was almost finalised in 2012 when a review of legislation and process was initiated. Initially it was thought that this access activity would not be finalised anytime soon by Australia and resources could be better utilised for other trade related matters. However, Australia has recently indicated that work is being prioritised and will be progressed in a timely manner. The draft import conditions potentially could be provided within the next six months and there may be few changes to what was proposed in 2012. The delay also reflects considerable Australian industry concern at the importation of New Zealand potatoes, with undue emphasis being placed on the import risk from fresh potatoes for consumption not processing.
- The EMDG also reviewed the Republic of Korea's existing market access conditions for potatoes for consumption and processing with a view to improvement with a report commissioned that provided good evidence that modern potato washing techniques are highly efficient at removing cysts and that washed potatoes carry a very low risk of introducing PCN. Korea is keen to progress better import conditions and will be working on the assessment of the washing methods, proposed by New Zealand to revise the current protocol, in the first quarter of 2016. The EMDG also discussed a response to Korea on its concerns around Zebra Chip with the group maintaining a position that the disease would not be an issue for potatoes for consumption. MPI is considering this position and will follow up with correspondence with Korea on all the outstanding issues.
- Fiji trade was disrupted when a new import condition for sprout inhibitor was imposed. The Government of Fiji, through the Biosecurity Authority of Fiji, (the National Plant Protection Organisation for Fiji (NPPO)) notified an exporter that it was implementing a change to its import requirements immediately due to non-compliance to the existing conditions for fresh potatoes from New Zealand. Fiji is New Zealand's most important export market for fresh potatoes and was valued at \$11.5 million per annum in 2014. The EMDG was involved from the outset to develop a workable solution to maintain trade to this very important market. This is a good example of a grower's organisation working collaboratively with all sectors of the industry and with the New Zealand Government. MPI has not been notified of any interceptions or issues in Fiji since the implementation of the new requirements and all reports indicate that trade is continuing without any issues.

The EMDG has also been involved in the implementation phase of the MPI Certification Review Project, covering all MPI standards, guidelines and official assurance programmes, through representation on the Certification Review working group and attendance at the workshops. The MPI Export Certification Standards have been updated and MAO systems are being approved.

The EMDG has provided resource to updating the PCN/Potato Wart Official Assurance Programme (OAP) to include the import requirements for Viet Nam. This OAP and associated registration forms should be approved by MPI and made available by the start of July 2016

The EMDG also provided regular updates from the Plants Market Access Council on which PNZ Inc. has representation and from the PMAC weekly information monitoring updates.

EMDG has been responsive in monitoring and providing comments to notifications of changes to export market phytosanitary and sanitary regulations including providing an overview of pesticide use in New Zealand for potatoes to inform New Caledonia that trade would be affected if it chose to align with EU MRLS, and non-tariff barriers including providing feedback on the Regional Comprehensive Economic Partnership. The RCEP involves 16 countries including 10 members of ASEAN, plus six countries with which ASEAN has free trade agreements including Australia, China, India, Japan, Korea and New Zealand.

The EMDG also provides market information, such as weekly fresh potato export statistics and monthly processed export statistics and maintains a quick reference guide to importing country phytosanitary requirements.

Research & Development Group

(Nick Pyke and Jen Linton, FAR)

Overview

Potatoes NZ contract FAR to manage the R&D programme for potatoes. This report summarises activity over the last year. We are extremely grateful to the potato growers, researchers and Potatoes NZ for their input into the work over this period.

Soil borne diseases

A field trial was carried out to assess the impact of different fungicide and pesticide treatments on seed tuber or soil-borne diseases and potato yields. The treatments were applied to potato seed tubers or as in-furrow planting treatments in a second year potato field in South Canterbury. The plots were hand-planted with 33 seed tubers (cv. Innovator), on 12 October, 2015. Plant emergence was recorded and tubers and plants were assessed for incidence and severity of soil borne diseases twice during the season.

Different fungicide treatments did not affect the emergence or establishment of the plants. The data on incidence or severity of soil borne diseases is still being analysed. Diseases detected included *Rhizoctonia* stem canker and tuber black scurf, *Spongospora* root galls and tuber powdery scab, and *Sclerotinia* white mould on stems. There was no difference in marketable or unmarketable yield. The average mean yield for the trial was 83t/ha. The final report for this work is currently being analysed and will be distributed to growers by way of a potato update in late winter 2016 and will be presented at the Potato Agronomists' Forum in Pukekohe in August.

