

PMAC Annual report

2021/22



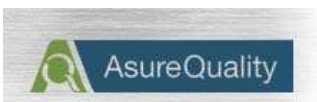


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1. 2020/21 Significant events

September 2020 First true electronic exchange of phytocertificate information in place with Australia.

This was followed in February 2021 with the commencement of electronic exchange with the EU. At this stage paper certificates are also needed for the EU and where commodities to Australia travel between States. It is hoped the paper certificates will be removed in the near future. Work is currently underway for electronic exchange to Argentina, Fiji, Indonesia, Korea, Philippines, Samoa, Sri Lanka and the United States

October 2020 EU provides access for New Zealand Acers. New Zealand is now the only country that can export Acers to the EU. Exports began June 2021

Bilateral discussions completed – Bilateral meetings are not normally considered significant events but, in a world, where Covid has affected the ability to meet the successful completion of bilaterals are significant. Of particular importance for the plant industries are the bilaterals with Japan, Korea, Taiwan, Australia and the USA

Successful completion of virtual Audits As with bilateral meetings the inability of officials to travel has stopped physical audits. To prevent loss of access and ensure that countries can still audit our systems and processes MPI has worked with trading partners to set up virtual audits. Audits of New Zealand growers and packhouses have been undertaken by Taiwan, China and India. To date all audits have gone well and access has been maintained.

February Country recognition agreement with -Indonesia's approved until February 2024. The CRA allows preferential access for names New Zealand commodities to Indonesia.

Mid-March 2021 Fruit Fly OAP released This will allow MAO's to include processes and systems in their MAO systems which will support continued export in the case of the Fruit Fly incursion

Beet seed granted access to Argentina

Updated Organisational Standard released March 2021. This standard has a number of changes. Webinars have been run to provide training for MAO's on the changes and expectations.

Recommendations for produce food safety tabled with working group in May. A project to identify how best MPI can provide food safety assurances for our fruit and vegetables started in 2015. A report on the 2017/18 survey findings has been was tabled. This will form the basis for the projects going forward.

Year-end balance within 1.4% of budget and memorandum account reduced to zero

2. Michael Ahie – Chairman's report



Tēnā koutou katoa

Despite the challenges of a continuing COVID-19 dynamic for the Nation and our exporters, we will look back on the 2020/21 as a success despite the challenges. Exports of New Zealand's high quality produce earnt \$4.9 billion and have shown a 2% increase in value over the prior year. Confidence in the plant industries ability to contribute in a positive way to the economic, social and environmental wellbeing in New Zealand continues to, if you will excuse the pun, grow.

In preparing to write this report I took stock of how far the world has moved in 12 months. Last year the COVID-19 pandemic and its effect on individuals and global trade was the clear headline and most, if not all if the changes and challenges seemed to be directly related to Covid and its effect on people and services. Many of the effects are still with us. For example, It will take so time to solve the freight and labour issues caused by border closures and the high levels of sickness in many societies. Covid has shown just how easily supply chains can be disrupted. Thankfully as I write this the first signs of recovery are starting to show. In the first week in October the first plane load of RSE workers arrived in New Zealand and the monthly average spot rate to transport a container between the US and China fell 28.2%. Blip or not a fall in the freight rates is a welcome relief.

In the last year the EU approved the Farm to Fork policy which requires that food is carbon neutral and produced sustainably. While the EU regulators have set a timetable for noticeable change by 2030, Supermarkets in the EU are putting in place plans well in advance of the 2030 deadline. Over the same period China has emphasised its desire for safe food and demanding facilities that export to China fulfil set requirements and are registered. Indonesia similarly is becoming increasingly prescriptive in the information it requires to support equivalency arrangements. Domestically the New Zealand Government is also very active in all of these areas.

In the last year New Zealand has experienced a number of severe events that would be expected once every 80 to 100 years. A boxing day hail storm in Motueka made \$80 million worth of apples good only for juicing. High rainfall in Central Otago over the New Year period is estimated to have cost the industry \$50 million in lost fruit. Crops unaffected by weather were often affected by labor shortages resulting in unpicked crops and lost exports.

When I became Chair of PMAC in 2016 the 'mega trend' issues of climate change, increased regulation, sustainable farming and labor practices and safe food were present and discussed around our PMAC table. In the intervening years their prominence and impact has increased exponentially. Over that time and particularly in the last 18 months, I have been impressed by the dedication and resilience shown in our Agencies and Industry. Much of the work requires high levels of communication and collaboration and the plant export "system" has responded well. It is a tribute to the talented and dedicated people we have across this system.

PMAC is a key part of the system where Agency representatives, Horticultural, Plant and Seed exporters can discuss issues that limit access for our products and agree on the work required to support our strong assurance systems and access negotiations. Despite the heavy work loads our member representatives have in their 'day jobs', they continue to attend PMAC and contribute whole heartedly to discussions. I must acknowledge and thank all Council members for their contributions to PMAC, their openness and the hard work they and their teams do to keep New Zealand exports growing.

Despite all the challenges outlined above, opportunities prevail. When other Countries are impacted negatively by weather conditions there can be increased demand for New Zealand products. Chile's current drought will potentially open up opportunities for some of our commodities. Similarly changing weather patterns in New Zealand will open up areas which traditionally were unsuitable for specific crops. The recent development of Avocado Orchards in Taranaki is one good example of this.

Another silver lining can come with increased regulation (although some may disagree). New Zealand is not the only country that must respond to importing countries increased regulations. The ability of our people to respond and innovate can open up opportunities previously not apparent. Industry and Agencies have worked well together over the last year in this space. Our partner Agencies assistance with interpretation and advice on implementation of regulatory change has assisted many of our export businesses who would have found it much more difficult to cope with the change.

One good example of Industries persistence enabled by Agency support and advice is the export of live Acer (Maple) trees from New Zealand. New Zealand grows outstanding Acers and has exported trees to the EU for over 50 years. In 2019 the EU declared Acers a high biosecurity risk species requiring that countries wishing to send Acers to the EU must undergo a pest risk analysis. Fast work by Industry and MPI provided the required data to the EU in 2020 - the first dossier submitted for a high-risk commodity to the EU by any country for any commodity. Analysis of this dossier by the EY confirmed the pest free status of New Zealand produced trees. The result has been New Zealand is now the only country that can send Acers to the EU. The winter of 2021 was the first season during which New Zealand Acers were sent to the EU under the new controls and post Brexit. Regulation interpretation and phytosanitary certificate support from MPI was essential especially early in the season to ensure the consignments moved smoothly across the border. The result has been a successful season for the exporter, good demand for next season's crop and a new opportunity for increased exports to the EU.

The communication we see at PMAC and the insight it gives members creates a shared understanding of the different World-views of Industry and Government. A good example of this was the PMAC budget process for 2021/22. This year PMAC achieved its goal of reducing the level of funds it carries over each year in its memorandum account to zero. For nearly a decade Industry representatives have been concerned that funds collected from Industry should not be sitting in a reserve – funds should be used to provide benefit to exporters. The formation of a subcommittee populated by representatives from both MPI and Industry explored the options and provided advice to PMAC that it should maintain both current fee and work levels. The subcommittee allowed in depth discussion of the issues and a real understanding of the options developed. A similar consensus would not have been possible if the proposal was developed by one party and presented for a short discussion at PMAC. The result has been good engagement, a way forward which all members agree is prudent and no impact on Industry and Agency relationships.

