



AGM PAPERS 2018

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INDIAN ASSOCIATION HALL
59 WARD ST, PUKEKOHE



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CHAIRMAN'S REPORT

It is my pleasure to present the Chairman's report on the activities of Onions NZ for the Financial Year ended 30 June 2018.

This has been a very difficult season for all sectors of the industry. The wet winter and spring followed by an early dry made growing conditions extremely challenging with the result that total production was at its lowest level for seven years. The market was difficult throughout the season and was further disrupted by Indonesia changing the size regulations for imported onions by the stroke of a pen. Management have worked very closely with MPI and MFAT in an effort to restore normal trading conditions in this market.

The Board supported by Management continue to be very focussed on achieving the Strategic Goals agreed with the industry. Market Access is a major issue and it is very satisfying that after prolonged effort we are in a position to negotiate access into China...a major achievement. This is the start of a journey which we are confident will generate long term benefits. We all recognise that success in this market will be paved with many challenges along the way. Another key initiative is the establishment of a Market Access Committee, involving industry and government representatives. The key focus will be to identify key

markets, analyse the issues restricting growth and putting together a feasible strategy to unlock the market potential.

Achieving agreements under the GIA biosecurity agreement has been a frustrating issue and hasn't been helped by Mycoplasma bovis and the recent Court decision with respect to the kiwifruit PSA claim. This decision has sent ripples through all government agencies. Despite the challenges, Management have progressed on and it is satisfying that we are close to signing an Onion Sector Operational Agreement for readiness, which will put the industry in a stronger position should an incursion occur. I also wish to acknowledge industry's support giving the Board power to strike a levy under the Biosecurity Act should the need arise. We are still awaiting Government to approve the mandate that the industry has supported.

Research continues to be a strong focus for the Board. During the year we farewelled Dr Jane Adams and welcomed Dr Sally Anderson to the role. The Board has agreed to participate in a pan-horticulture sector PGP led initially by VR&I and then HortNZ and we are looking to develop an "Onion Pathways" research programme focussed on ongoing sustainability with a strong focus on food and environmental safety. There is no doubt that consumers across the globe are wanting proof that their food is safe and produced in an environmentally

sustainable system. To sustain and grow high value markets we must accept this challenge.

The difficult season is reflected in the organisation's finances. There was a drop in revenue of \$86,954 against budget. Expenditure was \$6,915 under budget. The impact of these variances is that the organisation has posted a net deficit of \$121,940. This is an increase from the budgeted deficit of \$44,952. This deficit has been funded from Reserves. The overall financial position of the organisation is very strong with Reserves at yearend of \$1.154 mil.

Earlier this year CEO Mick Ahern notified the Board that it was his intention to stand down when his contract ended on 1 December 2018. We all agree that Mick has made a tremendous contribution to the Industry, and without his focus, drive and can do attitude Onions NZ would not be in the strong position that it is today. Thank you Mick for a job extremely well done and wish you well in your future endeavours.

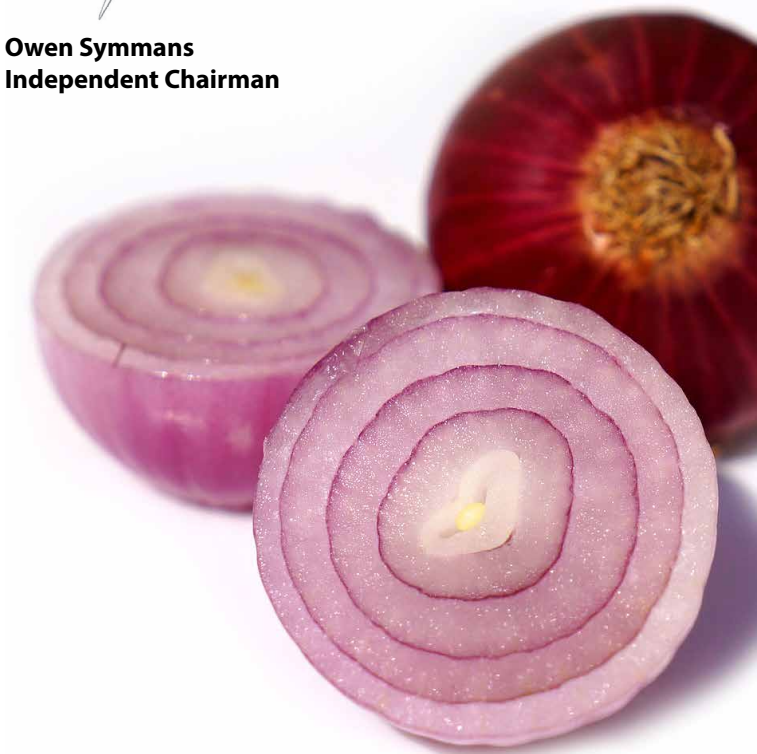
It was a great pleasure to appoint James Kuperus to the position of CEO. James has demonstrated excellent strategic, analytical skills along with a strong passion for the industry. James will work fulltime for the organisation and be based in Wellington.

Last year I commented on the necessity of working closely with all stakeholders particularly government and officials. In many areas they make the rules and we must continue to be vigilant to ensure that they understand the issues confronted by the industry. Mick and James have continued to be strong industry advocates and generated trust and respect of those they deal with. To Management and all those who have made a contribution to the success of the organisation, thank you.

Finally I would like to thank the Board for its diligence and support. The industry can be very proud of the leadership they provide.



Owen Symmans
Independent Chairman



CEO'S REPORT

Over the past year ONZ has consolidated its activities in order to complete or advance those initiatives which had been commenced in the prior years.



We also took into account the lower volumes produced from this particular year's crop and the impact of that on revenue. Throughout, we have advanced the strategic goals of ONZ via the detailed annual business plan which now includes some new initiatives.

The organisation continues to raise the profile of the Onion industry and build relationships within important government agencies, science providers, other primary sector bodies as well as private companies in the service sector. Altogether it has been another very satisfying year of building and strengthening the industry body as an asset for members.

We have had personnel changes. Jane Adams stepped down as R&I Manager in March and after an extensive search we found exactly the right person in Sally Anderson who fills the role under contract from our close associate, Market Access Solutionz Ltd. I will also step down in December and James Kuperus has been appointed CEO in a full-time capacity under contract from HortNZ. I am personally very pleased with both these changes which provides great continuity, youth and talent to ONZ.

FINANCIAL

Total Equity

With the lower volume than budgeted January to financial year end June, this now sits at a reduced but still credible \$1.154mil helped by good cost management and effective domestic collections. Such an equity position not only provides the shock absorption it's designed for in a down year but demonstrates to third parties we are a reliable, well managed, attractive partner.

As example of such is in application for Sustainable Farming Funding and other leverage opportunities. It enables ONZ to be considered demonstrably a product group of significance.

Budget 2017/18

As has been our custom since inception, full transparency has again been provided in this year's budget. Revenue assumptions are considered prudent and are based on an export crop of 175k Mt being an adjusted 3-year average of actuals plus a domestic and processing levy take equivalent to approx. 38k Mt. With reserves in a healthy state the budget has again been drawn to allow for a full work programme and a small deficit of \$39k.

There are two important caveats to the revenue forecast. Firstly, we are confident that a similar level of planting to recent past years will occur, but this figure is not available until early November. Secondly that the industry will not experience a major production event similar to that which was encountered with stemphylium this past season.



EXPORT SEASON 2017/18

For our industry's statistical year - end of 31st Dec 2018, we are forecasting a total export crop of just under 140k Mt which will make it the lowest for seven years. The now well-known combination of weather events and production issues were then compounded by difficult quality and lack lustre markets. It was, regrettably, a season to put behind us. Overall FOB earnings to June 30th, 2018 have been recorded at \$92.56 Mil. This is disappointing as this figure is that which is generally used in official statistics and follows a number of years when \$100 - \$112 million was achieved. If it proves correct that plantings will not be down overall for the new season, this will demonstrate a fundamental confidence in the industry and also the resilience of vegetable growers.

COFFEE CLUB

Over the years this informal, voluntary gathering of exporters sharing export market intelligence has come to represent the improved cohesiveness of the industry. It is also the forum for exporter members to engage in free and open questioning of the ONZ executive on a wide range of industry initiatives and ideas. The coffee club will therefore continue in its current form so long as it's considered to add value.

MARKET ACCESS SUBCOMMITTEE

With market access so vital and core to our industry strategy, a common approach to some challenges has become a natural progression born out of the coffee club.

A collective strategy for developing the potential trade with China is a prime example of what needs to be worked through by exporters in a more structured way. It's not just China - all market access issues and initiatives need to be regularly reviewed and prioritised. Most action requires quite long lead times and persistence so it's important to be on the right path and the same page from the start. A more formalised Market Access Subcommittee of ONZ has therefore been formed comprised mainly of exporters' personnel who have a regular sales interface with the customers/markets. Very importantly, MFAT and MPI have each agreed to provide an appropriately qualified person to the group. ONZ will provide funding, management and official status.



COMMUNICATIONS

Our newsletter reliably delivered every Friday has been a triumph.

Simple to access this email/web based communication is now the most important means by which ONZ updates all members. We try to keep the items relevant, simple and easy to read. We are constantly looking at ways to improve this link with members and it will possibly become more interactive in time. Updating of the membership base and distribution list is the responsibility of members and can be easily done on line.

In the area of R&I we have made a particular effort to arrange more field days and seminars throughout the year. This is covered in the Research section of these papers. It is illustrative of our commitment to communicate well, that Sally Anderson's title is actually Research, Innovation and Extension Manager. We want this role to be interfacing with growers and service companies more on farm/on site and have budgeted accordingly in 2018/19.

TRAVEL

We will again participate in the Beijing Fruit and Vegetable Fair in November alongside the other major horticulture product groups.

This will be preceded by an ONZ led exporters' study group tour which will participate in the new China International Import Expo in Shanghai where we have a presence via the NZTE stand. After this the group will inspect retail, wholesale and supply chain facilities and organisations. The intention is that this group will bring back ideas for collective exporter discussion.

WIDER INDUSTRY SECTOR ENGAGEMENT

Relationships with MPI, MfAT, Plant and Food Research, Agmardt, FAR, HortNZ and other Product Groups has been excellent.

We have also made a very conscious effort to engage more fully with service companies throughout New Zealand.

The now famous annual 'Onions Harvest Bus Tour' has an established position on the calendar of many of these organisations. February 2019 will be the fourth time we will have organised this very effective event.

We rely heavily on HortNZ's expertise particularly around Labour and Natural Resources as well of course as the direct provider of services namely Management, Finance and business housing. There are great benefits for ONZ in having a well-located Wellington base. The relationship and synergies with the team at HortNZ under the leadership of Mike Chapman has been excellent. We also remain very supportive of Vegetable District Associations' efforts to manage local issues at the local level.

BIOSECURITY

This item is now a regular feature within our budgets and annual work plans.

The Government-Industry Agreement on Biosecurity (GIA) has again required a high degree of input as we and MPI work towards a sound, mutually agreed platform to manage readiness and response to biological threats. It is tedious, time consuming, opaque work not helped by the fact that the wider concept is hard to grasp by almost everyone. Reflecting its importance, there is more about biosecurity in a separate section of this report.

FOOD SAFETY

There are three main components of Food Safety: Heavy metal residues, chemical residues, and microbial.

