



PMAC Annual report

1 July 2019 to 30 June 2020





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1. 2019 /20 Significant events

October 2019 RCEP negotiations 15 countries agreed all 20 FTA Chapters. Conversations were continued in an attempt to gain India's agreement as well. Conversations continued with India in an attempt to include it in the agreement. By June 2020 all 15 countries agreed they will sign in November 2020 ¹.

31st Dec 2019 a novel virus reported in China Wuhan Municipal Health Commission, China, reported a cluster of cases of pneumonia in Wuhan, Hubei Province.

30th January 2020 Northcote Queensland Fruit Fly (QFF) Response ended and New Zealand deemed free of QFF . The first time since a single male QFF was found in Devonport on 14th February 2019.

February 2020 MAO approval data base goes live is completed to support exports and inform incursion management

Mid-March 2020 – last OPI Inspector leaves New Zealand . All future Australian exports will require inspection at the Australian border

25th March 2020 New Zealand went into COVID 19 level 4 lockdown for a month .The majority of horticultural businesses were deemed essential services but must operate with increased social distancing and a range of other sanitary measures.

22nd June China requires COVID declaration and facility registration . All exporters to China required to declare they will recall any product that may have been associated with a COVID 19 case . China also required that all production and processing establishments (e.g. packing facilities) involved in exports of fresh and frozen produce to China must be registered with Chinese authorities.

Completed 23rd June 8th round of EU NZ FTA negotiation with news that SPS chapter dealing with Plant Health is near completion.

¹ Brunei; Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam, China, Japan, South Korea, Australia and New Zealand

2. Michael Ahie – Chairman's report



Tēnā koutou katoa

The 2019/20 year has been a year of change and challenge. In this annual report I want to acknowledge all those associated with PMAC who have helped to make the year a success for our exporters.

What started as “just another year” in July 2019 quickly changed to “an extraordinary year” with COVID-19 entering into our lives. When I reflect on how New Zealand and its Plant industries have coped with these extraordinary times, I am proud to be a New Zealander and involved with the plant production sectors.

PMAC exists so Horticultural, Plant and Seed exporters can meet and discuss issues that limit access for our products and agree work that will support our strong assurances systems and access negotiations. Along with normal reporting on the use of Cost Recovered Funds, this Annual Report outlines the initiatives and responses that both Industry and Agency put in place to respond and make the most of opportunities as COVID-19 swept the world for the first time.

At the macro level first, I must acknowledge the Plant Industry. For many sectors the effects of COVID-19 hit at the start of or during their busy season. Thankfully, the majority were deemed essential industries and with the necessary protections businesses were allowed to operate. This does not diminish the combined effort needed of both sector bodies and individual operators to put in place the required protection and protocols. I also acknowledge all those business owners, staff and support services who put in the long hours dealing with logistical and paperwork challenges associated with getting the product to market. As a result of these efforts the majority of sectors have reported good demand for New Zealand's high-quality healthy produce and a firm sales pipeline.

This industry wide response is notable in its own right but the cooperative work across the Industry has been exceptional. Industry CE's worked together at the start of the pandemic to combine resources and roll out support. This framework was then used to develop the Horticulture recovery strategy which is designed as an Industry lead Government enabled partnership for future growth. Several of these CE's sit around the PMAC table and other members are part of the Trade recovery workstream that will undertake work into the next financial year.

This leads me to the other parties I must acknowledge, Government officials and Ministries. MPI and MFAT representatives sit at the PMAC table and these two Agencies were instrumental in supporting trade and coordinating input from other important agencies such as NZTE, Ministry of Transport and Customs). Many of these officials were working remotely from home often under less than ideal circumstances and working long hours. This did not prevent a quick and coordinated response to issues as they arose and frequent information exchange meetings with Industry to ensure that topics could be discussed and shared. Officials also importantly represented Industry issues to Ministers to ensure that the needs of our sector remained top-of-mind and part of Cabinets considerations. The work to facilitate exports and defend access for New Zealand commodities has been an important part of our sectors continued success.

In this reporting period, MPI released a “Fit for a better world – accelerating our economic potential” which outlined strategies to a more sustainable economy and the deep respect and appreciation of the natural world shared by those involved in the Primary Industries. As a country we are tackling the challenges of reducing carbon emissions, restoring the health of our water and reversing the decline in biodiversity while at the same time providing high quality, safe food and beverages for discerning customers around the world.

Closer to the PMAC table I would like acknowledge and thank all PMAC members, Agency and Industry alike, for their efforts in the COVID-19 response and their collaborative approach in dealing with other parties over the second part of the year. Many of the MPI staff and work areas supported by Cost Recovered Funds were integral to maintaining exports. PMAC, provides a forum at which discussions can be had and an appreciation developed for other views and approaches. It has been heartening to see similar approaches being used more widely in the responses noted above.

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. We showed in the handling of COVID-19 what is possible when a community works together. The world and trade have fundamentally changed since January 2020 and while global trade settings remain challenging, as an export sector, we should look forward with confidence.

Nāku noa, nā,

Michael Ahie

3. Helen Gear – Executive Officers Report

As Michael has said – “2019/2020 has been an extraordinary year”.



It started with a range of challenges but no one could have predicted the arrival of a pandemic. Needless to say, COVID-19 has dominated everyone’s thinking in the second half of the year as it created disruption leaving many stressed as they tried to grapple with a range of consequences beyond their immediate control. For some, not lucky enough to be deemed an essential industry or to produce a product that is still in demand the effects have been dire - my thoughts go out to them. For others it is has been hard work and for some added opportunity.

All have been challenged. COVID-19 has also, in its own way, resulted in a number of positive outcomes. I would like to list some of these and consider how these and existing challenges will affect our future.

Firstly; the majority of New Zealand’s plant product exporters have managed well during the crisis and some have increased returns. Produce has continued to be harvested, packed and delivered to markets globally. Some sectors have not only managed they have done well with 50% of the top twenty fresh produce exports showing an increase in import receipts of between 10 and 80% compared with the previous year. While some of these increases have been due to increased production part of the increase has been due to increasing demand for our excellent high-quality produce, low Covid status and our ability to get fresh produce to market quickly. COVID-19 has shown that New Zealand plant producers can make it work under very adverse conditions.

Secondly; the Government and its Agencies have demonstrated how well they can work with industry in the face of adversity to ensure exports can continue and people in New Zealand and abroad can have access to food. The response by Government and its Agencies, especially during the first month, was exceptional. One example pertinent here was the development of off site auditing practices to ensure our products and the necessary assurances were able to be given and continued to be accepted by our trading partners. This required the completion of policy work, consultation with Industry, and training of auditors within very tight time frames. Not only did the Agencies ensure their environmental scanning identified emerging issues early they showed the flexibility and determination to find service ready solutions quickly. As with Industry, officials and Government demonstrated that they can rise to the occasion when the need is there.

Thirdly; Agencies and Industry showed they could work well together as the pandemic rolled out; and, importantly there are encouraging signs that this is continuing. Working together toward a common goal and

solving problems has been a feature at the PMAC table for a number of years. The pandemic has resulted in this happening more widely. The development and implementation of the Horticulture NZ Covid recovery strategy is a wonderful example of this approach so-much-so in its title the Strategy announces it will be Industry lead and Government enabled.

Fourthly; Consumer demand for our produce has remained strong. Many households internationally changed their purchasing patterns overnight as many of them were placed in lockdown and became concerned about eating healthy food - particularly food high in vitamin C. The last five years has seen an increasing trend towards the consumption of more plant-based food and it is likely COVID-19 will accelerate the change. More and more people are becoming aware of what they eat and are recognizing that food is a major contributor to staying healthy. This provides a promising future for New Zealand fruit and vegetables. Not only are our products health promoting we have world class production systems which ensure our product is safely produced with compliant MRL's, virtually no contaminants and a very sound record for excellent food safety. Our continued management of COVID-19 will serve to improve our reputation and reinforce the fact that New Zealanders put people's health first, have good systems and produce safe food.