PMAC continues to grow in membership and confidence. Our membership now includes 13 Industry members, 3 IVA's, CBAFF and representatives from three MPI directorates and MFAT. We are particularly thankful that Directors of each of the MPI Directorates frequently attend and that Industry representatives have shown they are keen to attend meetings physically even when it means a long day of travel. Meetings seldom number less than 22 people and engagement is good.

Along with discussing external trends and issues the Council has also worked collaboratively over the last year to refresh the PMAC strategy so it accommodates the impact of Covid and our goals remain relevant and meaningful. This process went smoothly and has delivered a set of measurable goals that will guide PMAC's work for the next 5 years. Again a small working group did the "hard yards" to provide the draft for PMAC's consideration and the Council discussions streamlined the wording of a couple of goals before the Strategy was signed off.

In conclusion, I would like to acknowledge and thank all PMAC members, Agency and Industry alike, for their work over the last year to support and grow exports in this rapidly changing year. The rate of change will continue to require the continued efforts of all those that sit at the PMAC table and many others in the organisations they represent. Finally, I want to acknowledge Executive Officer Helen Gear for her support, energy and dedicated effort to PMAC.

I look forward to the coming year with optimism. I believe New Zealand is a beacon of hope for many other nations and individuals. In 2020 we showed in our handling of COVID-19 what was possible when a community works together. We will continue to use this approach to cope with the high rate of change and to ensure our exports continue to increase in quantity and value. Regulatory and customer requirements are changing and with the leadership and positive engagement we have sitting on PMAC, it bodes well for both PMAC and the success of the plant product export sector.

Nāku noa, nā, Michael Ahie

3. Helen Gear – Executive Officers Report

Last year was an extraordinary year and this year has proved to be even more extraordinary. Our chairman's report has referred to many of the factors that made it this way so I'll leave any additional comment on the years activity to the body of this report.



What I would like to reflect on in my report is how PMAC has changed in the last decade and what this may mean for the future.

I have decided to move on from PMAC in July 2022 and that decision has caused me to consider how PMAC has changed and how my role should be shaped to best serve plant product exporters and growers. I have very much enjoyed working for PMAC and I'm keen that my replacement can do even better what is already being done.

Our previous Chair Russ Ballard, in his last year wrote a think piece "Plant Market Access Council – a Government/ Industry partnership that works ". In it he identified that "PMAC is "considered to set the benchmark for successful consultative committees "and that it "provides a forum where market access issues are freely discussed between Industry and Government representatives allowing them to agree strategies to remediate and improve market access." Since Michael Ahie took over the Chairmanship that partnership has continued to strengthen and while external challenges have increased the Council has continued to grow in size and the depth of its discussions deepened.

Russ identified 9 factors that have contributed to PMAC's success for which the Secretariat and in particular the Executive Officer role has particular responsibility for. Namely

1. Council meetings focus on strategic matters.
2. Active communication by the Secretariat to members and the wider plants industries about PMAC activities
3. (Foster) recognition by all parties that their individual interests are better met by having a PMAC than not having it.

Ensuring these factors are maintained and where possible enhanced is important.

Since the beginning of Covid domestic and international factors that directly affect exporters have become more challenging and have had a direct effect on not only company's ability to export. For many businesses this has resulted in a significant impact the bottom line. Apple exporter T&G Global reported, in late October, that it expects full-year earnings to sink by as much as 75% this year due to the pandemic disrupting its harvest and exports.

Some of the consequences of Covid, such as freight, will become less of an issue as the world adjusts to the new normal. Unfortunately, a host of other factors will become business as usual. For example, the extra sanitary requirements put in place by China to prevent their imports being a vehicle for the spread of human diseases are unlikely to be removed. Forums such as PMAC where Industry and Agencies can work together to form a common understanding of the issues, support exporters and find ways to minimise the impacts of regulation are even more important in the post Covid world. Our success at balancing the book this year by removing the positive memorandum account, that has been in place for the last decade, will add additional pressure as future activity will need to be fully cost recovered. Industry representatives will want to see value for the funds that are collected and will need to be able to justify the increased fees to their stakeholders. This at a time when the need for MPI's support is continuing to increase

In my time on PMAC the Industry environment has changed significantly. Our larger companies have grown significantly and their systems and resources have become more sophisticated. Smaller sectors and businesses still exist but they need to work harder to comply with the increasing number of requirements and need support to develop solutions if they are to continue to operate. Many of our exports and in particular the larger sectors need to comply with private standards. Private standards requirements have meant that our exports comply with a range of food safety, social and environmental requirements that are in excess of government regulations. - built on a framework of data collection and robust auditing regimes. PMAC must find a way for MPI to leverage (potentially with MPI specific additions) what Industry already has in place. PMAC will also need to consider how and to what extent it asks for MPI assistance with upskilling less resourced sectors to manage risk and lift the performance of all plant exporters

A decade ago, New Zealand's plant product producers were well ahead of most of their competitors in terms of the quality of their product, sophistication of their systems and the number of markets they had access to. Many of these advantages have been eroded in the last decade and our competitors are catching up. Some of our sectors and marketers have identified their key assets and are successfully using them to grow their businesses. It is important that MPI recognise its role in supporting Industry by understanding the issues, devising strategies to improve market access and working with Industry to coordinate activity. Work currently being undertaken by the Australian Border working group has identified that improvements need attention to detail and work across a range of areas. While progress is slow, there is progress and the relationship between all parties on the working group is strong. Information sharing on this group is valuable between both Industry and MPI and also between the various Industry groups on the working group.

MPI has also changed significantly over this time. Its risk appetite has decreased as a consequence of such events as the Infant formula scare in 2014 and the PSA court case. It is also a much bigger organisation in which the teams appear to have more defined roles meaning cost recovered work now has input from across MPI. Thankfully this means the work is well thought through and has input from the best expertise in MPI. Unfortunately, it means that working groups are larger, developments take longer and many officials are unknown to Industry representatives. It is becoming increasingly difficult for Industry members to understand what the teams do and why they are involved in the work. Let alone who they should talk to about a particular

issue. This is compounded by the tendency of officials to move to new roles with more frequency than their Industry counterparts. MPI needs to continue to develop good strategies and use its wide range of expertise to deliver solutions but in so doing it needs to recognise that the world doesn't wait and timeliness and business ready solutions are important.

The Executive Officer has a key role in working with both Industry and MPI officials to ensure they understand their common ground and can communicate using words and concepts they all understand. This does not mean the Executive Officer should advocate for the views of one party or the other but instead work with all parties so they can develop that common understanding, shape solutions together and agree necessary trade-offs.

Good conversations occur when individuals arrive at the table well informed. This can be facilitated by Officials being exposed (most commonly on field trips or work visits) to production and packing facilities in a range of sectors. This is an area I have stressed repeatedly not only for those directly involved in cost recovered work but others as well who are involved in work that will affect our industry. The more officials who have visited our plant producers and exporters the better. No official who has been on an Industry visit has ever told me it is a waste of time in fact I have received comments about how it has changed their understanding.