Foliar disease and pest management

In 2015/16 the focus was on further verification of the psyllid management options and how these vary by both region and pest pressure. The aim was to provide a range of effective commercial psyllid management options suitable for growers in the three key regions (Matamata, Manawatu and Canterbury). Three trials were carried out in potato crops, with one trial in each of three regions (Matamata, Manawatu, and Canterbury). Treatments ranged from calendar based sprays to IPM based spray programmes. Five spray programmes were used in Matamata and Manawatu, and six in Canterbury, plus a no spray control. In Canterbury, a further treatment comprised a mesh treatment (plot covered by a mesh to exclude psyllids).

For the two North Island sites the degree day (DD) threshold was 980 DD, and for Canterbury 712 DD. Yellow sticky traps were placed at each site to assess and monitor TPP numbers throughout the season. Plant disease (blight) and harvest assessments were also taken. Neither marketable weights nor numbers varied significantly between the treatments at any of the sites. Zebra chip likewise did not vary between treatments at any of the sites. Full summarized results

will be sent out as a potato update late winter 2016. An update will be provided at the Potato Agronomists' Forum in Pukekohe in August.

Soil quality, crop rotations and biofumigant crops

This project continues research quantifying the contributions of multiple biotic and abiotic factors that influence potato yields. In the first year of this MPI SFF project, soil physical quality and plant health have been monitored in potato crops, in a range of climatic and soil environments in different potato-growing regions of New Zealand.

Eighteen commercial potato crops were monitored in the 2015/16 season in three regions; Canterbury (12 fields), Pukekohe (3 fields) and Manawatu (3 fields).

- Pre-plant soilborne pathogen DNA levels were measured to help pinpoint sources of disease. Soil was also removed from each field, placed in planter bags in a shadehouse trial at a centralized location and planted with surface-sterilised seed tubers from the same line used to establish the field crop. This aimed to determine respective differences between the fields in soilborne disease potential.
- Each crop was assessed at three growth stages (emergence, full canopy and late canopy), for a range of diseases, with the emphasis on soilborne disease. Methods used were based on previous research indicating timeliness and extent of effective assessments.
- The effects of crop history and pre-plant cultivation practices on soil structure were investigated.
- Soil physical properties and crop rooting characteristics were measured after planting and at full canopy

The disease incidence and severity datasets are large and complex, as up to 12 different disease types and forms have been assessed on potato stems, roots and daughter tubers at three stages through crop growth. These parameters are being related to pre-plant soilborne pathogen DNA levels and the performance of the shadehouse-grown plants.

To explain soil physical environment effects on crop productivity, a range of soil properties (structural condition, aggregate stability, texture) are being related to plant root growth patterns, previous cropping history and intensity of pre-planting cultivation. This soil information will be linked to disease patterns, thus obtaining a comprehensive assessment of the main causes of yield limitation in each crop. Updates will be provided at the Potato Agronomists' Forum in Pukekohe in August.

Transforming variability into profitability

This MPI SFF project aims to develop better methods to integrate precision agriculture data from a range of crops including potatoes. Two sites, Pukekohe and Canterbury were selected for the potato work and the initial steps were to fit yield monitors to potato harvesters and assess the ability to use these to map yield and variability in yield within paddocks. Results will be analysed over the winter and presented at the Potato Agronomists' Forum in Pukekohe in August. Co-funders FAR and PNZ.

Fluxmeter project

This research is just completing the second year and drainage samples have been collected and analysed for N from the fluxmeters in the field in each of the 3 sites in 4 regions. A preliminary analysis of data has been completed and the results were presented at a recent conference by Plant & Food Research. This project has a further year to go but, based on the preliminary results it will be important to continue this beyond a third year and an effort will be made to secure long term funding for this work. This MPI SFF project is co-funded by FAR, PNZ, Hort NZ and Ravensdown.

Don't Muddy the Waters

Regular reports have been received from AgFirst on this SFF project. Methods for measuring sediment loss have been installed and are being measured. The focus of this work is the

Pukekohe region and the Manawatu. This MPI SFF project is led by Hort NZ and co-funded by the VR71 Board, FAR, PNZ, NZ and several regional councils.