In our industry the greatest risks lie in MRL exceedance. While our record is good, times are changing quickly. Less chemical options for pest control, lack of suitable replacement protection, lower MRLs generally and increasing precision of testing equipment all converge to raise the risk of error either through accident or ignorance.

Additionally, it can be expected that many markets that rely on official Government to Government assurances will in future seek such food safety official assurances from MPI. MPI in turn will not validate what they see as inadequate processes with their brand. Accordingly, it is essential that the onion industry as a whole develops information flows and processes that collectively pre-clear the path to markets with confidence. Our experience in dealing under private standards in the UK and Europe over many years has provided us with very good systems and understandings. However, looking ahead this will not be enough.

ONZ will therefore be not only working closely with MPI but also working independently with growers to develop confidential systems and a collective data base around spray usage and testing results against MRL standards. This is a big step in historical terms, but growers and exporters will need to trust in the strategy, the motives and the necessity of this work.



SUSTAINABILITY PROJECT

These days, in the market place where it all matters, the perception of consumers and the reality of regulators both local and off shore are influences too big to ignore.

Across the fresh food sector there is a mood change towards sustainable products and production methods. In the social media age consumers see via their purchasing power, a means of demonstrating their values which smart growers globally will accommodate.

This is why the ONZ board has made this issue of prime and ongoing importance and activities in the budget reflect that priority.

Review & Project – key objectives

Each year at this time I like to highlight key objectives for the past and immediate years.

KEY AREAS OF FOCUS

REVIEW 2017 - 18

- » Complete a sector Operational agreement for Onions under GIA. Achieved for readiness.
- » Introduce a biosecurity levy set at Zero. Largely achieved.
- » Develop the concept of NZ Onions as a high value, sustainable healthy export food item. Significantly advanced.
- » Participate and maximise the ONZ role in the industry PGP project. Achieved. Awaiting outcome.
- » Obtain a clear and unambiguous prioritisation from MPI for Onion phytosanitary access to China. Achieved and further advanced.
- » Work with MPI to introduce a practical Government/Government food safety regime. Advanced/Work in progress.
- » Engage with Mfat to ensure tariffs on onions to the EU are eliminated under a new FTA. Achieved as far as possible for the moment.
- » Complete a successful Commodity Levy renewal. Achieved.

PREVIEW 2018 - 19

- » Sign off the onion industry Biosecurity levy with MPI/Government by end March.
- » Develop closer ties with Indonesia via various "soft" channels of cooperation.
- » Develop a draft market supply chain strategy for China within the market access subcommittee.
- » Secure a three-year SFF grant to provide the spine of our wider industry sustainability project.
- » Develop an industry wide means of standardising growers' spray diaries and MRL testing.
- » Actively engage in the Industry wide, HortNZ led PGP project should it be successful.
- » Ensure Onions are 'front and centre' of any FTA deal done in Europe by New Zealand.

SPECIFIC ACKNOWLEDGEMENTS

Firstly, my thanks to all members - growers, exporters and associates who have engaged and supported the industry body through meetings, seminars etc. this and other years.

Out of this came a very strong vote of confidence and support for the renewal of the Onions commodity levy for another 6 years.

I would like to acknowledge Jane Adams, R&I Manager's contribution for over three years. Also, her successor Sally Anderson who heroically managed to submit our SFF application in a very tight time frame. James Kuperus, Business Manager has been an outstanding contributor this year and fully deserves his promotion and opportunity to shine even brighter. Guy Hilson has again chaired the Coffee Club with insight and Grant Ryan has again very selflessly chaired the ONZ RI&E subcommittee.

Thank you also to the individual members of the RI&E subcommittee, both growers and service company personal who give freely of their time and expertise.

We also acknowledge as usual the support of BNZ Partners Pukekohe/Peter Butler for again generously providing excellent meeting room facilities and overall support and interest in our industry.

As this is my last report I want to particularly acknowledge the support of the ONZ board. The industry is well served by such a stable, competent group of people who, without remuneration whatsoever, give of their time and expertise for the wider industry good.

Michael J Ahern
Chief Executive Officer
Onions New Zealand Inc.



RESEARCH & INNOVATION REPORT

Research Strategy

The ONZ Research Strategy was revised in the first quarter of 2017 to align with the refreshed Onions Industry Strategy.



The objective of the research is to 'Increase the Profitability of Onions'. The Onions Industry research strategy has two themes:

Theme 1:

Enable market growth; this includes projects to support market access, market demands, local and international requirements, and biosecurity.

Theme 2:

Improve the profitability and sustainability of onion production and exports.

ONZ Research & Innovation is primarily an "Enabler" of the industry, and this is the focus for use of levy funds.



Research projects focused on onion specific research are managed through ONZ Research and Innovation subcommittee, while the Vegetable Research & Innovation Board supports research projects on topics common to vegetable crops.

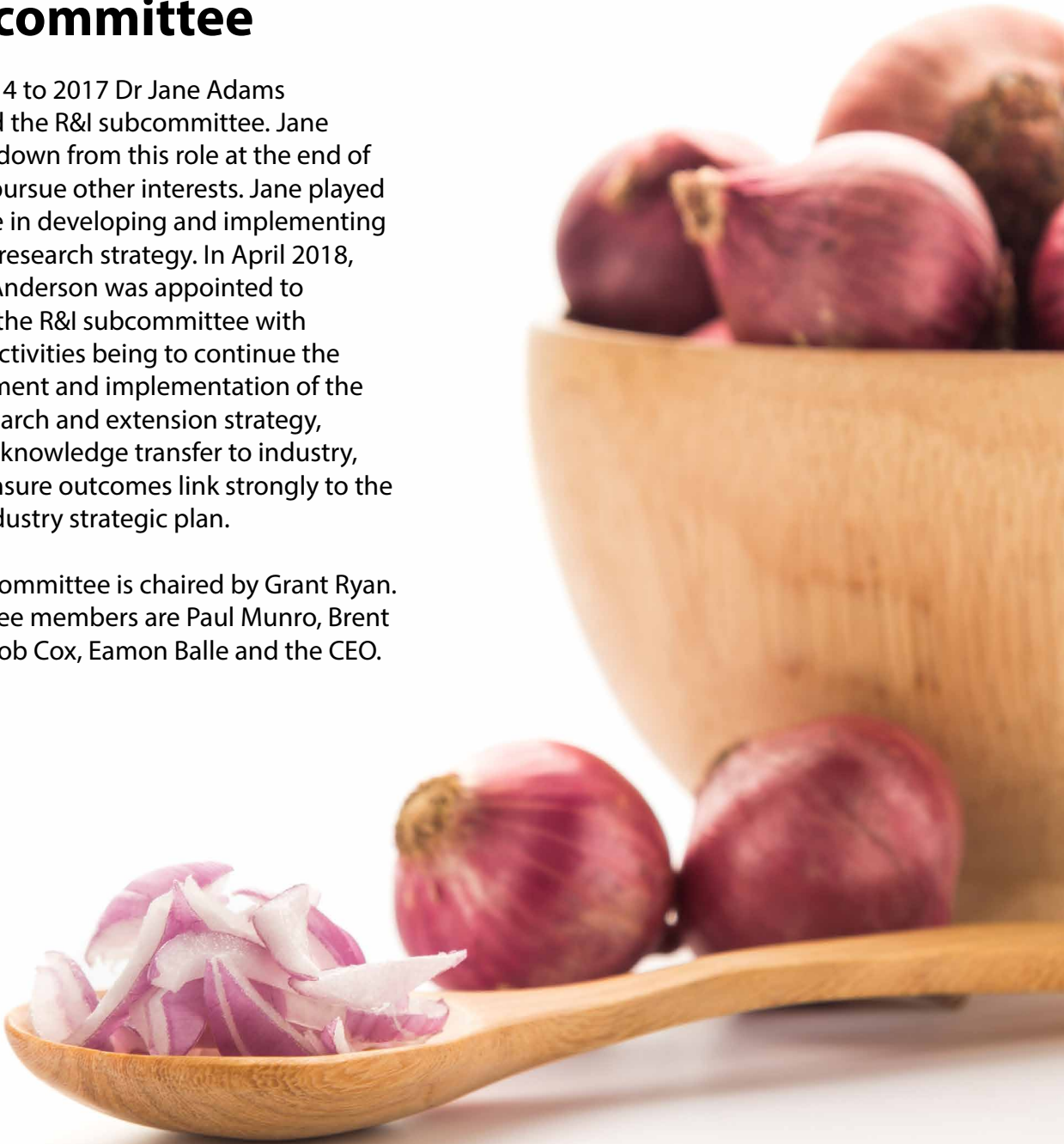


Photo: 2018 research field day

ONZ Research & Innovation Subcommittee

From 2014 to 2017 Dr Jane Adams managed the R&I subcommittee. Jane stepped down from this role at the end of 2017 to pursue other interests. Jane played a key role in developing and implementing the ONZ research strategy. In April 2018, Dr Sally Anderson was appointed to manage the R&I subcommittee with the key activities being to continue the development and implementation of the ONZ research and extension strategy, progress knowledge transfer to industry, and to ensure outcomes link strongly to the onion industry strategic plan.

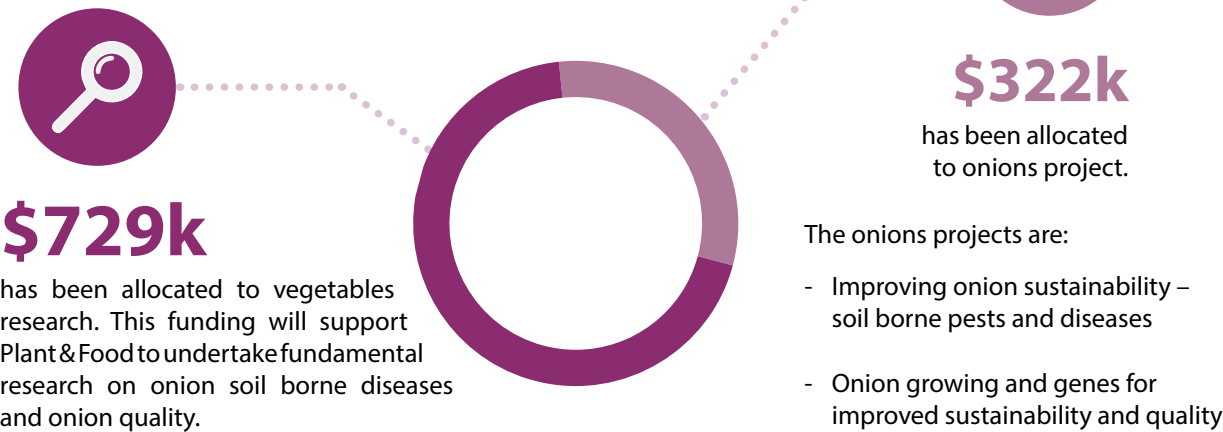
The subcommittee is chaired by Grant Ryan. Committee members are Paul Munro, Brent Wilcox, Rob Cox, Eamon Balle and the CEO.



KEY ACHIEVEMENTS OF THIS SUBCOMMITTEE IN 2018

Plant and Food Research Strategic Science Investment Fund (SSIF)

From 2018 the Onions and Vegetables SSIF funding has been merged into one.