PMAC's Industry members are all busy people for whom PMAC is interesting but additional to their primary roles. I have found it is important to actively support our industry representatives with regular updates on projects and previous decisions. This ensures topics are not relitigated and they have the right information so they can contribute knowingly to discussions

I have always felt privileged to be involved with PMAC. I never cease to be impressed by the calibre and dedication of those involved with PMAC and their common desire to improve the settings for plant product growers and exporters. At times individuals have not agreed with how issues should be progressed and at other times what the priorities should be. However, it is obvious to me that the fundamental drivers for all those involved with PMAC and the cost recovered work are the same- they are there to ensure growers and exporters are well supported and enabled to thrive now and into the future. As long as members continue to see each other as people (not Industry or Agency) and the Council can see their work as a shared responsibility to support growers and exporters I consider the future for PMAC and its work is bright.

With best wishes to all involved in PMAC and its work

Helen Gear



3.1. PMAC's strategy

PMAC's vision is to provide market access that is internationally second to none and which contributes strongly to profits for New Zealand's growers and exporters.

Each year MPI undertakes a range of activities which are paid for by the funds cost recovered from plant product exporters. Funds to support this work are collected as part of the fee charged for phytosanitary certificates (phyto certs) provided to the Horticultural, Plant and Arable Seed sectors. These funds are used to fund work within MPI to support plant product exports undertaken by the Plant Exports (PE) team, the Plant Wine and Organics Assurance group (PWOA) and Market Access (MA) team.

The PMAC council was established so industry can provide input into the use of these funds. This annual report provides an update on the activity and achievements funded in 2020/21.

3.2. Updating the strategy in response to new challenges

In early 2020 it became apparent the world had changed dramatically and PMAC agreed the PMAC strategy should be reviewed to ensure it remained relevant and capable of guiding PMAC's work.

PMAC confirmed the relevance of its vision: *to provide market access that is internationally second to none and which contributes strongly to profits for New Zealand's growers and exporters*

Analysis showed however that three of the existing goals should be refreshed. With reference to three key documents – the Horticulture's Covid recovery Strategy¹, MPI's 2019 Strategy² and *Fit for a better world*³ the following set of 5 goals and measures were confirmed at PMAC's May 2021 meeting.

Table 1 Confirmed Goals and Measure for PMAC 2021-26 Strategy

	PMAC's Goal	Measure
1	MPI's annual work plan, endorsed by PMAC, for the use of cost recovered funds, is delivered to agreed parameters	The agreed PMAC work plan is achieved as demonstrated by the end of year financial report showing funds are spent to within 15% of the agreed budget.
2	Plant product exports are supported by a world class efficient assurance	No overseas audits result in a suspension of trade for plant produce and 99.9% of all phytosanitary certificates

¹ <https://www.hortnz.co.nz/news-events-and-media/media-releases/horticulture-post-covid-recovery-strategy/>

² <https://www.mpi.govt.nz/dmsdocument/35403-MPI-Strategic-Plan-2019-Year-1>

³ <https://www.mpi.govt.nz/dmsdocument/41031-Fit-for-a-Better-World-Accelerating-our-economic-potential>

	system that supports the profitable export of high-quality commodities.	issued meet the phytosanitary requirements specified by overseas competent authorities.
3	Enduring market access for New Zealand plant products is achieved and where possible market access opportunities are enhanced.	Recognising the influence that the prioritisation process has on the Market Access Directorate's development of strategies for each market the measure for this goal is the timely completion of the annual market access prioritisation process within the agreed scope and timelines.
4	Communication of PMAC activity is effective	An annual survey of PMAC members acknowledges that communication between PMAC members and to stakeholders is working well.
5	Actively and proactively mitigating risks	Recognising that projects are primarily designed to mitigate risks the measure for this goal requires that PMAC projects meet their annual delivery targets

3.3. 2020/21 Delivery of PMAC's Goals

Analysis shows that PMAC achieved 4 of its 5 goals. the 5th Goal designed to measure effectiveness of communication shows good levels of satisfaction with communication but recent experience shows that communication to Industry stakeholders could be improved.

Table 2 summary of progress for PMAC's Goals

	PMAC's Goal	Measure	
1	MPI's annual work plan, endorsed	Funds are spent to within 15% of the agreed budget.	Achieved
2	World class assurance system	No overseas audits result in a suspension of trade and 99.9% of all phytosanitary certificates compliant with Overseas requirements	Achieved
3	Enduring market access for NZ's plant products	Prioritisation process completed within the agreed scope and timelines.	Achieved
4	Communication of PMAC activity is effective	Survey of PMAC members acknowledges communication is working well.	Work to do
5	Actively and proactively mitigating risks	PMAC projects meet their annual delivery targets	Achieved



3.4. Monitoring outcome delivery

The PMAC Strategy guides the Council's discussions and membership. However it is MPI that undertakes the work which will deliver these goals and so the PMAC strategy is supported by the [MPI/PMAC service delivery charter](#) (Charter) which describes the high-level outcome areas MPI has developed to address market access and articulates how work to deliver these goals will be undertaken by MPI.

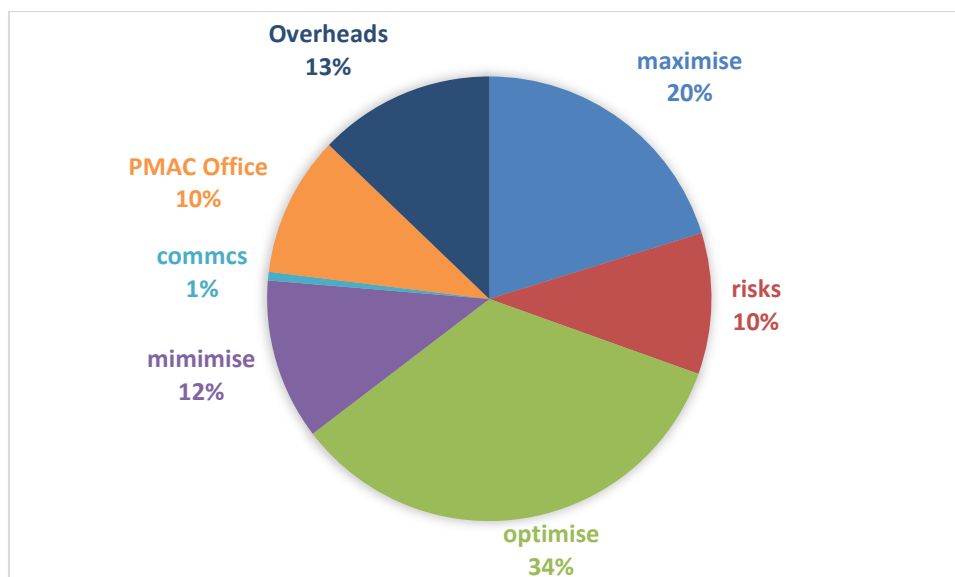
The Charter clearly documents the areas of activity that MPI will engage in and the business strategies and success indicators that will be employed to deliver the annual PMAC/ MPI workplan to support MPI and Industries growth agenda's the PMAC strategy lists 5 outcomes that will contribute to their delivery.

- i. Maximising sustainable and profitable market access opportunities (Maximise)
- ii. Influencing International standards (Influence)
- iii. Managing risks and issues (Risks)
- iv. Optimising export assurance systems (Optimise)
- v. Minimising non-justified requirements (Minimise)
- vi. Communication between Industry and Government (Communicate)

In addition to these outcomes there are two areas that are purely administrative and are not allocated to any of the outcomes These are the costs associated with the Secretariat and MPI Overheads/ business support.

Funds spent to support each outcome and the two administrative areas are represented in Graph 1.