No one would have wished COVID 19 on the world but these particular outcomes will help maintain and build New Zealand plant products reputation in the market place. They should also provide our growers and exporters with the confidence to believe in themselves, their product and their future. Confidence in self is a major contributor to success.

So, saying we start the next year with significant challenges. We need to be mindful of the challenges and need for continued cooperation and innovation to ensure we continue to thrive. There are three areas in particular that PMAC and its members will need to consider in the year ahead to set our growers and exporters up for success.

Before COVID-19 international trade was being impacted by some significant changes in the international political landscape. These have not disappeared and will need to be dealt with. On the political front China / USA relations are of continuing concern. Brexit looks more and more as though it will be a hard exit. These two situations alone will directly affect three of our five biggest markets and will redefine trading relationships. Protectionism is increasing around the globe as economies come to terms with the effect COVID-19 has had on their economy. It is going to take immense skill by our Government officials to defend our small country and promote free trade the best way forward.

Protectionism and the desire for 'safe' food is driving increased demands from many of our markets. When I look at PMAC funds spent in the last year the amount spent directly on market access has increased 154% while the entire budget was underspent by 15% . MPI officials are spending more and more time dealing with shipments delayed at borders, working on emerging issues and nurturing bilateral relationships to enhance access for individual products to given markets. One of the more recent emerging issues is concern that food traded is clear of COVID-19 both on the product and the packaging. Two countries, China and Indonesia, in

the three months between June to September have asked MPI for registration details of all New Zealand suppliers of fruit and produce to ensure product is coming from those establishments. This information will potentially be used for border clearance in the future. Prompt, accurate and future proofed responses to such demands are essential. We are very fortunate with the quality of MPI officials working in this area. We need the support of growers, exporters and PMAC to help ensure MPI has the correct information and resourcing to continue working well in this area.

Not only is politics potentially affecting our future trade but changes in consumer demand are continuing to raise the bar. Five years ago, food safety was the headline issue for consumers and governments. In that short time, it has become the way food must be produced. The latest demands are now for sustainably and ethically grown food. Requirements in this area have been further increased as the EU has set itself and its suppliers some ambitious targets in the recently released field-to-fork road map. In the past the EU has led the world in its demands for safe and secure food and other markets have followed rapidly. A response to these demands is going to need Industry to become more innovative and Agencies to provide solid but flexible frameworks that do not unduly hamper the industry's ability to be innovative.

The final challenge I must mention is the increasing importance of online activity and data management. The move to online shopping across the globe has been one of the noticeable consequences of the pandemic on consumer behaviour. This change makes it easier for the customer to access information about any product they wish to buy and provides retailers with easy access to data on sales and consumer preferences and opinion. Moving into a digitally enabled world is a must for both Industry and Agency so that they both can work efficiently in the modern world. This move will not be driven by Agencies but Agencies must look to utilize systems being used by Industry to leverage data collected by these organisations and use it to in turn provide the assurances needed by Industry. MPI has recognised the need to move in this direction for some by contributing to the Customs development of trade single window, developing e-Phyto and more recently with the development of the Plant Imports and Exports requirements database. There is still a lot more that is needed. In a fast-moving world delays could be expensive in terms of additional costs and loss opportunity.

As Executive Officer of PMAC for 10 years I have been reflecting on the last decade, the changes and the opportunities. Industry and Agencies have changed a lot over that time but PMAC's role in providing a forum for facilitating dialogue has not changed. It is essential that our high quality, free, frank and respectful conversations continue at the PMAC table. Both Industry and Agency members must continue to talk about the challenges, agree a direction and align activity to tackle the post COVID world together.

The coming year will bring more challenges one of which will be the need for a phyto-certificate fee increase (the first in over 5 years). This will force the Council to look again at the work that it funds and it is important that it does so looking to ensure the system is well resourced so it can pre-empt challenges and continue to serve Industry well. The Council cannot afford to simply look to minimise fee increases. We need to see these challenges as an opportunity. The last year has shown what Industry and Agencies are capable of.

Other countries are not in the same position. We have the ability to solve these challenges and support New Zealand's economic recovery.

In closing I would like to thank and acknowledge all those involved in PMAC for the trust, integrity and devotion they bring to the PMAC table. And, for their commitment. I admire the skills and knowledge you bring and the dedication to your organisations and stakeholders.

I look forward to assisting with these conversations over the next year and to a bright future for New Zealand plant product exports.

Helen Gear

4. Agency activity and use of cost recovered funds

4.1. Introduction

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 exporter.

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), the Plant Wine and Organics Assurance group (PWOA) and Market Access (MA) teams.

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 by these monies in 2019/20. Note in the following report any results attributed to a year (e.g. 2020) represent the period from 1 July 20-- to 30th June 20--.

4.2. Export levels



**\$4.7 billion of
Exports in 2020**

4%

**increase
from 2019**



**77% of exports are fruit
processed and fresh**



**\$ 2.48 billion of
Kiwifruit**

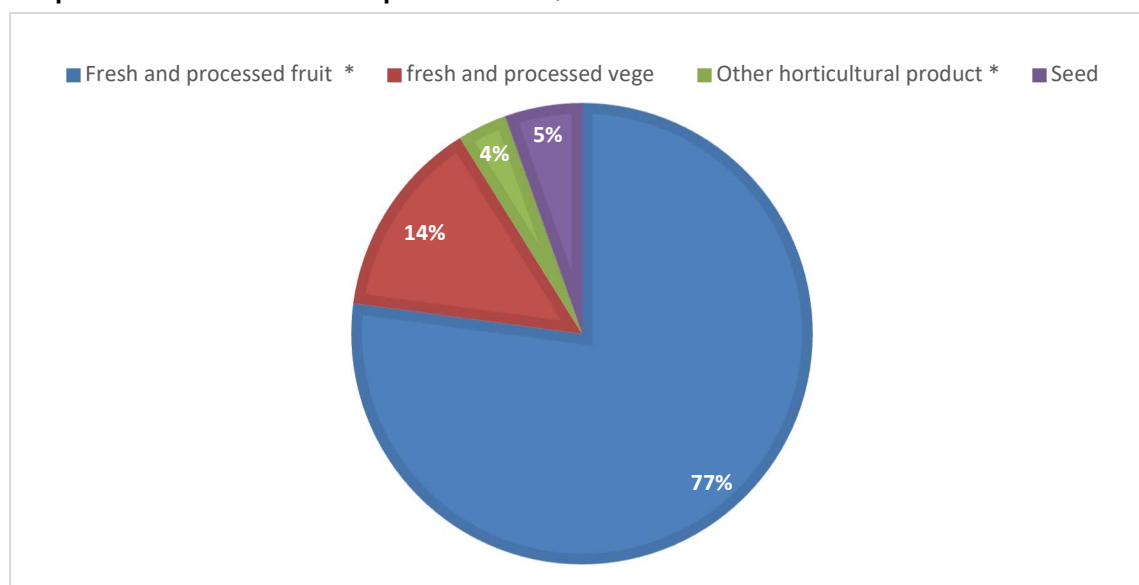
Plant product sales continue to grow. MPI's quarterly Situation and Outlook for Primary Industries² publication reported in the year ending June 2019 that total plant products³ earned nearly \$4.5 billion about 7 % of New Zealand's total exports. This is forecast to increase to \$4.7 billion in 2020

²<https://www.mpi.govt.nz/news-and-resources/economic-intelligence-unit/situation-and-outlook-for-primary-industries/sopi-reports/> was used in conjunction with the fresh facts publication

<https://www.freshfacts.co.nz/files/freshfacts-2019.pdf> to provide figures to cover the 2019 calendar year

³ 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.