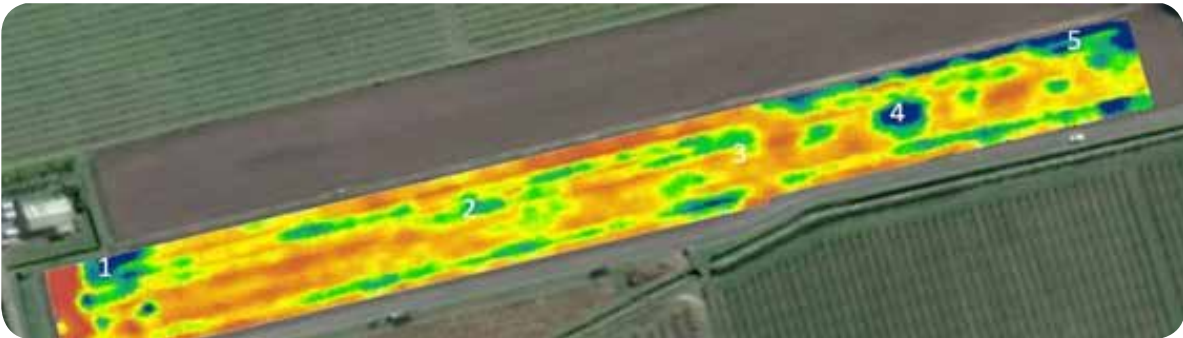
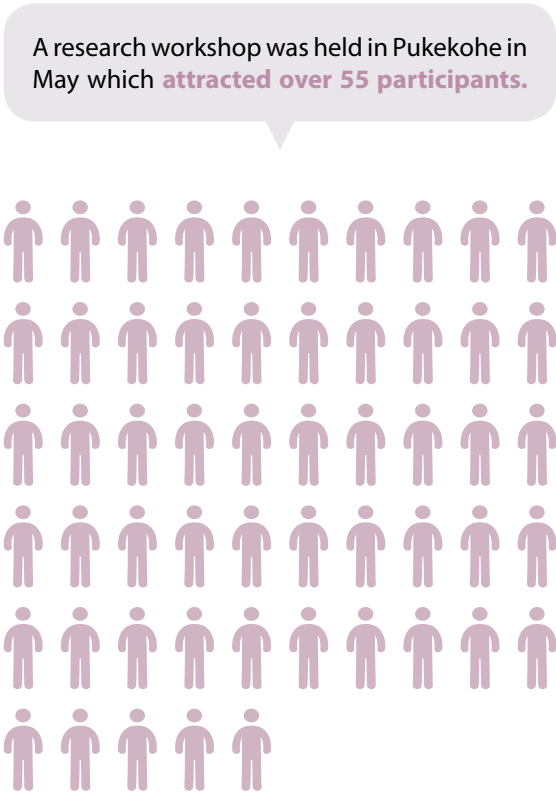
Completed the 3-year SFF project: “Enhancing the profitability and value of Class 1 New Zealand onions”

In the final year of the programme the tools to measure monitor and map in-field onion variability have been tested and validated. The project has also improved understanding of causes of variation and yield loss.

The concept of management actions zones (MAZ) developed during the programme were tested as were models for early estimation of final yields.

Results have been disseminated through field events held in December 2017 at the LandWISE MicroFarm, and in January 2018 at the A. S. Wilcox SFF trial site in Pukekohe.

Results have also been published in several NZ Grower articles and through presentations at the LandWISE Conference in May 2018.

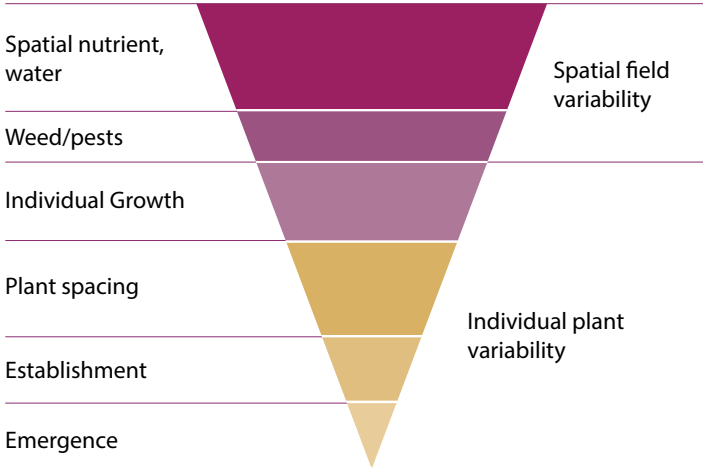
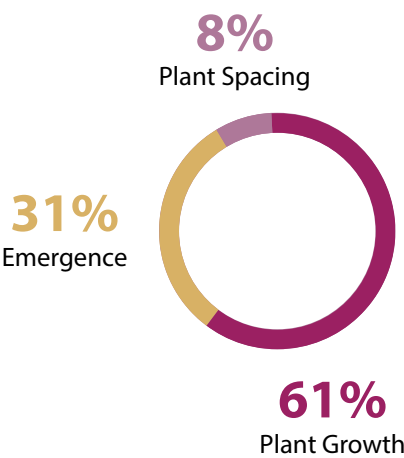


Mapping the MicroFarm to identify the management action zones, to predict how much leaf there is from digital imagery. This means we can start to map the growth in a field. (Credit: Dan Bloomer, LandWISE)

MANAGEMENT ACTION ZONES (MAZ) POSSIBLE IN A FIELD		
MAZ	Growth within potential	Growth below potential
Population within expected	MAZ 1 No management change needed	MAZ 3 Revise management (tactical management)
Population below expected	MAZ 2 Increase population (strategic management)	MAZ 4 Increase population and growth (revise tactical and strategic management)

The ‘V of variability’

A framework for evaluating variability. Variability starts with the seed and then increases as the crop emerges and establishes. (Credit: Dr Bruce Searle, PFR).



Onion variability studies indicate that 31% of total variation came from the spread of emergence, 8% came from variation in plant spacing, and 61% of the total variation was due to differences in individual plant growth rate. (Credit: Dr Bruce Searle, PFR)

Stemphylium leaf blight

Onions NZ funded Plant & Food Research to identify potential causes of the Stemphylium leaf blight disease outbreak experienced during the 2017-18 season. A review of climatic factors indicated that temperature and relative humidity contributed to greater infection potential over the 2017-18 season. An information sheet on SLB was prepared and circulated to growers. Additional work is being funded by ONZ for PFR to sequence Stemphylium isolates to understand the genetic diversity and disease-causing potential of strains.



Pukekohe onion field with high incidence and severity of Stemphylium leaf blight. (photo courtesy of Mike Blake)

Management of Cadmium in NZ

Supported ongoing research project on management of cadmium in New Zealand vegetable and arable/ pasture crops (Landcare Research). Cadmium concentrations in onions collected from major growing regions were variable with some samples approaching the Codex and European Food Standard limits. The project this year focused on understanding soil and plant interactions that influence cadmium uptake in vegetable and arable crops. Findings indicate that NZ onion cadmium concentrations are low (the overall mean Cd concentration for all onions tested was 0.018 mg kg-1 (FW)) and below Codex and EU standards of 0.05 mg kg-1 (FW).

Onion Pathways: Sustainable Onion Production Systems

Successfully progressed the preparation and submission to MPI’s Sustainable Farming Fund of the new ONZ sustainability research programme. This programme will position the NZ onion industry on this sustainability pathway, addressing residues by testing new management approaches to change the onion production system. This programme supports the vision for the NZ onion industry to be the premium exporter of onions in the southern hemisphere and command a premium in export markets due to their authentic sustainability attributes, having low residues, and high quality.

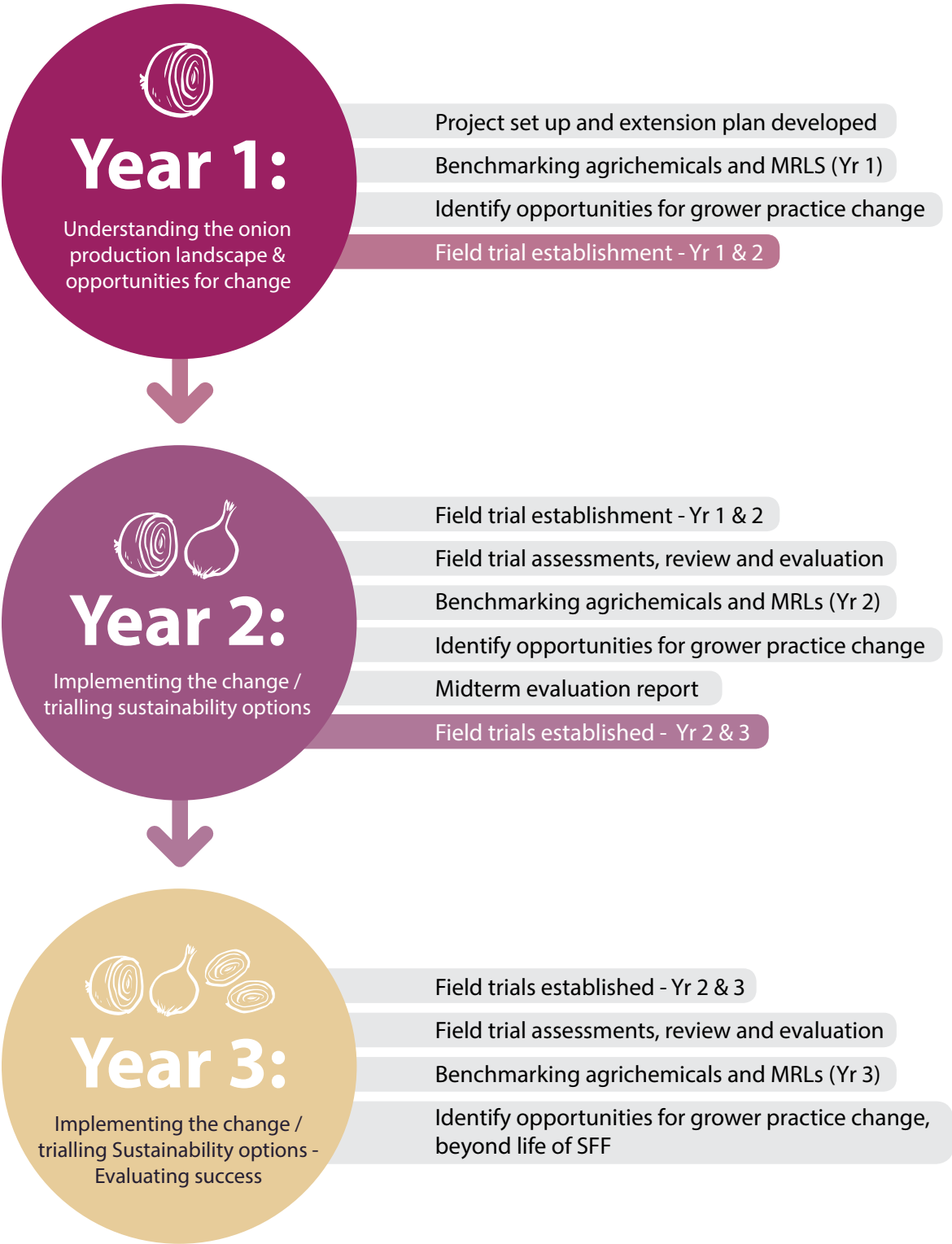
MRLs

Updated the guides to MRLs and withholding periods for export onions for 2018-19 season.