Graph 1 Funds spent against each outcome in 2020/21



4. Funding

4.1. Export levels



**\$4.9 billion of
Exports in 2021**



**increase
from 2020**



**81% of exports are fruit
processed and fresh**



**\$ 2.68 billion of
Kiwifruit = 54% of all sales**

Plant product sales continue to grow. MPI's quarterly Situation and Outlook for Primary Industries⁴ publication reported in the year ending June 2021 that the forecast value of all horticultural and seed ⁵ exports will be \$4.9 billion an increase of 2% on the previous year. This increase is lower than the MPI's 2021 forecast increase of 9%. It is thought the subdued export growth is due to three main factors:

- Firstly, the trouble of getting freight to a market and then the time taken to cross the border. The pandemic severely affected supply chains and a combination of the effect Covid had on the availability of people to drive transport, check imports and the extra regulations imposed at many borders resulted in a lack of available freight and containers
- Secondly due to a lack of containers because of the previous point, our two biggest export (kiwifruit and apple) used more chartered reefer vessels to transport pallets of trays in chilled holds rather than containers. This resulted in less phytocerts being required for a set quantity of produce.
- Thirdly supply of produce for export. Over the last year our domestic media has been full of articles about the need for labour to pick and pack plant product exports. Lack of labour resulted in product not being harvested. This was further compounded by adverse weather events which affected the Apple and Cherry crops

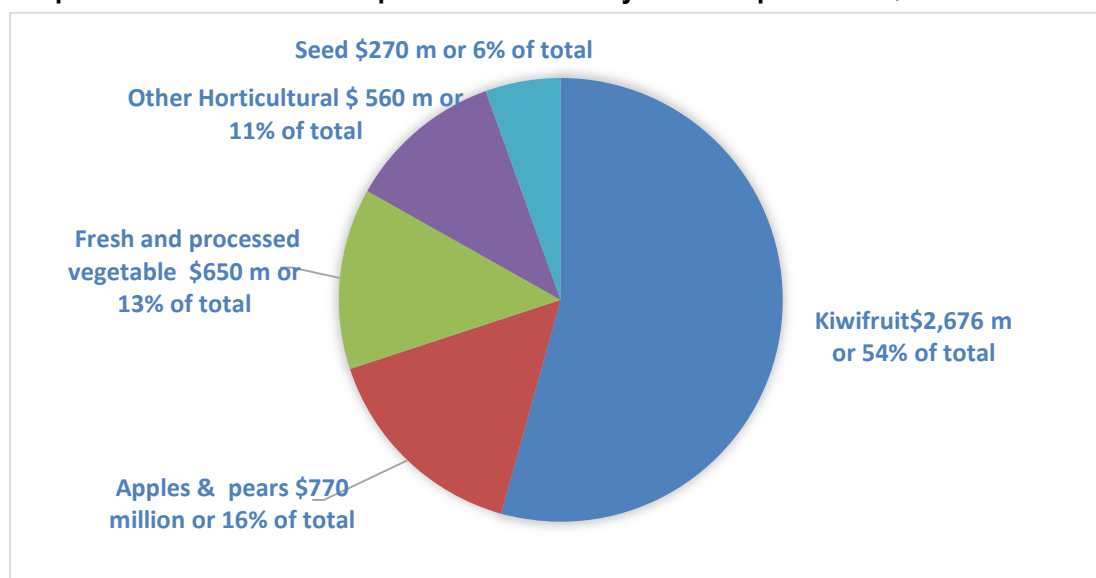
This slowed growth is hopefully just a temporary glitch. New plantings have increased acreages of many of our tree/ vine crops over the last five years will result in a lot of additional produce to sell within the next few years. Viewed from a longer perspective the growth in value of plant product exports is impressive with 2021 sales showing a 38% increase on 2016 and 99% increase in value over the last decade.

⁴<https://www.mpi.govt.nz/dmsdocument/45451-Situation-and-Outlook-for-Primary-Industries-SOPI-June-2021> was used in conjunction with the fresh fact's publication <https://www.freshfacts.co.nz/files/freshfacts-2020.pdf> to provide figures to cover the 2020/21 year

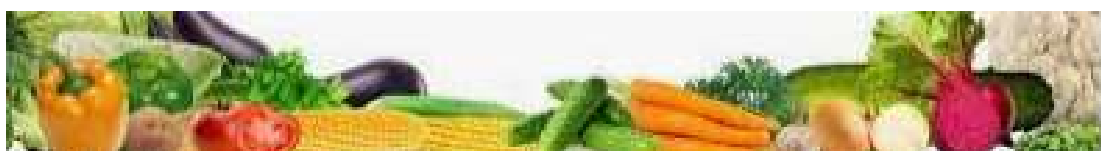
⁵ Plant products for these figures include products covered by PMAC representation which do not include wine sales or forestry but do include both fresh and frozen fruit and vegetables, flowers, foliage, bulbs and seeds.

The 2% increase also compares favorably with the forecast 1.1 % decrease in exports across the whole of the Food and Fiber sectors which are collectively forecast to total \$46.8 billion in exports. Kiwifruit continues to dominate exports.

Graph 2 2020/21 Forecast for products covered by PMAC export value \$4.8 billion



Note Other horticultural exports include: other fresh fruit (including avocados, cherries, blueberries, etc.), frozen and processed fruit, fruit juices, nuts and ornamentals



4.2. Income and resourcing

4.2.1. Income from phytosanitary certificates – down

Phytosanitary certificates (phytocerts) are provided by MPI for compliant produce to verify that the certified product fulfills the importing countries phytosanitary requirements. Obtaining a phytocert facilitates a consignments smooth entry to most markets. For the first time in over a decade the number of phytocerts provided by MPI and so income decreased (by 11%).

4.2.2. Phytosanitary certificate fees holding steady for the moment

The cost of phytocert fees has been held steady for the last five years and in fact this fee has included a 10% discount which was first implemented in 2016.

Non- food products are charged \$22.29: Phytocerts provided for all exports are charged a base fee of \$22.29. Nonfood products are charged only this fee. Under this category phytocerts are provided for flowers, foliage, nursery stock and seeds (arable, flower, vegetable and tree).

Food products are charged \$34.46⁶ Phytocerts provided for food are predominately for fresh fruit and vegetables. In only a few circumstances are phytocerts provided with processed fruit and vegetables since processed produce is not known for carrying pests or diseases. Phyto certs for food products cost an additional 46% or \$12.17 per certificate to account for the funds spent to support food safety and assurances work.

These fees compare very favorably with Australia which has recently increased its phytosanitary certificate fees. The cost of a phytosanitary certificate in Australia was AU \$36 in 2020/21, and will increase to AU \$58 in 2021/22 then to AU \$75 in 2024/25.

4.2.3. Progress against budget

Unlike budgets agreed by many organisations and councils, ensuring that PMAC annual budget is completely spent can be a challenge. The CRF work plan and budget are designed to support a set level of resourcing within MPI while paying for work that will benefit the wider horticultural, plant and seed sectors. Under commercial circumstances it would be relatively easy to develop a workplan on this basis. However, in this instance, the same officials who undertake cost recovered work also provide support for individual businesses or sectors who request assistance (who are charged for that assistance). Officials may also be required to provide assistance for unplanned events (e.g., pandemic or incursion) and at these times may be supported by crown funds. As a consequence of these unknowns the cost recovered budget has historically been under achieved.