Graph 1 2020 Forecast PMAC product total \$4.7 billion



Fresh and processed fruit and vegetable exports dominate these exports both in terms of value. Data for fresh produce from Customs for 2020 show the top 19 fresh commodities earned \$3.97 billion for the year ending 30 June 2020 up 10% for those same commodities on the previous year. (Graph 2)



22% of \$3.97 billion



64%



5%

Other fruit 6%

Other vegetables 4%

4.3. Income and resourcing

4.3.1. Income

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. Like plant product exports the number of phytocerts are also increasing but not as quickly as the value of exports.

46936



NON FOOD

Total phytocerts

2% increase for food

3% decrease

In 2019/20 the 2% increase in the value of phytocerts compares with an increase in the forecast value of fresh fruit and vegetables exports of 4% over the same period.

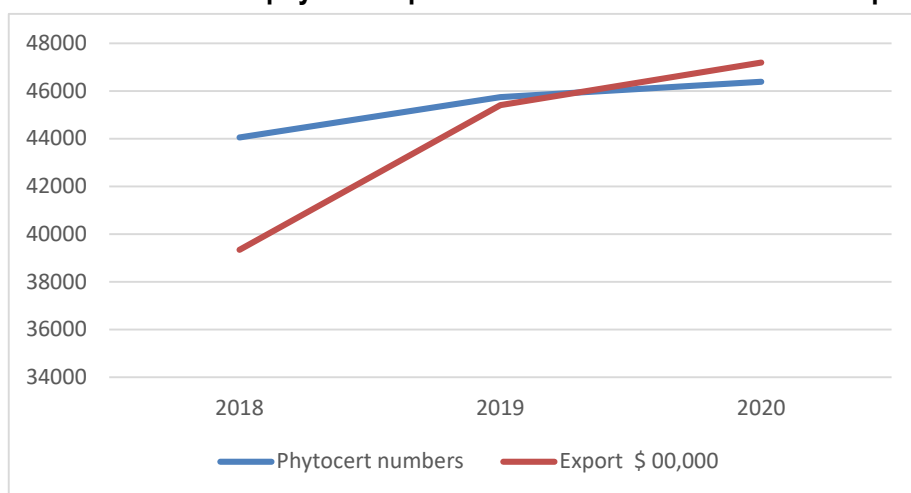
The cost of phytocert fees has been held steady for the last four year and in fact this fee has included a 10% discount which was first implemented in 2016.

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 \$34.46⁴ Phytocerts provided for food are predominately for fresh fruit and vegetables. In only a few circumstances are phytocerts provided with processed fruit and vegetables. 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.

The funds recovered through the provision of phytosanitary certificates has increased with time but not to the same extent as the increased value of exports .(Graph 2)

Graph 2 Number and value of phytocerts provided to Horticultural and seed exporters value



⁴ Nett of GST

4.3.2. Progress against budget



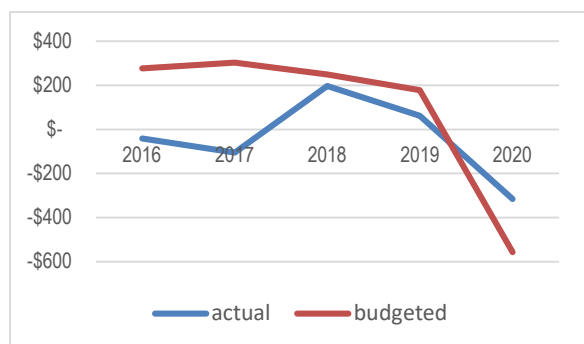
Cost recovered funds (CRF) are collected with the intent that they will be used to fund work undertaken by MPI in the year in which the funds are collected. The annual budget developed by MPI and endorsed by PMAC is designed to ensure that this is achieved. Where funds are not spent within the year of 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 funds are operated at close to a zero-account balance.

Unlike budgets agreed by many organisations and councils ensuring that PMAC annual budget is completely spent can be a challenge. The cost recovered fund work plan and budget are designed to support a set level of resourcing within MPI and pay for work that will benefit the wider horticultural, plant and seed sectors. Phytocert fees for the year are based on this budget. However, 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.

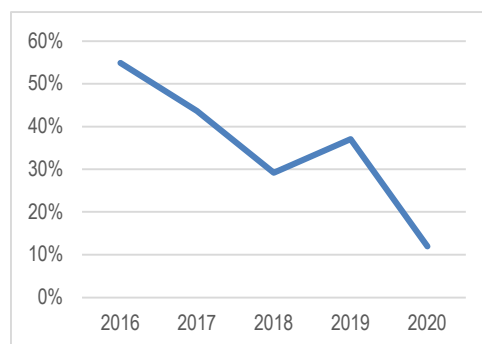
In the past the high surpluses in the PMAC memorandum account have caused concern amongst PMAC members. To reduce the account; deficit budgets have been deliberately set over the last 5 years to decrease the memorandum account. MPI's ability to spend the budget has improved considerably since 2015/16 when the memorandum account represented 62% of expenditure in that year.

The 2019/20 budget targeted a zero- memorandum account at year end but due to the Product Import & Export Requirements (PIER) development being capitalised, the memorandum account at year end was only reduced by \$314 k to a year-end total balance of \$236 k. The 2020/21 budget will again target a zero- memorandum account. In the last 5 years a deficit budget has been achieved every year other than 2018/19 (graph 3); although not necessarily to budgeted levels.

**Graph 3 Annual expenditure
actual and budgeted (\$000)**



**Graph 4 % Year end Memorandum
account as % of expenditure**



It is highly probable the period of stable fees will come to an end in 2020/21 and an increase will be required for 2021/22 because:





- The current memorandum account balance at the end of 2019/20 is only 13% of the 2020/21 budget the lowest it has been in 8 years (Graph 4).
- The 2020/21 budget is based on an ambitious 14% increase in phytocert income.
- FPEC (Forest Products Export Committee) will pay a smaller portion of shared resources. FPEC provides advise on cost recovered funds collected from the Forestry sector. In the past funding these resources have been split 60:40 PMAC: FPEC. Over the last decade phytocert numbers have increased more for the provision of phytocerts to PMAC stakeholders than to FPEC's stakeholders . In 2019/20⁵ Forestry phytocerts represented less than 30% of the total phytocerts provided. Latest figures also show that only 39% of MPI approved organisations are forestry based. As a consequence, the PMAC cost share will increase from 60% to 67% from 1 July 2020, with the remaining 33% of costs covered by FPEC to better reflect the overall cost share for each group. This will result in increased charges for many of the underpinning elements of the budget. These elements tend to be closer to budget than horticultural specific work because they are fundamental to the assurance system and market access maintenance.