Onion Industry Postgraduate Scholarships

Managed the award of Onion Industry Postgraduate Scholarships. Onions New Zealand with industry support funded two postgraduate students this year through the Postgraduate Scholarship fund: Matthew House at the University of Waikato, to study soil carbon and nitrogen contents in a paired survey of maize and pastoral soils in New Zealand; and Olivia Prouse at Lincoln University, to study the application of commercial endophytes in onion production.

Onion Pathways: Sustainable onion production programme



Vegetable Research & Innovation (VR&I) Board

This board is chaired by David Hadfield (Process Vegetables New Zealand Inc). James Kuperus leads the ONZ representation at these meetings and Paul Munro attends as an independent co-opted member on the VR&I Board.



Activities supported through this Board in 2018 include:

- » Funded project to maintain an ongoing agrichemical strategy for the vegetable industry and attendance at Codex Committee on Pesticide Residues and Global minor use workshop 2018.
 - » Contributed to MBIE project 'Maximising the value of irrigation'. This involves on farm research to assess how irrigation can affect financial and environmental performance. Article published in NZ Grower (March 2018).
 - » Contributed to the final year of the SFF project 'Root zone reality'. Lead by Plant and Food Research this project is monitoring a network of lysimeters to assess nutrient leaching in major vegetable growing regions, including Pukekohe and Waikato. The existing fluxmeter networks have now been brought together into one large programme funded for 3 years by the Ministry for the Environment.
 - » Contributed to SFF project 'Nitrogen Quick Test'. Lead by Plant and Food Research this project is developing a simple test for growers to quickly measure soil nitrate levels.
 - » Contributed to SFF project 'Don't Muddy the Water'. Lead by AgriLink this project is monitoring methods for sediment control.
 - » Funded project 'Managing Biosecurity Risks'. Managed by Market Access Solutionz Ltd this provides on-going monitoring of biosecurity performance at the border.
 - » Initiated and supported an application for a PGP (Primary Growth Partnership) programme 'Future Crop Protection: Leading sustainable crop protection to meet future customer demands' which will focus on managing pest and disease resistance, registration of biopesticides and new synthetic pesticides for minor crops. This project now has stakeholders from across the horticulture industry and the business case required by the PGP Board is being coordinated by HortNZ.
 - » Developed in collaboration with the Fertilizer Association of NZ and Plant & Food Research guidelines for the nutrient management of vegetable crops. These guidelines detail the principles of fertiliser management for 12 individual vegetable crops.
 - » Development of a VR&I website to host the searchable database of all New Zealand based vegetables related research.
- Dr Sally Anderson
Research, Innovation and Extension Manager
Onions New Zealand Inc.

BIOSECURITY REPORT

Government/ Industry Agreement on Biosecurity (GIA)



Onions New Zealand signed the GIA deed in 2015. From that moment we had, in effect an agreement with the Government of New Zealand to proceed to developing a partnership to manage readiness and response activities to protect our industry from external biological risks. This involves management, technical expertise, cost and potential liability exposures. These are developed via Operational Agreements (OAs).

Operational agreement(s)

The unresolved "sticking points" which were reported last year remain and if anything, are now exaggerated and highlighted by the Mycoplasma bovis incursion and also the Kiwifruit PSA court case. As per last year's report, the most significant of these issues are

- a) liability to third parties for actions taken.
- b) compensation coverage and cost.
- c) the cost recovery mechanism from non-signatory beneficiaries.

Given these unresolved sticking points ONZ (and other groups) have again expended significant effort on developing workable solutions. As can be easily imagined, unease about certain elements of the GIA concept has increased over the year. It has been mooted that GIA may be abandoned by the new government and its officials, in favour of an ACC or EQC style of pan industry levy on the primary sectors. There is little recent evidence that this will occur particularly now

Onion Fly
(*Delia Antiqua*)



Black Onion Fly
(*Tritoxa flexa*)



Dairy NZ and Beef and Lamb New Zealand have recently received Ministerial approval to join GIA.

Readiness

We remain committed to developing quality agreements for our sector but in a steady, careful manner. We sought and achieved a mandate at the 2017 AGM to proceed to enter into appropriately designed OA(s). As flagged, we proceeded to negotiate an Onions Sector Operation Agreement for readiness. This has been completed and is awaiting final signing by both parties. This commits ONZ and MPI to undertaking particular activity and technical research pertaining to specified "priority risks". This will be ongoing work and require ONZ financial commitment as you will note in the budget.

Good readiness planning is not a cost in my view. It is a vital investment and an ongoing asset. We logically don't know enough about risks that are not in front of us on a daily basis. If at some stage we do face an incursion it will likely be sudden and require good quality, rapid decision making based on the knowledge acquired under the readiness agreement workplans.

Response

Our next work will be to develop a multi sector Operational Agreement for response. Because the financial and liability implications are significantly greater, the sticking points above become exaggerated. The scope of pests is also considerably wider. The costs of any response will be shared with other affected sectors/ beneficiaries all of which needs to be negotiated in advance. This is essential work for ONZ and will require significant effort including legal assessment. We are fortunate to have a good working relationship with MPI, the GIA secretariat and other primary sector peak bodies. All these organisations are inching their way to a universally acceptable, practical way of working under GIA as it was originally conceived in theory.

In the meantime, there is a provision within MPI to create a "Rapid" Operation Agreement with sectors to manage sudden incursions and responses for which a formal OA has not yet been signed/negotiated.

Biosecurity Levy

ONZ has completed its consultation with growers for the introduction of such a levy and application has gone to Government via MPI and Treasury. This has taken longer than expected but we understand the pathway is now cleared subject to parliamentary process.

We are told it should come into effect around March 2019. Just to repeat, the essential elements are;

- » Levy to be set initially at zero hectares.
- » Levy to be based on the number formally declared by growers in the annual planted hectare survey.
- » Maximum levy is established at \$600/ha per year (if required).
- » An actual rate of levy up to the maximum can be activated by the board of ONZ for biosecurity response purposes.



Onion Bacterial Blight/Leaf Blight
(*Xanthomonas axonopodis* pv. *allii*)



Chilli Thrips
(*Scirtothrips dorsalis*)



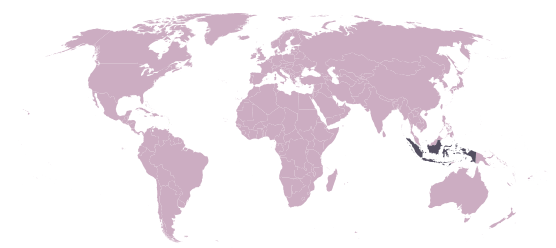
Vegetable leaf miners
(*Liriomyza* spp.)



Bulb mite
(*Rhizoglyphus setosus*)

MARKET ACCESS REPORT

Our number one priority, we highlight here what has happened in the past year.



Indonesia

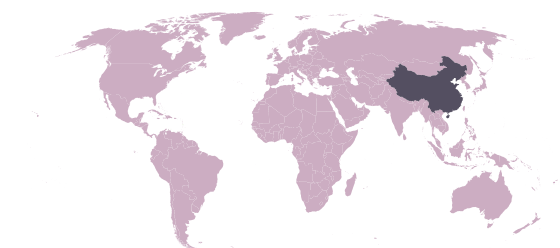
Sizing regulations re-emerged in December 2017 and volumes were not confirmed with importers until end January. This delayed and frustrated our trade this year which finally fell short of the 2017 export tonnage by approx. 7000 Mt.

There is a certain reality to be faced when dealing with Indonesia which we need to accommodate while working continuously with our officials/official channels. Clearly this is a distinct market for which we cannot easily transfer our practices and expectations in other countries. We need to learn more about the market's culture, needs and politics. To that end we are targeting international development funding via MfAT with a project focused on the development of vegetable self-sufficiency in Indonesia. We are also proceeding with support of an Indonesian PhD student at Massey University who is studying Garlic and Shallots production systems in New Zealand under the sponsorship of the Indonesian Vegetable Research Institute. Through such projects,

we are seeking to develop ground level relationships and knowledge in the market.

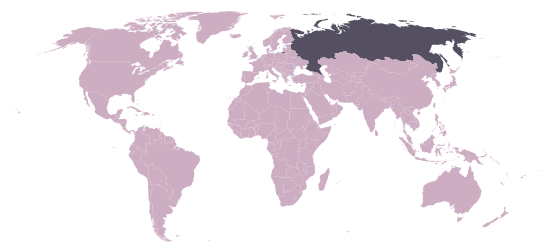
ONZ will also seek to develop direct relationships with key government and departmental officials. This must be via official channels where we feel we have good connections to leverage off New Zealand's wider recognition and good standing. To this end the Chairman and CEO will visit Jakarta in November. This will coincide with a visit planned by the New Zealand Minister of Foreign Affairs, Hon Winston Peters in October.

One very positive outcome this year has been the renewal of the Country Recognition Agreement (CRA) between Indonesia and New Zealand which essentially covers food safety and permits exporters to use a range of ports of discharge including Jakarta.



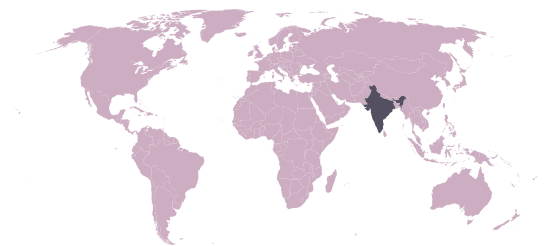
China

A significant achievement for the year was the prioritisation by MPI of New Zealand onions phytosanitary market access. This after MPI's Chinese counterparts agreed to consider such an application accompanied by a Pest Risk Analysis. Fortunately, a large amount of this work had been completed in earlier years by ONZ and after updating, agreement was reached between MPI and ONZ as to what would go forward to China. This formal request is therefore now not only on the official market access workplan of MPI but it has also been lodged in China with the appropriate authorities. This is unlikely to be a quick exercise, but we can now proceed to develop our approach to the market with more confidence.



Russia

During the year we achieved an improvement to regulations for entry to Russia. This required relatively complicated submissions via MPI to overturn overly burdensome and unscientific demands from the market. We were delighted to achieve a positive result somewhat against the odds and more manageable science-based measures have now been put in place. MPI's persistence and Market Access Solutionz technical contribution were major contributions to this outcome.

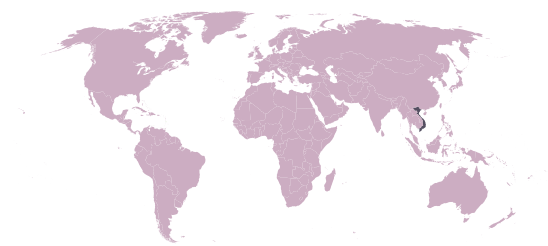


India

ONZ has met with the lead negotiator for the NZ-India Free Trade Agreement (FTA) and the Regional Comprehensive Economic Partnership FTA to inform him of the potential of this market for New Zealand onions. This particularly if the negotiators were to succeed in having the current tariff of 30% reduced and /or removed.

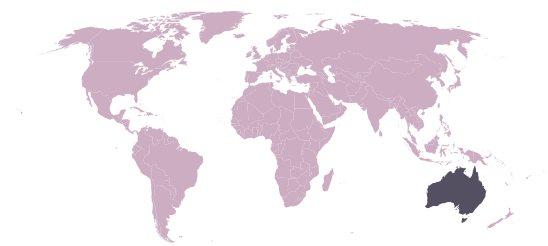
Some years under certain market circumstances, a 30% tariff may be manageable. ONZ has therefore also begun discussions with MPI to determine if the fumigation requirements for India can be removed.