PMAC's 2020/21 budget was set based on past activity and predicting an ambitious income from phytocerts. Due to a fall in both income (22% below the expected budget) and expenditure (21% of budget) the year-end balance resulted in a 1.4 % or \$23,000 underspend.



Total spend 2020/21 \$1,865 k



on previous year

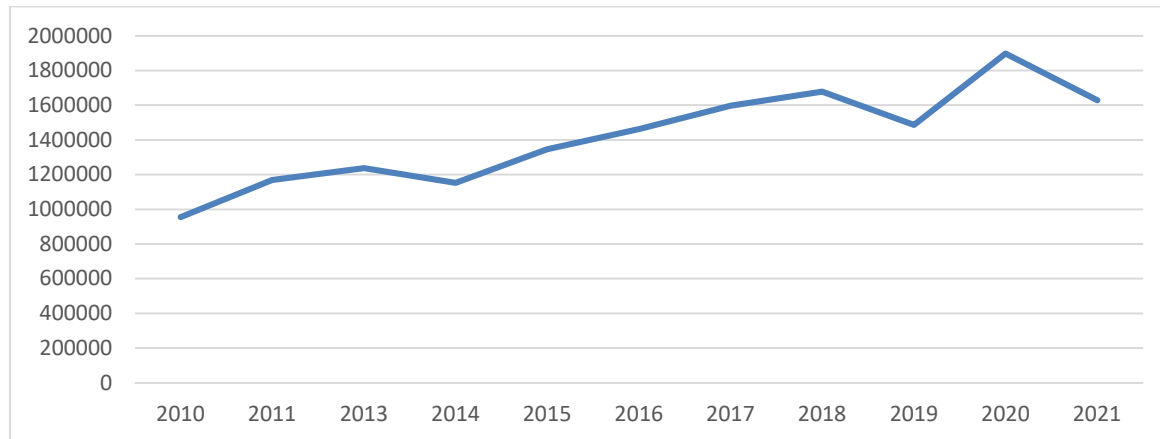


of agreed budget

⁶ Nett of GST

While the reasons for the fall in income and expenditure are discussed elsewhere it is worth noting that this is the third dip in expenditure in the last decade (a period which averages to a straight-line increase (Graph 3) . The previous dips were recorded in years when the teams within MPI were being restructured and were involved with managing fruit fly incursions and demonstrate how the spend of cost recovered funds are affected by the diversion of people to assist with significant events.

Graph 3 annual expenditure over time

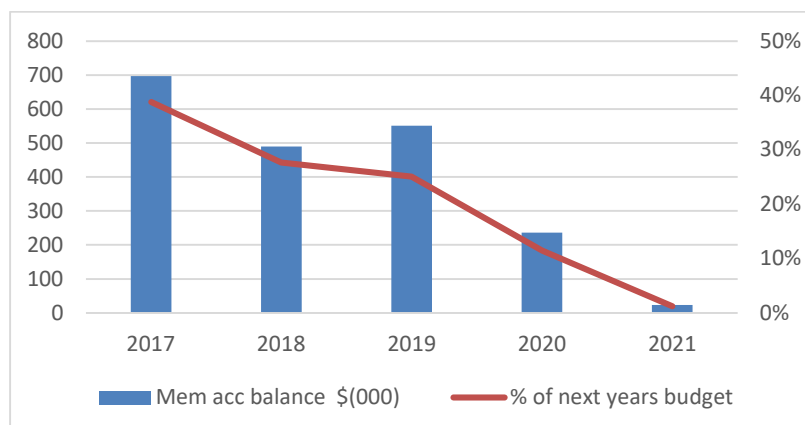


4.2.4. Success at last the memorandum account is reduced to near zero

Cost recovered funds (CRF) are collected with the intent they will be used to fund work undertaken by MPI in the year in which the funds are collected. The annual budget developed by MPI and endorsed by PMAC is designed to ensure that this is achieved. Where funds are not spent within the year of collection, they are accounted for in a memorandum account which allows them to be carried over to the following financial year (unlike Government Agency funds).

Government rules do not allow CRF's to be deliberately accumulated and treasury encourages CRF managers to operate the fund at close to a zero-account balance.

Graph 4 Memorandum account and its value as a % of the budget for the following year



Acknowledging the effect that unplanned events can have on MPI's ability to use budgeted funds; past high surpluses in the PMAC memorandum account have in the past caused PMAC member's concern. To reduce the account; deficit budgets have been deliberately set over the last 5 years to decrease the memorandum account. MPI's ability to spend the budget has improved considerably since 2015/16 when the memorandum account represented 62% of the expenditure in that year. (Graph 4) As mentioned above this year's balance at year end was within 1.4% of the agreed 2021/22 budget.

When it became apparent that the near zero memorandum account would be achieved by June 2021 a Reference Group was formed to provide advice to MPI on the 2021/22 budget. At the time MPI informed PMAC it would not be concerned if the memorandum account goes into deficit short term but it should remain around zero over the longer term.

The Reference Group thoroughly reviewed all areas of work and confirmed their priority before developing the 2021/22 budget. It recognised that the budget must be set so as not to limit essential work but at the same time avoid excessive debt which would need to be repaid in the future. After due consideration the Reference Groups recommended that the budget and workplan for 2021/22 should be similar to 2020/21 with no current increase in fees. This recommendation was based on the fact:

- The PMAC relationship is working well at the moment, and it would be unwise to cut activity/ resourcing in this area and lose the momentum of work that is currently being delivered.
- 2020/21 was a challenging year for many exporters and this has resulted in a significant drop in MPI's revenue from phytosanitary certificates.
- Over the last few years there has been a significant increase in the planted area of a number of horticultural crops and over the next few years this will potentially result in a significant increase in the level of exports.
- the PMAC model democratises the work undertaken by MPI with CRF and provides support to smaller sectors which would find it difficult to develop systems or access advice if CRF work decreases. If projects were cut the group noted that project work, which is important to the larger sectors, may in part be funded by larger sectors. If this were the case any solutions developed would be orientated towards the needs of the sector which is funding the work and may be difficult for smaller sectors to implement.

Based on the above recommendation PMAC agreed to the proposed budget

MPI manages the setting for all of the cost recovered funds that MPI collects from Industry. The relevant groups within MPI works with the Cost Recovery Directorate to formally review a fund, its settings and approach to fee collection before any fees can be changed. Based on PMAC's agreed deficit budget the CRT will undertake a review within the next couple of years. It is possible that the review may also look at the approach to fund collection since over the last decade the value of produce and seed exports have increased significantly more than the number of phytosanitary certificates provided to exporters. Figures between 2010 and 2019 the value of exports increased over 100% while the number of phytosanitary certificates increased approximately 20%. Any review will include consultation with PMAC and all fee- paying sectors.

4.3. How funds are spent

4.3.1. MPI teams involved in cost recovered work

The PMAC endorsed work plan is delivered across three MPI directorates

Table 3 Team responsibilities

Market Access Directorate within the Policy and Trade Branch

Director Steve Ainsworth.

- Leads responses to significant trade issues
- Negotiates and drives market access requests
- Market specific counsellors work closely with Plant Exports to respond to sector specific issues raised by key market
- Hannah King Specialist Adviser and Jenny Reid Manager MA are responsible for PMAC interactions

Animal & Plant Health Directorate within Biosecurity NZ

Director Peter Thomson.