4.4. Where funds are spent

4.4.1. Comment of Budget categories

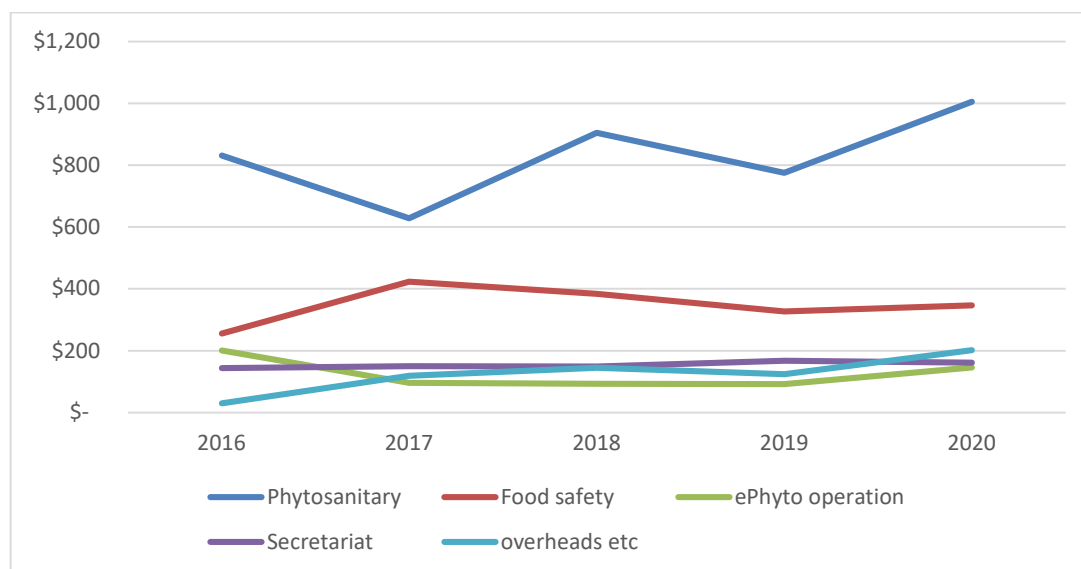
Historically the PMAC budget has been divided into four work areas

⁵ In 2019/20 this was in part due to the months shut down of the forest Industry due to the pandemic

Area		For	% increase 2020 ⁶
Phytosanitary		Core areas that support all exports	54%
Food safety		Work that provides food specific support/ assurances and so does not apply to nonfood exports	19%
ePhyto		Funding to support the maintenance and development of the electronic system that provides phytocerts	8%
Secretariat / overheads		Funding to support the business components and the council	18%

Of these areas phytosanitary work uses the highest level of funds and has proved to be the most variable over time. There has been a 21% increase in phytosanitary expenditure since 2016 (Graph 5) Overheads have shown the greatest increase over the same period at 662%. Prior to 2014/15 no overheads were charged. This level of increase in overheads is not expected to continue. The large jump in the value of overheads occurred as the multiple pre MPI accounting systems were rationalized and combined into a single system, and the method of calculating the overheads was revised.

Graph 5 Annual expenditure by work area over the last 5 years (\$ 000)



4.4.2. Comment on the BAU and project spends

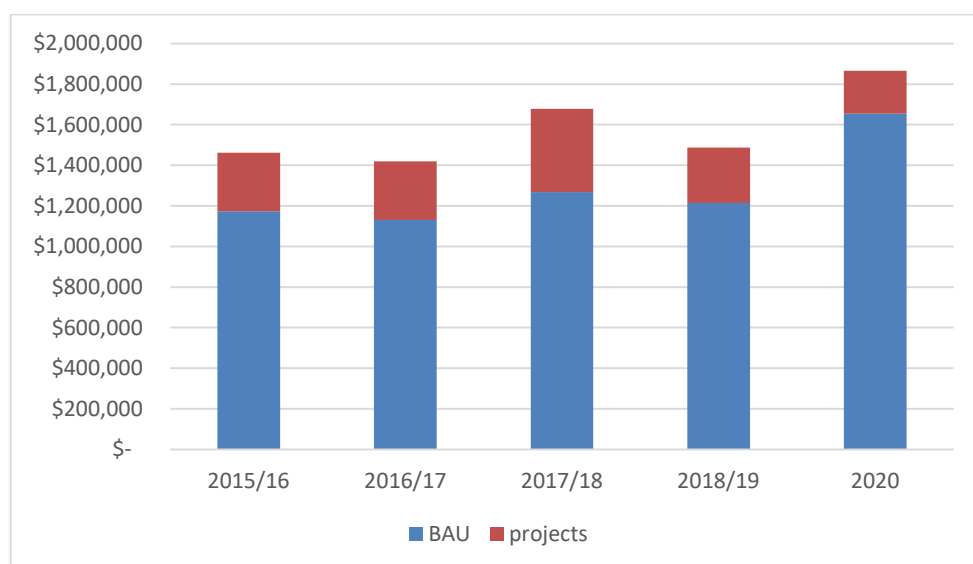
The phytosanitary and food safety categories can also be considered in terms of business as usual (BAU) and projects. (Graph 6) BAU includes:

- work undertaken to maintain the Plant Exports assurance system,

⁶ % increase in 2019/2020 expenditure when compared to the 2018/19 year

- work supporting market access,
- running the ePhyto certification system, and
- maintenance of databases containing importing country requirements.

Graph 6 Total annual budget expenditure over in 2019/20



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. Over the last year project spend has been at the low end of this range at 13%.

An incident, such as a pandemic, that involves officials working in this area being deployed to assist with the incident has a greater effect on project work than on BAU. During 2019/20 MPI officials were required to work on both the effect of COVID-19 and the closing of the Northcote Queensland Fruit Fly response. MPI's Plant Exports and Assurance teams are increasingly utilizing project management practices to improve the planning, management and implementation of these projects and manage work flows.

Projects funded in 2019/20 ⁷ include



Fruit fly incursion contingency



PIER database



Australian border



MAO Approvals database



Food Safety Assurance



Review of Export Standard



Strengthening phytosanitary assurances

4.5. Funds addressing PMAC Outcomes and Goals

To support MPI and Industries growth agenda's the PMAC strategy lists 5 outcomes that will contribute to their delivery. These are:

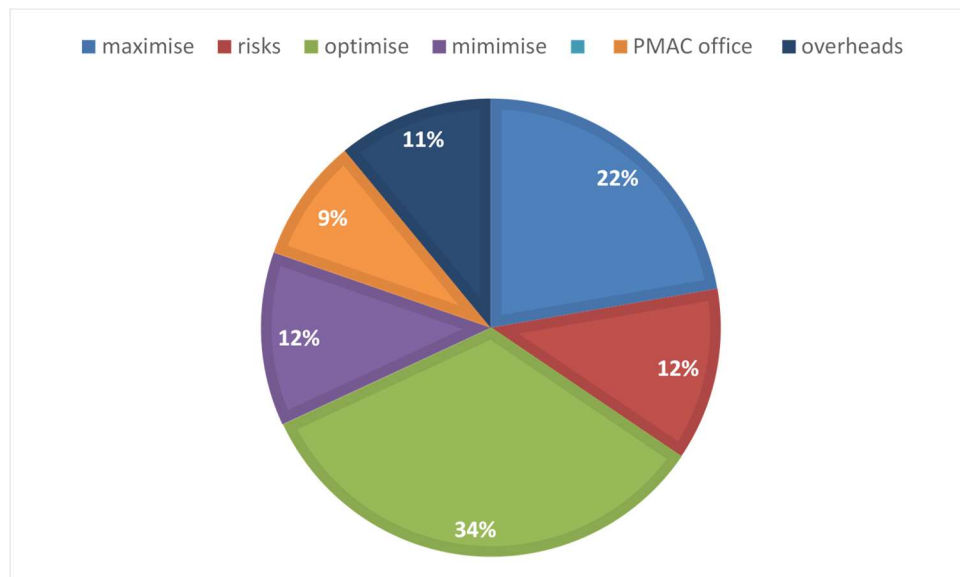
- Maximise sustainable and profitable market access by maintaining existing access and exploring new opportunities (maximise).
- Influence international standards to New Zealand's advantage (influence). This goal is not funded by CRF but is monitored because it receives input from PMAC.
- Proactively manage risks and issues (risks).
- Optimise New Zealand export assurance systems (optimise).
- Minimise unjustified market access requirements (minimise).

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.

⁷ see 2018/19 annual report for more details

Funds spent to support each outcome and the two administrative areas are represented in Graph 7.