Cadmium project

Funding commitments have been secured from a number of parties and research will continue to investigate differences in cadmium accumulation between varieties of potatoes and also how differences in soils, particularly pH, influence cadmium accumulation.

Tamarixia

An application to release this biocontrol agent has been lodged with the EPA and submission hearings are complete. Notification as to whether tamarixia can be released is expected in June. Note the rearing and release of the biocontrol is expected to be funded separately.

Extension activities

FAR organised the following extension events and publications:

- Potato session at FAR Conference July 2015, including bringing in Dr David Firman from NIAB CUF
- Potato sessions at FAR field day in South Canterbury (Nov 2015), FAR ARIA event at Chertsey (Dec 2015) and Pukekawa (Jan 2016).
- Potato specific events in Canterbury, Manawatu, Pukekohe.
- Two FAR Potato Updates were sent to all potato growers (regional management of zebra chip and impact of irrigation rates and timings). Regular updates on TPP and growing degree days were emailed to potato growers.

Funding applications

FAR worked with HIA and the Australian Potato Processors to develop a funding application on disease suppressive soils. Unfortunately this was unsuccessful.

International linkages

Dr David Firman from NIAB CUF spoke at FAR Conference and then at two North Island field events.

FAR Communications Manager Anna Heslop met Jim Davis, Communications Manager, AHDB Potatoes, at Stoneleigh Park, Kenilworth, UK, to discuss approaches to knowledge extension and opportunities for information sharing.

2016/17 Research

Internal and external meetings are continuing in order to define the 2016/17 research programme. Some areas will be repeated (soil borne disease trials) and some areas will shift focus (psyllid will move towards a focus on user uptake and extension). The SFF Yield project will continue running into its second of three years with a repeated focus on soil quality and the new addition of a biofumigant trial located in South Canterbury (planted). Work is required in the area of crop nutrition, but the exact research focus has yet to be confirmed. Involvement in other potato related activities will continue (the benefit of PA for potato desiccation, fluxmeters, PHD student focusing on biofumigants). Once final reports are all summarised FAR will be in a better position to define the 2016/17 research programme. This work should be completed by mid-July.

Seed Certification Authority (Chairperson – Andy Innes)

Two years ago I indicated that the Authority intended to slow down the pace of changes to the scheme, make sure we have good management processes in place, and communicate better with industry members. I hope we have achieved that and the changes that are being made are well thought out and well understood by members.

The main change that has been implemented in the last year has been to put in place an audit and approval process for facilities producing tissue culture and minitubers for entry into the scheme. Last season all material entering the scheme was required to be obtained from a registered facility. Over the past 18 months we have been working with the facility operators through our auditor, AsureQuality, to establish a process for them to be audited and approved by the Authority as meeting the requirements of the scheme. I'm pleased to be able to say that we now have three facilities that have been through the audit process and have been recommended for approval by the Authority.

For several years the Authority has been discussing whether to establish a tolerance for *Liberibacter* in seed potato crops. Last season we asked inspectors to record the incidence of *Liberibacter* symptoms in seed crops. The inspectors generally agreed that *Liberibacter* was present in many crops, but at a level of no more than 0.2%. As a result it has been proposed that a tolerance for *Liberibacter* symptoms be established at the same level as the virus tolerance for that generation. This should be achievable by growers and will be discussed at the next seed grower meeting.

The Authority has also established an inspection technical panel looking at field and tuber inspection methods. The Scheme doesn't specify how inspections are done, or how many plants/tubers are inspected. They are required to adopt a statistically valid method, but the Authority wishes to tie this down more clearly. Inspectors from SGS, AsureQuality and Eurogrow are members of the panel along with two seed growers, two end users, and a statistician. We are documenting current practices, and we will be developing some standardised methods. Any cost implications are also being considered. This will also be discussed at the next seed growers meeting.

There are several other initiatives underway, including developing an inspection training course for inspectors that will also be available to growers and a visit by a US seed inspector. Willem Schrage of North Dakota (and formerly an inspector in Canada and the Netherlands) will visit in August and hopes to meet as many growers and inspectors as possible. Although the timing isn't ideal, Willem will already be in Australia and we have taken the opportunity to get him across to NZ.

All the best for a productive season ahead.