- Provides technical support to sectors to assist with exporting and developing market access requests
- Has Sector specific advisers who help sectors deal with the technical requirements of market access, including developing and maintaining Official Assurance Programmes (OAPs) where required
- Primarily responsible for phytosanitary areas but also provide technical information for food safety, seed varietal, grade and industry-specific issues
- Leads approval and management of MPI-approved organisations (MAOs) within the Plant Export Assurance system
- Shane Olsen Manager of Plant Exports is responsible for PMAC budgets across the three teams and for PMAC interaction in this Directorate.

Assurance Directorate within New Zealand Food Safety

Director Allan Kinsella





- Develops and maintains the assurance systems
- Responsible for ePhyto and the provision of phytocerts
- Develops new assurances if required
- Updates assurance standards
- Audits and communicates requirements to IVA's
- Marion Castle of the Plants Wine and Organics Assurance Group is responsible for PMAC interactions. During the year she established a Plant Assurance team lead by Vivian Campbell to work solely on plant product assurances

These teams are responsible for a wide range of work and while they have their individual responsibilities they are often required to work together on issues or projects.

4.3.2. Comment of Budget categories

Historically the PMAC budget has been divided into four work areas

Table 4 Expenditure by budget category

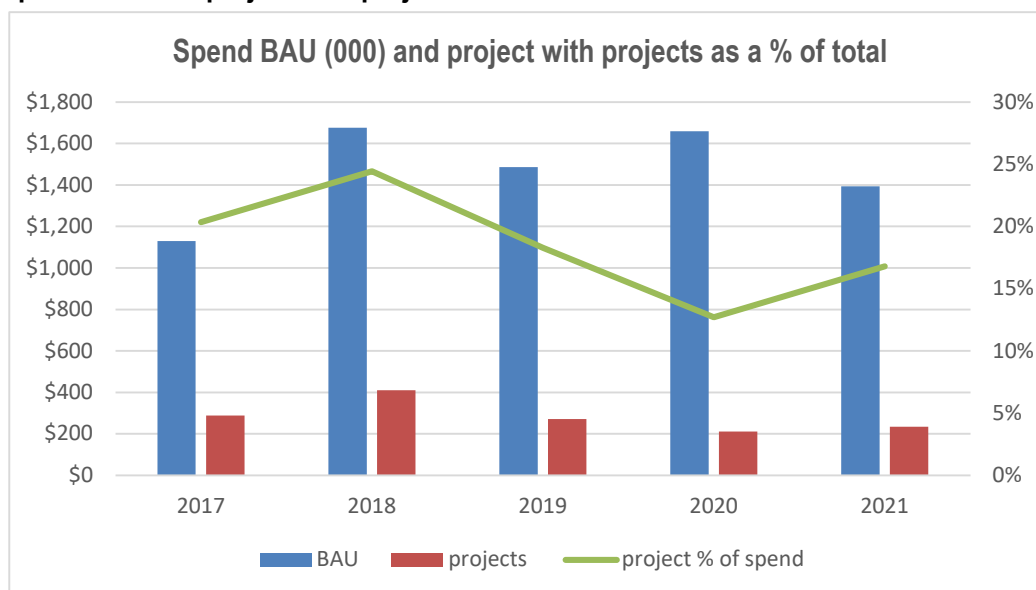
Area		For	2020/21 spend	
			%	\$(000)
Phytosanitary		Core areas that support all exports	53%	\$857
Food safety		Work that provides food specific support/ assurances and so does not apply to nonfood exports	13%	\$218
ePhyto		Funding to support the maintenance and development of the electronic system that provides phytocerts	11%	\$177
Secretariat / overheads		Funding to support the business components and the council	23%	\$375

Of these areas phytosanitary work (which is the base for all exports) uses the highest level of funds and in the past has been the most variable over time. Traditionally spending across each of these areas has varied only slightly. However, in the last couple of years spending on food safety has declined significantly. This has primarily been due to reduced time spent by MPI managing food safety market issues/ export shipments. As food safety's profile increases and Asian markets, in particular, ask for more reassurance about the safety of their imports it is expected that spend in this area will increase.

Another way to consider the phytosanitary and food safety categories is in terms of business as usual (BAU) and projects. (Graph 6) BAU is what is needed to support exports on an ongoing basis while projects are PMAC's investment in the future. Projects are designed to manage current and future risks and/ or optimize efficiencies.



Graph 5 Spend BAU and project with project value calculated as a % of total



4.3.3. BAU supporting exports

Table 3 provides an outline of the work undertaken by each of the three teams that undertake work with cost recovered funds. Past reports have listed outputs for each of these teams. This year I will simply pick out a work area lead by each team which has been particularly notable this year.

Market Access – Prioritising its work to get the best progress on market access

Urgent and Important	Not Urgent Important
Urgent Not Important	Not Urgent Not Important

The Market Access team deals with in-market officials and is responsible for opening up new markets and supporting / enhancing existing trade. Individual advisors are responsible for specific market(s) and deal with all primary products being sent to that market. Demands from primary industries for new or improved access are always higher than either the advisers or for that matter officials in the target markets are able to deal with.

Prioritising requests across all primary sectors allows MPI officials to put adequate resourcing behind individual requests to progress agreed work and make the most of opportunities as they arise

Through 2020/21 this team undertook a prioritisation process to assess and prioritize the more substantial market access requests part of the process. MPI invited organisations/businesses to complete an up-to-date picture of market access requests that they want MPI to engage on internationally (both current and new requests). For the plant products sector MPI initially piloted the revised process with several horticulture commodity groups, and then broadened this

out to other plant commodity groups. Several of the smaller commodity groups are still to be prioritised and it is hoped they can be completed in the next year.

The prioritisation for resources for the pilot group resulted in: 19 high priority items (“Actively working on throughout 2020/21”); 30 medium priority items (“Actively working on or scheduled for work during 2020/21”); 10 low priority items (“For action when an opportunity arises”).

Once all commodities have prioritized this list will be updated annually to ensure that relative priorities can be fairly managed and at the same time reflect changing conditions.



Plants exports ensuring growers exporters understand what is required

Over the last year China has released a lot of new food safety regulations and its oversight of foreign suppliers as it has moved to protect its population. In releasing these new requirements China has provided short time frames for the required response.



In July 2020 the General Administration of China Custom's (GACC) requested registers (for fresh and frozen food premises) be provided of all production and processing establishments (i.e., packing facilities) involved in exports of fresh fruit and frozen fruit & vegetables exported to China belonging to current and historic trade. Working on advice from Market Access Plant Exports worked with relevant export industry bodies and exporters to prepare comprehensive lists of all packhouse establishments that these products and supplied it to China. Every effort was made to future proof these lists to ensure register details exactly matched names used in export documentation to prevent problems if the Chinese authorities decide to use the lists for both purposes.

This was followed in late 2020 by a request from Chinese authorities for a 'virtual visit' to two frozen vegetable processors in New Zealand. Plant Exports was involved in working with these organisations before the “audit” and facilitating the virtual visit. 2021 saw virtual audits for two more commodities by

Chines officials. PMAC members noted that some facilities in other countries that have been virtual inspected by Chines officials have not maintained access to China

Plant assurance – ensuring our systems are robust

MPI's regulatory model is based on a partnership approach between government and industry and delegates authority to independent verification agencies (IVAs) and in some circumstances approving organisations to undertake services on its behalf.