This work is being done now with the view that in the future we will be thankful to have improved access.



Vietnam

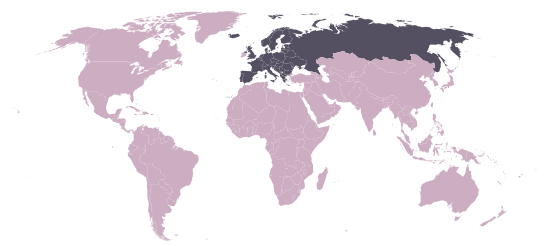
This market is now open to New Zealand. This is now a question of development rather than access. The short crop this year and the requirement for medium to large sizes later in the year has meant only a small amount has been shipped.



Australia

We are currently re- engaging with Australia via MPI as to the acceptability of certain regions in the Waikato for export to the market. This is never a quick and easy discussion and we are taking MPI's lead as to the suitability of timing and provision of information during the scheduled bilateral discussions. We are quietly confident we have a good case but usual caveats obviously apply.

Meantime we must stress just how important it is that growers adopt the code of compliance prepared by ONZ last season and provided to growers again this season.



Europe

There are three important access issues in front of us for Europe. The most significant is the prospect of a free trade agreement between NZ and the EU. This would potentially provide significant tariff relief for our trade. Secondly EU authorities are almost certain to require the re-introduction of phytosanitary certification for NZ onions commencing December 2019. This is not a matter of targeting NZ; we are simply caught up in a wider tightening by EU as a result of their concerns about biosecurity exposure globally. Thirdly it has been flagged that the NZ system of delegated authority for product inspections is under scrutiny by EU who, while relaxed about our performance under this unique concept, are worried about precedent and requests for equivalence by other frankly less reliable origins. We will strongly resist this suggestion alongside the apple and kiwifruit industries.



Free Trade Agreements

Comprehensive Progressive Trans Pacific Partnership (CPTPP)

Should this proceed, onions would gain tariff relief in Japan of about NZD\$1.0 mill per year while missing out on very little by way of USA trade. The tariff reduction for onions to Japan will be over five years with the first reduction taking place once six countries have ratified the agreement. This could be achieved by late 2018/ early 2019.

EU-NZ FTA

This negotiation is now formally underway with the first round of negotiations taking place in August 2018. The importation of New Zealand onions currently costs importers approx. \$5-7 million pa making us less competitive than other nations with lower or no tariff. This negotiation is expected to be concluded in 2020/2021.

Food Safety

The cost of complying with food safety protocols in New Zealand and abroad is continuing to increase. In recent years key and future export markets have reviewed food safety standards, for example when the Country Recognition Agreement (CRA) was last negotiated with Indonesia, Indonesian officials wanted information about microbials, residues, heavy metals and industry practices for all commodities that are exported to Indonesia. Thailand has also introduced a new standard for food safety (targeting microbials), the USA has published the Food Safety Modernisation Act, the most sweeping reform in 70 years and numerous other countries are looking at their food safety standards. Providing the New Zealand onion industry can continue to stay ahead of these regulations, we are likely to benefit from those countries who cannot. In the coming years as an industry we need to be prepared to embrace these changes that are coming, it may even require an additional "Health Certificate" similar to the current phyto required to export to some markets.

KEY STATISTICS

Export Summary Full Year

*DESTINATION	2009	2010	2011	2012	2013	2014	2015	2016	2017
Belgium	-			13,978	12,983	15,596	14,392	24,585	14,636
France	-			3,891	6,757	10,038	9,846	8,327	7,413
Netherlands	-			25,110	35,397	29,977	31,505	18,522	26,704
Germany	-			10,938	14,127	11,919	15,790	19,824	11,808
Europe / Other	-			5,260	4,836	5,221	4,320	5,896	7,193
Europe Total	58,456	69,153	57,796	59,177	74,099	72,749	75,853	77,154	67,754
United Kingdom	32,338	27,138	19,532	10,868	14,217	13,849	8,228	8,596	3,492
USA	-			1,164	3,723	5,859	564	531	732
Japan	4,194	23,018	12,778	25,179	8,377	19,348	18,373	16,885	24,177
Taiwan	1,781	3,110	507	7,168	5,018	3,230	6,993	7,866	15,125
Hong Kong	2,578	1,862	1,444	3,609	3,643	3,545	3,181	3,667	2,966
Indonesia	8,192	12,845	14,345	15,819	12,292	24,274	21,598	32,594	37,826
Malaysia	2,621	13,314	7,990	17,356	29,713	15,935	13,082	10,239	11,916
Singapore	577	2,882	1,408	3,413	3,429	2,994	2,488	2,955	1,506
Pacific Islands	15,390	15,574	15,112	16,482	16,563	18,272	18,771	18,177	20,709
Australia	2,136	4,412	443	434	352	787	6	26	389
Other	948	5,325	439	2,266	3,259	1,432	1,830	2,669	823
Total Tonnes	129,212	178,631	131,794	162,935	174,686	182,275	170,967	181,359	187,415

Source NZ Customs
 * Destination means Country of Vessels destination

Area Planted: Hectares

2007 - 2013							
AREA PLANTED	2007	2008	2009	2010	2011	2012	2013
Northland/Auckland	1.3	1.5	1.7	2.3	2.8	2.5	2.5
Pukekohe	3,164.0	2,496.0	2,711.0	2,835.0	2,744.0	2,358.0	2,285.0
Waikato/Bay of Plenty	25.0	614.0	576.0	549.0	661.0	960.0	1,052.5
Gisborne							
Hawkes Bay	621.4	638.0	584.5	656.0	714.0	728.6	732.0
Wanganui	1.0	2.0	Nil	Nil	Nil	Nil	Nil
Taranaki to Manawatu	186.3	156.0	169.0	259.0	258.0	241.0	256.0
Horowhenua	189.0	74.0	69.5	81.0	93.0	99.0	106.0
Marlborough/Nelson	14.0	22.0	34.0	29.5	41.9	40.5	33.5
Canterbury	750.0	674.0	681.6	707.0	748.6	870.2	771.2
Total	4,952.0	4,677.5	4,827.3	5,118.8	5,263.3	5,299.8	5,238.7
Processing (all areas)					70	40	40

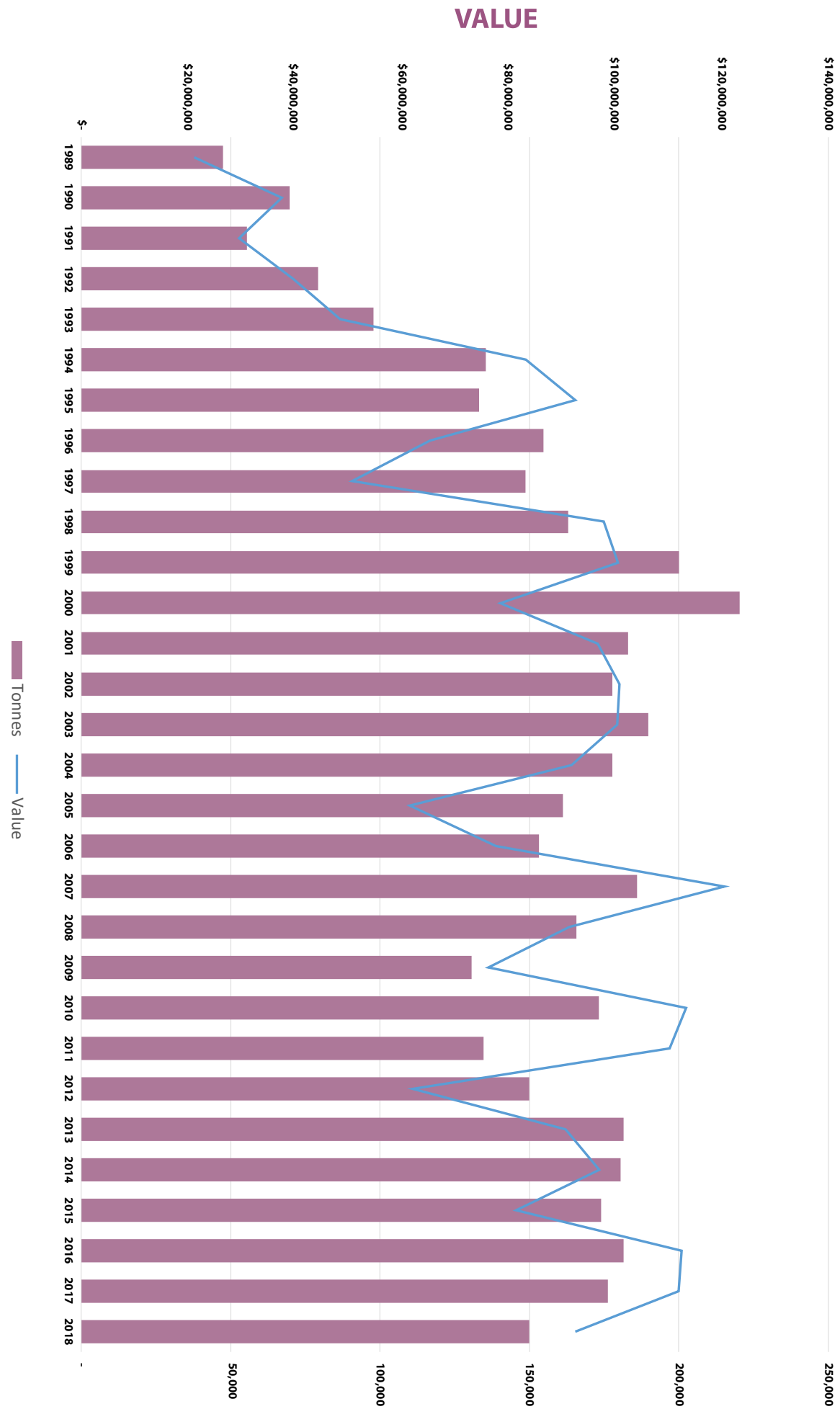
2014 - 2017								
AREA PLANTED	2014		2015		2016		2017	
	Brown	Red	Brown	Red	Brown	Red	Brown	Red
Northland/Auckland	2.0	0.7	1.7	0.8	1.4	0.7	1.5	0.8
Pukekohe	2,141.7	418.6	1,688.5	272.5	1,896.2	411.5	1,762.5	465.7
Waikato/Bay of Plenty	588.5	32.0	971.7	123.6	927.8	89.0	904.8	49.0
Gisborne	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hawkes Bay	667.0	37.5	710.0	49.0	762.0	51.0	819.5	42.7
Wanganui	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taranaki to Manawatu	201.5	3.5	144.5	4.5	169.5	3.0	92.5	0.5
Horowhenua	77.1	19.9	72.5	17.0	74.0	15.4	69.2	10.6
Marlborough/Nelson	19.2	12.5	21.0	14.0	23.5	16.5	17.5	12.5
Canterbury	682.9	29.1	779.9	23.7	751.4	32.1	933.7	22.2
Total	4,379.9	553.8	4,389.8	505.1	4,605.8	619.2	4,601.2	604.0
Processing (all areas)	42.0		0.0		10.0		22.0	