Graph 7 Funds spent against each outcome in 2020/19



The PMAC 2017-22 strategy lists 5 goals that will contribute to the delivery of these outcomes. These are:

- 1) Annual work plan completed and delivered
Measure: PMAC's annual report shows market access projects are completed within agreed timeframes
- 2) Confirm priority work areas with stakeholders
Measure: By June 2018 the first annual exporter survey on the use of cost recovered fund is completed.
- 3) Recognised as the place for progressing high level technical market access issues
Measure: By 2020 product group and cross agency surveys show that PMAC is regarded as legitimate and effective
- 4) Develop a comprehensive food assurances framework
Measure: By 2022 a comprehensive food assurances framework has been presented and is being considered in equivalency discussion by at least two of New Zealand's trading partners.
- 5) Identify 10 top NTB's and strategy to mitigate
Measure: By 2019 PMAC has identified 10 significant NTB's and has developed a strategy plan to assist in mitigating their effect

By June 2020 the following progress has been noted for each Goal

Goal 1 a 5 year plan for delivery of the projects has been agreed and work is underway to agree time frames. It is noted in 2020 that the MAO database was delivered and is now live on the MPI web site and the PIER project is on schedule for delivery by early 2021

Goal 2 and **Goal 3** the measure for both these goals require an exporters survey to be conducted. Following drafting of the survey in 2019 PMAC considered were unlikely to respond in any number. New measures are being written for use in the future.

Goal 4 Since the strategy was agreed the approach used to gain food safety equivalency has been accepted by both Thailand and Indonesia.

Goal 5 NTB's are now being dealt with by a cross agency group and are no longer the sole responsibility of MPI. A new measures are being written for use in the future.

4.6. MPI teams involved in cost recovered work and their 2019/20 achievements

4.6.1. Three teams

The PMAC endorsed work plan is delivered across three MPI directorates

Market Access Directorate

Director Tim Knox and his replacement 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
- Ivan Veljkovic⁸ Principal Adviser and Jenny Reid Manager MA are responsible for PMAC interactions

Plants & Pathways Directorate⁹

Director Peter Thomson.

- Provides technical support to sectors to assist with exporting and developing market access requests
- Has Sector specific Counsellors who help sectors deal with the technical requirements of market access
- Primarily responsible for phytosanitary areas but may also provide some assistance with food safety issues
- Shane Olsen Manager of Plant Exports is responsible for PMAC budgets across the three teams and for PMAC interaction in this Directorate.

Assurance Directorate

Director Allan Kinsella

- Develops and maintains the assurance systems

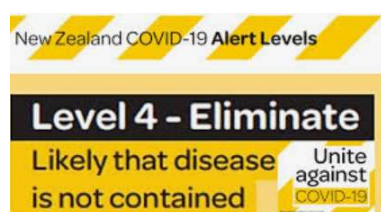
⁸ Ivan Veljkovic was posted to China in late June 2020

⁹ the Plants and Pathways Directorate was moved into Biosecurity NZ in Q1 2020

- Responsible for ephyto and the provision of phytocerts
- Develops new assurances if required
- Updates assurance standards
- Audits and communicates requirements to IVA's
- Jacqui Bird Manager¹⁰ of the Plants Wine and Organics Assurance Group is responsible for PMAC interactions

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.

4.6.2. Working together to handle a pandemic



27th March 2020

28th February NZ's 1st case

to be safe

COVID-19 has led to unprecedented disruption to trade and production systems across the world and impacted New Zealand's Horticultural Plant and Seed exports. COVID-19 has changed how we need to operate in New Zealand to produce, pack, and verify plant produce exports. It has changed the form and availability of freight options, affected entry into some of our markets and had a significant effect on how and what consumers are buying.

One of the positives from the pandemic has been much higher levels of cooperation between businesses, Sector bodies and Agencies. With the onset of the pandemic in New Zealand plant product businesses and their sector organisations rose to the challenge and maintained export while Agencies worked together to provide the necessary support for export to continue. Cooperation between and within each of these three groupings was outstanding and will hopefully continue well beyond the pandemic.

In most cases these efforts resulted in the value of New Zealand's plant product exports growing in both volume and value over the time of the pandemic. This was helped by consumers throughout the world increasing their consumption of fruit and vegetables and particularly those known to be high in Vitamin C. MPI's June Economic Update for the Primary Industries¹¹, reported that "*primary sector export revenue was tracking 4.5 percent higher than the previous year*".

¹⁰ Jacqui Bird has been seconded to the Export Regulatory Advice Service and has been replaced by Marion Castle for the 2020/21 year

¹¹ [The June 2020 SOPI report](#)

It noted COVID-19 had little impact on kiwifruit and apple exports, although there have been significant challenges with logistics and labor at harvest. Global demand for fresh fruit remained strong, particularly in Europe and North America. Stats NZ reported a particularly strong start to the season for apple and kiwifruit exporters, with revenue up \$274 million (18 percent) between the start of March and early June.

There also continues to be strong demand for vegetables. While the majority are produced for the domestic market a number of the bigger vegetable sectors (Onions, Buttercup squash, frozen vegetables and frozen fries) are heavily dependent on export. While the first three groupings fared well in the last quarter of 2019/20 there is a possibility of reduced demand in the months ahead for New Zealand frozen potatoes to Australia and other markets in the Asia-Pacific region, as cheaper products become available from Europe and North America where decreased demand from the food service industry has resulted in a huge surplus of French fries.

The response to the COVID 19 pandemic is a good demonstration of how Industry and Government can work together to export compliant product.

4.6.2.1. How dealing with COVID-19 affected Horticultural, Plant and Seed exporters

In late March New Zealand went into “lockdown” to prevent the spread of COVID-19. Fortunately, all seed, fruit and vegetable producers and exporters were deemed essential services which allowed them to work and trade through all lockdown levels. Plant, flowers, foliage and bulb producers were not so lucky and over the one month of level 4 lockdown were only permitted to undertake activities that would prevent their plants from dying. No exporting was permitted. This has had a severe impact on many of these businesses.

Those businesses deemed essential services were required to change the way in which they were operating overnight. Worker safety became paramount and regulations requiring a range of sanitary requirements and social distancing were mandatory to prevent the spread of COVID-19. To put in place the new requirements over a matter of days a huge effort was required.



Hort NZ provided support for Industry by coordinating daily meetings with the CEO's of product groups. This facilitated the sharing of learnings and resources so the product groups were able to provide practical guidance to members. Individual organisations developed in house systems that minimised the opportunity for the disease to spread between individuals and teams. In packhouses in particular the need for 2 metre

social distancing required innovation. For many the installation of Perspex screen helped to maintain the required number of people in the packhouse Sanitising clean sweeps became routine partices between shifts.

Across the industry throughput remained above 50% but it never quite returned to precovid levels. One packhouse Trevallyan's has estimated the additional cost incurred in meeting the protocols was in the region of \$330 to \$500 k. Staff not actually needed to handle product worked remotely from home e.g. those involved in logistics and accounting.

International freight was disrupted due to congestion at foreign ports. The price of airfreight quickly increased and availability decreased as international tourism ground to a halt. Many businesses needed alternative shipping options and retail channels. This work was hampered by the restriction on travel both nationally and internationally forcing businesses to rely on virtual rather than face to face negotiations.

4.6.2.2. Agency response



A cross Government response to support exports was initiated by the end of January when a briefing was held for primary industry organisations by MPI . This quickly became a bi-weekly the weekly industry / agency round table . These meetings allowed Industry to report impediment to trade and market specific issues and news. Agencies used the opportunity to stay abreast of what was happening in market and to report back on initiatives being developed to support trade.

MPI set up a dedicated email for trade concerns (Covid-19.Trade@mpi.govt.nz) and feed any queries through to the agency most appropriate for dealing with each issue. Importantly news from the regular roundtables between Agencies and Industry representatives was also used to inform Cabinet conversations to ensure Ministers were aware of concerns and could put in place the required support – for example \$330 million to subsidised air freight from New Zealand to key markets.

As for Industry from late March Agency officials were working remotely, all travel stopped and teams involved with trade found they needed to spend considerably more time supporting exports during the uncertain time.