This model reduces the level of direct government intervention, and places the responsibility for process control, systems management and achievement of required outcomes on industry. It achieves greater flexibility and economic control for individual business and allows government to focus its resources on verification thus improving the cost effectiveness and efficiency of certification. MPI maintains confidence in its assurance system through a comprehensive audit regime of both IVAs and MAOs

To articulate MPI's requirements of the IVA's and MPI approved organisations (MAO) MPI has a number of export standards. The updated Organisation Requirement Standard was released in March 2021. One section in the standards that had changed significantly was the handling of conflicts of interest. The updated Standard made it very clear that MAO's are responsible for identifying and managing actual and perceived conflicts of Interest of all staff involved in Service delivery (e.g., biosecurity inspectors. Treatment technicians). The potential for Conflicts of Interest in our highly delegated system had been identified in as a potential area of concern to overseas regulators



In 2014 the last time that the Standards were updated (as a set) the Plant Exports team provided presentations to MAO's around the country over a 6-month period. These presentations allowed MPI to work through the changes and MPI's expectations. Active communication of the changes was recognised as resulting in improved understanding and flowed through to better quality MAO systems being submitted for approval.

However, it was very expensive in terms of time and cost. Recognising the importance of communication and with greater acceptance of online meetings the Assurance team ran a series of Webinars to release the updated Organisational Standard. This has been well received

4.3.4. PMAC's projects – our investment in the future



Project work deals with issues of particular importance to exporters and/ or undertakes work that can potentially create a step change in specific areas. In some cases, industry/ MPI working groups are established to guide the development of the project to ensure that the outcomes of the project are ready

for implementation/ uptake by industry. Where possible solutions leverage best practice activities already adopted by industry. Over the last five years the percentage of the annual budget spent on projects has varied between 11% and 24% of the total budget. The effect of Covid in 2020 saw a small decrease in 2019 continue so that project spend on 2020 effectively halved 2018's expenditure. While the % spend has shown some increase in 2021 the dollar value is still only 57% of the funds spent in 2018.

Despite the challenges of dealing with Covid lockdowns both in New Zealand and internationally good progress is being made across all five projects. The relatively recent introduction of project management practices to the management of projects has helped to have maintain progress across the board.

<p>PIER database</p> 	<p>This project will allow exporters to easily identify which markets their commodity will be eligible to enter</p> <p>PMAC funds have been used to assist with the development of a significant part of the Official New Zealand pest register⁷. This register provides a single source of information about pests in New Zealand and pests for which New Zealand has country freedom. Once completed this will allow full searchability of ICPR's in conjunction with data on pests present and absent in New Zealand.</p>
<p>Strengthening phytosanitary assurances</p> 	<p>This project will build New Zealand's reputation for compliant produce.</p> <p>MPI has work underway to ensure that New Zealand's assurance system complies with the necessary international requirements. And has work currently underway to strengthen the issuance of phytocerts.</p>
<p>Australian border</p> 	<p>This project is looking for ways to decrease commodity interceptions at the Australian border and streamline entry.</p> <p>The working group has set itself the aspirational goal of ensuring that New Zealand horticulture exports to Australia exceed 90% compliance in 2023 by improving New Zealand systems and encouraging Australia to ensure their actions are commensurate with the biosecurity risk associated with New Zealand's horticulture exports. A communication was released to Industry to share learnings which help to minimize interceptions at the border. (For a copy email Serena.Hoy@mpi.govt.nz)</p>
<p>Produce Food Safety Assurances</p>	<p>The purpose of this project is to establish an assurance framework to support the exports of fresh and minimally processed produce.</p>

⁷ <https://pierpestregister.mpi.govt.nz/Home/>

	<p>After a number of interruptions MPI completed a report on the findings from its 2017-18 produce food safety survey. The report includes seven recommendations of work that will help to provide MPI with the information it requires to provide assurances to trading partners and where possible seek equivalency. Over the next year the working group will work through the recommendations (for both MPI and industry).</p>
<p>Fruit fly incursion contingency</p> 	<p>To project's goal is to ensure trade continues if a fruit fly incursion is declared.</p> <p>In March 2021 MPI published the revised Fruit Fly Official Assurance Programme (OAP) to allow applicable frameworks to be included in MAO systems. To encourage MAOs to participate in the OAP and to improve understanding of the OAP requirements, MPI is running a number of webinars / meetings with MAO's. In tandem work continues to identify suitable treatments for fruit fly (for use in the event of an incursion) and to progress negotiation of the protocol with key Markets</p>



5. PMAC Expenditure and Cost recovery account July 2020 to June 2021			
Overview	Budget 20/21	YTD Actuals	% of Budget
Total Phyto Cert Fees	\$1,807,611	\$1,415,004	-22%
Total Expenditure (Core)	\$1,690,587	\$1,393,949	-12%
Total Expenditure (Projects)	\$372,248	\$233,949	-37%
Memorandum Account offset	-\$255,224	-\$212,894	
Memorandum account Jul opening	\$236,535	\$236,535	
Memorandum Account Jun Closing	-\$18,689	\$23,641	
High level Budget			
Expenditure - Phytosanitary			
Market Access, bilateral relationships, emerging issues and clear shipments delayed at the border	\$450,000	\$437,238	-3%
Assurance systems	\$280,000	\$237,886	-15%
Stakeholder Management and Liaison	\$25,000	\$9,457	-62%
Total Phytosanitary Activity	\$755,000	\$684,580	-9%
Total Ecert	\$389,587	\$177,378	-38%
Expenditure - Food safety			
Market Access	\$230,000	\$156,195	-32%
Stakeholder Management and Liaison	\$6,000	\$411	-93%
Total Food Safety Activity	\$236,000	\$156,606	-34%
Total - PMAC projects	\$372,248	\$233,949	-37%
Total PMAC office	\$164,000	\$166,508	2%
Total Management and Business Support	\$146,000	\$208,878	43%
Total Expenditure	\$2,062,835	\$1,627,898	-17%
Nett	-\$255,224	-\$212,894	42%

6. PMAC Incorporated

The Plants Market Access Council Incorporated (PMAC Inc.) was established in 2002 as a legal entity to act as the peak body for the development and implementation of the strategy for New Zealand's market access and export assurance programs for all plants and plant products. For more information on membership classes and detail of the individual members see the PMAC Inc. web page on the PMAC web site.

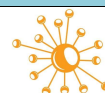
Industry and Service members are charged an annual fee to support PMAC Inc, pay for the running of the meetings and provide travel for Industry members who need to travel from out of town. When it was created PMAC Inc's intent was that independent of size and resources all Industry members would be able to attend meetings. In 2019/20 the PMAC Inc. membership fees were

- Ordinary members (i.e., industry representatives) \$2300 + GST p.a.
- Special (i.e., MPI and MFAT representatives) no fees,
- Service and IVA Members (i.e., from organisations that provide a range of export services to the horticultural and seed industries) \$575 + GST p.a.



The Covid 19 Pandemic in 2020 had a significant impact on the number and types of meeting held by PMAC. Prior to the pandemic all meetings were held in person. With the arrival of Covid 19 in New Zealand in March 2020 meetings changed from meetings in person to meetings online. As a consequence of the 6 general meetings held between May 2020 and August 2021 half of them were held virtually and one field trip was delayed by 12 months (eventually held in May 2021).

As a consequence of the cancelled meetings PMAC Inc showed a very strong balance sheet on the 1st July 2020 and members agreed to take a fee holiday for a year. The Annual meeting will be advised to keep fees low for 2021/22. It is then expected that fees will increase in 2022/23 back to levels near to 2019/20 levels.