*Onions intended for processing are not included in the area planted figures

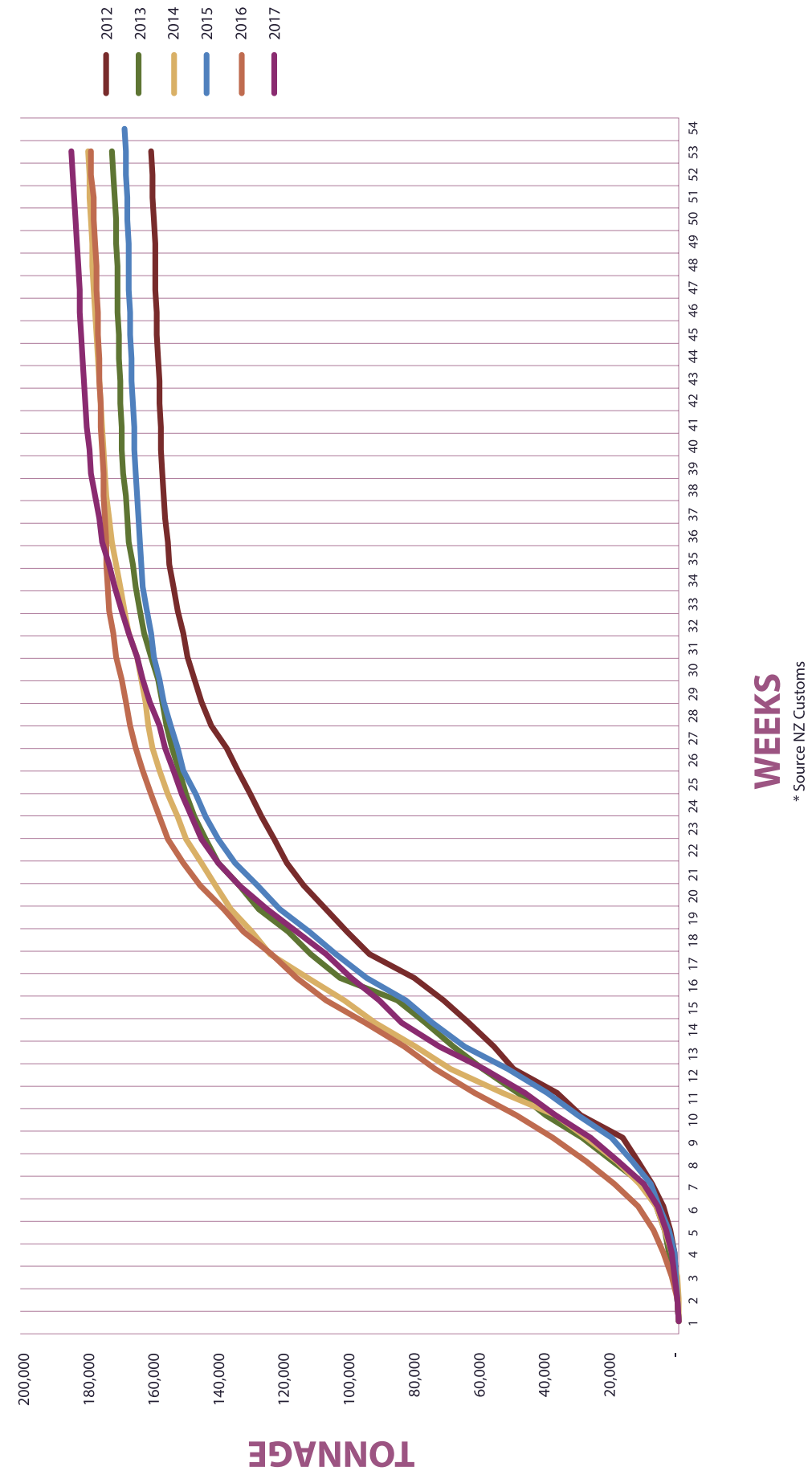
Top 50 Importing Countries of Shallots and Onions

COUNTRY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Malaysia	405,388	404,874	456,111	465,215	453,651	442,495	459,874	419,303	518,284	577,692
USA	409,365	488,973	309,151	394,225	394,129	385,353	436,979	500,381	485,881	521,160
Bangladesh	111,966	97,797	103,017	22,257	16,986	30,038	35,516	364,539	464,588	322,576
United Kingdom	377,588	379,780	361,950	366,835	365,926	322,039	427,223	405,265	390,748	394,857
Saudi Arabia	207,934	227,154	292,004	314,543	321,907	304,614	279,649	315,129	370,249	
United Arab Emirates	252,628	243,522				275,486	324,355	330,295	361,140	358,368
Japan	228,644	184,663	207,976	339,915	373,500	342,710	302,661	350,348	303,850	279,499
Brazil	157,153	200,658	178,233	238,490	195,172	179,514	266,898	150,592	270,326	178,079
Russian Federation	615,437	455,064	377,281	500,870	453,663	230,192	243,912	361,737	263,968	137,691
Germany	239,473	233,393	231,691	246,830	264,081	240,701	256,592	258,519	250,165	251,061
Sri Lanka	164,551	173,611	159,510	170,072	177,538	152,929	149,490	162,373	225,421	113,652
Netherlands	135,642	123,527	126,777	156,464	220,690	198,163	203,638	234,271	214,512	225,849
Canada	154,773	146,366	162,281	162,039	178,307	175,595	185,899	189,190	171,650	196,982
Viet Nam	68,520	97,498	130,169	128,743	123,746	161,231	171,635	139,530	164,700	241,124
Kazakhstan	1,443	8,715	19,487	31,579	57,601	59,128	135,044	122,282	158,482	127,050
CÃ´te d'Ivoire	33,626	35,372	72,260	67,354	68,982	108,462	91,010	115,613	154,830	
Rep. of Korea	28,463	37,339	22,727	18,848	15,614	42,479	58,885	2,553	146,759	45,875
Senegal	95,608	95,699	103,999	105,459	125,764	123,350	131,904	122,415	139,131	155,118
Belgium	151,448	145,536	143,793	121,121	127,826	129,862	135,279	129,065	137,336	142,314
France	131,214	125,229	110,673	104,744	102,126	115,620	139,402	133,535	136,145	149,800
Pakistan	105,511	135,191	324,182	110,421	91,038	137,774	170,946	66,915	109,906	47,992
Kuwait	78,351	78,501		71,900	78,979		112,051	93,865	101,160	109,198
India	104	89	415	5,594	7,111		17,844	813	87,324	87

Nepal			48,587	56,772	50,930	86,098	66,691	85,169	87,285	
Czechia	60,887	59,544	59,460	64,638	62,969	58,262	78,245	77,204	80,676	93,821
Qatar	33,290	41,886		51,561			47,697	58,848	73,985	84,369
Italy	72,719	76,867	77,103	71,096	66,146	67,925	86,319	71,892	71,063	87,696
Singapore	45,170	47,302	50,684	55,083	54,175	57,738	68,295	67,181	69,531	75,481
Ghana	6,100	4,358	35,162	51,009	75,306	72,146	56,288			69,362
Mexico	63,305	95,447	54,265	56,775	33,851	34,543	56,720	77,452	67,091	59,899
Other Asia, nes	46,552	44,158	53,522	59,271	44,314	87,554	62,317	48,494	62,454	90,859
Poland	78,916	71,869	47,932	102,096	84,224	52,657	66,906	87,616	60,085	51,516
Indonesia	133,098	166,913	101,191	125,816	235,119	155,361	124,544	144,885	58,786	104,951
Thailand	31,294	60,904	65,683	64,049	78,827	86,420	99,397	85,050	58,137	30,954
Oman	25,709	71,239	46,368	49,433	54,588	58,252	55,913	58,981	57,717	70,581
Portugal	46,988	46,795	41,740	53,083	56,228	47,855	57,301	53,534	53,918	56,624
Guinea	15,007	23,221					43,997	46,486	52,167	
Romania	37,497	32,643	21,773	35,372	45,549	39,089	39,827	36,458	49,900	56,364
Ireland	42,889	53,578	37,008	40,358	39,059	33,878	35,833	40,923	45,563	46,002
Spain	60,881	70,653	73,322	58,862	55,161	51,612	65,203	45,360	41,471	71,264
Bahrain	23,001	35,086	21,875	25,840	23,233	39,628	33,103	34,258	36,916	36,907
El Salvador	28,310	28,749	30,008	27,111	30,381	29,678	31,126	35,139	36,394	39,323
Mozambique	10,526	4,001	3,196	2,930	1,341	11,753	21,073	28,225	31,273	
Philippines	3,049	66,243	10,051	10,824	4,978	18,443	8,533	9,047	30,974	131,951
Sweden	33,964	24,814	26,763	31,912	33,333	34,211	27,286	32,819	28,291	25,151
Ghana	6,100	4,358	35,162	51,009	75,306	72,146	56,288			69,362
Mauritania	19,173	19,433	25,424	20,889	34,703	48,454	42,739	44,821		49,093
Bulgaria	29,809	26,208	14,832	17,867	18,356	18,613	22,079	28,329	27,185	26,546
Guatemala	11,330	11,449	16,654	28,288	20,609	31,923	27,274	26,351	25,411	30,300
Angola	21,890		36,870	7,266	29,591	48,259	43,486	44,518	24,762	



2012 - 2018 YEAR TO DATE ONION EXPORTS



MINUTES

MINUTES of the 13th Annual General Meeting of Onions New Zealand Incorporated held at the Indian Association Hall, Ward St, Pukekohe on Wednesday 18 October 2017, commencing at 5.00pm

PRESENT

There were 82 industry members in attendance.
Also in attendance: Michael Ahern (CEO)
Dr Jane Adams (ONZ Research Manager)
James Kuperus (ONZ Business Manager)

PROXIES

No proxies were received.

REMITTS

No additional remits were received or tabled.

MATTERS ARISING

Nil.

INDEPENDENT CHAIRMAN'S REPORT

Year end 30 June 2017

The Chairman's report was taken as read. The Chairman took the time to acknowledge management's efforts over the prior year.

It was moved that the Chairman's report was received.

All were in favour.

Alan Noble / Kiran Makan

CEO'S REPORT

The CEO's report was taken as read. It was noted that the export plan for Chinese onions to be exported to New Zealand was signed off in 2016 not 2017.

It was moved that the CEO's report was received.

All were in favour.

Gary Landon / Brent Wilcox

PREVIOUS MINUTES

IT WAS RESOLVED THAT the minutes from the 12th AGM held on 19 October 2017 are a true and correct record.

All were in favour.

Owen Symmans / Alan Noble

APOLOGIES

Phil Bird
Dacey Balle
Navin Makin
Steve McArthur
Peter McCracken
Emma McCracken
Abdi Abdat
Murray Turley
Toney Howey

DRAFT BUDGET

The 2017/18 budget has been approved by the Onions New Zealand Board and brought to the AGM for approval. The budget is based on 179,000 export tonnes which is the three year average.

Owen Symmans / Gary Landon

Moved that the budget be accepted.

AUDITED ANNUAL ACCOUNTS

IT WAS RESOLVED THAT the audited financial statements for the year ended 30 June 2017 be approved.
Peter Reynolds / Bharat Jivan

ONZ SUBSCRIPTION / FEES & LEVIES FOR 2017/2018

The CEO advised the attendees that under Clause 5.1 of the Constitution the Onions New Zealand Board recommended that the fees for 2017/18 be as follows:

- (a) Joining Fee >>>>>>>>> Nil
(b) Subscriptions >> Growers >> Nil
Exporters >> \$100 plus GST
Associates >> \$250 plus GST
(These to be payable by 31 December 2017.)