4.6.2.3. MFAT

MFAT along with MPI and NZTE were the key Government Agencies involved in New Zealand's trade response to the COVID 19 pandemic and in many of their initiatives the Agencies worked together to progress shared objectives. MFAT lead many of the strategic discussions with other countries to reaffirm

and the role of trade in economic recovery, in numerous plurilateral and multilateral fora, including the WTO, the UN, the WHO, the FAO, and the OECD. MFAT was actively engaged in such discussions and strongly advocated maintaining trade flows and upholding the rules-based trading system. In particular MFAT developed an agreement with Singapore to remove any tariffs on goods essential to the Covid-19 response and restrict non-tariffs barriers to these goods.

MFAT also took a key role in monitoring steps being taken in other markets to support or distort trade and utilised its local posts to collect on the ground information and help individual exporters who were experiencing problems at the border.

4.6.2.4. MPI's response

The three teams supporting PMAC's stakeholders were involved in different roles. Specifically



Market Access Directorate led the formal Trade Response during this period to manage the primary product trade aspects. This included joint streams of work processing: Intelligence, International Engagement, Industry Liaison, and wider Response Liaison and Welfare. The Trade Response fed into the wider MPI and government COVID responses. Market Access and the Plant Exports team were particularly involved in the wider NZ Inc discussions to support supply chain operations. The following areas were of note for the Horticulture and Seed sectors.

International Connections Market Access Counsellors held weekly or biweekly teleconferences with all or combinations of the US, Canada, Australia, EU and UK on food safety, animal health and plant health as it related to trade solutions and the sharing of scientific and communication resources. Both the Plant and Animal Health coordination groups prepared both trade facilitation charters between themselves as well as joint communications to the IPPC and OIE. It was pleasing to see that these communication statements ultimately formed the basis of global statements circulated by the relevant international standard setting bodies (IPPC for plants) to support the continuity of trade during the pandemic. Bilateral coordination communications also occurred with a number of specific trading partners on a broad range of issues (e.g. EU, USA, Australia, Japan, Indonesia, Thailand etc.) to support continued trade and address specific consignment hold ups.

Logistical issues with paper certificates in conjunction with the other trading partners, MPI internationally brokered countries putting in place a system which allowed for the clearance of all commodities based on emailed copies of certificates, as long as the authenticity of these could be confirmed via other means. MPI also used the crisis to further push countries to transition into accepted full electronic certification (e-cert). MPI has also allocated monies to further prioritise the development of MPIs import and export e-cert systems to further support our international negotiations

Pre-clearance programme interruptions A number of pre-clearances programmes were interrupted by the pandemic and MPI undertook a number of negotiations to help keep trade flowing. Of particular relevance were those the United States Department of Agriculture (USDA) associated with pipfruit exports. Initial negotiations tried to deal with the potential continuance of a modified pre-clearance programme when it was realized no further inspectors were likely to be able to travel. However, with the then return of the sole USDA pre-clearance inspector back to the US the focus of the negotiations quickly changed to getting the USDA to change their port of entry inspection procedures so as to provide exporters with greater commercial certainty and minimize delays of non-pre-cleared product clearing the US border. With the help of NZAPI MPI was successful in getting a degree of expedited clearance negotiated with APHIS, and MPI is continuing to progress these negotiations to try and build upon the progress for future years.



Plant Wine and Organic Assurance (PWOA) For the assurance team the core roles of providing robust assurances and servicing certification requests (for both new and replacement certificates) became paramount. Early on a cross assurance directorate team were brought together to work through policy that would support off site verification during level 4 lockdown and postpone or replace surveillance audits through some of the lower Covid levels. This work was required to support the integrity of New Zealand assurances for all our primary products. Once the policy work was completed the PWOA team developed guidance for the Plant Industries and worked with the IVA's to ensure the new approach was well understood and could be implemented seamlessly. These efforts ensured phytosanitary certificates could be provided.

International courier services however were often challenged to deliver physical certificates on time. Thankfully many countries NPPO's ¹² took the pragmatic decision that they were prepared to accept pdf copies of the certificate directly from MPI or accept a copy from the importer (in which case the countries NPPO would often seek confirmation from PWOA of the validity of the copy before allowing the consignments release). During much of level 4 lockdown these two tasks dominated the Assurance teams time.



Plant Exports As identified above the PE team is responsible for the more technical component of market access. Initially lack of overseas inspectors to audit and clear product caused some

¹² National plant protection organisations MPI is New Zealand's NPPO. As such it is responsible for protect plant resources (including cultivated, wild and aquatic plants) through implementation of appropriate phytosanitary measures; to support national food security and a healthy environment through effective pest exclusion procedures; to facilitate market access and safe international trade in agricultural commodities by establishing effective phytosanitary certification systems and procedures

problems for some sectors. As with the PWOA officials this team was required to deal with queries from other NPPO's and to assist with problems at the border.

Once the initial turmoil of COVID 19 had passed several of our markets increased their import requirements. China in particular has requested additional commitments and information. In June the Chinese Government contacted MPI requiring a declaration from exporters about the COVID free nature of their product. At the same time MPI received a request for registers of all production and processing establishments (e.g. packing facilities) involved in exports of fresh and frozen produce. This has required a significant effort to ensure the information was collected from all potential exporters and listed in a format, which will not create any issues if the list is used for border identification in the future.

4.6.2.5. IVA's response to the pandemic



Independent verification authorities (IVA's) are an essential part of the assurance system which enables MPI to provide phytocerts with confidence. IVA's are responsible for auditing MPI approved organisations (MAO's) who are approved to complete phytosanitary activities e.g. inspections, to allow exports. In addition to this auditing , IVA's will undertake end point phytosanitary inspections on produce for those exporters who are not MAO's. As such their work requires regular physical engagement with exporters, packers and growers. With the onset of level 3 and 4 lockdowns the IVA's role was regarded as essential but also potentially hazardous with their need to travel from organisation to organisation . As a consequence, all parties were keen to develop alternatives to reduce the need for face to face visits.

With the onset of level 4 lockdown the three IVA's worked with MPI's Assurance team to input into the development of off-site assurance protocols and then to train their auditors to undertake off-site audits. Each off-site audit took time to set up, clarify data sources with MAO's and review systems and records. With this initial additional work however, the majority of site visits were not required and those site visits that were required could be completed quickly and with a minimum of face to face interactions.

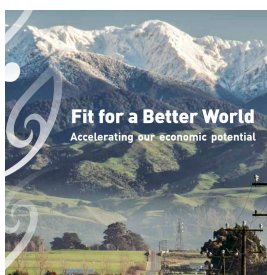
With the return to lockdown level 2 and below, site visits have increased but some of the procedures developed in response to the pandemic are enduring – particularly the time spent collating and reviewing documentation prior to a visit. This has reduced IVA's total travel costs (where additional site visits can be scheduled into a day) but more significantly has reduced the auditors time spent on site occupying the auditees time.

4.6.2.6. What does the future hold

MPI's June 2020 economic report also commented that *"COVID-19 has impacted consumer behaviour across the world. At an overall level consumers are worried about economic recovery and potential income losses. Consumers are expected to rely more on e-commerce channels and increase adoption of digital technology in trying to reduce their exposure to others. This suggests our primary industries will need an ability to quickly change their product offerings and marketing strategies in response to the changing ways in which consumers are interacting with food and beverages"*.

"During COVID-19, the primary sector faced very few additional regulatory or economic barriers from foreign governments, though disruptions to supply chains have been significant. Countries have prioritised trade in food products, declaring them essential alongside medical equipment and pharmaceuticals. However, the global drop in food service demand, with restaurants and other hospitality outlets largely closed, has led to significant oversupply in retail channels in a number of countries. Many foreign governments are now intervening, including by increasing subsidies and private storage aid, to support income for their primary producers. New Zealand's producers' risk being disproportionately affected if these policies become permanent." It is highly likely 2020/21 will see increased demand on MPI's and MFAT's time to counter some of these initiatives.