Financial Report

Plants Market Access Council Incorporated For
the year ended 30 June 2021

Prepared by Parbhu Gallagher Parag Limited



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These financial statements have been prepared without conducting an audit or review engagement, and should be read in conjunction with the attached Compilation Report.



Compilation Report

Plants Market Access Council Incorporated For the year ended 30 June 2021

Compilation Report to the Directors of Plants Market Access Council Incorporated

Scope

On the basis of information you provided, we have compiled, in accordance with Service Engagement Standard No. 2: Compilation of Financial Information, the financial statements of Plants Market Access Council Incorporated for the period ended 30 June 2021.

As described in Note 1 to the financial statements, these financial statements are a special purpose report, for internal management and taxation purposes only.

Responsibilities

Plants Market Access Council Incorporated is 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. Neither I nor any of our employees accept any liability of any kind whatsoever, including liability by reason of negligence, to either yourself or any other person for the losses incurred as a result of placing reliance on the compiled financial information.

No Audit or Review Engagement Undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Departure from Reporting Framework

The accounting policies adopted are not in conformity with generally accepted accounting practice. Accordingly, the financial statements should only be relied on for the expressly stated purpose.

Disclaimer

As mentioned earlier in our report, we have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.



Parbhu Gallagher Parag
Accounting | Tax | Advisory

Directory

Plants Market Access Council Incorporated For the year ended 30 June 2021

Society Number 9089582

IRD Number 085-168-401

Executive Council

Michael Ahie	Chairperson	Independent
Andy Warren	Vice Chairperson Remuneration Committee Member	NZ Flowers Exporters Association
Thomas Chin		NZ Grain & Seed Trade Association
Gary Jones		NZ Apples and Pears Incorporated
Paul Turner		New Zealand Plant Producers Incorporated
Simon Hegarty		NZ Horticulture Export Authority
Helen Barnes		Tomatoes NZ
Leanne Stewart		Horticulture New Zealand
Kate Hellstrom		Summerfruit NZ
Shaun Slattery		Zespri International Limited
Jen Scoular	Remuneration Committee Chairman	New Zealand Avocado
Tony Ponder		Horticulture Exporters Council
James Kuperus		Onions New Zealand
Peter Thomson	Remuneration Committee Member	Ministry for Primary Industries
Steve Ainsworth		Ministry for Primary Industries
Brian Wilson		Ministry for Foreign Affairs and Trade
Chris Claridge		Potatoes NZ
Stephen Ogden		Citrus NZ
Anne Marie Arts		The AgriChain Centre
Vicki Gadd		Asure Quality
Rosemarie Dawson		Custom Brokers & Freight Forwarders Federation of New Zealand Inc
Kathryn Greenslade		SGS New Zealand Limited
Helen Gear	Executive Officer	

Chartered Accountant Parbhu Gallagher Parag Limited

Bankers Westpac New Zealand Limited



Statement of Profit or Loss

Plants Market Access Council Incorporated For the year ended 30 June 2021

	NOTES	2021	2020
Income			
Membership Fees		1,070	31,500
Interest Received		12	12
Total Income		1,082	31,512
Total Income		1,082	31,512
Expenses			
Bank Charges		119	135
Depreciation		244	488
Meeting Expense		10,425	12,722
Printing, Postage & Stationery		290	1,597
Rent - Conference Facility		2,058	1,164
Subscriptions		84	-
Total Expenses		13,220	16,105
Net Profit (Loss) Before Taxation		(12,138)	15,407
Taxation			
Tax Expense	6	1	1
Net Profit (Loss) for the Year		(12,139)	15,405

Statement of Changes in Equity

Plants Market Access Council Incorporated For the year ended 30 June 2021

	2021	2020
Equity		
EQUITY AT START OF PERIOD	29,929	14,524
Net Profit (Loss) for the Period	(12,139)	15,405
EQUITY AT END OF PERIOD	17,790	29,929



Balance Sheet

Plants Market Access Council Incorporated As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
Assets			
Current Assets			
Cash and Bank			
Westpac NZ Ltd - 00 Account		855	6,112
Westpac NZ Ltd - 01 Account		19,749	22,928
GST Receivable		1,356	400
Income Tax Receivable	6	1	2
Total Current Assets		21,961	29,441
Non-Current Assets			
Fixed Assets as per Schedule		244	488
Total Non-Current Assets		244	488
Total Assets		22,205	29,929
Liabilities			
Current Liabilities			
Accounts Payable		4,415	
Total Current Liabilities		4,415	
Total Liabilities		4,415	
Net Assets		17,790	29,929
Equity			
Retained Earnings		17,790	29,929
Total Equity		17,790	29,929

The Financial Statements have not been audited. The accompanying notes form part of these Financial Statements and should be read in conjunction with the reports contained herein.

For and on behalf of the Board:

Chairperson
Date:

Executive Officer

Schedule of Fixed Assets and Depreciation

Plants Market Access Council Incorporated
For the year ended 30 June 2021

NAME	RATE	METHOD	PURCHASED	COST	OPENING VALUE	OPENING ACCUM DEP	PURCHASES	DEPRECIATION	CLOSING ACCUM DEP	CLOSING VALUE
Office Equipment										
Website	50.00%	DV	8 Mar 2018	2,340	488	1,853	-	244	2,096	244
Total Office Equipment				2,340	488	1,853	-	244	2,096	244
Total				2,340	488	1,853	-	244	2,096	244

Notes to the Financial Statements

Plants Market Access Council Incorporated For the year ended 30 June 2021

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements presented here are for the entity Plants Market Access Council Incorporated, an Incorporated Society registered under the Incorporated Societies Act 1908.

Plants Market Access Council Incorporated is a reporting entity under the Financial Reporting Act 1993. These Financial Statements have been prepared in accordance with the Financial Reporting Act 1993.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

Plants Market Access Council Incorporated is a qualifying entity in that it qualifies for Differential Reporting as it is not publicly accountable and is not defined as large for financial reporting purposes. All available differential reporting exemptions have been applied.

Changes in Accounting Policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

Revenue Recognition

Sales of goods and/or services are recognised when they have been delivered and accepted by the customer.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Accounts Receivable

Accounts receivables are stated at their estimated realisable value. Bad debts are written off in the year in which they are identified.

Fixed Assets & Depreciation

The entity has the following classes of Fixed Assets:

Account	Method	Rate
Office Equipment	Diminishing Value	50%

Depreciation has been calculated in accordance with rates permitted under the Income Tax Act 2007.

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 in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

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.

2. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2020: \$Nil). Plants Market Access Council Incorporated has not granted any securities in respect of liabilities payable by any other party whatsoever.

3. AUDIT

These Financial Statements have not been audited.

4. RELATED PARTIES

Plants Market Access Council Incorporated carries no material transactions with any related party.

5. SECURITIES AND GUARANTEES

There was no overdraft at balance date nor was any facility arranged.

	2021	2020
6. INCOME TAX		
Net Profit (Loss) Before Tax		
Interest	12	12
Total Net Profit (Loss) Before Tax	12	12
Taxable Profit (Loss)		
Tax Expense at 10.5%	1	1
Deductions from Tax Payable		
Opening Balance	2	1
Resident withholding tax paid	2	2
Income Tax Paid (Refund)	(2)	-
Total Deductions from Tax Payable	3	3
Income Tax Payable (Refund Due)	(1)	(2)