- (c) Voluntary Levy
(c) \$1.00 + GST per tonne payable by Marketing Organisation members

COMMODITY LEVY

IT WAS RESOLVED that the commodity levy for fresh and processed onions for the coming levy year (1 December 2017 – 30 November 2018) remain at \$2.50 per tonne or part thereof.

Gary Landon / Guy Hilson

All in favour.

APPOINTMENT OF AUDITOR

IT WAS RESOLVED THAT BDO be appointed auditors for the financial year ended 30 June 2018.

Owen Symmans / Paul Apatu

All in favour.

BIOSECURITY OPERATIONAL AGREEMENTS

The CEO described the process that Onions New Zealand has taken leading up to the AGM including on the Winter Tour consulting with growers and the wider industry. Onions New Zealand is seeking members mandate to enter into operational agreements with the New Zealand Government for biosecurity readiness and response activities.

IT WAS RESOLVED THAT members agree that Onions New Zealand Incorporated has the mandate to sign Government Industry Agreement for Biosecurity Readiness and Response Operational Agreements on their behalf.

Peter Reynolds / Simon Vale

The CEO took the time to inform members that Onions New Zealand will be seeking mandate from growers to create a biosecurity levy for biosecurity responses and that there will be a formal vote for this administered by ElectionNZ.

CONFIRMATION OF DIRECTORS

Directors retiring are:

- Paul Apatu retiring by rotation and seeking re-election (Grower)
- Jay Master retiring by rotation and seeking re-election (Grower)
- Ray Ellis retiring by rotation and seeking re-election (Exporter)

The following Directors were elected to the ONZ Board uncontested: Paul Apatu, Jay Master and Ray Ellis.

GENERAL BUSINESS

No general business.



2018/19 BUDGET

Description	2018/19 Budget		2017/18 Year End	2017/18 Budget
Income				
Membership Fees	8,000		7,200	7,500
Domestic Commodity Levy	84,863		85,721	75,000
Export Commodity Levy	432,045		370,601	448,000
Process Commodity Levy	9,334		18,702	8,750
Marketing Organisation Levy	155,536		136,274	161,202
MPI SFF grant	0			
AGM/ Research Seminar Sponsorship	17,000		0	
Research Education Trust sponsors	2,500		0	5,000
Sundry	32,000		0	2,200
Interest on reserves	24,000		26,879	24,000
Less collection fee	-20,676		-18,899	-21,270
Total Income	744,602		626,478	715,382
Expenditure				
<i>Industry leadership</i>				
CEO, Business Management & Admin Support Charges	159,500		167,721	152,000
CEO Expenses	10,000		11,008	10,000
Independent Chair	33,000		30,004	25,000
Independent Chair Expenses	3,000		2,917	3,000
2 Grower Seminars and AGM	32,000		22,954	10,000
Director Expenses	7,000		10,750	6,000
Director Fees	0		0	0
Government Relations	4,000		6,245	4,000
Travel Expenses	8,000		11,547	8,000
HortNZ Industry Forums & Vegetable Chairs Forums	4,000		5,329	3,000
	260,500	33%	268,475	222,000
<i>Administration of ONZ</i>				
Printing/ Stationery/ Postage	10,000		12,142	9,000
Telephone & Tolls	1,500		2,230	1,500
HortNZ Office Overheads	8,000		6,675	9,000
Legal Expenses	1,500		2,690	1,500
Audit & Tax	4,000		2,599	4,000
Accountancy Fee	11,150		10,402	11,150
Bank Fees	350		182	350
General Expenses	1,500		1,694	1,500
Commodity Levy Referendum	3,500		0	0
Recruitment	0		20,172	0
Website Maintenance	3,000		2,207	3,000
ONZ Newsletters	1,000		644	1,000
Grower Magazine Contribution	7,000		7,008	7,000
ONZ Photography	1,500		0	1,500
Vegetables.co.nz	10,000		10,000	10,000
District Association Grants	8,000		3,506	8,000
	72,000	9%	82,151	68,500

Description	2018/19 Budget		2017/18 Forecast Year End	2017/18 Budget
<u>Export Market Access & Development</u>				
China Market Sizing	0		55,865	55,000
Asian Market Mapping & Travel	0		5,283	10,000
China Market Intelligence	3,000		0	3,000
Food Safety Project	15,000		45	5,000
China Market Access	15,000		13,051	0
Australia (Consultancy & Govt cost recovery fees)	5,000		4,587	3,000
Other market (Consultancy & Govt cost recovery fees)	15,000		13,950	7,500
Indonesia Market Retention Project	10,000		0	0
China Trade Visit(s)	52,000		19,549	25,000
Trade Access Booklet	1,000		455	1,500
Coffee Club	500		182	500
New Markets Export Direct Support	4,000		0	8,000
NOA	700		0	700
AMI Weekly News & World Report	3,500		3,737	6,000
Surveys	4,000		2,193	4,000
National Technical Working Group (Global Gap)	3,000		3,172	5,000
Plants Market Access Council	2,800		2,498	2,800
Asia and Pacific Plant Protection	0		6,587	7,500
Phytosanitary Chart and QC Training	4,350		0	0
Reporting and Scanning	7,200		0	0
Market Access Travel General	5,000		3,582	5,000
	151,050	19%	134,736	168,000

Description	2018/19 Budget		2017/18 Year End	2017/18 Budget
<u>Biosecurity</u>				
Biosecurity Readiness Projects	20,000		0	10,000
Development of Allium Sector OA MAS	0		4,800	9,600
Administration of the Allium Sector OA	0		0	5,000
Biosecurity Waste Management	0		0	2,000
Engagement with MPI over Border Interceptions MAS	2,000		0	2,000
Onions biosecurity management plan MAS	1,980		10,950	12,000
Biosecurity Levy preparation MAS	1,000		9,661	3,000
IHS general advice MAS	1,000		0	3,000
Freshpac WG China IHS MAS	0		0	1,000
Freshpac core group rep MAS. Shared cost	1,500		1,200	1,500
Maintaining Technical Expertise	9,740		0	0
Biosecurity extension	6,000		2,267	2,000
Onion Pest List Maintenance/ Reviewing Priority Pests	2,640		0	700
Travel & Meetings	2,500		8,452	2,500
Crisis Management plan	0		0	1,000
	48,360	6%	37,330	55,300

Description	2018/19 Budget		2017/18 Year End	2017/18 Budget
<u>Industry Research & Innovation</u>				
VR & I Board Admin	16,150		15,402	15,053
VR & I Board Leveraged Research	44,183		58,957	53,120
Pan Horticulture PGP - Generic Activities	20,000		0	0
Pan Horticulture PGP - Specific Onions Activities	10,000		0	0
ONZ R & I Sub Committee	1,000		516	1,500
ONZ R&I Chairman Honararium	2,000		0	0
MPI SFF (net)	0		65,887	64,100
Cadmium Project	0		0	5,000
Sustainable Production Project Scope	0		2,565	2,500
Sustainable Production Project (s)	25,000		0	12,000
Onion Smut Field Trials & Mapping	7,500		0	3,600
Soil borne disease and plant establishment project	20,000		5,115	25,000
IPM manual update	0		0	3,000
Export onion MRL (MPI) and PHI (P&FR) updates	1,500		1,576	1,000
ONZ Research Management	72,000		55,612	53,100
ONZ Research Management Expenses/ Extension	8,000		5,542	6,060
Grower tool kits/publications	12,000			
Research Education Trust	12,500		7,500	16,000
	251,833	32%	218,671	246,533
Total Expenditure	783,743		741,363	760,333
Before Tax Surplus/Deficit	-39,141		-114,885	-44,951
Surplus/(Deficit)	-39,141	-5%	-114,885	-44,951

Onions New Zealand
Incorporated

Special Purpose Financial Reports

for the Year Ended
30/06/2018

Onions New Zealand Incorporated

Performance Report

For the year ended
30 June 2018

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Onions New Zealand Incorporated

Entity Information

For the year ended
30 June 2018

Legal Name of Entity: Onions New Zealand Incorporated

Type of Entity and Legal Basis: Incorporated Society

Registration Number: 1570409

Date of Incorporation: 26 October 2004

Contact details

Physical Address: Level 4
Co-Operative Bank House
20 Ballance Street
Wellington 6011

Postal Address: PO Box 10232
The Terrace
Wellington 6143

Phone/Fax: Ph +64 508 664 667

Email/Website: www.onionsnz.com

Main Sources of Entity's Cash and Resources: Onions New Zealand Incorporated's primary sources of funding are from grower levies and research grants. Additional funding is received through subscriptions and interest.

Onions New Zealand Incorporated

Statement of Financial Performance

For the year ended
30 June 2018

	Note	Actual 2018 \$	Actual 2017 \$
REVENUE			
Levies	1	592,399	650,984
Subscriptions		7,200	6,650
Grants	2	157,478	151,251
Research Education		-	2,750
Interest		26,879	19,783
Total Revenue		783,956	831,418
EXPENSES			
Industry Leadership		262,230	223,933
Administration		82,151	76,760
Market Access		143,546	52,255
Biosecurity		37,330	46,142
Industry Research, Innovation & Extension		373,584	366,244
Total Expenses	3	898,841	765,334
Operating Surplus/(Deficit) for the Year before Tax		(114,885)	66,084
Taxation Expense	4	7,055	5,076
Net Surplus/(Deficit) after Tax		(121,940)	61,008

Onions New Zealand Incorporated

Statement of Financial Position

As at
30 June 2018

	Note	Actual 2018 \$	Actual 2017 \$
ASSETS			
Current Assets			
Bank accounts and cash	6	365,437	554,148
Investments	7	800,000	700,000
Debtors and prepayments	8	127,879	135,382
Income Tax Receivable	5	1,848	2,149
Total Current Assets		1,295,164	1,391,679
LIABILITIES			
Current Liabilities			
Creditors and accrued expenses		119,884	54,552
GST Payable		20,847	60,754
Total Current Liabilities		140,731	115,306
Total Assets less Total Liabilities (Net Assets)		1,154,433	1,276,373
EQUITY			
Capital Reserve		150,000	150,000
Retained Earnings	9	1,004,433	1,126,373
Total Equity		1,154,433	1,276,373



OWEN SYMMANS
ONZ Inc. Chair & Director
Dated 5 September 2018



KEVIN WILCOX
ONZ Inc. Vice Chair & Director
Dated 5 September 2018

Onions New Zealand Incorporated

Statement of Accounting Policies

For the year ended
30 June 2018

Basis of Preparation

Onions New Zealand Incorporated is an Incorporated Society and as such has no statutory requirement to prepare GAAP compliant financial statements. The Society has elected to prepare Special Purpose Financial Statements applying PBE SFR-A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (Not-For-Profit) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000 with the exception of preparation of a Statement of Service Performance and Statement of Cashflows. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

Goods and Services Tax (GST)

Onions New Zealand Inc is registered for GST. All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue. Taxation expense is accrued in the period to which the obligation arose. Tax is calculated in accordance with IRD rates.

Bank Accounts and Cash

Bank accounts and cash comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

Levy Revenue

Levy fees are recognised in the period to which they relate to.

Interest Revenue

Interest income is recognised as it is earned and accrued using the effective interest method.