To assist with recovery a number of strategies have been released to provide direction and impetus to New Zealand's recovery. By June MFAT released the Trade Recovery Strategy which is designed to put New Zealand in the best possible position to recover from the impacts of COVID-19, and to seize new opportunities for exports and investment. The strategy has three pillars: Retooling support for exporters; Reinvigorating international trade architecture; and Refreshing key trade relationships.



In July MPI released its roadmap, *fit for a better world – accelerating our economic potential*¹³ which sets out actions to bring together opportunities the Government considers will accelerate the productivity, sustainability and inclusiveness of the primary sector, to deliver more value for all New Zealanders.

¹³ <https://www.mpi.govt.nz/about-mpi/our-work/fit-for-a-better-world-accelerating-our-economic-potential/>

This was followed in August by the “[Horticulture Post- COVID recovery strategy](#)”.¹⁴ Hort CE’s worked with key government departments to develop an industry-led, government-enabled strategy that will ensure horticulture spearheads New Zealand’s post-Covid recovery. This document describes the strategy for recovery of the Horticultural Industry supported by a cross industry project consisting of 11 workstreams. These workstreams will provide the support for businesses and Sectors to grow and thrive.



4.6.3. Annual progress for all work areas

A high level of summary of the rest of the work completed by the three teams in 2019/20 is listed below.

Market Specific activity	
Note Many Market specific items on this list have multi-year work programmes it. Those that are new as occurring as a one off each year are marked as – new .	
Argentina	<ul style="list-style-type: none"> Access for beet seed to Argentina agreed - new
Australia	<ul style="list-style-type: none"> Bilateral meetings held - new Continued discussion with DAWE regarding the transition away from OPI Request improved import requirements for brassica seed - new
Cambodia	<ul style="list-style-type: none"> Bilateral meeting held - new
China	<ul style="list-style-type: none"> Bilateral meetings held - new Registration list of all packhouses and processing plants involved in trade to China for fresh and frozen commodities provided for China’s request - new Ongoing work to reinstate trade in Brassica seed New protocol for kiwifruit and kiwiberries being developed - new Blueberries, and Onions waiting for China to complete their PRA Review Ginseng –Industry preparing information for their market access request
Colombia	<ul style="list-style-type: none"> Access for kiwifruit being progressed Improved access conditions for bulbs being negotiated
EU	<ul style="list-style-type: none"> Informed EU of New Zealand’s pest freedom status for five pests under the recently adopted Commission Implementing Directive (EU) 2019/523- new Contributing to EU FTA negotiations – good progress on SPS chapters

¹⁴ <https://www.hortnz.co.nz/news-events-and-media/media-releases/horticulture-post-covid-recovery-strategy/>

	<ul style="list-style-type: none"> • Acer spp. technical dossier submitted to the EU for exemption from the high-risk plant list. Expect confirmation of access in 2020/21
Ecuador	<ul style="list-style-type: none"> • Requirements for Carrot seed to Ecuador progressing well • Final clarifications for lily bulbs import expected so trade can commence
Fruit Fly project	<ul style="list-style-type: none"> • Work to support continued trade of fruit fly host commodities in the case of a fruit fly incursion. Negotiations well underway with Australia, Japan, Taiwan and USA to agree the fruit fly protocol. Plans for 2020/21 to update protocol based on these learnings from these 4 negotiations and submit to Korea and China
India	<ul style="list-style-type: none"> • Bilateral meetings delayed due to COVID -new • Seeking agreement to fast track NZ product entry • Seeking alternative treatment for onions to methyl bromide • New Market access request for Kiwiano being progressed • Providing information to allow bulb exports to India -new
Indonesia	<ul style="list-style-type: none"> • New Zealand's Country recognition agreement expires on the 26 January 2021. MPI has work well underway to progress its renewal. - new
Japan	<ul style="list-style-type: none"> • Bilateral meetings delayed due to COVID new • Request for change in import requirements for apples
Kenya	<ul style="list-style-type: none"> • Negotiating bulb sales to Kenya - new
Korea	<ul style="list-style-type: none"> • Bilateral meeting postponed. Plan to reschedule before the end of 2020 - new • Blueberry access additional information supplied January 2020 – new • Long term request for apple access ongoing • Following suspension of access PRA package for Meyer lemons sent to Korea in March 2020 – new
Pakistan	<ul style="list-style-type: none"> • Requesting re-opening of the market for apples • NZAPI to visit to provide technical expertise when travel possible • Resumed exports not progressed due to uncertainty surrounding COVID-19 and possible port closures
Pacific Islands	<ul style="list-style-type: none"> • Agreed a sliding scale for Me Br fumigations on exports to Tonga, Vanuatu and Cook Islands-new
Peru	<ul style="list-style-type: none"> • Access for kiwifruit seeds granted -new • Submitted PRA package for kiwifruit access -new • Seeking access for Plantain seeds to support dairy aid project -new • Peru has requested access request for ryegrass seed -new
Philippines	<ul style="list-style-type: none"> • Bilateral meeting held -new • Working to free up access for onions into Philippines
Singapore	<ul style="list-style-type: none"> • Work started on Multimodal Transit Options (flying perishable products to Singapore and shipping to other markets in the region to reduce transportation costs) -new
Taiwan	<ul style="list-style-type: none"> • Bilateral meetings agreed for 2020/21 -new • Work to amend apple requirements still underway • Annual apple audit cancelled because of COVID-19 Taiwan agreed to clear consignments based on certificate attestations -new

	<ul style="list-style-type: none"> • Access request for Kiwianos – risk assessment in Taiwan underway • MPI ran workshop on managing biosecurity incursions for Taiwan -new
Thailand	<ul style="list-style-type: none"> • Thailand FDA has updated previous residue testing requirements for fresh produce. Subsequent negotiations reduced list -new • Thailand progressing PRA for peaches
UK	<ul style="list-style-type: none"> • Monitoring Brexit preparations
USA	<ul style="list-style-type: none"> • Continue to monitor progress of request for capsicum access to USA • Bilateral meetings held in July 2020 -new
Venezuela	<ul style="list-style-type: none"> • Venezuela has requested Import request for carrots seeds -new
Vietnam	<ul style="list-style-type: none"> • Bilateral meeting held -new • Strawberry PRA material being assessed by Vietnam • Buttercup squash PRA material submitted for assessment -new
Supporting work streams These areas are core work required to support exports	
OAP's	<ul style="list-style-type: none"> • Maintained 10 OAP's • Inspectors visited for Tulip and Cherries to Japan and Cherries to Korea
Maintained certification framework	<ul style="list-style-type: none"> • Undertook audits of IVA's • Updating phytosanitary certification organisational system standard • Maintained ephyto system and implemented a number of changes
Input into incursions/ events	<ul style="list-style-type: none"> • Contributed to wind up of Northcote QFF response in Q3 • Responded to COVID 19 – see in detailed section
Food safety requirements e.g. MRL's	<ul style="list-style-type: none"> • Scanned SPS notifications and recorded information on legislation or data /levels for heavy metals, sanitisers and/ or microbial parameters specifically updated sanitiser information for EU and details for heavy metals in Taiwan and Korea • Updated MRL database for 555 pesticides to 45 countries
IVA's / MAO's	<ul style="list-style-type: none"> • IVA/ MPI alignment meetings and communications to IVA's to clarify expectations • Arrange audit of IVA's • Followed up on 79 event reports • Processed 254 MAO amendments
ICPR's	<ul style="list-style-type: none"> • 53 ICPR Updates completed • PIER database progressed. Expect release of comprehensive searchable database in 2021
International meetings	<ul style="list-style-type: none"> • Attended JMPR Meeting in Geneva to recommend new/revised MRLs • Attended the Fresh Fruit and Vegetables Codex Committee meeting in Mexico • Attended OECD seed meeting in Milan in January 2020 • Reviewed draft Codex (CCPR) biopesticide and crop grouping documents
ephyto IPPC development	<ul style="list-style-type: none"> • Providing support for the development and implementation of the ephyto hub for the international exchange of phytosanitary certificate information • Work to arrange exchange of information with a number of countries including China, Australia and Argentina

In addition to these work areas the projects listed in Section 3 are being progressed.