Research and Development Grant Revenue

Research and development grants are recognised in accordance with the funding agreement. Where the funding is provided with conditions then income is only recognised when the conditions attached have been fulfilled with the unspent portion being recognised as income in advance. Funding is recognised as income when received if there are no refundable conditions attached.

Debtors

Debtors are stated at estimated realisable value. Bad debts are written off during the period in which they are identified.

Expenses

Expenses have been classified on their business function. Expenses are recognised in the period in which they relate to.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

Onions New Zealand Incorporated
Notes to the Performance Report
For the year ended
30 June 2018

Note 1 : Levy Income

	\$ This Year	\$ Last Year
Direct Sales Levies	2,401	1,964
Domestic Levies	83,322	83,369
Export Levy	370,601	426,997
Marketer Levy	136,274	153,980
Process Onions	18,702	8,290
Less Collection Fee	(18,899)	(23,617)
	592,399	650,984

Note 2 : Research and Development Grants

	\$ This Year	\$ Last Year
MPI SFF Grant	157,478	151,251
	157,478	151,251

Research and Development Grants were received from Ministry of Primary Industries. As at balance date all milestones associated with the grants had been met.

Note 3 : Analysis of Expenses

	\$ This Year	\$ Last Year
Industry Leadership		
AGM/Grower Conference	22,954	5,586
Business Manager Salary and Admin Support	75,388	56,350
Chief Executive Officer	92,333	77,916
Chief Executive Officer Expenses	11,008	9,167
Consultancy (Strategic)	-	24,250
Directors & Executive Expenses	10,750	10,627
HortNZ Industry Forums and Vegetable Chairs	5,329	4,108
Independent Chair	30,004	25,000
Independent Chair Expenses	2,917	416
Travel Expenses	11,547	10,512
Total Industry Leadership Expenses	262,230	223,933

Administration Expenses

Accountancy Fees	10,402	12,783
Audit & Tax Fees	2,599	4,554
Bank Fees & Charges	182	155
Capitation & District Association Grants	3,506	4,200
General Expenses	1,694	5,346
Grower Magazine Contribution	7,008	7,084
Hort NZ Overheads	6,675	6,159
Legal Fees - Deductible	2,690	922
Membership Database Upgrade	-	12,040
ONZ Newsletters (The Skin)	644	43
Printing/Postage/Stationery	12,142	9,554
Recruitment	20,172	-
Telephone & Tolls	2,230	1,725
Vegetables.co.nz	10,000	10,000
Website - Maintenance	2,207	2,194
Total Administration Expenses	82,151	76,760

Onions New Zealand Incorporated
Notes to the Performance Report
For the year ended
30 June 2018

Market Access

AMI Weekly News & World Report	3,737	4,654
Asia and Pacific Plant Protection	6,587	-
Asia Market Mapping & Travel (incl Vietnam)	5,283	-
Asia (unspecified)	-	10,049
Australia (Consultancy & Govt Cost Recovery Fees)	4,587	1,799
China Market Access	13,051	-
China Market Intelligence & Sizing	55,865	853
China Trade Visit	19,549	23,218
Exporter Meetings	182	296
Food Safety Project	45	-
General Market Access Travel	3,582	-
Government Relations	6,245	-
National Technical Working Group (Global GAP)	3,172	680
New Markets Export Direct Support	-	3,998
NOA	-	639
Other Market (Consultancy & Govt Cost Recovery Fees)	13,950	44
Plants Market Access Council Membership	2,498	3,070
Surveys	2,193	2,001
Sustainable Production Project Scope	2,565	-
Trade Access Review Document	455	952
Total Market Access	143,546	52,255

Biosecurity

Biosecurity Extension	2,267	-
Biosecurity Levy Preparation MAS	9,661	5,670
Development of Allium Sector OA MAS	4,800	-
Freshpac Core Group MAS - Shared Cost	1,200	1,500
Freshpac WG China IHS MAS	-	1,643
GIA Representation	-	8,272
IHS Tech General Advise MAS	-	4,050
ONZ Biosecurity Management Plan MAS	10,950	21,620
Travel & Meetings - Biosecurity	8,452	3,387
Total Biosecurity Expenses	37,330	46,142

Industry Research & Development

Export Onion MRL (MPI)	1,576	1,984
MPI SFF	223,365	215,208
ONZ R & I Sub Committee	516	294
ONZ Research Manager	55,612	53,100
ONZ Research Manager Expenses	5,542	6,060
Research Education Trust	7,500	12,867
Soil Borne Diseases & Plant Establishment	5,115	30,500
VR & I Board Admin	15,402	13,918
VR & I Board Leveraged Research	58,957	32,313
Total Industry Research & Development	373,584	366,244

Onions New Zealand Incorporated

Notes to the Performance Report

For the year ended
30 June 2018

Note 4 : Taxation Reconciliation

	\$ This Year	\$ Last Year
Surplus/(Deficit) before Income Tax		
Current Year Earnings	(114,885)	66,084
Total Surplus/(Deficit) before Income Tax	(114,885)	66,084
Permanent Differences		
Non-Member Income Exemption	(1,000)	(1,000)
Non-Taxable Profit Relating to Members		(46,957)
Non-Taxable Loss Relating to Members	141,082	
Total Permanent Differences	140,082	(47,957)
Taxable Profit (Loss)	25,197	18,127
Tax Payable at 28%	7,055	5,076

Note 5 : Taxation

	\$ This Year	\$ Last Year
Taxation		
Opening Balance Payable/(Receivable)	(2,149)	(1,309)
Increases		
Provision for Taxation	7,055	5,076
Refunds	1,309	-
Total Increases	8,364	5,076
Decreases		
RWT Paid	8,063	5,916
Total Decreases	8,063	5,916
Total Taxation Payable/(Receivable)	(1,848)	(2,149)

Note 6 : Bank accounts and cash

	\$ This Year	\$ Last Year
BNZ Current Account	302,927	441,665
BNZ Call Account	62,509	112,483
	365,437	554,148

Interest is earned at 0.10% in the call account. As at balance date there were no overdraft facilities or any other banking arrangements in place with BNZ.

Note 7 : Investments

	\$ This Year	\$ Last Year
BNZ Term Deposit - 01	300,000	300,000
BNZ Term Deposit - 02	300,000	200,000
BNZ Term Deposit - 03	200,000	200,000
Total	800,000	700,000

Onions New Zealand Incorporated

Notes to the Performance Report

For the year ended
30 June 2018

Note 8 : Debtors and prepayments

	\$ This Year	\$ Last Year
Trade Debtors	126,063	128,073
Prepayments	1,816	7,309
	127,879	135,382

Note 9 : Retained Earnings

	\$ This Year	\$ Last Year
Opening Balance	1,126,373	1,065,365
Current Year Earnings	(121,940)	61,008
Total Retained Earnings	1,004,433	1,126,373

Note 10 : Commitments and Contingencies

Commitments

There are no commitments as at balance date. (Last Year - NIL.)

Contingent Liabilities and Guarantees

There are no contingent liabilities or guarantees as at balance date. (Last Year - NIL.)

Note 11 : Related Party Transactions

Southern Fresh Limited - Exporter
Balle Bros Group Limited - Exporter
Harvest Fresh Limited - Exporter
Ellis Agrichemical Services Limited - Exporter
Produce Agencies Limited - Exporter
Master Produce - Grower
Pye Limited - Grower
AS Wilcox & Sons Ltd - Grower
Apatu Farms Limited - Grower

The above exporter/grower businesses have been identified as related parties due to directors on the board of those entities also being directors of Onions NZ Incorporated.

The transactions that have occurred between those entities and Onions NZ Incorporated are payment of levies. These transactions have occurred on terms and conditions no different to other levy payers.

Note 12 : Events after Balance Date

There were no events that have occurred after the balance date that would have a material impact on the Performance Report. (Last Year - NIL.)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ONIONS NEW ZEALAND INCORPORATED**

Opinion

We have audited the financial statements of Onions New Zealand Incorporated ("the Society"), which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Society for the year ended 30 June 2018 are prepared, in all material respects, in accordance with the accounting policies specified in the statement of accounting policies in the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society.

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the accounting policies specified in the statement of accounting policies in the financial statements and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern

and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we Report to

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Wellington Audit Limited

**BDO Wellington Audit Limited
Wellington
New Zealand
5 September 2018**

REMITs

The following motions will be considered by Onions New Zealand Inc. AGM held at the Indian Association Hall, 59 Ward St, Pukekohe on the Wednesday 24 October 2018.

Motion 1
That the minutes of the Onions New Zealand AGM, held 18 October 2017, be taken as a true and correct record.
Proposed by the Onions NZ Board

Explanatory Note
The minutes are included in the 2018 Onions NZ AGM papers, posted to all members and available at www.onionsnz.com

Motion 2
That the Chair’s report for the year ended 30 June 2018, as published in the Onions NZ AGM papers, be accepted.
Proposed by the Onions NZ Board

Explanatory Note
The minutes are included in the 2018 Onions NZ AGM papers, posted to all members and available at www.onionsnz.com

Motion 3
That the CEO’s report for the year ended 30 June 2018, as published in the Onions NZ AGM papers, be accepted.
Proposed by the Onions NZ Board

Explanatory Note
The minutes are included in the 2018 Onions NZ AGM papers, posted to all members and available at www.onionsnz.com

Motion 4
That the budget for 2018/19 be endorsed.
Proposed by the Onions NZ Board

Explanatory Note
The Board of Onions New Zealand has adopted the budget in the papers and seeking endorsement from members.

Motion 5
That the audited financial statements for the year ended 30 June 2018 be approved.
Proposed by the Onions NZ Board

Explanatory Note
The audited financial statements are included with the 2018 ONZ AGM papers, posted to all members and available for download at www.onionsnz.com

Motion 6
That the ONZ Subscription/fees and levies for 2018/19 remain as per below;

- (a) Joining Fee >> Nil
- (b) Subscriptions >> Growers >>>>> Nil
>> Exporters >>>>> \$100 plus GST
>> Associates >>>>> \$250 plus GST
(These to be payable by 31 December 2018.)
- (c) Voluntary Levy
(i) \$1.00 + GST per tonne payable by Marketing Organisation members

Collection agents are entitled to deduct a collection fee of 4%.
Proposed by the Onions NZ Board

Explanatory Note
Clause 5.1 of the Constitution allows the Board to recommend for consideration by the Annual General Meeting, fees and subscriptions for the forthcoming year.

Motion 7
That the commodity levy for fresh and processed onions for the coming levy year (1 December 2018 – 30 November 2019) remain at \$2.50 per tonne or part thereof.
Proposed by the Onions NZ Board

Explanatory Note
Under the above Order ONZ must set a levy rate by a vote at its annual general meeting for the subsequent levy year (1 December 2018 – 30 November 2019).

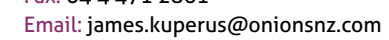
Motion 8
That BDO be appointed auditors for the financial year ended 30 June 2019.
Proposed by the Onions NZ Board

Explanatory Note
BDO was awarded the contract to complete the audit for Onions NZ in 2016 and provided an exceptional service for the previous two financial years.

Motion 8
That Dacey Balle (grower member) and Helen Marriner (marketer member/ exporter) are duly re-elected to the board of Onions New Zealand uncontested.
Proposed by the Onions NZ Board

Explanatory Note
Clause 6 of Onions New Zealand’s constitution states that the board shall consist of eight Directors and a chairperson.

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ONIONS NEW ZEALAND AGM PAPERS 2018

Onions New Zealand Inc.

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