5. PMAC Expenditure and Cost recovery account July 19- June 20

	Budget 18/19	YTD Actuals	% of budget
Total Phyto Cert Fees	\$1,640,151	\$1,583,762	97%
Total Expenditure (Core)	\$1,440,934	\$1,653,975	115%
Total Expenditure (Projects)	\$755,084	\$211,257	28%
Memorandum Account Nett offset	-\$555,867	-\$281,470	51%
Memorandum account Jul opening balance	\$551,230	\$551,230	
Memorandum Account Jun Closing	-\$4,637	\$269,760	
High level Budget			
Expenditure-Phytosanitary			
Market Access, bilateral relationships, emerging issues and clear shipments delayed at the border	\$350,000	\$537,390	154%
Assurance systems	\$330,000	\$368,070	112%
Stakeholder Management and Liaison	\$39,600	\$16,781	42%
Total Phytosanitary Activity	\$719,600	\$922,241	128%
Total Ecert	\$120,000	\$146,406	122%
Expenditure -Food safety			
Market Access	\$288,000	\$216,512	75%
Stakeholder Management and Liaison	\$8,400	\$4,254	51%
Total Food Safety Activity	\$296,400	\$220,766	74%
Expenditure -PMAC projects	\$755,084	\$211,257	28%
Expenditure -PMAC office	\$156,684	\$161,852	103%
Expenditure Overheads	\$148,250	\$202,710	137%
Total Expenditure	\$2,196,018	\$1,865,232	85 %
Surplus/ deficit	-\$555,867	-\$281,469	

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 (t a strategic rather than detailed) on the PMAC web site.

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.

In 2018/19 after running several years of a strong surplus PMAC Inc funds were reduced to an agreed year-end balance equivalent to 59% of annual expenditure(\$14,533). In 2019/20 to ensure that sufficient funds were available to fund three meetings in Wellington and one associated with a field trip in Northland fees were increased for ordinary members from \$1610 and \$2300.

The onset of COVID19 with its accompanying restrictions on gatherings and travel reduced the Wellington meetings to two , the field trip was cancelled and three meetings were held virtually. As a consequence, a fees holiday has been agreed for the 2020/21 year and a budget has been prepared which targets a year -end balance of 60% of annual expenditure .

7. Financial Report for PMAC Inc



Parbhu Gallagher Parag
Accounting | Tax | Advisory

Financial Report

Plants Market Access Council Incorporated
For the year ended 30 June 2020

Prepared by Parbhu Gallagher Parag Limited



Parbhu Gallagher Parag
Accounting | Tax | Advisory

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- 6 Statement of Changes in Equity
- 7 Balance Sheet
- 8 Schedule of Fixed Assets and Depreciation
- 9 Notes to the Financial Statements



Parbhu Gallagher Parag
Accounting | Tax | Advisory

3 Compilation Report

Plants Market Access Council Incorporated For the year ended 30 June 2020

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 2020.

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
Limited Chartered
Accountants Wellington

Dated: 31 August 2020

4 Directory

Plants Market Access Council
Incorporated For the year ended
30 June 2020

Society Number 9089582

IRD Number 85-168-401

Executive Council

Michael Ahie	Chairperson	Independent
Andy Warren	Vice Chairperson	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
Juan Rosales		Summerfruit NZ
Shaun Slattery		Zespri International Limited
Jen Scoular		New Zealand Avocado
Tony Ponder		Horticulture Exporters Council
James Kuperus		Onions New Zealand
Peter Thomson		Ministry for Primary Industries
Steve Ainsworth	Director	Ministry for Primary Industries
Brian Wilson		Ministry for Foreign Affairs and Trade
Chris Claridge		Potatoes NZ
Massimo Ciccioni		The AgriChain Centre
Matthew Gallagher		Asure Quality
Rosemarie Dawson		Custom Brokers & Freight Forwarders Federation of New Zealand Inc
Phil Schunk		SGS New Zealand Limited
Helen Gear	Executive Officer	
Chartered Accountant		
Parbhu Gallagher Parag Limited		
Bankers		
Westpac New Zealand Limited		



5 Statement of Profit or Loss

Plants Market Access Council Incorporated For the year ended 30 June 2020

	NOTES	2020	2019
Income			
Membership Fees		31,500	23,230
Interest Received		12	10
Total Income		31,512	23,240
Total Income		31,512	23,240
Expenses			
Bank Charges		135	153
Depreciation		488	975
Meeting Expense		12,722	32,994
Printing, Postage & Stationery		1,597	2,919
Rent - Conference Facility		1,164	435
Total Expenses		16,105	37,476
Net Profit (Loss) Before Taxation		15,407	(14,236)
Taxation			
Tax Expense	6	1	1
Net Profit (Loss) for the Year		15,405	(14,237)

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



6 Statement of Changes in Equity

Plants Market Access Council Incorporated For the year ended 30 June 2020

	2020	2019
<u>Equity</u>		
EQUITY AT START OF PERIOD	14,524	28,760
Net Profit (Loss) for the Period	15,405	(14,237)
EQUITY AT END OF PERIOD	29,929	14,524

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

7 Balance Sheet

Plants Market Access Council Incorporated As at 30 June 2020

NOTES 30 JUN 2020 30 JUN 2019

Assets

Current Assets

Cash and Bank

2.	Westpac NZ Ltd - 00 Account	6,112	7,447
3.	Westpac NZ Ltd - 01 Account	22,928	5,610
4.	GST Receivable	400	1,571
5.	Income Tax Receivable	6	2
6.	Total Current Assets	29,441	14,629
7.	Non-Current Assets		
8.	Fixed Assets as per Schedule	488	975
9.	Total Non-Current Assets	488	975
10.	Total Assets	29,929	15,604

Liabilities

6.

Current Liabilities

Accounts Payable	-	1,081
Total Current Liabilities	-	1,081
Total Liabilities	-	1,081

Net Assets	29,929	14,524
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Equity

Retained Earnings	29,929	14,524
Total Equity	29,929	14,524

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

Executive Officer

Date

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

8 Schedule of Fixed Assets and Depreciation

Plants Market Access Council Incorporated For the year ended 30 June 2020

NAME	RATE	METHOD	PURCHASED	COST	OPENING VALUE	OPENING ACCUM DEP	URCHASES	DEPRECIATION	CLOSING ACC DEP	CLOSING VALUE
<u>Office Equipment</u>										
Website	50.00%	DV	8 Mar 2018	2,340	975	1,365	-	488	1,853	488
Total Office Equipment				2,340	975	1,365	-	488	1,853	488
Total				2,340	975	1,365	-	488	1,853	488

8.

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



9 Notes to the Financial Statements

Plants Market Access Council Incorporated For the year ended 30 June 2020

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.

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

2. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2019: \$Nil).

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 a at balance date nor was any facility arranged.

	2020	2019
6. INCOME TAX		
Net Profit (Loss) Before Tax		
<hr/>		
Interest	12	10
Total Net Profit (Loss) Before Tax	12	10
<hr/>		
Taxable Profit (Loss)	12	10
Tax Payable at 10.5%	1	1
Deductions from Tax Payable		
<hr/>		
Opening Balance	1	2
Resident withholding tax paid	2	2
Provisional Tax Paid	-	(2)
Total Deductions from Tax Payable	3	2
<hr/>		
Income Tax Payable (Refund Due)	(2)	(1)

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

